MICROFINANCE IN INDIA: A CASE STUDY OF ANDHRA PRADESH

Thesis Submitted to the University of Hyderabad in Fulfillment of the Requirement for the Award of the Degree of

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IN
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DECLARATION

I hereby declare that the present thesis entitled **"Microfinance in India: A Case Study of Andhra Pradesh"**, submitted to the University of Hyderabad in fulfillment of the requirements for the Award of Degree of Doctor of Philosophy in the School of Economics is a original research work done by me under the supervision and guidance of **Dr. B. Nagarjuna**. The thesis has not been submitted to any other University or Institution for the award of any degree.

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This is to certify that **Mr. Vachya. L** embodied the present thesis titled **"Microfinance in India: A Case Study of Andhra Pradesh",** submitted to the University of Hyderabad in fulfillment of the requirements for the Award of the Degree of Doctor of Philosophy in the School of Economics is a original research work and completed under my supervision and guidance. To the best of my knowledge, the thesis has not been submitted to any other University or Institution for the award of any degree.

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Supervisor

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Abbreviations

AAY	Antyodaya Anna Yojana
ACCION	Americans for Community Co-operation in Other Nations
ADBN	Agriculture Development Bank of Nepal
Ag. Labor	Agricultural Labourer
AGMC	Agriculture Micro Credit
AIDIS	All-India Debt and Investment Survey
AIDS	Acquired Immune Deficiency Syndrome
AIM	Amannah Ikhtira Malaysia
ANOVA	Analysis of Variance
AP	Andhra Pradesh
APEC	Asia Pacific Economic Cooperation Secretariat
APL	Above Poverty Line
APMAS	Andhra Pradesh Mahila Abhivruddhi Society
APSRTC	Andhra Pradesh State Road Transport Corporation
AS	Annapurna Scheme
ASSEFA	Association of Sarva Seva Farms
BAAC	Bank for Agriculture & Agricultural Cooperatives
BAM	Bidirectional Associative Members
BC	Backward Class
BIDS	Bangladesh Institute of Development Studies
BPL	Below Poverty Line
BRAC	Bangladesh Rural Advancement Committee
BRDB	Bangladesh Rural Development Board
BRI	Bank Rakyat Indonesia
CARE	Cooperative for Assistance and Relief Everywhere
CDF	Credit and Development Forum
CDR	Credit Deposit Ratio
CDS	Community Development Society
CGAP	Consultative Group for Assisting the Poor
CMIE	Centre for Monitoring Indian Economy
CSO	Central Statistical Organization
CSRE	Crash Scheme for Rural Employment
CTM	Chinnathippasamudram
DCCB	District Central Cooperative Bank
DFI	Development Financial Institution
DFID	Department Financial for International Development
DPAP	Drought Prone Area Programme
DRDA	District Rural Development Agency
DRT	Debt Recovery Tribunal
DWCRA	Development of Women and Children in Rural Area
EAS	Employment Assurance Scheme
EGS	Employment Guarantee Scheme
FCI	Food Corporation of India
FECRECOOP	Federation of Saving and Loan Cooperatives

FINCA	Foundation for International Community Assistance
FPS	Fair Price Shops
FWWB	Friends of Women's World Banking
GB	Grameen Bank
GDP	Gross Domestic Product
GKY	Ganga Kalyan Yojana
HCR	Headcount Ratio
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
IASC	Indian Association for Savings and Credit
IASP	Integrated Agricultural Service Provider
IAY	Indira Awas Yojana
ICDS	Integrated Child Development Scheme
ICICI	Industrial Credit and Investment Corporation of India
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFS	International Financial Statistics
IRDP	Integrated Rural Development Program
JDS	Jeevika Development Society
JLG	Joint Liability Group
JRY	Jawahar Rozgari Yojana
KCC	Kisan Credit Card
LEAD	Leadership for Environment & Development
LIC	Life Insurance Corporation of India
LKDP	Rural Fund and Credit Institutions (Indonesia)
MACS	Mutually Aided Cooperative Societies
MCP	Micro Credit Programme
M-CRIL	Micro-Credit Ratings International Limited
MDGs	Millennium Development Goals
MDMP	Mid-Day Meal Programme
MDMS	Mid Day Meal Scheme
MFI	Microfinance Institution
mn	Million
MRCP	Maharashtra Rural Credit Project
MWS	Million Wells Scheme
MYRADA	Mysore Resettlement and Development Authority
NABARD	National Bank for Agriculture and Rural Development
NBFC	Non-Bank Finance Companies
NCAER	National Council of Applied Economic Research
NCUI	National Co-operative Union of India
NFBS	National Family Benefit Scheme
NGDO	Non-Governmental Development Organization
NGO	Non-Governmental Organization
NMBS	National Maternity Benefit Scheme
NOAPS	National Old Age Pension Scheme
Non-Ag. Labor	Non-Agricultural Labourer

NPA	Non-Performing Assets
NPL	Non-Performing Loan
NP-NSE	National Programme of Nutritional Support to Primary Education
NREGS	National Rural Employment Guarantee Scheme
NREP	National Rural Employment Programme
NSAP	National Social Assistance Programme
NSSO	National Sample Survey Organization
OBGP	Oriental Bank Grammen Project
OC	Other Class
PACS	Primary Agriculture Credit Societies
PDS	Public Distribution System
PHBK	Programme Hubungan Bank Danksm
PHC	Primary Health Centre
PRADAN	Professional Assistance for Development Action
PREM	People's Rural Education Movement
Pvt. Employee	Private Employee
RSS	Rastriya Seva Samithi
RBI	Reserve Bank of India
RD-12	Rural Development-12
RDP	Rural Developmental Programmes
RFAS	Rural Finance Access Survey
RFIs	Rural Finance Institutions
RGVNS	Rashtriya Gramin Vikas Nidhis
RIDF	Rural Infrastructure Development Fund
RLEGP	Rural Landless Employment Guarantee Programme
RMK	Rashtriya Mahila Kosh
ROA	Return on Assets
ROSCAs	Rotating Savings and Credit Associations
RPCD	Rural Planning and Credit Department
RRB	Regional Rural Bank
RWP	Rural Work Program
SAM	Social Accounting Matrix
SC	Scheduled Caste
SEBI	Securities and Exchange Board of India
SEF	Small Enterprise Foundations
SEWA	Self-Employed Women's Association
SGSY	Swarnajayanti Gram Swarozgar Yojana
SHARE	Society for Helping and Awakening Rural Poor through Education
SHG	Self-Help Group
SHG-BLM	SHG-Bank Linkage Model
SHG-BLP	SHG- Bank Linkage Programme
SHGMC	SHG Micro Credit
SHGPIs	Self-Help Group Promoting Institutions
SIDBI	Small Industries Development Bank of India

SIPRD	State Institute of Panchayat and Rural Development
SITRA	Supply of Toolkits in Rural Areas
SKS	Swayam Krishi Sangam
SM	Social Mobilization
SRSP	Sri Ram Sagar Project
ST	Scheduled Tribe
STEPW	Support to Training and Employment Program for Women
TMC	Thousand Million Cubic
TPDS	Targeted Public Distribution System
TRYSEM	Training of Rural Youth for Self-Employment
TV	Television
UNDP	United Nations Development Program
UP	Uttar Pradesh
UPS	Upper Primary School
UT	Union Territory
VAO	Village Administrative Officer
WDCSs	Women Dairy Cooperative Societies
WSME	Weaker Section Micro Credit
ZPPHS	Zilla Praja Parishad High School

DEDICATION

To the two pillars of my life: ***Prof. B. Kamaiah****, for raising me, guiding me, and continuing to be my sounding board for every important decision I make.*

And

My thesis supervisor ***Dr.B.Nagarjuna,*** *influenced my thesis and his great support throughout the course of duration. He inspired me to think, dream, and stand tall on a daily basis.*

CHAPTER 1

STATEMENT OF THE PROBLEM

1.1 Introduction

Providing the poor with access to financial services is one of the many ways to help increase their income and productivity. Credit plays an important role in all the models of growth and development. It raises the productive capacity of the sectors and serves as an accelerator for better livelihood (Belshaw, 1931). The income earned by the poor, especially in the rural areas is inadequate to satisfy their needs of smooth consumption and income generation. In the recent years, credit is viewed as an anti-poverty tool because it helps the unemployed to become employed, thereby increasing their income, improving their consumption pattern and reducing poverty. In many countries, however, traditional financial institutions have generally failed to provide this service. To improve the access of poor households to formal sources of finance, particularly in rural areas and to reduce their dependence on the informal sources, the cooperative movement was started in 1904, followed by nationalization of commercial banks and establishment of regional rural banks to advance loans to the rural poor (Shahidur, 1998).

In a male-dominated society, it is not surprising to note that prior to the 1990s, there was hardly any credit scheme designed for women. It is only after the women-oriented studies highlighted the deprivation and struggle of women for survival that the concept of women's credit was initiated (Karmakar, 1999). Women form a vital part of the Indian economy. In India, women account for the production of about 30% of the total food commodities consumed, but get only 10% of the income and own only 10% of the property or wealth of the country. Especially the poor women have limited access to resources or employment opportunities that would make them financially independent. Many of them are unable to meet even their minimum consumption needs. Institutional credit is inaccessible by them, as women rarely have property to mortgage or collateral security to offer for formal credit. Ultimately as the

last resort, they have to depend on moneylenders to meet their production and consumption needs. This entraps them into a vicious cycle of perpetual poverty and indebtedness. Providing financial services to the poor, especially women, requires an innovative targeting strategy and a credit delivery mechanism that would help to identify and attract the poor with the potential to initiate and sustain productive use of loans.

Microfinance system can only play an alternative role to banks and financial institutions in helping to solve the problems of poverty and unemployment in the country (Shetty, 2002). Microcredit is considered as an ideal to tackle the twin problems encountered by institutional credit agencies in serving the poor, viz., higher transaction costs and poor recovery (Girija and Satish, 2001). It also serves to facilitate access to credit by poorer clients, who are more likely to need small amount of credit for immediate household purposes but appear less creditworthy for larger loans (Frances, 2005). Microfinance programs influence saving by making it an almost regular habit. The savings could be invested in productive activities, which in turn would increase employment, income and output, thereby increasing the purchasing power and effective demand of the community, and thus, improving the standard of living and economic status of the nation.

Microcredit institutions have their own features, such as class eligibility for membership in the group ranging from landless to minimum land holdings; prior entrepreneurial experience to no experience; monthly repayments to weekly repayments; individual lending to group-based lending; requirement of collateral to no collateral; and group lending contracts to non-group lending contracts (Morduch, 1999). The group formation under microcredit institutions is based on the growing institutional concept, in terms of resources and management skills of the women members to reduce the gender inequality and increase their confidence to get involved in issues and programs in the public and private spheres (Samar and Raman, 2001).

1.2 Theoretical Background of Microfinance in India

In the changing scenario, many of the developing countries have embarked on the process of deregulating their financial systems and transforming their financial institutions into effective intermediaries to extend viable financial services to all segments of the population. The word 'microfinance' has emerged as the subsector of the financial system to serve the micro economy of the poor. The term 'microfinance' refers to the provision of financial services and products in small quantities to the poor to enable them to raise their income levels and improve their living standards (NABARD, 1995). A remarkable definition of microfinance provided by Robinson refers to small-scale financial services, including both credit and deposits that are provided to the people who are involved in farming, fishing, or herding; operate small or micro enterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income by letting out small portions of land, vehicles, draught animals, or machinery and tools; and to other individuals and local groups in developing countries in both rural and urban areas (Robinson, 2001).

It is envisaged that microfinance in rural India can secure better employment opportunities and protect the financially vulnerable sections from the vexed economic setbacks. These services all over the world are being provided through group-based delivery mechanisms, which have the twin advantages of low transaction costs and the use of joint liability as social collateral. Since the poor do not have any physical collateral to offer, they were hitherto neglected by the formal financial institutions. However, now they have better access to financial services through these group-based mechanisms. Depending on the existing institutional setup, different kinds of group-based models have been fostered in different countries such as Village Organizations (VOs) in Pakistan, solidarity groups in Latin America, Village Development Groups (VDGs) in Gambia, Ladywood Credit Union (LCU) in the UK, Credit Desa in Indonesia, etc. Based on their similarities, they can be broadly categorized into two models, which are widely replicated in most parts of the world. These are: Grameen

group model pioneered by Bangladesh and Self-Help Group (SHG) model nurtured in India.

National Bank for Agriculture and Rural Development (NABARD), initiated certain research projects on SHGs as a channel for delivery of microfinance in the late 1980s. Amongst these, the Mysore Resettlement and Development Agency (MYRADA) dealing with savings and credit management of SHGs, was partially funded by NABARD in 1986-87. In 1988-89, in collaboration with some of the member institutions of the Asia Pacific Rural and Agricultural Credit Association (APRACA), NABARD undertook a survey of the NGOs in 11 states of India, to study the functioning of microfinance SHGs and their collaboration possibilities with the formal banking system. Both these research projects showed encouraging possibilities and NABARD initiated a pilot project, called the 'SHG linkage project'. In course of time, microfinance has been widely accepted as an effective poverty alleviation initiative and has become a major tool for implementing development schemes. To initiate the pilot project, NABARD also held extensive consultations with the Reserve Bank of India (RBI). This resulted in the RBI issuing a policy circular in 1991 to all commercial banks to participate and extend finance to SHGs (RBI, 1992). NABARD also issued a broad set of flexible guidelines in February 1992 to the formal rural banking system, explaining the project's modalities. The project was extended to the regional rural banks and cooperative banks, in addition to the commercial banks in 1993, with an aim to evolve supplementary credit strategies for meeting the credit needs of the poor to build mutual trust and confidence between the bankers and the rural poor to encourage banking activity, both on the thrift and credit sides in a segment of the population that the formal institutions usually find difficult to reach, to improve credit flow to the rural poor with reduced transaction costs both for the financing bank and the borrower.

Presently, SHGs play a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and are actively engaged in saving, credit as well as in other activities, like income generation, natural resources management, literacy, child care

and nutrition. The group should devise a code of conduct and group management norms. The SHGs are small, informal and homogeneous groups of not more than 20 members each. An SHG should have regular meetings (weekly, fortnightly or monthly), to enable functioning in a democratic manner, thereby allowing free exchange of views and participation by members in the decision-making process. The group should be able to draw an agenda for each meeting and take up discussions as per the agenda. These groups are expected to foster a true democratic culture where all the members participate actively by taking part in the debate and have a greater space in the critical decision-making processes in the home, community and economic and political life, which is possible only in small groups. These groups are expected to be homogeneous so that the members do not have conflicting interests and all the members can participate freely without any fear and adverse consequence. These groups have been recommended to be informal to keep away bureaucracy, corruption, avoidable administrative expenditure and profile constraints. The repayment rate tends to be lower in large groups and the propensity to default is high among heterogeneous groups (Rajasekhar, 1996). These are the features, which distinguish the small, homogeneous and informal SHGs from the large, heterogeneous and formal cooperatives, although both function on the same principles of cooperation.

A SHG is a self-governed, peer-controlled, small and informal association of the poor, usually consisting of members from socio-economically homogeneous families who are organized around saving and credit activities. The group should be able to mobilize at least a minimum voluntary saving amount from all the members regularly. The SHGs, after being formally set up, start collecting a fixed amount of thrift from each member regularly (usually on a weekly, fortnightly or monthly basis). For about six months, it only collects thrift; no loan is to be given to any member. In the initial period, the working fund generated out of small thrift is negligible; it tests the patience and tries to instill mutual trust among the members. During this period, the groups are expected to open a savings account with a financial institution that would like to extend credit. After accumulating a reasonable fund, the group starts giving credit to its members. Because of large number of claimants and small

resource base, it is difficult for the group to identify the most needy ones with regard to endowment level and the purpose of the loan. In the meetings, they discuss common village problems and find solutions, share information and make efforts to improve their health and literacy skills.

The SHGs assume that all poor households need to save and have the inherent capacity to save small amounts regularly. Easy access to credit is more important than cheap subsidized credit which involves intricate bureaucratic procedures. The poor are the best judge of their credit needs and are good users and re-payers of credit when they are members of a group. A free and fair discussion removes the element of subjectivity from the decision-making process, making the borrower understand the value of the credit and the importance of repayment and accountability to the group. The repayment of the loan together with interest and regular thrift enlarges the working fund and increases the scope of lending. A notable feature of SHG is that before its linkage to any financial institution, credit discipline is imbibed among the members. SHG-bank linkages improve the socioeconomic condition of its members through positive impact on income, savings and self-confidence. SHG members are not volunteers. Although the work is usually honorary, members work to change their own situation and the support is mutual. The knowledge base of self-help mutual support groups is experiential, indigenous and rooted in the wisdom that comes from struggling with problems in concrete, shared ways. SHGs are built on the strength of their members.

If the working funds generated by the member groups are not adequate to meet the credit needs of all types of members, the group approaches the financial institution where it had opened the savings account. If the bank is satisfied with the group in terms of its genuineness of demand for credit, credit handling capacity of the members, repayment behavior within the group, the accounting system, and maintenance of the records, it extends a term loan of a small amount to the group. There is a huge demand for credit in small amount as it helps them to meet emergent needs, like income- generating activities, consumption, health, education, marriage, etc., for very short to long duration. It does not match with the supply of credit by

banks which mainly consists of a large loan given for productive purposes for long periods. It is not the rigidity of the banks but due to high transaction costs and risk that they cannot extend credit to individual borrowers. On the other hand, individual borrowers face the problem of absorbing large amount of credit for some unwanted purpose. The banks are assured of getting back their principal amount with interest since the borrowed funds are being used for undertaking some small economic ventures. The success of such microcredit depends largely on the confidence of the bankers in the borrowers and vice-versa.

Loan contract, does not take place between an individual small borrower and a formal lender basically because there will be a mismatch of demand and supply of the credit structure. Instead, when the financial institution extends credit to the SHGs, the transactional cost for the financial institution is minimized because the group takes the decision to borrow on behalf of all the members and also the responsibility to repay the loan. The mismatch between demand and supply is reduced, because the bank extends credit in a lump sum amount. The SHG in turn increases its capacity to manage higher amount of finance, develops entrepreneurial, communication skills, logical ability, cooperative spirit, and finally, employment-generating confidence.

Empowerment of the poor encompasses three basic dimensions, viz., reduction of poverty, creation of employment, and reduction of inequality. Since the magnitude of poverty challenges are the very basis of a state as an independent economic and political unit, it has been realized by the policy planners that development needs to be people centered and participation oriented across various interfaces. Poverty alleviation has thus assumed a new thought and new practices have emerged through integrated community participation of the poor. The basis of the concept of microfinance is self-organization of the poor at the community level driven by a desire and an inherent capacity to improve their living conditions by themselves. Microfinance revolution in recent times has played a prime role in women empowerment and poverty alleviation by generating income and employment. Studies on microfinance indicate that adopting the method of group lending through

SHGs could reduce the lending and supervision costs of public sector banks and improve repayment rates.

1.3 Problem Setting

Credit has been recognized as the crucial input of agricultural growth. Hence, the Government of India, since the first Five Year Plan (1951-56), emphasized the importance of institutional credit to agriculture. The total institutional credit increased from Rs.6,230 cr (1984-85) to Rs.180,480 cr (2005-06). However, in the credit delivery system, there are significant disparities across different regions of the country. This is reflected in the resource flow biasness towards some favored regions and negligence towards others, leading to differences in accessing social service benefit, basic capital requirement, etc. Regional disparities have been felt in many parts of the country and Andhra Pradesh is no exception to this syndrome. While addressing the various aspects of microfinance, the borrower's viewpoint is frequently missed out. However, it is observed that most of the studies have been confined to analyses of the recovery performance, factors, per capita savings and borrowings, group savings and borrowing, etc., which are mostly based on secondary data. There is hardly any study which deals with various forms of micro financing, or SHGs and their sustainability aspects, except a study conducted by NABARD and a few other researchers. Moreover, it is true that the concept of SHGs itself has emerged recently**.** Hence, it is quite possible that only in future some studies may emerge. Against this backdrop, the present study attempts to analyze the impact of micro financing on women in three different regions of Andhra Pradesh.

1.4 Scope of the Study

SHGs are fast emerging as a powerful tool for socioeconomic empowerment of the poor in the rural areas. In India, SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are seen to confer many benefits, both economic and social. It enables women to expand their savings and access the credit which banks are increasingly willing to

lend. SHGs can also be community platforms from which women become active in village affairs, stand for local elections or take action to address social or community issues. The present study attempts to examine the socioeconomic impact of the SHGs on their women members. It examines how far the program has helped in raising the income and employment levels of the rural women. In the light of the above, the focus of the present study is to identify the impact of microfinance on income and employment levels of member borrowers in three different regions of Andhra Pradesh. With this broad issue in mind, the following objectives were set for the study.

1.5 Objectives of the Study

The following are the objectives of the study:

- To study the role and significance of savings in the promotion of SHGs in selected villages.
- To assess the changes in the level of income and employment of members after joining the group.
- To evaluate the credit accessibility and repayment condition of the members' families.
- To examine the factors determining the borrowing and indebtedness of group members and their access to different sources of finance.

1.6 Hypotheses

The following are the hypotheses of the study:

- Participation of SHG members in microfinance activities has lead to improvement in a) levels of income, b) savings, c) employment and d) asset formation of the members.
- The bank credit accessibility is higher among general and backward communities in comparison to the accessibility of Microfinance Institutions (MFIs) by deprived groups like Scheduled Caste/Scheduled Tribes (SC/STs).

- There has been a positive impact of SHG member microfinance activities on women empowerment.

1.7 Data and Methodology

1.7.1 Area of the Study

Multi-stage stratified proportionate random sampling technique was applied in the selection of the representative districts, mandals/talukas, villages and households. At the first instance, three districts namely, East Godavari, Chittoor and Karimnagar were chosen on the basis of one district from each region, i.e., Coastal Andhra, Rayalaseema and Telangana respectively. In the second stage, from each district one mandal/taluka was selected. These are Peddapally from Karminagar, Madanapalle from Chittoor and Rajahmundry (Rural) from East Godavari district. In the third stage, from each mandal, two villages were selected. Purposively random sampling technique was used to select the villages and two villages from each mandal were selected to ensure a fair representation of the concerned mandal. Six villages, namely, Raghavapoor and Brahmanpalle from Peddapalle Mandal, Chinnathippasamudram (CTM) and Ankisettipalli from Madanapalle Mandal, and Torredu and Rajavolu from Rajahmundry Mandal. In the fourth stage, SHGs were selected in consultation with VOs1. SHGs that are linked to the banks for the past two years were selected for the study assuming that the benefits from the SHG-bank linkage program would have been fairly well-stabilized by then. In addition, 20% of total members were covered from each selected village (covering not less than 40 members from each village). At the fifth stage, SHG members were randomly selected from each of the selected SHGs. Members were stratified by random sampling based on the group and caste from selected villages. The total sample size is 582, out of which 156 are SCs, 20 are STs, 242 are BCs, 141 are OCs and 23 belong to the Minority community (see Table 1.1).

1 For this purpose, the lists of SHGs were collected from VOs of each of the sampled villages. Separate lists of total SHGs, SHGs with two years of bank linkage and caste-wise SHGs were considered. Out of these lists, those SHGs which existed for two years as on March 31, 2009 were separated out to form the lists of SHGs as eligible for this study.

1.7.2 Period of the Study

The study is based on a field survey which was conducted during the period May 1 to August 31, 2009.

1.7.3 Data

The data were collected from both primary and secondary sources. The secondary data were obtained from different sources such as Administrative Reports, Handbook of Statistics, and Report on Trend and Progress of Banking in India, various issues by NABARD. Apart from these, information was also collected through discussions with district-level functionaries, like officials of bank branches, officials of VO/MSs, and officials of DARD in the districts. For the primary data, a pre-tested comprehensive schedule (questionnaire) was designed, especially for the purpose and canvassed in the study area. The variables covered include details of physical, economical, social and demographic characteristics of member households in all selected villages. In addition, Focus Group Discussions (FGDs) were conducted with different social groups for obtaining more accurate and reliable data.

1.7.4 Tools and Techniques

For analysis of data, different statistical tools viz., percentages, proportions and averages were used to explain the general profile of the sample members.

1.8 Organization of the Thesis

The study is organized into eight chapters. Chapter I discusses the background of the study, objectives, hypotheses, data and methodology.

Chapter II presents a detailed review of the literature and its relevance to the current study. This chapter is further divided into four sections. Section I describes studies on microfinance and its impact on poverty reduction. Section II reviews studies related to SHG-bank linkage program and its performances. Section III studies issues related to microfinance and its impact on income and employment generation,

while Section IV discusses women empowerment and the socioeconomic changes related to it.

Chapter III describes the evolution of microfinance system in India. This chapter includes the following sections Introduction, Demand for Microfinance Services, Supply of Microfinance Services, Microfinance, Performance of SHG-Bank Linkage Program, SHG-Bank Linkage Program Across Regions, Agency-Wise Participation in India, SHG-Bank Linkage Program in Andhra Pradesh, and SHG-Bank Linkage Program in Districts of Andhra Pradesh.

The profile of the study area is presented in Chapter IV. This chapter presents the socioeconomic features of the selected districts and villages. The details in the profile portray a clear picture about the population, literacy, land utilization, cropping pattern, and credit facilities of the selected villages.

The socioeconomic conditions of SHG members in selected villages are presented in Chapter V. This chapter is further divided into three sections. Section I explains the socioeconomic profile of the sample members. Section II addresses the groups' formation, size of the groups, group meetings, and performance of the groups, while Section III analyzes the salient features of the members and the periodicity of saving.

Chapter VI discusses credit market and SHGs in India. This chapter is further divided into two sections. Section I explains about the member's loan access, utilization of loans for various purposes and the repayment performance. Section II addresses the income and employment generation activities with regard to the non-farm sector. Section III discusses SHG members' Household Credit Information

Chapter VII explains social mobilization, empowerment and poverty reduction. This chapter is classified into two sections. Section I discusses poverty in India, while Section II explains social mobilizations for empowerment and poverty reduction.

The major findings of the study and their implications are highlighted in Chapter VIII.

Table 1.1: Distribution of the Sample Members in Selected Villages

Social Groups	Karimnagar						Chittoor						East Godavari						Total		
	Raghavapur			Brahmanpalle			CTM			Ankisettipalle			Torredu			Rajavolu					
	Total	< 2	SS	Total	< 2	SS	Total	< 2	SS	Total	< 2	SS	Total	< 2	SS	Total	< 2	SS	Total	< 2	SS
SC	170	80	17	69	35	7	240	120	24	120	60	12	748	374	75	210	105	21	1557	774	156
ST	10	5	1	9	5	1	94	45	9	60	30	6	17	10	2	9	5	1	199	100	20
BC	771	395	77	310	155	31	690	345	69	168	84	17	231	115	23	249	125	25	2419	1219	242
OC	10	5	1	18	10	2	699	345	70	120	60	12	380	190	38	179	89	18	1406	699	141
Minority	21	10	2	9	5	1	150	75	15	29	15	3	9	5	1	8	5	1	226	115	23
All Social Groups	**982**	**495**	**98**	**415**	**210**	**42**	**1873**	**930**	**187**	**497**	**249**	**50**	**1385**	**694**	**139**	**655**	**329**	**66**	**5807**	**2907**	**582**

Note**:** < 2 - Two years completed; and SS - Selected Sample.
Source: Field Survey

CHAPTER 2

REVIEW OF LITERATURE

2.1 Introduction

Microfinance plays a vital role in the third world countries like India. Now-a-days, microfinance is very popular among women, particularly rural women. Historically, women have been generally considered as inferior to men and accorded a secondary status. Traditionally, they have had poor or no access to resources and have faced several other problems. The provision of microfinance is regarded not only as an instrument for poverty alleviation, but also as a means for women empowerment.

In this chapter, an attempt has been made to review literature related to the subject. This chapter is divided into four sections. The first section describes studies on microfinance and its impact on poverty reduction. The second section presents studies related to SHG-bank linkage program and its performance. The subsequent section covers studies relating to microfinance and its impact on income and employment generation, while women empowerment and the socioeconomic changes related to it are discussed in the following section, and finally, the research gap is presented.

2.2 Studies Related to Microfinance and Its Impact on Poverty Reduction

Morduch (1998) conducted a study using a cross-section data of nearly 1,800 households in Bangladesh served by microfinance programs of the Grameen Bank, Bangladesh Rural Advancement Committee (BRAC) and Bangladesh Rural Development Board (BRDB) in 1991-92. The sample also included a control group of households in areas not covered by any microfinance program. Strong evidence is available that microcredit contributes to reducing household vulnerability. Participant households had significantly lower variation in consumption and labor supply across seasons relative to the control group. The study showed that consumption variability was 47% lower for the eligible Grameen households, 54% lower for the eligible

BRAC households, and 51% lower for the eligible BRDB households, as compared to the control group.

The microfinance and rural credit system in India was examined by Priya and Pradeep (2005). They emphasized the link between improving access to finance and reducing poverty at stance that has had influence globally. They stated that prior to 1990, nearly 90% of the credit was supplied by the informal moneylenders. From 1991 onwards, the situation has gradually changed. The main objective of the study was to assess the potential and possibilities of microfinance in India in enhancing rural credit access, particularly for the poor. The authors studied two issues, i.e., to what extent microfinance reaches the poor and its impact on their poor economic condition. They posited that the SHG-bank linkage model is somewhat unique in India. The authors also found that most of the Indian Self-Help Group (SHGs) are very small as compared to those in other countries, particularly Bangladesh.

The banks provide loans, but the question is whether these reach the poor people or not? The authors focused on this issue and selected two states, i.e., Uttar Pradesh (UP) and Andhra Pradesh (AP) for their study. The popularity of SHGs in AP extends to the richer households too. As a result, the percentage share of SHG members belonging to poor households is much less in AP as compared to that in UP. In this sense, SHGs in UP are more focused on poorer households than in AP. The authors used probit model in their analysis. They concentrated on per capita income and availability of infrastructural facilities (road and railways, etc.) in the selected villages of both the states. The result shows the absence of a strong relationship between village-level indicators of poverty and the number of SHGs. The size of the village was found to be significant; the larger the village, the greater the number of SHGs. Higher rate of illiteracy, presumed to be correlated to poorer villages, was associated with less number of SHGs in the village. Similarly, a negative sign associated with the distance to metaled road implies villages in the interior, i.e., away from good roads, have fewer SHGs. Noticeably, neither the per capita income of the village nor inequality within the village was found to be significant again underlining the weak linkage between poverty alleviation and the presence of SHGs. A few of

their important findings are: Firstly, the country has active NGOs that have been zealous in their efforts towards group formation. According to the NGOs, SHGs have many plus points such as it leads to women empowerment besides providing microfinance. Secondly, the SHG-bank linkage seems particularly suited to India, because the model leverages the existing assets broadly within existing regulations by capitalizing on the country's vast network of rural banks that are otherwise unable to reach out to the poor.

Kabeer's (2005) main objective was to examine the impact of microfinance on poverty reduction and empowerment of poor women. He focused on the poverty and vulnerability of the socially excluded people (e.g., dalits and adivasis), particularly women. Nearly 97% of the members of Professional Assistance for Development Action (PRADAN) and 83% members of SHARES are adivasis, dalits and those belongings to other backward castes. Further, the author stated that poverty and vulnerability are not purely economic phenomena reflecting what people have; they are also social phenomena reflecting who they are. The area studied was South Asia, particularly India and Bangladesh, which are occupied by people from different backgrounds that give rise to various kinds of historically-entrenched group-based inequalities like caste, ethnicity and religion, which exacerbate the economic dimensions of poverty and vulnerability through the processes of cultural devaluation that assign a lower position in the social hierarchy to certain groups of people. He brought out the different kinds of group formation, of which some have adopted the Grameen Bank model, SHARE, Credit and Development Forum (CDF), Professional Assistance for Development Action (PRADAN), etc. He emphasized that microfinance can have an impact on women's role in household decision making. He found some positive and negative features and some more consistent than others. The positive impact is financial services help to protect livelihoods by regularizing income flows and reducing variability in consumption level. Also, microfinance helps to meet a variety of basic needs and improves the standard of living. He suggested that microfinance is an important and effective means to achieve change on a number of fronts, i.e., economic, social and political. Secondly, microfinance can work as a tool for poverty reduction. Finally, there are no magic bullets, panaceas, blueprints or

readymade formulae that can bring about the radical structural transformation by empowerment of the poor and the women. It may take decades for these goals to be achieved.

Chowdhury *et al*. (2005) empirically examined the impact of microcredit on poverty in Bangladesh. He focused on both objective and subjective poverty. Particular attention was also paid to the length of time and the program participants who had access to microcredit. Objective poverty is based on the costs associated with obtaining a minimum daily adult requirement of 2,112 calories. Subjective poverty is calculated on the basis of the personal views of the household head regarding the poverty level of his family by asking whether the family can be considered poor on the basis of its yearly income. A household-level survey was carried on 954 microcredit recipients of the Grameen Bank, the Bangladesh Rural Advancement Committee and the Association of Social Advancement. The main finding of the study is that microcredit is associated with reduction of both objective and subjective poverty. It was found that for the entire sample, objective and subjective poverty rates were 54.6% and 60.2% respectively. There was also a clear poverty differential between the 'new' and 'old' group members. The objective poverty rate for new members was 65.3% compared to 50.2% for old members. Likewise, the subjective poverty rate for new members was 90.2% compared to 47.9% for old members. The predicted objective and subjective poverty rates of the participants at the time of joining the program were around 65% and 85% respectively, and after eight years of exposure to microcredit, both these rates declined to around 45%. The researcher fitted a linear trend line of the poverty reduction impact of the program and showed that objective poverty fell by about 2.5% per program year. Likewise, subjective poverty fell by about 6.5% per program year. The analysis carried out showed that even after eight years of program experience, the estimated objective and subjective poverty rates were still high, i.e., about 45% and suggested that microcredit organizations should reconsider and adapt their microcredit technologies to improve the long-run poverty reduction capacity of microcredit programs.

Pitt and Khandker (1998) explored the impact of microfinance on poverty reduction in Bangladesh. The authors collected primary data through a survey conducted in 1991-92 involving 1,798 households (1,538 were participants and 260 were non-participants) in three Bangladeshi programs, i.e., microfinance programs of the Grameen Bank, Bangladesh Rural Advancement Committee (BRAC) and Bangladesh Rural Development Board (BRDB). For determining the impact, the borrowers were compared to the people in non-program villages. The results show that for every taka (currency of Bangladesh) lent to a female member, the consumption has increased by 18 taka and for men, it increased by 11 taka. Further, the study showed that the poverty rate of BRAC members fell by around 15% for the moderately poor and 25% for the ultra poor. Similar results were obtained for the other two programs. This rate of poverty reduction appeared to decline with the duration of membership and with cumulative loan size. Thus, the reduction of level of poverty was variable and declined with the passage of time. They found that the credit program has a larger positive impact on the behavior of the poor, if the borrowers are women rather than men.

Dasgupta (2005) examined the microfinance situation in India through empirical evidence, alternative models and policy imperatives. The author examined the trend of: (i) Agriculture Micro Credit (AGMC), (ii) Weaker Section Micro Credit (WSME) and (iii) SHG Micro Credit (SHGMC) and discussed different models for micro financing policy imperatives and microfinance services that would be accessible to all the eligible poor. He collected secondary data from various government records such as RBI, CMIE, CSO, NABARD, etc. He found a high proportion of Non-Performing Assets (NPAs) because of information gap and inadequate monitoring. The first task is to define microcredit in terms of quality and clientele group. At the current level of prices, it may be less than Rs.25,000 per poor person. He suggested that with better monitoring and planning, a good management information system needs to be developed. Responsibility of collecting and publishing the microfinance information must lie with RBI, which can capture data regarding all types of microcredit.

Swaminathan (2007) examined the microcredit alternative to the poorest of the poor**.** He explained that there is a vast body of literature documenting the imperfections of the rural credit market and its impact on access to credit, particularly of the more disadvantaged. Major policy changes came in the sphere of rural banking since the initiation of liberalization in 1991. He found that the terms microcredit and microfinance rose spectacularly to fame in development literature in the last decade and a half. He explained that though microcredit loans are generally given to finance self-employment projects, these are sometimes advanced to meet consumption needs as well. He described microcredit as small loans given to poor households, in rural and urban areas for income generation through self employment. Microcredit institutions may also provide facilities for saving and other financial services. Another key characteristic of microcredit is the institutional mechanism for the delivery of microcredit. A very important point of the argument in favor of large-scale microcredit effort is that commercial banks cannot, and should not, be directly responsible for disbursing microcredit loan (because of high transaction cost and poor rate of recovery). The author also pointed out that though the NGO-controlled microcredit organizations do not operate at lower transaction costs than banks, they are able to transfer these costs to others (donors and borrowers). He found that Indian banking system has many drawbacks and in many ways has failed to fulfill the objectives of social and development banking in rural India. The present reversal of the policy of financial liberalization is a further setback to the expansion of rural credit.

Over the past two decades, microcredit programs have emerged as one of leading drivers in the overall initiative to end poverty. Sankaran (2005) in his study explained the role of SHG savings and loans in increasing the economic security and well being of the poor people. The main objective of the study was to examine the development and growth of microcredit programs in India. The data relating to number of SHGs linked to banks, amount of bank loans provided to clients, models of SHGs, number of participating banks, number of Non-Governmental Organization (NGOs) participating in the program, and number of families assisted under this program were collected from NABARD. This study covers the period from 1992-93

to 2003-04. In this study, the author described how the concept of microcredit came to India from Bangladesh. Most of the countries now are adopting Bangladesh's system. He explained that members of SHGs may comprise very poor people who do not have access to formal financial institutions. SHGs act as a forum for the members to provide space and support to each other. The author in this study also described the functioning of the SHGs, the various models of SHGs, and linkages of NGOs and SHGs. The number of families receiving assistance through the program is an important indicator to assess the progress and success of the program. There has been a remarkable growth in the number of families assisted through the program. The main finding of the study is that SHG model, with bank lending to groups of poor women without collateral has become an accepted part of rural finance. In India, nurturing small, homogenous and participatory SHGs of the poor has, today, emerged as a potent tool for development.

In Maharashtra, the Maharashtra Rural Credit Project (MRCP), funded by International Fund for Agricultural Development (IFAD), among others, was launched in 1994. The main objective of the study by Gaiha (2000) was to examine the process of implementation of this project, focusing on targeting the poorest women's control over the assets acquired and trade-offs between the coverage of the poorest and sustainability of this project. The study is based on data obtained from the interviews held with the associated agencies involved in implementation of the project, and primary data were collected from a small sample of households in three villages, namely, Kanhewadi, Mohkal and Kaman in the Pune district of the State of Maharashtra. These villages were selected based on the high share of Scheduled Caste/Scheduled Tribes (SC/STs) population and occupational distribution of workers. 15 individual beneficiaries were interviewed, 10 of whom were supposed to be poor. The actual count of poor in the sample turned out to be seven and of the relatively affluent, eight. Members of seven non-participating households, who were mainly agricultural laborers and small-holder groups belonging to SC/STs community, were also interviewed.

In rural areas, there is a large unmet demand for credit among the rural poor. Also, there is a demand for savings and insurance services. The main findings of the study are: Firstly, extreme poverty (e.g., among tribal) was partly a result of lack of awareness about the MRCP and diffidence about the ability of the poor to repay loans. Secondly, among the individual borrowers, not just the selection, but also the benefits varied, depending on whether the borrower belonged to a poor or affluent household. The loan processing time was much longer for the poor. Moreover, the affluent secured larger loans compared to the poor. Thirdly, while no case of violence was reported, there were indications of male dominance in the selection and the use of the assets, and finally, combining financial services with some forms of insurance (e.g., against illness and accident) would make the MRCP more attractive to the rural poor, as their ability to deal with contingencies is limited.

The access to microcredit by the poor and vulnerable was studied by Sajeda *et al*. (2003). For the study, the authors used a unique dataset obtained from the two villages in Western Bangladesh to test if the members of microcredit programs are poorer and more vulnerable than the non-members. They opined that in Bangladesh only a few institutions provide loans to the SHG women. These are: Grameen Bank, Bangladesh Rural Advancement Committee and Association for Social Advancement. They are the largest microcredit providers in Bangladesh and among the largest in the world. The main aim of the paper was to explicitly evaluate the targeting of anti-poverty interventions, using the general equilibrium framework of risk sharing in village economics. They used transaction data collected over 12 months from two villages that they called A and B to preserve anonymity in the Rajshahi district in North-West Bangladesh. Village A was primarily agricultural, while Village B was more diversified in its income sources. Only 20% of the households in Village A, but more than half of the households in Village B, did not report agriculture or daily labor as their main occupation. The authors used panel data obtained from the two Bangladesh villages to test whether microcredit reaches the poor and vulnerable. This analysis was possible due to the convenient timing of data collection. Households were extensively surveyed in 1991-92, when microcredit programs had only a small presence in the studied villages. Households were

subsequently re-surveyed in 1995, by which time the microcredit programs had already established their presence. The authors studied the interaction between microcredit selection and the vulnerability of rural households. Vulnerability refers to the inability of the households to protect themselves against idiosyncratic risk and is distinct from the measures of consumption variability. The forces that make some poor households vulnerable may at the same time make them more risky for microcredit providers. This might be an explanation as to why microcredit programs have been unsuccessful in reaching the poor in these villages and suggests that subsidized credit has its limitations as an anti-poverty strategy.

The relationship between microcredit and the poorest of the poor in Bolivia was the subject of the study by Navajas *et al*. (2000). The authors prepared three empirical questions to analyze the penetration level of five microfinance organizations in Lapaz, Bolivia. The first empirical question was: Whether microfinance organizations reach the poorest of the poor? Second, whether group loans reach the poorest better than individual loans? Third, whether rural lenders reach the poorest better than the urban lenders? They explained the size aspect of the outreach: (i) depth, (ii) worth to users, (iii) cost to users, (iv) length and breadth and (v) scope. The main results are: first, improvement in social welfare due to microcredit depends not only on the depth of outreach, but also on its worth, cost, breadth, length, and scope. Length matters most since the drive for long leads to incentives that prompt improvements in the other areas. Secondly, the lenders in Lapaz tended to serve not the poorest, but rather those near the poverty line. Most of the microfinance organizations will probably tend to serve the same niche. Finally, group lenders in Lapaz had deeper outreach than individual lenders.

Shibalal (2007) examined the impact of microfinance on poverty in Orissa. The author explained the problem of finance in villages, especially those faced by the women of SHG. The women grooms the future generation. Their socioeconomic upliftment could be possible only when an effort is made towards making them more financially independent. Financial dependence only leads to social backwardness of this unprivileged and neglected section of the society. The main aim of the paper was

to measure the impact of microfinance through SHGs on poverty. The study was carried out in Koraput, a poor and backward district in the State of Orissa. The study adopted the multi-stage sampling method. In the first stage, it purposively selected five Self-Help Group Promoting Institutions (SHGPIs) of two institutional variants, the government and NGOs. In the second stage, it selected one successful women group from each selected promoting institution. In the third stage, selection of the beneficiaries or the members of the group was made from the selected SHGs. For the purpose of this study, a combination of poverty line indicators was taken into consideration. These included: asset holding, accessibility and vulnerability or use. The study used both quantitative and qualitative information to study the impact on poverty. The main findings of the study are: SHGs have the potential to tackle poverty and can be an important tool for poverty alleviation. Secondly, the study shows that there is an increase in income and assets and reduction in the level of poverty as a result of intervention through SHG-based microfinance. The net impact of borrowing on income is positive, not only in the case of all borrowers, but also in the case of the poorest borrowers. Though there is a positive impact on reduction of poverty, the process of empowerment is slow. The author also suggests that lower degree of empowerment can lead to the failure of the program in the long run.

The potential of microcredit as an anti-poverty tool was examined by Jerinabi and Kanniammal (2008). They explained the importance of the microcredit to millions of people. The main objective of the paper was to, firstly, study the basic characteristics of the microcredit beneficiaries, and secondly, to analyze the degree of poverty alleviation obtained through availability of microcredit to the beneficiaries. They selected three villages, namely, Anamalai Panchyat, Karamadai Panchayat Union and Periyanaickken Palyam Panchayat in Tamil Nadu. The authors collected primary data from 202 SHG women beneficiaries who obtained credit from their own group between January 2001 and December 2002. They were taken as sample. The authors conducted interviews and collected information regarding the socioeconomic background of women beneficiaries, details of microenterprises and the problems encountered in microenterprises. It was found that microcredit mostly targeted the poor or the people having resources to fulfill their own and family's needs. But

microcredit failed to target those living in conditions of extreme poverty. The authors concluded that microcredit helped only the poor beneficiaries to move out of their poverty trap. However, microcredit has failed to bring about economic upliftment of the very poor and deprived ones, by neglecting them. The authors suggested that microcredit should be made more effective and schemes should have a broader target group, including the ones in extreme poverty. Secondly, families with children under 18 years should be given preference, and finally, microcredit should not be only treated as a means of economic support. It should also have the capacity to build and devise training programs for the economically deprived communities.

Poverty eradication through micro pension schemes was examined by Uthira and Hansa (2008). The main objective of the paper was to find workable solutions to eradicate poverty through different perspectives of micro pension. If effectively applied, the concept of micro pension will certainly go a long way in helping the poor to have income security in their sunset years. This paper focused on poverty eradication through a multi-set policy perspective, i.e., increasing the productive capacity of the poor, promoting pro-poor access to markets, ensuring an enabling environment to increase the capacity and opportunities for the poor, monitoring inclusive growth, promoting evidence based on policy making and giving special focus to using micro pension to eradicate poverty. They concluded that, if strategically and judiciously used, micro pension will go a long way in poverty alleviation, and thus, bring about sustainable economic development. They suggested models of micro pension that can be replicated by all NGOs, SHGs and MFIs so that the poor people of India can see a peaceful old age. Gradually by bringing awareness about the need to self finance, old age income should be developed, which is possible only through massive awareness and education programs.

Microfinance and poverty was the focus area of the study by Vatta (2003). The author argued that microcredit failed to reach the poorest of the poor due to lack of credit awareness, social exclusion of the poor and collusion of officials of microcredit institutions with non-poor households. All these factors have resulted in the poorest of the poor being excluded from microcredit. The viability of non-

economic activities is a major challenge for microcredit schemes in future. The author emphasized that a rate of profit is necessary to cover the interest rate on the loan and marketing of the produce. Microcredit could play a significant role in achieving the long cherished objectives of poverty alleviation and rural development. The author suggested that the success stories of Bangladesh and Malawi be replicated in Indian villages, to ensure multiple benefits for the rural economy. The bad features of the formal credit system should not creep into microcredit.

The emergence of microfinance as a useful tool in alleviating poverty was the subject of the study by Vijay and Kumar (2004). They pointed out that Government of India has taken various initiatives to support the rural poor with financial services through the formal financial sector. They emphasized that the microfinance sector in India has grown significantly in the last one decade. It was observed that the better way of reaching the poor is through MFIs and SHGs with lower transaction costs and lower levels of risks, as compared to the direct lending to the poor. The SHG-bank linkage program appears to have the potential of becoming a big success in the country. MFIs and SHGs represent one of the largest microfinance operations in the country. The authors observed that microfinance exerts impact through improved living standards of the SHG members, increased credit usage, reduction in the population below the poverty level, increase in asset ownership housing, increased employment, and average increase in income per household. The reduction in informal sector interest rate can be greater if MFIs change their approach from the exploitative to a business-like one. They suggested that MFIs need to improve their capacity and aim to reduce transaction costs by improving efficiency.

Microfinance today is recognized as an effective and financially sustainable tool for poverty reduction particularly in developing countries and also for the poor in the developed countries. There is no doubt that a strong demand exists for microfinance services among the poor. More than 19 million of the poorest households around the world now have access to microfinance. David (2004) in his study observed that a substantial number of poor women provided with access to microfinance services are using the opportunity to reduce their poverty. He concluded

that microfinance through SHGs is the strategy that should be adopted to reach the mass, without diluting the commercial norms. This is regarded as the most expedient way of reaching credit support to the poorest of the poor.

2.3 Studies Related to SHG-Bank Linkage Program and Its Performances

Banks must endeavor to raise funds at the lowest possible cost and ensure that they always have enough deposits to support the volume of loans and other financial services demanded by the public. The main objectives of the study by Varman (2005) were to examine the association, if any, between the growth of SHGs and the increase in bank deposit accounts held by women and whether SHGs have a tendency to influence account holding in formal banks. He pointed out that higher the number of deposit accounts, the greater is the advantage to banks. Most of the SHGs are linked to formal banks for their deposit and loan mobilization. The author collected secondary data from various government records such as RBI, NABARD, all-India Census and Centre for Monitoring Indian Economy (CMIE). He also collected primary data from two villages, namely, Kavarayapatty (which has 103 households and is situated in Dindigul district) and Pottapatty (which has 114 households) of Tamil Nadu. The data was collected during January to February, 2003.

The secondary data showed that overall the number of credit accounts is decreasing over the years and across the states. He observed that most of the states that have contributed to a higher number of credit accounts per thousand population (on an average, more than 50) seem to be an economically and socially developed state. He used the 'logit' model to test the observed positive association between the growth rate of SHGs and bank deposit accounts pertaining to females at the micro level. The results suggested that not all the variables having a significant association with account holding status independently are significant predictors of account holding status. Some socioeconomic variables, such as occupation, which had significant association with the account holding status of both the households as well as individuals, were found to be insignificant when all variables were considered simultaneously. The logistic regression analysis established a positive relationship between the number of years of education and deposit account holdings, both at the

individual and household level. He found that banking habits are a positive function of the years of experience of microfinance programs through SHGs in that particular area. Another more important factor is that a member of an SHG having leadership experience in SHG greatly influences the bank account holding.

Indira and Sambasiva (2001) in their study on the emergence of women SHGs and their impact on Andhra Pradesh found that the SHG women were engaged in petty trades and business such as making of tuff, candles, purses, leaf plates and baskets, internal lending, etc., belonging to Development of Women and Children in Rural Areas (DWCRA) groups. Only 34 groups were provided with assistance and the rest functioned with their own savings. It was suggested that the government must provide more assistance to SHGs so that income, savings, and their expenditure would increase. It was concluded that despite the bottlenecks, the DWCRA groups could cross the poverty line.

Malcolm *et al*. (2005) examined the spread of cooperative-SHG linkage across states, relationship between commercial success of cooperative banks and the extent of linkage established, and the impact of linkage on their performance. In addition to secondary material, the authors also incorporated the views of 199 District Development Managers (DDM) of NABARD on various issues. The authors found that cooperative banks in the southern region are linked more to SHGs as evident from the general success of the linkage in this region. On the basis of their share in the total number of SHG linkages in a given area, the authors grouped 199 District Central Cooperative Bank (DCCBs), for which they had obtained data into five clusters, A, B, C, D and E on a declining scale of institutions. Cluster A includes DCCBs that are one of the best SHG linkage performers, while Cluster E includes the weakest ones which are linked to very few or no SHG at all. They found that there is no strong correlation between the strength of a bank and its success in SHG linkage. A very detailed and systematic study is required to understand the various dimensions of the interrelationship between SHG linkage program and revival and strengthening of the cooperative banking sector. The authors raised some important issues which may involve elaborative exercises. Although an increasing number of SHGs are

beginning to exercise their customer rights, but to choose their own banks, it must be accepted that for most groups, particularly the newer ones and those in the less covered regions, their choice of financial service provider rests with the Self-Help Group Promotion Institution (SHPI). They suggested that it is in the interest of both customers and the banks if SHGs are linked to *Primary Agricultural Cooperative Societies* (PACS) rather than to DCCB branches. The final decision has to be made by the members of the SHGs as empowerment is a major aim of microfinance.

It is estimated that about 8-10 million households all over the world are served by microfinance programs. Sooryamoorthy (2005) examined the microfinance and women SHGs in Kerala. According to the author, microcredit is a major activity of SHGs. The author examined 60 SHGs initiated by a prominent NGO in Kerala. The author argued that always the loans availed by the women members were not exclusively meant for their own direct benefit but also for others (indirect benefits, like improvement in the family income are not excluded). There are certain personal variables that influence their decisions in this matter. The author explained in brief the Indian condition and related it to the SHGs in India. The main problem was that the poorest of the poor were not getting access to finance from financial institutions like banks. The author collected primary data from women in SHG formed by an NGO, Win Society, working in the Alappuzha district of Kerala. The Win Society is a network dedicated to the development and social transformation of women. Formed in 1991, the NGO currently operates not only in Kerala, but also in other states of India such as Karnataka, Maharashtra, Tamil Nadu and some northeastern states. The result suggests that loans did not fully benefit the women members as they have availed the loans almost equally for others as well. Personal variables such as marriage and occupation had an influence on their decision to take loans.

The role of SHGs in promoting microenterprises through microcredit intervention was studied by Kumaran (2002). The author explained the importance of microfinance and linkages of SHGs. The main aim was to deliver microfinance through financial institutions to the rural poor for undertaking self-employment activities. They were individual and group-oriented. The main objective of the paper

was to study the structure and function of SHGs in terms of mobilization of savings, delivery of credit and recovery of loans. Secondly, to examine the role played by SHGs' promotion agencies and effective management of microenterprises. The study was conducted in the Pune district of Maharashtra. For the study, the author selected 15 SHGs (90 members) on a random basis. Among the sample of 15, seven were promoted by NGOs, three by banks and five by *District Rural Development Agency* (DRDA). The Maharashtra Rural Credit Programme (MRCP) under the assistance of the International Fund for Agriculture Development (IFAD) has been under implementation in two phases since 1994. Of the seven SHGs promoted by NGOs, were started in the year 1995 and the rest in 1996. All the three banks promoted SHGs were formed in 1998. Of the SHGs promoted by DRDA, two were formed in 1996 and the remaining three were started in 1998. Monthly meetings were conducted by all the groups. The rate of participation of members in the meeting was found to be very high in all the groups. Saving was undertaken in all the groups on a monthly basis and the amount saved varied from Rs. 20 to 50 per member. Saving was regular in NGO and bank promoted groups and irregular in the *Development of women and children in Rural Areas (DWCRA)* promoted groups. Credit was given from the groups' savings to the members both for production and consumption purposes. In the NGO-promoted groups majority of the members used the credit for meeting consumption needs, while the remaining used them for production purposes. The socio-demographic profile of the 90 selected SHG members showed that most of them were women in the age group of 26-40 years and were married. Among the members, 46.67% owned land. The main source of savings for majority of the members was the labor wage earned by them. Among the 29 microenterprises studied, 24.14% were promoted by banks and *District Rural Development Agency* (DRDA) and 41.38% by NGOs. The majority of the entrepreneurs joined the group in the year 1994, while the remaining 34.48% followed in 1998. The most common microenterprises were tailoring, dairy, followed by petty business.

In an essay on the SHG movement in India, Wilson (2002) explained the difference between the new microfinance and the old microfinance. There is simplicity in the traditional one and power in the new ones. The old microfinance

aimed for an institution to sustain itself through the push for profit. New microfinance aims for sustenance of groups through the pull of social benefit. Best protection from institutional perspective drives the old microfinance system. The author explained three models of linkage for development of SHGs. The author also studied the drought-prone district of Mahabubnagar, particularly the rural areas, and how *Ramanjaneyulu* started the SHG in his village. Many international donors recommended new microfinance institutions such as *International Fund for Agricultural Developmen*t (IFAD), *Department for International Development* (DFID), GTZ, Misereor and Ford Foundation. The author gave priority to new microfinance. The new microfinance is a wholesale departure from the old one. It rejects an important model of development in favor of an indigenous one. It understands that it is the need of our poorest clients; the power of thrift exceeds the power of credit. The new microfinance sees the division of labor as key to efficient programming and looks for a robust set of acts to play an appropriate role.

The SHG-bank linkages in different states of India were examined by Bansal (2003). The author attempted to review the spread of credit linkages between SHGs and banks across credit delivery models adapted by RBI and NABARD. The author also examined the spread of credit linkage across different regions and states of India. He reviewed the participation of commercial banks, regional rural banks and cooperatives in the SHG-bank linkage programs in different states of India. He collected data from NABARD. Out of the 114,775 SHG credit linkages to banks, 94,645 were refinanced by NABARD and account for 83% of the total SHGs linked from the inception of the program till March, 2000. The author thoroughly reviewed the different models in India. The three main models studied are: (1) Bank-SHG members: Here the banks itself act as a SHPI; (2) Bank-facilitating agency-SHG members: The facilitating agencies can be an NGO or a community-based organization; and (3) Bank-NGO-MFI-SHG members: Banks and NGOs both act as facilitators to the SHGs.

The author identified the major reasons for the success of the program in some states. However, in some states it was found that there was a lack of concentrated

effort from the bankers, the absence of large-sized NGOs operating as MFIs, few international development projects with focus on income generation and a lack of intervention to dovetail existing government program with bank linkage program. Commercial banks were predominant in relatively better-off states where poverty incidence was lower. Regional rural banks were more dominant in economically sound states, and were more successful while acting as SHPIs. During 1999-2000, 718 NGOs participated in the SHG-bank linkage program. The number of NGOs has increased by 30% over that of the previous year. In brief, the SHG-bank linkage program succeeded in reaching around 2.2 million poor households with major coverage of women.

An informal journey through SHGs was undertaken by Dasgupta (2001). He observed that micro financing through informal groups resulted in quite a few benefits, viz., (i) Mobilization of savings by the poor; (ii) Access to the required amount of appropriate credit to the poor; (iii) Matching of the demand and supply of credit structure and opening new markets for financial institutions; (iv) Reduction in transaction cost for lenders and borrowers; (v) Tremendous improvement in the recovery; (vi) Heralding of a new realization of subsidy-less and corruption-less credit; and (vii) Remarkable empowerment of poor women. But the government poverty alleviation program, under the name Swarnjayanti Gram Swarozgar Yojana (SGSY) with the objective of target completion, subsidy, bureaucratic and political involvement, insistence on entrepreneurial activities, etc., may end up in the same way as the Integrated Rural Development Program (IRDP). He recommended that the government promoting NGOs as SHPIs and directing banks to do business with SHGs must be given up and regions not having NGOs must be promoted through SHPIs and banks must be given freedom to evaluate SHPIs and SHGs before conducting business with them. He added that the subsidy component may be used for infrastructure, training, backward and forward linkages and other requirements of the poor, not the poor borrowers alone. This is expected to improve the possibility of investment by the poor and accordingly their savings, credit-handling capacity, access to financial institution, inculcate entrepreneurial skills in them, develop an attitude towards investment, and increase the risk-taking ability of the SHGs.

An attempt to present the genesis and development of SHGs in India was made by Rao (2003). Data were collected from 48 Women Dairy Cooperative Societies (WDCSs) spread over six districts of Andhra Pradesh and Karnataka. Total sample selected was of 48 SHG members, out of which 23 were in STEP (Support to Training and Employment Program for Women) areas in Karnataka and the remaining belonged to non-STEP areas in Andhra Pradesh. The author observed that the average age of the members varied from 32.5 years in STEP areas of Karnataka to 51 years in non-STEP areas of Andhra Pradesh. The majority of the members belonged to SC/STs community. The study indicated that the existing formal financial institutions have failed to provide finance to the landless, marginalized and disadvantaged groups. The origin of SHGs could be traced to mutual aid in Indian village community. SHGs encourage savings and promote income-generating activities through small loans. He suggested that the SHGs are sustainable, have reliability, stimulate savings, and also help the borrowers to come out of the vicious circle of poverty.

An attempt to review the performance of Oriental Bank Grameen Project (OBGP) providing microfinance services to the lowest rungs of the poor, such as destitute and very poor families was undertaken by Dadhich (2001). The author conducted survey in two villages located in Hanumangarh district of Rajasthan and six villages in Dehradun district of Uttaranchal. The author considered a sample size of 450 SHGs. Among these, 447 belonged to women and the remaining three were of men. As analysis of estimates relating to income and expenditure of a specialized microcredit by a branch of Oriental Bank of Commerce revealed that the branch became a profit center right in the second year of its operation. It was found that the recovery of the loans was more than 100%, as the borrowers preferred to repay the loans in two years period, as against the stipulated repayment period of five year prescribed by the bank. The tendency among the borrowers to make advance repayment was on account of their anxiety to avail a higher amount of loan for further diversification of activities. He suggested that, as a result of lower transaction costs, group members prefer loans under the microfinance project as compared to the bank loans under subsidized programs sponsored by the government.

Ramana (2001) studied the experience of the microcredit movement through SHGs in his work. He found that the groups promoted by the cooperative banks mobilized more savings than those sponsored by the NGOs. The amount of membership and savings in SHGs were positively linked to their period of operation. The average amount of loan disbursed experienced a four-fold increase. Purpose-wise, the credit demanded by SHG members indicated that 25% have demanded credit for business purposes. It was concluded that the SHGs have spread their outreach by serving a large clientele base with small amount of credit, but financial dependence on credit system through SHG movement still remains a far cry. It was further underlined that there was a tendency among the SHG members to borrow from various agencies, which might lead to repayment problems due to multiple financing. In this connection, it was suggested that the policy to integrate SHGs within the mainstream banking should receive greater attention. It was also added that this alone could strengthen the process of integrated credit flow for production cum investment purposes on a sustainable basis.

It was brought out by Datta and Raman (2001) that SHGs are characterized by heterogeneity, in terms of social and economic indicators. The study was conducted in Tirupati and was based on both primary and secondary data for the period 1999-2000. The primary data was collected for a sample of 355 members randomly selected from 30 women SHGs. They were drawn from eight clusters under Rastriya Seva Samithi in Tirupati area of Andhra Pradesh. The success of SHGs in terms of high repayment is mostly related to the utilization of prevailing social ties and social cohesion found among women members. Social cohesiveness among members springs not only from their diverse background of knowledge base, skills, occupations and income levels, but also due to the dynamic incentive system of progressive lending to the group on successful completion of loan repayment. However, SHGs are heavily dependent on external financial agencies for their lending operations. The authors found that an increase in distance among members results in higher SHG net income per member by reducing the level of risk-facing SHGs. It is reasonable to expect that minimal distance among members would lower the transaction cost of members in terms of lower opportunity cost of travel and time. They suggested that

members drawn from distant areas pursuing different occupations are able to tide over risk of the group by their higher risk-pooling capacity. In other words, those who live in distant areas on an average may not face the same type of risks unlike members who live in close proximity to each other and are exposed to similar risks. With reference to the determinants of the average income of the member per month, it was found that stronger social ties among members, increased business loan per member and lower SHG expenditure contributed to the higher average income of the group members.

Satish (2001) in his study, addressed the issues relating to the functioning of SHGs. He selected three states, Karnataka, Maharashtra and Uttar Pradesh. The selected sample was based on three categories, i.e., advanced, medium and preliminary stages of SHG development. This study covered groups formed by the NGOs and banks. The number of groups formed by NGOs and banks are respectively, 5 and 4 in Karnataka, 4 and 0 in Maharashtra, and 7 and 2 in Uttar Pradesh. He collected the primary data with the help of a structured questionnaire from a sample of 390 members randomly selected from 22 SHGs. Adequate care was taken to ensure homogeneity of the socioeconomic status of the members while forming the SHGs. The process of SHG formation has to be systematic irrespective of the fact whether a bank or an NGO forms it. He emphasized that SHG experiment has to be spread throughout the rural India, rather than being concentrated in a few pockets of the country. NGOs are more suited for forming and nurturing of the SHGs and therefore, it is essential to strengthen them and their resources so that they could increasingly undertake this work.

Karmakar (1997) studied the performance of the credit linkages of all the SHGs, the NGOs and the banks in Orissa up to March 1995. He collected primary data from 8 NGOs, 11 banks and 14 SHGs. Structured questionnaires were used to collect data, beside undertaking a field study consisting of interviews and non-participating observations at all SHG levels. He found that a few NGOs started savings and credit programs for the marine fishermen community through the SHGs. For lending, they relied mostly on mobilization of savings. Since the amount of

savings was very small, the credit from the savings to the community was inadequate to meet their requirements. Loans were provided for growing crops, blacksmith work, making of hill brooms, trading and business. Repayment was 100% among the women SHGs. The choice of the members of the SHG was limited to a few activities only, because the amount of microcredit available was small in the initial years of the linkage program.

The role of linking banks, SHGs and NGOs in India was explored by Nanda (1999). He observed that the model NGOs, which act as facilitators, continue to be the most popular ones, since 42% of the SHGs are linked to banks by these NGOs. The analysis stressed further on the need for adopting different strategies and approaches in different regions of India. The strategy for the southern region should be that of consolidation and deepening of the program and nurturing of emerging SHG federations. For eastern, western and northern regions, it should be the expansion of the SHG program through identifying and supporting the new NGOs.

A comparative study on the performance of State Bank and SHGs was done by Mehrotra (1997). According to him, the performance of State Bank of India's financing scheme for SHGs has been quite encouraging. The branch officials themselves encourage the poor to form SHGs in a number of centers. They also utilize the services of the NGOs for the very same purpose. He pointed out that with the help of reputed NGOs in states like Tamil Nadu, Kerala, Karnataka and Andhra Pradesh, good progress has been achieved by the State Bank in the SHG schemes. He stated that the SHGs have promptly repaid 80-90% of the finance given to the small-scale units by the branches. To sum up, the author emphasized that SHG is a good concept and every effort should be made to ensure its success. He also stated that the SHGs may eventually be the only viable units of source, on account of the low transaction cost, high percentage of recovery and mobilization of rural savings through the informal system.

An attempt was made by Sinha (2005) to study how microfinance is making a significant contribution to the saving and borrowing of the poor. In this paper, the performance of 20 MFIs from across the country representing three models in terms

of use of their services by clients has been analyzed. The selected sample states are: Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, Uttar Pradesh, Rajasthan, Assam and Manipur. The author adopted the structure, age, rural/urban presence and microfinance approach. Though microfinance has increased borrowing options for the poorer clients, it seems to have significantly affected the terms and conditions of different informal credit providers. Most of the MFIs are not yet ready to offer large extent of flexibility and provide timely and adequate credit, though many of them do compete on cost. Practical absence of non-financial support services is perhaps surprising, given the ongoing debate on microfinance plus services. It partly reflects the trend in MFIs to focus on finance as part of their drive towards attaining organizational sustainability.

The microcredit system in rural Bangladesh was examined by Datta (2004). He showed that the NGOs reach millions of depositors and borrowers most of whom are poor women. The author argued that the Non-Government Development Organizations (NGDOs) in Bangladesh currently fail to reach the poorest of the poor and that microcredit may not be the most effective way of reaching the extreme poor of the nation. The paper explained the reasons why microcredit programs rarely reach the poorest of the poor in rural Bangladesh and argued that microcredit alone is not always the best way to help the poorest of the poor. The paper focused on the NGO's microcredit involvement in rural areas. Along with secondary information, the author used two sets of primary data collected from two different studies. The first study was conducted in 1999 by the World Bank as a part of the study titled 'Voices of the Poor'. The second study was about Bangladesh. Two rural and five urban locations from 1999-2000 were studied as a part of the expansion strategy of development program in the poverty-stricken areas of Bangladesh. It was titled, 'Listening to the Poor'. The author divided villages referred in the bottom three categories as the poor, labeling them as the better-off poor, moderate poor and extreme poor. He elaborately explained the three kinds of poor families. He also presented one case study titled, 'Jobedas Tale'. The author found many reasons for microcredit not reaching the poor. These include: (i) Supply-side factors; (ii) Demand factors; (iii) Factors relating to NGO's norms and social issues; (iv) Factors relating to voluntary and involvement

dropouts; and (v) Factors relating to sustainable financial services. The author elaborately explained the five categorized reasons. NGOs in Bangladesh have tended to provide services mostly to the better-off and the moderate poor, often neglecting the poorest of the poor. Successful microcredit programs require strict screening to ensure that the borrowed money can be feasibly repaid. The author found that NGO's staff and group leader were extremely careful in screening out potential risks. Poor recoveries reflect on overall group performance and the performance of NGO staff. The author suggested the proponents of credit-alone approach, and argued that the extreme poor need capital and if capital is provided, they will be able to use self-employment to improve their economic status.

A study was undertaken by Titus (2000) to explain India's policy on regulating microfinance. The paper discusses objective performance of cooperative societies, banks such as RBI, NABARD, Small Industrial Development Bank of India (SIDBI), SHGs and NBFC that have a regulatory framework for microfinance in India. It focused on the methods and function of SHGs and a few microfinance intermediaries such as Self- Employment Women Association (SEWA) Banks and BASIX group. It identified the different operation systems of RBI and aspects of the NGO (SHG) in encouraging microfinance to the poor. The paper concluded that there should be collaborative relationship between different government and non-government-based institutions.

According to Suman (2000), NGOs generate income in a number of ways. They are given financial assistance directly, or as facilitated by NGO functionaries, to have access to finance from banks, financial institutional donors, corporate sector and government schemes. NGOs also help women in skill development by conducting training programs through various resource agencies. Many NGOs have special entrepreneurial development programs to nurture women entrepreneurial motivation and business acumen. These programs include informal meetings, identifying group members, facilitating group formation, setting up group norms, coordinating the process of savings mobilization, trade selection, the initial preparation, mobilizing resources, and helping in maintaining records. The types of income-generating

activities in which women get employment are: agriculture and agro-based activities, forest-based activities, small enterprises, trade crafts and occupation-based processing and marketing units. The author noted that one major financial problem faced by self-employed women is lack of working capital as collateral for credit. It was concluded that the success of the SEWA Bank has shown that active participation of the members and the board is crucial to the impact created by a bank such as the SEWA bank. From women's point of view, their involvement in and ownership of a successful institution enhance their collective strength and the empowerment that comes with organization. It was suggested that from a wider perspective, members owned or controlled microcredit institutions can help to strengthen our democratic system.

Puhazendhi (1995) estimated the average transaction cost of lending for the banks per account as 3.68% of the loan amount, if the loan is given directly to the borrower. The intermediation of the NGOs and the SHGs helps the banks to reduce their transaction costs in the range of 21-41%. The dynamic nature of reduction in transaction costs, because of intermediation causes a downward shift in the marginal cost curve. This is possible due to the active role played by the NGOs and SHGs in identifying the borrowers, and ensuring the follow up action towards the end use of the loans and its recovery. This has resulted in significant reduction in the time spent by the bank staff on these functions. Among the different models of linkage, the most cost-effective transaction is the one in which banks use the SHGs as financial intermediaries. Similarly, the intermediation of the NGOs and the SHGs reduce the transaction cost of borrowers by about 85% mainly due to the reduction in expenditure on documentation procedures. Such procedures are cumbersome as well as time-consuming and costly. The intermediation by the NGOs result in reduction in opportunity cost of the borrowers, in terms of the number of visits and the time spent at the bank premises in negotiating the loans. The intermediation of the NGOs and the SHGs also proves useful in ensuring better rate of recovery.

The question of bringing development back into microfinance was examined by Otero (1999). According to the author, the purpose of the paper was to explore

three points at which microfinance intersects with development, to argue why these three intersections make microfinance compelling from the perspective of development, and to explain why practitioners, donors and others involved in the microfinance field tend to forget the connection between the two. The author explained that microcredit is credit to the poorer sections of the people. He proposed that microfinance should continue to grow towards becoming a successful development strategy. For that, it must display these three dimensions: a relationship to the poor; a reliance on permanent institutions; and a connection with the financial system of the country. The strong distinctions between microfinance and development will lapse into oblivion and microfinance will either become a set of highly profitable institutions that have abandoned the market, or insignificant donor developed and localized credit programs.

The issue of rotating savings and credit associations was examined by Bouman (1995). The author focused on comparison between a Rotating Savings and Credit Association (ROSCA) and Accumulating Savings and Credit Rotating Associations (ASCRAs), by discussing the strong and the weak points of each. He also concentrated on low-income countries. The rotating and accumulating savings and credit associations have a number of characteristics in common. They are both voluntary and autonomous institutions with their own objectives, rules and organizational patterns. They are set up by the poor and non-poor alike. As financial institutions, they are self-sufficient, self-regulating, have their own control mechanism and are thus independent of the legal, fiscal and financial authorities of their countries. After 40 years of development aid, we must finally accept that indigenous self-help societies have their own ways of helping themselves and their own ideas of what utopia looks like and how to reach there.

2.4 Studies Related to Microfinance and Its Impact on Income and Employment Generation

A survey of 29 districts (*Thanas*) in Bangladesh was undertaken by Khandker *et al*. (1998) for the World Bank and the Bangladesh Institute of Development Studies (BIDS). They concluded that microfinance, as delivered by Grameen Bank, BRAC

and Rural Development-12 (RD-12), accelerated the shift from wage employment in the informal rural sector to self-employment among the poor participants. But they added that absence of technological development had slowed down the overall increase in production and employment.

Kumar *et al*. (2008) explored the impact of microfinance on employment, income and empowerment in Himachal Pradesh. The main objective of the paper was to examine whether or not microfinance activities have helped in the pursuit of economic empowerment. The spread of microfinance activities through the SHGs in the hilly North Indian State of Himachal Pradesh has been quite phenomenal. There were 13,228 SHGs which were linked to the banks till March, 2004 and these had been provided loans to the tune of Rs.315.04 mn. About 130,000 families were assisted under this program. For examining the above objective, the study was conducted in three districts of Himachal Pradesh, namely, Kangra, Mandi and Solan, since these districts accounted for the largest proportion of the SHGs in the state. The study used a suitable questionnaire, and sample of 150 member households and 90 control households was chosen from the 30 SHGs in these districts. The salient details of the SHG members, like their socioeconomic profile, saving and borrowing behavior, use of loaned funds, repayments, etc., were collected. This information was used to draw inferences regarding the economic empowerment of the members of SHGs in terms of enhanced income, employment, and hence, reduced poverty levels. About 80% of the respondents in both Kangra and Solan districts reported that now their opinions in family affairs was being paid heed to, while in Mandi this proportion was 64%. Thus, from these responses, it may be concluded that in Kangra and Solan women were more empowered as compared to those in Mandi.

The field survey revealed that microfinance did have a significant impact on income, employment and poverty reduction of the member households. The authors found that the first round loan impact is observed in the easy and timely availability of small amount of loans to rural poor women to meet their day-to-day urgent consumption requirements. This has been the single most remarkable accomplishment of the formation of SHGs. In addition, the women folk felt more empowered, in terms

of decision making at the household level. The impact is that microfinance has empowered people and improved their economic conditions. Some people are educated and have started petty businesses, small-scale industries, etc. The authors found that credit alone is not enough to graduate rural households successfully from 'survival activities' (yielding moderate returns) to more productive enterprises. The second round impact is addressed by the improvement of skills, enhancement of production skills and increase in income and employment.

A survey conducted by World Bank in 1999 for the mid-term review of poverty alleviation and microfinance project among 675 microcredit borrowers in Bangladesh showed that there had been positive change in the economic and social status of the surveyed borrowers. The survey showed that income had increased for 98% of borrowers; 89% of the borrowers' accumulated new assets, while 29% had purchased new land, either for homestead or for agriculture. Food intake, clothing and housing had improved for 89%, 88% and 75% of the borrowers respectively. Sanitation conditions improved for 69%, while child education improved for 75% of the borrowers. The improvements had been mainly achieved due to the increased level of self-employment of women participants.

In a study commissioned by NABARD, Puhazhendhi and Badatya (2002) surveyed 115 SHG members from 60 SHGs in eastern India. They concluded that institutional credit had deepened and widened among the rural poor, while there was substantial reduction of loans taken from moneylenders and other informal sources. This study revealed that 52% of sample households registered a 23% rise in annual income and 30% increase in asset ownership in the post-SHG period. About 72% of bank loans were used for income generating purposes and the remaining for consumption and other social functions and contingency purposes. The estimated employment days per household worked out to 405 person days during the post-SHG period, which implies an increase of 34% over the pre-SHG period. Activity-wise, the percentage increase was higher for non-farm activities (121%), followed by off-farm activities (21%) and farm activities (19%). The social empowerment of sample SHG members, in terms of self-confidence, involvement in decision making, better

communication, etc., improved in a significant way. It was also found that members who were five or more years older were more socioeconomically benefited, as compared to the members in the newly formed groups.

In their research paper, Dahiya *et al*. (2001) conducted a socioeconomic analysis of the SHGs in Solan district of Himachal Pradesh. The data was collected from 54 SHG participants drawn from 6 SHGs from two development blocks of the district. The study revealed that members were mainly involved in small businesses and services/profession like bangle selling, tailoring and marginal farming. The interest rate charged on internal lending ranged from 24% to 60%, while the bank interest rate was 12.5%. The recovery performance, both for internal and bank loans was 100%. The study found that there was a considerable increase in annual income in the post-SHG period. This increase was very high for the newly formed groups, as compared to the older ones. The overall increase in annual income was 94.3% in the post-linkage period. The social impact was deep in form of empowerment of women folk, educational development of children, and emancipation from social evils like drunkenness of male household members.

Guha and Gautam (2005) examined the role of ROSCA in providing microcredit for income generation. The authors showed that the formal sector faces two problems, namely, (i) Borrowers vary in their livelihood pattern and it is costly to determine the extent of risk for each borrower and (ii) It would be costly to ensure that the borrower takes actions which make repayment most likely. This is called the incentive problem. In India, microcredit programs are mostly organized by the NGOs. Microcredit institutions have travelled far and wide and have taken on local variation in most cases. The model most popular in India and other developing economies, like Indonesia, Taiwan, Madagascar and Egypt, is the ROSCA. In general terms, ROSCA can be defined as a self-selected voluntary formal group of individuals who agree to save and contribute a pre-committed amount of money in every period towards the creation of a fund. The author explained the working of the ROSCA**.** The study is based upon field-level observation of a large ROSCA program in West Bengal. The details were furnished by Jeevika Development Society (JDS). JDS is an NGO

operating in West Bengal. Two important findings of this study are: (i) It is better to treat the fund in a ROSCA as a loan to be repaid with interest, rather than as a grant and (ii) If members are selected randomly to receive the fund in every period of ROSCA, then the loan is sequenced.

The impact of SHGs on women in Goa was examined by Gaonkar (2001). Primary data were collected from Goa, India. Out of total 500 SHGs functioning in Goa, 100 groups were promoted by the National Cooperative Union of India (NCUI). 25 women SHGs promoted by NCUI from Bardez and Bicholim talukas were selected on the basis of random sampling. The study revealed that SHGs had a lasting impact on the lives of the poor and their quality of life improved in terms of increase in income, savings, consumption expenditure, self-confidence, productive use of free time, getting an opportunity to show hidden talents, and getting more importance in the family. It was found that individual loans were mostly utilized for productive purposes and the repayment of the loans was 100%. The study concluded that the SHG movement could significantly contribute towards the reduction of poverty and unemployment in the rural area.

A study conducted by NABARD in 2002, covering 560 SHG member households from 223 SHGs in 11 states of India, highlighted that there has been a positive impact on the standard of living of SHG members in terms of asset ownership, savings and borrowing capacity, income generating activity and income levels. The average value of asset, including livestock and consumer durables has increased considerably. The housing condition of the people has improved from the mud walls and thatched roofs to brick walls and tiled roofs. Almost all members developed the saving habit in the post-SHG period. The number of loans taken for meeting consumption needs came down in contrast to loans taken for income generating purpose that increased considerably during the pre-SHG period. Similarly, the overall repayment of loans improved and the average net income per household increased by about 33%. Employment increased by 18% between the pre- and post-SHG periods. It was noted that after coming in association with the SHGs, the self-confidence, self-worth and communication skills of the rural poor had improved. In

addition, they got involved in addressing various social evils and problems of the society.

Nedumaran *et al*. (2001) conducted an empirical study on the impact of SHGs in Tamil Nadu. The objective of the study to examining empirically the performance of SHGs linked with bank and to assess the performance and socio-economic impact of SHG on the members. Primary data were collected from two districts of Tamil Nadu, namely, Erode and Tiruchirapalli. A sample of 150 members from 30 SHGs promoted by two NGOs, MYRADA and LEAD, was considered. Primary data were collected through personal interviews during March-April 2001. The study found that the average amount of group loans availed was positively associated with the group age. It was also seen that the annual net family income of the members in the post-SHG situation increased by 23% over the pre-SHG situation. The study also indicated that there was a considerable improvement in the social conditions of SHG participants after they joined the group activities. They suggested promotion of SHGs in rural areas, training to members, and involvement of local NGOs in building SHGs for the overall improvement of the households.

Bali and Varghese (2009) explored whether or not SHG participation leads to asset creation. For this purpose, the authors chose SHG women. The authors used a unique dataset obtained from five Indian states with SHGs. The study investigated whether assets of the current SHG borrowers have increased in comparison to that of the new members. The authors, instead of focusing on shared team profits of SHGs, concentrated on many impact studies, and highlighted the long-term sustainable impact parameters. Asset accumulation serves as a potential exit avenue from chronic poverty. The household survey used a quasi-experimental design, with a coded questionnaire to collect cross-sectional data for the representative district from each of the selected five states in India for the year 2003. The study results reinforced the idea that programs need to be analyzed on a case-by-case basis. The study also yielded some programmatic lessons. Linkage between banks (even public sector ones) and NGOs may provide effective means for credit delivery. In the predominant linkage, two banks provided the funding and NGOs provided the training. However,

they found that in terms of impact on asset accumulation, the linkage, where the funding is channeled through NGOs, is most effective. The assets like accumulation of livestock and savings are more structural and sustainable in the long term and not subject to the vagaries of the annual weather pattern that affects traditional agriculture. The results do not indicate whether asset accumulation is an exit strategy for other options.

The impact of microfinance on households, consumption, etc., was explored by Mahjabeen (2008). The author explained that microcredit helps member countries activities in the quest towards attaining the Millennium Development Goals (MDGs) of reducing poverty rates by 50% by 2015. The author explained that the eight MDGs are: poverty and hunger reduction, universal primary education, financial empowerment and improvement of maternal health, reduction of child mortality, combating diseases like HIV/AIDS and malaria, and environmental sustainability. The main aim of the paper was to examine the welfare and distributional implication of microfinance in Bangladesh. The author analyzed a general equilibrium framework. It is the first study to analyze the impact of MFIs in general equilibrium. The general equilibrium model of Bangladesh is based on the dataset of the real financial Social Accounting Matrix (SAM) of 1999-2000. Due to the scarcity of data on MFIs, data of Grameen Bank, the largest and the only formal MFI in Bangladesh was used as proxy for MFIs in this study. Most of the parameters and coefficients of the model were calibrated from the database of the real financial SAM. The author compared two models: bank model (with only traditional commercial banks as financial intermediaries) and extended model (with commercial banks plus MFIs). The major recommendations of the study are: (i) To raise income of all households; (ii) To increase consumption of all commodities by all households, (iii) To generate employment, (iv) To reduce income disparities and (v) To enhance social welfare.

The increase in income and social implication under SHG was investigated by Sarker and Dey (2005). The authors stated that the main objective of microcredit programs is to reduce constraints in the credit markets, and thereby generate self-employment, which in turn increases productivity and earning of the rural poor. The

authors examined the empirical evidence of SHG-led microcredit programs in West Bengal in the terns of targeting the poor, increase in income and positive social implementations of these programs. The authors explained that there are two schools of thought on rural credit policy in developing countries. One is the conventional rural supply-side approach that tries to inject subsidized credit from outside in order to avoid dependence on informal moneylenders. The other approach, advocated mainly by the researchers at Ohio State University, emphasizes the importance of savings mobilization and the viability of the rural credit market. The authors used published data (secondary source) of the State Institute of Panchayat and Rural Development (SIPRD), Kalyani, West Bengal, which had conducted a field survey in January 1999. They randomly selected 50 SHGs from exclusively women SHGs promoted by different agencies in West Bengal. The selected SHGs were mostly situated in rural areas. Among the selected 366 members from 50 women SHGs, 94% were in the age group of 18-45 years. 30% of the members were SC and 16% were STs. 83% of the members were married and 81% of them had a family size of not more than two members. The authors pointed out that the microcredit program through SHGs charged high rate of interest from its beneficiaries, but the repayment rate was also high as compared to state-led microcredit programs. The microcredit program was found to be income generating in all cases for the beneficiaries who received loans only from this source. The authors found that this program had a positive effect on social development as all the SHG member households, irrespective of their status, were direct beneficiaries of microcredit, and this in turn led to a better quality of life for all. Thus, it was found that the impact of microcredit programs through SHGs was effective in bringing about some positive social changes.

An attempt to study the impact of SHGs on the generation of income and employment was done by Gangaiah *et al*. (2006). The main objectives of the study were: (i) To promote savings and banking habits among members, (ii) To make them secure financially, technically and morally, (iii) To enable the use of loans for productive purposes, (iv) To gain economic prosperity through loan/credit and finally (v) to gain from collective wisdom obtained by organizing and managing their own finances and distributing the benefits among themselves. Primary data were collected

form Karakambadi village of Renigunta mandal of Chittoor district. This village was adopted by the Rashtriya Seva Samithi (RSS). A sample of 202 members from 17 SHGs was randomly selected. Majority of the members availed the loans for raising crops and some availed them for non-farm activities, like tailoring, refreshment stalls and cloth business. They also observed that a majority of the members also gained employment opportunities. It was observed from the field survey that the members got higher number of person days in terms of opportunity in non-farm activities like managing refreshment stalls, cloth business and tailoring. They found that the loans provided by SHGs had a favorable impact on income generation in the village. At the same time, income generated from the selected activities showed that highest amount was earned from agriculture, followed by flower vending, dairying, tailoring and running of refreshment stalls. It was also observed that the credit extended to rural women had a quality- improving effect on their families, because a majority of the women beneficiaries utilized the generated income either for investing or improving the education and health standards of their families.

The socioeconomic background of SHG women in rural microenterprises in Tamil Nadu and the factors which had motivated the women to become SHG members and eventually entrepreneurs were studied by Manimekalai and Rajeswari (2001). The authors analyzed the nature of economic activities and the performance, in terms of growth indicators, such as investment turnover, employment, sources of finance, product marketing and other related aspects, and identified the problems faced by SHG women in running the enterprises. For the purpose of the study, a sample of 150 SHG members was selected according to the nature of their activities from five blocks of Tiruchirapalli district of Tamil Nadu. These groups were formed and promoted by an NGO. The nature of microenterprises run by the groups included trade, agriculture, animal husbandry, processing of food, tailoring, gem cutting, catering, petty shop, bamboo-based units, and agro-based units. The primary data pertained to the year 1999-2000. The SHG women were employed both in agricultural and non-agricultural activities. The study found that women SHGs earned the highest profit from agriculture, followed by trade-related activities and catering services. A majority of the sample units did not market their products outside the

district, and sold them directly to the customers. It was found that the income of the SHG women almost doubled after starting microenterprises. A majority of the respondents faced serious problems, like non-availability of raw materials, lack of infrastructure facilities including marketing and lack of support from family members for running the enterprises. The provision of microfinance by the NGOs to the women SHGs helped the groups to achieve a measure of economic and social empowerment. It developed a sense of leadership, organizational skill, management of various activities of a business, identification of raw materials, market and suitable diversification and modernization.

A study on the socioeconomic impact of microfinance program in Uttar Pradesh was undertaken by Singh (2001). For the study, rural areas of Kanpur district of Uttar Pradesh were selected on account of its highest number of credit-linked SHGs as compared to other districts in the state. For the purpose of the study, out of 11 SHGs linked to RRB, one group in Beridayria village was selected. It was found that in the pre-SHG period, most of the members were dependent on income from labor, but in the post-SHG period their main source of income was dairy farming. The survey showed that simple and quick credit delivery at lower interest rates by SHGs replaced the moneylenders. During the pre-SHG phase, some of the loans were taken for consumption purpose. However, in the post-SHG phase, the loans were mainly taken for income- generating purposes. The study showed that average value of assets increased by 46% and the annual income per household increased by 28% in the post-SHG period. The most interesting feature of SHGs was the compulsory savings even by cutting down necessary expenditures. Recovery rate was quite high ranging from 95% to 100%. The study also revealed that the commercial banks were not prompt in linking with SHGs for loans.

A study on increasing women participation and employment generation among rural poor through informal groups was undertaken by Puhazhendhi and Jayaram (1999). Primary data were collected from 25 randomly selected credit management groups promoted by the Mysore Resettlement and Area Development Agency. The project areas were Chittradma district in Karnataka and Periyar district

in Tamil Nadu. The analyses of the groups in different stages of development show that the share of loan for non-productive purposes reduced from 76% in new groups to 43% in the stabilized groups, while the share of loans for productive purposes increased from 24% in new groups to 57% in stabilized groups. Also, 43% of the households mentioned that there was an increase in the net income by about 0.57 times during the post-formation stage of the groups. The additional employment generated through informal group lending worked out to 172 days per member. The negative factors, which deterred the performance of the groups, were found to be lack of effective leadership, less involvement of NGOs and consumption-oriented loans.

An evaluative study of the Rashtriya Gramin Vikas Nidhis' (RGVNs) credit and savings program was taken up by Borbora and Mahanta (2001). The specific objectives of the study were, first, to examine the role of microcredit in the generation of income for the poor; second, to assess the role of SHGs in promoting the savings habit among the poor. The final objective was to assess the contribution of the program in social and economic empowerment of the poor, in general and women, in particular. The study was based on both primary and secondary data covering the period 1995-2000 in the State of Assam. The primary data was collected from a sample of 45 members randomly selected from 15 SHGs. The survey revealed that 80% of the members in the selected SHGs hailed from poor families. The authors observed that the program succeeded in inculcating savings habit among the members. As many as 57.8% of the members could save Rs.200-500 and 42.2% saved between Rs.501-1000. They found that RGVNs were used exclusively for the rural poor. They also found that 43 of the sample beneficiaries could expand their income by generating activity through microenterprises. A credit delivery system designed especially for the rural poor was also adopted with the support of a specially trained staff and supportive policy, with no political intervention at any stage in the implementation of the program.

The study by Mishra and Hossain (2001) assessed the impact of Mahila Mandals (rural SHG in Orissa), in terms of empowerment of rural women and employment generation through program participation. The group was working under

the Development Agency for the Poor and Tribal Awakening, a leading NGO of Kalahandi district. The impact on program participants was assessed by comparing the pre-1996 and post-SHG situations (2001). It was found that loans were given both for consumption and for meeting social obligations. There has been a considerable improvement in the socioeconomic status in terms of literacy, housing conditions, food security to manage the lean season, improve the nutritious level of food, etc, in the post-SHG period as compared to the pre-SHG period. The trained members intervened in improving the health status of the SHG women. The net income increased by more 60% through scientific cotton cultivation, livestock, small businesses like retail shop, dry fish trading, etc., and the group was also successfully maintaining a fair price shop. Additional employment generated worked out to be 185 person days per member and it was suggested that these Mahila Mandals could be a role model for other SHGs.

Littlefield *et al*. (2003) brought out that microfinance program was very helpful in attaining the MDGs through mobilization of various resources to reduce poverty and hunger, elimination of HIV/AIDS and other infectious diseases, empowerment of women, education for all children and lowering of the child mortality rate. This paper presented the findings of various microfinance studies and proved that availability of financial services for poor households had a strong impact on the march towards achievement of the MDGs. The poor used financial services not only for investment in their microenterprises, but also for health and education, to manage household emergencies and meet a wide variety of cash needs that they faced from time-to-time. A large number of microfinance institutions proved that they were profitably reaching the bottom line poor people by providing various innovative products. The availability of financial services proved to be a critical factor in reducing poverty and it resulted in positive impacts on nutrition, education, health, gender equality and the environment.

The socioeconomic impact of microcredit on women's welfare in northeastern South Africa, using a qualitative semi-structured interviewing method, was examined by Hietalahti and Linden (2006). The study focused particularly on the benefits,

disadvantages and challenges faced by the Small Enterprise Foundation's (SEF) Micro Credit Program (MCP) and the T˘shomisano Credit Program (TCP). The research was based on data obtained from semi-structured interviews with 21 entrepreneurs who were participants in the SEF's microenterprise programs, with 10 clients in the MCP and 11 clients in the TCP. A comparison of the two programs and the impact of microcredit were analyzed at the household level. The results revealed that a number of poor women were relieved from deepest poverty through the opportunities provided by SEF. The MCP clients, who tended to have a better starting point, seemed to be more educated, able to diversify and improve their businesses as well as more capable of protecting themselves against vulnerability than the poorer TCP clients. Many repayment problems were caused by group heterogeneity, particularly in the MCP; the incentive to 'free ride' seemed to be a problem area. These drawbacks demonstrated that there were still some unresolved issues in the programs.

The changes in the role and status of SHG participants in Solamadevi village of Coimbatore district were examined by Yamuna (2007). For the purpose of the study, primary data were collected from 54 SHG members through an interview schedule. The study showed that all the participants who received bank loans under this scheme had started their own businesses. Further, there was an increase in the income level, savings, value of assets and household durables after joining the SHGs. It was also found that SHGs helped to develop relationship between women and government departments and banking institutions. They were also equipped with leadership skills through various human resource training programs and interaction with other SHGs. Women gained a lot of courage and self-confidence to fight for their rights after becoming SHG members.

In his paper, Misra (2006) explored the factors and theoretical position associated with evolution of microfinance, followed by assessment of the socioeconomic impact of SHG-bank linkage program on microfinance in India. A field research was undertaken by the author to study the impact of microfinance program covering 93 client households belonging to five SHGs in three different

locations of western and central parts of India. The group members who were in the program for at least two years were surveyed. It was found that all group members were saving regularly at fixed intervals and dependence on moneylenders was eliminated for two-third of the clients. The social development index of group members, measured on Likert scale, showed a definite positive trend after they joined the SHGs. Loan repayment rate was also very high. While measuring economic development it was found that just 6% of the members had taken up an economic activity in the post-group formation period. Bank credit and savings were used overwhelmingly for meeting consumption and other emergency needs. While the program had a definite impact on building social capital, it had a marginal impact on raising the income level. It was found that group members were not willing to borrow to take up economic activity on account of credit risk and absence of skills to undertake some non-farm activities. Lack of technical skills and invasion of rural markets by big consumer goods companies reduced the scope for rural microenterprises. In the absence of any significant economic development, it was found that high loan repayment rate was made out of reduced consumption, increased working time as farm laborers, and borrowing from relatives, other groups in vicinity or in some cases from moneylenders. So, reliance on high loan volumes, outreach and repayment rate, as a proxy for positive economic development, ignores the issue of impact assessment at the client level.

2.5 Studies Related to Women Empowerment and Their Socioeconomic Changes

As Noeleen Heyzer, Co-Chairperson UN Council, Micro Credit Summit, rightly pointed out, “Micro credit is much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries.” Thus, promotion of income generating activities through microcredit among SHG women, no doubt ensures their economic independence and better social status.

An analysis of the impact of SHGs in providing credit to rural women to help them to uplift their economic status was undertaken by Madheswaran and

Dharmadhikary (2001). The analysis was based on a survey of three villages, namely, Kaman, Kanhewadi and Mohkal of Pune district. These villages were selected based on their total area and population. Kaman is a large village; Kanhewadi is a medium-sized village, while Mohkal is a small one. The authors collected primary data from 30 households. Among these 30 households, 15 were individual beneficiaries, 7 non-participating households, 5 SHG members, and 3 SHG members not linked to the bank. It was found that the results obtained from the study corroborate to the theory of peer monitoring. However, the success of group lending is attributable not only to peer monitoring, but to other factors such as borrowing for consumption purposes. The authors suggested that the microcredit programs should be used to meet the current demands of the rural women, whether they are for health, education or consumption purposes. This will lead to a gradual improvement in their quality of life and enable them to identify activities for economic betterment. In this process, they will also acquire fiscal discipline and be ready to take on market-oriented economic activities. It was added, that for poverty alleviation and women empowerment, target-oriented intensive efforts at sporadic intervals cannot help. Rather, the intervention should be at a steady pace and systematic.

An attempt to analyze the SHGs with special reference to social and economic empowerment was made by Puhazhendhi and Satyasai (2001). They collected primary data with the help of a structured questionnaire from 560 sample households in 223 SHGs functioning in 11 states representing four different regions across the country. The study concentrated on the impact of the program and a comparison of pre-SHG and post- SHG situations was done. An analysis of the impact of SHG program on members with regard to economic empowerment revealed that there was an increase in the average value of assets comprising livestock and durables by 72% from Rs.6,843 lakh to Rs.11,793 lakh between pre-SHG (1992-93) and post-SHG (1999-2000) periods. Also, about 59% of households reported an increase in assets from pre- to post-SHG periods. Similarly, net income per household increased by 33% (from Rs.20,177 to Rs.26,889) during the same period. The authors found that the involvement of the rural poor in SHGs significantly contributed to their social empowerment, as measured by improvement in their confidence, their position within

the family, improved communication skills and other behavioral changes. They found that SHG, as an institutional arrangement, could positively contribute to the economic and social empowerment of the rural poor and the impact on the latter was more pronounced than the former. Though there was no specific pattern in the performance of SHGs among different regions, the southern region had an edge over the other regions. The SHG program was found to be more popular in the southern region and its progress in other regions was quite slow. Thus, there was an uneven achievement among the regions. Further, older groups had relatively more positive outcomes indicating their better performance than younger groups.

The characteristics and growth of SHGs in Andhra Pradesh were analyzed by Dwarakanath (2002). He found that the SHGs using the loan facilities from the cooperative credit banks, commercial banks, Mahila Bank and Maheswaran Bank produced more than 50 varieties of products. Among them, the brass items, hosiery, candles, carpets, coir items and pickles were the important products. In addition, the author found that the women realized the importance and significance of literacy and started educating their own group members, thereby generating a lot of enthusiasm. Thus, the SHGs had a greater vision in empowerment of rural women and overall human development. Moreover, the SHG members paved the way for conferring the power of decision making to the women in their families.

The experience in India shows that provision of small financial services and products to the poor people through linkage of SHGs have contributed to the process of rural development, by creating conditions that are conducive to human development. The participation of the rural poor in the economic activities and decision making at the household and society levels have been increasing, thus making the process of rural development participatory, democratic, independent of subsidy, and sustainable. Thus, micro financing through SHGs is contributing to the development of rural people in a meaningful manner. Sharma (2001) focused on the role of SHG in women empowerment and found that significant changes in the living standard of SHG members have taken place, in terms of increase in income levels, assets, savings, borrowing capacity and income generating activities.

An endeavor to show the various differences in the life of women before and after participation in the activities of SHGs was made by Sudha (2002). The main objective of the study was to assess the impact of participation of the women in the SHGs on women empowerment. Primary data were collected from a sample of 100 members randomly selected from 50 SHGs in Tirupati Municipality slum area of Chittoor district of Andhra Pradesh. Moreover, the study revealed how women participation played a significant role to empower women and how far they were using their collective strength to enhance their status in the society. One of the important elements of SHGs is mobilization and organization of women on the basis of solidarity, strength and collective action. It was found that participation of women in the SHGs led to their empowerment in areas like, house-management, leadership, economic status, health and sanitation. The self-confidence among women increased due to participation in the SHGs. Conspicuously, women were more empowered when their participation was high in meetings and interactions with different officials. During the course of participation, the decision-making power of women also increased. In all aspects, after participation in the SHGs, the SCs and STs were found to be more empowered than the other two (BCs and OCs) communities. Importantly, education plays a significant role in the empowerment of women.

The socioeconomic empowerment of women through SHGs was explored by Vijayalakshmi and Valarmathi (2008). They pointed out that poverty and empowerment are the major problems in India, and they suggested ways to overcome these two problems through microcredit, i.e., through SHG which is considered as a potential instrument for combating poverty in a sustainable manner. The main objectives of the study were: (i) To get an insight into the conceptual and functional framework and operational model of SHGs, (ii) To appraise the working of SHGs, (iii) To evaluate the benefits derived by the members of SHGs and (iv) To assess the degree of upliftment in the socioeconomic status of SHG and its members. The authors selected 200 SHG members from 20 SHGs in the Mannachanallur block of Thiruchirapalli district of Tamil Nadu. Specifically, the following areas were covered: Kanakkiliyanallur, Gopurapatti, Thiruvarangapatti, Ayyampalayam, Rajapalayam, Salakadu, Eachampatti, Inamkalpalayam, Kariamanikkam, Kovathakudy, Pachur,

Irungaloor, Bikshandarkovil, Thiruvellarai, Kalavaipatti, and Samayapurampudhur. They used statistical techniques such as arithmetic mean, standard deviation, Karl Pearson's coefficient of correlation, ANOVA, t-test, and Friedman's test. They found that educated middle-aged women showed interest in joining SHGs. The primary motive behind this was a chance to show their talents and the urge to save money for future use. The authors also found that many have expressed the desire of an improvement in their level of income, assets, wealth, and standard of living. It was also evident from the results of various test statistics applied in the analysis that improving the literacy rate and awareness level is the key to empowering the rural women folk. They suggested that: (i) income generating activities should be introduced, (ii) awareness about the water-borne diseases and rural sanitation should be given more attention, (iii) training regarding the market activities should be imparted, (iv) communication and leadership skills should be given priority to improve personality and group discussion skills and (v) groups should be formed with concrete objectives.

The impact of the economic programs of SHARE and NGOs in Tamil Nadu on poverty reduction was examined by Rajasekar (2003). He collected primary data from the households of 84 women members. The economic programs contributed to increase in savings and income of the women. However, the member group was not found to be significantly different from the comparison group in terms of control over income and decision making. The growing amount of savings provided confidence and security to the women. They borrowed mainly for consumption and crop production. Not much credit was provided to initiate income-generating activities. Women's income constituted a large proportion of household income, with minimum contribution from male members in the majority of such households. This might result in a situation in which the male members withdraw themselves from the labor market. It seems to be putting more pressure on women. It was, however, emphasized that men should also be brought within the purview of development intervention if women are to be empowered. It was further found that the women who earn do not use the income to meet their personal needs. Their mobility was restricted to visiting the husbands' parents that too after seeking permission from their husbands. Further,

the SHG members possessed knowledge of various government programs and were aware of reservations for women in Panchayats.

Kabeer and Noponen (2005) examined the socioeconomic impact of PRADAN's microfinance program in Jharkhand, one of the poorest states in India. The study was carried out in Godda, Dumka and Banka districts of the state. In order to study the impact of microfinance programs, 400 SHG members were compared to 104 non-members in these three districts. The major objective of the study was to ascertain the impact of microfinance on the capacity of the participants to meet their basic needs, make livelihood, ascertain a proper asset, saving and debt position and women's choice and agency. The study showed that as far as basic needs were concerned, the members had reported a more favorable overall food situation, in terms of adequacy and diversity, as compared to the non-members. They had better access to clean drinking water and improved housing facilities with more rooms and doors. The children of greater number of members were attending schools, as compared to the non-members. More gender equality was also found. Members were engaged in own cultivation and livestock rearing and were less dependent on unskilled wage labor activities. Members had higher level of savings and lower incidence of indebtedness to moneylenders as compared to non-members. Regarding women's skill, knowledge and agency, the members acquired more practical skill and demonstrated greater awareness of government programs for the welfare of the poor. However, there was less difference regarding participation in household decision making between the members and the non-members. In both the groups, women made sole decisions in one-fifth of the households and a joint decision was made in about half of the households. Overall, the study showed that members were in a better position than the non-members and the process of women empowerment was initiated through the microfinance program.

Microfinance for empowerment of women was studied in depth by Devadoss and Selvaraj (2008). The main objective of the paper was to create large-scale awareness of women's issues with active participation of women as well as men. Secondly, it intended to initiate and accelerate action to improve access and control of

resources by women. Finally, it aimed to create an enabling environment to enhance self-confidence and autonomy of women. The authors interviewed women using a linkage questionnaire. Later, this questionnaire was converted into fuzzy data using expert opinion. The paper focused on definition and properties connected with Bidirectional Associative Members (BAM) description of the problem. The authors adopted BAM methods to analyze the problem. They focused on the arrangement of savings, loan, insurance, pension and remittance products. A common feature was prior participatory market research with clients and a commitment to prioritize their interest as an essential contribution to long- term financial sustainability as well as empowerment. Unsustainable clients mean unsustainable institutions. Secondly, to bring awareness among women regarding their present condition, to obtain their opinion about the causes of their problem, to help them by suggesting remedies, and finally, to introduce cost effective delivery mechanism, programs have been developed for non-financial services to increase the benefits of microfinance.

The contribution made by the microfinance program initiated by Sahyadri Grameen Bank in Thyagarthi village in Shimoga district of Karnataka was evaluated by Raghavendra (2001). The income-generating economic activities and women empowerment in rural areas were studied. For the purpose of the study, members of three SHGs were personally interviewed and data were collected for the period 1994-1995 to 1999-2000. Out of these three SHGs, the first group was run by members of the forward community, second was run by SC/ST members, and the third, by members of a backward community. The analyses revealed a significant change among the group members in diversifying income-generating economic activities. The researcher found that the microfinance program was financially sustainable. The members reported that they no more borrowed from moneylenders. It was found that the members of the SHG formed by the forward community created their own capital base. They were involved in diversifying farm-based activities into market-based activities. For the other two groups, resource constraint was found to be a deterring factor for expanding economic activities. The case study concluded that there was a great potential for implementing various programs for the rural poor through SHGs.

2.6 Research Gap

The basis of the concept of microfinance is self-organization of the poor at the community level driven by a desire and an inherent capacity to improve their living conditions by themselves. Microfinance revolution in recent times played a pivotal role in women empowerment and poverty alleviation, through SHGs increasing the income and employment. In this chapter, we reviewed some important related literature on microfinance and its impact on income and employment generation. A number of studies have so far been undertaken to examine the SHGs and their performance in various parts of India and abroad. Several authors have demonstrated how SHGs are playing an important role in extending microfinance to the rural poor. The functioning of SHGs is based on participatory mechanism and the impact of SHGs on its members, in terms of empowerment, accessibility to credit, socioeconomic change, etc., has been found to be positive. A few studies have been undertaken, to assess the impact of microfinance on the socioeconomic empowerment. Several studies discussed in this section have systematically analyzed the various aspects of microfinance. While answering the various aspects of microfinance, the borrower's viewpoint is frequently missing. There is hardly any study which deals with the various forms of micro financing or SHGs and their sustainability aspects, except a study conducted by NABARD and a few others. It is true that the concept of SHG itself is a very recent one and hence it is quite possible that in future many studies might emerge. The present study aims to attempt to examine the socioeconomic impact of the SHGs on the members. It also examines how far the program has helped in raising the income and employment levels of rural women.

CHAPTER 3

EVOLUTION OF MICROFINANCE SYSTEM IN INDIA

"Poverty is not merely insufficient income, but rather the absence of a wide range of capabilities, including security and ability to participate in economic and political systems".

- Amartya Sen, Nobel Laureate.

"Since the Self Help Group concept was born in Bangladesh almost three decades ago, microfinance has proved its value in many countries, as a weapon against poverty and hunger. It really can change people's lives for the better, especially the lives of those who need it most".

-Kofi Annan, Former Secretary General of United Nations.

3.1 Introduction

This chapter explains the background of microfinance system in India and its policy developments that have helped the flow of microfinance into the poor households in the rural sector. India's anti-poverty strategy contains a wide range of poverty alleviation and employment generation programs, many of which have been in operation for several years and have been reinforced to generate more employment, create productive assets, and raise the income level of the poor. Finance is one of the most crucial inputs for economic activity, growth and development. Provision of services to the poor and the deprived sections of the society has always been the focus of the various programs such as IRDP, DWCRA, TRYSEM, etc., initiated by the government since independence (Dasgupta, 2001). Despite encouraging policy and having a wide network of rural bank branches in India which implemented specific poverty alleviation programs that sought creation of self-employment opportunities through bank credit, a very large number of poorest of the poor still remained outside the reach of formal banking system. A survey by World Bank and NCAER on rural access to finance indicates that 70% of the rural poor do not have a bank account and

87% have no access to credit from a formal source (World Bank, 2003). Informal sector lending has a strong presence in rural India. It delivers finance to the poor, frequently, at extortionate rates. Access to other financial services, such as savings account, life, health and crop insurance, etc., also remains limited for the rural poor. Further, it is observed that the formal sector credit is very limited and hardly available for the rural poor. It was also observed that the poor failed to benefit through any intervention, as the access to formal credit was absent. As a result, the informal credit system continued to be dominant, and exploited the poor. The failure of formal credit institutions to serve the rural poor effectively led to a review of the informal financial systems and lending groups (Humpi and Feder, 1990). The share of the formal financial sector in total rural credit was 56.6% compared to 39.6% of informal finance and 3.8% of unspecified sources (RBI, 1992). The failure of formal credit to reach the poor may be attributed to a combination of factors. From the banks perspective, serving the rural poor is fraught with high-risk due to uncertainty regarding the repayment capacity and high-cost proposition (Basu, 2006). The transactions costs related to small loans, frequent transactions and government policies which contribute to the financial climate are not conducive to rural banking. From the perspective of the poor rural borrowers, banks do not provide convenient, accessible and flexible products and services. Further, high transaction costs including cumbersome costly procedures, hefty bribes, long processing time, and lack of collateral, steady employment/income and a verifiable credit history make the banks more inaccessible for the poor. Further, various studies (Nair, 2000; Deshpande and Niraj, 2003; Robert *et al.*, 2004; Basu, 2006) also revealed that in India, generally banks are for the people with money, not for the ones without it. The National Sample Survey Organization's (NSSO), 59th round data revealed that in the highest income quartile, 92.4% have savings while 86% have bank accounts. By contrast, only 34.3% of the lowest income quartile have savings, while a meager 17.7% have bank account. In short, government failed to deliver financial services to the majority of its poor citizens, due to the high risk involved owing to the imperfect knowledge of the poor borrowers and the associated transaction costs for the banks. On the other hand, informal sector with the advantage of perfect information of the poor borrowers,

established a strong hold over the credit market. On the one hand, the poor cannot be helped by formal credit for the paper work, asymmetry of information and the transaction costs associated. On the other, the informal credit sources cannot be allowed to exploit the poor. To overcome poverty, they need to be capable of borrowing, saving and investing money to protect their families in times of adversity. Therefore, a need was felt for alternative policies, systems and procedures, savings and loan products, other complementary services and a new delivery mechanism, which would fulfill the requirements of the poor in India. It is good if the former as the first best reaches the poor. In the absence of this, the second best alternative was conceived incorporating certain features of both formal and informal credit under the name of microfinance. This micro financing has the characteristics of group lending, peer monitoring, peer pressure etc, through which it is able to get full information about the borrowers and extend credit to them with minimum transaction cost, less paper work, and greater recovery performance. This has been widely recognized as the alternative form of credit and resource mobilization for the poor households' credit and thrift management. Microfinance[2], as a tool for poverty reduction and empowerment, particularly in rural areas, has gained credence in development dialogue the world over (Joy and Murthy, 2007). Microfinance system not only supplements the role of banks and financial institutions in helping to solve the problems of poverty and unemployment in the country (Shetty, 2002), but also has the potential to contribute to economic and social empowerment of the members significantly. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuoso spirals' of empowerment. Microfinance also serves to facilitate access to credit by poorer clients, who are more likely to need small amounts of credit for immediate household purposes but appear less creditworthy for larger loans (Frances, 2005). It brings credit, savings, insurance

[2] Microcredit and microfinance are relatively new terms in the field of development. In the literature, the terms microcredit and microfinance are often used interchangeably, but it is important to highlight the difference between the two terms. Microcredit, as defined by the Grameen Banks, symbolizes small loans extended to the poor for undertaking self-employment projects that would generate income and enable them to provide employment for themselves as well as their families. In fact, microcredit is a part of microfinance.

and other basic financial services like fund transfer within the reach of poor, low-income households and their microenterprises (Robert *et al.*, 2004). Through MFIs, such as credit unions, financial NGOs and even commercial banks, poor people can obtain small loans or receive money from relatives working aboard and protect their savings. These loans are generally offered without collateral, and loans given to the poor are typically short-term in nature and of small amount. Microfinance has proven to be a powerful instrument for sustainable poverty reduction, enabling the poor to accumulate assets, boost their income, and reduce their economic vulnerability[3]. Microfinance is a way of providing finance to the poor for their business, and alleviating their poverty by empowering them and giving socioeconomic benefits in a sustainable way. It can also help to combat the temporary poverty generated by crisis situations. At this juncture, it is apparent that there is an urgent need for financial innovation in the credit markets in rural India. In such an environment, microfinance emerged as an innovation all over the world and India was no exception in adopting it. It has evolved into an effective system for the provision of financial services to the poor households, more specifically to microenterprises. Internationally, several variants of microfinance have evolved in the last two decades as also a wide range of institutions (Satish, 2005).

3.2 Origin of Microfinance

The concept of providing financial services to low-income people is very old. Informal credit groups have been operating in many countries for several years. These include: the 'Susus' in Nigeria and Ghana, chit funds and Rotating Savings and Credit Associations (ROSCAs) in India, 'tontines' in West Africa, 'pasanaku' in Bolivia, 'hui' in China, 'arisan' in Indonesia, and 'paluwagan' in Philippines. It is believed that, initially, the informal financial institutions emerged in Nigeria way back in the 15th century. Such type of institutions then started emerging in Europe during the 18th century. One such instance was in 1720, when

[3]. Microfinance is based on the premise that the poor have skills which remain unutilized or underutilized. It is definitely not the lack of skills which make poor people poor. Charity is not the answer to poverty. It only helps poverty to continue. It creates dependency and takes away the individuals the initiative to break through the wall of poverty. Unleashing of energy and creativity in each human being is answer to poverty

the first loan fund targeting poor people was founded in Ireland (Seibel, 2005).

In 1847, some credit cooperatives were created in Germany, which were serving 1.4 million people by 1910. In 1880s, the British-controlled Government of Madras, in South India, tried to use the German experiment to address poverty in India. This effort resulted in membership of more than 9 million poor to credit cooperatives by 1946. During the same time, the Dutch colonial administrators established a cooperative rural banking system in Indonesia, which eventually became Bank Rakyat Indonesia (BRI), now one of the largest MFI in the world (Schwiecker, 2004).

In the 1970s, a paradigm shift started taking place. The failure of subsidized government or donor-driven institutions to meet the demand for financial services in developing countries led to several new approaches. Bank Dagan Bali (BDB), established in Indonesia in 1970, was the earliest banks to introduce commercial microfinance (Schwiecker, 2004). In 1973, ACCION International, a USA-based NGO, disbursed its first loan in Brazil at commercial interest rate to start a microenterprise. A year later, in 1974, the Self-Employed Women's Association of India (SEWA) started a bank to provide loans to poor women. In 1976, Muhammad Yunus, a professor of Economics at Chittagong University, Bangladesh, initiated an experimental research project of providing credit to the rural poor. He gave a small loan of 856 taka ($27) from his pocket to 42 poor bamboo weavers and found that the small loan radically changed the lives of these people and they were able to pay back the loan with interest. The success of this idea led Yunus to establish Grameen Bank in 1983 in Bangladesh. This program showed astonishing growth rates in Bangladesh, particularly during the 1980s and 1990s. It encouraged social innovators and organizations all over the world to begin experiments with different microfinance delivery methods to bring financial services within the ambit of the poor. It has now been adopted worldwide in different countries.

Many international NGOs, such as Foundation for International Community Assistance (FINCA), Americans for Community Cooperation in Other Nations

(ACCION), Freedom from Hunger, Opportunity International, Co-operative for Assistance and Relief Everywhere (CARE), and Consultative Group for Assisting the Poor (CGAP), are promoting microfinance programs for creating new businesses and combating poverty in a sustainable way. Over the past few decades, microfinance activities have been undertaken in many developing countries. BRI in Indonesia, Bancosol in Bolivia, Bank for Agriculture and Agricultural Co-operatives (BAAC) in Thailand, Grameen Bank and Bangladesh Rural Advancement Committee (BRAC) in Bangladesh, NABARD in India, Amannah Ikhtiar Malaysia (AIM) in Malaysia, Agriculture Development Bank of Nepal (ADBN), K-Rep in Kenya, and Mibanco in Peru, have yielded encouraging results in alleviating poverty and empowering the poor through microfinance.

In India, the first initiative to introduce microfinance was the establishment of SEWA in Gujarat. SEWA was registered as a trade union of self-employed women workers of the unorganized sector, in 1972. This trade union established their bank, known as SEWA Bank, in 1974. To establish this bank, 4,000 union members contributed Rs.10 each as share capital. Since then, this bank is registered as a cooperative bank and has been providing banking services to poor women and has also become a viable financial venture.

In the midst of the apparent inadequacies of the formal financial system to cater to the financial needs of the rural poor, the first official interest in informal group lending in India took shape during 1986-87 when NABARD supported and funded an action research project on savings and credit management of SHGs of Mysore Resettlement and Development Agency (MYRADA) in Karnataka and Professional Assistance for Development Action (PRADAN) in Rajasthan. For this purpose, a grant of Rs.1 mn was provided to MYRADA. The results were found to be encouraging. In 1988-89, NABARD undertook a survey of 43 NGOs, spread over 11 states in India, to study the functioning of SHGs and possibilities of collaboration between the banks and SHGs in the mobilization of rural savings and for improving the delivery of credit to the poor (NABARD, 1995). Encouraged by the results of the field-level experiments in group-based approach for lending to the

poor, NABARD launched a pilot project of linking 500 SHGs with banks in 1991-1992, in partnership with NGOs, for promoting and grooming SHGs of socioeconomically homogeneous members. In order to meet their credit requirements, in July 1991, RBI issued a circular to the commercial banks to extend credit to the SHGs formed under the pilot project of NABARD. During the project period, different NGOs, like Association of Sarva Seva Farms (ASSEFA), Madras, People's Rural Education Movement (PREM), Behrampur, PRADAN, Madurai, and Community Development Society (CDS), Kerala, promoted hundreds of groups. The results were very encouraging. In February 1992, the launching of the pilot phase of the SHG-Bank Linkage Program (SHG-BLP) could be considered as a landmark development in banking with the poor. The pilot project was further extended to Regional-Rural Banks (RRBs) and cooperative banks in 1993. To formalize the mechanism further, the RBI constituted a Working Group in November 1994 to review the functioning of NGOs and SHGs and make suitable recommendations for expanding their activities in the rural areas. Accepting the recommendations of the Working Group in April 1995, RBI integrated the SHGs with the mainstream credit operation in rural sector.

Further, RBI established a 'Micro Credit Cell' in April 1999 to strengthen credit delivery system for the rural poor and the Government of India accorded national priority to the program through its recognition in the Union Budget. With support from both the government and RBI, NABARD successfully spearheaded the program through partnership with various stakeholders in the formal and informal sectors. Since the time of its origin, NABARD has provided policy guidance, and technical and promotional support mainly for capacity-building of NGOs and SHGs. Realizing the potential in the field of microfinance, the government allowed various private players to provide microfinance in the country. These private microfinance providers, commonly known as MFIs, are various NGOs, Non-Banking Financial Companies (NBFCs) and other registered companies. Many state governments amended/passed State Cooperative Acts to use cooperative societies for providing microfinance. These days, many public and private commercial banks, RRBs, cooperative banks, cooperative societies, registered and unregistered

NBFCs, trusts and NGOs are providing microfinance by using their branch network and different microfinance delivery models.

3.3 Definition and Functions of Microfinance

The Asian Development Bank (2000) defines microfinance as the provision of a broad range of services such as savings, deposits, loans, payment services, money transfers and insurance to the poor and low income households and their micro-enterprises. This definition of microfinance is not restricted to the below poverty line people, it also includes low-income households.

The Task Force termed microfinance as the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards. The Task Force emphasized that microfinance will cover not only consumption and production loans, but also loans for other credit needs, such as housing and shelter.

The Micro Financial Sector (Development and Regulation) Bill, 2007 defines microfinance as the provision of financial assistance and insurance services to an individual or an eligible client, either directly or through a group mechanism for an amount, not exceeding Rs.50,000 in aggregate per individual for a small and tiny enterprise, agriculture, allied activities (including consumption purposes of such individual); or an amount not exceeding Rs.150,000 in aggregate per individual for housing or other prescribed purposes. The clients eligible to get financial assistance under this scheme may be landless laborers, migrant laborers, artisans, micro-entrepreneurs, disadvantaged cultivators of agricultural land including oral lessees, tenants, and share croppers, and farmers owning not more than 2 ha of agricultural land.

3.4 Delivery Models of microfinance

The concept of microfinance involves informal and flexible approach to the

credit needs of the poor. There is no single approach or model that fits in all the circumstances. Therefore, a number of microfinance models emerged in different countries/states, according to their suitability to the local conditions. Broadly, the microfinance delivery methods can be classified into six groups as follows:

3.4.1 Grameen Bank Model

Grameen Bank model is one of the oldest and most successful models of microfinance. This model was developed in Bangladesh. Under this model, microfinance program participants are organized into groups of five members. They make mandatory contribution to group savings and insurance fund. Each member maintains her individual savings and loan account with the bank and after contributing to the savings fund for a fixed time, the group members receive individual loans from the bank. But the group is not required to give any guarantee for the loan repayment by its member. Repayment responsibility solely rests with the individual borrower and there is no form of joint liability, i.e., group members are not responsible to pay on behalf of a defaulting members. Loans are provided for the duration of six months to one year, but repayments are to be made on weekly basis. Bank staff makes periodic visits to the groups, maintains individual records of group members and facilitates all financial transactions. This creates ease in working, but hinders empowerment of members. The members remain dependent on field officers regarding their group-related activities. The Grameen model has been replicated in more than 40 countries in Asia, Africa and Latin America, with modifications to suit local conditions and cultures. The program of BancoSol in Bolivia and most of the solidarity groups in Latin America follow this methodology. Many MFIs in India have also replicated this model.

3.4.2 Joint Liability Group Model

In this model, 4-10 individuals are organized in a group, known as a Joint Liability Group (JLG). The group members can avail bank loans against mutual guarantee and there is no condition of their own saving fund. All members sign a joint liability contract, making each one jointly liable for

repayment of all the loans taken by any individual in the group. Thus, only social collateral is provided to the lending institution. The JLGs are intended primarily to be credit groups and regular saving by the JLG members is not mandatory. The group exists only because its individual members are legally bound to one another. In this model, the process of empowerment of group members remains very limited. In India, this type of groups are generally made by most of the MFIs because such groups are easy to form as there are very less restrictions regarding the utilization of the loan. NABARD uses this model for providing credit to the tenant farmers, cultivating land either as oral lessees or share croppers, and small farmers who do not have proper title of their land. Many other countries are also using this model. There are several segments within the poor, such as share croppers, oral lessees and tenant farmers, whose loan requirements are much larger but have no collaterals to fit into the traditional financing approaches of the banking system, and hence, are left out. To service such clients, JLGs, an upgradation of SHGs could be an effective way.

3.4.3 Individual Lending Model

In this method, individuals can get loans without membership of any group. This is a straightforward credit lending model, in which micro-loans are given directly to the borrowers. In this model, the financial institutions have to maintain frequent and close contact with individual clients to provide credit products customized to the specific needs of the individual. It is most successful for larger, urban-based, production-oriented businesses. The model is followed by many financial institutions, like the Association for the Development of Micro-Enterprises (ADEMI) in Dominican Republic, BRI, Senegal Egypt, and SEWA in India.

3.4.4 The Group Approach

The group approach delegates the entire financial process to the group, rather than to the financial institutions. All financial activities, like savings, getting loans, repayment of loans and record keeping, are managed at the group level. In

this method, 10-20 members are organized to form a group. These group members regularly save a fixed amount in a common fund. The amount and frequency of savings are mutually decided by the group members. After the successful working of such a group for a few months, the group is linked to a financial institution for getting credit. The financial institution issues loan in the name of the group and the whole group is responsible for repayment. The amount of loan depends upon the total accumulated amount of savings of the group. Group members themselves decide about the criteria of dividing the loan among themselves. With this loan, the entire group may jointly start a microenterprise or the members may start their individual businesses. An individual may also use his loan for consumption purpose or meeting other priorities. The peer pressure in the group helps in the timely repayment of the loan. This type of group-based credit delivery methods help to empower the group members, because they remain involved in various group activities. They visit the bank, market and hold group meetings which help them to increase their self-confidence. In India, group-based credit delivery method, known as SHG-BLP, is a predominant method of providing microfinance. Programme Hubungan Bank Danksm (PHBK) project in Indonesia and the Chikola groups of K-REP in Kenya are also using such group-based credit delivery models.

3.4.5 Village Banking Model

This village banking model is an expansion of the group approach. This model was developed in Bolivia during the mid-1980s by the Foundation for International Community Assistance (FINCA), a non-profit microfinance organization. In this model, a village bank is developed by grouping 30-100 low-income individuals who seek to improve their lives through self-employment activities. The bank is financed by internal mobilization of members' savings fund, as well as loans provided by the sponsoring MFIs. The MFIs lend capital to the bank, which then lends the money to its members. Members themselves run the village bank; they choose their members, elect their own officers, establish their own by-laws, distribute loans to individuals and collect savings and payments. Loan

amounts are linked to the aggregate amount saved by individual bank members. Loans are repaid weekly in small installments. Thus, village banks have a high degree of democratic control and independence. The model is used by various MFIs like CARE in Guatemala, Save the Children in El Salvador, Burkina Faso in Bolivia, Mali and Ghana, Freedom from Hunger and Catholic Relief Services in Thailand and Benin, and Opportunity International, Consultative Group for Assisting the Poor (CGAP).

3.*4.6 Credit Unions and Cooperatives*

A credit union is a democratic, not-for-profit financial cooperative. It is owned and governed by its members, who are, at the same time, the owners and the customers of their cooperative society. Cooperatives are often created by persons belonging to the same local or professional community or sharing a common interest. Cooperatives generally provide their members with a wide range of banking and financial services. Members participate in all the major decisions and democratically elect officers from among themselves to monitor the working of the cooperative. Loans are granted only to the members. SANASA Development Bank of Sri Lanka is an example of a rural credit cooperative, which is successfully working as a microfinance service provider.

3.5 Microfinance in India

In the case of India, the banking sector witnessed large-scale branch expansion after the nationalization of banks in 1969, which facilitated a shift in focus of banking from class banking to mass banking. The Government of India and RBI have taken several initiatives from time-to-time. These include prescription of priority sector lending and concessional interest rate for weaker sections. But, notwithstanding the wide reach of formal financial institutions, these institutions failed to cater to needs of most of the poor. This led to a search for alternative models for reaching out to the poor to satisfy their credit needs. In response to this requirement, the microfinance movement started in India, with the introduction of SHG-BLP in the early 1990s. The SHG-BLP model has emerged as the dominant

model in terms of number of borrowers and loans outstanding. In terms of coverage, this model is considered to be the largest microfinance model in the world. In India, a range of microfinance models exists. Microfinance services are provided in India through a variety of delivery models ranging from the very popular SHG and cooperative to the adapted models like Grameen Bank and for-profit corporate models. But at present, there are two main models of microfinance delivery in India, viz., the SHG-BLP model and MFI model. Out of these two models, the SHG-BLP model has emerged as the more dominant one, due to its adoption by formal financial institutions like commercial banks, RRBs and cooperative banks (Karmakar, 2010). The MFI-bank model is also gaining importance due to massive support from various private and foreign funding agencies.

3.5.1 Demand-Side Microfinance Services in India

In terms of demand for microcredit, there are three segments. At the very bottom, there are landless agricultural laborers and manual laborers. This segment requires, first and foremost, consumption credit during those months when they do not get any work, and for contingencies such as illness. They also need credit for acquiring small productive assets, such as livestock, from which they can generate additional income. The next market segment is of small and marginal farmers, rural artisans, weavers and the self-employed informal sector including the hawkers, vendors and workers in household microenterprises. This segment mainly needs credit for working capital, and a small part of which is also used to meet their consumption needs. In rural areas, one of the main uses of working capital is for crop production. This segment also needs term credit for acquiring additional productive assets, such as irrigation pump sets, bore wells and livestock in case of farmers, and equipments (looms, machinery, etc.) and work-sheds, in case of non-farm workers. This market segment also largely comprises the poor, but not the poorest. The third market segment is of farmers who have gone in for commercial crops and others engaged in dairy farming, poultry, fisheries, running tea shops and provisional stores and other manufacturing activities, who represent the people involved in the non-farm activities in this segment. These people are not always poor, though they live

barely above the poverty line and also suffer from inadequate access to formal credit.

There are various opinions about the microcredit demand in India. At present, a large part of microfinance activity is confined to only credit. Women constitute a vast majority of users of microcredit and savings services. As the vast network of formal financial institutions proved to be ineffective in catering to the microfinance needs of the poor, there is a large demand for micro financial services which largely remain unmet. Hence, India is perhaps the largest emerging market for microfinance services in the world.

Due to its large size and population of over 1000 million, India's GDP ranks among the top 15 economies of the world. However, around 300 million people or about 60 million households, are living below the poverty line. It is further estimated that of these households, only 20% have access to credit from the formal sector. M-CRIL, a leading microcredit rating agency provides a conservative estimate of the annual demand at $9.6 bn (Rs.480 bn) based on 60-70 million poor families with an average household credit demand of Rs.8,000 (less than $160). Another estimate says that the current annual credit demand by the poor in the country is between Rs.5,000 cr and Rs.45,000 cr (Mahajan and Ramola, 2003). The number of households in need for microfinance services ranges between 70 and 80 million (Sa-Dhan, 2004). With regard to providing saving facilities, banks could not meet the demand of a large number of small depositors, particularly for small, frequent and recurring deposits. The transaction costs of savings in formal financial institutions, such as banks, can be as high as 10% for poor rural households. Therefore, the poor turn to informal sources such as chit funds. These informal institutions raised thousands of crores of rupees through rural deposits. It implies that there is so much demand for saving facilities that the poor are willing to pay for saving services in the form of lower than inflation interest rates on deposits and high transaction costs, apart from the risk of losing their deposits altogether, due to the susceptibility to malpractice of private financial companies (Thomas and Sriram, 2001).

As far as micro-insurance services are concerned, during the 1990s, a large number of low-premium insurance schemes emerged covering the poor against

death, accident, natural calamities and loss of assets due to fire, theft, etc. However, livestock and asset insurance are very expensive and their access to the poor is very negligible. On the other hand, insurance has been a great money loser for the public sector provider, the General Insurance Corporation. Therefore, there is a significant unmet demand for micro- insurance services.

3.5.2 Supply-Side Microfinance Services in India

The Indian microfinance sector is characterized by a variety of microfinance service providers. These include apex development financial institutions like National Bank for Agricultural Rural Development (NABARD), Small Industrial Development Bank of India (SIDBI), and government-owned societies like Rashtriya Mahila Kosh (RMK), formal sector financial institutions like commercial banks, RRBs, and member-based institutions like cooperatives, mutually aided cooperative societies, SHG federations, private sector companies, specialized NBFCs, societies, trusts, etc. For commercial banks, priority sector lending targets and good returns are the major incentives. While their current exposure to microfinance is too small, to make a difference in their overall portfolio, or priority sector lending portfolio, these new banks are pursuing new and innovative approaches to microfinance as a potential business, and not merely as a priority sector lending obligation. Encouraged by the early results, the new private sector banks, most notably ICICI Bank, AXIS Bank and HDFC Bank are actively seeking exposure in the microfinance sector. Different kinds of MFIs are also scaling up their activities with product diversification[4]. These MFIs are working with a strategy to upgrade their service of financial inclusion on a commercial basis.

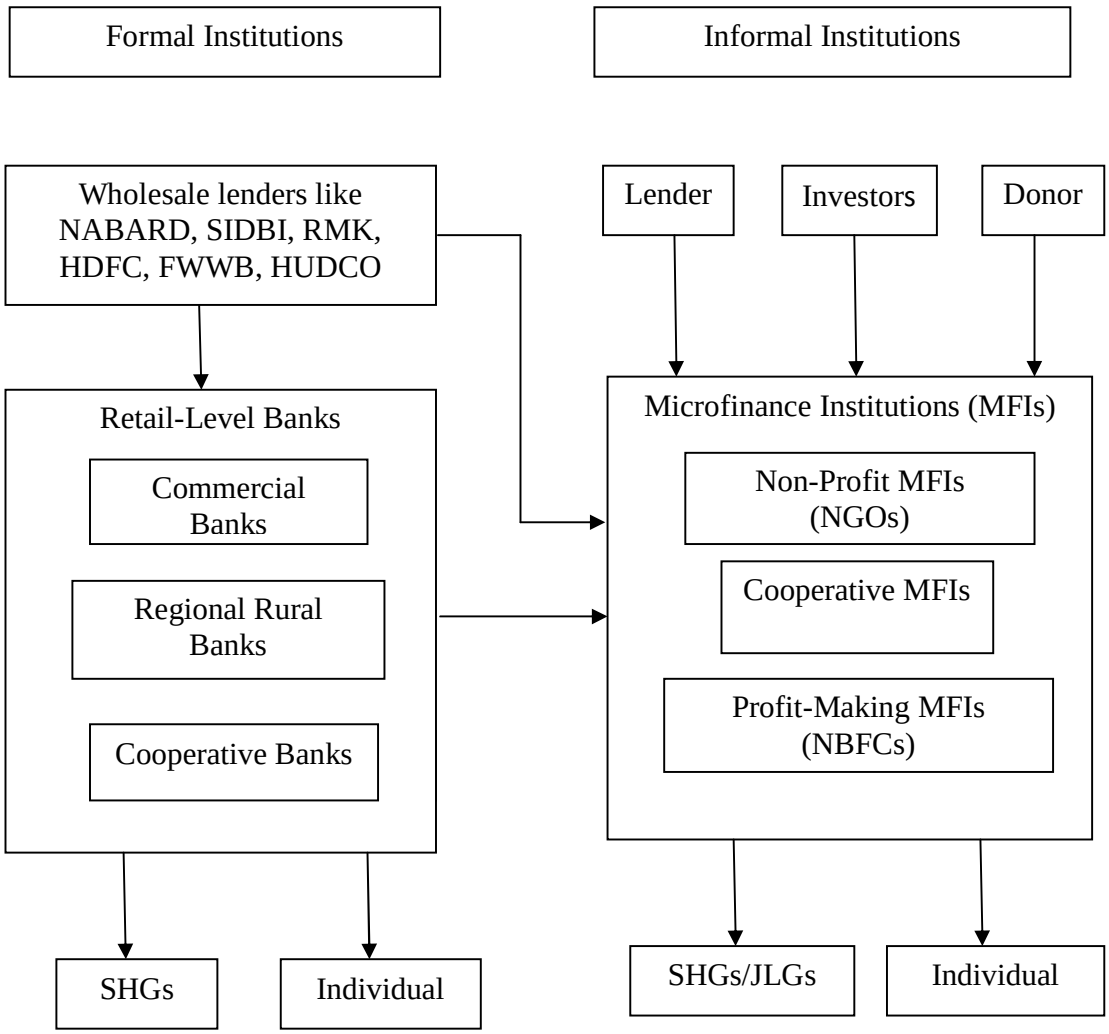
3.6 Microfinance Institutions

MFIs play the important role of financial intermediary in the microfinance sector. MFIs are the organizations or association of individuals that provide financial services to the poor. In India, there is a wide range of such organizations

[3] Recently, on March 25, 2010, BASIX has entered in micro housing in collaboration with micro home solutions SKS microfinance is coming up with an issue in the capital market with the objective to scale up its operations.

with diverse legal forms, varying significantly in size, outreach, mission and credit delivery methodologies. Figure 3.1 represents the hierarchy of financial institutions for microfinance disbursement.

Figure 3.1: Institutional Arrangement for Microfinance Disbursement in India



Following the guidelines of RBI, all scheduled commercial banks including RRBs give bulk loans to MFIs (classified as a priority sector) for lending to groups and other small borrowers. At present, both public and private banks are extending considerable loans to MFIs at interest rate ranging from 8 to 11% per annum.

3.6.1 Legal Forms of MFIs

The MFIs are an extremely heterogeneous group registered as NBFCs, societies, trusts and cooperatives. On the basis of their legal form, the MFIs in India can be broadly subdivided into three categories: non-profit making, mutual benefit making, and profit-making MFIs as shown in Table 3.1.

Table 3.1: Classification of MFIs in India

Type of MFIs	Estimated Number	Legal Provisions Under Which it is Registered
1. Not for Profit MFIs		
a) NGO-MFIs	400-500	Societies Registration Act, 1860
b) Non-Profit Companies	10	Section 25 of Companies Act, 1956
2. Mutual Benefit MFIs		
a) Mutually Aided Cooperative Societies	200-250	Mutually Aided Cooperative Societies Act enacted by State Governments
3. For Profit MFIs		
a) Non-Banking Financial Companies (NBFCs)	6	Indian Companies Act, 1956 RBI Act, 1934
Total	**700-800**	

The table exhibits that the number of registered MFIs in India are estimated to be around 700-800 as no published data is available on private MFIs operating in the country. A majority of the MFIs are operating on small-scale with clients ranging from 500 to 1,500 per MFI, and not more than 10 MFIs have an outreach of 1 lakh microfinance clients. The microfinance initiative in the private sector can be traced back to the setting up of SEWA in 1974 to provide banking services to the poor self-employed women of Ahmedabad. Since then a number of MFIs have cropped up to fill the gap between demand and supply of financial services for the rural credit market. Such MFIs in India can be classified into three sections. These are:

1. Not for Profit MFIs:

   a. NGO-MFIs majority of which are registered as trusts or societies.

   b. Non-Profit companies which are registered under Section 25 of the Companies Act, 1956.

2. Mutual Benefit MFIs, which are registered as Mutually Aided Cooperative Societies (MACS). There are registered under the State Cooperative Societies Act and are not regulated by RBI.

3. For Profit MFIs: For example, NBFCs. The MFIs in India which are larger in size belong to this category. These companies are registered under the Companies Act, 1956, and are regulated by RBI. These companies can deposit the savings of their clients with them. NBFCs, along with Section 25 companies, account for about 80% of microfinance outreach in India, both in terms of clients served as well as loan portfolios. Some of the large NBFCs in the field of microfinance are: Sanghamitra, BASIX, SHARE Microfinance Ltd., Indian Association for Savings and Credit (IASC), and Cashpor.

Following the RBI guidelines issued vide its circular dated February 18, 2000 to all scheduled commercial banks including RRBs, MFIs are availing bulk loans from banks for on-lending to SHGs and other small borrowers. On the basis of returns received from banks for the year 2008-09, 10 public sector commercial banks, 10 private sector commercial banks, 4 foreign commercial banks, and 9 RRBs have reportedly financed MFIs for on-lending and providing microfinance activities. During the year 2008-09, the banks financed 581 MFIs with bank loans amounting to Rs. 3,732.33 cr, as against 518 MFIs with bank loans of Rs. 1,970.15 cr during 2007-08; thus achieving a growth rate of 12.2% in the case of number of MFIs, and 89.4% of bank loans disbursed to MFIs. As on March 31, 2009, the outstanding bank loan to 1,915 MFIs was Rs. 5,009.09 cr as against Rs. 2,748.84 cr to 1,109 MFIs as on March 31, 2008. This implies that there is still a considerable gap between the demand and supply of microfinance services in India.

3.7 Microfinance Delivery Models in India

In India, microfinance is provided through the SHG-BLM and MFI model. The SHG-BLM developed by NABARD is widely prevalent throughout the country. In this model, the informal SHGs are credit linked with the formal banking system. On the other hand, MFI model is used by the various MFIs which emerge to reach the rural poor people in the areas not served by the formal banking sector. These MFIs provide financial services to the individuals or to groups like SHGs, JLGs and Grameen groups.

3.7.1 Self-Help Groups and their Functioning

SHGs are small, informal and homogeneous groups of 10-20 members each. These groups are formed by the bank officials, NGOs and various other institutions at the village level. Members of almost equal economic and social status are chosen to minimize any mutual conflict. Each such group is given a name and has a head, cashier and secretary, democratically elected by the group members, to manage the group affairs. The members are encouraged to make a voluntary thrift on regular basis. The group members mutually decide about the amount and frequency of individual savings to be deposited in the group account. They use this pooled resource to give small interest bearing loans to their members within the group. This process, known as inter-loaning, gradually inculcates financial discipline among the group members and they learn to handle resources of a size that is much beyond their individual capacities. The SHG members begin to understand that resources are limited and have a cost.

Once the groups show this mature financial behavior (generally after six months of group formation), banks are encouraged to provide loans to the SHG in certain multiples (three to four times) of their accumulated savings. The bank loans are given without any collateral and at specified rates of interest. Banks find it easier to lend money to the groups, rather than providing small funds to individual members. Peer pressure ensures timely repayments and replaces the requirement of seeking collateral for the bank loans. Generally, the banks charge between 9-10%

rate of interest per annum from the SHGs. The group members themselves decide the terms of loans and the criteria for dividing the loan among themselves. If only few group members use the whole loan, then they have to pay interest to the group account also. The rate of interest is mutually decided by the group members. The group gets the second loan from the bank only after repaying the first loan successfully and so on. The conceptual thinking behind SHG initiative is that the mutual help within the participants of the program can be a powerful vehicle in the upward socioeconomic transition of the poor.

3.7.1.1 SHG-Bank Linkage Model

The SHG-Bank Linkage Model (SHG-BLM) was developed in India to provide microfinance with the help of the vast rural network of the formal financial sector. In this model, the informal SHGs are credit-linked to the formal financial institutions. The SHG-BLM has emerged as a dominant model, in terms of number of borrowers and loans outstanding. This model is flexible, independent and creative. It also imparts freedom of saving and borrowing according to the requirements of group members. Due to widespread rural bank branch network, the SHG-BLM is very suitable in the Indian context. Microfinance movement started in India, with the introduction of SHG-bank linkage program. The program uses SHG as an intermediary between the banks and the rural poor to help in reducing transaction costs for both the banks and the rural clients. The banks provide the resources and bank officials/NGOs/government agencies organize the poor in the form of SHGs. Under this program, three different models emerge. These are:

Model I − SHGs Formed and Financed by Banks: In this model, the SHGs are formed directly by the banks. The banks themselves act as Self-Help Group Promoting Institutions (SHPIs) in forming and nurturing groups, opening savings accounts for them, and providing the groups with bank credit after satisfying themselves about the group's resilience to absorb credit.

Model II − SHGs Formed by NGOs or Formal Agencies but Directly Financed by Banks: These SHGs are known as NGO-facilitated SHGs. It appears to be the

most popular model among banks. Under this model, NGOs and formal agencies in the field of microfinance act as facilitators. They propagate the message, organize groups, train them in thrift and credit management and nurture them over of a period of time. Banks in due course, gain confidence in these groups and directly provide loans to them.

Model III − SHGs Financed by Bank Using NGOs as Financial Intermediaries: In this model, the NGOs play the dual role of facilitators and financial intermediaries. They help in the formation of SHGs, nurture them and train them in thrift and credit management. Eventually, the NGOs approach banks for bulk loan assistance for on-lending to these SHGs. In an area where a large number of SHGs have been financed by bank branches, intermediate agencies like federations of SHGs are coming up as links between bank branches and member SHGs. These federations are financed by banks, which in turn, finance their member SHGs.

Out of the three models under the SHG-BLP, Model II has emerged as the most popular model. Commercial banks, cooperative banks and the RRBs have been actively participating in the SHG-BLP. The three models of credit linkage of SHGs with banks showed the following trend as on March 31, 2006.

Table 3.2 shows the number of SHGs linked to banks and the amount of loans disbursed under the three models. It shows that microfinance program in India is dominated by Model II. It is observed that up to March 2006, 20.1% of the total credit linked SHGs were formed under Model I, and these groups were provided 14.4% of the total bank loans disbursed under the program. Approximately, 74% of the total SHGs were formed under Model II. These groups were provided 80.7% of the total loans. The share of Model III is relatively small. Approximately, 6% of the total SHGs financed with 4.9% of the total loans fall under this category. Model-wise analysis showed that up to March 2006, the direct funding by banks of the SHGs (Model I), without any intervention of the NGOs was found to be relatively less (20.08%) in the total number of financed SHGs in the country. However, it is interesting to note that under this model of financing SHGs, banks of the southern states have occupied an edge over the other states. The data

revealed that the lowest number of SHGs was recorded in northern (2.62%) region, followed by north-eastern and western regions. Model II continues to occupy the major share, with 73.53% of the total number of SHGs financed up to March 2006 falling in this category. This phenomenon was found to be highest in southern (59.03%) region, followed by eastern (13.89%) and central (12.75%) regions.

It is to be noted that the north-eastern region occupied the last position. It is also observed that under this model of financing SHGs, Andhra Pradesh occupied the first place. The share of cumulative number of SHGs linked under Model III up to March 2006 continued to be relatively small (6.39%). However, in this model the highest number of SHGs financed was in the southern region compared to other regions of India. The analysis of bank assistance pattern under different models indicates that the majority of the SHGs are financed either with the NGOs acting as a facilitator or intermediary in the total picture of SHGs in the country. It is observed that these models are highest in number in southern region. This pattern is very much popular in Andhra Pradesh which has as the highest number of SHGs in the country.

Table 3.2: Model-Wise Bank Linkage of SHGs in India (up to March 2006)

Model Type	2004		2005		2006	
	Number of SHGs ('000)	Bank Loans (in Rs. cr)	Number of SHGs ('000)	Bank Loans (in Rs. cr)	Number of SHGs ('000)	Bank Loans (in Rs. cr)
Model I	218 (20.0)	550 (14.0)	343 (21.2)	1,013 (14.7)	449 (20.1)	1,637 (14.4)
Model II	777 (72.0)	3,165 (81.0)	1,158 (71.6)	5,529 (80.1)	1,646 (73.5)	9,200 (80.7)
Model III	84 (8.0)	189 (5.0)	117 (7.2)	356 (5.2)	143 (6.4)	561 (4.9)
Total	**1,079 (100)**	**3,904 (100)**	**1,618 (100)**	**6,898 (100)**	**2,238 (100)**	**11,398 (100)**

Note: The figures given in parentheses indicate percentages
Source: SHG-Bank Linkage, Status of Microfinance, NABARD (Various Years).

3.7.2 MFI Model

The MFI model has also gained momentum in India in the recent past. MFI model is found worldwide, while the SHG-BLM model is an Indian model. In MFI model, MFIs borrow large amount of funds from the apex financial institutions, donors and banks for on-lending to the individuals or groups. These

MFIs provide financial services to the individuals or to the groups like SHGs, JLGs and Grameen groups.

3.7.3 SHG versus MFI Model

Some features of both the models have been compared on the basis of the type of group in Table 3.3. An important difference between SHG-BLM and the other groups (Grameen and JLGs) is that in the case of former a single loan is given to the group as a whole, which is then divided by the group members, whereas in Grameen and JLGs the MFIs provide loans to individual members, although the disbursement and collection are facilitated by the group mechanism. In this way, there is limited participation of group members in Grameen and JLGs. Therefore, individual lending results in less empowerment of their clients as compared to the SHG-BLM.

Table 3.3: Features of Microfinance Delivery Approaches

Feature	SHG Model	MFI Model	
		Grameena	Individual Banking
Type of Clients	Primarily women	Primarily women	Women/Men
Group Size	10-20 members per group	Usually 5 members per group	Individual Clients
Services	Services and credit	Services and credit	Credit
Credit Delivery	In the name of group	Individual	Individual
Role of field staff	Organize, Guide and Facilitate	Organize (group dependent on staff)	Organize
Record keeping	By group	By field staff	By field staff
Group Meetings	Weekly/Monthly	Weekly	No meetings
Meetings with officials	Weekly/Monthly	Weekly	Unscheduled
Amount of Savings	Rs.50-100 per month	Rs.50-100 per week	Flexible
Initial loan amount	3-4 times of group savings	Rs. 5,000-50,000	Rs.5,000-150,000
Interest rate	9-11%	Varies largely between MFIs (above 30%)	Generally, more than the Grameena/ model
Effect on Empowerment of members	High	Low	Very low

Source: Own Compilation

Table 3.4 shows the number of individuals who are provided microfinance loans under the SHG-BLM as well as the MFI model. It is important to note that in some of the southern states the microfinance program has reached the saturation point, and the MFIs are competing to find new eligible clients. In this situation, same individuals are getting loans under both the models from different MFIs. So, the table also shows the data adjusted for this overlap. The table reveals that up to March 2007, 48.06 million individuals are covered under the microfinance program out of which 79.11% are formed under SHG-BLM and 20.89% under the MFI model. The program outreach increased to 59.21 million by March 2008. But the data adjusted for the overlap shows that 54.87 million individuals are covered under the microfinance program by March 2008.

Table 3.4: Microfinance Outreach in India (in million)

Type of Model	Number of People Covered		Growth in Outreach (%)
	Up to March 2007	Up to March 2008	
SHG-BLM	38.02 (79.11)	45.20 (76.34)	7.18
MFI Model	10.04 (20.89)	14.01 (23.66)	3.97
Total	48.06 (100)	59.21 (100)	11.15
Total Adjusted for Overlap	44.97	54.87	9.90

Note: The figures given in parentheses indicate percentages.
Source: Microfinance India State of the Sector Report (2009), Sage Publications India Pvt. Ltd.

Table 3.5 shows the region-wise spread of microfinance program under SHG- BLM and MFI models. The table shows that up to March 2008 approximately 45 million people are provided with microfinance under SHG-BLM and 14 million under the MFI model. Perusal of the table shows that the program mainly concentrated in the southern region. Approximately, 48% and 55% of the people respectively who are provided microfinance under these two models belong to the southern region of India. However the spread of the program is limited in the north and northeastern region. Out of the total microfinance

outreach in India approximately 5% and 3% of the clients belong to the north and northeastern regions, respectively.

Table 3.5: Region-Wise Spread of Microfinance Program (up to 2008)

Region	Cumulative Number of SHGs	Number of SHG Members	Number of MFI Clients	Total Microfinance Clients
Northern Region	230,740 (6.63)	2,999,620 (6.63)	113,102 (0.80)	3,112,722 (5.25)
North Eastern Region	119,857 (3.45)	1,558,141 (3.45)	175,589 (1.25)	1733,730 (2.92)
Eastern Region	672,201 (19.33)	8,738,613 (19.33)	3,475,622 (24.70)	12,214,235 (20.60)
Central Region	405,707 (11.67)	5,274,191 (11.67)	1,014,202 (7.21)	6,288,393 (10.61)
Western Region	374,561 (10.77)	4,869,293 (10.77)	1,585,681 (11.27)	6,454,974 (10.89)
Southern Region	1,674,811 (48.15)	21,772,543 (48.15)	7,704,449 (54.77)	29,476,992 (49.73)
Total	**3,477,965 (100)**	**45,213,545 (100)**	**14,068,645 (100)**	**59,282,190 (100)**

Note: The figures given in parentheses indicate percentages.
Source: Microfinance India State of the Sector Report (2009), Sage Publications India Pvt Ltd.

3.8 Performance of Self-Help Group-Bank Linkage Program in India

Microfinance has gained significance and momentum during the last decade. India now occupies a significant place and a niche in global microfinance through promotion of the SHGs and home-grown SHG-BLM. The Indian model offers promise and potential to address poverty as it is focused on building social capital by providing access to financial services.

"Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Micro credit is one such means. Development from below also serves to advance democracy and human rights. Thus, the new concept of microfinance had emerged with self help groups."

- Muhammad Yunus, Noble Peace Prize 2006.

The SHG-BLM is the indigenous model of microcredit that was evolved in India and has been widely acclaimed as a successful model. The SHG-BLP is

considered to be a promising approach to reach the poor, since its inception. It made rapid strides exhibiting considerable democratic functioning and group dynamism. The SHG-BLM was introduced in 1992 with a pilot project of linking 500 SHGs with banks. The SHG-BLM has emerged as the dominant model in terms of number of borrowers and loans outstanding. In terms of coverage, this model is considered to be the largest microfinance program in the world. This program envisages organization of the rural poor into SHGs, to build their capacities to manage their own finances and then to negotiate bank credit on commercial terms. The poor were encouraged to voluntarily come together to save small amounts regularly and extend micro loans among themselves. For this study, secondary data has been collected from various sources. However, this analysis is entirely based on the secondary data collected from NABARD. Details relating to cumulative progress of SHG-bank linkage, highlights of the regional spread of physical and financial progress, agency-wise participation, and model-wise cumulative position up to March 31, 2008 have been presented by using tabular analysis.

The SHG-BLP is by far the dominant model of microfinance in India, in terms of both number of borrowers and loans outstanding (Ghate, 2007). Though the promotion of SHGs by external intervention in India is of recent origin, there appears to be a fairly good progress in this regard. It is mainly the NGOs that have taken keen interest and initiative across the country in promoting SHGs. It is evident from Table 3.6 that by the end of March 2007 about 2,924,973 SHGs (cumulative) spread all over India was linked to banks. Their growth was phenomenal during 1997-2007 and 90% of these groups were women-based, which revealed the large-scale participation of women in microcredit. There is an increasing trend even in the number of participating banks. Over the years, the SHG-BLP has emerged as the major microfinance program in the country. In all, 598 banks (50 commercial banks, 196 RRBs, and 352 cooperative banks) are now actively involved in this program. Almost all the states and union territories have been covered under this program by the end of March 2007.

Table 3.6: SHGs-Bank Linkage Highlights in India During March 1997 to March 2007

Sl No	Items	March 1997	March 1998	March 1999	March 2000	March 2001	March 2002	March 2003	March 2004	March 2005	March 2006	March 2007
1.	No. of SHGs provided with bank loan (Cumulative)	8,598	14,317	32,995	114,775	263,825	461,478	717,360	1,079,091	1,618,476	2,238,565	2,924,973
2.	Percentage of women groups	76	78	84	85	90	90	90	90	90	90	90
3.	No. of Participating Banks	120	150	202	266	314	444	505	560	NA	584	598
	a. Commercial Banks	29	31	38	40	43	44	48	48	NA	48	50
	b. Regional Rural Banks	79	102	129	165	177	191	192	196	NA	196	196
	c. Cooperative Banks	12	17	35	61	94	209	265	316	NA	340	352
4.	No. of States/Union Territories	20	21	24	24	27	30	30	31	31	31	31
5.	No. of Districts Covered	-	221	280	362	412	488	502	563	NA	583	587
6.	No. of NGOs	220	291	550	718	1030	2155	2800	3024	NA	4896	4896
7.	Bank Loan (Cumulative) (in Rs. mn)	118.36	237.6	570.7	1,929.82	4809	10,263	20,487	3,9042	68,980	1,13,970	180,407
8.	Refinance (Cumulative) (in Rs. mn)	106.5	213.8	520.6	1,501.26	4007	7,965	14,188	21,247	NA	41.60 billion	54.59 billion
9.	No. of families assisted (in Rs. mn)	146,000	243,000	560,000	1,900,000	4.5	7.8	11.6	16.7	NA	**32.98**	**40.95**
10.	Average Loan/SHG (Rs.)	13,766	16,596	17,297	16,814	18,227	22,240	28,559	36,179	NA	50917	44345
11.	Average Loan/Family (Rs.)	810	978	1,019	1,016	1,072	1,316	1,766	2,412	NA	**NA**	3167
12.	Model-Wise Linkage (Cumulative) a. SHGs formed and financed by Banks	13	18	17	14	13	16	20	20	21	20	17
	b. SHGs formed by formal agencies and NGOs but directly financed by banks	45	46	56	70	76	75	72	72	72	74	75
	c. SHGs financed by banks through NGOs	42	36	27	16	11	9	8	8	7	6	8

Source: SHG-Bank Linkage Progress Handbook, NABARD (Various Years).

Table 3.6 indicates that the number of SHGs has been increasing cumulatively and the figure reached 29.24 lakh by the end of the March 2007. As on March 31, 2007, a total of 29.24 lakh SHGs credit-linked by banks covered an estimated 40.95 million poor families, with an average loan disbursement of Rs.3,167 per family. The average loan per group as well as per family, increased during the same period. Many believe that such loan amounts are grossly inadequate for pursuing any meaningful livelihood activity. Per capita loans in mature SHGs are increasing very gradually (Table 3.6).

Initially, there was a slow progress in the program up to 1999 as only 32,995 groups were credit linked in 1999. Since then the program has been growing rapidly. The SHG-BLP has made considerable progress since its inception in the early 1990s, both in terms of the number of SHGs credit linked to banks and also the bank loans disbursed by the SHGs. To start with, Table 3.7 shows that 255 SHGs were provided a financial assistance of Rs.2.9 mn by the banks in the 1992-93. In 1999-2000 the number increased to 114775 with bank loans of Rs.1,929.8 million. This cumulative number of credit linked SHGs has increased to about 34.78 lakh and the amount of bank loan given to these group increased to Rs.2,22,680 million up to March 2008. It is noted that the number of SHGs increased gradually over the period 1992-2000. As a corollary, the number of financial assistance provided by the banks to these groups also surged significantly. The growth in number of SHGs decelerated in the recent years, particularly in the southern region, where rapid progress was made earlier. The scheme is catching up slowly in the northern region. Microfinance through SHGs has reached such a position in India that it is acknowledged as the biggest microfinance program in the world. The data reveals that although the cumulative number of SHGs provided with bank loans increased, the rate of growth is relatively slow as compared to the initial years. The table also shows that the rate of growth of SHGs and bank loans disbursed to them was negative in 2007-08. One of the reasons may be that the program has rapidly expanded in the southern states of India and has now reached a saturation point.

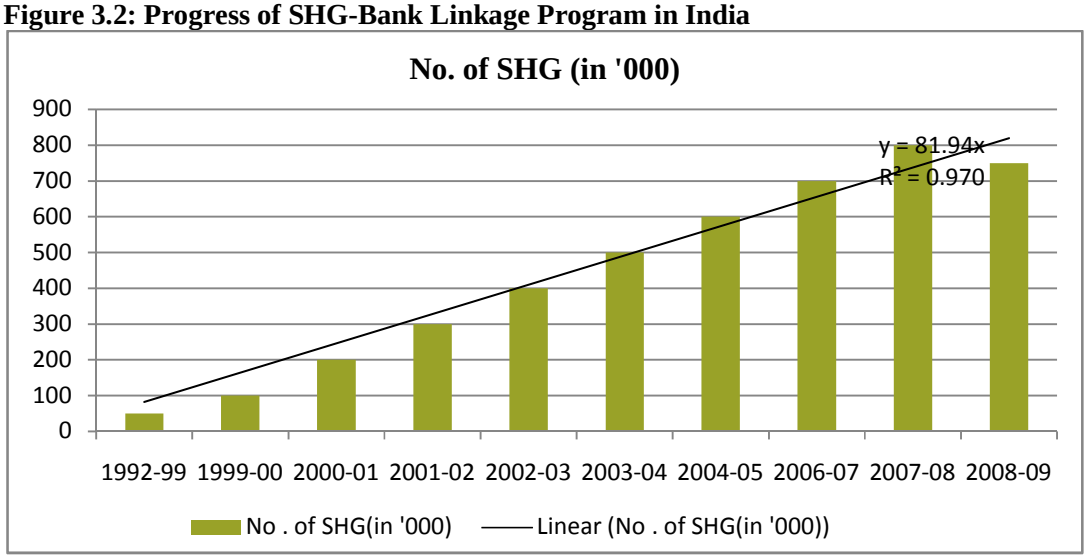
Table 3.7: Number of SHGs linked to Banks in India (1992-93 to 2007-08)

Year	No. of SHGs Financed by Banks			Bank Loan			Refinance		
	During the Year	Growth %	Cumulative growth (%)	During the Year	Growth %	Cumulative growth (%)	During the Year	Growth %	Cumulative Growth (%)
1992-93	255	-	-	0.29	-	-	0.27	-	-
1993-94	365	0.431	3.546	0.36	0.241	4.214	0.19	-0.296	7.493
1994-95	1502	3.115	4.301	1.79	3.972	5.236	1.67	7.789	8.607
1995-96	2635	0.754	4.758	3.62	1.022	5.833	3.53	1.114	9.021
1996-97	3841	0.458	5.247	5.78	0.597	6.895	4.99	0.414	10.173
1997-98	5719	0.489	7.513	11.92	1.062	8.689	10.74	1.152	12.029
1998-99	18678	2.266	10.892	33.31	1.794	11.770	30.67	1.856	14.226
1999-00	81780	3.378	11.714	135.91	3.080	12.888	98.07	2.198	15.723
2000-01	149050	0.823	12.040	287.89	1.118	13.782	244.85	1.497	16.337
2001-02	197653	0.326	12.335	545.47	0.895	14.657	395.26	0.614	16.912
2002-03	255882	0.295	12.749	1022.33	0.874	15.472	622.47	0.575	17.045
2003-04	361731	0.414	13.240	1855.53	0.815	16.085	705.44	0.133	17.417
2004-05	539365	0.491	13.389	2994.26	0.614	16.588	967.76	0.372	17.520
2005-06	620109	0.150	13.496	4499	0.503	30.355	1067.72	0.103	17.731
2006-07	686408	0.107	13.302	66437	13.767	29.991	1292.86	0.211	17.981
2007-08	552992	-0.194	13.302	42273	-0.364	29.991	1615.5	0.250	17.981

Source: Annual Reports, NABARD.

Figure 3.2 shows the progress of SHG-BLP in India from 1999 to 2008. A least square trend line is used to graphically represent the trend of total number of SHGs under this model. The linear trend line indicates that there has been a steady increase in the number of credit linked SHGs over the period of 10 years. The value of R^2 is 0.970, which represents a good fit of the line to the data.

Figure 3.2: Progress of SHG-Bank Linkage Program in India



The cumulative number of SHGs in various states of India provided with bank loans under the microfinance program up to March 2007 is given in Table 3.8. It is evident from the table that many state governments, banks and others agencies have accorded high-priority to the program in their areas of operation, thereby increasing the absolute number of SHGs receiving bank credit. The cumulative number of SHGs increased from 2,238,565 in March 2006 to 2,924,973 in March 2007, and the cumulative bank loans disbursed also increased from Rs. 113,975.43 mn to Rs. 180,407.42 mn during the same period. Region-wise comparison of the performance of the cumulative number of SHGs reveals that the southern region stood first, followed by eastern and central regions. The lowest number of SHGs was found in northeastern region, followed by northern and western regions during the same period. The cumulative bank loan disbursed is recorded to be highest in southern region, followed by eastern and central regions. Whereas the lowest cumulative bank loans disbursed was found in northeastern region, followed by northern and western regions during the same period. It can be clearly inferred from the data that in the southern region (that recorded highest numbers of SHGs and highest disbursed bank loan), Andhra Pradesh ranked first, followed by Tamil Nadu and Karnataka.

Table 3.8: State-Wise Physical and Financial Progress of SHG-Bank Linkage in India (in Rs. mn)

Region/States	Cumulative No. of SHGs Provided with Bank Loans up to March 31 2006	No. of SHGs Provided with Bank Loans During 2006 -07	No of Existing SHGs Provided with Repeated Bank Loans During 2006-07	Cumulative No SHGs Provided with Bank Loans up to March 31, 2007 (3+4)	Cumulative Bank Loans Disbursed up to 31 March 2006	Bank Loans Disbursed During 2006-07	Of Col.7, Repeated Bank Loan to Existing SHGs	Cumulative Bank Loans Disbursed up to March 31, 2007
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Himachal Pradesh	22,920	4,879	2,282	27,799	863.98	388.27	153.60	1252.25
Rajasthan	96,171	39,666	3,692	137,837	2,447.94	1,447.40	191.53	3895.34
Haryana	4,867	1,966	1,821	6,833	316.01	183.31	69.86	499.32
Punjab	4,561	1,893	517	6,454	238.96	117.74	29.24	356.60
Jammu Kashmir	2,354	406	199	2,759	100.48	44.25	15.83	144.73
New Delhi	224	112	0	336	18.58	8.66	0	27.23
Northern Region	**133,097**	**48,921**	**8,511**	**182,018**	**3,985.85**	**2,189.62**	**460.06**	**6175.47**
Assam	56,449	25,005	160	8,1454	1,423.98	794.40	2.91	2,218.38
Meghalaya	735	476	0	1,211	16.19	17.40	0.00	33.59
Tripura	1,996	910	57	2,906	31.12	18.40	1.48	49.52
Sikkim	127	33	0	160	1.86	1.12	0.00	2.98
Manipur	1,468	1,215	0	2683	71.86	40.80	0.00	112.65
Arunachal Pradesh	346	101	0	447	13.49	5.72	0.00	19.21
Nagaland	422	576	10	998	34.38	33.50	2.97	67.88
Mizoram	974	921	0	1,896	64.14	70.56	0.00	134.70
North-Eastern Region	**62,517**	**29,237**	**227**	**91,754**	**1,657.01**	**981.89**	**7.36**	**2,638.90**
Orissa	190,896	53,555	28,806	234,451	4,754.65	3,274.27	1,409.33	8,028.92
Bihar	46,221	26,118	1,306	72,339	1,052.19	960.28	211.15	2,012.47
Jharkhand	30,819	6,498	1,153	37,317	1,114.60	391.96	84.21	1,506.56
West Bengal	136,251	45,312	22,014	181,563	2,424.52	2060.64	888.40	4,485.16
A&N Islands	164	47	30	211	8.23	4.58	3.40	12.81
Eastern Region	**394,351**	**131,530**	**53,309**	**525,881**	**9,354.19**	**6691.72**	**2,596.50**	**16,045.91**
Madhya Pradesh	57,125	13,787	1,726	70,912	1,666.86	499.23	66.12	2,166.09
Chhattisgarh	31,291	10,412	1,330	41,703	337.81	218.44	27.51	556.25
Uttar Pradesh	161,911	36,676	2,873	198,587	5,153.54	1,778.48	192.43	6,932.02
Uttaranchal	17,588	3,939	1,288	21,527	891.96	382.69	226.64	1,274.55
Central Region	**267,915**	**64,814**	**7,217**	**332,729**	**8,060.07**	**2,878.84**	**510.69**	**10,928.91**
Gujarat	34,169	9,412	64	43,572	1,244.51	885.46	4.69	2,129.97
Maharashtra	131,470	94,386	19,382	225,856	3,951.67	2,983.86	841.01	6,936.53
Goa	624	395	142	1,019	55.21	28.28	9.03	83.49
Western region	**166,254**	**104,193**	**19,588**	**270,447**	**5,251.39**	**3,897.60**	**854.72**	**9,148.99**
Andhra Pradesh	587,238	963,381	262,895	683,619	43,455.18	27,754.55	23,636.74	71,209.73
Karnataka	224,928	92,708	56,717	317,636	9,927.53	8,163.89	3,239.26	18,091.42
Kerala	86,988	30,925	13,559	117,913	4,821.48	2,889.40	1,067.68	7,710.88
Tamil Nadu	312,778	87,699	36,387	400,477	27,121.87	10,984.48	3,721.55	38,106.35
Pondicherry	2,499	0	0	2,499	350.86	0	0	350.86
Southern Region	**1,214,431**	**307,713**	**368,558**	**1,522,144**	**85,676.92**	**49,792.32**	**31,565.24**	**135,469.24**
Grand Total	**2,238,565**	**686,408**	**457,410**	**2,924,973**	**113,975.43**	**66,431.99**	**35,994.56**	**180,407.42**

Source: SHG-Bank Linkage Progress Handbook, NABARD.

3.8.1 Self-Help Group-Bank Linkage Program Across Regions

The program has spread over all regions in the country. However, there are considerable differences in terms of its spread among the regions, states and union territories. There exists no uniformity with regard to its progress across the regions. It has had good success in southern regions, while in the northeast and northern regions its progress has been very slow. It is also very low in case of the western region. The growth of the program has been overwhelming in the south. The southern region continues to lead in terms of its share in client outreach as well as loans disbursement and outstanding. Table 3.9 shows that 48.2% of cumulative spread of the program is concentrated in the southern region, followed by eastern region (19.3%), central region (11.7%), western region (10.8%), northern region (6.6%) and northeastern region (3.4%) as on March 31, 2006. It is observed that the share of the southern region was 68.58% in 1999-2000 and in March 2008 also it continued to have a large share of 48.2%. The progress was impressive in the southern region because the movement was facilitated in the state, through region-specific strategies developed by NABARD in consultation with banks, NGOs and the state governments. The table clearly shows that the SHGs are mainly concentrated in southern region. The main reason for this is the prevalence of voluntary organizations in the spread of the linkage program. The largest MFIs of India, such as SHARE, Spandana, CDF, MYRADA, SKS and PREM are also concentrated in southern region. The spread of microfinance program is almost negligible in the northeastern states.

The table also shows that the microfinance program is gradually developing in all the regions. The share of southern states in the number of groups linked to the banks is declining, while the share of other regions is improving. It shows that over the period 2001-2008 there has been a positive growth of SHG-BLP in all the regions, except the southern part. The share of southern states in the total credit linked SHGs was 48.2% in 2008 as compared to 71.2% in 2001. In the year 2008, the share of northern, northeastern, eastern, central and western regions in the total credit linked SHGs was 6.6%, 3.4%, 19.3%, 11.7% and 10.8% respectively. The top five states in terms of loans outstanding accounted for 74% of total loans in the country. Andhra

Pradesh with 36% and Tamil Nadu with 14% share of total loans left little for other states. In terms of average loans outstanding, Karnataka occupied the top position with Rs. 110,300 per group which was 88% more than the national average of Rs. 58,370 per group.

It is worth mentioning that the slow progress of the SHG-bank linkage movement in the northeastern and central regions of the country was one of the major concerns. It was also argued in some quarters that the SHG strategy was not suitable for the social configurations that prevailed in the north-east. But, as a result of the special efforts of NABARD, regions/states suffering from imbalances and low performance were targeted, and eventually such regions picked up considerably and made substantial progress.

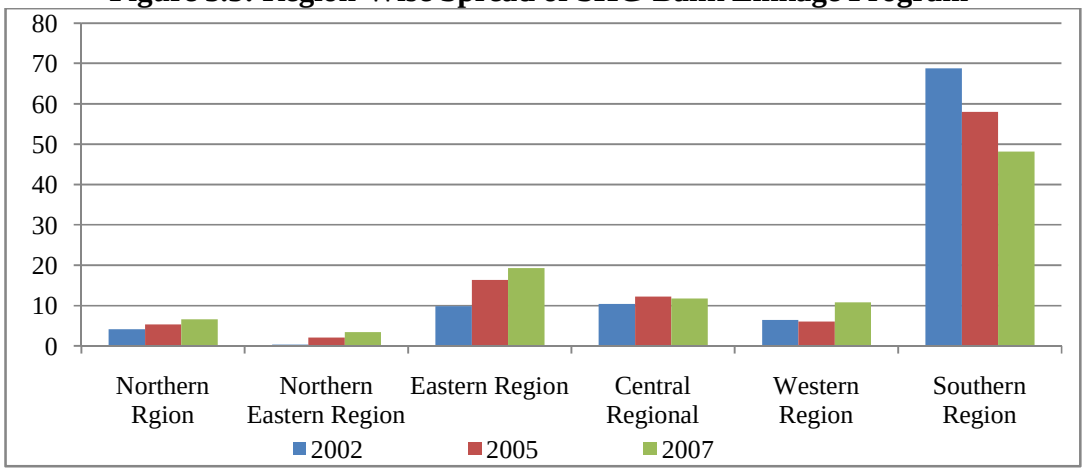
Table 3.9: Region-Wise Physical Progress of SHG-Bank Linkage Program in India

Region	1999-00	2000-01	2001-02	2002-03	2003- 04	2004- 05	2005- 06	2006- 07	2007- 08
Northern Region	3222	9012	19321	34323	52396	86018	133097	182018	230740
% of Growth	-	1.797	1.144	0.776	0.527	0.642	0.547	0.368	0.268
North Eastern Region	196	477	1490	4069	12278	34238	62517	91754	119857
% of Growth	-	1.434	2.124	1.731	2.017	1.789	0.826	0.468	0.306
Eastern Region	9398	22252	45892	90893	158237	265628	394351	525881	672289
% of Growth	-	1.368	1.062	0.981	0.741	0.679	0.485	0.334	0.278
Central Region	15256	28581	48181	81583	127009	197365	267915	332729	405707
% of Growth	-	0.873	0.686	0.693	0.557	0.554	0.357	0.242	0.219
Western Region	7983	15543	29318	42180	54815	96266	166254	270447	374561
% of Growth	-	0.947	0.886	0.439	0.300	0.756	0.727	0.627	0.385
Southern Region	78720	187690	317276	463712	674356	938941	1214431	1522144	1674811
% of Growth	-	1.384	0.690	0.462	0.454	0.392	0.293	0.253	0.100
All India	114775	263555	461478	717360	1079091	1618456	2238565	2924973	3477965
% of Growth	-	1.296	0.751	0.554	0.504	0.500	0.383	0.307	0.189

Source: Annual Reports, NABARD.

Figure 3.3 exhibits the percentage of credit linked SHGs in different regions over three years, i.e., 2002, 2005 and 2008. The figure highlights that the percentage share of SHGs in all the regions has increased, except the southern region where it has decreased.

Figure 3.3: Region-Wise Spread of SHG-Bank Linkage Program



3.8.2. Agency-Wise Participation in India

NABARD has been instrumental in the formation and nurturing of quality SHGs by means of promotional grant support to partner agencies. The partners including commercial banks, cooperative banks, RRBs, farmers' clubs, NGOs and individual rural volunteers have effectively taken up the role of promoting and nurturing the SHGs. The SHG-BLP is now considered by the banking system as a commercially viable proposition, with advantages like lower transaction cost, negligible NPA and coverage of maximum number of rural clientele by bank branches. It has also led to other quantifiable benefits in business expansion. Almost all public sector commercial banks (27), private sector commercial banks (28), regional rural banks (86), state cooperative banks (31), and district central cooperative banks (371) are participating in SHG-BLP. Further, SHPIs over the years have also accelerated the expansion of the program throughout the country.

3.8.2.1 Commercial Banks and SHG Linkage Program

India has adopted a multi-agency approach for the development of its microfinance program. All the major credit institutions, viz., commercial banks, cooperative banks, RRBs along with NGOs have been associated with the microfinance program. Commercial banks have had a large share in the linkage program right from the initial years. The percentage of SHGs linked to the banks was

55 in 1999-2000, which increased to 67.1% in 2008-09. In 1999-2000, SHGs' share in total loan amount was 66%, which increased to 71.84% in 2008-09 (Table 3.10). Public sector banks have been in the forefront of SHG-BLP. Among the commercial banks, public sector banks accounted for the largest share of loans disbursed to the SHG sector (88.8% in 2006-07). The State Bank of India (SBI) has consistently led the client outreach and portfolio volume charts riding on the back of its large network. HDFC Bank among private sector banks has been very active in SHG financing. By March 2009, HDFC Bank had provided 41,680 SHGs with loans amounting to about Rs.5.5 bn. Commercial banks have the highest share in linkage and financing of SHGs, followed by regional rural and cooperative banks. The number of SHGs financed by commercial banks and the amount of loans advanced by them has increased sharply over the years.

3.8.2.2 Regional Rural Banks and SHG Linkage Program

While being more liberal than the cooperative banks, RRBs were conservative compared to the commercial banks. RRBs coverage to the SHGs was 41% in 1999-2000 and 23.1% during 2008-09 (Table 3.10). RRBs have been functioning as SHPIs with the grant support from NABARD. 93 RRBs have targeted formation of more than 35,000 SHGs with grant sanctions worth Rs.27.7 mn.

3.8.2.3 Cooperative Banks and SHG Linkage Program

Cooperative banks have been late entrants to microfinance through SHGs. The performance of cooperative banks has to a large extent been influenced by the state government policies. States like Rajasthan, Orissa, West Bengal, Maharashtra, Karnataka, Kerala and Tamil Nadu have provided a supportive environment for cooperative banks in financing SHGs. In other states, cooperatives have not made much progress. Cooperative banks had a share of 16% of SHGs that saved, but accounted for only 14% of volume of savings. In 2008-09, the share of cooperative banks in lending groups was 5.8%, while total coverage of the SHGs was 9.8%. Cooperative banks also act as SHPIs. They form an important link to SHGs and monitor their performance with their own staff or the staff of Primary Agricultural

Credit Societies (PACS). Four state cooperatives, two cooperative societies and 60 district central cooperative banks act as SHPIs, with the aim to promote 32,000 SHGs.

Table 3.10: Agency-Wise Distribution of Number of SHGs Financed and Loan Outstanding Progress in India

Years	Cooperative Banks		Commercial Banks		Regional Rural Banks		Total	
	No of SHGs	Bank Loan	No of SHGs	Bank Loan	No of SHGs	Bank Loan	No of SHGs	Bank Loan
1999-00	4028 (4.26)	76.9 (3.98)	51619 (54.54)	1278.33 (66.24)	38998 (41.20)	574.59 (29.77)	94645 (100)	1929.82 (100)
2000-01	12773 (5.44)	250.33 (5.21)	124246 (52.91)	2958.69 (61.53)	97824 (41.66)	1599.57 (33.26)	234843 (100)	4808.59 (100)
2001-02	39906 (7.94)	795 (7.75)	274247 (54.53)	6009 (58.55)	188738 (37.53)	3459 (33.70)	502891 (100)	10263 (100)
2002-03	78959 (11.01)	1720 (8.40)	361061 (50.33)	11495 (56.11)	277340 (38.66)	7272 (35.50)	717360 (100)	20487 (100)
2003-04	134671 (12.48)	3711 (9.51)	538422 (49.90)	22548 (57.75)	405998 (37.62)	12782 (32.74)	1079091 (100)	39041 (100)
2004-05	211137 (13.05)	6398.47 (9.33)	843473 (52.12)	41159.49 (60.04)	563846 (34.84)	20995.47 (30.63)	1618456 (100)	68553.43 (100)
2005-06	310501 (13.87)	10879.47 (9.55)	1188040 (53.07)	69874.49 (61.31)	740024 (33.06)	33221.47 (29.15)	2238565 (100)	113975.4 (100)
2006-07	272234 (9.41)	8043.50 (6.50)	1893016 (65.4)	87638 (70.85)	729255 (25.19)	28017.60 (22.65)	2894505 (100)	123699.1 (100)
2007-08	371378 (10.24)	11300.90 (6.64)	2378847 (65.6)	114754.70 (67.40)	875716 (24.15)	44210.40 (25.97)	3625941 (100)	170266 (100)
2008-09	415130 (9.83)	13060 (5.81)	2831334 (67.1)	161494.30 (71.84)	977834 (23.15)	50234.9 (22.35)	4224298 (100)	224789.2 (100)

Note**:** Figures in the brackets are percentages.
Source: SHG-Bank Linkage, Status of Microfinance, NABARD (Various Years).

The relative significance of various bank groups in the linkage program is presented in Tables 3.11 and 3.12. The data reveal that the positive growth of SHG-bank linkage was facilitated by state/region-specific strategies by various official agencies (banks, NGOs and state governments) at the state level. At the national level, commercial banks are the major partners (53.07%), followed by RRBs (33.06%) and cooperatives banks (13.7%) (Table 3.11). Up to the year 2005-06, as many as 44,362 branches of 545 banks had participated in the SHG-BLP.

It is also observed from Table 3.11, that the highest number of commercial banks was registered in the southern region (61.94%), followed by eastern (13.19%), central (10.06%) and western (7.60%) regions in March 2006, while the lowest

number was registered in the northeastern region (0.02%). The amount of bank loans sanctioned by commercial banks in all the regions was Rs.69,874.49 million and it occupied 61.31% share in the total loans sanctioned by all the three sectors of banks (Table 3.12). Commercial Banks formed the maximum number of SHGs in Andhra Pradesh.

The RRBs could reach only 33.06% of the total SHGs in the country. All the 158 RRBs have participated in the SHG-BLP. The cumulative achievement of RRBs as a percentage of the total, registered an impressive increase in terms of loans disbursed and refinance availed from the NABARD. The number of SHGs registered was highest in the southern region (45.49%), followed by eastern (21.57%), central (17.34%), and northern (6.18%) regions (Table 3.11). Among RRBs, the performance of Nagarjuna Gramin Bank, Sri Rayalseema Gramin Bank, Shri Vishakha Gramin Bank and Sri Venkateswara Gramin Bank were noticeable in Andhra Pradesh and that of Pandian Gramin Bank in Tamil Nadu. The amount of loans sanctioned by the RRBs was Rs.33,221.47 mn and accounted for 29.15% of total loans sanctioned to the SHGs by the above-mentioned three types of agencies (Table 3.12). However, lending to the SHGs by the RRBs was found to be more in the southern region (69.33%). The RRBs formed the maximum number of SHGs in Andhra Pradesh.

The role of cooperative banks is very limited in SHGs program. A major chunk is in the southern region (46.09%), followed by the eastern (25.24%) and western (12.61%) regions (Table 3.11). The cooperatives banks are the late entrants in this area, and their entry was influenced by the pioneering performance of District Central Cooperative Banks (DCCBs) in West Bengal, Chandrapur in Maharashtra and South Canara of Karnataka in the SHG-BLP. The cooperative banks that have shown significant achievement in Andhra Pradesh include West Godavari DCCB, Vishakapatnam DCCB, Nizamabad DCCB and Krishna DCCB. The total amount of loans sanctioned by the cooperative banks is Rs.10,797.80 mn and has a 9.47% share in the total loans sanctioned by the banks to the SHGs linked to them (Table 3.12).

Table 3.11: Agency-Wise Distribution of SHGs-Bank Linkage Program in Indian States

(No. of SHGs)

Sl. No	Region /States	Commercial Banks	Regional Rural Banks	Cooperative Banks	Total
1.	Haryana	2300	2510	57	4867
2.	Himachal Pradesh	10810	3671	8439	22920
3.	Punjab	2301	560	1700	4561
4.	Jammu & Kashmir	1377	499	478	2354
5.	New Delhi	44519	38532	15120	98171
6.	Rajasthan	224	0	0	224
	Northern Region	**61531 (46.23)** ***(5.17)***	**45772 (34.39)** ***(6.18)***	**25794 (19.4)** ***(8.38)***	**133097 (100)** ***(5.94)***
7.	Assam	21665	31528	3256	56449
8.	Arunachal Pradesh	569	899	0	1468
9.	Manipur	516	198	21	735
10.	Meghalaya	42	0	85	127
11.	Sikkim	386	1516	94	1996
12.	Nagaland	373	28	21	422
13.	Tripura	182	127	37	346
14.	Mizoram	133	812	29	974
	North-Eastern Region	**23866 (38.18)** ***(0.02)***	**35108 (56.16)** ***(4.74)***	**3543 (5.67)** ***(1.15)***	**62517 (100)** ***(2.79)***
15.	Bihar	19577	26188	185	46221
16.	Jharkhand	21520	9299	0	30819
17.	Orissa	77859	86256	16781	180896
18.	West Bengal	37828	37909	60514	136251
19.	A&N Islands	9	0	155	164
	Eastern Region	**156793 (39.76)** ***(13.19)***	**159652 (40.48)** ***(21.57)***	**77635 (19.7)** ***(25.24)***	**394351 (100)** ***(17.61)***
20.	Madhya Pradesh	32395	20453	4277	57125
21.	Chhattisgarh	10908	14571	5812	31291
22.	Uttar Pradesh	65382	90698	5831	161911
23.	Uttaranchal	10834	2668	4086	17588
	Central Region	**119519 (44.61)** ***(10.06)***	**128390 (47.92)** ***(17.34)***	**20006 (7.47)** ***(6.50)***	**267915 (100)** ***(11.96)***
24.	Goa	409	0	215	624
25.	Gujarat	23617	6309	3112	34160
26.	Maharashtra	66326	28115	35464	131470
	Western Region	**90352(54.35)** ***(7.60)***	**34424 (20.71)** ***(4.65)***	**38791 (23.3)** ***(12.61)***	**166254 (100)** ***(7.42)***
27.	Andhra Pradesh	382422	190120	14696	587238
28.	Karnataka	81213	81839	61876	224928
29.	Kerala	54966	9055	22967	86988
30.	Tamil Nadu	217378	55664	42235	315277
Southern Region		**735979 (60.6)** ***(61.94)***	**336678 (27.72)** ***(45.49)***	**141774 (11.7)** ***(46.9)***	**1214431 (100)** ***(54.25)***
Grand Total		**1188040 (53.07)** ***(100)***	**740024 (33.06)** ***(100)***	**307543 (13.7)** ***(100)***	**2238565 (100)** ***(100)***

Note: Figures given in brackets indicate percentages.

Source: SHGs-Bank Linkage Progress Handbook, NABARD

Table- 3.12:- Agency-Wise Distribution of SHGs-Bank Linkage Program, Bank Loans

(in Rs. mn)

Sl. No	Region/States	Commercial Banks	Regional Rural Banks	Cooperative Banks	Total
1.	Haryana	164.55	149.71	1.75	
2.	Himachal Pradesh	358.66	132.12	373.2	863.98
3.	Punjab	120.59	33.61	84.66	238.86
4.	Jammu & Kashmir	63.06	13.27	24.15	100.48
5.	New Delhi	1154.53	927.7	365.71	2447.94
6.	Rajasthan	18.58	0	0	18.58
	Northern Region	**1879.97 (47.17)** ***(2.69)***	**1256.41 (31.52)** ***(3.78)***	**849.47 (21.3)** ***(7.86)***	**3985.85 (100)** ***(3.49)***
7.	Assam	914.1	451.2	58.68	1423.98
8.	Arunachal Pradesh	37.69	34.16	0	71.85
9.	Manipur	11.84	3.48 (21.49)	0.87	16.19
10.	Meghalaya	1.43	0	0.43	1.86
11.	Sikkim	8.63	21.44	1	31.12
12.	Nagaland	25.31	8.62	0.45	34.38
13.	Tripura	5.99	5.66	1.84	13.49
14.	Mizoram	16.47	46.32	1.35	64.14
	North-Eastern Region	**1021.51 (61.65)** ***(1.46)***	**570.88 (34.45)** ***(1.71)***	**64.62 (3.9)** ***(0.59)***	**1657.01 (100)** ***(1.45)***
15.	Bihar	506.95	535.18	4.89	1052.19
16.	Jharkhand	870	244.6	0	1114.6
17.	Orissa	2140.05	2216.93	397.67	4754.65
18.	West Bengal	802.26	680.54	941.72	2424.52
19.	A&N Islands	1.56	0	6.64	8.23
	Eastern Region	**4320.85 (46.19)** ***(6.18)***	**3677.25 (39.31)** ***(11.06)***	**1350.92 (14.4)** ***(12.51)***	**9354.19 (100)** ***(8.20)***
20.	Madhya Pradesh	1071.18	463.52	132.16	1666.86
21.	Chhattisgarh	138.02	152.6	47.19	337.81
22.	Uttar Pradesh	2290.22	2721.82	141.5	5153.54
23.	Uttaranchal	564.54	183.48	143.84	891.86
	Central Region	**4063.96 (50.48)** ***(5.81)***	**3521.42 (43.74)** ***(10.59)***	**464.69 (5.77)** ***(4.30)***	**8050.07 (100)** ***(7.06)***
24.	Goa	32.3	0	22.91	55.21
25.	Gujarat	947.09	138.7	113.78	1244.51
26.	Maharashtra	2192.84	1022.38	704.89	3951.67
	Western Region	**3172.23 (60.41)** ***(4.53)***	**1161.08 (22.11)** ***(3.49)***	**841.58 (16)** ***(7.79)***	**5251.39 (100)** ***(4.60)***
27.	Andhra Pradesh	29349.81	13424.59	680.78	43455.18
28.	Karnataka	3626.13	3841.34	2460.06	9927.53
29.	Kerala	3171.57	374.2	1275.71	4821.48
30.	Tamil Nadu	19268.46	5394.3	2809.97	27472.73
Southern Region		**55415.97 (64.68)** ***(79.30)***	**23034.43 (26.89)** ***(69.33)***	**7226.52 (8.43)** ***(66.90)***	**85676.92 (100)** ***(75.17)***
Grand Total		**69,874.49 (61.31)** ***(100)***	**33,221.47 (29.15)** ***(100)***	**10,797.8 (9.47)** ***(100)***	**113,975.4(100)** ***(100)***

Note: Figures given in brackets indicate percentages.

Source: SHG-Bank Linkage Progress Handbook, NABARD

The cooperatives financial assistance to SHGs was found to be highest in southern region (66.9%), followed by the eastern (12.51%) and northern (7.86%) regions. The cooperative banks formed the maximum number of SHGs in West Bengal.

It is interesting to note that the three microfinance agencies, namely, commercial banks, RRBs and cooperative banks have played an important role in the SHG-BLP in different states of India. The commercial banks and RRBs have formed the maximum number of SHGs in Andhra Pradesh. The SHG-BLP is now considered by the banking system as a commercially viable proposition, with advantages like lower transaction costs and higher coverage of rural clientele by the bank branches. Commercial banks have maintained good progress in financing SHGs. In particular, it can be observed from the study that commercial banks continued to account for the largest share, both in terms of number of credit-linked SHGs and bank loans disbursed, followed by RRBs and cooperative banks.

3.9 Self-Help Group-Bank Linkage Program in Andhra Pradesh

Developing countries have a large number of population living below the poverty line. Poverty alleviation is one of the primary objectives of planning in their national economies. Therefore, it becomes imperative to formulate situation-specific poverty alleviation policies and programs for generation of at least a minimum level of income for the rural poor, who form a substantial percentage of the national population in developing societies. India's anti-poverty strategy contains a wide range of poverty alleviation and employment generation programs, many of which have been in operation for several years and have been reinforced to generate more employment, create productive assets, and raise the income level of the poor. Under these schemes, both wage employment and self-employment are provided to the people below the poverty line. In 1998-99, the government proposed to unify the various poverty alleviation and employment generation programs. In India, the central and state governments initiated several programs to eradicate poverty and in such circumstance provision of microfinance is an important task. This development activity has fully involved SHGs. Microfinance system can supplement the role of

banks and financial institutions to help alleviate the problems of poverty and unemployment in the country. In this process the central and state governments have introduced several women-specific schemes for empowering women, in general and rural women, in particular. These programs are unique in nature and have succeeded in some measures. It is worth mentioning that microfinance through SHGs had a significant impact in Andhra Pradesh, particularly in improvement of economic conditions of women, their literacy, organizational development of grassroots level, etc. The Government of Andhra Pradesh stated that it has taken up women empowerment as one of the main agenda items to tackle rural poverty and socioeconomic issues.

The SHG-bank linkage is a great success story in Andhra Pradesh. The SHG model has emerged as a key player in eradication of poverty in the state. It is envisaged to bring every women belonging to poorer sections of society into the arena of SHGs. Self- help movement through savings has been taken up on a massive scale by rural poor women. The success of the SHGs in Andhra Pradesh has been a national model with, 9.75 lakh groups covering 109.79 lakh rural poor women. Andhra Pradesh alone has about half of the SHGs registered in the country. The SHGs are also popularly called (Development of Women and Children in Rural Areas) DWCRA groups, and this name became popular after the DWCRA program through which women groups were assisted initially. Women run SHGs under various names, such as mothers' committees, DWCRA groups, and thrift groups. The development agenda of the state in the last few years, placing the people, especially women, in the forefront has facilitated the formation of a large number of SHGs throughout the state, and a majority of women are saving one rupee a day. The state government is consciously making efforts to assist SHGs by providing revolving fund/matching grant under various programs.

Details of the outreach of SHG-BLP in Andhra Pradesh are given in Table 3.13. While the SHG-BLP was slow to take off, in recent years it has expanded exponentially. The table shows coverage of 483,601 groups in Andhra Pradesh. The SHGs are not only resorting to thrift but are also taking small loans out of the corpus.

Members use the loan out of group corpus initially for their personal needs. However, in the long run such loans are utilized for income-generating activities. Since their inception, a large amount has been mobilized of the corpus by these groups. These SHGs had availed of Rs.6,684.07 cr in 2008-09 as bank loan. The average loan per SHG was Rs.1,37,498 and the average groups per branch was 118. The Micro Credit Summit held in Washington in 1997 resolved to reach 100 million poor women by 2005 all over the world. In Andhra Pradesh alone, 5.6 million (56 lakh) women were covered under microcredit with a saving of a rupee per day and the financial institutions extending loans up to 4 times to the amount of group savings. From the period 1997 to January 2003, banks extended loans to the tune of Rs.900 cr to SHGs and the recovery of loans was more than 95%. Recently, commercial banks have reduced the interest rate on the loans extended to SHGs from 12% to 9.5%. State-owned institutions like NABARD have also been acting as microfinance wholesalers to provide credit to the SHGs.

Table 3.13: Distribution of Self Help Group-Bank Linkage in Andhra Pradesh

Parameters	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Coverage of Groups (No.)	88,575	165,429	231,336	261,254	288,711	366,489	431,515	483,601
Amount of Loan (in Rs. cr)	197.70	454.10	752.90	1017.70	2001.40	3063.87	5882.79	6684.07
No. of Branches	3,263	3,701	3,853	3,853	3,853	3,950	4,000	4,150
Finance Per Group (Rs)	22,322	27,450	32,549	38,954	69,322	83,601	136,329	137,498
Groups Per Branch	27	45	60	68	75	93	108	118

Source: SERP-Rural Development Department.

An attempt has been made to look into district-wise cumulative physical and financial progress in relation to the SHG-BLP in the districts for study in the state of Andhra Pradesh. This will give an overview of the performance position with respect to the SHG-BLP over the years. Table 3.14 clearly brings out that the performance of Andhra Pradesh in terms of SHG formation as well as bank loan distribution is most significant among the southern region. Thus, an intensive analysis is needed of the performance of SHGs in Andhra Pradesh. Geographically, Andhra Pradesh is divided into three regions, namely, Coastal Andhra consisting of nine districts, four in

Rayalaseema and ten in Telangana. At the first instance, all the three regions of Andhra Pradesh, were considered for this study. The highest number of SHGs was found in Andhra region followed by Rayalaseema and Telangana regions. The eligible bank loans were recorded as high in Andhra region followed by Rayalaseema and Telangana region. It could be clearly seen from the data that even in Andhra Pradesh (which recorded the highest number of SHGs and disbursed bank loans) East Godavari district ranked first, followed by Chittoor and West Godavari districts. Further,

Table 3.14: District-Wise and Linkage-Wise Distribution of Self-Help Group-Bank Linkage Program in Andhra Pradesh

Name of the District	Total No. of SHGs	Eligible No. of SHGs	Eligible Loan Amount (in Rs. cr)	Linkage-Wise Details					
				1st Linkage		2nd Linkage		3rd Linkage & Above	
				No. of SHGs	Loan Amount (in Rs. cr)	No. of SHGs	Loan Amount (in Rs. cr)	No. of SHGs	Loan Amount (in Rs. cr)
Adilabad	27360	24952	682.3	11494	172.44	5605	112.76	7870	397.1
Anantapur	48336	44107	1,147.55	20129	301.97	11865	237.88	12125	607.7
Chittoor	53040	46611	1,426.35	18536	278.13	8656	173.72	19442	974.5
East Godavari	65622	58588	1,822.08	21520	322.8	11837	236.78	25235	1,262.50
Guntur	48161	43672	1,264.18	18062	271.41	9942	199.82	15746	792.95
Kadapa	25954	22794	594.16	9188	137.93	7600	152.98	6035	303.25
Karimnagar	44655	40857	1,207.22	15727	237.24	10374	213.38	14803	756.6
Khammam	38122	34381	1,183.59	9266	138.99	7213	144.8	17939	899.8
Krishna	43034	36803	1,112.10	12468	187.05	9912	198.5	14480	726.55
Kurnool	36281	32368	828.36	18514	277.83	4848	97.58	9015	452.95
Mahabubnagar	38498	34613	971.02	14042	210.63	9032	180.94	11566	579.45
Medak	32192	27814	843.37	11342	170.27	5086	101.9	11401	571.2
Nalgonda	39656	36628	1,011.96	15584	233.76	9242	185.3	11823	592.9
Nellore	25425	23352	524.64	13385	200.78	5835	116.76	4141	207.1
Nizamabad	32158	29160	789.43	10843	162.69	9685	193.84	8647	432.9
Prakasam	37990	34602	953.46	16117	242	7248	145.46	11275	566
Ranga Reddy	24825	22312	598.42	11359	170.6	4057	81.42	6910	346.4
Srikakulam	31406	26637	880.06	9571	143.64	4136	83.12	12967	653.3
Visakhapatnam	29446	26731	791.17	10832	162.5	5805	117.22	10123	511.45
Vijayanagaram	21967	19436	592.27	7395	110.93	4072	81.54	7979	399.8
Warangal	29236	26070	767.23	10736	161.06	5410	108.52	9929	497.65
West Godavari	50527	44966	1,424.38	11610	174.27	14071	282.16	19312	967.95
Total	**823,891**	**737,454**	**21,415.26**	**297,720**	**4,468.88**	**171,531**	**3,446.38**	**268,763**	**13,500.00**

Source: Commissioner of Rural Development, Government of Andhra Pradesh.

Table 3.14 reveals that the number of SHGs and eligible bank loans disbursed is concentrated in the Coastal Andhra region with East Godavari district ranking first, followed by Rayalaseema region with Chittoor district and Telangana region with Karimnagar district. That is reason for selecting these districts for analysis purpose. The ranking system is taken into consideration on the basis of members then number of groups and it shows that total members participation is a main indicator for group performance, then number of groups. In all, the East Godavari, Chittoor and Karimanagar districts are significant in the case of SHGs formation as well as loan disbursement from banks compared to other districts during the study period.

3.10 Self-Help Group-Bank Linkage Program in Selected Districts of Andhra Pradesh

An attempt has been made to look into district-wise number of SHGs, eligible number of SHGs for loan, in relation to the SHG-bank linkages in the selected districts of Andhra Pradesh. This will give an overview of the performance with respect to the SHG-bank linkages over the years. Further, Table 3.14 reveals that the number of SHGs and eligible bank loans disbursed is concentrated in the Coastal Andhra region with East Godavari district ranking first, followed by Rayalaseema region with Chittoor district and Telangana region with Karimnagar district.

3.10.1 Karimnagar District

SHG's approach to empower women in rural areas of Karimnagar district started when the scheme was initiated in Andhra Pradesh. To encourage women to take up income-generating activities in order to supplement their family income and thereby improve the standard of living of the rural folk in the district, bank linkages were established and interest subsidy was also provided to the SHGs run by women. The district is spread over an area of 11,823 sq. km. It accounts for 4.29% of the total area of the state. The district is divided into five revenue divisions with 57 mandals for administrative convenience. Further, Table 3.14 reveals that the number of SHGs and eligible bank loans disbursed is highest in the Karimnagar district of Telangana region. Karimnagar district has 2,051 village organization committees, 48,076 SHGs and 561,010 SHG members. It is one of the districts which have been making rapid

Table 3.15: Distribution of SHG-Bank Linkage Program in Karimnagar District

Name of the Mandal	Total No. of SHGs	Eligible No. of SHGs	Eligible Loan Amount (Rs. lakh)	Linkage-wise Details					
				1st Linkage		2nd Linkage		3rd Linkage	
				No. of SHGs	Loan Amount (in Rs. lakh)	No. of SHGs	Loan Amount (in Rs. lakh)	No. of SHGs	Loan Amount (in Rs. lakh)
Bejjanki	839	677	2,265.00	176	264.00	168	336.00	333	1,665.00
Bheemadevarpalle	830	683	2,155.50	221	331.50	162	324.00	300	1,500.00
Boinpalle	601	505	1,673.50	131	196.50	131	262.00	243	1,215.00
Chandurthi	584	515	1,750.50	137	205.50	115	230.00	263	1,315.00
Chigurumamidi	664	584	1,665.00	230	345.00	150	300.00	204	1,020.00
Choppadandi	985	770	2,642.00	146	219.00	239	488.00	385	1,935.00
Dharmapuri	998	885	2,427.50	323	484.50	289	578.00	273	1,365.00
Dharmaram	922	685	2,114.00	180	270.00	227	454.00	278	1,390.00
Eligaid	443	394	1,077.50	123	184.50	154	308.00	117	585.00
Elkathurthi	634	573	1,735.50	249	373.50	86	172.00	238	1,190.00
Ellanthakunta	739	651	1,995.50	227	340.50	159	320.00	265	1,335.00
Gambhiraopet	810	658	2,275.50	193	289.50	113	226.00	352	1,760.00
Gangadhara	807	693	2,205.50	187	280.50	237	500.00	269	1,425.00
Gollapalle	768	715	2,219.50	199	298.50	221	446.00	295	1,475.00
Husnabad	1200	1095	3,172.00	420	630.00	280	562.00	396	1,980.00
Huzurabad	890	855	2,646.50	309	463.50	183	368.00	363	1,815.00
Ibrahimpatnam	623	471	1,343.50	157	235.50	154	308.00	160	800.00
Jagtial	927	782	2,129.00	370	555.00	162	324.00	250	1,250.00
Jammikunta	1102	992	2,692.00	376	564.00	318	638.00	298	1,490.00
Julapalle	551	500	1,487.00	124	186.00	193	386.00	183	915.00
Kamalapur	954	878	2,565.50	361	541.50	187	374.00	330	1,650.00
Kamanpur	1141	1010	2,413.50	497	745.50	299	598.00	214	1,070.00
Karimnagar	1476	1301	3,488.00	532	798.00	385	770.00	384	1,920.00
Kataram	713	687	1,464.50	329	493.50	273	546.00	85	425.00
Kathlapur	596	471	1,445.00	170	255.00	105	210.00	196	980.00
Kesavapatnam	811	658	1,888.00	186	279.00	252	504.00	221	1,105.00
Kodimial	650	566	1,569.50	247	370.50	132	264.00	187	935.00
Koheda	765	643	1,810.50	281	421.50	142	284.00	220	1,105.00
Konaraopeta	649	505	1,654.00	126	189.00	150	300.00	230	1,165.00
Koratla	555	443	1,313.00	184	276.00	86	172.00	173	865.00
Mahadevpur	656	576	1,560.00	192	288.00	216	432.00	168	840.00

Malharrao	563	552	1,225.00	326	489.00	132	266.00	94	470.00
Mallapur	717	590	1,745.00	244	366.00	117	234.00	229	1,145.00
Mallial	654	579	2,012.50	121	181.50	153	306.00	305	1,525.00
Manakondur	1167	981	2,695.50	387	580.50	285	570.00	309	1,545.00
Manthani	1056	1009	2,495.50	538	808.50	249	512.00	230	1,175.00
Medipalle	641	526	1,666.00	182	273.00	109	218.00	235	1,175.00
Metpalle	528	366	1,189.00	94	141.00	104	208.00	168	840.00
Mustabad	838	673	2,238.50	207	310.50	134	268.00	332	1,660.00
Mutharam Mahadevpur	493	485	951.00	308	462.00	132	264.00	45	225.00
Mutharam Manthani	619	533	1,362.50	265	397.50	125	250.00	143	715.00
Odela	747	630	1,893.00	204	306.00	181	362.00	245	1,225.00
Peddapalle	1635	1419	4,159.50	510	766.50	392	788.00	518	2,605.00
Pegadapalle	781	680	2,343.50	199	298.50	179	390.00	302	1,655.00
Raikal	759	601	1,830.50	219	328.50	136	272.00	246	1,230.00
Ramadugu	870	685	2,098.50	193	289.50	217	434.00	275	1,375.00
Ramagundam	833	796	1,797.00	456	684.00	207	418.00	133	695.00
Saidapur	522	494	1,400.00	202	303.00	121	242.00	171	855.00
Sarangapur	636	530	1,480.50	173	259.50	188	376.00	169	845.00
Sirsilla	875	725	2,577.50	157	235.50	166	332.00	402	2,010.00
Srirampur	732	595	1,773.00	202	303.00	165	330.00	228	1,140.00
Sultanabad	1160	1012	2,644.00	464	696.00	264	528.00	284	1,420.00
Thimmapur	785	691	2,191.00	240	360.00	145	296.00	306	1,535.00
Veenavanka	770	696	1,841.00	248	372.00	257	514.00	191	955.00
Velgatoor	846	587	1,913.00	154	231.00	161	322.00	272	1,360.00
Vemulawada	989	686	1,978.00	270	405.00	169	338.00	247	1,235.00
Yella Reddi Peta	1086	966	3,180.50	251	376.50	257	514.00	458	2,290.00
Total	**46,185**	**39,508**	**115,524.50**	**14,397**	**21,598.50**	**10,713**	**21,536**	**14,410**	**72,390**

Source: SERP - Rural Development Department

strides in the SHG movement. The details regarding the mandal-wise number of SHGs in Karimnagar district are presented in Table 3.15. It is observed that the highest number of SHGs is in Peddapalle mandal (1635), followed by Karminagar (1476) and Husnabad (1200) mandals of Karimnagar district, during 2007-08. On the other hand, the lowest number of SHGs is registered in Eligaid mandal (443), followed by Mahadevpur (493) and Saidapur (522) mandals during the same period.

The eligible bank loan amount registered in mandals like Peddapalle was Rs.4,159.50 lakh, Karimnagar Rs.3,488 lakh, and Husnabad Rs.3,172 lakh in 2007-08, were among the highest, while those registered in mandals such as Mutharam Mahadevpur (Rs.951 lakh) and Eligaid (Rs.1,077.50 lakh) occupied the bottom most places during the same period. The Peddapalle mandal shows noteworthy overall performance in terms of SHG formation as well as money disbursement from banks compared to the other mandals during the study period.

3.10.2 Chittoor District

SHGs in Chittoor district have been provided financial assistance to take up the income-generating activities in the rural areas. Further, Table 3.14 reveals that the number of SHGs and eligible bank loan disbursed is highest in the Chittoor district of the Rayalaseema region. Table 3.16 presents the mandal-wise details of number of SHGs and the financial assistance provided to them during 2008-09. This district is situated between 12^0 37' to 140^0 8' of north latitude, and 78^0 33' to 79^0 55' of eastern longitude, and covers 15,152 sq. km and is divided into three revenue divisions, viz., Chittoor, Tirupati and Madanapalle, comprising of 66 mandals. Chittoor district with 10,334 village organization committees, 54,207 SHGs and 570,409 SHG members is one of the districts which have been making rapid strides in the SHG movement. Among the mandals of Chittoor, the highest number of SHGs was recorded in Madanapalle mandal, followed by Bangarupalem (1,237) and Kuppam (1,148), whereas the lowest number of SHGs was found in Palasamudram (400), followed by Palamaner (466) and Yerravaripalem (502) during 2008-09. In the case of eligible bank loan amount, Bangarupalem which accounted for Rs.3,617 lakh secured the first position, followed by Madanapalle (Rs.3,398.50 lakh) and Kuppam (Rs.3,232 lakh), while the mandal of Tirupati urban (Rs.1,088.50 lakh) occupied the bottom most place during the same period. In all, the Madanapalle performance was significant in terms of SHG formation, as well as money disbursement from banks as compared to the other mandals during the study period.

Table 3.16: Distribution of SHG-Bank Linkage Program in Chittoor District

Name of the Mandal	Total No. of SHGs	Eligible No of SHGs	Eligible Loan Amount (in Rs.lakh)	Linkage-wise Details					
				1st Linkage		2nd Linkage		3rd Linkage	
				No. of SHGs	Loan Amount (in Rs.lakh)	No. of SHGs	Loan Amount (in Rs.lakh)	No. of SHGs	Loan Amount (in Rs.lakh)
B Kothakota	937	819	2,431.50	327	490.50	173	346.00	319	1,595.00
Baireddi Palle	941	906	2,293.50	541	814.50	116	234.00	249	1,245.00
Bangarupalem	1237	1105	3,617.00	338	507.00	253	510.00	515	2,600.00
Buchinaidu Khandriga	652	601	1,734.00	244	366.00	139	278.00	218	1,090.00
Chandragiri	941	786	2,919.50	167	250.50	142	284.00	477	2,385.00
Chinnagottigallu	517	383	1,330.50	95	142.50	84	168.00	204	1,020.00
Chittoor	922	794	2,258.50	342	514.50	180	364.00	274	1,380.00
Chowdepalle	1028	946	2,732.00	418	627.00	179	360.00	349	1,745.00
Gangadhara Nellore	1110	1035	3,103.50	463	694.50	157	314.00	415	2,095.00
Gangavaram	894	797	2,199.50	357	535.50	182	364.00	260	1,300.00
Gudi Palle	633	537	1,798.00	208	312.00	53	106.00	276	1,380.00
Gudipala	740	675	2,135.00	236	354.00	142	286.00	298	1,495.00
Gurramkonda	765	646	2,186.50	241	361.50	80	160.00	326	1,665.00
Irala	759	663	2,729.00	98	147.00	81	162.00	484	2,420.00
K V P Puram	572	564	1,547.00	290	435.00	86	172.00	188	940.00
Kalakada	601	529	1,294.00	266	399.00	140	280.00	123	615.00
Kalikiri	842	717	2,532.50	187	280.50	136	272.00	395	1,980.00
Kambhamvaripalle	926	771	2,175.00	336	504.00	168	336.00	267	1,335.00
Karvetinagar	811	689	1,822.00	347	522.00	138	280.00	204	1,020.00
Kuppam	1148	1055	3,232.00	364	546.00	257	516.00	434	2,170.00
Kurabalakota	605	534	1,781.50	179	268.50	89	178.00	267	1,335.00
Mandanpalle	1342	1222	3,398.50	579	868.50	229	460.00	414	2,070.00
Mulakalacheruvu	831	737	1,919.50	405	607.50	116	232.00	216	1,080.00
Nagalapuram	583	489	1,586.00	168	252.00	92	184.00	229	1,150.00
Nagari	1022	800	2,396.50	307	460.50	178	356.00	315	1,580.00
Narayanavanam	640	583	1,593.50	297	445.50	94	188.00	192	960.00
Nimmanapalle	566	514	1,362.00	251	378.00	112	224.00	152	760.00
Nindra	554	475	1,286.50	243	364.50	81	162.00	151	760.00
Pakala	887	814	2,653.50	303	454.50	121	244.00	390	1,955.00
Palamaner	466	437	1,540.00	120	180.00	75	150.00	242	1,210.00
Palasamudram	400	364	1,162.00	140	210.00	61	122.00	165	830.00
Pedda Panjani	959	860	2,684.00	358	537.00	126	252.00	378	1,895.00

Peddamandyam	704	603	1,877.50	247	370.50	91	182.00	265	1,325.00
Peddathippasamudram	970	867	2,372.50	391	586.50	198	396.00	278	1,390.00
Penumuru	810	705	2,376.50	227	340.50	118	236.00	360	1,800.00
Pichatur	576	500	1,497.00	190	285.00	115	232.00	195	980.00
Pileru	725	577	2,012.50	155	232.50	110	220.00	312	1,560.00
Pulicherla	809	669	2,280.50	237	355.50	84	170.00	348	1,755.00
Punganur	769	692	1,672.50	431	646.50	93	186.00	168	840.00
Puthalapattu	1033	890	2,848.50	333	499.50	146	294.00	411	2,055.00
Puttur	1060	955	2,711.50	429	643.50	189	378.00	338	1,690.00
Rama Kuppam	807	708	2,000.00	338	507.00	119	238.00	251	1,255.00
Ramachandrapuram	651	541	1,824.00	172	258.00	93	186.00	276	1,380.00
Ramasamudram	743	646	1,785.50	309	463.50	121	242.00	216	1,080.00
Renigunta	1041	873	2,812.00	232	348.00	247	494.00	394	1,970.00
Rompicherla	460	400	1,119.50	201	301.50	59	118.00	140	700.00
Santhi Puram	935	846	2,704.50	273	409.50	190	380.00	383	1,915.00
Satyavedu	885	792	2,846.00	174	261.00	170	340.00	448	2,245.00
Sodam	642	568	1,488.00	328	492.00	74	156.00	166	840.00
Somala	794	620	1,854.00	266	399.00	105	210.00	249	1,245.00
Srikalahasti	1046	900	2,728.50	369	553.50	160	320.00	371	1,855.00
Srirangarajapuram	835	750	2,437.50	301	451.50	92	186.00	358	1,800.00
Thamballapalle	768	756	1,918.50	417	625.50	134	268.00	205	1,025.00
Thavanampalle	968	828	2,801.00	261	393.00	144	288.00	423	2,120.00
Thottambedu	756	679	2,274.00	178	267.00	166	332.00	335	1,675.00
Tirupati Rural	793	675	2,026.00	244	366.00	165	330.00	266	1,330.00
Tirupati Urban	536	429	1,088.50	199	298.50	120	240.00	110	550.00
Vadamalapeta	644	577	1,664.50	249	373.50	118	236.00	211	1,055.00
Varadaiahpalem	843	736	2,452.50	247	370.50	125	252.00	365	1,830.00
Vayalpad	768	661	2,113.50	243	364.50	116	234.00	303	1,515.00
Veduru Kuppam	781	670	1,931.00	282	423.00	144	288.00	244	1,220.00
Venkatagiri Kota	1143	1047	3,134.00	470	705.00	152	304.00	425	2,125.00
Vijaya Puram	539	487	1,624.50	183	274.50	60	120.00	244	1,230.00
Yadamari	874	739	2,679.50	183	274.50	149	310.00	410	2,095.00
Yerpedu	999	901	3,079.00	292	438.00	137	276.00	473	2,365.00
Yerravaripalem	502	477	1,166.00	270	405.00	92	186.00	115	575.00
Total	**53,040**	**46,611**	**142,635**	**18,536**	**27,813**	**8,656**	**17,372**	**19,442**	**97,450**

Source: SERP-Rural Development Department.

3.10.3 East Godavari District

This district occupies an area of 10,807 sq. km with 5 revenue divisions, 60 revenue mandals and 1,011 Gram Panchayats. East Godavari District, with 2,462 village organizations, 73,422 SHGs and 732,451 SHG members has been quite successful in the SHG movement. Further, Table 3.14 reveals that the highest number of SHGs and eligible bank loans disbursed is found in the East Godavari district of Coastal Andhra region. Table 3.17 presents the mandal-wise details of the number of SHGs and the financial assistance provided to them during 2008-09. East Godavari district has the highest number of SHGs in Andhra Pradesh. Among the mandals of East Godavari district the highest number of SHGs was recorded in Rajahmundry rural (2,509) mandal, followed by Kakinada rural (2,505) and Rajanagaram (1,874), while the lowest number of SHGs was found in Kotananduru (908), followed by Rowthulapudi (938) and IPolavaram (967) during 2008-09. Regarding eligible bank loan amount, Kakinada Rural accounted for Rs.6,576 lakh and occupies the first position followed by Rajahmundry (Rs. 6,533 lakh) and Razole (Rs. 5,126.50 lakh) mandals, while mandals like Kotananduru (Rs. 2,228.50 lakh), followed by Rowthulapudi (Rs. 2,638.50 lakh) and IPolavaram (Rs. 2,885.50 lakh) occupies the bottom most places during the same period. Overall, Rajahmundry's performance has been noteworthy with regard to SHG formation as well as money disbursement from banks as compared to the other mandals during the study period.

Table 3.17: Distribution of SHG-Bank Linkage Program in East Godavari District

Name of the Manda	Total No. of SHGs	Eligible No. of SHGs	Eligible Loan Amount (in Rs.lakh)	Linkage-wise Details					
				1st Linkage		2nd Linkage		3rd Linkage	
				No of SHGs	Loan Amount (in Rs. lakh)	No of SHGs	Loan Amount (in Rs. lakh)	No of SHGs	Loan Amount (in Rs. lakh)
Ainavilli	1151	1081	3,126.00	444	666	245	490	394	1,970.00
Alamuru	1319	1090	3,696.50	359	541.5	170	340	563	2,815.00
Allavaram	1241	991	3,302.50	239	358.5	272	544	480	2,400.00
Amalapuram	1596	1233	4,042.50	357	535.5	291	582	585	2,925.00
Ambajipeta	1422	1094	4,076.50	228	343.5	206	418	660	3,315.00
Anaparthi	1260	1003	3,520.50	263	397.5	194	388	547	2,735.00
Atreyapuram	1133	888	3,893.00	110	165	54	108	724	3,620.00
Biccavolu	1383	1124	3,888.00	287	435	244	488	593	2,965.00
Gollaprolu	1461	1299	4,507.00	322	483	287	574	690	3,450.00
I Polavaram	967	926	2,885.50	355	532.5	169	338	402	2,015.00

K.Gangavaram	1466	1106	3,991.50	242	364.5	254	512	621	3,115.00
Kadiam	1648	1456	4,809.00	424	636	329	658	703	3,515.00
Kajuluru	1353	1181	3,728.00	310	465	364	728	507	2,535.00
Kakinada (Rural)	2505	2235	6,576.00	872	1,308.00	518	1,038.00	846	4,230.00
Kapileswarapuram	1448	1237	4,718.50	225	337.5	233	466	779	3,915.00
Karapa	1438	1189	3,890.00	295	444	343	686	551	2,760.00
Katrenikona	1268	1156	4,535.50	201	301.5	182	364	774	3,870.00
Korukonda	1326	1019	3,432.00	174	261	352	706	493	2,465.00
Kotananduru	908	738	2,228.50	271	406.5	171	342	296	1,480.00
Kothapeta	1443	1353	4,568.50	372	559.5	302	604	680	3,405.00
Malikipuram	1404	1179	4,391.00	260	390	198	396	721	3,605.00
Mamidikuduru	1236	922	2,925.00	358	537	153	308	414	2,080.00
Mandapeta	1613	1249	3,961.50	513	769.5	171	342	568	2,850.00
Mummidivaram	1278	1085	4,039.00	264	396	168	338	656	3,305.00
P Gannavaram	1292	1171	4,657.50	211	316.5	153	306	807	4,035.00
Pedapudi	1361	1133	4,095.50	289	433.5	186	372	658	3,290.00
Peddapuram	1534	1368	4,553.50	409	613.5	285	570	674	3,370.00
Pithapuram	1541	1278	4,568.00	294	441	266	532	718	3,595.00
Rajahmundry (Rural)	2509	2315	6,533.00	908	1,362.00	628	1,256.00	780	3,915.00
Rajanagaram	1874	1567	5,076.00	466	699	376	752	725	3,625.00
Ramachandrapuram	1501	1302	4,602.00	310	465	276	552	716	3,585.00
Rangampeta	1237	1063	4,203.00	178	267	178	356	709	3,580.00
Ravulapalem	1533	1385	5,111.00	386	579	156	312	843	4,220.00
Rayavaram	1297	1041	3,727.00	268	402	180	360	593	2,965.00
Razole	1332	1293	5,126.50	243	364.5	166	332	885	4,430.00
Rowthulapudi	938	837	2,638.50	297	445.5	169	338	371	1,855.00
Sakhinetipalle	1415	1200	4,282.00	328	495	196	392	676	3,395.00
Samalkota	1489	1229	3,465.50	575	862.5	224	448	430	2,155.00
Sankhavaram	1134	1000	3,491.00	231	348	234	468	535	2,675.00
Seethanagaram	1577	1354	5,074.00	236	354	298	600	820	4,120.00
Tuni	1566	1357	4,242.00	466	699	308	618	583	2,925.00
U.Kothapalli	1635	1358	3,848.00	452	678	454	910	452	2,260.00
Uppalaguptam	1140	1063	3,515.00	318	477	229	458	516	2,580.00
Total	**61,172**	**52,148**	**177,541**	**14,610**	**21,936**	**10,832**	**21,690**	**26,738**	**133,915**

Source: SERP-Rural Development Department

3.11 Summary

India's anti-poverty strategy contains a wide range of poverty alleviation and employment generating programs, many of which have been in operation for several years and have been reinforced to generate more employment, create productive assets, and raise the income level of the poor. Microfinance in India has grown at a tremendous pace in recent years, achieving significant outreach amongst rural households across the country. Linkages between banks and SHGs supported by

NABARD, on the one hand, and MFIs, on the other, have emerged as the two most prominent means of delivering microfinance services in India. With traditionally loss-making rural banks shifting their portfolio away from the rural poor in the post-reform period, SHG-based microfinance, nurtured and aided by NGOs, has become an important alternative to traditional lending in terms of reaching the poor without incurring heavy expenditure on operating and monitoring costs. In spite of the impressive trends, there still exists a huge demand-supply gap. The major concentration is in the southern states, but provision of microfinance services has started picking up pace in other states also. However, the regional spread is highly skewed. In brief, the microfinance sector in India is at an inflexion point with new generation MFIs and commercial banks driving the scale rapidly. Innovation in product design, channel configuration, and technology usage is widespread, and the sector is focusing largely on expanding its outreach. It is believed that microcredit has effectively graduated from an experiment to a widely-accepted paradigm of financial inclusion in India. Government involvement in SHG-based microfinance is a welcome development, but it is not free from shortcomings. Government aids almost always bring in its wake political favoritism and corruption. It is important to ensure that the government's microfinance initiatives do not go the way of their several well-intentioned predecessors. The RRBs, cooperatives and SHGs linked with NGOs have a role to play. Thus, to achieve the desired goals, the financial system should be truly inclusive. Diverse channels are needed to get the financial services into the hands of a wide range of people who are currently excluded. It should meet the needs of everyone who can fruitfully use the financial services, including the poor. Indeed, financial services for the poor cannot solve all the problems caused by poverty. But it can help to put resources and power into the hands of poor and low-income people, letting them make their everyday decisions and chart their own path out of poverty. There should be emphasis on three strategies for inclusive financial services, viz., scaling up the quality of financial services to serve large number of people, reaching increasingly poorer and more remote people, and lowering the cost to both clients and financial service providers.

The progress of SHGs has been very satisfactory in India. About 2,924,973

SHGs (cumulative) spread all over India, have been linked with banks by end of March 2007. A model-wise analysis shows that up to March 2007, Model II SHGs continued to have a major share of about 73.53% of the total number of SHGs financed. Further, the spread of SHGs shows that the southern region occupied the first place in spread of the program. Among the state of the southern region, Andhra Pradesh occupied the leading position. Agency-wise analysis shows that at the national level commercial banks are the major partners, followed by RRBs, while the cooperatives role is rather minimum in the program.

On the whole, the performance of SHGs has been satisfactory. A major feature of the performance of the SHG is convergence of the poorer sections (Rajasekhar, 1994). This has been possible mainly due to the emphasis of the NGOs in promoting SHGs to work mainly for the development of the tribal, landless laborers and, especially the women from these communities. Secondly, most of the SHGs have been able to successfully promote regular saving habit even among the poor households (Fernadez, 1994). These savings appear to be working towards making the SHGs self-reliant besides increasing the members' stake in their functioning. Thirdly, with funds mobilized through savings and borrowing from banks, the SHGs are able to meet diverse loan demands of the members for both production and household purposes. In contrast to the formal agencies, the diversity in loan purpose appears to be their strong feature. Their autonomy as well as easy access to information about members' activities, seems to have enabled the SHGs to meet such diverse loan demand of the members. Fourthly, despite not following collateral-based lending, like formal agencies, the SHGs have been able to register high loan disbursements (Rajasekhar, 1994). A combination of factors like peer monitoring, easy and flexible loaning procedures, higher interest rates, effective screening and flexible repayment schedules, seems to have positively influenced the loan recovery performance of the SHGs. Finally, studies on SHGs also reveal that the SHGs promoted by the NGOs appear to be, from inception, dependent upon the NGOs, for their management and other requirements. The above review, therefore, reveals that though the progress of the SHGs has been limited in terms of its spread, they certainly seem to hold a good potential in the field of credit for the poor.

Precisely, based on such an assessment, the NABARD has an ambitious plan of expanding the SHGs all over the country and promote them as instruments, which can supplement the institutional agencies in effectively reaching the poor. However, there are certain questions that need to be answered before one can confidently say that SHGs have effectively performed the role visualized for them.

CHAPTER 4

PROFILE OF THE STUDY AREA

4.1 Introduction

The Self-Help Group Bank Linkage Program (SHG-BLP) is so far the most dominant model of microfinance in India, in terms of both number of borrowers and loans outstanding. Among the Indian states, highest number of SHGs and cumulative bank loans disbursed is recorded in Andhra Pradesh. In terms of number of SHGs, quantum of bank loans disbursed and overall performance, the top position is occupied by Karimnagar district (Telangana region), Chittoor district (Rayalaseema region) and East Godavari district (Coastal Andhra region) in Andhra Pradesh. It is for this reason that these three districts have been selected for detailed analysis in this study. The current chapter presents the socioeconomic features of the selected villages. The details in the profile portray a clear picture about population, literacy, land utilization and credit facilities of these villages.

4.2 State Profile

Andhra Pradesh is situated in the tropical region between 12^{o} 14' and 19^{o} 54' north latitude and 76^{o} 46' and 84^{o} 50' east longitude. It is bound on the north by Maharashtra and Chhattisgarh, on the south by Tamil Nadu, on the east by Odisha and Bay of Bengal, and on the west by Karnataka. It is the fourth largest state in the Indian Union, in terms of area of 2.75 lakh sq. km, accounting for 8.4% of the total geographical area of the country and is the fifth largest in terms of population as per the 2001Census (7.5 crore). The state has a long coastal line extending over 974 km from Ichapuram Sands in Srikakulam district to Pulicat Lake in Nellore district. The state has 23 districts comprising 1,105 revenue mandals and 29,994 villages. The state has tropical to sub-tropical climate with moderate diffusion to sub-tropical weather. Humid to semi-humid conditions prevail in the coastal areas, while arid to semi-arid situations exist in the interior parts of the state, particularly in Rayalaseema and some districts of Telangana region. The area being a part of Deccan Plateau is characterized by hot summers, with relatively pleasant winters. The three main

geographic provinces are the coastal plains, blessed with pleasant weather and rich alluvial plains, the Eastern Ghats, consisting of exotic forests and rivers running through the rocky hills, while the coal beds, gneisses, granites and basaltic lava constitute the peninsular plateau. The normal rainfall of the state is 925mm and Godavari, Krishna and Penna are the major rivers. The state's dependable flows are estimated at 2,746 Thousand Million Cubic (TMC) feet with a variety of soils ranging from highly fertile and productive delta alluvial to black and red soils.

4.3 District Profile

4.3.1 Karimnagar District

The Karimnagar district forms a part of the Telangana (northern) region, which is also mentioned in Hewitts's references in his work titled, "Ruling Races of Pre-Historic Times", giving an indication that this part of South India was by no means unimportant in the ancient world. Earlier, Karimnagar was known as Elagandala representing native Telangana people. Later on the Nizams renamed it as Karimnagar which derives its name from Syed Karimullah Shah Saheb Quiladar. Karimnagar district is one of the few districts in the state that is endowed with vast natural resources facilitating both agriculture and industries. This district has made a rapid stride in agriculture production since the advent of Sri Ram Sagar Project (SRSP), which covers 35 mandals in the district. The district is situated between 17^{o} 50' 0' and 19^{o} 05' 00' northern latitude and 78^{o} 29' 0' and 80^{o} 22' 00' eastern latitude. The mighty Godavari River forms the northern and eastern boundaries of the district, separating it from the Adilabad district. The district is bordered in south by Warangal and Medak districts, in the north by Adilabad district, in the west by Nizamabad district and in the east by Maharashtra. The district is spread over in an area of 11,823 sq. km. It accounts for 4.29% of the total area of the state. The district is divided into 5 revenue divisions with 57 mandals for administrative convenience (see Table 4.1). The climatic conditions of the district are moderate to extreme and Ramagundam area is known to be one of the hottest places in the state. The months like March, April and May experiences severe summer and normally monsoon sets in the month of

June. Based on the temperature and rainfall pattern, the district is classified as sub-tropical, semi-arid area. The normal rainfall of the district is 959.5 mm.

Topographically, the district can be broadly classified as an undulated terrain punctuated with north-west and south-east running hill ranges. Isolated smooth rounded hillocks called Inselburges are spread over throughout. The district forest cover is mostly confined to the hilly ranges in the east, west and northern regions of the district. Soils of the district are predominantly sandy loam and red chelkas. The soil in the district is in general shallow with low fertility except in parts of Peddapalli, Manthani, Jagtial and Metpalli areas and soils around the banks of Godavari and its tributary Manair. The soil exhibits significant responsiveness to better management practices and balanced use of manures and fertilizers. Karimnagar district has been identified as an intensive agricultural economic zone.

4.3.1.1 Transport

As per the *Statistical Abstract of Andhra Pradesh 2009*, out of the total length of roads in the district (i.e., 9,706 km), the part maintained by National Highways is 80 km, PWD (R&B) is 2,880 km, and Panchayat Raj is 6,746 km, as on March 31, 2009.

4.3.1.2 Education

There are 2,714 primary schools, 893 upper primary schools, 1,186 high schools and 204 junior colleges in the district. In addition, 105 SC and 15 ST hostels function in the district**.** There are 746 post offices in the entire district.

4.3.1.3 Bank Facilities

There are 213 commercial banks/regional rural banks in this district with an average population of 18.33 per bank as on March 31, 2009. Out of 213, 50 are RRBs, 60 are State Bank of India and its associates, 90 are nationalized banks, and the remaining 13 are scheduled commercial banks. The Credit Deposit Ratio (CDR) is 57.49 for all banks (Quarterly Statistical Deposit and Credit, March 2009). The occupation-wise classification of outstanding credits and deposits of the scheduled

commercial banks have been taken into consideration. It was seen that the outstanding total bank credit was Rs.248,087 lakh against the deposits of Rs. 409,340 lakh as on March 31, 2008.

4.3.1.4 Population

According to the 2001 Census, the total population of the district is 3,491,822, of which 1,747,968 are males and 1,743,854 are females. The urban population of the district is 678,812, which accounts for 19.44% of the total population, while rural population is 2,813,010, i.e., 80.55% of the total population. Among the population 18.62% and 2.60% are SCs and STs respectively. The literacy rate of the district is 54.9% and the sex ratio is 998 females per 1000 males as per the 2001 Census (see Table 4.2).

4.3.1.5 Occupational Distribution

The occupational distribution of different social groups at district level, as per 2001 Census is presented in Table 4.3**.** Out of the total population, main and marginal workers together constitute 49.01% and non-workers constitute 50.98%. Among the main workers, cultivators constitute 28.57%, followed by agricultural laborers 27.36%, household industry workers 13.12% and other workers 30.95%. In the case of SCs, total workers and non-workers account for 52.27% and 47.73% of the population respectively. In the case of STs, total workers and non-workers constitute 53.88% and 46.11% of the population respectively. It could be observed from the data that proportion of SC and ST workers is slightly higher than that of the general workers.

4.3.1.6 Land Utilization

According to the *District Handbook of Statistics 2007-08*, the land utilization pattern of Karimnagar district reveals that out of the total geographical area, 1,182,000 ha is under gross cropped area, 96,305 ha (8.15%) is barren and uncultivable, 89,731 ha (7.59%) is put to non-agricultural uses, 41,284 ha (3.49%) is under permanent pastures and other graze lands, 38,367 ha (3.25%) is under other

fallow land category, and 199,728 ha (16.89%) is under current fallow land category. According to the *District Handbook of Statistics 2006-07*, in Karminagar the total irrigated area in the district is 547,411 ha of the total cropped area. Out of the total cropped area in the district, food grains account for 511,080 ha. The major food grains include paddy (333,509 ha), maize (140,172 ha), jowar (384 ha), chilly (6,306 ha) and groundnut (13,070 ha). The main crops raised in the district are paddy, maize, green gram, chilly, turmeric, cotton and groundnut. Among them maize are most important accounting for 15.3% of the total cropped area of the district. The district accounts for nearly 40% of the total area under maize cultivation in the state. Among other crops, pulses and oilseeds account for 20.3% and 6.8% respectively of the total cropped area.

4.3.2 Chittoor District

Chittoor district is a part of the Rayalaseema region. It is bounded on the east by Nellore and Chengai-Anna districts of Tamil Nadu, on the west by Kolar district of Karnataka, on the north by Anantapur and Kadapa district, and on the south by North Arcot Ambedkar and Dharmapuri district of Tamil Nadu. This district is situated between 12° 37' and 14° 8' northern latitude, and 78° 33' and 79° 55' eastern longitude. It covers 15,152 sq. km and is divided into three revenue divisions, viz., Chittoor, Tirupati and Madanapalli, comprising 66 mandals. The climate of this district is dry and healthy. The upland mandal division is comparatively cooler than the eastern mandal division, except Chittoor where the climate is moderate. The annual normal rainfall in the district is 945 mm, received mainly from south-west and north-east monsoons. The major soil is red soil, with portions of alluvial red loamy, red sandy, and other soils such as black clay, black loamy, black sandy and red clay. The major source of irrigation is rainfall, followed by medium irrigation projects, minor irrigation tanks, irrigation wells, bore wells, etc.

4.3.2.1 Transport

Out of the total length of roads in the district (i.e., 12,246 km), the part maintained by National Highways is 528 km, PWD (R&B) is 4,214 km, and Panchayat Raj is 7,504 km, as on March 31, 2009.

4.3.2.2 Education

There are 4,546 primary schools, 841 upper primary schools, 898 high schools and 200 junior colleges in the district. In addition, there are 128 SC and 16 ST hostels at the district level. There are 893 post offices in the district altogether.

4.3.2.3 Banking Facilities

Information regarding the number of commercial banks and population per bank office in this district has been considered. There are 287 banks in this district with an average population of 14.58 per bank as on March 31, 2009. Out of these, 76 are RRBs, 54 are State Bank of India and its associates, 128 are nationalized banks, and the remaining 29 are scheduled commercial banks. The CDR is 63.45 for all banks. The occupation-wise classification of outstanding credits and deposits of the scheduled commercial banks have also been taken into consideration. It was observed that the outstanding total bank credit was Rs. 367,306 lakh against the deposits of Rs. 763,730 lakh as on March 31, 2008.

4.3.2.4 Population

According to the 2001 Census, the total population of the district is 3,745,875, of which 1,889,690 are males and 1,856,185 are females. The urban population of the district is 811,030, which accounts for 21.65% of the total population, while rural population is 2,934,845, i.e., 78.34% of the total population. Among the population 702,320 and 128,085 are SCs and STs constituting 18.75% and 3.42% of the total district population respectively. The literacy rate of the district is 66.9% and the sex ratio is 982 females per 1000 males as per the 2001 Census (see Table 4.2).

4.3.2.5 Occupational Distribution

The occupational distribution of different social groups at district level as per 2001 Census is presented in Table 4.3. Out of the total population, main and marginal workers together constitute 46.79% and non-workers constitute 53.21%. Among the main workers, cultivators constitute 33.37%, followed by agricultural laborers 30.59%, household industry workers 3.72% and other workers 32.32%. In the case of SCs, total workers and non-workers account for 50.71% and 49.28% of the population respectively. In the case of STs, total workers and non-workers constitute 53.52% and 46.47% of the population respectively. It could be observed from the data that proportion of SC and ST workers is slightly higher than that of the general population. However, the analysis reveals the fact that agriculture is the main occupation among all social groups in Chittoor district. In general, the rural economy in Chittoor district is improving due to animal husbandry, which has led to dairy development. Dairy farms provide more employment opportunities to the villagers and in turn lead to increase in their income level. There are five milk factories functioning in the Chittoor district. Besides this, milk supply units were also established in Chittoor, Srikalahasti, Puttur and Kalikiri.

4.3.2.6 Land Utilization

According to the *District Handbook of Statistics 2007-08*, the land utilization pattern of Chittoor district reveals that out of the total geographical area, 347,000 ha is under gross cropped area, 154,389 ha (10.19%) is barren and uncultivable, 146,324 ha (9.65%) is put to non-agricultural uses, 33,889 ha (2.24%) is under permanent pastures and other graze lands, 118,222 ha (7.80) is under other fallow land category, and 174,341 ha (11.50%) is under current fallow land category. The forest area in the district is nearly 29.83% of the total geographical area. Red sandal is the richest and most valuable among the forest products available in this district and its revenue per hectare is Rs. 1,696. The major food crops grown in the district are paddy, jowar, bajra and ragi. The major commercial crops are groundnut followed by sugarcane. There are 8 medium irrigation projects in the district. The important rivers in the district are Ponnai, which is a tributary of the rivers Polar and Swarnamukhi. Other

important rivers flowing in different mandals of the district are the Kusasthali, Beema, Bahuda, Pincha, Kalyani, Araniyar and Pedderu which flows.

4.3.3 East Godavari District

East Godavari district is located in the north coastal part of the State of Andhra Pradesh. The district is known as the 'Rice Bowl' of Andhra Pradesh due to its lush paddy fields and coconut groves. It is also known as mini Kerala. It is bounded by Visakhapatnam district on the north. On the east and south, the Bay of Bengal surrounds it, while on west and northwest there is the West Godavari district and Khammam respectively. The district occupies an area of 10,807 sq. km with 5 revenue divisions, 60 revenue mandals and 1,011 Gram Panchayats. The district can be broadly classified into three natural divisions, viz., the delta, upland and agency track. The main soils in the district are alluvial (clay loamy) red soil, sandy clay soil at the tail end portions of the Godavari River, and red loamy soil in the upland and agency area of the district. Godavari is the important river flowing in the district. Besides, the other important rivers of East Godavari district are Pampa, Thandava and Yeleru. The normal rainfall in the district is 1,280 mm. Half of the rainfall is brought by the south-west monsoon, while a large portion of the rest of the district receives rainfall from the north-east monsoon, during the months of October and November. East Godavari district is situated in Krishna-Godavari agro-climatic zone. It is one of the agriculturally potential districts in Andhra Pradesh, contributing about 10% of the total food production of the state.

4.3.3.1 Transport

Out of the total length of roads in the district (i.e., 8,974 km), the part maintained by National Highways is 262 km, PWD (R&B) is 3,478 km, and Panchayat Raj is 5,234 km, as on March 31, 2009.

4.3.3.2 Education

There are 3,533 primary schools, 623 upper primary schools, 858 high schools and 258 junior colleges in the district. In addition, 122 SC and 19 ST hostels function at the district level. The total number of post offices in the district is 853.

4.3.3.3 Banking Facilities

Information regarding the number of commercial banks and population per bank office in this district has been considered. There are 396 banks in this district with an average population of 13.16 per bank as on March 31, 2009. Out of these, 16 are RRBs, 99 are State Bank of India and its associates, 238 are nationalized banks, and the remaining 43 are scheduled commercial banks. The CDR is 117.80 for all banks. The occupation-wise classification of outstanding credits and deposits of the scheduled commercial banks in this district have also been taken into consideration. It was observed that the outstanding total bank credit was Rs. 1,033,053 lakh against the deposits of Rs. 595,375 lakh as on March 31, 2008.

4.3.3.4 Population

According to the 2001 Census, the total population of the district is 4,901,420, of which 2,459,640 are males and 2,441,780 are females. The urban population of the district is 1,151,885, which accounts for 23.50% of the total population, while rural population is 3,749,535, i.e., 76.50% of the total population. Among the population, SCs and STs constitute 17.99% and 3.91% of the total district population respectively. The districts literacy rate is 65.5% which is above the national literacy rate. The sex ratio is 993 females per 1000 males as per the 2001 Census (see Table 4.2).

4.3.3.5 Occupational Distribution

The occupational distribution of different social groups at district level as per 2001 Census is presented in Table 4.3. Out of the total population, main and marginal workers together constitute 39.58% and non-workers constitute 60.4%. Among the main workers, cultivators constitute 12.92%, followed by agricultural laborers

46.23%, household industry workers 3.86% and other workers 36.99%. In the case of SCs, total workers and non-workers account for 46.35% and 53.64% of the population respectively. In the case of STs, total workers and non-workers constitute 52.22% and 47.77% of the population respectively. It could be observed from the data that proportion of SC and ST workers is slightly higher than that of the general population. However, the analysis reveals that agriculture is the main occupation among all social groups in East Godavari district.

4.3.3.6 Land Utilization

According to the *District Handbook of Statistics 2007-08,* the land utilization pattern of East Godavari district reveals that out of the total geographical area, 767,000 ha is under gross cropped area, 79,128 ha (7.32%) is barren and uncultivable, 138,867 ha (12.85%) is put to non-agricultural uses, 20,692 ha (1.91%) is under permanent pastures and other graze lands, 33,812 ha (3.13%) is under other fallow land category, and 16,406 ha (1.52%) is under current fallow land category. The total forest area in the district is (323,244 ha) 29.9% of the total geographical area of the district. The total irrigated area is about 68% of the total cropped area, i.e., about three-fourth of the total cropped area is under irrigation. The main sources of irrigation are canals, tube wells and tanks. Most of the farmers being educated use updated technology and also scientific methods of cultivation. Farmers are increasingly aware of the improved methods of cultivation, which in turn leads to production of sizeable market surplus every year. So, East Godavari district ranks first among the rice growing districts in the state, both in regard of area under paddy cultivation and production of paddy. Therefore, this district is rightfully called the 'Rice Bowl' of Andhra Pradesh. Apart from paddy, sugarcane, garden crops like plantations, mango, cashew nut, lime and coconut are the other main crops grown in the district.

Table 4.1: Geographical Characteristics of Andhra Pradesh

Geographical Features	Karminagar	Chittoor	East Godavari
Northern Latitude	17^o 50' and 19^o 05'	12^o 37' and 14^o 8'	16^o 30'' to 18^o 20''
Eastern Longitude	78^o 29' and 80^o 22'	78^o 33'and79^o 55'	81^o 30'' to 82^o 36''
Normal Rainfall	959.5 mm	945 mm	1280 mm
Type of Soil	Sandy loam and red chelkas interspersed with B C soils	Red, black, alluvial, sandy and clay loams	Alluvial (clay loamy) red soil, sandy loam and sandy clay
Major Water Bodies	Sri Ram Sagar, Manair, Shanigaram	Swarnamukhi, Bhahuda, Pincha and Araniyar	Godavari, pampa, Thandava and Yeleru
Major Crops	Paddy, Maize, Green Gram, Chilly, Cotton, Turmeric and Groundnut	Groundnut, Paddy, Maize, Sugarcane, Chilies and Cotton,	Paddy, Sugarcane and Garden Crops

Source: District Handbook of Statistics.

Table 4.2: Demographic Features of Selected Districts

Districts		Karminagar	Chittoor	East Godavari	Andhra Pradesh
Area (in '000 sq. km)		11.8	15.2	10.8	275
Density population		296	246	454	277
No. of Revenue Divisions		5	3	5	81
No. of Mandals		57	66	60	1128
No. of Gram Panchayats		1194	1399	1011	21895
No. of Villages		1092	1518	1379	28123
No. of Households		813797	848607	1202661	17004305
Population	Male	1747968 (50.05)	1889690 (50.44)	2459640 (50.18)	38527413 (50.55)
	Female	1743854 (49.95)	1856185 (49.55)	2441780 (49.82)	37682594 (49.44)
	Total	**3491822**	**3745875**	**4901420**	**76210007**
	Sex Ratio	**998**	**982**	**993**	**978**
SC population	Male	325829	353437	442325	6228011
	Female	324417	348883	439325	6111485
	Total	**650246 (18.62)**	**702320 (18.75)**	**881650 (17.99)**	**12339496**
ST population	Male	45807	65048	96327	2548295
	Female	44829	63037	191561	2475809
	Total	**90636 (2.60)**	**128085 (3.42)**	**95234 (3.91)**	**5024104**
Literacy	Male	1013328 (61)	1273940 (58.59)	1504676 (53.59)	23444788 (58.71)
	Female	647761 (39)	903050 (41.41)	1303052 (46.41)	16489535 (41.29)
	Total	**1661089 (54.9)**	**2176990 (66.9)**	**2807728 (65.5)**	**39934323**
Illiteracy	Male	734640 (40.12)	615750 (39.24)	954964 (45.61)	15082625 (41.57)
	Female	1096093 (59.87)	953135 (60.76)	1138728 (54.39)	21193059 (58.43)
	Total	**1830733**	**1568885**	**2093692**	**36275684**

Note: The figures in brackets represent percentage share in total.
Source: District Handbook of Statistics

Table 4.3: Distribution of Workforce of Selected Districts in Andhra Pradesh

Particulars			Name of the District			Andhra Pradesh
			Karminagar	Chittoor	East Godavari	
Total Workforce		Male	957008	1096539	1436729	21662192
		Female	754551	656440	503485	13231667
		Total	**1711559 (49.01)**	**1752979 (46.79)**	**1940214 (39.58)**	**34893859**
Main Workers		Male	868523	982252	1291132	19455492
		Female	590431	480438	323667	9585381
		Total	**1458954**	**1462690**	**1614799**	**29040873**
Main Workers	**A**. Cultivators	Male	261346	319404	184694	5040681
		Female	155484	168686	23879	2357007
		Total	**416830 (28.57)**	**488090 (33.37)**	**208573 (12.92)**	**7397688**
	B. Agricultural Laborers	Male	185829	243046	551939	5141014
		Female	213314	204379	194557	4682250
		Total	**399143 (27.36)**	**447425 (30.59)**	**746496 (46.23)**	**9823264**
	C. Household Industries	Male	47365	33475	39192	637209
		Female	144029	20942	23170	715496
		Total	**191394 (13.12)**	**54417 (3.72)**	**62362 (3.86)**	**1352705**
	D. Others	Male	373983	386327	515307	8636588
		Female	77604	86431	82061	1830628
		Total	**451587 (30.95)**	**472758 (32.32)**	**597368 (36.99)**	**10467216**
Marginal Workers		Male	88485	114287	145597	2206700
		Female	164120	176002	179818	3646286
		Total	**252605**	**290289**	**325415**	**5852986**
Marginal Workers	**A**. Cultivators	Male	5126	12829	6121	160883
		Female	10302	27506	4253	300963
		Total	**15428**	**40335**	**10374**	**461846**
	B. Agricultural Laborers	Male	54564	67365	99990	1312727
		Female	118047	114737	139494	2696161
		Total	**172611**	**182102**	**239484**	**4008888**
	C. Household Industries	Male	3995	3695	3453	73013
		Female	20950	11007	12297	216387
		Total	**24945**	**14702**	**15750**	**289400**
	D. Others	Male	24800	30398	36033	660077
		Female	14821	22752	23774	432775
		Total	**39621**	**53150**	**59807**	**1092852**
Non -Workers		Male	790960	793151	1022911	16865221
		Female	989303	1199745	1938295	24450927
		Persons	**1780263 (50.98)**	**1992896 (53.21)**	**2961206 (60.4)**	**41316148**

Note: The figures in brackets represent percentage share in total.

Source*:* District Handbook of Statistics

4.4 Profile of the Selected Villages

For the purpose of this study, the researcher selected six villages from the above-mentioned districts. The selected villages are: Raghavapur and Brahmanpalle (PS) from Karimnagar district of North Telangana region, Chinnathippasamudram (hereafter CTM) and Ankisettipalle from Chittoor district in the Rayalaseema region, and Torredu and Rajavolu from East Godavari district.

4.4.1 Raghavapur Village

Raghavapur village is in the Peddapalle mandal of Karimnagar district. The total geographical area of this village is 2,111 ha. The village is at a distance of 7 km from the mandal headquarter, Peddapalle. The nearest town, railway station and police station is Peddapalle. The Peddapalle railway station is situated on the broad gauge section of Kazipet-New Delhi route. The village is situated on the main Peddapalle to Manthini highway, a fact that has major consequences on the village economy. There is a bus stop in the village and buses arrive at a frequency of 40 min. Auto rickshaws and motor vans heading towards Peddapalle pass through the village and hence are the other available forms of transportation. This village is connected by puccas. There is also a post office and ration shop in the village. However, there is no banking facility, but agricultural and non-agricultural credit societies are available in this village. Commercial and cooperative banks are located in the mandal headquarter, Peddapalle. There is one medical store and two private health centers (PMPs) in the village, while Peddapalle has a primary health center, and several private hospitals and nursing homes. The village is fully electrified. Newspapers are available. The main sources of drinking water are public and private hand pumps and public taps. There is a Zilla Praja Parishad High School (ZPHS) up to 10^{th} standard (see Table 4.5). After completing their 10^{th} standard, the village students go to Peddapalle mandal for higher education. Anganvadi and adult education centers are available in the village.

4.4.1.1 Population

Raghavapur is a multi-caste village with the significant presence of Reddy, Kamma, Kapu, Komati, Chakali, Mangali, Muslim, Balija, Gouda, Yadavas, Budabukkala, Yerukala, Adivasi, Mala, and Madiga castes. Yadavas and Kammas are politically and economically dominant in the village. The total population of the village is 5,743 and the total number of households is 1,454. The average size of the family is 3.94. The proportion of the male and female population is more or less the same with 2,869 (49.49%) men and 2,874 (50.04%) women. Out of the total population, SC and ST population are 944 (16.43%) and 15 (0.26%) respectively. One of the most important characteristic features of any population is its literacy rate, which is one of the main indicators of both social and economical development in the area. In this village, the illiterates are more than literates. The total number of literates and illiterates are 2,601 (45.28%) and 3,142 (54.71%) respectively. Of the total 2,601 literates, 1,609 are males and 992 females (see Table 4.6). It is observed that female literates are fewer than their male counterparts. The village is composed of members belonging to different castes, which includes a majority of backward casts (BC) members, followed by **Scheduled Castes (**SCs), other casts (OCs), Minority and **Scheduled Tribes *(***STs). SC households stay in the colony about half a mile away from the village.

4.4.1.2 Occupational Distribution

The proportion of workers and non-workers in the total population is 2,844 (49.52%) and 2,899 (50.47%) (see Table 4.6). It is observed from the table that out of total non-workers, the proportion of female non-workers (1,611) is higher than that of the male non-workers (1,288). The total main workers in the village are 1,920 (67.51%). The main workers consist of cultivators [502 (26.14%)], agricultural laborers [613 (31.92%)], workers in household industry [36 (1.87%)], and other workers [769 **(**40.05%)] (see Tables 4.6 and 4.7). A majority of the main workers are other workers, followed by agricultural laborers, cultivators and workers in household industry. It is observed that female agricultural laborers are higher in number than their male counterparts.

4.4.1.3 Land Utilization

With a total geographical area of 2,111 ha, Raghavapur village is the largest in terms of geographical area among the six surveyed villages. Of the total geographical area, only 20.42% is irrigated, while 47.13% is unirrigated, and 5.75% is cultivable waste. On the other hand, 7.11% area is classified as 'not for cultivation'. About 70% of the area is irrigated, and cultivation is mainly dependent on canal irrigation, followed by bore well. Cultivation in this village is primarily dependent on Sriram Sagar Canal. The two most important crops are maize and paddy. Maize is sown separately and is also intercropped with pulses. Cotton, cowpea and ground nut are also cultivated in the village.

4.4.1.4 Function of SHG

Karimnagar is one of the forerunners in SHG movement. Raghavapur with 98 SHGs is one of the villages which have been making rapid strides in SHG movement. This village has the highest number of SHGs in the Peddapalle mandal. In this village, almost all families are involved in SHG activities. It is usually observed that while forming Self-Help Group Promoting Institution (SHPI) much importance is not given to caste. But in this village, SHPI gave much importance to caste. In all the selected villages, most of the groups have been formed based on caste.

The SHGs are fast emerging as instruments of socioeconomic change in rural areas. It has taken the shape of a silent revolution and is bringing about social transformation in rural areas. This movement is marching ahead at accelerated speed. It is therefore necessary to study the impact of SHG movement on various developmental activities, and the social changes brought about by this movement. The SHG movement in Raghavapur village is not merely confined to savings and internal lending. It provides financial assistance to take up income-generating activities in the rural areas. There are 98 SHGs functioning in the village with a total membership of 982 rural women, and an average of 10 members per group. Of the 982 members, 170 are SCs, 10 STs, 771 BCs, 11 OCs and 21 belong to the minority community. Separate lists were prepared of total SHGs, SHGs with two years of bank

linkage, and caste-wise SHGs. Out of the lists, those SHGs which existed for two years as on March 31, 2009 were considered eligible for this study. Out of 985 members, 495 members have completed two years. Among 495 members, 80 belong to SC community, followed by 5 STs, 395 BCs, 5 OCs and 10 from minority community.

4.4.2 Brahmanpalle Village

Brahmanpalle is the other village selected from the Peddapalle mandal of Karimnagar district. Brahmanpalle village is located in the Peddapalle mandal of Karimnagar district. The total geographical area is 614 ha. The village is situated at a distance of 7 km from the mandal headquarters of Peddapalle (which is also the nearest police station). There is no bus facility in the village, because it is very near to the Peddapalle town. The villagers have to travel by autos. But the autos are also rarely available because of the limited trips (depending upon the passengers) and are non-available at night. As there are no taxies or other vehicles, one has to walk for 3 km to the Ramagundam bus stop. The nearest railway station is 7 km away. There is a post office and a ration shop in the village. Agricultural and non-agricultural credit societies are available in the village, but there is no banking facility. Banks (both commercial and cooperative) are located at the mandal headquarter, Peddapalle. There are two medical stores and two private health centers (PMPs) in the village. The nearest primary health center is at Peddapalle. Peddapalle also has several private hospitals and nursing homes. This village is fully electrified. Newspapers are available in the village. The main drinking water sources are public and private hand pumps and public taps. There is one Upper Primary School (UPS), which provides education up to 7^{th} standard (see Table 4.5). After 7^{th} standard, the village students have to go to Peddapalle mandal for further studies. There are Anganwadi centers and adult literacy centers in the village.

4.4.2.1 Population

As per 2001 Census the total population of the village is 1,773 and the total number of households is 423. The average size of family in the village is 4.19. The

proportion of males and females is 907 (51.15%) and 866 (48.83%) respectively (Table 4.6). The village is composed of members of different castes, which include BCs, SCs, OCs, Minority and STs. The Dalits (SCs) stay in a colony about half a mile away from the village. Out of the total population, SC and ST population are 289 (16.30%) and 8 (0.45%) respectively. The total number of literates and illiterates are 756 (42.64%) and 1,017 (57.36%) respectively. Thus, it is observed that the illiterates are higher than literates in this village. It is also observed that female literates (273) are less than their male counterparts (483).

4.4.2.2 Occupational Distribution

The proportion of workers and non-workers in the total population is 927 (52.29%) and 846 (47.71%) respectively. It is observed that among the non-workers, the proportion of females (437) is more than that of males (409) (Table 4.7). Total main workers in the village are 451 (48.65%). The main workers comprise cultivators 340 (75.38%), agricultural laborers 28 (6.20%), workers in household industries 5 (1.10%) and other workers 78 (17.29%). Among the main workers, the majority are cultivators, followed by other workers, agricultural laborers and workers in household industries. It is observed that male agricultural laborers are more in number than females, and thus, play a dominant role in the agricultural sector of the village.

4.4.2.3 Land Utilization Pattern

Brahmanpalle's total geographical area is 614 ha, of which 48.27% is irrigated area, and 46.41% is un-irrigated area. Brahmanpalle has the lowest total irrigated area (296.40 ha) among the six surveyed villages (Table 4.8). The total rainfall during study period was recorded as 750 mm. Irrigation is the dominant input in agriculture. In this village about 192.38 ha of the irrigated area is dependent on tank, wells and canals and is highly dependent on rainfall and the Sriram Sagar project for cultivation. Brahmanpalle has two irrigation tanks. It is thus, evident that evident that tank irrigation facility is dominant in this village. Therefore, monsoons play a key role in deciding the agricultural performance in Brahmanapalle. The main crops cultivated in the village are paddy, maize and cotton (Table 4.4).

4.4.2.4 Function of SHG

Karimnagar district is one of the forerunners in the SHG movement. The SHGs in Brahmanpalle have been provided with financial assistance to take up income generating activities in the rural areas. There are 40 SHGs functioning in Brahmanpalle with a membership of 415 rural women and an average of 10 members per group. Out of these, 210 members have completed two years. Among 210 members, 35 belong to SC community, followed by 5 STs, 155 BCs, 10 OCs and 5 from the minority community.

4.4.3 Chinnathippasamudram (CTM) Village

Chinnathippasamudram (CTM) is a commercialized village and is located in Madanapalle mandal of Chittoor district in the Rayalaseema region. Its total geographical area is 1,998 ha (Table 4.6). This village is 13 km away from the headquarters at Madanapalle mandal. Madanapalle is the nearest town and it is the main commercial center in the district (Table 4.5). The village is situated on the Tirupathi to Madanapalle main highway, a fact that has major consequences on the village economy. It has APSRTC bus facility and there is a bus stop in the village. Buses commute at a frequency of 30 min. The village is connected by a pucca road and, autos and taxies coming from Madanapalle are frequently available. Auto rickshaws and motor vans heading towards the district headquarters pass through the village and hence are the other available forms of transportation. The village is well-connected in terms of road transport, but the nearest railway station is about 10 km away. The nearest railway station is situated on the broad-gauge section of Tirupati-Secunderabad. There is one post office, which serves the needs of people in the village and this village comes under the jurisdiction of Madanapalle police station. There are two medical stores and two private health centers available in the village. There is a government primary health center in the village. The nearest subdivisional hospital is at Madanapalle. Madanapalle has a primary health center and several private hospitals and nursing homes. Banking facilities are available in this village. Commercial banks (Indian Bank), agricultural and other credit societies are located in this village. This village is fully electrified, and newspapers are available in this

village. There is ZPHS, which provides education up to 10th standard. After 10th standard the village students go to Madanapalle mandal for higher education facilities. There are 3 private schools, 5 Anganvadi centers and adult education centers in the village.

4.4.3.1 Population

According to the 2001 Census, the total population of the village is 10,291, of which 5,175 are males and 5,116 are females (Table 4.6). CTM has the highest population among the six villages. The population density is 257 per sq. km. The proportion of literate and illiterates is 6,076 and 4,215 respectively. The male literates (3556) are higher in number than the female literates (2520) in the village. CTM is a multi-caste village, inhabited by people of Reddy, Kamma, Komati, Chakali, Mangali, Muslim, Balija, Budabukkala, Lambadi, Mala, and Madiga communities. The village has an almost equal number of people from the two major landholding castes, BCs and OCs (Reddy). OC and BC members dominate in the village economically and politically, because they possess more land. The study found that among the social groups, SCs, STs and minority community households have substantially less asset holding than BC and OC households. Members of Dalit (SC) and ST households comprise 13.54% and 3.60% of the population respectively. Majority of the SC members depend on daily wage labor work for their livelihood.

4.4.3.2 Occupational Distribution

The proportion of workers and non-workers in the population is 4,148 (40.30%) and 6,143 (59.69%) respectively. It is observed that among the non-workers, the proportion of females (3,862) is higher than that of the males (2,281). The number of main workers in the village is 3,771. The main workers comprise cultivators 1,022, agricultural laborers 1,527, workers in household industries 41 and other workers 1,181 (Table 4.7). Among the main workers, the majority are agricultural laborers, followed by other workers, cultivators and workers in household industries. It is observed that male agricultural laborers are more in number than females in the village.

4.4.3.3 Land Utilization Pattern

According to the 2001 Census, the total geographical area of the village is 1,998 ha, of which 16.12% is irrigated area and 41.82% is un-irrigated area (Table 4.8). CTM has the largest forest area (921.87 ha) among the six surveyed villages. The economy of the village is mostly agricultural, as the livelihoods of most people are derived from it. CTM was and remains a dry village, and is totally dependent on rainfall for irrigation (Table 4.4). The main source of irrigation in Chittoor district has always been groundwater. Official data of the village indicates that the major source of irrigation is water from bore wells fitted with electric pump sets, followed by tanks and tube wells. Cultivation in about 68% of the irrigated area is mainly dependent on bore wells and tanks. There are more than 350 bore wells in the village and nearly 416 acres are being cultivated through bore wells. A part from groundnut, paddy, vegetable, and garden crops like mango are the other main crops grown in the village.

4.4.3.4 Function of SHG

Chittoor district has also made rapid strides in SHG movement. DWCRA is a government SHG which performs under the District Rural Development Agency (DRDA). It started group formation in 1998, with just 10 groups. Generally, a group under DWCRA scheme consists of a minimum of 10 members. It brought awareness among rural women about saving a rupee per day for future income generation. Therefore, the thrift of every member of this group per month was initially Rs.30. Now it is Rs.100. It is to be noted that every new group has to save Rs.100 per month and this process must be continued up to six months. Consequently, the new group will get access to obtain loan from the bank only after successful completion of the saving period, that is, six months. Therefore, within a span of six months a new group, consisting of 10 members, needs to have saved about Rs.6,000 to be eligible to get a loan of Rs.50,000 in the first instance. Initially, the amount was Rs.25,000 up to 2005, then it was increased to Rs.50,000 from 2006 onwards. Similarly, a group generally gets access to a loan of maximum Rs.4 lakh with regular performance of repayment and savings simultaneously. The rate of interest on Rs.100 was one rupee during the initial period, but in the recent years it has significantly come down to just

25 paisa (i.e., one-fourth of a rupee). It is to be noted that irrespective of the loan amount, the duration of repayment was initially 24 months. Now it has been increased to 36 months.

Total number of groups in 1998 was 10; it increased to 170 by 2008. Therefore, 160 groups were formed over a period of 10 years. However, the formation of new groups seems to have increased gradually. CTM village with 1,874 SHG members is another village that has been making rapid strides in SHG movement. This village has the highest number of SHGs in the mandal. In this village, almost all families are involved in SHG activities. SHGs in CTM village have been provided financial assistance to take up income generating activities in the rural areas. There are 170 SHGs functioning in the village with a membership of 1,874 rural women with an average of 11 members per group. Out of 1,874 members, 930 have completed two years. Among 930 members, 120 are from SC community, followed by 45 STs, 345 BCs, 345 OCs and 75 from the minority community.

4.4.4 Ankisettipalle Village

Ankisettipalle village is located in the south-western part and is nearly 5 km away from Madanapaplle (Revenue Division) municipality. It falls in the Madanapalle mandal of Chittoor district. Its total geographical area is 329 ha. The nearest town is Madanapalle, which is 5 km away (Table 4.5). The approach road to the village is a kacha road and hence it is difficult to travel during the monsoons. There is no bus to the village, and auto rickshaws and motor-vans heading towards Kothapet village, rarely pass through the village depending on passenger demand. There is one post office, which serves the needs of people in the village and this village comes under the jurisdiction of the Madanapalle police station. There is no banking facility in the village. However, agricultural and non-agricultural credit societies are available. The nearest primary health center is at Madanapalle. Thus, for any medical services, people have to go to Madanapalle. There is one UPS, which provides education up to 7^{th} standard. After 7^{th} standard the village students go to Madanapalle mandal for further education facilities. There is also one private school in the village. There are two Anganwadi centers, in the village. Newspapers are

available in the village, and the village is partly electrified. There are 100 agricultural connections and 567 homes in the village.

4.4.4.1 Population

As per the Census of 2001, the total population in the village is 1,067, with 267 households. Out of the total population, 541 (51%) are males and 526 (49%) are females. This village is composed of members of different castes, including SC, ST, BC, OC and Muslims. Among the total population, majority are BCs followed by OCs, SCs, STs and Muslims. SC households stay in a colony about half a mile away from the village. ST households stay in *thandas* about one mile away for the village. Out of 640 literates in the village, (378) 59% are males, (262) 41% are females. Interestingly, it is noted that in all social groups the women literacy rate is lower than that of the males. It is observed from the field survey, that most of the parents are not interested in sending their girl child to school as they prefer to send them for labor work in agriculture. This is one of the main reasons for low literacy rate of the females in the village. The SC population is 23.33% (249), while that of STs is 7.12% (76) of the total population in the village (Table 4.6).

4.4.4.2 Occupational Distribution

The proportion of workers and non-workers in the total population is 632 and 435 respectively. It is observed that out of the total non-workers, the proportion of females (247) is higher than that of males (188). The total main workers in the village are 621. The main workers are divided into cultivators (187), agricultural laborers (274), workers in household industries (2) and other workers (158) (see Table 4.7). Among the main workers, the majority are agricultural laborers, followed by cultivators, other workers and workers in the household industries. It is observed that female agricultural laborers are more in number than their male counterparts.

4.4.4.3 Land Utilization Pattern

According to the official statistics on land use reported in the Census of India, 2001, 14.51% of the village's total land area is not available for cultivation, 33.20% is

registered as total irrigated area, and 0.12% is cultivable wastes (see Table 4.8). There is no forest land in the village. The main source of the village economy is agriculture. About 62% of the total irrigated area is mainly dependent on bore wells and tanks for cultivation. Apart from groundnut, paddy, vegetables, and garden crops like mango are the other main crops grown in the village. Some of the villagers are engaged in non-farm activities such as dairy farming, petty shops, etc. These non-farm activities initiated after the formation of SHGs.

4.4.4.4 Function of the SHG

In Ankisettipalle, SHGs are working actively and the economic conditions of the members are gradually improving. In this village almost all families are involved in SHG activities. The SHGs in the village have been provided with financial assistance to take up income generating activities in the rural areas. There are 42 SHGs functioning in the village with a membership of 497 rural women, and an average of 12 members per group. Among the total SHG members, 249 have completed two years. Among 249 members, 60 are from SC community, followed by 30 STs, 84 BCs, 60 OCs and 15 from minority community.

4.4.5 Torredu Village

Torredu is one among the selected villages in the Rajahmundry rural mandal of East Godavari district. Torredu is a commercialized village. Its total geographical area of the village is 1,103 ha. This village is situated 8 km away from the Rajahmundry town, which is the major commercial market centre in the district**.** The village is situated on the main Rajahmundry to Mulkalanka village highway, a fact that has major consequences on the village economy. Transport facilities are good in this village. The village is connected by pucca road and has APSRTC bus facility. Auto rickshaws and taxies running from Rajahmundry are frequently available. It is also easy to find an auto rickshaw or motor-van passing through the village en route to the mandal headquarters. Thus, the village is well-connected in terms of road transport, but the nearest rail station is at Rajahmundry about 10 km away. The nearest railway station is situated on the broad gauge section of Secunderabad-

Visakhapatnam. There is one post office, which serves the needs of people in the village and this village comes under the jurisdiction of the Rajahmundry police station. There are two medical stores, one sub-primary public health center and two private health centers (RMPs) in the village. The nearest sub-divisional hospital and private hospitals and nursing homes are at Rajahmundry. Banking facilities are available in this village. Commercial banks (State Bank of Hyderabad), cooperative banks, agricultural credit societies and other credit societies are located in this village. This village is fully electrified. Newspapers are available in this village. There is one ZPHS, which provides education up to 10^{th} standard. After 10^{th} standard the village students have to go to Rajahmundry mandal, for higher education. There are also 2 private schools, Anganwadi center and adult's education centers in the village.

4.4.5.1 Population

As per 2001 Census, the total population of the village is 5,797 with 1,542 households. The average size of the family is 3.75. Out of the total population, the proportion of males and females is more or less the same, being 2,911 (50.21%) and 2,886 (49.79%) respectively. The proportion of SC and ST population is 2,106 (36.32%) and 72 (1.24%) respectively (see Table 4.6). The literates are higher in number than the illiterates in this village. The total literates and illiterates are 3,015 (52%) and 2,782 (47.99%) respectively. This village is composed of members of several castes, which include a majority of OCs, followed by BCs, SCs, STs and Muslims. The village has an almost equal number of persons from the two major landholding castes BCs and OCs. In this village, it was observed that the members of OC and BC community are dominant both economically and politically. In this village almost all members of SC community are economically backward, as compared to OCs and BCs. Majority of the SC males are working as bonded laborers, and SC females as agricultural laborers. Up to 2007, they did not have their own pucca houses. The study found that among SC people, the Madiga community is economically, politically and socially worse off as compared to the Mala community.

4.4.5.2 Occupational Distribution

The proportion of workers and non-workers in total population is 2,434 (41.98%) and 3,363 (58.02%) respectively. It is observed that out of total non-workers, the proportion of females (2,249) is higher than their male counterparts (1,114). The percentage of total main workers in total workers is 61.25% (1,491). The main workers consist of cultivators [379 (25.41%)], agricultural laborers [684 (45.87%)], workers in household industries [13 (0.87%)] and other workers [415 (27.83%)] (Table 4.7). Among the main workers, the percentage of agricultural laborers is highest, followed by that of other workers, cultivators and workers in household industries. It is observed that male agricultural laborers are higher in number than female laborers. However, the male workers play a dominant role in the different categories of workers. Further, it was observed that among OCs and BCs females are mostly housewives, but in case of SCs females are working as agricultural laborers.

4.4.5.3 Land Utilization Pattern

The total geographical area of the village is 1,103 ha. Of which the total irrigated area is 77.60%, un-irrigated area is 1.46%, and cultivable waste is 11%. The total rainfall recorded during the study year is 510.80 mm. On the other hand, 108.70 ha (9.85%) are not suitable for cultivation (see Table 4.8). Official data of the village indicates that the major source of irrigation is water from tanks and canals. Torredu village has four irrigation tanks. This village totally depends on Godavari River canal for irrigation purpose. Different crops are grown in un-irrigated and irrigated areas. Though a number of crops are grown in the village, most of them are un-irrigated crops. Irrigation is provided for a few crops like paddy, tobacco and sugarcane.

4.4.5.4 Function of the SHG

East Godavari has been one of the forerunners in the SHG movement. Torredu with 130 SHGs is the village that has the highest number of SHGs in the mandal. In this village almost all SC families are involved in SHG activities. But particularly some of BC and OC families are not involved in SHGs, as they are economically very

strong. SHGs in Torredu have been provided with financial assistance to take up income generating activities in the rural areas. There are 130 SHGs functioning in the village with a total membership of 1,385 rural women with an average of 10.62 members per group. Out of the total SHG members, 694 have completed two years. Among the 694 members, 374 are from SC community, followed by 10 STs, 115 BCs, 190 OCs and 5 from the minority community.

4.4.6 Rajavolu Village

Rajavolu is the other village selected from the Rajahmundry rural mandal of East Godavari district. The total geographical area of the village is 482 ha. The village is just 12 km away from Rajahmundry, which is a major commercial market centre in the district (see Table 4.5). The village situated on the main Rajahmundry to Kadiam village highway, a fact that has major consequences on the village economy. There is a bus stop in the village and buses plough every one hour. The village is connected by pucca road and has APSRTC bus facility. Autos and taxies are also frequently available. It is also easy to find an auto rickshaw or motor-van passing through the village en route to the district headquarters. Thus, the village is well-connected in terms of road transport, and the nearest rail head is at Rajahmundry about 5 km away. The nearest railway station is situated on the broad-gauge section of Secunderabad-Vishakhapatnam route. There is one post office, which serves the needs of people in the village and this village comes under the jurisdiction of the Rajahmundry police station. There are two medical stores and private health centers (RMPs) in the village. The nearest sub-divisional hospital, private hospitals and nursing homes are at Rajahmundry. No banking facilities are available but agricultural credit societies and other credit societies are located in the village. This village is fully electrified, and newspapers are available in the village. There is a ZPHS, which provides education up to 10^{th} standard. After 10^{th} standard the village students go to Rajahmundry for higher education. There are also private schools, two Anganwadi centers and adult's education centers in the village.

4.4.6.1 Population

The total population of the village is 5,333 and the total number of households is 1,284. The average size of the family is 4.15. Of the total population in the village, the proportion of male and female population is more or less the same, being 2,718 (50.96%) and 2,615 (49.04%) respectively. The proportion of SC and ST population is 1,997 (37.44%) and 32 (0.60%) respectively. The total number of literates and illiterates are 3,358 (62.96%) and 1,975 (37.03%) respectively (see Table 4.6). It is observed that female literates are fewer than their male counterparts. This village is composed of members of several castes, which include OCs, BCs, SCs, Muslims and STs.

4.4.6.2 Occupational Distribution

Agriculture is the main occupation of the village. The number of workers and non-workers are 1,970 (36.93%) and 3,363 (63.06%) respectively. It is observed that out of total non-workers, the proportion of females (2,119) is higher than that of males (1,244). The percentage of main workers in total workers is 98.47% (1,940) (Table 4.7). The main workers comprise cultivators [191 (9.84%)], agricultural laborers [1,171 (60.36%)], workers in household industries [36 (1.85%)], and other workers [542 (27.93%)]. Among the main workers, the percentage of agricultural laborers is highest, followed by other workers, cultivators and workers in household industries. It is observed that male agricultural laborers are more in number than that of female laborers.

4.4.6.3 Land Utilization Pattern

The soil in the village is mainly of two types, viz., black soil and clay soil and the village is flat and leveled plain. The farmers are totally dependent upon rainfall and Godavari River for cultivation. This village land is suitable for cultivation of paddy, sugarcane and other commercial crops (see Table 4.4). The total geographical area of the village is 482 ha, of which 62% is irrigated area, 1.89% is un-irrigated area, and 24.75% is cultivable wasteland (see Table 4.8)**.** Water for irrigation is a dominant input in agriculture. Almost the entire irrigated area is dependent on tanks

and tube wells and the Godavari River canal. Therefore, the Godavari River canal plays a key role in the agricultural performance of Rajavolu. To have a normal crop, it is generally assumed that a minimum rainfall of 750 mm is required and the year with rainfall of less than 750 mm is considered as a year of drought.

4.4.6.4 Function of SHG

Rajavolu with 60 SHGs has been making rapid strides in the SHG movement. In this village, almost all SC families are involved in SHG activities. However, some BC and OC community families are not involved in SHGs, as they are financially very strong. SHGs in Rajavolu have been provided with financial assistance to take up the income generating activities in the rural areas. There are 60 SHGs functioning in the village with a total membership of 655 rural women and an average of 10.93 members per group. Out of the total SHG members, 329 have completed two years. Among 329 members, 105 members belong to SC community, followed by 5 STs, 125 BCs, 89 OCs and 5 from the minority community.

Table 4.4: Village-Wise Geographical Characteristics

Geographical Features	Name of the Village					
	Raghavapur	**Brahmanpalle**	**CTM**	**Ankisettipalle**	**Torredu**	**Rajavolu**
Climate	Both hot and cold	Both hot and cold	Both hot and cold	Both hot and cold	Hot in Dry Summer	Hot in Dry Summer
Type of Soil	Red Loams, Sand, Black and Clay	Red Loams, Sand, Black and Clay	Red Loams, Sand, Black and Clay	Red Loams, Sand, Black and Clay	Black and Clay	Black and Clay
Water bodies	Sriram Sagar project	Sriram Sagar project	No	Bahuda	Godavari	Godavari
Major Source of Irrigation	Canals & Bore wells	Canals & Tanks	Rainfall, Bore wells & Tanks	Rainfall, Bore wells & Tanks	Tanks & Canals	Tanks & Canals
Major Crops	Paddy, Cotton and Maize	Paddy, Cotton and Maize	Ground nut, Paddy, Vegetables and garden crops (Mango)	Ground nut, Paddy, Vegetables and garden crops (Mango)	Paddy, Tobacco and Sugar cane	Paddy, Tobacco and Sugar cane

Source: Field Work; Village Panchayat Reports

Table 4.5: Infrastructural Facilities in Selected Villages

Infrastructural Facilities		Name of the Village					
		Raghavapur	**Brahmanpalle**	**CTM**	**Ankisettipalle**	**Torredu**	**Rajavolu**
Bus Facilities (Yes/ No)		Yes	No	Yes	No	Yes	Yes
Nearest Town		Paddapalle	Ramagundam and Paddapalle	Madanapalle	Madanapalle	Rajah-mundry	Rajah-mundry
Education	P.S	Yes	Yes	Yes	Yes	Yes	Yes
	UPS	Yes	Yes	Yes	Yes	Yes	Yes
	ZPHS	Yes	No	Yes	No	Yes	Yes
Health	Sub-Centre	Yes	3 KM	Yes	3 KM	Yes	Yes
	PMPs (No.)	2	2	2	No	2	2
Post Office		Yes	Yes	Yes	Yes	Yes	Yes
Banks	Commercial Banks	2 KM	3 KM	Yes	2 KM	Yes	1 KM
	Cooperative Banks	2 KM	3 KM	Yes	2 KM	Yes	2 KM
	Agricultural Credit Societies	Yes	Yes	Yes	Yes	Yes	Yes
MFIs		Yes	Yes	Yes	Yes	Yes	Yes

Source: Field Work; Village Panchayat Reports

Table 4.6: Demographic Features of Selected Villages

Particular		Karimnagar		Chittoor		East Godavari	
		Name of the Villages					
		Raghavapur	**Brahmanpalle**	**CTM**	**Ankisettipalle**	**Torredu**	**Rajavolu**
Area (in ha)		2111	614	1998	329	1103	482
No. of Households		1454	423	2398	267	1542	1284
Population	Male	2869	907	5175	541	2911	2718
	Female	2874	866	5116	526	2886	2615
	Total	**5743**	**1773**	**10291**	**1067**	**5797**	**5333**
Child (0-6 years)	Male	44	121	624	70	334	361
	Female	380	135	588	59	338	326
	Total	**828**	**256**	**1212**	**129**	**672**	**687**
SC	Male	472	155	702	126	1053	995
	Female	472	134	692	123	1053	1002
	Total	**944**	**289**	**1394**	**249**	**2106**	**1997**
ST	Male	8	3	181	35	37	21
	Female	7	5	190	41	35	11
	Total	**15**	**8**	**371**	**76**	**72**	**32**
Literate	Male	1609	483	3556	378	1574	1755
	Female	992	273	2520	262	1441	1603
	Total	**2601**	**756**	**6076**	**640**	**3015**	**3358**
Illiterate	Male	1260	424	1619	163	1337	963
	Female	1882	593	2596	264	1445	1012
	Total	**3142**	**1017**	**4215**	**427**	**2782**	**1975**
Workforce – Total Work force	Male	1581	498	2894	353	1797	1474
	Female	1263	429	1254	279	637	496
	Total	**2844**	**927**	**4148**	**632**	**2434**	**1970**
Workforce – Main Workers	Male	1363	319	2586	350	1327	1459
	Female	557	132	1186	271	164	481
	Total	**1920**	**451**	**3771**	**621**	**1491**	**1940**
Workforce – Marginal Workers	Male	218	179	308	3	470	15
	Female	706	296	69	8	473	15
	Total	**924**	**476**	**377**	**11**	**943**	**30**
Non-Workers	Male	1288	409	2281	188	1114	1244
	Female	1611	437	3862	247	2249	2119
	Total	**2899**	**846**	**6143**	**435**	**3363**	**3363**

Source: Field Work; Village Panchayat Reports

Table 4.7: Workforce Details of Selected Villages

Particulars			Name of the Village					
			Raghavapur	**Brahmanpalle**	**CTM**	**Ankisettipalle**	**Torredu**	**Rajavolu**
Total Workforce		Male	1581	498	2894	353	1797	1474
		Female	1263	429	1254	279	637	496
		Total	**2844**	**927**	**4148**	**632**	**2434**	**1970**
Main Workers		Male	1363	319	2586	350	1327	1459
		Female	557	132	1186	271	164	481
		Total	**1920**	**451**	**3771**	**621**	**1491**	**1940**
Main Workers	Cultivators	Male	366	229	606	112	376	183
		Female	136	111	416	75	3	8
		Total	**502**	**340**	**1022**	**187**	**379**	**191**
	Agricultural Laborers	Male	263	19	918	96	568	797
		Female	350	9	609	178	116	374
		Total	**613**	**28**	**1527**	**274**	**684**	**1171**
	Household Industries	Male	8	3	35	0	13	32
		Female	28	2	6	2	0	4
		Total	**36**	**5**	**41**	**2**	**13**	**36**
	Others	Male	726	68	1027	142	370	447
		Female	43	10	154	16	45	95
		Total	**769**	**78**	**1181**	**158**	**415**	**542**
Marginal Workers		Male	218	179	308	3	470	15
		Female	706	297	69	8	473	15
		Total	**924**	**476**	**377**	**11**	**943**	**30**
Marginal Workers	Cultivators	Male	4	3	10	0	5	7
		Female	14	3	6	2	3	1
		Total	**18**	**6**	**16**	**1**	**8**	**8**
	Agricultural Laborers	Male	150	151	130	0	404	5
		Female	677	291	37	7	442	6
		Total	**827**	**442**	**167**	**7**	**846**	**11**
	Household Industries	Male	1	3	2	0	3	0
		Female	2	0	1	0	0	2
		Total	**3**	**3**	**3**	**0**	**3**	**2**
	Others	Male	63	22	166	3	58	3
		Female	13	3	25	0	28	6
		Total	**76**	**25**	**191**	**3**	**86**	**9**
Non -Workers		Male	1288	409	2281	188	1114	1244
		Female	1611	437	3862	247	2249	2119
		Total	**2899**	**846**	**6143**	**435**	**3363**	**3363**

Source: Field Work; Village Panchayat Reports

Table 4.8: Village-Wise Comparison of Land Use Pattern (in 00' ha)

Land Particulars	Name of the Village					
	Raghavapur	**Brahmanpalle**	**CTM**	**Ankisettipalle**	**Torredu**	**Rajavolu**
Total Geographical Area	2111	614	1998	329	1103	482
Forest Lands	413.18 (19.57)	105.70 (17.21)	921.87 (46.13)	0.00 (0)	0.00 (0)	0.00 (0)
Total Irrigated Area	431.20 (20.42)	296.40 (48.27)	322.13 (16.12)	109.26 (33.20)	855.93 (77.60)	298.53 (61.93)
Un-irrigated Area	995.09 (47.13)	285.24 (46.41)	835.68 (41.82)	171.59 (52.15)	16.18 (1.46)	9.11 (1.89)
Cultivable Wastes	121.40 (5.75)	4.85 (0.78)	146.09 (7.31)	0.40 (0.12)	122.19 (11.07)	119.33 (24.75)
Area not available for cultivation	150.13 (7.11)	27.51 (4.48)	694.10 (34.73)	47.76 (14.51)	108.70 (9.85)	55.03 (11.41)

Note: The figures in brackets represent percentage share in total.

Source: Field Work; Village Panchayat Reports

CHAPTER 5

SOCIOECONOMIC CONDITION OF SHG MEMBERS IN SELECTED VILLAGES

5.1 Introduction

This chapter deals with channelization of microfinance through the SHG-bank linkage program launched by NABARD during the year 1999 in Andhra Pradesh. The analysis is mainly based on the primary data collected from 582 SHG members of the six selected villages. The socioeconomic conditions of the members in all the selected villages have been compared. This chapter is divided into three sections. The first section examines the socioeconomic profile of the sample members. The second section deals with group formation, size of the groups, group meeting and group performance, while the third analyzes the salient features of the members and their activities.

Section-I

5.2 Socioeconomic Profile of the Sample Members

An important aspect of the study is the socioeconomic profile of the members of the SHGs. For this study, total 582 members were interviewed with the help of comprehensively structured schedules. The socioeconomic profile of the members include their age, marital status, education, type of household, access status of ration cards, source of drinking water, source of energy, family size, husband's education, landholdings / family assets, and occupation of the members and their husbands.

Age Distribution: Age is one of the important variables which determine the exercise of authority among men and women. It can also be a major factor in the decision-making process. Details about the age composition of the selected sample members are presented in Table 5.1. It is observed that most of the members in almost all the selected villages belong to the age group of 26-35 years. As can be seen from the Table 5.1, on total about 40% of group members are between 26-35 years of age,

followed by 30% in the age group of 36-45 years, 17% in the age group of under 25 years and 13% above 46 years.

Table 5.1: Village-Wise and Community-Wise Age Distribution of the SHG Members of Selected Villages

Social Group	Age Groups	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	< 25 years	4 (23.5)	2 (28.5)	7 (29.2)	2 (16.7)	26 (34.7)	7 (33.3)	48 (30.8)
	26 to 35 years	8 (47.1)	3 (43.0)	9 (37.5)	4 (33.3)	25 (33.3)	3 (14.3)	52 (33.3)
	36 to 45 years	2 (11.8)	0 (0)	7 (29.2)	5 (41.7)	16 (21.3)	7 (33.3)	37(23.7)
	> 46 years	3 (17.6)	2 (28.5)	1 (4.1)	1 (8.3)	8 (10.7)	4 (19.1)	19 (12.2)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	< 25 years	0 (0)	0 (0)	1 (11.1)	0 (0)	0 (0)	0 (0)	1 (5.0)
	26 to 35 years	1 (100)	1 (100)	3 (33.3)	4 (66.7)	0 (0)	0 (0)	9 (45.0)
	36 to 45 years	0 (0)	0 (0)	5 (55.6)	2 (33.3)	2 (100)	1 (100)	10 (50.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	< 25 years	6 (7.8)	6 (19.4)	9 (13.0)	4 (23.5)	4 (17.4)	4 (16.0)	33 (13.6)
	26 to 35 years	41 (53.2)	15 (48.4)	20 (29.0)	9 (53.0)	12 (52.2)	8 (32.0)	105 (43.4)
	36 to 45 years	13 (16.9)	5 (16.1)	26 (37.7)	4 (23.5)	5 (21.7)	12 (48.0)	65 (26.9)
	> 46 years	17 (22.1)	5 (16.1)	14 (20.3)	0 (0)	2 (8.7)	1 (4.0)	39 (16.1)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	< 25 years	0 (0)	2 (100)	8 (11.4)	0 (0)	5 (13.2	1 (5.6)	16 (11.3)
	26 to 35 years	1 (100)	0 (0)	31 (44.3)	6 (50)	15 (39.5)	8 (44.4)	61 (43.3)
	36 to 45 years	0 (0)	0 (0)	27 (38.6)	4 (33.3)	13 (34.2)	7 (38.9)	51 (36.2)
	> 46 years	0 (0)	0 (0)	4 (5.7)	2 (16.7)	5 (13.1)	2 (11.1)	13 (9.2)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	< 25 years	1 (50.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (4.3)
	26 to 35 years	1 (50)	0 (0)	5 (33.3)	2 (66.7)	0 (0)	1 (100)	9 (39.1)
	36 to 45 years	0 (0)	1 (100)	7 (46.7)	1 (33.3)	1 (100)	0 (0)	10 (43.5)
	> 46 years	0 (0)	0 (0)	3 (20)	0 (0)	0 (0)	0 (0)	3 (13.1)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	< 25 years	11 (11.2)	10 (23.8)	25 (13.4)	6 (12.0)	35 (25.2)	12 (18.1)	99 (17.0)
	26 to 35 years	52 (53.1)	19 (45.2)	68 (36.4)	25 (50.0)	52 (37.4)	20 (30.3)	236 (40.6)
	36 to 45 years	15 (15.3)	6 (14.3)	72 (38.5)	16 (32.0)	37 (26.6)	27 (41.0)	173 (29.7)
	> 46 years	20 (20.4)	7 (16.7)	22 (11.7)	3 (6.0)	15 (10.8)	7 (10.6)	74 (12.7)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

The table clearly brings out that the members between 26 and 35 years are predominantly distributed than those below 25 and above 45 years. It has been observed that majority of the members are middle-aged women, who want to earn

money for increasing the income level of their families. Similarly, it is seen that members in the age group of 26-35 years are predominantly high in all castes, followed by those below 25 years in Scheduled Caste (SC), and 36-45 years in Other Caste (OC). It is also observed that the members aged more than 45 years in OC community of Ankisettipalle, Torredu, Rajavolu and CTM villages are very less. It is also seen that an insignificant number of members aged more than 45 years belong to the minority community of CTM village. It has already been mentioned that age is an important factor for enrolment of the groups. If members are aged more than 46 years, the chance of their defaulting savings/repayment or not attending meetings is high. They also cannot get regular work. Hence, in such cases most of them fail to repay the loan amount. Thus, it is felt that advanced-age members might not have been enrolled in the groups (Table 5.1).

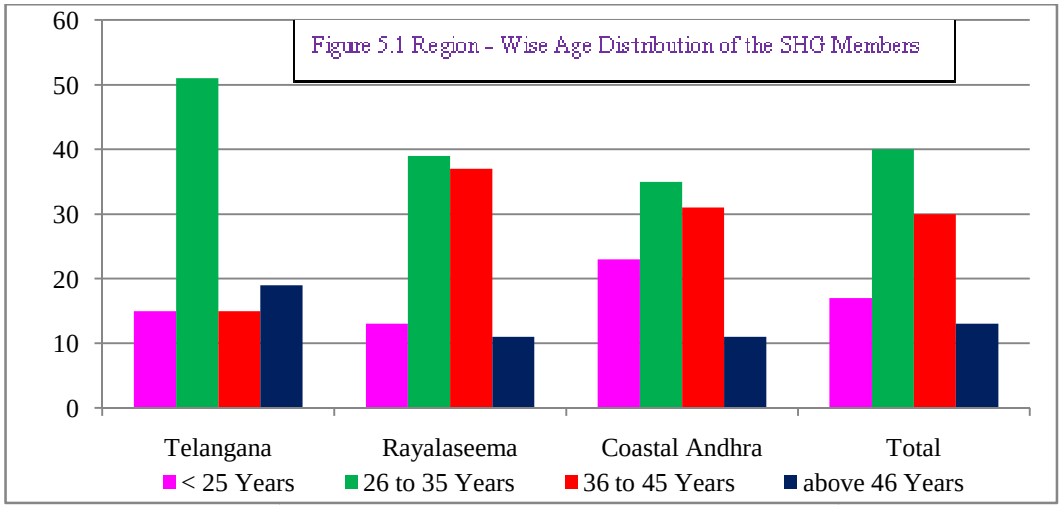


Figure 5.1 presents that the majority of SHG members belongs to the age group of 26 to 35 years in all the three regions. While very few members belong to the below 25 years age group in Telangana and Rayalaseema, their number is quite significant (23%) in Coastal Andhra. As regards the age group 36 to 45 years, the Telangana region has a relatively lesser 'presence' (15%). However, their numbers are quite significant in the other two regions. Just as in the case of the below 25 years age bracket, those belonging to the above 46 years age group form a small percentage (13%) of the total SHG members for all the three regions taken together.

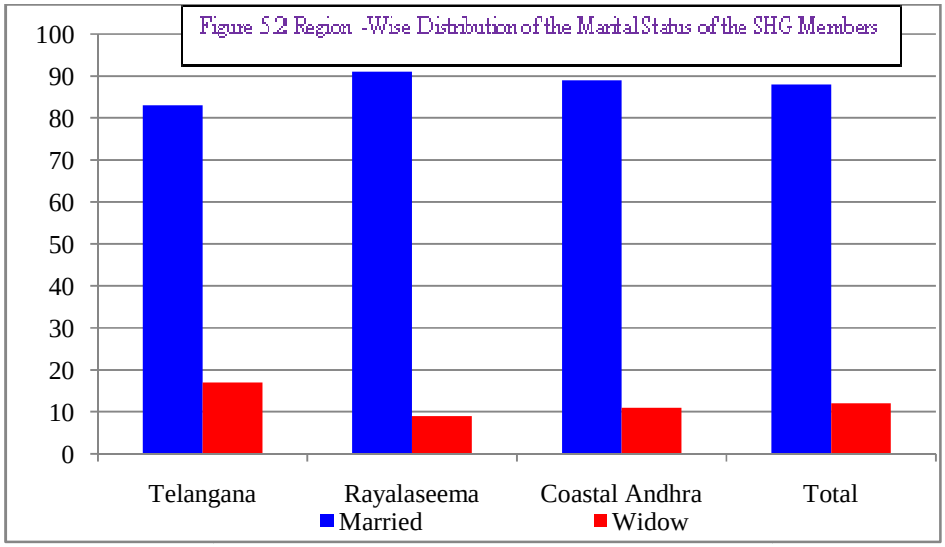
Marital Status: Marital status plays an important role for the SHG members. Socially, married women depend on their husbands' income for meeting the household expenses. A rural woman normally does not have a chance to earn money without her husband's permission. Now with rapidly increasing cost of living both in rural and urban areas, it is becoming increasingly difficult to run a household with a single person's income. Also, when the family size is large, a woman may not be able to manage the family expenditure with her husband's income alone. Hence, after marriage out of necessity, women tend to undertake some income-generating activities to enhance their family income. Details of marital status of SHG members are presented in Table 5.2. It is observed that nearly 88% of members are married and only 12% are widows. Obviously there are no unmarried/divorced women members in the selected SHGs. In Raghavapur and Brahmanpalle villages, the number of

Table 5.2: Village-Wise and Community-Wise Distribution of the Marital Status of the SHG Members of Selected Villages

Social Group	Marital Status	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Married	11 (64.7)	5 (71.4)	21 (87.5)	12 (100)	64 (85.3)	21 (100)	134 (85.9)
	Widow	6 (35.3)	2 (28.6)	3 (12.5)	0 (0)	11 (14.7)	0 (0)	22 (14.1)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Married	1(100)	1 (100)	8 (89.0)	6(100)	2 (100)	1 (100)	19 (95.0)
	Widow	0 (0)	0 (0)	1 (11.0)	0 (0)	0 (0)	0 (0)	1 (5.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Married	65 (84.4)	27 (87.1)	60 (86.9)	15 (88.2)	21 (91.3)	22 (88.0)	210 (86.8)
	Widow	12 (15.6)	4 (12.9)	9 (13.1)	2 (11.8)	2 (8.7)	3 (12.0)	32 (13.2)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25(100)**	**242 (100)**
OC	Married	1 (100)	2 (100)	64 (91.4)	11 (91.7)	35 (92.1)	15 (83.3)	128 (90.8)
	Widow	0 (0)	0 (0)	6 (8.6)	1 (8.3)	3 (7.9)	3 (16.7)	13 (9.2)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18(100)**	**141 (100)**
Minority	Married	2 (100)	1 (100)	15 (100)	3 (100)	1 (100)	1 (100)	23 (100)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1(100)**	**23 (100)**
All Social Groups	Married	80 (81.6)	36 (85.7)	168 (89.8)	47 (94.0)	123 (88.5)	60 (90.9)	514 (88.3)
	Widow	18 (18.4)	6 (14.3)	19 (10.2)	3 (60.0)	16 (11.5)	6 (9.1)	68 (11.7)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

widows is large. In both these villages, there are more number of widows in the Scheduled Caste (SC) community. There are widows in SC community of CTM and Torredu also. But in Ankisettipalle and Rajavolu, there are no widows in the SC community. While in the Backward Caste (BC) and Other Caste (OC) communities, quite a few members in almost all villages have lost their husbands, all the members of the minority and Scheduled Tribe (ST) communities have their husbands. Caste-wise major proportion of widows are observed in SCs (14.1%), followed by BCs (13.2%), OCs (9.2%) and STs (5%).



An attempt has been made to bring out majority of the respondents in all the three regions are married. While some of the respondents have mentioned their status as 'widowed', no one has stated his/her position as divorced/separated. It is observed that nearly 88% of members are married and only 12% are widows. In Telangana region the number of widows is large, when compared to other two regions as shown in Figure 5.2.

Education in Andhra Pradesh: One of the most important characteristic features of any population is its literacy rate, which is one of the main indicators of both social and economical development in the area. It is claimed that education is a universal right and not a privilege meant for some classes of society (Radhakrishnan). The Indian Constitution and many later policy resolutions have stressed on universal

access to education and enrolment of children in school-going age, irrespective of social class and caste. Nevertheless, there is still no equal access to education across social groups. In the state, as well as in India, the SC and ST are generally the most backward, in terms of education. The literacy rate for STs[5] in the state was below one-third of the state average till 1991 (Table 5.3). Further disaggregated by gender and caste, it is seen that ST women are the most backward and the literacy rate of ST women was one-fourth of the state average. Literacy in Andhra Pradesh increased by 17% points during the 1990s - from 44.1% in 1991 to 60.1% in 2001. While the overall literacy rate has gone up from 44.1% in 1991 to 60.5% in 2001, the male literacy rate has increased from 55.1 to 70.3%. What is encouraging is that the female literacy rate has gone up by about 50%, i.e., from 32.7% in 1991 to 50.4% in 2001. The ratio of male literacy to female literacy has come down after 1981, indicating a reduction in gender inequality in the matter of literacy. It is concluded that the literacy rate in Andhra Pradesh is 60.5% with 70.3% of males and 50.4% of females being literates as per the 2001 Census. As per the 2001 census, the male literacy rate registered 75.85 percentages, whereas female literacy rate was only 54 percentages at all India level. Among the Indian states, the highest female literacy rate was registered in Kerala, followed by Mizoram, Himachal Pradesh and Maharashtra. And lowest literacy rate of female was registered in Bihar, followed by Jharkhand and Jammu& Kashmir. However, the variation between male and female literacy rate is significantly high in the all the states and it indicates that the low priority being given to education of women. Most of the previous studies found that the women are reported either as agricultural labourers or as housewives. Interestingly, it is noted that in all social groups, the women literacy rate is low than that of the males. It is observed from in Andhra Pradesh, there are numerous instances of parents not being interested in sending their girl child to school as they prefer to send her for agricultural labour or get her married at a relatively young age. This is one of the main reasons for low literacy rate of females in Andhra Pradesh.

[5] . The ST community is not homogeneous and there are variations among different ST groups

Table.5.3: Literacy Rates in Andhra Pradesh

Year	SCs			STs			Total		
	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
1961	13.4	3.4	8.5	7.3	1.5	4.4	30.2	12.0	21.2
1971	15.9	5.3	10.7	8.5	2.1	5.4	33.2	15.8	24.6
1981	24.8	10.3	17.7	12.0	3.5	7.8	39.3	20.4	29.9
1991	34.4	17.1	25.9	20.1	6.9	13.6	55.1	32.7	44.1
2001	63.5	43.4	53.5	47.7	34.8	37.1	70.3	50.4	60.5

Notes: 1. Figures are in percentage;
2. Literacy is for 5 + population for the years 1961 and 1971 thereafter, it has been for 7 + age population.

Source: Census of India, Andhra Pradesh
Scheduled Castes and Scheduled Tribes Literacy Andhra Pradesh 2001, Directorate of Economics and Statistics, Hyderabad.

Educational Status: Undoubtedly, education plays an important role in moulding an individual's life. It provides a path for a better, richer and purposeful life. It also helps to develop the capacities of an individual. The more educated people are in a better position to migrate from one place to another in search of jobs in comparison to the illiterate persons. Hence, they are forced to become either village artisans or agricultural laborers. The educational qualification of the SHG members is given in Table 5.4. In all the selected villages, a significant number of the members were found to be educated. Among the total members, about 32% are illiterates, while 45% of members have primary school education, 18.2% have high school education, 3.3% are educated up to intermediate level, and only 1.19% of members are graduates. This study found that members with primary school education are predominant in all villages. Education helps a person to undertake activities like maintaining records, starting development schemes or establishing linkages with banks. It is observed that the number of members having primary education is quite large in the ST community, while none have acquired intermediate level education in the ST community. Also, due to being married at a relatively younger age and weak economical conditions, many of them were unable to continue with their education. That is the reason why they are not aware of the available government schemes.

Similarly, village-wise distribution of educational status indicates that more illiterate members were found more in Torredu (36%), followed by Brahmanpalle (35.7%), CTM (32%), Ankisettipalle (30%), Raghavapur (29.6%) and Rajavolu

Table 5.4: Village-Wise and Community-Wise Distribution of the Education Level of the SHG Members of Selected Villages

Social Group	Education Level	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Illiterate	4 (23.5)	3 (42.9)	12 (50.0)	6 (50.0)	31 (41.3)	7 (33.3)	63 (40.3)
	Primary (Below 7 Std.)	11 (64.7)	3 (42.9)	8 (33.4)	4 (33.4)	26 (34.7)	8 (38.1)	60 (38.6)
	High School Level Completed	2 (11.8)	0 (0)	2 (8.3)	1 (8.3)	18 (24.0)	6 (28.6)	29 (18.6)
	Intermediate	0 (0)	0 (0)	2 (8.3)	1 (8.3)	0 (0)	0 (0)	3 (1.9)
	B.Ed	0 (0)	1 (14.2)	0 (0)	0 (0)	0 (0)	0 (0)	1 (0.6)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Illiterate	0 (0)	0 (0)	1 (11.2)	2 (33.3)	1 (50.0)	1 (100)	5 (25.0)
	Primary (Below 7 Std.)	1 (100)	1 (100)	4 (44.4)	4 (66.7)	1 (50.0)	0 (0)	11 (55.0)
	High School Level Completed	0 (0)	0 (0)	4 (44.4)	0 (0)	0 (0)	0 (0)	4 (20.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Illiterate	25 (32.5)	12 (38.7)	28 (40.6)	6 (35.3)	7 (30.4)	7 (28.0)	85 (35.1)
	Primary (Below 7 Std.)	39 (50.6)	14 (45.1)	25 (36.2)	7 (41.1)	12 (52.2)	14 (56.0)	111 (45.9)
	High School Level Completed	11 (14.3)	3 (9.7)	13 (18.8)	3 (17.6)	4 (17.4)	3 (12.0)	37 (15.3)
	Intermediate	2 (2.6)	2 (6.5)	3 (4.4)	0 (0)	0 (0)	1 (4.0)	8 (3.3)
	Degree	0 (0)	0 (0)	0 (0)	1 (6.0)	0 (0)	0 (0)	1 (0.4)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Illiterate	0 (0)	0 (0)	18 (25.8)	1 (8.3)	11 (28.9)	3 (16.6)	33 (23.4)
	Primary (Below 7 Std.)	0 (0)	0 (0)	29 (41.5)	5 (41.7)	20 (52.6)	10 (55.5)	64 (45.4)
	High School Level Completed	1 (100)	2 (100)	16 (22.8)	5 (41.7)	5 (13.2)	5 (27.8)	34 (24.1)
	Intermediate	0 (0)	0 (0)	2 (2.8)	1 (8.3)	2 (5.3)	0 (0)	5 (3.6)
	Degree	0 (0)	0 (0)	2 (2.8)	0 (0)	0 (0)	0 (0)	2 (1.4)
	B.Ed	0 (0)	0 (0)	3 (4.3)	0 (0)	0 (0)	0 (0)	3 (2.1)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Illiterate	0 (0)	0 (0)	1 (6.7)	0 (0)	0 (0)	0 (0)	1 (4.4)
	Primary (Below 7 Std.)	2 (100)	1 (100)	9 (60.0)	3 (100)	1 (100)	1 (100)	17 (73.9)
	High School Level Completed	0 (0)	0 (0)	2 (13.3)	0 (0)	0 (0)	0 (0)	2 (8.7)
	Intermediate	0 (0)	0 (0)	3 (20.0)	0 (0)	0 (0)	0 (0)	3 (13.0)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Illiterate	29 (29.6)	15 (35.7)	60 (32.0)	15 (30.0)	50 (36.0)	18 (27.3)	187 (32.1)
	Primary (Below 7 Std.)	53 (54.1)	19 (45.2)	75 (40.1)	23 (46.0)	60 (43.2)	33 (50.0)	263 (45.2)
	High School Level Completed	14 (14.3)	5 (11.9)	37 (19.8)	9 (18.0)	27 (19.4)	14 (21.2)	106 (18.2)
	Intermediate	2 (2.0)	2 (4.8)	10 (5.4)	2 (4.0)	2 (1.4)	1 (1.5)	19 (3.3)
	Degree	0 (0)	0 (0)	2 (1.1)	1 (2.0)	0 (0)	0 (0)	3 (0.5)
	B.Ed	0 (0)	1 (2.4)	3 (1.6)	0 (0)	0 (0)	0 (0)	4 (0.7)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

(27.3%). It is noteworthy that only 4 members out of 582 have completed B.Ed. These members belong to OC and SC communities. It is also observed that in CTM, Ankisettipalle and Brahmanpalle villages, total 7 members have completed degree and B.Ed. education. Those who completed their degree are found in Brahmanpalle, CTM and Ankisettipalle. In other villages, there are a good number of members who are educated up to intermediate level.

Generally, the literacy rate is very low in rural areas, particularly among women, which can act as an impediment for empowerment of women in rural areas. From the selected sample households, SHG members are given equal opportunities, irrespective of their educational levels. The data show that 68% of them are literates. It is also observed that the SCs and BCs have more illiterates as compared to OCs, STs and minority community. Though education has been declared as a universal right and not a privilege meant only for some classes of society, it is observed that even after more than 65 years of independence, literacy rate in villages has not increased significantly. Despite the initiation of schemes like the Sakasara Bharat program by the government to promote adult literacy, the members entering the scheme are limited to community coordinators, mandal coordinators, and others. No open school has been started and not even a single letter has been taught. There is hardly any benefit for illiterates.

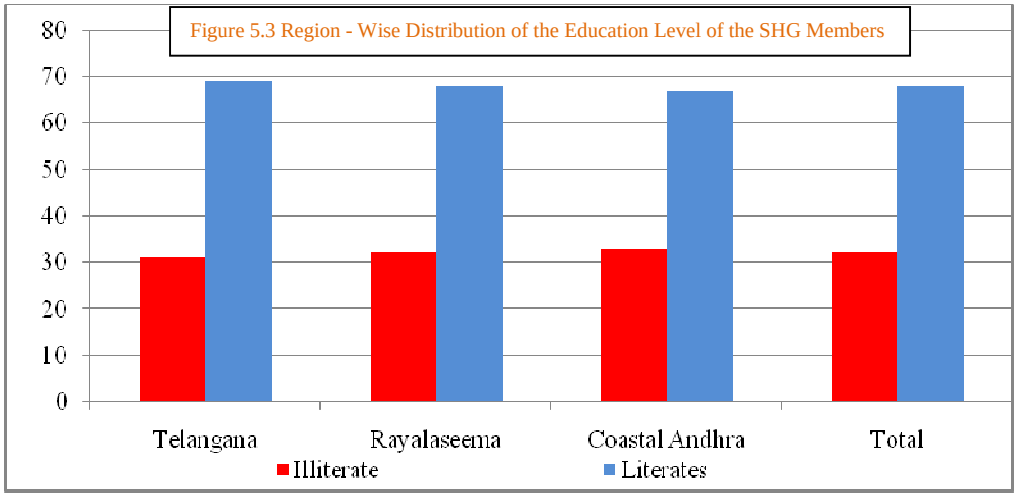


Figure 5.3 Region - Wise Distribution of the Education Level of the SHG Members

The data presented in Figure 5.3 indicated that majority of the respondents in all the three regions are literate. The percentage of literates is almost equal in the three regions. The inference that can be drawn is that it is the literate persons who have a better understanding of the benefits of joining SHGs. For the illiterates, it may be the issue of 'fear of the unknown' which may be deterring many of them from joining SHGs. The study revealed that out of 582 members in the sample, 32% are illiterates. Maximum illiterate members are found more in coastal Andhra (33%), followed by Rayalaseema (32%) and Telangana (31%). It is also found that majority of the members are literate.

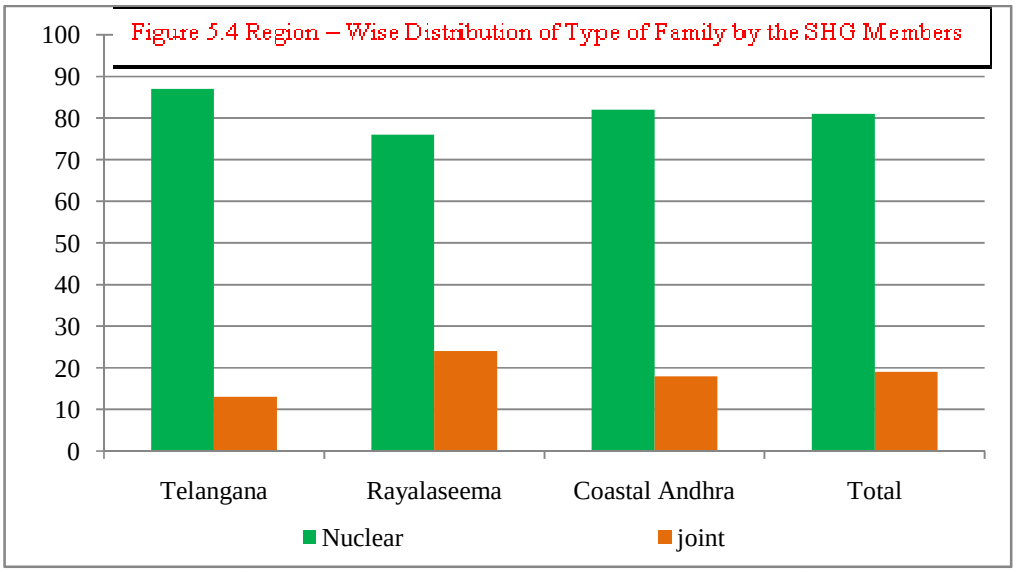
Type of Family: Family is usually of two types, joint family and nuclear family. The detail regarding family type of SHG members is given in Table 5.5. Village-wise information reveals that majority of SHG members live in nuclear families. Among the social groups, OCs have the highest share of nuclear family, followed by SCs, BCs, minority and STs. All social groups reported that they are happy with the

Table 5.5: Village-Wise and Community-Wise Distribution of the Type of Family of the SHG Members of Selected Villages

Social Group	Type of Family	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Nuclear	16 (94.1)	7 (100)	16 (66.7)	8 (66.7)	64 (85.3)	16 (76.2)	127 (81.4)
	Joint	1 (5.9)	0 (0)	8 (33.3)	4 (33.3)	11(14.7)	5 (23.8)	29 (18.6)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Nuclear	1 (100)	1 (100)	7 (77.8)	4 (66.7)	2 (100)	0 (0)	15 (75.0)
	Joint	0 (0)	0 (0)	2 (22.2)	2 (33.3)	0 (0)	1 (100)	5 (25.0)
	Total	**1 (100)**	**1(100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1(100)**	**20(100)**
BC	Nuclear	67 (87.0)	26 (83.9)	53 (76.8)	11 (64.7)	18 (78.3)	19 (76.0)	194 (80.2)
	Joint	10 (13.0)	5 (16.1)	16 (23.2)	6 (35.3)	5 (21.7)	6 (24.0)	48 (19.8)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17(100)**	**23(100)**	**25 (100)**	**242(100)**
OC	Nuclear	1 (100)	2 (100)	57 (81.4)	9 (75.0)	33 (86.8)	14 (77.8)	116 (82.3)
	Joint	0 (0)	0 (0)	13 (18.6)	3 (25.0)	5 (13.2)	4 (22.2)	25 (17.7)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18(100)**	**141 (100)**
Minority	Nuclear	1 (50)	0 (0)	12 (80.0)	3 (100)	1 (100)	1 (100)	18 (78.3)
	Joint	1 (50)	1(100)	3 (20.0)	0 (0)	0 (0)	0 (0)	5 (21.7)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1(100)**	**23(100)**
All Social Groups	Nuclear	86 (87.8)	36 (85.7)	145 (77.5)	35 (70.0)	118 (84.9)	50 (75.8)	470 (80.8)
	Joint	12 (12.2)	6 (14.3)	42 (22.5)	15 (30.0)	21 (15.1)	16 (24.2)	112 (19.2)
	Total	**98 (100)**	**42(100)**	**187 (100)**	**50 (100)**	**139(100)**	**66 (100)**	**582(100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

nuclear family status. The study shows that 19.24% of the total members are living in joint families. Highest recorded percentage of joint families is observed in Ankisettipalle, followed by Rajavolu and CTM, while the lowest is in Raghavapur village. The study reveals that in rural areas, once the couples are married, the parents advise them to live separately. This is also reflected among the SHG women households.



In this study, nearly 81% SHG members continue to living in nuclear families and the rest in joint families. The Figure 5.4 shows that, in keeping with 'universal trend' towards nuclear families, most of the SHG members have adopted for nuclear families. However, in the case of Rayalaseema, 24 per cent SHG members continue to stay in joint families. A possible reason for this reasonably high figure may be that emotional bonding continues to be quite strong in Rayalaseema.

Head of the Household: In the Indian traditional system, males are generally the head of the household. In this study, nearly 86% of members reported that their husbands are the head of the households, followed by self (SHG member), father-in-law and father/mother. The detail regarding head of households is presented in Table 5.6. It can be seen that in Ankisettipalle, a majority of the males are heads of the household. It is observed that nearly 12% of the total SHG members reported that they themselves (women) are household head. Households headed by women are

highest in Raghavapur village. It is also observed that among the SC community, female-headed families are higher than in BC, OC and ST communities. The female-headed families are those that are maintained by widows, separated women, or the women whose husbands are chronically sick and/or disabled and who are significantly contributing to the household income. It is also observed that a very few (2%) members reported that their father-in-laws are looking after their households and are the head of the family. The percentage of father-in-law-headed households is slightly higher in Ankisettipalle village than in other selected villages.

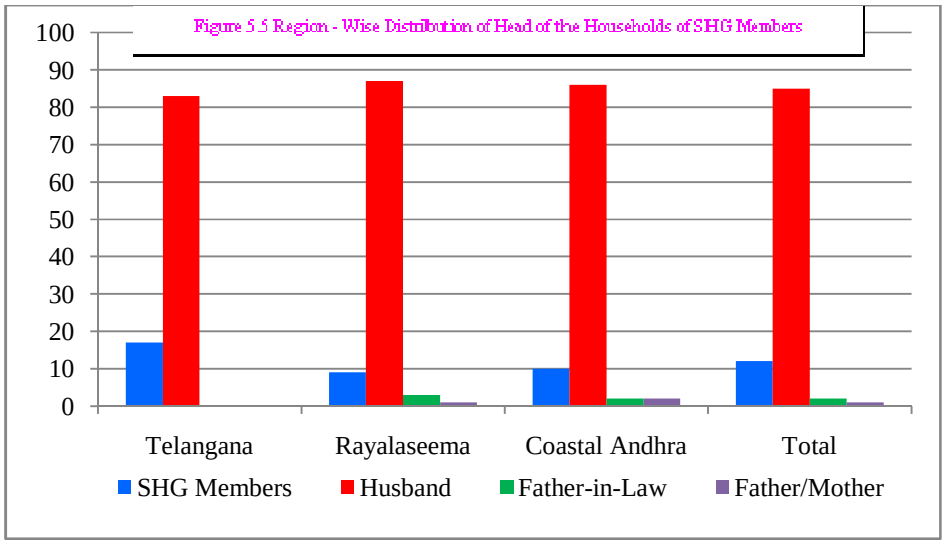
Table 5.6: Village-Wise and Community-Wise Distribution of Head of the Households of SHG Members of Selected Villages

Social Group	Head	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	SHG Member	6 (35.3)	2 (28.6)	3 (12.5)	0 (0)	10 (13.3)	0 (0)	21 (13.5)
	Husband	11 (64.7)	5 (71.4)	19 (79.1)	12 (100)	63 (84.0)	20 (95.2)	130 (83.3)
	Father-in-law	0 (0)	0 (0)	1 (4.2)	0 (0)	0 (0)	1 (4.8)	2 (1.3)
	Father / Mother	0 (0)	0 (0)	1 (4.2)	0 (0)	2 (2.7)	0 (0)	3(1.9)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21(100)**	**156 (100)**
ST	SHG Member	0 (0)	0 (0)	1 (11.1)	0 (0)	0 (0)	0 (0)	1 (5.0)
	Husband	1 (100)	1 (100)	7 (77.8)	6 (100)	2 (100)	1(100)	18 (90.0)
	Father-in-law	0 (0)	0 (0)	1 (11.1)	0 (0)	0 (0)	0 (0)	1 (5.0)
	Total	**1 (100)**	**1(100)**	**9 (100)**	**6(100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	SHG Member	12 (15.6)	4 (12.9)	9 (13.0)	2 (11.8)	2 (8.7)	3 (12.0)	32 (13.3)
	Husband	65 (84.4)	27 (87.1)	59 (85.5)	12 (70.6)	19 (82.6)	20 (80.0)	202 (83.5)
	Father-in-law	0 (0)	0 (0)	1 (1.5)	3 (17.6)	2 (8.7)	1 (4.0)	7 (2.8)
	Father / Mother	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (4.0)	1 (0.4)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	SHG Member	0 (0)	0 (0)	6 (8.6)	1 (8.3)	3 (7.9)	3 (16.7)	13 (9.2)
	Husband	1 (100)	2 (100)	63 (90.0)	11 (91.7)	35 (92.1)	14 (77.7)	126 (89.4)
	Father-in-law	0 (0)	0 (0)	1 (1.4)	0 (0)	0 (0)	0 (0)	1 (0.7)
	Father / Mother	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (5.6)	1 (0.7)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Husband	2 (100)	1 (100)	14 (93.3)	3 (100)	1 (100)	1 (100)	22 (95.7)
	Father-in-law	0 (0)	0 (0)	1 (6.7)	0 (0)	0 (0)	0 (0)	1 (4.3)
	Total	**2(100)**	**1(100)**	**15(100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	SHG Member	18 (18.4)	6 (14.3)	19 (10.2)	3 (6)	15 (10.79)	6 (9.09)	67 (11.51)
	Husband	80 (81.6)	36 (85.7)	162 (86.6)	44 (88)	120 (86.33)	56 (84.84)	498 (85.56)
	Father-in-law	0 (0)	0 (0)	5 (2.7)	3 (6)	2 (1.43)	2 (3.03)	12 (2.06)
	Father / Mother	0 (0)	0 (0)	1 (0.5)	0 (0)	2 (1.43)	2 (3.03)	5 (0.85)
	Total	**98(100)**	**42 (100)**	**187 (100)**	**50(100)**	**139 (100)**	**66(100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

A not too surprising fact that emerges from a perusal of Figure 5.5 shows that in all the regions, it is the husband who is considered to be the head of the household. With the steady decrease in the number of joint families, the 'influence' of the father-in-law or parents too is declining. The second most important key role in the household is of the SHG member herself. It is observed that nearly 12% of the total

SHG members reported that they themselves (women) are the head of the households. Head of the households (HOH) by women are highest in Telangana region, followed by coastal Andhra and Rayalaseema regions. It has been observed that in the Telangana region, none of the respondents mentioned the father-in-law or the parent as head of the household.



Status of Access to Ration Cards: Poverty is one of the main constraints for economic development in India. As per 61st round NSSO Survey, 33% of families are living below the poverty line. Most of them are from deprived communities such as SCs and STs. Table 5.7 shows the distribution of ration cards among the economically weaker sections. White card is distributed to Below the Poverty Line (BPL) families. All the SHG members have ration cards. Among them, the majority (99%) has white ration cards and 1% has pink (sugar) cards. It is also observed that 100% of ST and minority community members have white ration cards.

The study reveals that there are only a few members in OC, SC and BC community who have pink ration cards. Even high income members, those having land among BC and OC community possess white ration cards. This is a heavy burden on the economy of the state. People with high income are also availing benefits of 'Arogyasree' and Indiramma Housing Scheme. This is nothing but gross misuse of benefits which are intended only for the poorest of the poor. Undeserving

members should be denied this facility. The ineligible members who get rice at the rate of Rs. 2 per kg from ration shops are tempted to sell it outside for Rs. 8-9 per kg. It has been observed that only the poor consume the quota while the others misuse it. So, the government should take immediate measures to cancel such fake ration cards.

Table 5.7: Village-Wise and Community-Wise Access Status of Ration Card of SHG Members of Selected Villages

Social Group	Type of Card	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	White	16 (94.1)	7 (100)	24 (100)	12 (100)	75 (100)	19 (90.5)	153 (98.0)
	Pink	1 (5.9)	0 (0)	0 (0)	0 (0)	0 (0)	2 (9.5)	3 (2.0)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	White	1 (100)	1 (100)	9 (100)	6 (100)	2 (100)	1 (100)	20 (100)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	White	77 (100)	31 (100)	68 (98.5)	16 (94.2)	23 (100)	25 (100)	240 (99.0)
	Pink	0 (0)	0 (0)	1 (1.5)	1 (5.9)	0 (0)	0 (0)	2 (1.0)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	White	0 (0)	2 (100)	70 (100)	11 (91.7)	37 (97.36)	18 (100)	138 (97.9)
	Pink	1 (100)	0 (0)	0 (0)	1 (8.3)	1 (2.63)	0 (0)	3 (2.1)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	White	2 (100)	1 (100)	15 (100)	3 (100)	1 (100)	1 (100)	23 (100)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	White	96 (97.9)	42 (100)	186 (99.5)	48 (96.0)	138 (99.28)	64 (96.9)	574 (98.6)
	Pink	2 (2.1)	0 (0)	1 (0.5)	2 (4.0)	1 (0.71)	2 (3.1)	8 (1.4)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Status of Housing Condition: The type of house is one of the important indicators of the economic status of a person. Table 5.8 shows that majority of the members

Table 5.8: Village-Wise and Community-Wise Housing Conditions of the SHG Members of Selected Villages

Social Group	House	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Own	17 (100)	7 (100)	22 (92)	12 (100)	74 (99)	19 (90)	151 (97)
	Rented	0 (0)	0 (0)	2 (8)	0 (0)	1 (1)	2 (10)	5 (3)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Own	1 (100)	1 (100)	9 (100)	5 (83)	2 (100)	1 (100)	19 (95)
	Rented	0 (0)	0 (0)	0 (0)	1 (17)	0 (0)	0(0)	1 (5)
	Total	**1(100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Own	75 (97)	30 (97)	65 (94)	16(94)	21 (91)	25 (100)	232 (96)
	Rented	2 (3)	1 (3)	4 (6)	1 (6)	2 (9)	0 (0)	10 (4)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Own	1 (100)	1 (50)	65 (93)	10 (83)	38 (100)	18 (100)	133 (94)
	Rented	0 (0)	1 (50)	5 (7)	2 (17)	0 (0)	0 (0)	8 (6)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Own	2 (100)	1 (100)	13 (87)	3 (100)	1 (100)	1(100)	21 (91)
	Rented	0 (0)	0 (0)	2 (13)	0 (0)	0 (0)	0 (0)	2 (9)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Own	96 (98)	40 (95)	174 (93)	46 (92)	136 (98)	64 (97)	556 (95.5)
	Rented	2 (2)	2 (5)	13 (7)	4 (8)	3 (2)	2 (3)	26 (4.5)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

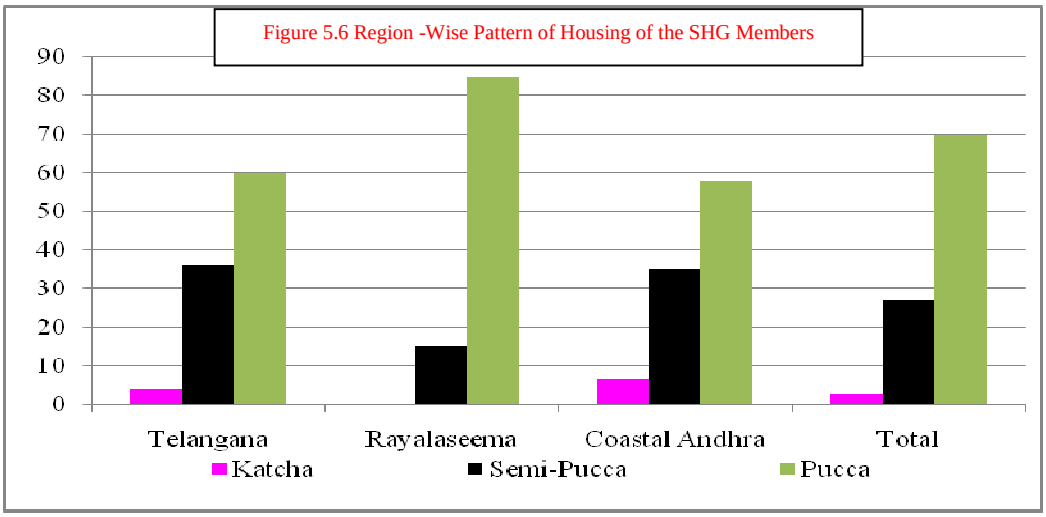
(95.5%) are living in their own houses. It is observed that in Ankisettipalle village, 8% members reside in rented houses. Most of the SC, BC, ST, OC and minority members have their own houses which were sponsored by the Government of Andhra Pradesh. In Ankisettipalle only 1 ST member is found to reside in a rented house. All selected houses are found to be electrified during the survey period.

Pattern of Housing: It is observed from Table 5.9 that nearly 70% of the members live in pucca houses, 27% in semi-pucca houses, and 3% in katcha houses. These 3% mainly belong to SC community of Torredu and Rajavolu villages and BC community of Raghavapur, Rajavolu and Torredu villages. Of the 27% who stay in semi-pucca houses, majority belong to BC, SC and OC community, especially in Torredu and Rajavolu villages. Even though their economic condition is good, still they prefer to live in semi-pucca houses. Further details are presented in Table 5.8. Interestingly, we see that most of the weaker section people stay in semi-pucca houses. Thus, the study reveals that the houses of most of the SC and ST members were sponsored by the Government of Andhra Pradesh, because these members are socially and economically poor as compared to backward and general communities. Despite the government introducing schemes like Indiramma Housing Scheme, it is observed that 6% of SCs and 3% of BCs still live in huts. The government had announced the Indiramma Housing Scheme for the poor during the preceding 5 years, and despite the group members spending their group loan on house construction, the houses still remain incomplete. The government offers Rs.40,000 for house construction under the Indiramma Housing Scheme. But at the current prices, a house cannot be completed even by spending Rs.100,000. Therefore, many of the poor borrow from Micro Finance Institutions (MFIs) and moneylenders at high rate of interest, thus pushing themselves into greater poverty. It has been observed that 29.48% of the SC community members spent their bank loans mostly on house construction. If the loan is inadequate, they borrow from MFIs and moneylenders. The government should take necessary steps in this matter and try to bear the entire expenditure of house construction for the economically poor and downtrodden ones.

Table 5.9: Village-Wise and Community-Wise Pattern of Housing of the SHG Members of Selected Villages

Social Group	Type of House	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Kutcha	0 (0)	0(0)	0 (0)	0(0)	8 (10.7)	2 (9.5)	10 (6.4)
	Semi-Pucca	10 (58.8)	2 (28.6)	1 (4.2)	1 (8.3)	29 (38.7)	4 (19.0)	47 (30.1)
	Pucca	7 (41.2)	5 (71.4)	23 (95.8)	11 (91.7)	38 (50.6)	15 (71.5)	99 (63.5)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75(100)**	**21 (100)**	**156 (100)**
ST	Semi - Pucca	0 (0)	1(100)	0 (0)	0 (0)	0 (0)	0 (0)	1 (5.0)
	Pucca	1(100)	0(0)	9 (100)	6 (100)	2 (100)	1 (100)	19 (95)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6(100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Katcha	5 (6.5)	0(0)	0(0)	0 (0)	1 (4.4)	2 (8.0)	8 (3.3)
	Semi-Pucca	28 (36.4)	9 (29.0)	19 (27.5)	2 (11.8)	14 (60.8)	10 (40.0)	82 (33.9)
	Pucca	44 (57.1)	22 (71.0)	50 (72.5)	15 (88.2)	8 (34.8)	13 (52.0)	152(62.8)
	Total	**77 (100)**	**31(100)**	**69 (100)**	**17 (100)**	**23(100)**	**25 (100)**	**242 (100)**
OC	Katcha	0 (0)	0 (0)	0 (0)	0(0)	1 (2.6)	0 (0)	1 (0.7)
	Semi-Pucca	1 (100)	0(0)	10(14.3)	2 (16.7)	8 (21.1)	5 (27.8)	26 (18.4)
	Pucca	0(0)	2 (100)	60 (85.7)	10 (83.3)	29 (76.3)	13 (72.2)	114 80.9)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Semi-Pucca	0 (0)	0 (0)	1(6.7)	0 (0)	1 (100)	0 (0)	2 (8.7)
	Pucca	2 (100)	1 (100)	14 (93.3)	3 (100)	0 (0)	1 (100)	21 (91.3)
	Total	**2 (100)**	**1 (100)**	**15(100)**	**3(100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Katcha	5 (5.1)	0 (0)	0(0)	0 (0)	10 (7.2)	4 (6.1)	19 (3.3)
	Semi-Pucca	39 (39.8)	12 (28.6)	31 (16.6)	5 (10.0)	52 (37.4)	19 (28.8)	158 27.1)
	Pucca	54 (55.1)	30 (71.4)	156 83.4)	45 (90.0)	77 (55.4)	43 (65.1)	405 69.6)
	Total	**98 (100)**	**42(100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey



It is observed from Figure 5.6 nearly 70% of the members lived in pucca houses, 27% in semi-pucca houses, and 3% in katcha houses. In Telangana, 36% of the members live in semi-pucca houses, while the majorities (85%) reside in pucca houses in Rayalaseema region, 7% in Coastal Andhra lived in katcha houses. One can also draw comfort from the fact that most of the respondents in all the three regions are residing in pucca houses and that the figures for those dwelling in katcha houses are very less. This shows the improved quality of life of the SHG members in all the three regions. Surprisingly, of the members who still reside in katcha houses, the largest percent (7%) are in the coastal Andhra region.

Source of Drinking Water: Access to safe drinking water is extremely important for better health and human development. But in the rural areas, fresh water costs more than milk. Also, power supply in villages is not proper. As a result, water storage in tanks is grossly insufficient. People have to walk 2-3 km for fetching drinking water. In Telangana and Rayalaseema regions, especially during the summer, the drinking water problem becomes a major concern for the common people. So, the government should think of digging new bore wells and fit them with pump sets, and also ensure that the existing ones are in good condition.

More water should be supplied through water tankers. It is observed that in the surveyed villages, 82.5% of the members do not have their own pumps (Table 5.10). The most prominent source of drinking water is public hand pumps/taps. In Ankisettipalle village public hand pumps/taps are the only source of drinking water. The highest percentage of ownership of hand pumps (38.1%) for drinking water is found in Brahmanpalle village. Some of the BC and OC community members have access to own hand pumps for drinking water. However, households who do not have own hand pumps are higher in ST, SC and minority community members in comparison to BC and OC members.

Table 5.10: Village-Wise and Community-Wise Source of Drinking Water of SHG Members of Selected Villages

Social Group	Source	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Public tap/hand pump	12 (71.0)	4 (57.0)	24 (100)	12 (100)	74 (99.0)	17 (81.0)	143 (92.0)
	Own tube well/ hand pump	5 (29.0)	3 (43.0)	0 (0)	0 (0)	1 (1.0)	4 (19.0)	13 (8.0)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Public tap/hand pump	0 (0)	1 (100)	9 (100)	6 (100)	2 (100)	1 (100)	19 (95.0)
	Own tube well/ hand pump	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (5.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Public tap/hand pump	60 (78.0)	20 (64.5)	61 (88.5)	17 (100)	13 (56.5)	17 (68.0)	188 (78.0)
	Own tube well/ hand pump	17 (22.0)	11 (35.5)	8 (11.5)	0 (0)	10 (43.5)	8 (32.0)	54 (22.0)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Public tap/hand pump	1 (100)	0 (0)	60 (85.7)	12 (100)	20 (52.6)	14 (78.0)	107 (75.8)
	Own tube well/ hand pump	0 (0)	2 (100)	10 (14.3)	0 (0)	18 (47.4)	4 (23.0)	34 (24.2)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Public tap/hand pump	2 (100)	0 (0)	15 (100)	3 (100)	1 (100)	1 (100)	22 (95.7)
	Own tube well/ hand pump	0 (0)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	1 (4.3)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Public tap/hand pump	75 (76.5)	26 (61.9)	169 (90.5)	50 (100)	110 (79.0)	50 (75.7)	480 (82.5)
	Own tube well/ hand pump	23 (23.5)	16 (38.1)	18 (9.5)	0 (0)	29 (21.0)	16 (24.3)	102 (17.5)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Sanitation Facilities: The detail regarding the access of households to sanitary facilities is given in Table 5.11. The toilet facility is not available to majority of the members (55%) and most of them stated that they have either manual scavenging toilets or resort to open defecation. This study shows that 45% of the members have toilet facilities. The study reveals that toilet facility is most satisfactory in Ankisettipalle village, followed by Rajavolu, CTM, Torredu, Brahmanpalle and Raghavapur villages. It is also observed that in Raghavapur village, all OC and minority community members have access to sanitation facility, but SC, ST and BC communities do not have it. In Brahamanpalle village, 26% of the members have this access to this facility. Most of the BC, OC and minority community members in

CTM, Ankisettipalle, Torredu, and Rajavolu villages have access to this facility, while only few SC and ST community members have access to it.

Non-availability of sanitary facilities is observed to be highest among members belonging to ST and SC communities, because these are the deprived sections of the society and their economic condition is also very pathetic. Among SC and ST, the latter are the worst affected ones. A majority of the minority and OC members have access to toilet facility as compared to the weaker communities (Table 5.11). It is implied that the rural people are unaware of the importance of proper sanitation. In these circumstances, the government should provide them with better sanitary outlets free of cost. At present, the government provides Rs.3,000 for construction of toilets. This is inadequate and government should try and bear the entire cost of construction.

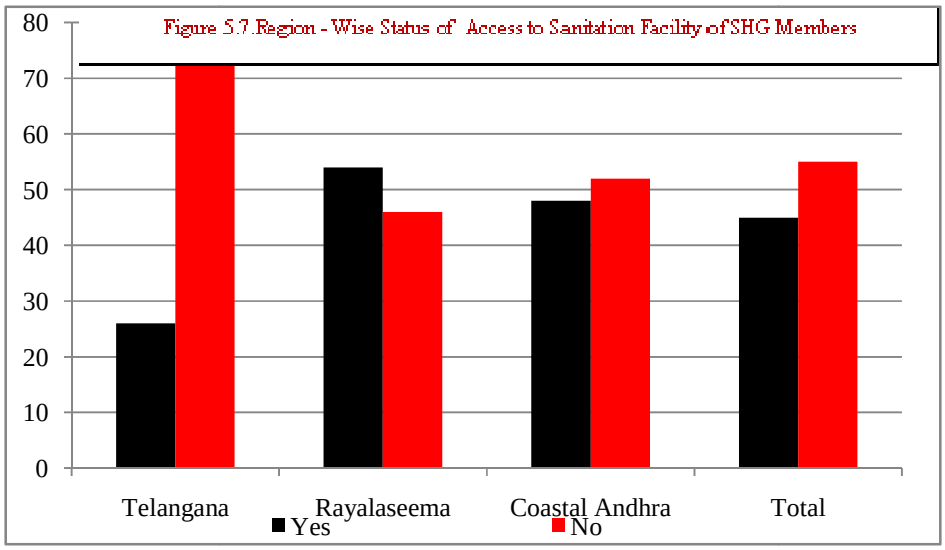
Table 5.11: Village-Wise and Community-Wise Status of Access to Sanitation Facility of SHG Members of Selected Villages

Social Group	Toilet Access	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	2 (11.8)	3 (42.9)	6 (25.0)	6 (50.0)	22 (29.3)	12 (57.1)	51 (32.7)
	No	15 (82.2)	4 (57.1)	18 (75.0)	6 (50.0)	53 (70.7)	9 (42.9)	105 (67.3)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12(100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Yes	0 (0)	0 (0)	0 (0)	2 (33.3)	1 (50.0)	0 (0)	3 (15.0)
	No	1 (100)	1 (100)	9 (100)	4 (66.7)	1 (50.0)	1 (100)	17 (85.0)
	Total	**1 (100)**	**1 (100)**	**9(100)**	**6(100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Yes	20 (26.0)	8 (25.8)	31 (45.0)	9 (52.9)	13 (56.5)	13 (52.0)	94 (38.8)
	No	57 (74.0)	23 (74.2)	38 (55.0)	8 (47.1)	10 (43.5)	12 (48.0)	148 (61.2)
	Total	**77 (100)**	**31 (100)**	**69(100)**	**17 (100)**	**23(100)**	**25 (100)**	**242 (100)**
OC	Yes	1 (100)	0 (0)	47 (67.2)	10 (83.3)	25 (65.8)	11(61.1)	94 (66.7)
	No	0 (0)	2 (100)	23 (32.8)	2 (16.7)	13 (34.2)	7 (38.9)	47 (33.3)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Yes	2 (100)	0 (0)	14 (93.3)	2 (66.7)	1 (100)	1 (100)	20 (87.0)
	No	0 (0)	1 (100)	1 (6.7)	1 (33.3)	0 (0)	0 (0)	3 (13.0)
	Total	**2 (100)**	**1 (100)**	**15(100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Yes	25 (25.5)	11 (26.2)	98 (52.4)	29(58.0)	62 (44.6)	37(56.0)	262 (45.0)
	No	73 (74.5)	31 (73.8)	89 (47.6)	21 (42.0)	77 (55.4)	29(44.0)	320 (55.0)
	Total	**98 (100)**	**42(100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

After seeing some encouraging signs in Figure 5.1 to 5.6 above, one comes across a disquieting issue access to household toilets. Both in the individual regions

and in the overall total, members without access to household toilet facilities outnumber those with access. It is pertinent to mention here that as late as 21.10.2012, the Union Minister for Rural Development and Water and sanitation, Sri Jairam Ramesh, gave a NO TOILET, NO BRIDE- call in a meeting in Kota, Rajasthan -that one should not give one's daughter in marriage to a household that does not have access to toilet facilities. According to Sri Ramesh, sanitation is an issue related to the dignity and safety of women. This only brings out that inaccessibility to toilet facilities for many households is not confined to some states only but is now an issue of national concern. In this study, the toilet facility is not available to majority of the members (55%) and most of them stated that they have either manual scavenging toilets or resort to open defecation. It is observed that toilet facility is not available more in Telangana, region followed by coastal Andhra and Rayalaseema regions as shown in Figure 5.7.



Sources of Energy for Cooking: The source of energy for cooking is another important determinant of the living standard of people. The details of sources of energy for cooking in the villages surveyed are given in Table 5.12. The majority of the all social group members (46.2%) stated that they are dependent on firewood for cooking purpose. The percentage is higher in Raghavapur, Torredu, and CTM villages and lowest in Ankisettipalle village. Plenty of fuel wood is available in the villages. However, in the other villages, modern cooking devices such as LPG and

other gases are being increasingly used**.** In Brahmanpalle, Rajavolu and Ankisettipalle villages, half of the members use LPG gas for cooking. As the people are mainly dependent on non-agricultural work, they prepare food as and when required. It is found that most of the SC and ST members are dependent on firewood for cooking purpose. The data show that out of 582 members, 43.29% use gas for cooking and these members belong to all the communities, viz., SC (27.6%), ST (25%), BC (45.1%), OC (56%) and minority (69.6%). A very small percentage of members (10.5%) reported that they use both firewood and LPG for cooking purpose.

Table 5.12: Village-Wise and Community-Wise Distribution of Energy Sources of SHG Members of Selected Villages

Social Group	Source	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Firewood	6 (35.3)	4 (57.1)	23 (95.8)	5 (41.7)	53 (70.7)	9 (42.8)	100 (64.1)
	Gas	11 (64.7)	3 (42.9)	1 (4.2)	4 (33.3)	13 (17.3)	11 (52.4)	43 (27.6)
	Gas & Firewood	0 (0)	0 (0)	0 (0)	3(25)	9 (12.0)	1 (4.8)	13 (8.3)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Firewood	1 (100)	0 (0)	8 (88.9)	4 (66.7)	1 (50.0)	1 (100)	15 (75.0)
	Gas	0 (0)	1 (100)	1 (11.1)	2 (33.3)	1(50.0)	0 (0)	5 (25.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Firewood	44 (57.1)	11 (35.5)	36 (52.2)	4 (23.5)	10 (43.5)	10 (40.0)	115 (47.5)
	Gas	33 (42.9)	20 (64.5)	23 (33.3)	7 (41.2)	13 (56.5)	13 (52.0)	109 (45.1)
	Gas & Firewood	0 (0)	0 (0)	10 (14.5)	6 (35.3)	0 (0)	2 (8.0)	18 (7.4)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Firewood	0 (0)	2 (100)	24 (34.3)	1 (8.3)	8 (21.1)	1 (5.6)	36 (25.5)
	Gas	1 (100)	0 (0)	27 (38.6)	7 (58.4)	30 (78.9)	14 (77.8)	79 (56.0)
	Gas & Firewood	0 (0)	0 (0)	19 (27.1)	4 (33.3)	0 (0)	3 (16.6)	26 (18.5)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12(100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Firewood	0 (0)	0 (0)	2 (13.3)	1 (33.3)	0 (0)	0(0)	3 (13.0)
	Gas	2 (100)	1 (100)	10 (66.7)	1 (33.3)	1 (100)	1(100)	16 (69.6)
	Gas & Firewood	0 (0)	0 (0)	3 (20)	1 (33.3)	0 (0)	0(0)	4 (17.4)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3(100)**	**1 (100)**	**1 (100)**	**23(100)**
All Social Groups	Firewood	51 (52.0)	17 (40.5)	93 (49.7)	15 (30.0)	72 (51.8)	21 (31.8)	269 (46.2)
	Gas	47 (48.0)	25 (59.5)	62 (33.2)	21 (42.0)	58 (41.7)	39 (59.1)	252 (43.3)
	Gas & Firewood	0 (0)	0 (0)	32 (17.1)	14 (28.0)	9 (6.5)	6 (9.1)	61 (10.5)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.,
Source: Field Survey

Size of the Family: Table 5.13 presents the information regarding the size of the family of the SHG members. Distribution of respondents based on their family size reveals that the respondents had between 3 to 10 individuals in their families. The table shows that family size of 81% of members is less than 4, followed by 13% with a family size of 5-7 members, and 6% with more than 7 members. Of the, 81% of the members with family size less than 4, the highest percentage registered in

Raghavapur village. There are more families in Anikisettipalle with 5-7 members in it. In the same way, families with more than 7 members were observed to be more in Anikisettipalle village. In Anikisettipalle village, in comparison to other castes, there are more SC families with more than 7 members. Caste-wise analysis shows that the OC community has the highest percentage of families (82.25%) with size less than 4 members, followed by SCs (81.4%), BCs (80%), minority (78.3%), and STs (75%). Families with 5-7 members are most among the ST community. The size of the household has both positive and negative implications. The larger the size of the family, the greater the number of earning members, and thus greater the contribution

Table 5.13: Village-Wise and Community-Wise Distribution of Family Size of SHG Members of Selected Villages

Social Group	Size of Family	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Less than 4	16 (94.0)	7 (100)	16 (67.0)	8 (66.0)	64 (85.4)	16 (76.0)	127 (81.42)
	5 - 7	1 (6.0)	0 (0)	6 (25.0)	2 (17.0)	8 (10.6)	4 (19.0)	21 13.46)
	More than 7	0 (0)	0 (0)	2 (8.0)	2 (17.0)	3 (4.0)	1 (5.0)	8 (5.12)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Less than 4	1 (100)	1 (100)	7 (7.0)	4 (66.6)	2 (100)	0 (0)	15 (75.0)
	5 - 7	0 (0)	0 (0)	2 (22.0)	2 (33.4)	0 (0)	1 (100)	5 (25.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Less than 4	67 (87.0)	26 (84.0)	53 (77.0)	11 (64.8)	18 (78.0)	19 (76.0)	194 (80.0)
	5 - 7	5 (6.5)	3 (9.6)	8 (11.5)	4 (23.5)	3 (13.0)	5 (20.0)	28 (11.5)
	More than 7	5 (6.5)	2 (6.4)	8 (11.5)	2 (11.7)	2 (9.0)	1 (4.0)	20 (8.5)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Less than 4	1 (100)	2 (100)	57 (81.5)	9 (75.0)	33 86.84)	14 (77.7)	116 (82.25)
	5 - 7	0 (0)	0 (0)	9 (12.8)	2 (16.5)	5 (13.15)	3 (16.7)	19 (13.5)
	More than 7	0(0)	0 (0)	4 (4.7)	1 (8.5)	0 (0)	1 (5.6)	6 (4.25)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Less than 4	1 (50.0)	0 (0)	12 (80.0)	3 (100)	1 (100)	1 (100)	18 (78.3)
	5 - 7	1 (50.0)	1 (100)	2 (13.33)	0 (0)	0 (0)	0 (0)	4 (17.3)
	More than 7	0 (0)	0 (0)	1(6.66)	0 (0)	0 (0)	0 (0)	1 (4.4)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Less than 4	86 (87.75)	36 (85.7)	145 (77.5)	35 (70.0)	118 (85.0)	50 (76.0)	470 (81.0)
	5 - 7	7 (7.15)	4 (9.6)	27 (14.5)	10 (20.0)	16 (11.5)	13 (20.0)	77 (13.0)
	More than 7	5 (5.10)	2 (4.7)	15 (8.0)	5 (10.0)	5 (3.5)	3 (4.0)	35 (6.0)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

to savings and thrift. Hence, the greater will be the sustainability of the group in such cases. However, it may also be held that large size of family (that too with large number of dependents) lowers economic freedom and savings of the members. Hence, it is less likely that the SHGs formed in this background would contribute much to regular savings.

Number of Children: Table 5.14 shows that 88% of the members have children and only 12% are childless. Members without children are highest in Rajavolu and lowest in Raghavapur village. Field observation shows that 72% of the members have less than two children. Among them, the highest belong to Ankisettipalle village. Members having 3-4 children are more in Raghavapur and Torredu villages, while

Table 5.14: Village-Wise and Community-Wise Distribution of Number of Children of SHG Members of Selected Villages

Social Group	No. of Children	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	No child	0 (0)	3 (42.9)	6(25.0)	4 (33.3)	7 (9.4)	6 (28.6)	26 (16.7)
	Less than 2	13 (76.5)	4 (57.1)	13(54.1)	5 (41.7)	51 (68.0)	13 (61.9)	99 (63.5)
	3 - 4	4 (23.5)	0 (0)	5 (20.9)	3 (25.0)	17 (22.6)	2 (9.5)	31 (19.8)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	No child	0 (0)	0 (0)	1 (11.1)	0 (0)	0 (0)	0 (0)	1 (5.0)
	Less than 2	0 (0)	1 (100)	7 (77.87)	3 (50.0)	2 (100)	1 (100)	14 (70.0)
	3 - 4	1 (100)	0 (0)	1 (11.1)	3 (50.0)	0 (0)	0 (0)	5 (25.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	No child	9 (11.7)	3 (9.6)	10 (14.5)	0 (0)	2 (8.7)	3 (12.0)	27 (11.2)
	Less than 2	51 (66.2)	23 (74.2)	49 (71.0)	17 (100)	17 (73.9)	19 (76.0)	176 (72.7)
	3 - 4	17 (22.1)	5 (16.1)	10 (14.5)	0 (0)	4 (17.4)	3 (12.0)	39 (16.1)
	Total	**77 (100)**	**31 (100)**	**69(100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	No child	0 (0)	0 (0)	6 (8.6)	1 (8.3)	7 (18.4)	2 (11.1)	16 (11.3)
	Less than 2	1 (100)	2 (100)	59 (84.3)	11 (91.7)	27 (71.1)	14 (77.8)	114 (80.9)
	3 - 4	0 (0)	0 (0)	5 (7.1)	0 (0)	4 (10.5)	2 (11.1)	11 (7.8)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	No child	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	0 (0)	1 (4.3)
	Less than 2	2 (100)	1 (100)	12 (80.0)	3 (100)	0 (0)	0 (0)	18 (78.3)
	3 - 4	0 (0)	0 (0)	3 (20.0)	0 (0)	0 (0)	1(100)	4 (17.4)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	No child	9 (9.2)	6 (14.3)	23 (12.3)	5 (10.0)	17 (12.3)	11 (16.6)	71 (12.2)
	Less than 2	67 (68.4)	31 (73.8)	140(74.9)	39 (78.0)	97 (69.8)	47 (71.2)	421 (72.3)
	3 - 4	22 (22.4)	5 (11.9)	24 (12.8)	6 (12.0)	25 (17.9)	8 (12.1)	90 (15.5)
	Total	**98 (100)**	**42 (100)**	**187 100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey.

issueless members are more among SC, BC and OC communities. A comparison of all the villages shows that almost all minority community members have children. The study reveals that members having less than 2 children are highest in OC community (80.9%) among all the social groups. It is also found that 15.5% of total members have 3-4 children. Of the members who have 3-4 children, the percentage is highest in ST community, followed by SC, minority, BC and OC.

Education of Husbands of SHG Members: The detail regarding the education level of the husbands of SHG members is presented in Table 5.15. It is seen that 80% of the

Table 5.15: Village-Wise and Community-Wise Distribution of Husband's Education Level of SHG Members of Selected Villages

Social Group	Education	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Illiterate	1 (9.1)	2 (40.0)	7 (33.3)	1 (8.3)	22 (34.3)	5 (23.8)	38 (28.3)
	Primary (Below 7 std.)	5 (45.5)	2 (40.0)	8 (38.1)	7 (58.4)	23 (36.0)	9 (42.8)	54 (40.4)
	High School Completed	2 (18.2)	0 (0)	3 (14.3)	3 (25.0)	16 (25.0)	5 (23.8)	29 (21.6)
	Intermediate	3 (27.2)	1 (20.0)	2 (9.5)	1 (8.3)	2 (3.1)	1 (4.8)	10 (7.6)
	Technical	0 (0)	0 (0)	0 (0)	0 (0)	1 (1.6)	0 (0)	1 (0.7)
	Under Graduation	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (4.8)	1 (0.7)
	Post Graduation	0 (0)	0 (0)	1 (4.8)	0 (0)	0 (0)	0 (0)	1 (0.7)
	Total	**11 (100)**	**5 (100)**	**21 (100)**	**12 (100)**	**64 (100)**	**21 (100)**	**134 100)**
ST	Illiterate	0 (0)	0 (0)	0 (0)	1 (16.6)	1 (50)	1 (100)	3 (15.8)
	Primary (Below 7 std.)	1 (100)	1 (100)	3 (37.5)	4 (66.76)	1 (50)	0 (0)	10 (52.6)
	High School Completed	0 (0)	0 (0)	4 (50.0)	1 (16.6)	0 (0)	0 (0)	5 (26.3)
	Intermediate	0 (0)	0 (0)	1 (12.5)	0 (0)	0 (0)	0 (0)	1 (5.3)
	Total	**1 (100)**	**1 (100)**	**8 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**19 (100)**
BC	Illiterate	15 (23.1)	5 (18.5)	14 (23.3)	3 (20.0)	6 (28.5)	3 (13.7)	46 (21.9)
	Primary (Below 7 std.)	32 (49.2)	15 (55.6)	28 (46.7)	6 (40.0)	9 (43.0)	12 (54.5)	102(48.6)
	High School Completed	12 (18.5)	4 (14.8)	8 (13.3)	5 (33.3)	6 (28.5)	5 (22.8)	40 (19.0)
	Intermediate	5 (7.7)	1 (3.7)	10 (16.7)	1 (6.7)	0 (0)	0 (0)	17 (8.1)
	Technical	1 (1.5)	1 (3.7)	0 (0)	0 (0)	0 (0)	1 (4.5)	3 (1.4)
	Under Graduation	0 (0)	1 (3.7)	0 (0)	0 (0)	0 (0)	1 (4.5)	2 (1.0)
	Total	**65 (100)**	**27 (100)**	**60 (100)**	**15 (100)**	**21 (100)**	**22 (100)**	**210 (100)**
OC	Illiterate	0 (0)	0 (0)	7 (10.9)	0	10 (28.7)	3 (20.0)	20 (15.6)
	Primary (Below 7 std.)	0 (0)	0 (0)	17 (26.6)	8 (72.7)	18 (51.4)	6 (40.0)	49 (38.3)
	High School Completed	0 (0)	0 (0)	31 (48.4)	1 (9.1)	5 (14.3)	3 (20.0)	40 (31.3)
	Intermediate	0 (0)	2 (100)	6 (9.4)	1 (9.1)	1 (2.8)	1 (6.7)	11 (8.6)
	Technical	0 (0)	0 (0)	0 (0)	0 (0)	1 (2.8)	0 (0)	1 (0.7)
	Under Graduation	1 (100)	0 (0)	2 (3.1)	1 (9.1)	0 (0)	2 (13.3)	6 (4.7)
	Post Graduation	0 (0)	0 (0)	1 (1.6)	0 (0)	0 (0)	0 (0)	1 (0.8)
	Total	**1 (100)**	**2 (100)**	**64 (100)**	**11 (100)**	**35 (100)**	**15 (100)**	**128 (100)**
Minority	Primary (Below 7 std.)	0(100)	1 (100)	9 (60.0)	2 (66.7)	1 (100)	0 (0)	13 (56.5)
	High School Completed	2 (100)	0 (0)	4 (26.7)	1 (33.3)	0 (0)	1 (100)	8 (34.8)
	Intermediate	0 (0)	0 (0)	1 (6.6)	0 (0)	0 (0)	0 (0)	1 (4.3)
	Under Graduation	0 (0)	0 (0)	1 (6.6)	0 (0)	0 (0)	0 (0)	1 (4.3)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Illiterate	16 (20.0)	7 (19.6)	28 (16.7)	5 (10.6)	39 (31.7)	12 (20.0)	107(20.8)
	Primary (Below 7 std.)	38 (47.6)	19 (52.8)	65 (38.7)	27 (57.5)	52 (42.3)	27 (45.0)	228(44.4)
	High School Completed	16 (20.0)	4 (11.1)	50 (29.7)	11 (23.4)	27 (21.9)	14 (23.3)	122 23.7)
	Intermediate	8 (10.0)	4 (11.1)	20 (11.9)	3 (6.4)	3 (2.5)	2 (3.3)	40 (7.9)
	Technical	1 (1.2)	1 (2.7)	0 (0)	0 (0)	2 (1.6)	1 (1.7)	5 (0.9)
	Under Graduation	1 (1.2)	1 (2.7)	3 (1.7)	1 (2.1)	0 (0)	4 (6.7)	10 (1.9)
	Post Graduation	0 (0)	0 (0)	2 (1.2)	0 (0)	0 (0)	0 (0)	2 (0.4)
	Total	**80 (100)**	**36 (100)**	**168 (100)**	**47 (100)**	**123 (100)**	**60 (100)**	**514 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

members' husbands are literate. Among the literates, majority of them have completed primary education, followed by high school education, intermediate, graduation, technical and post graduation. It is observed that most illiterate members are found in Torredu and least in Ankisettipalle village. It can be seen from the table that illiterate husbands of SC members are highest in Brahmanpalle and least in Ankisettipalle village. Members' husbands who have completed intermediate level education are highest in CTM and least in Torredu village. In CTM village, majority of the ST and OC community members' husbands have completed high school-level education and two persons belonging to SC and OC community have completed post graduation. Post graduate husbands of SHG members are observed only in CTM village. On an aggregate level, the husbands of SC and BC members are more illiterate as compared to those of OC, ST and minority communities. The field observation also shows that husbands of ST members have in general studied up to intermediate level, but in other castes, they have completed up to graduation, post graduation or technical education.

Occupational Distribution

The changes in the occupational distribution during 1971-2001 at Andhra Pradesh state level for different social groups could be seen from Table 5.16. It is evident that during 1971 to 1981 there was an increase in the percentage of SC workers as cultivators from 14.66% to 17.41%, while percentage of SC agricultural labourers declined from 73.04 to 68.24%. In case of general workers, the percentages of cultivators declined from 34.43% to 32.73%. The percentage of agricultural labourers also declined from 38.24% to 36.78% during the same period. Regarding the non-farming workers the figure increased from 12.3% to 14.35% in case of SC workers, while it increased from 29% to 30.49% in case of general workers. Thus there is some marginal improvement in the SC workers as cultivators and also non-farming workers. This indicates some upward mobility of SC workers also non-farming workers. This may be attributed to redistribution of wasteland and surplus land under the 20-point programme in mid 1970s.

Anyhow during 1971 to 1981, their share in non-farming workers increased from 12.55% to 13.07% and again it declined to 12.29% in 1991. This shows that at Andhra Pradesh state level, agricultural workers slowly started shifting to non-farming activities. It emerges that SC cultivators' proportion declined by one percent from 12.77% to 11.59% during 1991-2001. Similarly, cultivators' proportion declined nearly two percent from 27.74% to 25.47% during the same period. The same trend has also continued for agricultural labourers, but SCs agricultural labourers' proportion declined largely from 72.05% to 64.21% during1991-2001 and even at the state level, their proportion drastically declined from 40.87% to 33.83% in the same period. And the SC and 'other workers' proportion increased from 15.3% to 24.2% (more than 8%) and even at the state level, their proportion increased from 31.69% to 40.7% during 1991-2001. This trend shows that SCs and state agricultural workers seem to be shifting slowly for other activities like non-farming and household industry.

Table.5.16: Occupational Distributions in Andhra Pradesh

Category	Percentage in total main workers of SCs				Percentage in total main workers of STs				Percentage in total main workers general population			
	1971	1981	1991	2001	1971	1981	1991	2001	1971	1981	1991	2001
Cultivators	14.66	17.41	12.77	11.59	37.05	43.21	41.19	41.01	32.45	32.73	27.44	25.47
Agricultural Labourers	73.04	68.24	72.05	64.21	50.40	43.72	46.52	41.86	38.24	36.78	40.87	33.83
Non-farming workers and others	12.3	14.35	15.81	24.2	12.55	13.07	12.29	17.13	29.31	30.49	31.69	40.7

Source: Statistical Abstract of Andhra Pradesh, 1971, 1981, 1991, 2001.

Occupation of Husbands of SHG Members: The details regarding the occupation level of the husbands of SHG members are presented in Table 5.17. It is seen that 27.6% of the members' husbands are cultivators. Among those whose occupation is of cultivator, the majority belong to Brahmanpalle village, while it was lowest in Torredu village. It is observed that most Agrilcutural labourers are found in Torredu village and the least in CTM village. The table also indicates that among all the social groups, the husband of most of the SC community members are agricultural labourers (39.6%), followed by STs (15.8%), BCs (11.4%), OCs (9.3%) and minority community (4.3%). Majority of the husbands of SC members are dependent on agricultural labour and daily labour for their livelihood**.** Out of 582 members, (24.8%)

Table.5.17: Village-Wise and Community-Wise Distribution of Occupation of Husband of SHG Members in the Selected Villages

Social Group	Husband's Occupation	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Cultivator	2 (18.2)	0 (0)	4 (19.0)	2 (16.7)	1 (1.5)	3 (14.3)	12 (9.0)
	Agricultural labourer	1 (9.0)	4 (80.0)	8 (38.0)	3 (25.0)	30(46.8)	7 (33.4)	53(39.6)
	Non-agricultural wage labourer	3 (27.3)	0 (0)	1 (5.0)	1 (8.3)	18(28.2)	1 (4.8)	24(18.0)
	Non-agricultural salaried employee	1 (9.0)	0 (0)	0 (0)	1 (8.3)	8 (12.5)	2 (9.5)	12 (9.0)
	Self employed	4 (36.4)	0 (0)	6 (28.5)	3 (25.0)	7 (11.0)	7 (33.3)	27(20.0)
	Private employee	0 (0)	1 (20.0)	2 (9.5)	2 (16.7)	0 (0)	1 (4.7)	6 (4.4)
	Total	**11 (100)**	**5 (100)**	**21 (100)**	**12 (100)**	**64 (100)**	**21 (100)**	**134 (100)**
ST	Cultivator	0 (0)	0 (0)	1 (12.5)	5 (83.3)	0 (0)	0 (0)	6 (31.6)
	Agricultural labourer	0 (0)	0 (0)	1 (12.5)	0 (0)	1 (50)	1 (100)	3 (15.8)
	Non-agricultural wage labourer	0 (0)	0 (0)	1 (12.5)	0 (0)	1 (50)	0 (0)	2 (10.5)
	Non-agricultural salaried employee	0 (0)	0 (0)	2 (25.0)	0 (0)	0 (0)	0 (0)	2 (10.5)
	Self employed	1 (100)	0 (0)	2 (25.0)	0 (0)	0 (0)	0 (0)	3 (15.8)
	Private employee	0 (0)	1 (100)	1 (12.5)	0 (0)	0 (0)	0 (0)	2 (10.5)
	Government employee	0 (0)	0 (0)	0 (0)	1 (16.7)	0 (0)	0 (0)	1 (5.3)
	Total	**1 (100)**	**1 (100)**	**8 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**19 (100)**
BC	Cultivator	18 (27.8)	12 (44.5)	19(31.7)	7 (46.7)	4 (19.0)	4 (18.2)	64(30.5)
	Agricultural labourer	9 (13.8)	3 (11.2)	4 (6.7)	2 (13.3)	3 (14.3)	3 (13.6)	24(11.4)
	Non-agricultural wage labourer	24 (36.9)	0 (0)	7 (11.6)	1 (6.6)	3 (14.3)	3 (13.6)	38(18.1)
	Non-agricultural salaried employee	2 (3.0)	5 (18.5)	6 (10.0)	0 (0)	5 (23.9)	2 (9.1)	20 (9.5)
	Self employed	12 (18.5)	6 (22.2)	22 (36.6)	4 (26.7)	6 (28.6)	9 (41.0)	59(28.1)
	Private employee	0 (0)	0 (0)	1 (1.7)	1 (6.7)	0 (0)	1 (4.5)	3 (1.4)
	Government employee	0 (0)	1 (3.6)	1 (1.7)	0 (0)	0 (0)	0 (0)	2 (0.9)
	Total	**65 (100)**	**27 (100)**	**60 (100)**	**15 (100)**	**21 (100)**	**22 (100)**	**210 (100)**
OC	Cultivator	0 (0)	2 (100)	26 40.6)	4 (36.3)	19(54.3)	7 (46.6)	59(46.0)
	Agricultural labourer	0 (0)	0 (0)	5 (7.8)	1 (9.1)	5 (14.3)	1 (6.7)	12 (9.3)
	Non-agricultural wage labourer	0 (0)	0 (0)	3 (4.6)	1 (9.1)	5 (14.3)	1 (6.7)	10 (7.7)
	Non-agricultural salaried employee	0 (0)	0 (0)	6 (9.4)	2 (18.2)	1 (2.8)	1 (6.6)	10 (7.7)
	Self employed	1 (100)	0 (0)	16 (25.0)	2 (18.2)	5 (14.3)	4 (26.7)	28(21.7)
	Private employee	0 (0)	0 (0)	6 (9.4)	1 (9.1)	0 (0)	1 (6.7)	8 (6.2)
	Government employee	0 (0)	0 (0)	2 (3.2)	0 (0)	0 (0)	0 (0)	2 (1.4)
	Total	**1 (100)**	**2 (100)**	**64 (100)**	**11 (100)**	**35 (100)**	**15 (100)**	**128(100)**
Minority	Cultivator	0 (0)	0 (0)	2 (13.3)	0 (0)	0 (0)	0 (0)	2 (8.7)
	Agricultural labourer	0 (0)	0 (0)	1 (6.7)	0 (0)	0 (0)	0 (0)	1 (4.3)
	Non-agricultural wage labouer	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

	Non-agricultural salaried employee	1 (50)	0 (0)	7 (4.7)	1 (33.3)	0 (0)	0 (0)	9 (39.2)
	Self employed	1 (50)	1 (100)	5 (33.3)	1 (33.3)	1 (100)	1 (100)	10(43.5)
	Private employee	0 (0)	0 (0)	0 (0)	1 (33.3)	0 (0)	0 (0)	1 (4.3)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Cultivator	20 (25.0)	14 (38.9)	52(31.0)	18 (38.3)	24(19.5)	14(23.4)	142(27.6)
	Agricultural labourer	10 (12.6)	7 (19.4)	19(11.3)	6 (12.8)	39(31.6)	12(20.0)	93 (18.0)
	Non-agricultural wage labouer	27 (33.7)	0 (0)	12 (7.2)	3 (6.4)	27(22.0)	5 (8.3)	74 (14.5)
	Non-agricultural salaried employee	4 (5.0)	5 (13.9)	21(12.5)	4 (8.5)	14(11.4)	5 (8.3)	53 (10.3)
	Self employed	19 (23.7)	7 (19.5)	51(30.3)	10 (21.3)	19(15.5)	21(35.0)	127(24.8)
	Private employee	0 (0)	2 (5.5)	10 (6.0)	5 (10.6)	0 (0)	3 (5.0)	20 (3.9)
	Government employee	0 (0)	1 (2.8)	3 (1.7)	1 (2.1)	0 (0)	0 (0)	5 (0.9)
	Total	**80 (100)**	**36 (100)**	**168(100)**	**47 (100)**	**123 100)**	**60 (100)**	**514 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey.

of the members are self-employed and maximum numbers belong to Rajavolu. Of all the social groups, the highest percentage of husbands of members who are self employed is found in the minority community (43.5%), followed by BC (28.1%), OC (21.7%), SC (20%) and STs (15.8%). Members' husbands who have engaged in Non-agricultural wage labour are highest in Raghavapur and least in Brahmanpalle village.

Access to Land

Land is not only a prime source of income, but also a symbol of social status in rural Andhra Pradesh. There is a hunger for land in rural Andhra Pradesh and land distribution is skewed. As per 2000-01 agricultural census of Andhra Pradesh, holdings 10 acres and above constitute 17.25% of total number of holdings but control 53.38% of the total operated area, while the bottom marginal and small holdings of less than five acres constitute 82.75% of total holdings, but control only 46.32% of total operated area. It is also interesting to note the association of caste with land distribution. Land is mostly concentrated in upper castes to the exclusion of Scheduled Castes and Scheduled Tribes.

Table 5.18 depicts the operational holdings and area operated by different groups since 1976-77 to 2005-06 at Andhra Pradesh state level. It could be seen that in 1976-77, SC households constituted about 13.4% of total holdings but controlled

Table.5.18: Social Group Wise Number of Holdings and Area Operated in Andhra Pradesh 1976-77 - 2005-06

(No. in Lakh / Area in Lakh Hectares)

Year	SC			ST			Others			All Social Groups		
	Number of Holdings	Area Operated	Average Size	Number of Holdings	Area Operated	Average Size	Number of Holdings	Area Operated	Average Size	Number of Holdings	Area Operated	Average Size
1976-77	8.18 (13.46)	9.62 (6.87)	1.19	3.8 (6.25)	8.68 (6.2)	2.28	48.79 (80.29)	121.73 (86.93)	2.49	60.77 (100)	140.03 (100)	2.30
1980-81	9.28 (12.62)	9.81 (6.87)	1.06	4.71 (6.4)	9 (6.3)	1.91	59.59 (80.98)	124.11 (86.83)	2.08	73.58 (100)	142.92 (100)	1.94
1986-87	9.97 (12.22)	9.36 (6.75)	0.95	5.15 (6.31)	9.13 (6.58)	1.77	66.46 (81.47)	120.18 (86.67)	1.81	81.58 (100)	138.67 (100)	1.70
1990-91	11.75 (12.72)	10.64 (7.48)	0.91	6.32 (6.84)	10.24 (7.2)	1.62	74.29 (80.46)	121.44 (85.32)	1.63	92.33 (100)	142.32 (100)	1.54
1995-96	12.83 (12.14)	10.59 (7.43)	0.83	7.53 (7.13)	10.84 (7.61)	1.44	85.34 (80.73)	121.06 (84.96)	1.42	105.71 (100)	142.49 (100)	1.35
2000-01	13.64 (11.83)	11.3 (7.85)	0.83	7.53 (7.13)	11.81 (8.2)	1.37	93.07 (80.72)	120.88 (83.95)	1.30	115.31 (100)	142.93 (100)	1.24
2005-06	14.22 (11.81)	11.35 (7.86)	0.80	7.53 (7.13)	12.11 (8.39)	1.32	96.89 (80.48)	120.81 (83.73)	1.25	120.38 (100)	144.28 (100)	1.20

Note: Figures in parentheses are percentages

Source: 1. Andhra Pradesh Agricultural Census 1976-77, Number & Area of Holding held by SC & STs, Directorate of Economics and Statistics, Andhra Pradesh.

2. Various issues of Report on SC/ST Land Holdings, Directorate of Economics and Statistics, Andhra Pradesh.

3. Fact Book on Scheduled Castes and Scheduled Tribes in Andhra Pradesh, 2006, Directorate of Economics and Statistics, Andhra Pradesh.

4. Report on Census of Land Holdings 2005-06, Directorate of Economics and Statistics, Government of Andhra Pradesh, Hyderabad

only 6.9% of the area, while others constituted about 80.3% of total holdings but controlled 87% of total operated area. By 2005-06, the percentage of SC holdings declined to about 11.81% and their controlling area share slightly increased to 7.86%. While the percentage of others holdings remained the same, i.e., 80.7% and their operated area share slightly declined to 84% of total operated area. In 1976-77, ST operational holdings constituted 6.3% of total holdings and controlled 6.2% of total operated area. By 2000-01, their holdings increased to more than 7%, while their share in area also increased to 8.23%. Average land holdings of Scheduled Tribes are also more than that of the Scheduled Castes average land holdings. The position of ST households in terms of operational holdings is better than SC households at Andhra Pradesh state level, as well as all India level.

Interestingly, over a period of 30 years, upper castes' average size of holdings, compared to that of SCs and ST,s have greatly declined from 2.49 hectares in 1976-77 to 1.25 in 2005-06. By 2005-06; and the percentage of number of SC holdingswere about 12 per cent and they operated just about 8 per cent of the total area and only 0.80 hectares remained their average size of holdings. Number of holdings marginally declined from13.46 per cent in 1976-77 to 11.81 per cent in 2005-06 and the average size has also drastically declined from 1.19 to 0.80% during the same period. However, the operated area has increased from 6.87 to 7.86% during the same period. There are not only wide disparities in the pattern of land ownership but also bigger labuor force has been working on agriculture. Consequently, these two factors, i.e., wide inequalities in land ownership and the dependence of an overwhelming majority of the working population on agriculture has increased. This proves the failure of land reform policy, which sought to give 'high priority' not only in Andhra Pradesh, but across the country and eliminate class-caste monopoly of land.

Size of Land Holding: Ownership of land is one of the important indicators of prosperity in rural areas. Based on the size of landholding, the researcher has classified the respondents into six groups[6]: (1) Marginal farmers, (2) Small farmers,

[6] (1) Marginal farmers are those who have land less than 2.5 acres, (2) Small farmers are those who have land between 2.5 and 5 acres, (3) Semi-Medium farmers are those who have land between 5 and

Table 5.19: Village-Wise and Community-Wise Distribution of Landholding Pattern of SHG Members of Selected Villages

Social Group	Size of Land Holding	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Landless Labor	4 (23.5)	4 (57.1)	17 (70.8)	8 (66.7)	71 (94.7)	15 (71.4)	119 (76.3)
	M F	9 (53.0)	3 (42.9)	6 (25.0)	4 (33.3)	4 (5.3)	6 (28.6)	32 (20.5)
	SM	4 (23.5)	0 (0)	1 (4.2)	0 (0)	0 (0)	0 (0)	5 (3.2)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Landless Labor	1 (100)	1 (100)	6 (66.7)	0 (0)	2 (100)	1 (100)	11 (55.0)
	M F	0 (0)	0 (0)	3 (33.3)	5 (83.3)	0 (0)	0 (0)	8 (40.0)
	SM	0 (0)	0 (0)	0 (0)	1 (16.7)	0 (0)	0 (0)	1 (5.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Landless Labor	30 (39.0)	4 (12.9)	24 (34.8)	5 (29.4)	3 (13.0)	5 (20.0)	71 (29.3)
	M F	24 (31.1)	8 (25.8)	15 (21.7)	3 (17.6)	5 (21.7)	4 (16.0)	59 (24.4)
	SM	8 (10.4)	10 (32.3)	16 (23.2)	4 (23.6)	7 (30.5)	8 (32.0)	53 (21.9)
	SMF	15 (19.5)	9 (29.0)	14 (20.3)	5 (29.4)	8 (34.8)	8 (32.0)	59 (24.4)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Landless Labor	1 (100)	0 (0)	20 (28.6)	2 (16.7)	4 (10.5)	4 (22.2)	31 (22.0)
	M F	0 (0)	0 (0)	15 (21.4)	2 (16.7)	5 (13.2)	5 (27.8)	27 (19.2)
	SM	0 (0)	2 (100)	20 (28.6)	4 (33.3)	17 (44.7)	4 (22.2)	47 (33.3)
	SMF	0 (0)	0 (0)	15 (21.4)	4 (33.3)	12 (31.6)	5 (27.8)	36 (25.5)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Landless Labor	2 (100)	1 (100)	12 (80.0)	3 (100)	1 (100)	1 (100)	20 (87)
	M F	0 (0)	0 (0)	1 (6.7)	0 (0)	0 (0)	0 (0)	1 (4.3)
	SM	0 (0)	0 (0)	2 (13.3)	0 (0)	0 (0)	0 (0)	2 (8.7)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Landless Labor	38 (38.8)	10 (23.8)	79 (42.2)	18 (36.0)	81 (58.3)	26 (39.4)	252 (43.3)
	M F	33 (33.7)	11 (26.2)	40 (21.4)	14 (28.0)	14 (10.0)	15 (22.7)	127 (21.8)
	SM	12 (12.2)	12 (28.6)	39 (20.9)	9 (18.0)	24 (17.3)	12 (18.2)	108 (18.6)
	SMF	15 (15.3)	9 (21.4)	29 (15.5)	9 (18.0)	20 (14.4)	13 (19.7)	95 (16.3)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582(100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

(3) Semi-Medium farmers, (4) Medium farmers, (5) Large farmers and (6) Landless laborers. The data regarding the landholding pattern of SHG members are presented in Table 5.19. It is observed that 43.3% of the members are landless and the

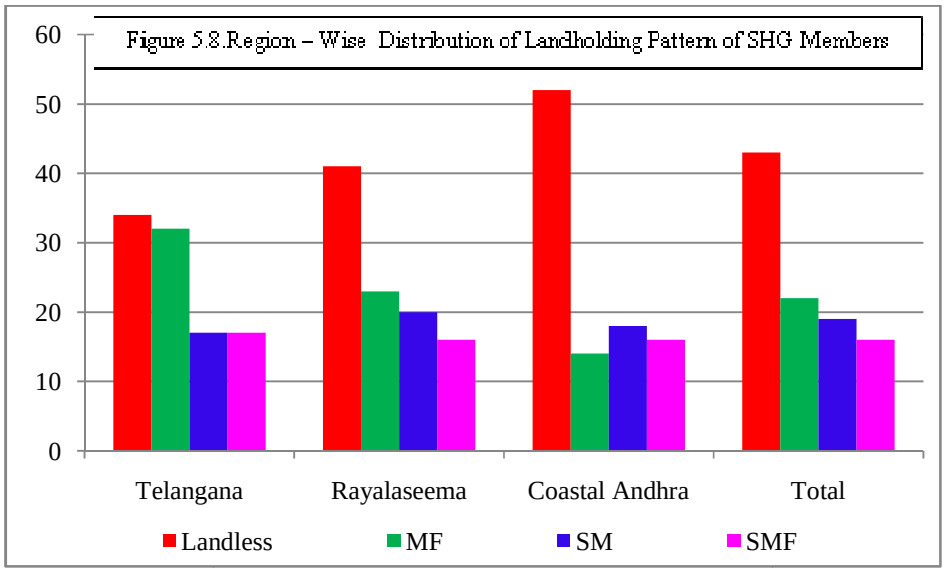
10 acres, (4) Medium farmers are those who have land between 10 and 25 acres, (5) Large farmers are those who have land above 25 acres, and (6) Landless laborers are those who do not possess any land and their livelihood depends upon daily wage labor.

remaining are marginal, small and semi-medium farmers. The proportion of landless laborers is relatively high in Torredu and CTM and low in Brahmanpalle and Ankisettipalle villages. It is observed that 21.8% of members are marginal farmers. Marginal farmers are highest in Raghavapur, followed by Ankisettipalle and Brahmanpalle villages. The data further show that 16.3% of the members are semi-medium farmers. Semi-medium farmers are more in Brahmanpalle village. They mainly belong to the BC community there. The proportion of small farmers is more or less same in all the six villages. It is worth noting that among all the social groups, a very high percentage of the minority community does not have land holdings. It is also observed that in Brahmanpalle village, majority of the BC and OC members have different sizes of land holdings as compared to the SC, ST and minority community members. The pattern of landholding gives us an idea about the rural poverty and the economic condition of the villages.

It is observed that a very large number of members belonging to the SC community in Torredu, Rajavolu, CTM, Ankisettipalle and Brahmanpalle villages do not own any agricultural land. They work as daily wage labors or in non-farm activities. Their monthly savings are also less. It is also observed that around 45% of the ST community members have different sizes of land holding, mainly in CTM and Ankisettipalle villages. The study also shows that 71% of the BC members have cultivation lands, mainly in Torredu, Rajavolu and Brahmanpalle villages. It is observed from the study that only 13% of minority community members have land, mainly in the CTM village. It also emerges from the study that government had provided land to the landless people, but that lands are not fit for cultivation. It requires heavy expenditure to make them arable. So, loan facility should be provided to the poor without the requirement of pledge or security. In addition, fertilizers and pesticides should also be provided at heavily subsidized rates. The other inputs needed for cultivation should also be made available at fair prices.

The data regarding the size of landholding pattern of SHG members are presented in Figure 5.8. It is observed that 43% of the members are landless and the remaining (57%) are marginal, small and semi-medium farmers. The proportion of

landless labuorers is relatively high in coastal Andhra, while it is lowest in Telangana region. It is observed that 32% of members are marginal farmers. Marginal farmers are highest in Telangana, followed by Rayalaseema and coastal Andhra regions.



Pattern of Livestock Holding: Animal husbandry is a source of additional income for a large number of households. The distribution pattern of livestock holding among the social group members' households is presented in Table 5.20. The study reveals that as many as 171 members, accounting for 29% of the total member households, have cows. Among these members, the majority belong to Ankisettipalle village. The study observed that in Torredu village, only 14.38% have cows. The table also indicates that among all the social groups, majority of the BC community members own cows (42.48%), followed by OCs (27%), STs (25%) and SCs (17%). It is also found that in all selected villages, none of the minority community members have cows. In Raghavapur village, ST, OC and minority community members have no cows.

The village-wise analysis shows that the percentage of members having bullocks in Raghavapur, Brahmanpalle, CTM, Ankisettipalle, Torredu and Rajavolu villages are 25.51%, 30.95%, 26.72%, 38%, 18.70% and 30.30% respectively. In Torredu village, there is no forest land for grazing the cattle, thus, majority of the members use tractors for agricultural purposes. Further, among all the social groups,

OC community members have more bullocks. It is very interesting to note that in Ankisettipalle village, 83% of the ST community members have bullocks. It can be seen from Table 5.20 that in Brahmanpalle, Torredu and Rajavolu villages, ST and minority community members do not own any livestock. This is because of the poor economic conditions of the smaller landholding groups, as the number of bullocks owned is directly proportional to the size of land holdings.

Table 5.20: Village-Wise and Community-Wise Distribution of Livestock Among SHG Member Households of Selected Villages

Social Group	Frequency	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Cows	5(29.41)	2 (28.52)	7 (29.16)	3 (25)	6 (8)	3 (14.28)	26 (16.66)
	Bullocks	3 (17.64)	0 (0)	4 (16.66)	3 (25)	1 (1.33)	6 (28.57)	17 (10.89)
	Buffalos	5 (29.41)	1 (14.28)	5 (20.83)	2 (16.66)	6 (8)	3 (14.28)	22 (14.10)
	Goats	3 (17.64)	2 (28.57)	5 (20.83)	3 (25)	8 (10.66)	2 (9.52)	23 (14.74)
ST	Cows	0 (0)	0 (0)	2 (22.22)	3 (50)	0 (0)	0 (0)	5 (25)
	Bullocks	0 (0)	0 (0)	1 (11.11)	5 (83.33)	0 (0)	0 (0)	6 (30)
	Buffalos	0 (0)	0 (0)	0 (0)	3 (50)	0 (0)	0 (0)	3 (15)
	Goats	1 (100)	0 (0)	3 (33.33)	3 (50)	0 (0)	0 (0)	7 (35)
BC	Cows	11 (14.28)	15 (48.38)	41 (59.42)	17 (100)	10 (43.47)	8 (32)	102 (42.48)
	Bullocks	22 (28.57)	12 (38.70)	20 (28.98)	7 (41.17)	4 (17.39)	4 (16)	69 (28.51)
	Buffalos	21 (27.27)	16 (51.61)	22 (31.88)	8 (47.05)	10 (43.47)	16 (64)	93 (38.42)
	Goats	15 (19.48)	10 (32.25)	15 (21.73)	5 (29.41)	2 (8.69)	5 (20)	52 (21.48)
OC	Cows	0 (0)	2 (100)	24 (34.28)	4 (33.33)	4 (10.52)	4 (22.22)	38 (26.95)
	Bullocks	0 (0)	1 (50.0)	24 (34.28)	4 (33.33)	21 (55.26)	10 (55.55)	60 (42.55)
	Buffalos	0 (0)	1 (50.0)	25 (35.71)	5 (41.66)	28 (73.68)	10 (55.55)	69 (48.93)
	Goats	0 (0)	1 (50.0)	10 (14.28)	2 (16.66)	2 (5.26)	3 (16.66)	18 (12.76)
Minority	Cows	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Bullocks	0(0)	0 (0)	1 (6.66)	0 (0)	0 (0)	0 (0)	1 (4.34)
	Buffalos	0(0)	0 (0)	1 (6.66)	0 (0)	0 (0)	0 (0)	1 (4.34)
	Goats	0(0)	0 (0)	2 (13.33)	0 (0)	0 (0)	0 (0)	2 (8.69)
All Social Groups	Cows	16 (16.32)	19 (45.23)	74 (39.57)	27 (54)	20 (14.38)	15 (22.72)	171 (29.38)
	Bullocks	25 (25.51)	13 (30.95)	50 (26.73)	19 (38)	26 (18.70)	20 (30.30)	153 (26.28)
	Buffalos	26 (26.52)	18 (42.85)	53 (28.34)	18 (36)	44 (31.65)	29 (43.93)	188 (32.30)
	Goats	19 (19.38)	13 (30.95)	35 (18.71)	13 (26)	12 (8.63)	10 (15.15)	102 (17.52)

Note: Figures in parentheses are percentages.
Source: Field Survey

The village-wise analysis shows that the percentage of buffaloes is the highest in Rajavolu (43.93%), followed by Brahmanpalle (42.85%), Ankisettipalle (36%), Torredu (31.65%), CTM (28.34%) and Raghavapur (26.52%). The very high percentage of buffaloes in Rajavolu is mainly because most of the small land holders received buffaloes at subsidized rates under the government anti-poverty program implemented to supplement their meager household income. It is further observed that in Torredu, village, the OC community members have more buffaloes as compared to other communities. Dairy industry also plays a vital role at the rural level since it provides employment to many BPL families. It is also highlighted that livestock plays a significant role in income generation and food security. Interestingly, a few villagers said that livestock ownership confirms a household's social status as well. A decade ago, it was customary to give livestock along with the women at the time of her marriage.

Goat is a domestic animal. It is found that many poor people in the villages own goats. As can be seen from Table 5.20, 17.52% of the total member households have goats. The highest number is found in Brahmanpalle, followed by Ankisettipalle, while the lowest is found in Torredu, followed by Rajavolu villages. It is also observed that in CTM and Ankisettipalle villages, majority of the ST members have goats, because goats are a major source of income for the ST households.

Distribution of Household Durable Assets: Possession of durable assets reflects the prosperity level of the household. Information about durable assets possessed by member households is presented in Table 5.21. It is observed that all the selected member households have cots, and 39% of the member households have tables. The number of households having tables is highest in Ankisettipalle and lowest in Torredu village. It is further observed from the table that 97.76% of total member households have chairs, and majority of them belong to the SC community (92.94%). The study also brings out that 86.59% of the member households have Television (TV) sets. The highest number of households having Television (TV) sets is recorded in Rajavolu, while lowest number is in Raghavapur village. Among all the social groups, 100% of minority community member households have TV sets, followed by OCs (94.32%),

BCs (90.08%), STs (85%) and SCs (72.43%). However, it is observed that in Raghavapur village, the ST community members do not have any TV sets. Further, in all the selected villages 98.79% of member households have fans. Of these, the highest percentage is recorded in Brahmanpalle, Ankisettipalle, Rajavolu, and Torredu villages, while the lowest is found in Raghavapur and CTM villages. It is also observed that among the social groups, all members of the OC and minority community have fans.

Table 5.21: Village-Wise and Community-Wise Distribution of Durable Assets of SHG Member Households of Selected Villages

Social Groups	Frequency	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Cot	17 (100)	7 (100)	24 (100)	12 (100)	75 (100)	21 (100)	156 (100)
	Table	6 (35.29)	0 (0)	8 (33.33)	4 (33.33)	19 (25.33)	5 (23.80)	42 (26.92)
	Chair	16 (94.11)	5 (71.42)	20 (83.33)	12 (100)	71 (94.66)	21 (100)	145 (92.94)
	TV	15 (88.23)	2 (28.57)	14 (58.33)	8 (66.66)	57 (76.00)	17 (81.95)	113 (72.43)
	Electric Fan	17 (100)	7 (100)	23 (95.83)	12 (100)	75 (100)	21 (100)	155 (99.35)
ST	Cot	1 (100)	1 (100)	9 (100)	6 (100)	2 (100)	1 (100)	20 (100)
	Table	0 (0)	1 (100)	3 (33.33)	3 (50)	1 (50)	0 (0)	8 (40)
	Chair	1 (100)	1 (100)	9 (100)	6 (100)	2 (100)	1 (100)	20 (100)
	TV	0 (0)	1 (100)	8 (88.88)	6 (100)	1 (50.00)	1 (100)	17 (85)
	Electric Fan	1 (100)	1 (100)	8 (88.88)	6 (100)	2 (100)	1 (100)	19 (95)
BC	Cot	77 (100)	31 (100)	69 (100)	17 (100)	23 (100)	25 (100)	242 (100)
	Table	26 (33.76)	16 (51.61)	23 (33.33)	8 (47.05)	11(47.82)	12 (48)	96 (39.66)
	Chair	76 (98.70)	31 (100)	68 (98.55)	17 (100)	23 (100)	25 (100)	240 (99.17)
	TV	64 (83.11)	30 (96.77)	63 (91.30)	15 (88.23)	22 (95.65)	24 (96.00)	218 (90.08)
	Electric Fan	72 (93.50)	31 (100)	69 (100)	17 (100)	23 (100)	25 (100)	237 (97.93)
OC	Cot	1 (100)	2 (100)	70 (100)	12 (100)	38 (100)	18 (100)	141 (100)
	Table	1 (100)	0 (0)	37 (52.85)	8 (66.66)	13 (34.21)	10 (55.55)	69 (48.93)
	Chair	1 (100)	2 (100)	70 (100)	12 (100)	38 (100)	18 (100)	141 (100)
	TV	1 (100)	2 (100)	63 (90)	12 (100)	38 (100)	17 (94.44)	133 (94.32)
	Electric Fan	1 (100)	2 (100)	70 (100)	12 (100)	38 (100)	18 (100)	141 (100)
Minority	Cot	2 (100)	1 (100)	15 (100)	3 (100)	1 (100)	1 (100)	23 (100)
	Table	2 (100)	1 (100)	6 (40)	0 (0)	1 (100)	0 (0)	10 (43.47)
	Chair	2 (100)	1 (100)	15 (100)	3 (100)	1 (100)	1 (100)	23 (100)
	TV	2 (100)	1 (100)	15 (100)	3 (100)	1 (100)	1 (100)	23 (100)
	Electric Fan	2 (100)	1 (100)	15 (100)	3 (100)	1 (100)	1 (100)	23 (100)
All Social Groups	Cot	98 (100)	42 (100)	187 (100)	50 (100)	139 (100)	66 (100)	582 (100)
	Table	35 (35.71)	18 (42.85)	77 (41.17)	23 (46)	45 (32.37)	27 (40.90)	225 (38.65)
	Chair	96 (97.95)	40 (95.23)	182 (97.32)	50 (100)	135 (97.12)	66 (100)	569 (97.76)
	TV	82 (83.67)	36 (85.71)	163 (87.16)	44 (88.00)	119 (85.61)	60 (90.90)	504 (86.59)
	Electric Fan	93 (94.89)	42 (100)	185 (98.93)	50 (100)	139 (100)	66 (100)	575 (98.79)

Note: Figures in parentheses are percentages.
Source: Field Survey

Section-II

5.3 Organization, Formation and Functions of SHGs in the Selected Villages

This section attempts to study the seniority of the groups and how the members were advised to join the group, by focusing on the size of the group, position of the members, details of the meeting and reasons for dropping out.

Completed Years of SHGs: The SHGs are essentially formed for empowering the poor so that they can take important decisions concerning their lives. The process adopted for formation of the group has a major influence over the way the group functions. The age of a SHG is one of the significant factors for understanding its progress. After six months of the formation of the group, it is allowed to open a savings account in the bank. If the bank is satisfied, the group becomes eligible for getting credit from the bank. The members joining the SHGs are classified into four categories, namely, more than 2 years, 2-4 years, 4-6 years, and finally, above 6 years. Table 5.22 presents the age of the SHGs. The age is one of the factors which determine the performance of the enterprise. The age-wise distribution indicates that nearly 30% of the members reported that their group formation seniority is two years, 30% reported that their group formation seniority is above 6 years, followed by 23% whose SHG formation seniority is 2-4 years and 17% whose seniority is 4-6 years. It is also observed that highest percentage of groups which are working for two years is found in CTM and lowest is found in Brahmanpalle village. The groups working for 2-4 years are highest in Raghavapur and least in Ankisettipalle village, while groups working for 4-6 years are highest in Brahmanpalle village. It is further observed from Table 5.22 that a large number of older groups are found in Ankisettipalle, followed by Rajavolu, CTM, Brahmanpalle and Torredu, while the least are found in Raghavapur village. It is interesting to note that in CTM village, a large number of older groups are found in OC and BC community as compared to SC, ST and minority community.

Caste-wise analysis of the sample members shows that majority of the members of those SHGs that have completed 2 years belong to STs (50%). This

Table 5.22: Village-Wise, Community-Wise and Age-Wise Distribution of SHGs of Selected Villages

Social Group	Age of SHGs	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	2 years	4 (23.6)	0 (0)	15 (62.5)	1 (8.3)	28(37.3)	3 (14.3)	51 (32.7)
	2 to 4 years	7 (41.1)	1 (14.3)	1 (4.2)	0 (0)	8 (10.7)	9 (42.9)	26 (16.7)
	4 to 6 years	5 (29.4)	4 (57.1)	2 (8.3)	0 (0)	12 (16.0)	4 (19.0)	27 (17.3)
	above 6 years	1 (5.9)	2 (28.6)	6 (25.0)	11(91.7)	27 (36.0)	5 (23.8)	52 (33.3)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	2 years	0 (0)	0 (0)	7 (77.8)	2 (33.3)	1 (50)	0 (0)	10 (50)
	2 to 4 years	0 (0)	0 (0)	0 (0)	4 (66.7)	0 (0)	0 (0)	4 (20)
	4 to 6 years	1 (100)	1 (100)	1 (11.1)	0 (0)	0 (0)	0 (0)	3 (15)
	above 6 years	0 (0)	0 (0)	1 (11.1)	0 (0)	1 (50)	1 (100)	3 (15)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1(100)**	**20 (100)**
BC	2 years	19 (24.7)	2 (6.4)	20 (29.0)	5 (29.4)	4 (17.5)	12(48.0)	62 (25.6)
	2 to 4 years	32 (41.5)	9 (29.0)	19 (27.5)	1 (5.8)	13(56.5)	3 (12.0)	77 (31.8)
	4 to 6 years	13 (16.8)	10 (32.3)	10 (14.5)	2 (11.8)	3 (13.0)	0 (0)	38 (15.7)
	above 6 years	13 (16.8)	10 (32.3)	20 (29.0)	9 (53.0)	3 (13.0)	10 (40)	65 (26.9)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17(100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	2 years	1 (100)	0 (0)	29 (41.4)	4 (33.3)	11(28.9)	4 (22.2)	49 (34.8)
	2 to 4 years	0 (0)	1 (50.0)	9 (12.9)	1 (8.3)	10 (26.3)	2 (11.1)	23 (16.3)
	4 to 6 years	0 (0)	1 (50.0)	8 (11.4)	0 (0)	10 (26.3)	3 (16.7)	22 (15.6)
	above 6 years	0 (0)	0 (0)	24 (34.3)	7 (58.4)	7 (18.5)	9 (50.0)	47 (33.3)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	2 years	1 (50)	1 (100)	2 (13.3)	0 (0)	0(0)	0 (0)	4 (17.4)
	2 to 4 years	0 (0)	0 (0)	6 (40.0)	0 (0)	0 (0)	0 (0)	6 (26.0)
	4 to 6 years	1 (50)	0 (0)	4 (26.7.)	2(66.7)	1 (100)	0 (0)	8 (34.8)
	above 6 years	0 (0)	0 (0)	3 (20.0)	1 (33.3)	0 (0)	1(100)	5 (21.8)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	2 years	25 (25.5)	3 (7.1)	73 (39.1)	12 (24.0)	44 (31.7)	19 (28.8)	176 (30.2)
	2 to 4 years	39 (39.8)	11 (26.2)	35 (18.7)	6 (12.0)	31 (22.3)	14 (21.2)	136 (23.4)
	4 to 6 years	20 (20.4)	16 (38.1)	25 (13.4)	4 (8.0)	26 (18.7)	7 (10.6)	98 (16.8)
	above 6 years	14 (14.3)	12 (28.6)	54 (28.8)	28 (56.0)	38 (27.3)	26(39.4)	172 (29.6)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50(100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

implies that ST community members were late in forming groups, since they are mostly illiterate and thus are unaware of the pros and cons of SHGs. As regards the BC community, majority of the members reported that the seniority of the SHG is 2-4 years. On the other hand, majority of the SC community members reported that the

seniority of the SHG is above 6 years. It is found that the groups formed by political sections are treated as Grade 1, 2, and banks give more loans to these groups. This harms the groups with good performance. Hence, the government should grade the groups on the basis of seniority, group savings and their loan repayment history.

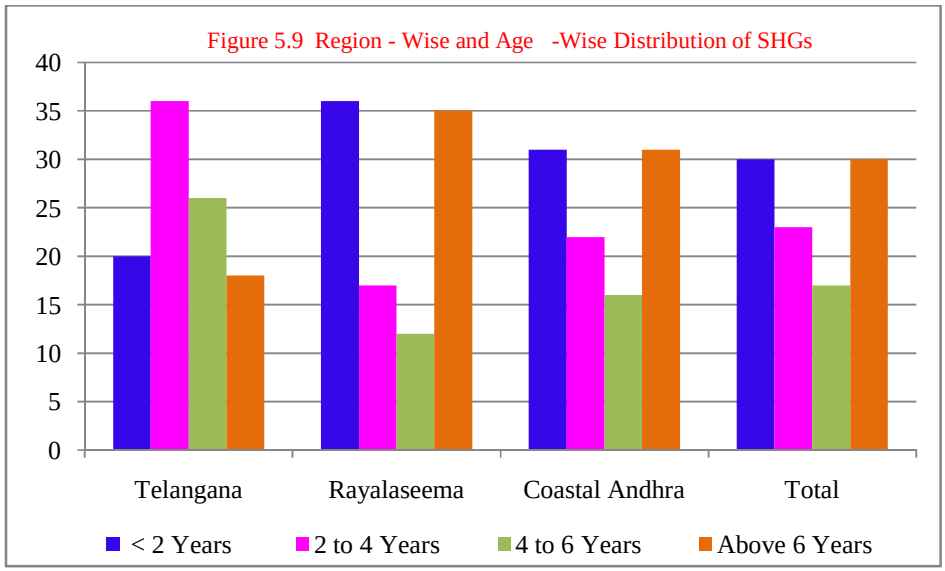


Figure 5.9 shows that a wide disparity in the age of SHGs across the three regions. In Telangana, most of the SHGs have been in operation for 2 to 4 years. In the other two regions, number of SHGs in the 'age-brackets' less than 2 to more than 6 years are almost equal. If ones see the total SHGs across the regions, one would find that the least number are in the 4 to 6 years bracket. It is also observed that highest percentage of groups which are working for two to four years is found in Telangana region and lowest in Rayalaseema region, while groups working for above 6 years are highest in Rayalaseema region.

Reason for Joining SHGs: It is interesting to note that 55% of the respondents joined SHG out of their own interest, followed by 29% due to the inspiration of their husbands, 9% due to prompting of other family members, and 6% at suggestion of friends/relatives (see Table 5.23). This reveals that people are aware of the purpose and importance of SHGs. The goals can be met only with the support of the society and their own interest. Personal interest determines the way for acquiring knowledge about the SHGs. Of the 55% of members who formed SHGs out of their personal

interest, the highest percentage is recorded in Torredu and the lowest in Brahmanpalle. Among the 29% members who reported that their husbands suggested them to join these groups, the majority belongs to Brahmanpalle and the least to Torredu village. Of the 9% who joined these groups on family members' suggestions, the highest number is recorded in CTM village.

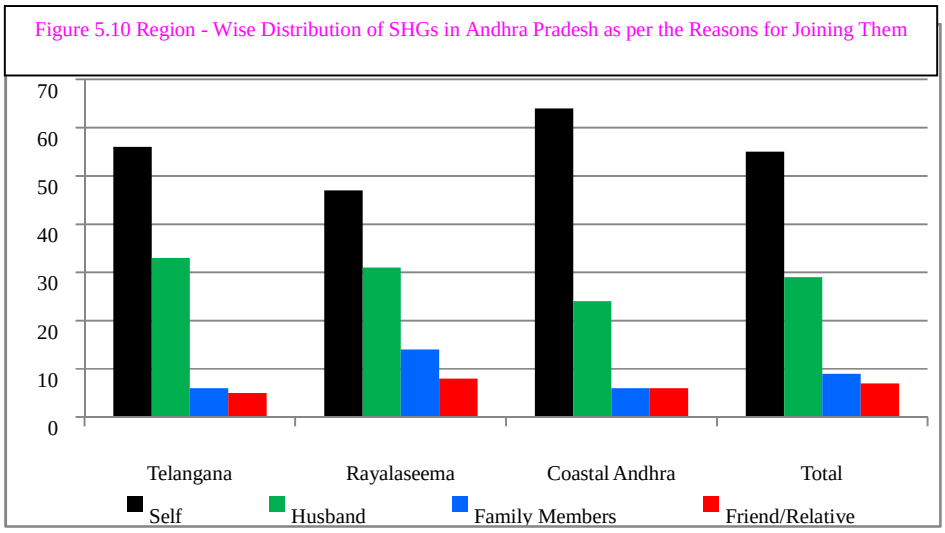
Table 5.23: Village-Wise and Community-Wise Distribution of SHGs of Selected Villages as per the Reasons for Joining Them

Social Group	Frequency	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Self	14 (82.3)	3 (42.8)	9 (37.5)	5 (41.7)	49(65.3)	11(58.4)	91(58.3)
	Husband	3 (17.7)	4 (57.2)	5 (20.9)	5 (41.7)	20 (26.7)	10 (47.6)	47 (30.0)
	Family Members	0 (0)	0 (0)	8 (33.3)	2 (16.6)	2 (2.7)	0 (0)	12 (7.7)
	Friends/ Relatives	0 (0)	0 (0)	2 (8.3)	0 (0)	4 (5.3)	0 (0)	6 (4.0)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75(100)**	**21 (100)**	**156 (100)**
ST	Self	1 (100)	1 (100)	7 (77.8)	2 (33.3)	2(100)	0(0)	13 (65.0)
	Husband	0 (0)	0 (0)	1 (11.1)	2 (33.3)	0 (0)	1 (100)	4 (20.0)
	Family Members	0 (0)	0 (0)	1 (11.1)	1 (16.7)	0 (0)	0 (0)	2 (10.0)
	Friends/ Relatives	0 (0)	0 (0)	0 (0)	1 (16.7)	0 (0)	0 (0)	1 (5.0)
	Total	**1(100)**	**1(100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Self	45 (58.4)	11 (35.5)	30 (43.5)	10 (58.8)	16 (69.6)	8 (32.0)	120 (49.6)
	Husband	21 (27.3)	16 (51.6)	26 (37.7)	4 (23.5)	5 (22.0)	6 (24.0)	78 (32.2)
	Family Members	6 (7.8)	2 (6.5)	7 (10.1)	2 (11.7)	1 (4.2)	8 (32.0)	26 (10.7)
	Friends/ Relatives	5 (6.5)	2 (6.4)	6 (8.7)	1 (6.0)	1 (4.2)	3 (12.0)	18 (7.5)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Self	1 (100)	0 (0)	33 (47.2)	8 (66.7)	35 (92.1)	8 (44.5)	85 (60.3)
	Husband	0 (0)	2 (100)	22 (31.2)	3 (25.0)	2 (5.3)	5 (27.8)	34 (24.2)
	Family Members	0 (0)	0 (0)	10 (14.4)	0 (0)	1 (2.6)	1 (5.5)	12 (8.5)
	Friends/ Relatives	0 (0)	0 (0)	5 (7.2)	1 (8.3)	0 (0)	4 (22.2)	10 (7.0)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Self	2 (100)	1 (100)	8 (53.3)	0 (0)	1(100)	0 (0)	12 (52.2)
	Husband	0 (0)	0(0)	4 (26.7)	1 (33.3)	0 (0)	1(100)	6 (26.0)
	Family Members	0 (0)	0 (0)	1 (1.7)	1 (33.3)	0 (0)	0 (0)	2 (8.7)
	Friends/ Relatives	0 (0)	0 (0)	2 (13.3)	1 (33.3)	0 (0)	0 (0)	3 (13.1)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Self	63 (64.3)	16 (38.1)	87 (46.5)	25 (50.0)	103(74.1)	27 (41.0)	321 (55.5)
	Husband	24 (24.5)	22 (52.4)	58 (31)	15 (30.0)	27 (19.4)	23 (34.8)	169 (29.0)
	Family Members	6 (6.2)	2 (4.8)	27 (14.5)	6 (12.0)	4 (2.9)	9 (13.6)	54 (9.0)
	Friends/ Relatives	5 (5.1)	2 (4.8)	15 (8.0)	4 (8.0)	5 (3.6)	7 (10.6)	38 (6.5)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139(100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Community-wise analysis shows that majority of the SC community members (58.3%) joined SHG out of their personal interest. Similar results are found in the ST community, except in the case of Rajavolu village. In Rajavolu, only one ST member joined SHG, that too on the suggestion of her husband. In the case of BC community, a majority of the members (49.6%) joined SHGs out of self-motivation, followed by 32.2% who joined due to husband's suggestion. Similar results are found in respect of OC community. As regards the minority community, most of members joined SHGs out of their personal interest in Raghavapur, Brahmanpalle, CTM and Torredu villages. However, in Ankisettipalle and Rajavolu villages members joined the groups on the suggestions of their husbands (Table 5.23). It is suggested that the government should create awareness among people of all villages to join SHGs on their own.

Figure 5.10 Region - Wise Distribution of SHGs in Andhra Pradesh as per the Reasons for Joining Them



A data distribution on Figure 5.10 details the large number of participants imparted across the all three regions have joined the SHGs of their own decision. This shows that even in rural areas, women are increasingly taking independent decisions. Understandably, the next highest influence (in all the three regions) is that of the husband. It also emerges that the 'role of other family members and friends/relatives is much less in all the three regions. What emerges is that the opinion of the immediate family members (self plus husband) carries the greatest weight in all the villages of all the regions. On the whole, it can be concluded that the two dominating

reasons for joining a group are to derive the benefits of government schemes and avail bank loan at lower interest rates.

Size of the Group: The identification of members for formation of group is done with proper care as per the procedure in the Gram Sabha meetings, under the supervision of Gram Sevikas. Proper care has been taken while selecting the group members in terms of their age, marital status and social status. Size of the group and caste-wise details are presented in Table 5.24. The group size varies from 9 to 15 members. Out of 582 members interviewed, nearly 47% of them said that their group size is less than 10 members, followed by 41% whose group size is 11-12 members and 12% whose group size is 13-15 members. Of the 47% with group size less than

Table 5.24: Village-Wise and Community-Wise Distribution of Group Size of SHG Members

Social Group	Group Size	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Less than10	2 (11.8)	7 (100)	10 (41.7)	6 (50.0)	25(33.3)	17 (81.0)	67 (43)
	11 to 12	10 (58.8)	0 (0)	12 (50.0)	6 (50.0)	40 (53.3)	4 (19)	72 (46.1)
	13 to 15	5 (29.4)	0 (0)	2 (8.3)	0(0)	10 (13.3)	0 (0)	17 (10.9)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Less than10	1 (100)	1 (100)	7 (77.8)	5 (83.3)	2 (100)	1 (100)	17 (85.0)
	11 to 12	0 (0)	0 (0)	2 (22.2)	1 (16.7)	0 (0)	0 (0)	3 (15.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2(100)**	**1 (100)**	**20 (100)**
BC	Less than10	40 (51.9)	11 (35.5)	30 (43.5)	10 (58.8)	12 (52.2)	13 (52.0)	116 (48.0)
	11 to 12	30 (39.0)	20 (64.5)	24 (34.8)	5 (29.4)	9 (39.1)	10 (40.0)	98 (40.5)
	13 to 15	7 (9.1)	0 (0)	15 (21.7)	2 (11.8)	2 (8.7)	2 (8.0)	28 (11.5)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Less than10	1 (100)	2 (100)	23 (32.9)	6 (50.0)	15 (39.0)	10 (55.6)	57 (40.4)
	11 to 12	0 (0)	0 (0)	32 (45.7)	4 (33.3)	20 (52.0)	6 (33.3)	62 (44.0)
	13 to 15	0 (0)	0 (0)	15 (21.4)	2 (16.7)	3 (9.0)	2 (11.1)	22 (15.6)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Less than10	2 (100)	1 (100)	9 (60)	2 (66.7)	1 (100)	1 (100)	16 (69.6)
	11 to 12	0 (0)	0 (0)	4 (26.7)	1 (33.3)	0 (0)	0 (0)	5 (21.7)
	13 to 15	0 (0)	0 (0)	2 (13.3)	0 (0)	0 (0)	0 (0)	2 (8.7)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3(100)**	**1(100)**	**1 (100)**	**23 (100)**
All Social Groups	Less than10	46 (47.0)	22 (52.4)	79 (42.4)	29 (58.0)	55 (39.6)	42 (63.7)	273 (46.9)
	11 to 12	40 (40.8)	20 (47.6)	74 (39.5)	17 (34.0)	69 (49.6)	20 (30.3)	240 (41.2)
	13 to 15	12 (12.2)	0 (0)	34 (18.1)	4 (8.0)	15 (10.8)	4 (6.0)	69 (11.9)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

10 members, the highest is recorded in Rajavolu and lowest in Torredu village. In Raghavapur village, it is observed that the group size of the majority of ST, OC and minority community members is less than 10. In Raghavapur village, groups with 11-12 members are more among SCs. In Brahmanpalle village, only groups of less than 10 members are seen among SC, ST, OC and minority community. It is an interesting to note that the majority of the groups with 11-12 members are found in Torredu village. It is worth mentioning that in Brahmanpalle village, there is no group of size more than 12 members. In Rajavolu village, a majority of the groups have less than 10 members. In Torredu village, groups consisting of 13-15 members are found only among the SC, BC and OC communities.

Caste-wise groups with less than 10 members are most among ST (85%) and least among the OC community (44%), and groups with 11-12 members are most among the SC community (46.1%). In the case of BC community, the majority of members' group size is less than 10, except in Brahmanpalle village. In the case of OC community, 44% of the members' group size is 11-12 members and percentage of groups of size 11-12 members is highest in CTM village. In minority community, 69.6% of the member's group size is less than 10. The government should make it mandatory for new groups to have at least 12 members, because groups with less than 12 members have to face a number of problems.

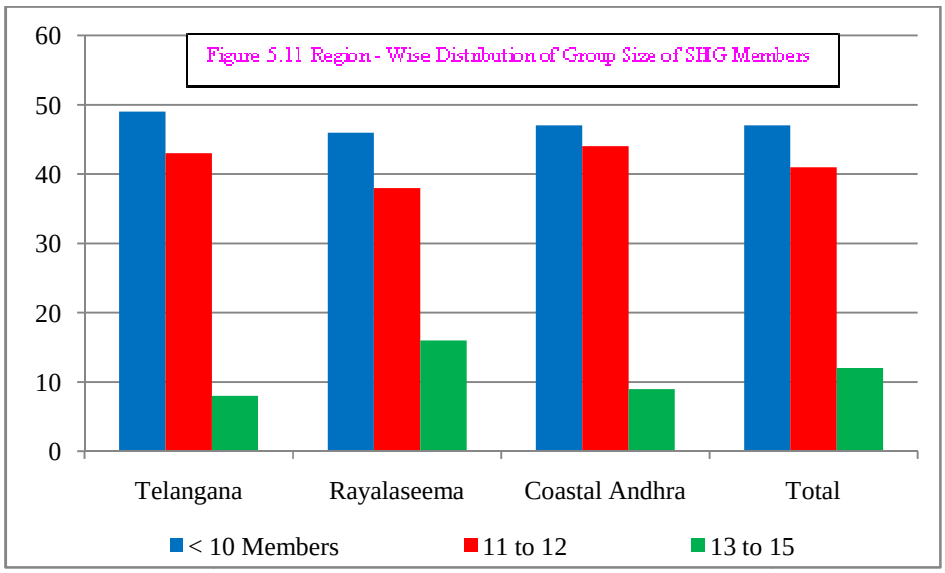


Figure 5.11 bring out the majority of SHGs across the all three regions (with almost identical percentages) have less than 10 members. The next position is occupied by SHGs with membership between 11 to 12. Very few SHGs have membership in the range 13 to 15 in all the three regions. The lesson that emerges is that in view of the generally close-knit rural society, SHGs tend to be believing in 'a compact' membership concept. It is worth mentioning that in Rayalaseema region, the group size 13-15 members is more when compared to other two regions.

Members' Position in the Groups: Details regarding position of the members in the group are presented in Table 5.25. In the selected villages, it is observed that designation of 69% of the members in the group is primary members, followed by 25% group leaders and 6% second leaders. The percentage of group leaders is highest in Torredu and least in Ankisettipalle village. The percentage of second leaders is highest in Rajavolu village. Caste-wise a majority of group leaders belong to OC and BC communities. As larger number of members of village groups belongs to the BC, OC and SC community, hence the number of leaders from these castes is also more. Position of the majority of the SC community members is limited to primary members in all the 6 villages. Similar is the case with the BC community members. All the OC community members in Raghavapur and Brahmanpalle villages are second leaders and leaders respectively. In CTM, Ankisettipalle, Torredu and Rajavolu villages, majority of the members are enrolled as primary members, followed by group leaders (Table 5.25). It is observed that most of the SHG members preferred the highest educated member as the leader of the group, may be because there are high proportions of illiterates among all the communities. The function of the Village Organizations (VOs) is to appoint an able as well as literate member of the group as the leader for smooth functioning of the group in day-to-day operations. This is an important reason behind a high percentage of leaders being chosen by nomination within the SHGs. It is important that there is a change in leadership at regular interval, so that one person does not hold the reins indefinitely and also to see that more members get experience of this duty. However, it often happens that in change of leadership hinders smooth running of the SHGs. The general trend

recorded is that more than 80% of SHGs prefer change in the leadership once a year or once in two years.

Table 5.25: Village-Wise and Community-Wise Distribution of SHG Member's Status in the Groups

Social Group	Position in Group	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Leader	2 (11.8)	2 (28.6)	6 (25.0)	1(8.3)	23 (30.7)	2 (9.5)	36 (23.1)
	Second Leader	0 (0)	1 (14.3)	0 (0)	2 (16.7)	8 (10.6)	3 (14.3)	14 (9.0)
	Members	15 (88.2)	4 (57.1)	18 (75.0)	9 (75.0)	44(58.7)	16 (76.2)	106 (67.9)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Leader	0 (0)	0 (0)	3 (33.3)	1 (16.5)	0(0)	0(0)	4 (20.0)
	Second Leader	0 (0)	1(100)	0 (0)	1 (16.5)	1(50.0)	0 (0)	3 (15.0)
	Members	1 (100)	0 (0)	6 (66.7)	4 (67.0)	1 (50.0)	1(100)	13 (65.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Leader	18 (23.5)	8 (25.8)	20 (29.0)	3 (17.6)	5 (21.7)	5 (20.0)	59 (24.4)
	Second Leader	3 (3.8)	1 (3.2)	2(2.9)	1 (5.9)	1 (4.3)	3(12.0)	11 (4.6)
	Members	56 (72.7)	22 (71.0)	47 (68.1)	13 (76.5)	17 (74.0)	17 (68.0)	172 (71.0)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Leader	0 (0)	2 (100)	14 (20.0)	3 (25.0)	12 (31.5)	8 (44.4)	39 (27.6)
	Second Leader	1 (100)	0 (0)	1 (1.4)	0 (0)	4 (10.5)	1 (5.6)	7(5.0)
	Members	0 (0)	0 (0)	55 (78.6)	9 (75.0)	22 (58.0)	9 (50.0)	95 (67.4)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Leader	0 (0)	0 (0)	4 (26.7)	0 (0)	0 (0)	1 (100)	5 (21.7)
	Second Leader	0 (0)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	1 (4.3)
	Members	2 (100)	0 (0)	11 (73.3)	3 (100)	1 (100)	0 (0)	17 (74.0)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Leader	20 (20.4)	12 (28.6)	47 (25.1)	8 (16)	40 (28.8)	16 (24.2)	146 (24.6)
	Second Leader	4 (4.1)	4 (9.5)	3 (1.6)	4 (8)	14 (10.1)	7 (10.6)	36 (6.2)
	Members	74 (75.5)	26 (61.9)	137 (73.3)	38 (76)	85 (61.2)	43 (65.2)	403 (69.2)
	Total	**98(100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Frequency of Meetings: SHGs have to function in a democratic manner. Regular meetings of group members are one of the activities of the SHGs that ensure effective participation of members. The number of meetings held per month by the SHGs, attendance of the members and participation of members in the group meetings are indicators of the effective functioning of the SHGs. These are generally looked into by banks before deciding on extending credit facilities to the SHGs. Ideally, the meetings should be held on weekly or at least monthly basis, so that the members

meet frequently which helps in establishing a bond and understanding each others' difficulties. By attending meetings and participating in the discussions, the members gain knowledge about the rules and regulations of the SHG, which in turn empowers the members to take part in the decision-making process.

Table 5.26: Village-Wise and Community-Wise Distribution of Frequency of Meetings Held in SHGs

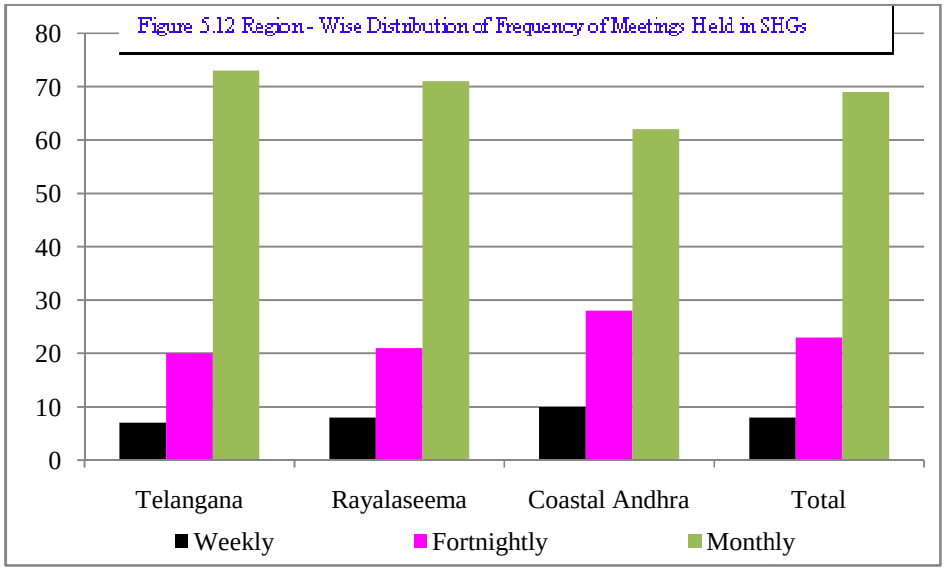
Social Group	Freq. of Meetings	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Weekly	0 (0)	1 (14.3)	0 (0)	2 (16.7)	8 (10.6)	3 (14.3)	14 (9.0)
	Fortnightly	2 (11.8)	2 (28.6)	6 (25.0)	1 (8.3)	23 (30.7)	2 (9.5)	36 (23.0)
	Monthly	15 (88.2)	4 (57.1)	18 (75.0)	9 (75.0)	44 (58.7)	16 (76.2)	106 (68.0)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75(100)**	**21 (100)**	**156 (100)**
ST	Weekly	0 (0)	0 (0)	3 (33.3)	1 (16.5)	0 (0)	0 (0)	4 (20.0)
	Fortnightly	0 (0)	0 (0)	3 (33.3)	1(16.5)	1 (50.0)	0 (0)	5 (25.0)
	Monthly	1 (100)	1 (100)	3 (33.3)	4 (67.0)	1(50.0)	1 (100)	11(55.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Weekly	8 (10.4)	1 (3.2)	2 (2.9)	1 (5.9)	1 (4.4)	3 (12.0)	16 (6.6)
	Fortnightly	13 (16.9)	8 (25.8)	20 (29.0)	3 (17.6)	5 (21.7)	5 (20.0)	54 (22.3)
	Monthly	56 (72.7)	22 (71.0)	47 (68.1)	13 (76.5)	17 (73.9)	17 (68.0)	172 (71.1)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Weekly	0 (0)	0 (0)	5 (7.1)	2 (16.7)	4 (10.4)	2 (11.0)	13 (9.2)
	Fortnightly	1 (100)	1 (50.0)	10 (14.3)	3 (25.0)	12 (31.6)	8 (44.5)	35 (24.8)
	Monthly	0 (0)	1 (50.0)	55 (78.6)	7 (58.3)	22 (58)	8 (44.5)	93 (66.0)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Weekly	0 (0)	0 (0)	2 (13.3)	0 (0)	0 (0)	0 (0)	2 (8.7)
	Fortnightly	0 (0)	1 (100)	2 (13.3)	1 (33.3)	0 (0)	1 (100)	5 (21.7)
	Monthly	2 (100)	0 (0)	11 (73.3)	2 (66.7)	1 (100)	0(0)	16(69.6)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1(100)**	**23 (100)**
All Social Groups	Weekly	8 (8.2)	2 (4.8)	12 (6.4)	6 (2.0)	13 (9.4)	8 (12.1)	49 (8.4)
	Fortnightly	16 (16.3)	12 (28.6)	41 (22.0)	9 (18.0)	41 (24.5)	16 (24.3)	135 (23.2)
	Monthly	74 (75.5)	28 (66.6)	134 (71.6)	35 (70.0)	85 (61.1)	42 (63.6)	398 (68.4)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**58 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Regular meetings are very important, especially in the initial stage of formation of the group. When the group is formed, all group members plan to hold periodical meetings. The SHGs decide on a fixed date, time and venue for the meeting. This ensures that the women members remain committed to the group and are able to plan in advance. Group meetings are held either weekly, fortnightly or monthly. Majority of the members (68.4%) of the studied villages said that meetings

are conducted on a monthly basis for discussing their group activities, followed by 23.2% who said that they are held fortnightly and 8.4% who said that they are held weekly. The details regarding frequency of meetings held in the selected villages are presented in Table 5.26. The table shows that the largest percentage of monthly meeting (75.5%) is conducted in the Raghavapur village. The village-wise analysis shows that the percentage of weekly meetings conducted in Rajavolu, Torredu, Raghavapur, CTM, Brahmanpalle and Ankisettipalle villages is 12.1%, 9.4%, 8.2%, 6.4%, 4.8% and 2% respectively. It is also an important to note that the percentage of fortnightly meetings is highest in Brahmanpalle village. The caste-wise analysis of the frequency of the group meetings held shows that 68% of SCs, 55% of STs, 71.1% of BCs, 66% of OCs and 69.6% of minorities reported that monthly meeting are held, while 23% of SCs, 25% of STs, 22.3% of BCs, 24.8% of OCs and 21.7% of minorities reported that is held fortnightly, and 9% of SCs, 20% of STs, 6.6% of BCs, 9.2% of OCs and 8.7% of minorities said that it is held on weekly basis.

The leaders should be able to understand the problem on the spot and attempt to solve them. In addition, the leaders should be educated and capable of taking steps to obtain loans from and repay loans to banks. They should have the skill of clarifying things to the group members, and should be able to lead the group with their advice. It is observed that in the Raghavapur village that there are two VO leaders. One is from the BC community and other from SC community. But neither of them works properly. They do not consult the members and ascertain their problems. Hence, there is no proper relation between them and the members. Both in Brahmanpalle and Ankisettipalle villages, there is one VO leader. All the members have good relation with them. In CTM village, there are three VO leaders. The two that belong to SC community do not work properly, while the other from OC community works well. Many BC, OC and minority group members work along with her. This VO leader is educated and hard working. Again in Torredu and Rajavolu villages, the VOs do not work well. Many of the members do not even know the name of the leaders. Although East Godavari district boasts of many groups, they fail to work properly.



Not surprisingly, Figure 5.12 shows that in all the three regions and overall, the general preference is for meetings once in a month. Maybe, this arrangement is considered more convenient and there would be more issues to discuss. The weekly meetings norm does not seem to be very popular in any of the three regions. However, in coastal Andhra, a noticeable figure (28%) is conducting meetings once in a fortnight. It is also an important to note that the percentage of fortnightly meetings is highest in coastal Andhra.

Meeting Venue and Time: Each group meets on a specific day, time and place. Some groups meet at 9 pm after dinner, while some at noon after returning from work. It depends on the convenience of the majority. Regarding the place, most of the groups meet at the leader's house. A few groups meet at their members/representatives' houses. The meeting duration is from 1-2 h, depending on the number of transactions and the agendas that are to be discussed. The groups follow a clear procedure that provides an equal opportunity to all group members to participate in the discussion and activities at all levels. This, in turn, enhances the financial management skills, decision-making skills, leadership qualities and communication skills.

Organizer of the Meetings: There was very little or no change in the average number of meetings held per month. Almost identical was the experience with

Table 5.27: Village-Wise and Community-Wise Distribution of Organizers of SHG Meetings

Social Group	Organizer	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Group Leader	16 (94.1)	7 (100)	18 (75.0)	7 (58.3)	62 (82.7)	20 (95.2)	130 (83.3)
	Members	1 (5.9)	0 (0)	6 (25.0)	4(33.3)	7 (9.3)	1 (4.8)	19 (12.2)
	Second Leader	0 (0)	0 (0)	0 (0)	1 (8.3)	6 (8.0)	0 (0)	7 (4.5)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156(100)**
ST	Group Leader	0 (0)	1 (100)	9 (100)	4 (66.7)	1 (50.0)	1 (100)	16 (80.0)
	Members	1 (100)	0 (0)	0 (0)	2 (33.3)	1 (50.0)	0 (0)	4 (20.0)
	Total	**1 (100)**	**1 (100)**	**9(100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Group Leader	49 (63.6)	21 (67.7)	67 (97)	16 (94.1)	21(91.3)	14 (56.0)	188(77.7)
	Members	20 (26.0)	10 (32.3)	2 (3.0)	0 (0)	2 (8.7)	6 (24.0)	40 (16.5)
	Second Leader	8 (10.4)	0 (0)	0 (0)	1 (5.9)	0 (0)	5 (20.0)	14 (5.8)
	Total	**77(100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Group Leader	1 (100)	0 (0)	63 (90.0)	8 (66.7)	35 (92.1)	7 (39.0)	114 (80.8)
	Members	0 (0)	2 (100)	6 (8.6)	1 (8.3)	3 (7.9)	8 (44.4)	20 (14.2)
	Second Leader	0 (0)	0 (0)	1 (1.4)	3 (25.0)	0 (0)	3 (16.6)	7 (5.0)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Group Leader	0 (0)	1 (100)	13 (86.7)	3 (100)	1 (100)	1 (100)	19 (82.6)
	Members	2 (100)	0 (0)	2 (13.3)	0 (0)	0 (0)	0 (0)	4 (17.4)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Group Leader	66 (67.3)	30 (71.4)	170 (91.0)	38 (76.0)	120 (86.3)	43 (65.2)	467(80.2)
	Members	24 (24.5)	12 (28.6)	16 (8.5)	7 (14.0)	13 (9.4)	15 (22.7)	87(15.0)
	Second Leader	8 (8.2)	0 (0)	1 (0.5)	5 (10.0)	6 (4.3)	8 (12.1)	28 (4.8)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

members attending group meetings or participating in group discussions. The system of selecting the group leader in the SHG-bank linkage scheme has also remained largely unchanged. However, awareness about the rules and regulations of the SHGs,as well as about the objectives of the group, has increased considerably among the members over the years. The groups' success mainly depends on the coordinated efforts of all the members in the groups with the group organizer. In the selected villages, 80% of the members reported that the group leader organizes the meetings, 15% reported that SHG members organize the meetings, and the remaining 5% stated that the second leader organizes the meetings. The details regarding who organizes the group meetings are presented in Table 5.27. The village-wise analysis shows that the percentage of group leaders organizing meetings is the highest in CTM (91%). It

is observed that majority of the members in all selected villages reported that the group leader organizes the meeting. The percentage of SHG members organizing meetings is highest in Brahmanpalle village. It is further observed that in Brahmanpalle village, all OC community group meetings are organized by the group members.

The caste and village-wise distribution reveals that highest percentage of group leaders organizing meetings is found in the SC community. However, in Raghavapur village all the group meetings of the ST community is organized by the group members. Similar, is the case with the minority community in Raghavapur village. On the contrary, in the case of OC community of Raghavapur, CTM, Ankisettipalle and Torredu villages, it is observed that the group leaders organize the majority of the meetings.

Attendance in SHG Meetings: Undoubtedly, meeting plays an important role in sharing information, carrying out financial transactions, decision making and enhancing the bargaining power of the SHG members. Compulsory attendance of members in the meetings is one of the prerequisites for smooth functioning of the group. It is one of the indicators to ensure the active participation of members in the business of the group in a democratic manner. More than 77% of the members reported that all members in the group have been participating in meetings, while 10% said that they are not attending the group meetings regularly. Another 13% of the members reported that they are attending meetings irregularly (see Table 5.28). Of 10% members who reported that they are not attending the group meetings regularly, the highest number is recorded in Torredu village. Of the 13% who reported that they are attending meetings irregularly, the highest percentage is in Ankisettipalle (26%), while lowest is in Torredu (7.9%) village. The higher percentage of attendance could be attributed to imposing penalty or fine for late attendance or absence in the meetings. About 90% of groups imposed penalty or fine for late attendance or absenteeism in the meetings. However, there were provisions in almost all SHGs for waiving the penalty or fine for genuine reasons like sickness, urgency of work, etc. The reasons for absence in meetings were cited as: (1) Work pressure during peak

agriculture seasons, especially during sowing and harvesting periods; (2) Unsuitable timings of group meetings; (3) Ill-health of the member or household members; (4) Visitors in the house; (5) Residence is far away, hence cannot attend meetings regularly; (6) Unexpected or emergency work; and (7) Temporary migration to nearby town/cites for employment.

Table 5.28: Village-Wise and Community-Wise Distribution of Frequency of Attending Meetings by SHG Members

Social Group	Frequency of Attendance	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	10 (59.0)	5 (71.0)	16 (67.0)	4 (33.0)	60 (80.0)	14 (67.0)	109 (70.0)
	No	3 (18.0)	0 (0)	4 (16.5)	3 (25.0)	10 (13.0)	4 (19.0)	24 (15.5)
	Sometime only	4 (23.0)	2 (29.0)	4 (16.5)	5 (42.0)	5 (7.0)	3 (14.0)	23 (14.5)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Yes	1 (100)	1 (100))	8 (89.0)	4 (67.0)	2 (100)	1 (100)	17 (85.0)
	No	0 (0)	0 (0	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Sometime only	0 (0)	0 (0)	1 (11.0)	2 (33.0)	0 (0)	0 (0)	3 (15.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Yes	56 (73.0)	25 (81.0)	60 (87.0)	15 (88.0)	18 (78.0)	16 (64.0)	190 (78.0)
	No	10 (13.0)	0 (0)	4 (6.0)	0 (0)	3 (13.0)	7 (28.0)	24 (10.0)
	Sometime only	11 (14.0)	6 (19.0)	5 (7.0)	2 (12.0)	2 (9.0)	2 (8.0)	28 (12.0)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Yes	1 (100)	2 (100)	57 (81.4)	10 (83.0)	30 (79.0)	14 (78.0)	114 (81.0)
	No	0 (0)	0 (0)	3 (4.3)	0 (0)	4 (10.5)	3 (17.0)	10 (7.0)
	Sometime only	0 (0)	0 (0)	10 (14.3)	2 (17.0)	4 (10.5)	1 (5.0)	17 (12.0)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Yes	2 (100)	1 (100)	11 (73.3)	1 (33.0)	1 (100)	0 (0)	16 (70.0)
	No	0 (0)	0 (0)	2 (13.3)	0 (0)	0 (0)	1 (100)	3 (13.0)
	Sometime only	0 (0)	0 (0)	2 (13.3)	2 (67.0)	0 (0)	0 (0)	4 (17.0)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Yes	70 (71.4)	34 (81.0)	152 (81.3)	34 (68.0)	111(79.9)	45 (68.2)	446 (77.0)
	No	13 (13.4)	0 (0)	13 (7.0)	3 (6.0)	17 (12.2)	15 (22.73)	61 (10.0)
	Sometime only	15 (15.3)	8 (19.0)	22 (11.7)	13 (26.0)	11 (7.9)	6 (9.1)	75 (13.0)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Among all social groups, majority of the members were attending the group meetings regularly in Raghavapur village. However, in Brahamanpalle village, the picture is different, with about 19% of the members were attending the meetings

irregularly and these members belong to SC and BC communities. In CTM and Torredu villages, majority of the members of all castes were attending the group meetings regularly. In Ankisettipalle village, BC and OC community members were attending the group meetings more regularly than the members of SC, ST and minority communities. Community-wise the percentage of members participating in group meetings regularly are: ST 85%, OC 81%, BC 78%, SC 70% and minority 70%, while the member who were not attending the group meetings regularly are: SC 15.5%, minority 13%, BC 10%, and OC 7%. If any problem comes up for any member it should be discussed in the group meeting. All the members should collectively take a decision by participating in the discussion. In this way, differences in the group can be resolved.

Reason for Members Dropping Out from the Group: Dropout of members is another important constraint in the way of development of SHGs. Do they choose to go out or are they pushed out? In each of the sample SHGs, the researcher asked whether any member has dropped out since the formation of the group. The reasons for members dropping out of SHGs across the villages are given in Table 5.29. It is seen that nearly 54 members dropped out from the groups. Out of these, 33 members were unable to save the money, while 13 were unable to attend meetings regularly and 8 had left their villages. In Raghavapur village, 8 members were unable to save money and these members belong to the SC (4) and BC (4) community, while two members of SC community left the village and one member of the OC community was unable to attend the meeting. In Brahmanpalle village, only one SC member was unable to the save. In Rayalaseema region, 20 members (CTM-18 and Ankisettipalli-2) who were unable to save the money, majority members belong to SC community. In Ankisettipalle village, of the total 7 members who left the group, 4 were unable to attend the meeting, out to which 2 belong to BC and OC community each. In Torredu and Rajavolu villages, majority of the members dropped out as were unable to save.

In all the selected villages, the SC women group members said that they were unable to save on monthly basis and hence dropped out of the groups. In the case of BC community, in Raghavapur 4 members and in CTM 3 members were unable to

Table 5.29: Village-Wise and Community-Wise Reasons for Members to Dropout from the SHGs

Social Group	Reason	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Left the village	2 (33.3)	0 (0)	3 (20)	1 (33.33)	0 (0)	0 (0)	6 (20.7)
	Unable to save	4 (66.7)	1 (100)	10(66.7)	2 (66.66)	2 (100)	2 (100)	21 (72.4)
	Meetings unable to attend	0 (0)	0 (0)	2 (13.3)	0 (0)	0 (0)	0 (0)	2 (6.9)
	Total	**6 (100)**	**1 (100)**	**15 (100)**	**3(100)**	**2 (100)**	**2 (100)**	**29 (100)**
ST	Left the village	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Unable to save	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Meetings unable to attend	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**
BC	Left the village	0 (0)	0 (0)	2 (28.6)	0 (0)	0 (0)	0 (0)	2 (15.4)
	Unable to save	4 (100)	0 (0)	3 (42.8)	0 (0)	0 (0)	0 (0)	7 (53.8)
	Meetings unable to attend	0 (0)	0 (0)	2 (28.6)	2 (100)	0 (0)	0 (0)	4 (30.8)
	Total	**4 (100)**	**0** (0)	**7 (100)**	**2 (100)**	**0 (0)**	**0 (0)**	**13 (100)**
OC	Left the village	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0(0)	0 (0)
	Unable to save	0 (0)	0 (0)	3 (100)	0 (0)	0 (0)	0 (0)	3 (37.5)
	Meetings unable to attend	1 (100)	0 (0)	0 (0)	2 (100)	2 (100)	0 (0)	5 (62.5)
	Total	**1 (100)**	**0 (0)**	**3 (100)**	**2 (100)**	**2 (100)**	**0 (0)**	**8 (100)**
Minority	Left the village	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Unable to save	0 (0)	0 (0)	2 (50.0)	0 (0)	0 (0)	0 (0)	2 (50.0)
	Meetings unable to attend	0 (0)	0 (0)	2 (50.0)	0 (0)	0 (0)	0 (0)	2 (50.0)
	Total	**0 (0)**	**0 (0)**	**4 (100)**	**0 (0)**	**0 (0)**	**0 (0)**	**4 (100)**
All Social Groups	Left the village	2 (18.2)	0 (0)	5 (17.2)	1 (14.3)	0 (0)	0 (0)	8 (10.8)
	Unable to save	8 (72.7)	1 (100)	18 (62.1)	2 (28.6)	2 (50.0)	2 (100)	33 (44.6)
	Meetings unable to attend	1 (9.1)	0 (0)	6 (20.7)	4 (57.1)	2 (50.0)	0 (0)	13 (17.6)
	Total	**11 (100)**	**1 (100)**	**29 (100)**	**7 (100)**	**4 (100)**	**2 (100)**	**54 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

save, while in Ankisettipalle 2 members said that they were unable to attend meetings regularly. In the case of OC community, 3 members were unable to save, while the rest 5 members were unable to attend meetings regularly, and that is why they dropped out from their groups. Of the 4 members from the minority community who dropped out of their groups, 2 were unable to save and 2 were unable to attend meetings regularly. Thus, we observe that a major reason for members dropping out from their groups is the lack of savings, because they work on daily wages. From these wages, they have to meet the household expenses, educational needs of the children and healthcare necessities. Since their wages are meager they have to borrow from MFIs and moneylenders. So, they do not have monthly savings. Some of the

members were dropped out because of frequent absence from meetings. In this case, the savings of the members who dropped out were returned to them.

Method of Collection of Savings/Loan Installments: A SHG collects monthly savings from the members for group activities and for development and sustainability of the organization. After the people get involved in an economic activity, they will also be involved with the SHG for a long period of time. This is important for sustainable inclusion and economic development of the hitherto deprived people. The details of different savings collection methods are given in Table 5.30. Though the group norms lay down that all financial transactions should be carried out in group meetings, monthly savings and loan installments are collected through various other methods. In the selected villages, majority of the members (73%) said that the monthly savings/loan is collected in meetings, followed by 15% who hand over the savings/loan installment to the leader and 12% who hand it over to their leaders at their doorstep (Table 5.30). As can be seen from the table, majority of the members who said that monthly savings/loan amount is collected through meetings is found in CTM village (85%). It is also observed that majority of the members who hand over the amount to their leaders at their doorstep is in Raghavapur (22.5%), the lowest is in Brahmanpalle village (4.8%). Similarly, caste-wise data show that majority of all social group members reported that they were remitting their savings and loan amount at meetings.

Collection of monthly savings and the loan installments generally takes place in meetings. During the group meetings, if any of the group members is absent for any particular reason, the leader of the group or the members of the group passes on the message to that person about the payment of the amount well in advance and collects the fund later. It is observed from Table 5.30 majority of the members who give their savings amount on the meeting day, belong to minority community, while the least is from the SC community. SC members are mainly daily wage earners and their wages go in meeting household expenses. For savings, they borrow from other sources. So they give the amount on any day convenient to them. A majority of BC,

OC and minority community members offer their contribution on the meeting day because they have some land and regular income facility.

Table 5.30: Village-Wise and Community-Wise Distribution of Different Methods of Savings/Debt Collection from SHG Members

Social Group	Method of Collection	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	In Meeting	3 (17.6)	3 (42.9)	10 (41.7)	7 (58.3)	45 (60.0)	15 (71.4)	83 (53.2)
	Member handing over the savings to leader	9 (53.0)	4 (57.1)	9 (37.5)	4 (33.3)	17 (22.7)	6 (28.6)	49 (31.4)
	Leaders collecting from the members in their to home	5 (29.4)	0 (0)	5 (20.8)	1 (8.3)	13 (17.3)	0 (0)	24 (15.4)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	In Meeting	1 (100)	1 (100)	7 (77.8)	4 (66.7)	2 (100)	0 (0)	15 (75.0)
	Member handing over the savings to leader	0 (0)	0 (0)	2 (22.3)	0 (0)	0 (0)	1 (100)	3 (15.0)
	Leaders collecting from the members in their to home	0 (0)	0 (0)	0 (0)	2 (33.3)	0 (0)	0 (0)	2 (10.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	In Meeting	50 (64.9)	25 (80.6)	63 (91.3)	13 (76.5)	17 (74.0)	15 (60.0)	183 (75.6)
	Member handing over the savings to leader	10 (13.0)	4 (12.9)	2 (3.0)	0 (0)	4 (17.3)	7 (28.0)	27 (11.2)
	Leaders collecting from the members in their to home	17 (22.1)	2 (6.4)	4 (5.7)	4 (23.5)	2 (8.7)	3 (12.0)	32 (13.2)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	In Meeting	1 (100)	2 (100)	66 (94.3)	9 (75.0)	30 (79.0)	16 (89.0)	124 (88.0)
	Member handing over the savings to leader	0 (0)	0 (0)	4 (5.7)	2 (16.7)	0 (0)	1 (5.5)	7 (5.0)
	Leaders collecting from the members in their to home	0 (0)	0 (0)	0 (0)	1 (8.3)	8 (21.0)	1 (5.5)	10 (7.0)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	In Meeting	2 (100)	1 (100)	13 (86.7)	3 (100)	1 (100)	1 (100)	21 (91.3)
	Leaders collecting from the members in their to home	0 (0)	0 (0)	2 (13.3)	0 (0)	0 (0)	0 (0)	2 (8.7)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	In Meeting	57 (58.1)	32 (76.2)	159 (85.0)	36 (72.0)	95 (68.4)	44 (66.7)	423 (72.7)
	Member handing over the savings to leader	19 (19.4)	8 (19.0)	17 (9.1)	6 (12.0)	22 (15.8)	18 (27.2)	90 (15.5)
	Leaders collecting from the members in their to home	22 (22.5)	2 (4.8)	11 (5.9)	8 (16.0)	22 (15.8)	4 (6.1)	69 (11.8)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Visit to Bank by SHG Members: It is one of the policies of the government that members of the SHGs should visit the bank at least once a year. The idea behind this is that women do not confine themselves to the four walls of the house. They should find some encouragement in order to use banking facilities. By this, they improve their contacts, voice their views and get some idea of banking transactions. Every

Table 5.31: Village-Wise and Community-Wise Frequency of Visit to the Bank by SHG Members for Savings/Loan Deposit

Social Group	Details of Visit	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Family members	6 (35.3)	2 (28.6)	9 (37.5)	1 (8.3)	25 (33.3)	9 (42.9)	52 (33.3)
	Leader & second leader	3 (17.6)	2 (28.6)	5 (20.8)	4 (33.3)	21 (28.0)	5 (23.8)	40 (25.7)
	Each time two member	8 (47.1)	3 (42.8)	10 (11.7)	7 (58.4)	29 (38.7)	7 (33.3)	64 (41.0)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Family members	0 (0)	0 (0)	3 (33.3)	0 (0)	0 (0)	0 (0)	3 (15.0)
	Leader & second leader	0 (0)	0 (0)	0 (0)	2 (33.3)	2 (100)	1 (100)	5 (25.0)
	Each time two member	1 (100)	1 (100)	6 (66.7)	4 (66.7)	0 (0)	0 (0)	12 (60.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Family members	20 (26.0)	5 (16.1)	19 (27.5)	2 (11.8)	12 (52.2)	13 (52.0)	71 (29.3)
	Leader & second leader	14 (18.2)	6 (19.4)	10 (14.5)	4 (23.5)	9 (39.1)	3 (12.0)	46 (19.0)
	Each time two member	43 (55.8)	20 (64.5)	40 (58.0)	11 (64.7)	2 (8.7)	9 (36.0)	125 (51.7)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Family members	1 (100)	0 (0)	9 (12.9)	2 (17.0)	21 (55.3)	9 (50.0)	42 (29.8)
	Leader & second leader	0 (0)	0 (0)	15 (21.4)	5 (41.5)	13 (34.2)	4 (22.2)	37 (26.2)
	Each time two member	0 (0)	2 (100)	46 (65.7)	5 (41.5)	4 (10.5)	5 (27.8)	62 (44.0)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Family members	2 (100)	1 (100)	8 (53.3)	1 (33.3)	1 (100)	0 (0)	13 (56.5)
	Leader & second leader	0 (0)	0 (0)	1 (6.7)	1 (33.3)	0 (0)	1 (100)	3 (13.0)
	Each time two member	0 (0)	0 (0)	6 (40)	1 (33.3)	0 (0)	0 (0)	7 (30.5)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Group	Family members	29 (29.6)	8 (19.0)	48 (25.7)	6 (12.0)	59 (42.4)	31 (47.0)	181 (31.0)
	Leader & second leader	17 (17.4)	8 (19.0)	31 (16.6)	16 (32.0)	45 (32.4)	14 (21.2)	131 (22.5)
	Each time two member	52 (53.0)	26 (62.0)	108 (57.7)	28 (56.0)	35 (25.2)	21 (31.8)	270 (46.5)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

month, at least two women should go to the bank. Table 5.31 presents the details about the SHG members whose monthly savings/loan repayment amounts are being deposited in banks. In the selected villages, out of 582 members, 46% were depositing their savings amount in the bank by two members every month on a fixed date, followed by 31% whose savings and loan amounts are deposited by their children or other family members and 23% whose savings are deposited in the bank by group leader. It is further observed from Table 5.28 that majority of the members whose saving amount is being deposited in the bank by two members every month on

a fixed date belong to Brahmanpalle village (62%), while majority of the members whose savings amount is being deposited in the bank by the group leader belong to Torredu (32.4%) and Ankisettipalle (32%) villages.

Among all social groups, majority of minority community members deposit their savings in the bank through their husbands/family members. The field study brings out that in minority community, members are not very keen on venturing outside their homes. So they do not visit the bank. Instead, they send the amount through their husbands/family members. It is observed that in CTM village, the majority of SC and minority SHG members (9 and 8 members respectively) deposit their savings amount in the bank through their children or other family members. Also, in Torredu village, the majority of SC, BC, OC and minority community members deposit their savings in the bank through their children or other family members, because they are mostly illiterate and daily wage workers. Similar is the position in Rajavolu village, where out of 66 members, 31 deposits their amount in the bank through their children or other family members.

Section-III

5.4 Savings Performance of Member Groups in Selected Villages

This section presents an analysis of the salient traits of the members and the periodicity of saving, initial and present range of savings, interest savings, savings as per education level, family level and marital status of the members, source of savings, purpose of saving, method of collection of savings, and deposit of savings and loan amount in the bank.

The SHG-bank linkage program distinctly differs from other microfinance programs across the world mainly in terms of its greater emphasis on savings. The basic philosophy here is ‘saving first and credit next’, which is assumed to be one of the strongest aspects of the program. The program rests on the premise that members will develop the habit of thrift so that during post-SHG phase, they can avail the loan. Besides increasing their self-reliance in meeting the credit needs of the group, it will also ensure efficient deployment of credit among the members since their own money

is at stake. The savings and lending products mainly from the existing institutional sources were not always found to be adaptable to the rural poor. Keeping these in view, the program has shifted the entire responsibility of innovating the saving and lending products to SHGs with a broader framework suggested in its guidelines.

One of the basic principles of SHG is that even the very poor may save small amount, and this acts as an additional incentive to banks to lend at lower rates of interest, particularly among those who are otherwise ineligible for getting bank loans, which in turn, would inculcate and strengthen the saving habit. The members of SHGs save a fixed amount periodically, depending upon their convenience, and the savings of all the members are kept together in the bank in the name of the SHG and form the SHG fund. Saving on a monthly basis seems most popular in all SHGs. SHGs seem to prefer monthly savings to other kinds of periodical savings. The savings by group members per month are fixed. But there is no upper ceiling on the amount of monthly savings by a member. The SHGs, after being formed (generally by an external agency), start collecting a fixed amount of Rs.30 from each member regularly (monthly) in all selected villages. The average savings per member is Rs.360 per annum. In fact, high variation in the average savings per member per group can be attributed to the size of the SHG. Usually, the maximum number of members in a SHG is 10. There are many SHGs with membership of less than 10 members, which have consequent impact on the group savings. The date is fixed for the payment of group savings amount. In case of delayed payment, penalty at the rate of Rs.5 per member is levied. It is observed that from the very inception of the SHGs, members have developed the saving habit as evident from the monthly saving figures. In the case of some SHG members, the initial monthly savings is less than Rs.30, while the savings range of few members is between Rs.31 and Rs.50.

Frequency of Monthly Saving at Initial Stage: Table 5.32 shows the details of the initial group savings per month. It is observed that the amount saved range from Rs.30 to 50. The economically very poor members of the groups are able to save a minimum of Rs. 30 per month and others who are well-off are able to contribute a considerable amount from their earnings to savings. The initial monthly savings of

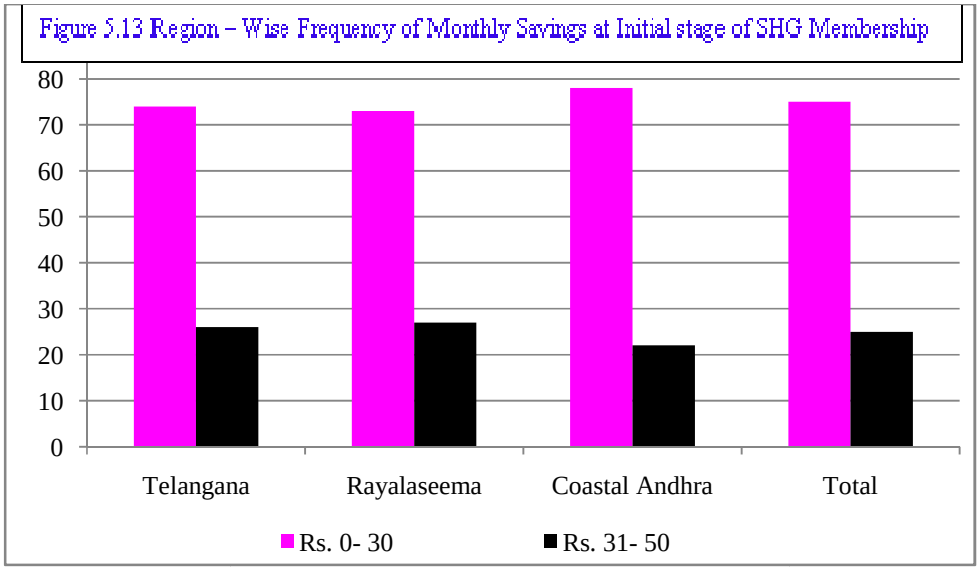
nearly 75% of the members was less than Rs. 30 and of the remaining ranged between Rs.31 and Rs.50. The highest percentage of members with initial monthly savings less than Rs.30 is recorded in Rajavolu village (80.3%). It is also observed that, among all the social group members, the highest percentage of members with initial monthly savings less than Rs.30 is in SC (78.2%) community. It is observed that majority of the members with initial monthly savings between Rs.31 and Rs.50 is found in Ankisettipalle village. It is seen that among the social groups, the highest percentage of members with initial monthly savings between Rs.31 and Rs.50 is found in the ST community (30%), while the lowest is found in SC community (21.8%). In the SC community, highest percentage of members with initial monthly savings less than Rs.30 is recorded in Rajavolu and Torredu villages. In these two villages, SC members are economically very weak as compared to their counterparts. They have no other income source, nor do they own land. They are mainly daily wage workers so they can hardly save. It must be noted that the SC community member groups started with a lower minimum saving amount as compared to the other selected communities.

The initial monthly savings of all the ST members of Raghavapur and Brahmanpalle villages is between Rs.31 and Rs.50. In all the selected villages, the deposits of majority of the BC community members (74.8%) are less than Rs.30. Out of the remaining 25.2%, majority belong to Ankisettipalle village. It emerged that most of the BC community members in Ankisettipalle village earn from non-farm sector as well as from agriculture. So these villagers have higher savings. BC members from Torredu and Rajavolu villages are economically sound, but their savings are less, because they are not willing to save more money. Generally, it is observed that in Torredu and Rajavolu villages, the SHG members are financially sound, but save less. In the case of OC community, the initial monthly savings of nearly 72% members are below Rs.30. Among the remaining 28%, the majority hail from Raghavapur village. It is found that OC community members in all villages are economically sound. Therefore, many members are able to save reasonable amounts. In the case of minority community, the initial monthly savings of nearly 75% of them are less than Rs.30.

Table 5.32: Village-Wise and Community-Wise Frequency of Monthly Savings at Initial Stage of SHG Membership in Selected Villages

Social Group	Amount (in Rs.)	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	0- 30	12 (70.5)	5 (71.5)	18 (75)	9 (75)	60 (80)	18 (85.7)	122 (78.2)
	31-50	5 (29.5)	2 (28.5)	6 (25)	3 (25)	15 (20)	3 (14.3)	34 (21.8)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	0- 30	0 (0)	0 (0)	7 (77.7)	4 (66.7)	2 (100)	1 (100)	14 (70)
	31-50	1 (100)	1 (100)	2 (22.3)	2 (33.3)	0 (0)	0 (0)	6 (30)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	0- 30	60 (77.9)	25 (80.6)	50 (72.5)	11 (64.7)	15 (65.2)	20 (80)	181 (74.8)
	31-50	17 (22.1)	6 (19.4)	19 (27.5)	6 (35.3)	8 (34.8)	5 (20)	61 (25.2)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	0- 30	0 (0)	1 (50)	50 (71.4)	9 (75)	28 (73.7)	13 (72.2)	101 (71.6)
	31-50	1 (100)	1 (50)	20 (28.6)	3 (25)	10 (26.3)	5 (27.8)	40 (28.4)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	0- 30	1 (50)	0 (0)	12 (80)	2 (75)	1 (100)	1 (100)	17 (73.9)
	31-50	1 (50)	1 (100)	3 (20)	1 (25)	0 (0)	0 (0)	6 (26.1)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	0- 30	73 (74.5)	31 (73.8)	137 (73.3)	35 (70)	106 (76.3)	53 (80.3)	435 (74.7)
	31-50	25 (25.5)	11 (26.2)	50 (26.7)	15 (30)	33 (23.7)	13 (19.7)	147 (25.3)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey



Savings are the backbone of success of self help groups as cultivation of the savings habit among the members is ultimate objective of the SHG scheme. The Figure 5.13 presents a picture of the initial monthly savings of nearly 75% of the members was less than Rs.30 and of the remaining ranged between Rs.31 and Rs.50. The highest percentage of members with initial monthly savings less than Rs.30 is recorded in coastal Andhra, followed by Telangana, while the lowest is found in Rayalaseema region.

Frequency of Monthly Current Saving: Based on the financial capability of the members, each SHG fixes a certain amount as mandatory savings. However, a great deal of variation has been observed among SHGs in the six selected villages. In the present study, the average mandatory savings per member is Rs.50. In the selected villages after availing group loan, the monthly savings range of the SHG members (present 2008-09) increased from Rs.0-30 and Rs.31 to Rs.50 to Rs.0-50 and Rs.51 to Rs.100, because members in various villages borrowed huge amount from banks to spent on non-farm activities. There were changes in the savings of members because of the income from non-farm activities. The data reveals important aspects about the saving behavior of the SHG members after availing of bank loans. The details are presented in Table 5.33.

Out of 582 members, majority's (53.5%) present (2008-09) monthly savings is between Rs.51 and Rs.100 and of the remaining 46.5%, is less than Rs.50**.** However, of the 53.5% members who save Rs.51 to Rs.100 per month, the majority belong to Brahmanpalle. Of all the social groups, the highest percentage of members with monthly savings between Rs.51 and Rs.100 is found in ST community (80%), followed by BC (60.4%), OC (54.6%), minority (52.2%) and SC (38.5%). As can be seen from the table, the highest number of members whose savings is less than Rs.50 is registered in Torredu village. After taking loans from the banks, the group members show some changes in their savings. If there are more savings, loans can be taken from banks at lower interest rate and without providing any security. The loans offered by banks can be used for children's education, health, consumption and income generation by investing in non-farm activities. Loans at low interest rate are

used for income-generation purposes. Those who did not borrow from banks paid more interest on borrowing from MFIs and moneylenders.

It is observed that the average savings per member in Ankisettipalle is the highest, at Rs.96 and the lowest in Torredu village at Rs.52. It is interesting to note that among the selected villages, in Torredu 95.7% of the members' average monthly savings is less than Rs.50. In this village, only few members' savings ranges between Rs.51 and Rs.100. These members belong to the OC and BC communities. Even though majority of the BC and OC members are economically quite sound, their savings are very less.

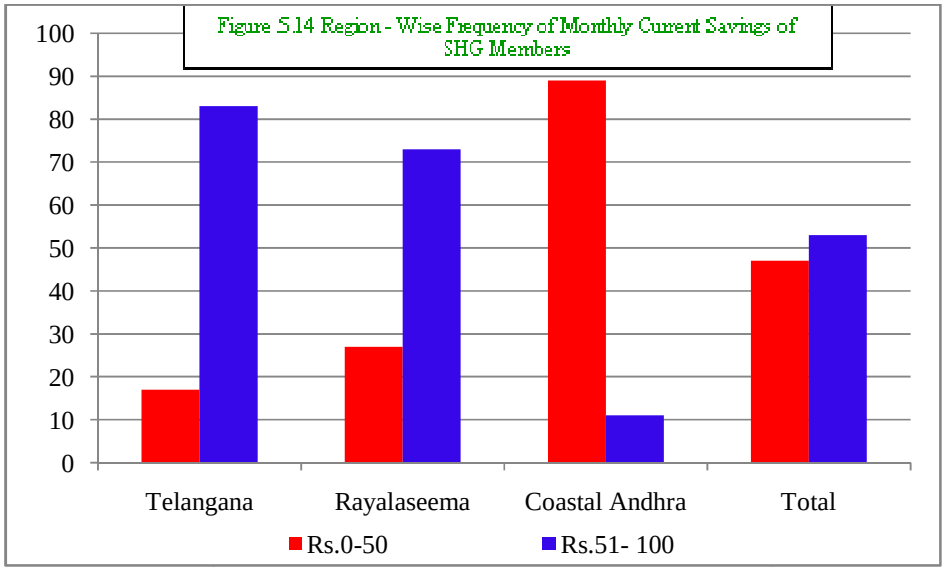
Table 5.33: Village-Wise and Community-Wise Frequency of Monthly Current Savings of SHG Members

Social Group	Amount (in Rs.)	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	0- 50	5 (29.5)	0 (0)	3 (12.5)	0 (0)	75 (100)	13 (61.9)	96 (61.5)
	51-100	12 (70.5)	7 (100)	21 (87.5)	12 (100)	0 (0)	8 (38.1)	60 (38.5)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	0- 50	0 (0)	0 (0)	1 (11.2)	0 (0)	2 (100)	1 (100)	4 (20)
	51-100	1 (100)	1 (100)	8 (88.8)	6 (100)	0 (0)	0 (0)	16 (80)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	0- 50	17 (22.1)	0 (0)	34 (49.3)	1 (5.8)	22 (95.6)	22 (88)	96 (39.6)
	51-100	60 (77.9)	31 (100)	35 (50.7)	16 (94.2)	1 (4.4)	3 (12)	146 (60.4)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	0- 50	0 (0)	0 (0)	17 (24.3)	1 (8.3)	33 (86.8)	13 (72.2)	64 (45.4)
	51-100	1 (100)	2 (100)	53 (75.7)	11 (91.7)	5 (13.2)	5 (27.8)	77 (54.6)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	0- 50	2 (100)	0 (0)	5 (33.3)	2 (66.7)	1 (100)	1 (100)	11 (47.8)
	51-100	0 (0)	1 (100)	10 (66.7)	1 (33.3)	0 (0)	0 (0)	12 (52.2)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	0- 50	24 (24.5)	0 (0)	60 (32.1)	4 (8)	133 (95.7)	50 (75.7)	271 (46.5)
	51-100	74 (75.5)	42 (100)	127 (67.9)	46 (92)	6 (4.3)	16 (24.3)	311 (53.5)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**
Average Savings		**63.87**	**82.38**	**81.17**	**96**	**52.01**	**61.21**	**70.39**

Note: Figures in parentheses are percentages.
Source: Field Survey

In all selected villages, it is observed that among the members whose average monthly savings is less than Rs.50, the highest percentage is recorded in Torredu village. It is quite interesting to note that among all the social group members, the majority of members whose average monthly savings is less than Rs.50, belongs to the SC community (61.5%). It is also observed that among the SC members the saving pattern did not change much after availing group loan, since the loan amount was mainly used for consumption and house construction purposes and not for income-generation. That is they were not left with much to save in their groups. The monthly savings is the main criteria to be a member of the SHG group in all the selected villages. However, the amount the members save varies from village-to-village. Table 5.33 indicates that in Raghavapur, Brahmanpalle (in Telangana region), CTM and Ankisettipalle (in Rayalsemma region) the average monthly savings of majority of the members is between Rs.51 and Rs.100, while in the villages of Coastal Andhra region (Torredu and Rajavolu), the monthly savings range is less than Rs.50.

Since the SHGs are generally formed by the weaker sections of the society, a number of SHGs have reported that some of the members were sometimes unable to make the mandatory savings. Out of 582 selected members, 156 members are from SC community, of which 61.5% have average monthly savings less than Rs.50 and only 38.5% members' monthly saving is between Rs.51 and Rs.100. This is in contrast to the ST community where majority of SHG members' (80%) average monthly savings ranges between Rs.51 and Rs.100. It is also observed that the saving rate of ST community is much better than its counterparts. This is because SCs are not able to save more money as they are economically very poor and also they do not have any sources for repaying the loans. Majority of the SC SHG members are dependent on agriculture labor and daily labor for their livelihood**.** The groups have mentioned the following reasons for the increase in the monthly savings amount: (1) To increase individual savings; (2) To increase the group's corpus; (3) To obtain bank linkage; (4) To get a larger loan since the amount of savings is one of the criteria for bank's decision regarding the size of loan; and (5) Since the household income have increased, the SHGs have also increased their monthly savings amount.



An encouraging trend can be seen from a perusal of Figure 5.14 presents that in Telangana and Rayalaseema regions, 83% and 73% respectively, have monthly savings in the Rs.51 to Rs.100 range. Surprisingly, in coastal Andhra, only 89% of the members reported that their monthly savings were Rs.50 or less. It is imperative that SHGs members (especially in coastal Andhra) are motivated to save more monthly amounts, which would improve their credit-worthiness. It can be concluded that out of 582 members, majority's (53%) present (2008-09) monthly savings is between Rs.51 and Rs.100 and of the remaining 47%, is less than Rs.50**.** However, of the 53% members who save Rs.51 to Rs.100 per month, the majority belong to Telangana region while the lowest number is found in coastal Andhra region. In this study it has been observed that in coastal Andhra region, majority of the members are saving more money in MFIs.

Family-Wise Saving Pattern: Table 5.34 shows that 53% of SHG members' average monthly savings is between Rs.50 and Rs.100, while that of the rest is less than Rs. 50. Out of the 53% members, majority belongs to nuclear families (81%) and the highest number (100%) is recorded in the Torredu village (see Table 5.34). Of the members who are saving between Rs. 50 and Rs. 100, the highest number is recorded in the BC community (84%) and lowest in the minority community (67%). Further, it is observed that 19% members belong to joint families. Among these majority's

Table- 5.34:- Village-Wise and Community-Wise Distribution of Savings Range of SHG members as per the Family Type (%)

Social Group	Family type	Name of the Village																		Total		
		Raghavapur			Brahmanpalle			CTM			Ankisettipalle			Torredu			Rajavolu					
		1	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**
SC	Nuclear	100	92	94	0	100	100	67	67	67	0	67	67	85	0	85	85	63	76	85	75	81
	Joint	0	8	6	0	0	0	33	33	33	0	33	33	15	0	15	15	37	24	15	25	19
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
ST	Nuclear	0	100	100	0	100	100	100	75	78	0	67	67	100	0	100	0	0	0	75	75	75
	Joint	0	0	0	0	0	0	0	25	22	0	33	33	0	0	0	0	0	0	25	25	25
	Total	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**0**	**100**	**0**	**0**	**100**	**100**	**100**	**100**
BC	Nuclear	76	90	87	0	84	84	71	83	77	100	63	65	77	100	78	77	67	76	75	84	80
	Joint	24	10	13.00	0	16	16	29	17	23	0	37	35	23	0	22	23	33	24	25	16	20
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
OC	Nuclear	0	100	100	0	100	100	88	79	81	100	73	75	85	100	87	77	80	78	84	81	82
	Joint	0	0	0	0	0	0	12	21	19	0	27	25	15	0	13	23	20	22	16	19.00	18
	Total	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Minority	Nuclear	50	0	50	0	0	0	100	70	80	100	100	100	100	0	100	100	0	100	90	67	78
	Joint	50	0	50	0	0	0	0	30	20	0	0	0	0	0	0	0	0	0	10	33	22
	Total	**100**	**0**	**100**	**0**	**0**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**
All Social Groups	Nuclear	79	91	88	0	86	86	77	77	78	100	67	70	84	100	85	78	69	76	82	80	81
	Joint	21	9	12	0	14	14	23	23	22	0	33	30	16	0	15	22	31	24	18	20	19
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Note: 1. Rs. 0-50, 2. Rs. 50-100, 3. Total (1+2)
Source: Field Survey

monthly savings is between Rs.50 and Rs.100. As observed from Table 5.34, in Brahmanpalle village, the average monthly savings of members of all social groups are between Rs.50 and Rs.100.

Of the members whose savings is less than Rs.50, the majority (82%) belongs to nuclear families, and the highest figure is recorded in Torredu village (84%). It is also observed that in Ankisettipalle village, all joint family members' monthly savings in the range of Rs.50-100, while the few members whose monthly savings is less than Rs.50, belong to the nuclear families. In Torredu village, very few OC and BC members' monthly savings is between Rs.50 and Rs.100 and these members belong to the nuclear families. This is because of the fact that the joint families require more funds to maintain and sustain themselves.

Marital Status-Wise Savings: As can be seen from Table 5.2, nearly 88% of members are married and the remaining 12% are widows. This indicates that they are the bread-winners in their families. A considerable number of women who are widow and destitute have greatly benefited from the SHG and microcredit under the SHG-bank linkage program. The table 5.35 shows that of the members whose monthly savings is between Rs.50 and Rs.100, nearly 89% are married. It is also observed that nearly half of the widow members' monthly savings is between Rs.50 and Rs.100. The highest figures are recorded in Brahmanpalle and Ankisettipalle and lowest in Rajavolu village. It is observed that in Torredu village, no widow member's monthly savings is above Rs.50. It is also observed that in Ankisettipalle and Brahmanpalle villages the monthly savings of widow members of all the social groups are in the range of Rs.50-100. In Rajavolu village, it is observed that majority of widow members' average monthly savings is less than Rs.50.

Further it can be seen from Table 5.35, that among married members, more than half have a monthly savings in the range of Rs.50-100, and it is highest in Brahmanpalle, followed by Ankisettipalle village and lowest in Torredu village. It is also observed that in Ankisettipalle village, only 4 of the married members' average monthly savings are less than Rs.50 and these members mainly belong to the minority community. The data reveals that 60 of SC members have monthly savings in the

Table 5.35: Village-Wise and Community-Wise Distribution of Marital Status vs. Savings Range of SHG Members (%)

Social Group	Marital Status	Name of the Village																		Total		
		Raghavapur			Brahmanpalle			CTM			Ankisettipalle			Torredu			Rajavolu					
		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
SC	Married	40	75	65	0	71	71	100	86	88	0	100	100	85	0	85	100	100	100	85	87	86
	Widow	60	25	35	0	29	29	0	14	12	0	0	0	15	0	15	0	0	0	15	13	14
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
ST	Married	0	100	100	0	100	100	100	88	89	0	100	100	100	0	100	100	0	100	100	94	95
	Widow	0	0	0	0	0	0	0	12	11	0	0	0	0	0	0	0	0	0	0	6	5
	Total	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**
BC	Married	82	85	84	0	87	87	82	91	87	100	87	88	91	100	91	91	67	88	86	87	87
	Widow	18	15	16	0	13	13	18	9	13	0	13	12	9	0	9	9	33	12	14	13	13
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
OC	Married	0	100	100	0	100	100	88	92	91	100	91	92	91	100	92	77	100	84	88	94	91
	Widow	0	0	0	0	0	0	12	8	9	0	9	8	9	0	8	23	0	16	12	6	9
	Total	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Minority	Married	100	0	100	0	100	100	100	100	100	100	100	100	100	0	100	100	0	100	100	100	100
	Widow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**100**	**0**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**
All Social Groups	Married	75	84	82	0	86	86	87	91	90	100	93	94	88	100	88	90	94	91	87	89	88
	Widow	25	16	18	0	14	14	13	9	10	0	7	6	12	0	12	10	6	9	13	11	12
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Note: 1. Rs. 0-50, 2. Rs. 50-100, 3. Total (1+2)
Source: Field Survey

range of Rs.50-100. Among them majority are married. It is important to note that in Torredu village, all SC members' monthly savings is less than Rs.50. It is further observed that in Brahmanpalle village, all married and widow members' savings is in the range of Rs.50-100. Further, it is observed that majority of the married members' monthly savings is in the range of Rs.50-100 and it is highest in the minority community, followed by ST, OC, BC and SC.

Education Level and Savings: Interestingly, high savings is observed among the educated respondents, as compared to the uneducated ones. As discussed earlier in the chapter, among the women SHG-bank linkage programs under study, 68% of the members are literate. It is important to note that in all the selected villages, 53% of the members' monthly savings is between Rs.50 and Rs.100. Among these, the majority (69%) of the members are literate. Among the literate members, the majority belongs to CTM and the lowest to Brahmanpalle village. Of the literate members whose monthly savings is between Rs.50 and Rs.100, the highest percentage is observed in the minority (92%), followed by OC (81%), ST (81%), BC (65%) and SC (57%) community. It is observed that in all selected villages, among the SC community members, majority of the illiterates have monthly savings between Rs.50-100, except in two villages (Torredu and Rajavolu) (see Table 5.36). The table also indicates that overall majority of the SC community members' monthly savings is less than Rs.50. It is further observed that in Brahmanpalle village, all group members (literate and illiterate) monthly savings is between Rs.50-100. It is also observed that in Ankisettipalle village, all the illiterate members of the social groups have monthly savings between Rs.50-100, while among the literate members, only 8% have monthly savings less than Rs.50.

Table 5.36: Village-Wise and Community-Wise Distribution of Educational Status and Savings Range of SHG Members (%)

Social Group	Education Level	Name of the Village																		Total		
		Raghavapur			Brahmanpalle			CTM			Ankisettipalle			Torredu			Rajavolu					
		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
SC	Illiterate	0	33	24	0	43	43	67	48	50	0	50	50	41	0	41	31	38	33	39	43	40
	Literate	100	67	76	0	57	57	33	52	50	0	50	50	59	0	59	69	62	67	61	57	60
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
ST	Illiterate	0	0	0	0	0	0	0	12	11	0	33	33	50	0	50	100	0	0	50	19	25
	Literate	0	0	0	0	0	0	0	88	89	0	67	67	50	0	50	0	0	100	50	81	75
	Total	**0**	**1**	**1**	**0**	**1**	**1**	**1**	**100**	**100**	**0**	**100**	**100**	**100**	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**
BC	Illiterate	35	32	32	0	39	39	44	37	41	0	37	35	32	0	30	27	33	28	35	35	35
	Literate	65	68	68	0	61	61	56	63	59	100	63	65	68	100	70	73	67	72	65	65	65
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
OC	Illiterate	0	0	0	0	0	0	24	26	26	0	9	8	33	0	29	23	0	17	28	19	23
	Literate	0	100	100	0	100	100	76	74	74	100	91	92	67	100	71	77	100	83	72	81	77
	Total	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Minority	Illiterate	100	0	100	0	0	0	0	10	7	0	0	0	0	0	0	0	0	0	0	8	4
	Literate	0	0	0	0	100	100	100	90	93	100	100	100	100	0	100	100	0	100	100	92	96
	Total	**100**	**0**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**
All Social Groups	Illiterate	33	31	32	0	36	36	35	31	32	0	33	30	38	0	36	28	25	27	34	31	32
	Literate	67	69	68	0	64	64	65	69	68	100	67	70	62	100	64	72	75	73	66	69	68
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Note: 1. Rs. 0-50, 2. Rs. 50-100, 3. Total (1+2)
Source: Field Survey

Age Group-Wise Savings: The details regarding age-wise savings of the members are given in Table 5.37. In the low-age group, savings is reported as higher, while in middle- age group it is lower. The results clearly indicate that the members in the age group of 26-35 and 36-45 years actively participate in SHG activities. It is worth noting that majority (46%) of the members whose monthly savings is between Rs.50 and Rs.100 is in the age group 26-35 years and is highest in Raghavapur (58%) and lowest in Rajavolu village. Community-wise, of the all the members in the age group 26-35 years and with monthly savings between Rs.50 and Rs.100, the highest percentage is found in ST community (50%), followed by OC (49%), BC (49%), SC (35%) and minority community (23%). It is also seen that of the members whose monthly savings is less than Rs.50, the majority of the members are in the age group 26-35 years, and their highest percentage is observed in minority community (60%), followed by OC (36%), BC (35%), SC (32%) and ST (25%). Thus, it is observed that majority of the middle-age group members' monthly savings is high as compared to other age group members. .

Table 5.37: Village-Wise and Community-Wise Age Distribution and Savings Range of SHG Members (%)

Social Group	Age Group	Name of the Village																		Total		
		Raghavapur			Brahmanpalle			CTM			Ankisettipalle			Torredu			Rajavolu					
		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
SC	>25 Years	0	33	23	0	29	29	0	33	29	0	17	17	35	0	35	31	38	34	31	30	31
	26 to 35 Years	60	42	47	0	43	43	33	38	38	0	33	33	33	0	33	15	12	14	32	35	33
	36 to 45 Years	40	0	12	0	0	0	67	24	29	0	42	42	21	0	21	46	13	33	27	18	24
	Above 46 Years	0	25	18	0	28	28	0	5	4	0	8	8	11	0	11	8	37	19	10	17	12
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
ST	>25 Years	0	0	0	0	0	0	0	12	11	0	0	0	0	0	0	0	0	0	0	6	5
	26 to 35 Years	0	100	100	0	100	100	100	25	33	0	67	67	0	0	0	0	0	0	250	50	45
	36 to 45 Years	0	0	0	0	0	0	0	63	56	0	33	33	100	0	100	100	0	100	75	44	50
	Above 46 Years	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**
BC	>25 Years	12	7	8	0	19	19	7	20	13	0	25	23	18	0	17	18	0	16	13	15	14
	26 to 35 Years	29	60	53	0	49	49	23	34	29	100	50	53	50	100	52	36	0	32	34	49	43
	36 to 45 Years	6	20	17	0	16	16	53	23	38	0	25	24	23	0	22	42	100	48	34	22	27
	Above 46 Years	53	13	22	0	16	16	17	23	20	0	0	0	9	0	9	4	0	4	19	14	16
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
OC	>25 Years	0	0	0	0	100	100	6	13	11	0	0	0	15	0	13	0	20	6	9	13	12
	26 to 35 Years	0	100	100	0	0	0	35	47	44	0	55	50	33	80	40	46	40	44	36	49	43
	36 to 45 Years	0	0	0	0	0	0	53	34	39	100	27	33	37	20	34	46	20	39	44	30	36
	Above 46 Years	0	0	0	0	0	0	6	6	6	0	18	17	15	0	13	8	20	11	11	8	9
	Total	**0**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Minority	>25 Years	50	0	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	0	4
	26 to 35 Years	50	0	50	0	0	0	60	20	33	100	50	67	0	0	0	100	0	0	60	23	39
	36 to 45 Years	0	0	0	0	100	100	20	60	47	0	50	33	100	0	100	0	0	0	20	62	44
	Above 46 Years	0	0	0	0	0	0	20	20	20	0	0	0	0	0	0	0	0		10	15	13
	Total	**100**	**0**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**0**	**100**	**100**	**100**
All Social Groups	>25 Years	12	11	11	0	24	24	5	17	13	0	13	12	26	0	25	16	25	18	18	16	17
	26 to 35 Years	38	58	53	0	45	45	32	39	36	50	50	50	36	83	37	34	19	30	35	46	40
	36 to 45 Years	12	16	15	0	14	14	50	33	39	50	30	32	27	17	27	44	31	41	34	26	30
	Above 46 Years	38	15	21	0	17	17	13	11	12	0	7	6	11	0	11	6	25	11	13	12	13
	Total	**100**	**100**	**100**	**0**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Note: 1. Rs. 0-50, 2. Rs. 50-100, 3. Total (1+2)
Source: Field Survey.

Increase in the Savings Rate: In over 60 years of Indian planning, savings has played an important role in economic development. Household savings is one of the major sources of domestic savings and rural savings and is of prime importance. With more than 70% of the people living in the rural areas, their savings is an important determinant of rural development. The 61st NSSO Survey reported that about 30% of rural population lives below the poverty line. Their savings is very small and they are not in a position to go to the banks and bear the high transaction costs. However, informal sources in general, and microfinance institutions in particular, play a very crucial role in accumulating small savings through SHGs in rural areas. The details of sample members' savings rate are given in Table 5.38. The data reveals that majority (53.6%) of the members deposit Rs.100. Among them, majority belong to Torredu village. Among the social groups, the highest percentage of members depositing Rs.100 belongs to the SC community (73.1%). The highest among them belong to Brahmanpalle village. It is also observed that 7.2% members are willing to save between Rs.151-200. The highest percentage of them is recorded in Ankisettipalle village. It is also observed that among all the social groups, the majority of the members willing to save between Rs.151-200 belong to the OC community (12.1%). It is also noticed that no one from minority community is willing to save between Rs.151-200.

However, only 25% SC members are able to save amounts ranging between Rs.101 and Rs.150. Among them the highest percentage is recorded in Ankisettipalle village. In the case of ST community, 65% members are able to save amounts ranging between Rs.101 and Rs.150. These members are from CTM and Ankisettipalle villages. Majority (58.9%) of the OC community members are able to save amounts ranging between Rs.101 and Rs.150 and they belong to CTM, Rajavolu, Brahmanpalle, Torredu and Ankisettipalle villages. Similar is the case with the minority community members (Table.5.38).

The data shows that the BC and OC members are saving more on a monthly basis. In comparison to the deprived and minority community members, they are economically and socially stronger. In all selected villages, credit accessibility from

the formal as well as informal sources is quite high. It is interesting to note that both general caste and backward caste communities are earning higher income from their own sources and other petty business in their own villages, while the deprived communities are earning income mainly through farm and non-farm labor services.

Table 5.38: Village-Wise and Community-Wise Frequency of Savings Rate by SHG Members

Social Group	Savings Range (Rs.)	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	100	12 (70.6)	7 (100)	6 (25)	0 (0)	74 (98.7)	15 (71.5)	114 (73.1)
	101 to 150	5 (29.4)	0 (0)	17 (70.8)	12 (100)	0 (0)	5 (23.8)	39 (25)
	151 to 200	0 (0)	0 (0)	1 (4.2)	0 (0)	1 (1.4)	1 (4.7)	3 (1.9)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	100	1 (100)	1 (100)	1 (11.1)	0 (0)	2 (100)	1 (100)	6 (30)
	101 to 150	0 (0)	0 (0)	8 (88.9)	5 (83.3)	0 (0)	0 (0)	13 (65)
	151 to 200	0 (0)	0 (0)	0 (0)	1 (16.7)	0 (0)	0 (0)	1 (5)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	100	56 (72.8)	17 (54.8)	31 (45.0)	1 (5.9)	17 (74.0)	19 (76)	141 (58.3)
	101 to 150	13 (16.8)	13 (41.9)	36 (52.1)	11 (64.7)	3 (13.0)	4 (16)	80 (33.0)
	151 to 200	8 (10.4)	1 (3.3)	2 (2.9)	5 (29.4)	3 (13.0)	2 (8)	21 (8.7)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	100	0 (0)	1 (50)	17 (24.2)	0 (0)	18 (47.4)	5 (27.7)	41 (29.0)
	101 to 150	0 (0)	1 (50)	49 (70)	10 (33.3)	13 (34.2)	10 (55.6)	83 (58.9)
	151 to 200	1 (100)	0 (0)	4 (5.8)	2 (16.7)	7 (18.4)	3 (16.7)	17 (12.1)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	100	0 (0)	0 (0)	7 (46.7)	1 (33.3)	1 (100)	1 (100)	10 (43.5)
	101 to 150	2 (100)	1 (100)	8 (53.3)	2 (66.7)	0 (0)	0 (0)	13 (56.5)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	100	69 (70.4)	26 (61.9)	62 (33.2)	2 (4)	112 (80.5)	41 (62.1)	312 (53.6)
	101 to 150	20 (20.4)	15 (35.7)	118 (63.1)	40 (80)	16 (11.5)	19 (28.8)	228 (39.2)
	151 to 200	9 (9.2)	1 (2.4)	7 (3.7)	8 (16)	11 (8.0)	6 (9.1)	42 (7.2)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**
Average Savings		**116.93**	**119.28**	**118.58**	**140.4**	**108.70**	**122.42**	**118.30**

Note: Figures in parentheses are percentages.
Source: Field Survey

Determinants of Savings: Many rural families in India lack the inclination to save. In the selected villages, many factors were taken into consideration for ascertaining the sources of savings. Table 5.39 indicates that own earnings from small business is the most important source for savings. It is observed that 42% of the members save from their own earnings from small business started with the help of microfinance loans, followed by 33% who save from their household income earnings, 22% who save from their earnings from daily-wage agricultural and non-agricultural labor, 2% who save from their children's earnings, and very few members (1%) save from their earnings from private employment. The table shows that majority (60%) of the members who save from their own earnings from petty business is recorded in Ankisettipalle village. Further, of all the social groups, the majority of the OC community members (43.9%), followed by minority (39.1%), BC (30.2%), SC (29.5%) and ST (10%) community members save from their household income. It is further observed that in Torredu village, 29.5% of the members save from their earning from daily-wage agricultural and non-agricultural labor work and these members mostly belong to the ST and SC communities. In this village particularly, majority of the SC members save from their earnings from agricultural labor. The study found that in Raghavapur village, majority of the members save from earnings from daily-wage agricultural and non-agricultural labor work. Similarly, in Brahmanpalle, CTM and Ankisettipalle villages, majority of the members save from earnings from small business. It is observed that in Torredu and Rajavolu villages, majority of the members save certain amount from their household income.

On the contrary, out of total 156 SC community members, 37.2% save from their earnings from daily-wage agricultural and non-agricultural labor work. The percentage is highest in Brahmanpalle village. In the case of ST community, out of total 20 members, 45% each save from their earnings from small business and daily-wage agricultural and non-agricultural labor work respectively. In the case of BC community, out of total 242 members, 45.4% save from their earnings from small business. In the case of OC community, majority of the members save from their earnings from small business. They mainly belong to Ankisettipalle, Raghavapur, and

Table 5.39: Village-Wise and Community-Wise Distribution of Sources of Savings of SHG Members

Social Group	Source of Saving	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Household income	10 (58.8)	1 (14.3)	3 (12.5)	3 (25)	18 (24.0)	11 (52.4)	46 (29.5)
	Earning from daily-wage agricultural and non agricultural work	4 (23.5)	4 (57.1)	10 (45.8)	5 (41.7)	31 (41.3)	4 (19.1)	58 (37.2)
	Earning from small business	3 (17.7)	2 (28.6)	10 (41.7)	4 (33.3)	20 (26.7)	6 (28.5)	45 (28.8)
	Son/Daughter's earning	0 (0)	0 (0)	0 (0)	0 (0)	4 (5.3)	0 (0)	4 (2.5)
	Working Privet employed	0 (0)	0 (0)	1 (4.16)	0 (0)	2 (2.7)	0 (0)	3 (2.0)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**1 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Household income	0 (0)	0 (0)	1 (11.0)	1 (16.7)	0 (0)	0 (0)	2 (10)
	Earning from daily-wage agricultural and non agricultural work	0 (0)	0 (0)	4 (44.5)	3 (50.0)	1 (50.0)	1 (100)	9 (45)
	Earning from small business	1 (100)	1 (100)	4 (44.5)	2 (33.3)	1 (50.0)	0 (0)	9 (45)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Household income	20 (26.0)	12 (38.7)	25 (36.2)	2 (11.7)	7 (30.5)	7 (28)	73 (30.2)
	Earning from daily-wage agricultural and non agricultural work	30 (39.0)	2 (6.4)	9 (13.0)	3 (17.7)	3 (13.0)	5 (20)	52 (21.5)
	Earning from small business	26 (33.7)	16 (51.6)	33 (47.8)	11 (64.7)	12 (52.2)	12 (48)	110 (45.4)
	Son/Daughter's earning	1 (1.3)	1 (3.3)	2 (3.0)	0 (0)	1 (4.3)	1 (4)	6 (2.5)
	Working Privet employed	0 (0)	0 (0)	0 (0)	1 (5.9)	0 (0)	0 (0)	1 (0.4)
	Total	**77 (100)**	**3 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Household income	0 (0)	2 (100)	29 (41.4)	0 (0)	21 (55.3)	10 (55.6)	62 (43.9)
	Earning from daily-wage agricultural and non agricultural work	0 (0)	0 (0)	3 (4.3)	0 (0)	6 (15.8)	0 (0)	9 (6.5)
	Earning from small business	1 (100)	0 (0)	35 (50.0)	11 (91.6)	10 (26.3)	8 (44.4)	65 (46.1)
	Son/Daughter's earning	0 (0)	0 (0)	1 (1.4)	0 (0)	0 (0)	0 (0)	1 (0.7)
	Working Privet employed	0 (0)	0 (0)	2 (2.9)	1 (8.4)	1 (2.6)	0 (0)	4 (2.8)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Husband earning income	0 (0)	0 (0)	8 (53.3)	0 (0)	0 (0)	1 (100)	9 (39.1)
	Earning from daily-wage agricultural and non agricultural work	0 (0)	0 (0)	0 (0)	1 (33.3)	0 (0)	0 (0)	1 (4.4)
	Earning from small business	2 (100)	1 (100)	7 (46.7)	2 (66.7)	1 (100)	0 (0)	13 (56.5)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Household income	30 (30.6)	15 (35.7)	66 (35.3)	6 (12.0)	46 (33.1)	29 (43.9)	192 (32.9)
	Earning from daily-wage agricultural and non agricultural work	34 (34.7)	6 (14.3)	26 (13.9)	12 (24.0)	41 (29.5)	10 (15.2)	129 (22.2)
	Earning from small business	33 (33.7)	20 (47.6)	89 (47.6)	30 (60.0)	44 (31.6)	26 (39.4)	242 (41.6)
	Son/Daughter's earning	1 (1.0)	1 (2.4)	3 (1.6)	0 (0)	5 (3.6)	1 (1.5)	11 (1.9)
	Working Privet employed	0 (0)	0 (0)	3 (1.6)	2 (4.0)	3 (2.2)	0 (0)	8 (1.4)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

CTM villages. Out of total 23 members in minority community, majority save from their income from small business.

Table 5.39A indicates that own earnings from small business is the most important source for savings. The table shows the majority (41.58%) of the members who save from their own earnings from petty business is recorded in all the three regions. It is further observed that in Telangana region, 28.57% of the members save from their earning from daily-wage agricultural, and non-agricultural labour work, while the lowest in Rayalaseema region. In case of coastal Andhra region, majority (36.58%) of members save from their household income.

Table-5.39A: Region-Wise Distribution of Sources of Savings of SHG Members

Source of Saving	Name of the Regions			Total
	Telangana	Rayalaseema	Coastal Andhra	
Household income	45 (32.14)	72 (30.37)	75 (36.58)	192 (32.98)
Earning from daily-wage agricultural and non agricultural work	40 (28.57)	38 (16.03)	51 (24.87)	129 (22.16)
Earning from small business	53 (37.85)	119 (50.21)	70 (34.14)	242 (41.58)
Son/Daughter's earning	2 (1.42)	3 (1.65)	6 (2.92)	11 (1.89)
Working Privet employed	0 (0)	5 (2.10)	3 (1.46)	8 (1.37)
Total	**140 (100)**	**237 (100)**	**205 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Purpose of Saving: In rural areas, savings play an important role in the lives of the poor. It is found that in all the selected villages, majority of families, irrespective of caste or community wish to save at least small amounts from their income for their future. The prominent reason cited for savings is that at times of emergency, the loan amount can be withdrawn easily at low interest rate. Table 5.40 shows that 35% of the members from all social groups are interested in saving small amounts within their financial limits, followed by 34% who are very much interested in saving to get more loans at lower interest rates, 18% who are interested in saving for meeting future needs, and 13% who report that savings will be useful during emergencies and can be withdrawn at any time. Of the members interested to save small amounts within their financial limits, the highest percentage is recorded in Brahmanpalle

(64.2%), while the lowest in Ankisettipalle (28%) village. However, in the case of OC community, most of the members (48.9%) report that saving some amount would enable them to take more loans at less interest rate later on.

Table 5.40: Village-Wise and Community-Wise Frequency of Purpose-Wise Distribution of Savings by SHG Members

Social Group	Purpose of Saving	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	In Emergencies can be withdrawn	1 (6.0)	0 (0)	5 (21.0)	1 (8.0)	9 (12.0)	1 (5.0)	17 (11.0)
	Take more loans with less interest	7 (41.0)	1 (14.0)	9 (38.0)	3 (25.0)	25 (33.0)	6 (28.0)	51 (33.0)
	Small amount within our financial limits	9 (53.0)	6 (86..0)	7 (29.0)	6 (50.0)	20 (27.0)	9 (43.0)	57 (36.0)
	Saved money will be useful in future	0 (0)	0 (0)	3 (12.0)	2 (17.0)	21 (28.0)	5 (24.0)	31 (20.0)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	In Emergencies can be withdrawn	0 (0)	0 (0)	1 (11.1)	1 (16.7)	1 (50.0)	0 (0)	3 (15.0)
	Take more loans with less interest	0 (0)	0 (0)	4 (44.5)	1 (16.7)	0 (0)	0 (0)	5 (25.0)
	Small amount within our financial limits	1 (100)	1 (100)	3 (33.3)	3 (50.0)	0 (0)	0 (0)	8 (40.0)
	Saved money will be useful in future	0 (0)	0 (0)	1 (11.1)	1 (16.6)	1 (50.0)	1 (100)	4 (20.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	In Emergencies can be withdrawn	8 (10.5)	1 (3.2)	21 (30.5)	2 (11.7)	1 (4.3)	0 (0)	33 (13.6)
	Take more loans with less interest	27 (35.0)	4 (12.9)	18 (26.0)	9 (53.0)	5 (21.7)	6 (24.0)	69 (28.5)
	Small amount within our financial limits	27 (35.0)	19 (61.3)	20 (29.0)	4 (23.5)	13 (56.6)	15 (60.0)	98 (40.5)
	Saved money will be useful in future	15 (19.5)	7 (22.6)	10 (14.5)	2 (11.8)	4 (17.4)	4 (16.0)	42 (17.4)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	In Emergencies can be withdrawn	1 (100)	1 (50.0)	11 (15.7)	1 (8.3)	7 (18.4)	1 (5.6)	22 (15.6)
	Take more loans with less interest	0 (0)	0 (0)	30 (43.0)	8 (66.7)	18 (47.4)	13 (72.2)	69 (48.9)
	Small amount within our financial limits	0 (0)	0 (0)	20 (28.5)	1 (8.3)	10 (26.3)	0 (0)	31 (21.9)
	Saved money will be useful in future	0 (0)	1 (50.0)	9 (12.8)	2 (16.7)	3 (7.9)	4 (22.2)	19 (13.6)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	In Emergencies can be withdrawn	0 (0)	0 (0)	1 (6.7)	1 (33)	0 (0)	0 (0)	2 (8.7)
	Take more loans with less interest	0 (0)	0 (0)	3 (20.0)	0 (0)	0 (0)	1 (100)	4 17.3)
	Small amount within our financial limits	2 (100)	1 (100)	7 (46.7)	0 (0)	1 (100)	0 (0)	11 (47.9)
	Saved money will be useful in future	0 (0)	0 (0)	4 (26.6)	2 (67)	0 (0)	0 (0)	6 (26.1)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	In Emergencies can be withdrawn	10 (10.2)	2 (4.7)	39 (20.9)	6 (12.0)	18 (13.0)	2 (3.0)	77 (13.2)
	Take more loans with less interest	34 (34.7)	5 (11.9)	64 (34.2)	21 (42.0)	48 (34.5)	26 (39.4)	198 (34.0)
	Small amount within our financial limits	39 (39.7)	27 (64.2)	57 (30.5)	14 (28.0)	44 (31.7)	24 (36.4)	205 (35.3)
	Saved money will be useful in future	15 (15.4)	8 (19.2)	27 (14.4)	9 (18.0)	29 (20.8)	14 (21.2)	102 (17.5)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

The highest percentage of members who report that savings will be useful during emergencies and can be withdrawn at any time are recorded in CTM (20.9%), followed by Torredu (13%) village. It is also observed that of the members who were very much interested in saving to get more loans at less interest rate, the highest percentage (42%) is recorded in Ankisettipalle village. In the case of BC community, majority of members (40.5%) save small amounts within their financial limits. It is observed that of the SC and BC community members in Rajavolu village, the majority report that they save small amounts within their financial limits. As regards the OC community in Rajavolu village, most of the members said that they save to obtain loans at low interest rate. One of the ST members reported that saving is useful for the future. The minority community members also report that they are saving to obtain loans at lower rates of interest (Table 5.40). On the whole, it can be concluded that the major reason for joining a group in the Rajavolu village was to avail bank loans at lower interest rates. This will help in starting a business to earn money to supplement the family income.

5.5 Summary

It is observed from the selected villages that most of the SHG members are in the age group of 26-35 and 36-45 years. It implies that middle-aged women, those who are in the more productive age groups join the SHGs and get engaged in microenterprises. They are more matured in decision making, and want to take up income-generating activities to increase the income of their families. The study also found that 88% of members are married and they are the bread winners of their families. It is important to note that married women are actively engaged in non-farm activities under the SHG-bank linkage program to generate sustainable income. Further, a significant number of women who are widows have also greatly benefited from microfinance under SHG-bank linkage program in the studied villages. The percentage is highest in Raghavapur, while least in Ankisettipalle village. Also, it is highest in the SC community and lowest in the ST community in all the villages.

Similarly, the education level of the members shows that nearly 68% are literate. Among the literates, about 45% of them have attained primary school

education, followed by 18% secondary and 3% intermediate level education. It is also observed that in all the villages, majority of the families is nuclear. This figure is highest in Raghavapur village. Similarly, about 86% of the members reported that their husbands are the heads of the household. An interesting observation from the study is that all the members (100%) have ration cards in all the selected villages and out of that, about 99% has white card, while only 1% has pink (sugar) card.

Similarly, it is noticed that nearly 70% of the members live in pucca houses, followed by 27% in semi-pucca and only 3% are living in katcha houses (of which 6% belong to SC and 3% to BC community). The study also found that about 45% of the members have access to proper toilet facilities, while 55% resort to the open outlets. Members with access to proper toilet facility are highest in Ankisettipalle and lowest in Raghavapur village. Non-availability of proper sanitary facilities is reported to be highest in ST community members, followed by SC, BC, OC and minority community members. Similar is the position regarding the access to source of energy for cooking, where it is observed that only 43.29% of the members use gas for cooking. It is also observed that most of the SC and ST members are dependent on firewood for cooking.

The study further shows that 20% of husbands of the SHG members is illiterate, while 80% is literate. It is also observed that the husbands of the members have different levels of education in the selected households and on whole, the husbands of SC and BC members are more illiterate than that of the OC, ST and minority community members. From the field study, it emerged that husbands of few ST community members have completed only intermediate education, while in other communities the husbands have completed degree, post graduation and technical education. As regards the landholding of respondent's families, it emerges that the land-owning families own either marginal, small or semi-medium holdings and almost half of the members are landless. The percentage of members who do not have land is highest in Torredu village. It is important to note that among all social group members, percentage of members who do not have land is highest among minority community members.

The study also brings out that most of the members have joined the groups recently. The age-wise distribution indicates that nearly 30% of them reported their group formation seniority is within 2 years, while 30% stated that their group formation seniority is above 6 years. Further, 23% members mentioned that their SHG formation seniority is between 2-4 years, and the remaining reported that their SHG formation seniority is between 4-6 years. Caste-wise analysis shows that among all the sample members, majority of them have completed 2 years of group formation. Among all the communities, ST members joined very late because of lack of awareness about the system. Among the members, the majority were self-motivated to join the group. This is a significant point that many of the respondents had joined SHG out of their own interest, i.e., self-motivation, followed by inspiration from their husbands and suggestion of family members.

The size of group plays an important role in group dynamics. It is observed that about 47% of the members reported that their group size is less than 10 members. This percentage is highest in Rajavolu and lowest in Torredu village. Caste-wise, groups with less than 10 members are more among ST and less in OC community. Among the social groups, the majority of the SC community members said that their group size is between 11-12 members. Similarly, the study also focused on the status of the members in the group. The results show that in the six selected villages, 69% reported that their designation in the group is confined to that of an ordinary member of the group. Most of the members reported that meetings are conducted regularly once in a month for discussing group activities, and this percentage is highest in Raghavapur and lowest in Torredu village, where meetings are held occasionally. About 80% of the members reported that the group leader organizes the meetings, while 15% reported that SHG members organize the meetings and the remaining stated that the second leader organizes the meetings. Further, only 79% of the members participated in group meetings, as most of them are engaged as daily casual wage laborers.

The analysis of the members' saving habit and their performance across the villages brings out that out of the total sample about 95% of group representatives

maintain savings register, loan register, bank accounts and individual passbooks. The percentage is highest in Ankisettipalle. The level of maintenance of book of accounts and individual passbook is noticed to be regular, accurate and updated to a significant extent when these records are managed by outsiders (including representatives of SHGPI/NGO/government agency, any person employed by the SHG and member/leader's relative) compared to insiders including group representatives and the literate members. It is interesting to note that about 54 members dropped out from the groups of which majority (33) said that they were unable to save the mandatory amount every month and about 13 members reported that they were unable to attend meetings regularly. Among the social groups, the SC women members found it difficult to save the monthly amount, and therefore, dropped out from the group.

This study states that in all the selected villages, 73% of the group members have been giving their monthly savings to the leader on the meeting day. Among them, the minority community members are relatively prompt. The SC members have to contend with their weak economic conditions since they are highly dependent on daily wage, which mostly goes in meeting their daily expenses. The field study also shows that majority of the members reported that their savings is being deposited in the bank every month by two members on rotation basis on a fixed date. However, the minority community members are not interested to venture outside their homes. So they send their savings through their husbands or other family members.

Further, it is observed that the members' monthly saving range increased from Rs.30-50 to Rs.51-100 because many of them took huge loans from bank and spent the same on non-farm activities. As regards the saving rate per member, it is seen that 53.5% of the members' monthly saving is between Rs.51 and Rs.100 and of the remaining it is less than Rs.50. This study further shows that in Brahmanpalle village, all social group members' average monthly savings is in the range of Rs.51-100, while in Torredu village, majority of the members' monthly savings is less than Rs. 50. It is very crucial to note that among the social group members, majority (61.5%) of the SC members' monthly savings is less than Rs.50. The study also shows that even after availing group loans, there is no improvement in the position of the SC

members' savings, since the loan amount is being used for consumption and house construction purposes. Similarly, regarding the purpose of saving, the majority of the members reported that social security is the first priority followed by food security, education of children, medical facilities, festivals, and agricultural operations. Further, it is observed that most of the nuclear families save more amount monthly than the joint families. Out of the members whose monthly savings is between Rs.50-100, around 69% are literate. It is also found that in all selected villages among the SC, ST, BC and minority community, majority of the members are very much interested in saving small amounts within their financial limits. On the other hand, the OC community members reported that they are saving to obtain more loans at less interest rate for all purposes, including agriculture.

CHAPTER 6

CREDIT MARKET AND SELF-HELP GROUPS IN INDIA

6.1 Introduction

Credit plays an important role in all the models of growth and development. It raises the productive capacity of the sectors and serves as an accelerator for better livelihood. A poor person has a low income level which is inadequate to satisfy his requirements for smooth consumption and employment. All available evidence seems to indicate that the formal rural financial system in India is currently trapped in a vicious cycle of stagnant or even declining credit-deposit ratio and abnormally high cost of credit and default rate. While the borrowers are confronting high interest rates, high transaction costs and other impediments to access credit, the banks and other formal lending institutions are complaining of low demand, besides high default rates, which seem to be further restricting their credit operations.

Although credit through Self-Help Groups (SHGs) seems to be offering a ray of hope, such credit still constitutes a small and insignificant part of the total credit system. Informal credit, on the other hand, in spite of reported decline in its share in total credit as per official records, seems to be too resilient to face any serious problem. In fact, informal credit appears to be going quite strong in several parts and pockets of the country. The problem of credit is even more severe for marginal, small farmers and other vulnerable sections of the rural community, who often lack marketable collateral, credit-worthy projects and even political clout to access formal sources of credit. In spite of governmental stipulations in the form of priority sector credit and targets therein, the formal lenders are often not too keen to lend to the large number of borrowers belonging to the poor and vulnerable communities. In this situation, not only the Scheduled Castes (SCs) and Scheduled Tribes (STs), but also Backward Castes (BCs) and other minority communities, who are not especially favored by formal lending institutions because of their weak socioeconomic conditions, tend to turn to informal sources for meeting their credit needs. On the other hand, microfinance sector in India, largely unfettered by tedious regulation and

interference, is young and vibrant. The biggest obstacle until recently was little access to commercial markets and the forbidding cost of capital funds. With the entry of private banks into the microfinance market in the early 2000s, this barrier has partly disappeared and microfinance is growing at a break-neck pace on all fronts. There is an urgent need for structured long-term finance to the sector to fully address these important issues and ensure smooth transaction for proper functioning of the rural sector. Against the above background, the preceding chapter observed that participation in microcredit programs increases the income and living standard of the rural poor households. An attempt has been made in this chapter to study the borrowing structure of the poor. In order to enhance the participation of poor in microcredit programs and to suggest appropriate changes in the policies in this regard to the decision makers, one has to analyze the structure of borrowings of poor and their participation in different types of activities. This chapter is organized into three sections. Section-I explains the access to loan, utilization of loans for various purposes, and the repayment performance of the members. Section-II addresses the income and employment generating activities through the non-farm sector. Section III discusses SHG members' Household Credit Information.

Section-I

6.2 Accessibility, Utilization and Repayment Capacities of Member Borrowers in Selected Villages

The corpus funds accumulated at the SHGs are generally utilized in form of intra-group loans given to their members for various purposes. This is commonly known as "inter-loaning". To study this phenomenon, SHGs having completed two years of bank linkage and whose members are availing bank loans were selected. Almost all the members of the group had availed more than one loan. On an average, each member has taken loans 2.38 times, which indicates that loans were well distributed among the SHG members. It may be recalled that, at the time of data collection, the members were with the SHGs for at least two years and were availing bank loans.

The question that arises in this situation is: How is it that after having accumulated members' monthly contributions for such a long period, they have not made use of this corpus so far? Two possible reasons appear to be discernible for this state of affairs. One may be that the group members might be considering monthly savings and accumulation of money as creation of wealth. Perhaps, they are not sufficiently educated about the fact that they can create more wealth by making productive use of the accumulated money, rather than keeping it idle and earning only bank interest on it. The other reason may be manipulation of the SHG provisions for personal gain by some self- interested members.

Frequency of Loan Taken by SHG Members: All the selected 582 sample members stated that they took loans and the total number of loans since inception is 1,390, with an average of 2.38 loans per member as on the date of interview. Table 6.1 shows that 59% of the members took loan less than two times, followed by 33% who took loans three to four times, and 8% who took loans five to six times. However, 59% of the members took loan less than two times. The percentage is found to be highest in Raghavapur, followed by Torredu and Rajavolu villages respectively. Reasons for members taking loans on fewer occasions are that their savings are less, repayment is irregular, and they need more installments. A large number of members in Brahmanpalle, CTM and Ankisettipalle villages took loans 3-4 times, because they save more, repay loans in fewer installments, and repay larger amounts in monthly installments. It is observed from the table that majority of the members who took loan less than two times belong to the ST community. Table 6.1 shows that among the members who took loan five to six times, majority belong to the minority community. It is also observed that in all selected villages, ST community members never took loan more than 4 times, and this might be because of delay in group formation by them and their savings was very less. In the same way, repayment within a specified number of installments stood as a barrier in getting loans more number of times. Further it is observed that OC and BC community members were aware of the loan access and their economic condition is always better compared to other community members. It is also observed that BC and OC members took loans more often,

because, their savings is more and they repay more amount through higher monthly installments.

Table 6.1: Community-Wise and Village-Wise Frequency of Loans Taken by SHG Members

Social Groups	No. of Times Loan was Taken	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Less than 2 times	13 (76.5)	1 (14.3)	15 (62.5)	4 (33.3)	43 (57.3)	16 (76.2)	92 (59.0)
	3 - 4 times	4 (23.5)	4 (57.1)	9 (37.5)	8 (66.7)	30 (40.0)	5 (23.8)	60 (38.4)
	5 - 6 times	0 (0)	2 (28.6)	0 (0)	0 (0)	2 (2.7)	0 (0)	4 (2.6)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Less than 2 times	1 (100)	0 (0)	7 (77.8)	4 (66.7)	2 (100)	0 (0)	14 (70.0)
	3 - 4 times	0 (0)	1 (100)	2 (22.2)	2 (33.3)	0 (0)	1 (100)	6 (30.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Less than 2 times	58 (75.3)	14 (45.2)	37 (53.6)	9 (52.9)	19 (82.6)	16 (64.0)	153 (63.2)
	3 - 4 times	17 (22.1)	14 (45.2)	26 (37.7)	5 (29.4)	4 (17.4)	3 (12.0)	69 (28.5)
	5 - 6 times	2 (2.6)	3 (9.6)	6 (8.7)	3 (17.7)	0 (0)	6 (24.0)	20 (8.3)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Less than 2 times	1 (100)	2 (100)	37 (52.9)	6 (50.0)	27 (71.1)	7 (38.9)	80 (56.7)
	3 - 4 times	0 (0)	0 (0)	23 (32.9)	4 (33.3)	8 (21.1)	11 (61.1)	46 (32.6)
	5 - 6 times	0 (0)	0 (0)	10 (14.2)	2 (16.7)	3 (7.8)	0 (0)	15 (10.6)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Less than 2 times	2 (100)	1 (100)	3 (20.0)	0 (0)	1 (100)	0 (0)	7 (30.4)
	3 - 4 times	0 (0)	0 (0)	9 (60.0)	1 (33.3)	0 (0)	1 (100)	11 (47.8)
	5 - 6 times	0 (0)	0 (0)	3 (20.0)	2 (66.7)	0 (0)	0 (0)	5 (21.8)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Less than 2 times	75 (76.5)	18 (42.9)	99 (52.9)	23 (46.0)	92 (66.2)	39 (59.1)	346 (59.4)
	3 - 4 times	21 (21.4)	19 (45.2)	69 (36.9)	20 (40.0)	42 (30.2)	21 (31.8)	192 (33.0)
	5 - 6 times	2 (2.1)	5 (11.9)	19 (10.2)	7 (14.0)	5 (3.6)	6 (9.1)	44 (7.6)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**
Average		**1.93**	**2.83**	**2.54**	**2.84**	**2.24**	**2.28**	**2.38**

Note: Figures in parentheses are percentages.
Source: Field Survey

In CTM village, it was observed that BC, OC and minority community members took loan five to six times. It is further observed that in Rajavolu village very few BC members took loan five to six times. On the other hand, in Torredu village even SC and OC community members had taken loan five to six times. In all the surveyed villages, majority of the SC members had taken loans from the bank less than two times, except in Brahmanpalle and Ankisettipalle (see Table 6.1). Basically, SC community members are economically poor. So they cannot save more. As a

result there is the risk of their defaulting in repaying the loan and this deters them from seeking loans more times. For the same reason their waiting period is long, so even though they join the groups their registration is delayed. The analysis reveals that the distribution of credit differs across different regions and communities, which in turn, depend on various factors of SHG members in the selected villages. It is interesting to note that the number of members of tribal community taking loans is found to be very less in all the selected villages during the reference year.

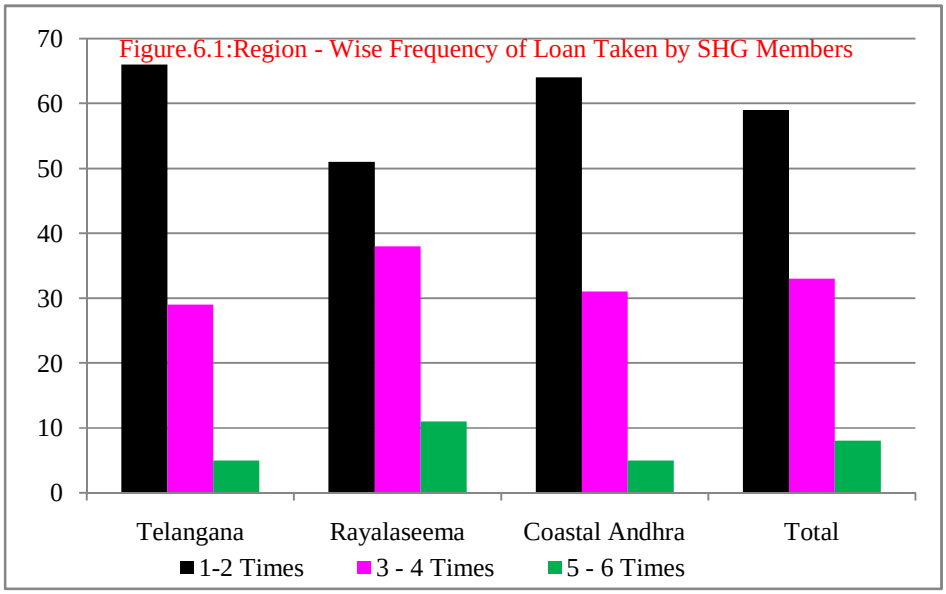


Figure 6.1 depicts the frequency of availing loans by SHG members across the three regions. In all three, the norm is '1 to 2 times'. A very small percentage had taken loans 5 to 6 times. Maybe this is related to the 'age' of the SHGs, discussed earlier. It is also possible that one becomes eligible for a second or third loan only when the repayment performance in respect of the earlier ones is satisfactory, or that the next loan is possible when the earlier one is liquidated. Regional-wise, the largest percentage of members taking loans 1 to 2 times is highest (66%) in Telangana, followed by coastal Andhra (64%) and Rayalaseema (51%). Thus, it can be concluded that majority of the members under study have availed group loans more than twice ever since they became group members.

Amount Borrowed from Bank: The SHGs provide loans to their members for investing and to get access to income-generating opportunities. The latest loan amount taken by the members considered in this study is classified into four groups, i.e., (1) Less than Rs.15,000, (2) Rs.15,001 to 30,000, (3) Rs.30,001 to 45,000, and finally (4) Above Rs.45,000. The total amount of bank loan provided to SHG members for various economic activities is Rs.10,176,350 and the average loan amount is Rs.17,485.1. Among the six villages surveyed, the average amount of loan is observed to be highest in Brahmanpalle (Rs.35,785.71), followed by Ankisettipalle (Rs.24,070), CTM (Rs.22,828), Torredu (Rs.13,053), and Rajavolu (Rs.11,059), while it is lowest in Raghavapur village (Rs.6,700) (see Table 6.2). The data clearly indicates that a much larger number of members of Raghavapur village have gone for lower amount of loan than the other selected villages. It is to be noted that loan assistance by the SHGs depends mostly on the gradation, performance and financial discipline shown by the group. It is observed that in Brahmanpalle, CTM and Anikisettipalle villages, majority of the members borrow higher amount. These villages are selected under 'Bridge Loan'. So, they can borrow more. Moreover, their savings is also high, and they repay in fewer installments. On the other hand, in Raghavapur, Rajavolu and Torredu villages, majority of the members borrow lower amount, because these villages have not been selected under Bridge Loan, as their monthly savings is less, their repayment also tends to be delayed and they take more installments to repay loan. Majority of the members from SC, ST, BC and OC community borrow less than Rs.15,000. It is observed that although BC and OC community members are in a relatively better position and have more income and land, but their savings is meager. They not only repay their loans in more number of installments, they also repay less per installment and the repayment period is also too long.

It is important to note that in all the selected villages, 57% of sample members took a loan of less than Rs.15,000 and the percentage is found to be highest in Raghavapur and lowest in Brahmanpalle village (see Table 6.2). Further, it is observed that community-wise the highest percentage of members (61.5%) borrowing less than Rs.15,000 is found in SC community. The SC and ST community members

usually repay in more installments. They have no means to repay high amounts and their savings is also less. So they borrow meager amount (up to Rs.30,000). Moreover, they often default in repayment.

Table 6.2: Community-Wise and Village-Wise Distribution of Amounts Borrowed from Bank by SHG Members

Social Group	Amount (Rs.)	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	< 15000	17 (100)	0 (0)	15 (62.5)	4 (33.3)	47 (62.7)	13 (61.9)	96 (61.5)
	15001 to 30000	0 (0)	1 (14.3)	6 (25.0)	4 (33.3)	28 (37.3)	5 (23.8)	44 (28.2)
	30001 to 45000	0 (0)	6 (85.7)	3 (12.5)	4 (33.3)	0 (0)	3 (14.3)	16 (10.3)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	< 15000	1 (100)	0 (0)	7 (77.8)	2 (33.3)	1 (50.0)	0 (0)	11 (55.0)
	15001 to 30000	0 (0)	1 (100)	2 (22.2)	4 (66.7)	1 (50.0)	1 (100)	9 (45.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	< 15000	73 (94.8)	3 (9.7)	22 (31.9)	4 (23.5)	18 (78.3)	24 (96.0)	144 (59.5)
	15001 to 30000	4 (5.2)	11 (35.5)	33 (47.8)	7 (41.2)	5 (21.7)	1 (4.0)	61 (25.2)
	30001 to 45000	0 (0)	7 (22.6)	6 (8.7)	6 (35.3)	0 (0)	0 (0)	19 (7.8)
	Above 45000	0 (0)	10 (32.2)	8 (11.6)	0 (0)	0 (0)	0 (0)	18 (7.5)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25(100)**	**242 (100)**
OC	< 15000	1 (100)	0 (0)	29 (41.5)	4 (33.3)	26 (68.4)	14 (77.8)	74 (52.5)
	15001 to 30000	0 (0)	1 (50.0)	15 (21.4)	5 (41.7)	12 (31.6)	4 (22.2)	37 (26.2)
	30001 to 45000	0 (0)	0 (0)	15 (21.4)	2 (16.7)	0 (0)	0 (0)	17 (12.1)
	Above 45000	0 (0)	1 (50.0)	11 (15.7)	1 (8.3)	0 (0)	0 (0)	13 (9.2)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	< 15000	2 (100)	0 (0)	2 (13.3)	0 (0)	1 (100)	1 (100)	6 (26.1)
	15001 to 30000	0 (0)	0 (0)	3 (20.0)	1 (33.3)	0 (0)	0 (0)	4 (17.4)
	30001 to 45000	0 (0)	1 (100)	10 (66.7)	2 (66.7)	0 (0)	0 (0)	13 (56.5)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	< 15000	94 (95.9)	3 (7.2)	75 (40.1)	14 (28.0)	93 (66.9)	52 (78.8)	331 (56.9)
	15001 to 30000	4 (4.1)	14 (33.3)	59 (31.6)	21 (42.0)	46 (33.1)	11 (16.7)	155 (26.6)
	30001 to 45000	0 (0)	14 (33.3)	34 (18.2)	14 (28.0)	0 (0)	3 (4.5)	65 (11.2)
	Above 45000	0 (0)	11 (26.2)	19 (10.1)	1 (2.0)	0 (0)	0 (0)	31 (5.3)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**
Average		**6700**	**35785.71**	**22828**	**24070**	**13053**	**11059**	**17485.13**

Note: Figures in parentheses are percentages.
Source: Field Survey

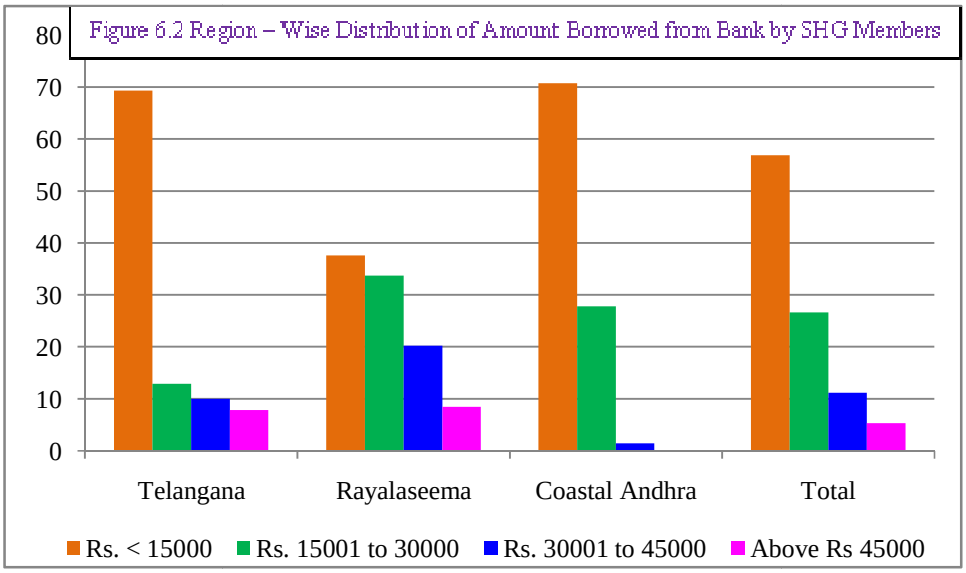
Further it is observed from Table 6.2 that, 5% of the members took loans of more than Rs.45,000 and these members are from Brahmanpalle, CTM and

Anikisettipalle villages and belong to OC and BC communities. This indicates that their loan repayment capacity is better and their group performance is also good. The study found that all OCs and BCs community members made a higher monthly contribution than the other community members. OCs and BCs community members have more resources and so they can clear off their dues as per schedule. Their group formation is good and more secure. So they can repay in a short period and in fewer installments which enables them to borrow more. It is quite logical that they are eligible for higher amount of loans. The study found that none from SCs, STs and minority community availed of loans more than Rs.45,000.

In comparison to Raghavapur, Brahmanpalle village members took larger amount of loans. This reveals that the economic status and group performance of Brahmanpalle is much better than that of Raghavapur village. In CTM village, it is found that majority of SC and ST community members took loans of less than Rs.15,000. On the other hand, few BC and OC members took loans of more than Rs.45,000. From this we can infer that CTM village members are more aware of the bank loans, particularly the BCs and OCs. Further, it is observed from Table 6.2 that in Raghavapur, Torredu and Rajavolu villages, no members took loan above Rs.45,000. Thus, it is observed from the field study that bank loans are given in proportion to the savings. Less savings mean fewer loans. If the repayment period is short, the loan installment amount will be higher, and if the bank loan is cleared in the stipulated time, higher amount can be obtained as loan.

Figure 6.2 provides data on distribution of borrowed amounts by SHG members. An almost similar percent of members (nearly 70%) in Telangana and coastal Andhra regions are borrowing amounts less than Rs.15,000. As regards the highest bracket, Rs.45,000 and above, 7.9% in Telangana and 8.44% in Rayalaseema borrowed amounts of this quantum. Significantly, none of the SHG members in the coastal Andhra region took loans of this range. An almost similar trend was noticed for the range Rs.30,000 to Rs.45,000, with only 1.46% members in coastal Andhra opting for this, as against 20.25% for Rayalaseema and 10% for Telangana. For the

loan range Rs. 15,001 to Rs.30,000 the highest percentage (33.76%) was recorded in Rayalaseema, followed by 27.80% in coastal Andhra and 12.86% in Telangana.



Purpose of Loan: All sample members who took loans from the banks, spent the amount for various purposes depending on their needs at the time of borrowing. The purposes for which loan was availed by the sample members may be classified into four categories. First, consumption and social needs, settlement of old debts taken from money lenders and loans for contingences such as medical and educational expenditure, other social functions like, marriage and funeral ceremonies. Second, for production purposes, like purchasing inputs for agriculture. Third, for income generating purposes like petty trade and other non-farm activities, and finally, for household asset creation, like house construction/repair and purchasing gold/land/household articles/insurance. The distribution of loan according to purpose of loan is presented in Table 6.3. It is evident that the main emphasis is given to income generating purpose, which is found to be higher both in absolute and relative terms among all the selected villages. The data shows that 42% of the members used the loan for income generation purpose, followed by 24% who used it for consumption and social needs, 23% who used it for household asset creation, while only 11% used it for production purpose. Among the members who took loans for consumption and social needs, majority of them spent it on education, followed by

food security, repaying old loans, marriage and medical purposes. The highest percentage of members who used it for consumption and social needs is recorded in Rajavolu, while the lowest in Ankisettipalle village. Further among all the social groups, the highest percentage of members who used it for consumption and social needs belongs to the SC (31%), followed by OC (23.4%) and BC (22.31%) community. It is also observed that among all the social group members, the highest percentage of members who spent the loan amount on food security belongs to the SC community.

It is noted from Table 6.3 that among the members who spent the loan amount for household asset creation purpose, majority of them spent it on house construction/repair, followed by purchasing durable goods, purchasing gold/land, and insurance premium. This trend is predominant in Torredu village. Among these members, the highest percentage belongs to the SC community (35%). Government announced the housing benefit scheme, called Indiaramma Housing Scheme to the poor during the preceding five years. But though the group members spend their group loan on house construction, the houses remained incomplete. The government offers Rs.40,000 for house construction under the Indiaramma Housing Scheme. But at current prices even with Rs.100,000, a house construction cannot be completed. It is also observed that in all the selected villages, 9% of members spent the amount on education, and out of them the majority belongs to the OC community.

The members are engaged in various economic activities under SHG-Bank linkages. The economic activities chosen by the members indicate their free and suitable choice for the economic activities and the key activity is income generation. It is observed from Table 6.3 that in Torredu village 38% of the members availed the loan amount for household asset creation purposes (mainly for house construction/repair). It is also observed that in Raghavapur village, among the SC community members, equal percentage of members used the loan amount for consumption and social needs and production purposes respectively. However relative to other villages, in CTM village, it is observed that the SC community members spend the loan amount more on food security. As observed from the field

Table 6.3: Community-Wise, Village-Wise and Purpose-Wise Distribution of Loan Taken by SHG Members

Social Group	Purpose	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Food Security	0 (0)	0 (0)	8 (33.33)	1 (8.33)	10 (13.33)	0 (0)	19 (12.17)
	Medical	2(11.76)	0 (0)	0 (0)	0 (0)	1 (1.33)	1 (4.76)	4 (2.56)
	Education	3 (17.64)	**0 (0)**	1 (4.16)	2 (16.66)	1 (1.33)	1 (4.76)	8 (5.12)
	Marriage	1 (5.88)	0 (0)	0 (0)	0 (0)	6 (8.00)	2 (9.52)	9 (5.76)
	To repay old loans	0 (0)	1 (14.28)	0 (0)	0 (0)	3 (4.00)	3 (14.28)	7 (4.48)
	Education/Old Debt	0 (0)	0 (0)	0 (0)	1 (8.33)	0 (0)	0 (0)	1 (0.64)
	Consumption and Social Needs	**6(35.29)**	**1 (14.28)**	**9(37.50)**	**4 (33.33)**	**21 (28.00)**	**7 (33.33)**	**48 (30.76)**
	Agricultural Inputs Purposes	6 (35.29)	0 (0)	0 (0)	0 (0)	1 (1.33)	2 (9.52)	9 (5.76)
	Production	**6 (35.29)**	**0 (0)**	**0 (0)**	**0 (0)**	**1 (1.33)**	**2 (9.52)**	**9 (5.76)**
	Income Generating Activities	**3 (17.64)**	**2 (28.57)**	**10(41.66)**	**4 (33.33)**	**20 (26.66)**	**6 (28.57)**	**45 (28.84)**
	House Asset Creation	0 (0)	0 (0)	0 (0)	1 (8.33)	4 (5.33)	0 (0)	5 (3.20)
	House Construction /Repair	1(5.88)	4 (57.14)	5(20.83)	3 (25.00)	27 (36.00)	6 (28.57)	46 (29.48)
	Purchasing Gold/Land	1 (5.88)	0 (0)	0 (0)	0 (0)	2 (2.66)	0 (0)	3 (1.92)
	House Asset Creation	**2 (11.76)**	**4 (57.14)**	**5(20.83)**	**4 (33.33)**	**33 (44.00)**	**6 (28.57)**	**54 (34.61)**
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Medical	0 (0)	0 (0)	1(11.11)	0 (0)	0 (0)	0 (0)	1 (5)
	Education	0 (0)	0 (0)	3 33.33)	1 (16.66)	0 (0)	0 (0)	4 (20)
	Social Needs	**0 (0)**	**0 (0)**	**4 44.44)**	**1 (16.66)**	**0 (0)**	**0 (0)**	**5 (25)**
	Agricultural Inputs Purposes	0 (0)	0 (0)	0 (0)	2 (33.33)	0 (0)	0 (0)	2 (10)
	Production	**0 (0)**	**0 (0)**	**0 (0)**	**2 (33.33)**	**0 (0)**	**0 (0)**	**2 (10)**
	Income Generating Activities	**1 (100)**	**1 (100)**	**4(44.44)**	**2 (33.33)**	**1 (50)**	**0 (0)**	**9 (45)**
	House Construction /Repair	0(0)	0 (0)	1(11.11)	1 (16.66)	1 (50)	1(100)	4 (20)
	House Asset Creation	**0 (0)**	**0 (0)**	**1(11.11)**	**1 (16.66)**	**1 (50)**	**1 (100)**	**4 (20)**
	Total	**1(100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Food Security	2 (2.59)	0 (0)	2 (2.89)	1 (5.88)	0 (0)	4 (16)	9 (3.71)
	Medical	5 (6.49)	0 (0)	1 (1.44)	0 (0)	0 (0)	2 (8)	8 (3.30)
	Education	9 (11.68)	**0 (0)**	5 (7.24)	0 (0)	1 (4.34)	4 (16)	19 (7.85)
	Marriage	5 (6.49)	1 (3.22)	3 (4.34)	**0 (0)**	0 (0)	0 (0)	9 (3.71)
	To repay old loans	1 (1.29)	6 (19.35)	2 (2.89)	0 (0)	0 (0)	0 (0)	9 (3.71)
	Consumption and Social Needs	**22 (28.57)**	**7 (22.58)**	**13 (18.84)**	**1 (5.88)**	**1 (4.34)**	**10 (40)**	**54 (22.31)**
	Agricultural Inputs Purposes	14 (18.18)	4 (12.90)	7 10.14)	0(0)	4 (17.39)	2 (8)	31 (12.80)
	Purchasing Milch Cows/ Buffalos	0 (0)	2 (6.45)	1 (1.44)	0 (0)	0 (0)	0 (0)	3 (1.23)
	Production	**14 (18.18)**	**6 (19.35)**	**8(11.59)**	**0 (0)**	**4 (17.39)**	**2 (8)**	**34 (14.04)**
	Income Generating Activities	**26 (33.76)**	**16 (51.61)**	**33(47.82)**	**11 (64.70)**	**12 (52.17)**	**12 (48)**	**110(45.45)**
	House Asset Creation	3 (3.89)	0	3 (4.34)	1 (5.88)	1 (4.34)	0	8 (3.30)
	House Construction /Repair	12 (15.58)	1 (3.22)	11(15.94)	4 (23.52)	5 (21.73)	1 (4)	34 (14.04)
	Purchasing Gold/Land	0 (0)	1 (3.22)	0 (0)	0 (0)	0 (0)	0 (0)	1 (0.41)
	Insurance paid	0 (0)	0 (0)	1 (1.44)	0 (0)	0 (0)	0 (0)	1 (0.41)
	House Asset Creation	**15 (19.48)**	**2 (6.45)**	**15(21.73)**	**5 (29.41)**	**6 (26.08)**	**1 (4.00)**	**44 (18.18)**
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Food Security	0 (0)	0 (0)	0 (0)	0 (0)	1 (2.63)	0 (0)	1 (0.70)
	Medical	0 (0)	0 (0)	2 (2.85)	0 (0)	1 (2.63)	0 (0)	3 (2.12)
	Education	**0 (0)**	**0 (0)**	11(15.71)	**0 (0)**	8 (21.05)	3 (16.66)	22 (15.60)
	Marriage	0 (0)	0 (0)	2 (2.85)	0 (0)	0 (0)	0 (0)	2 (1.41)
	To repay old loans	0 (0)	0 (0)	3 (4.28)	0 (0)	0 (0)	2 (11.11)	5 (3.54)
	Consumption and Social Needs	**0 (0)**	**0 (0)**	**18(25.71)**	**0 (0)**	**10 (26.31)**	**5 (27.77)**	**33 (23.40)**
	Agricultural Inputs Purposes	0(0)	1 (50.00)	5 (7.14)	1 (8.33)	5 (13.05)	2 (11.11)	14 (9.92)
	Purchasing Milch Cows/ Buffalos	0 (0)	0 (0)	1 (1.42)	0 (0)	0 (0)	0 (0)	1 (0.70)
	Production	**0**(0)	**1 (50.00)**	**6 (8.57)**	**1 (8.33)**	**5 (13.15)**	**2 (11.11)**	**15 (10.63)**
	Income Generating Activities	**1(100)**	**0 (0)**	**35 (50)**	**11 (11.66)**	**10 (26.31)**	**8 (44.44)**	**65 (46.09)**
	House Asset Creation	0 (0)	0 (0)	3 (4.28)	0 (0)	9 (23.68)	2 (11.11)	14 (9.92)
	House Construction /Repair	0 (0)	1 (50)	7 (10)	0 (0)	2 (5.26)	1 (5.55)	11(7.80)
	Purchasing Gold/Land	**0 (0)**	0 (0)	1 (1.42)	**0 (0)**	2 (5.26)	0(0)	3 (2.72)
	House Asset Creation	0 (0)	1 (50)	11(15.71)	0 (0)	13 (34.21)	3 (16.66)	28 (19.85)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Education	0 (0)	0 (0)	1 (6.66)	0 (0)	0 (0)	0 (0)	1 (4.34)
	To repay old loans	0 (0)	0 (0)	2(13.33)	0 (0)	0 (0)	0 (0)	2 (8.69)
	Consumption and Social Needs	**0 (0)**	0 (0)	**3 (20)**	0 (0)	0 (0)	0 (0)	**3 (13.04)**
	Agricultural Inputs Purposes	0 (0)	0 (0)	2(13.33)	0 (0)	0 (0)	0 (0)	2 (8.69)
	Production	**0 (0)**	**0 (0)**	**2(13.33)**	**0 (0)**	**0 (0)**	**0 (0)**	**2 (8.69)**
	Income Generating Activities	**2(100)**	**1 (100)**	**7(46.66)**	**2 (66.66)**	**1 (100)**	0 (0)	**13 (56.52)**
	House Asset Creation	0 (0)	0 (0)	1 (6.66)	0 (0)	0 (0)	0 (0)	1 (4.34)
	House Construction /Repair	0 (0)	0 (0)	2(13.33)	1 (33.33)	0 (0)	1 (100)	4 (17.39)
	House Asset Creation	**0 (0)**	**0 (0)**	**3(20.00)**	**1 (33.33)**	**0 (0)**	**1 (100)**	**5 (21.73)**
	Total	**2(100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Food Security	2 (2.04)	0 (0)	10(5.34)	2 (4)	11 (7.91)	4 (6.06)	29 (4.98)
	Medical	7 (7.14)	0 (0)	4 (2.13)	0 (0)	2 (1.43)	3 (4.54)	16 (2.74)
	Education	12 12.24)	0 (0)	21(11.22)	3 (6)	10 (7.19)	8 (12.12)	54 (9.27)
	Marriage	6 (6.12)	1 (2.38)	5 (2.67)	0 (0)	6 (4.31)	2 (3.03)	20 (3.43)
	To repay old loans	1 (1.02)	7 (16.66)	7 (3.74)	0 (0)	3 (2.15)	5 (7.57)	23 (3.95)
	Education/Old Debt	0 (0)	0 (0)	0 (0)	1 (2)	0 (0)	0 (0)	1 (0.17)
	Consumption and Social Needs	**28(28.57)**	**8 (19.04)**	**47(25.13)**	**6 (12)**	**32 (23.02)**	**22 (33.33)**	**143(24.57)**

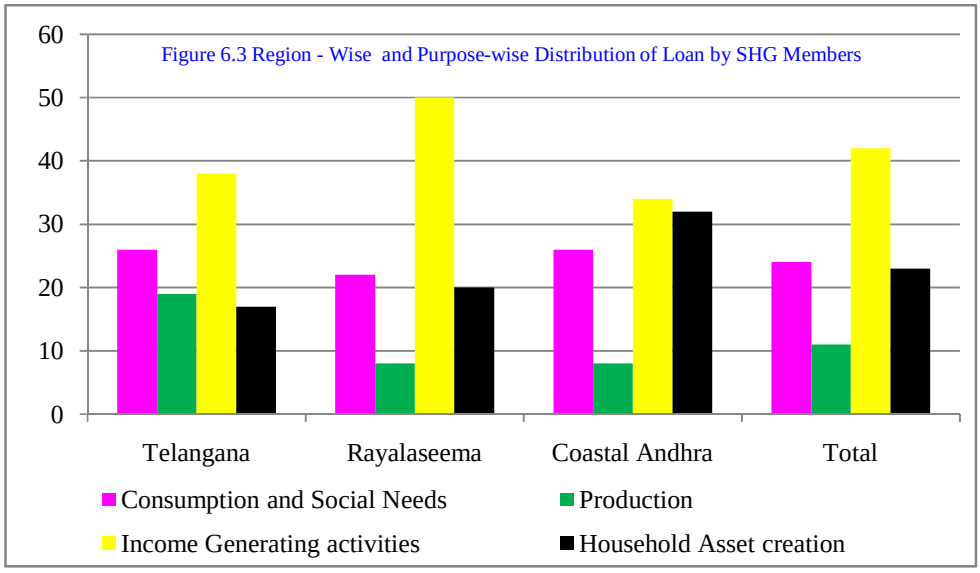
	Agricultural Inputs Purposes	20 (20.40)	5 (11.90)	14(7.48)	3 (6.00)	10 (7.19)	6 (9.09)	58 (9.96)
	Purchasing Milch Cows/ Buffalos	0 (0)	2 (4.76)	2 (1.06)	0 (0)	0 (0)	0 (0)	4 (0.68)
	Production	**20(20.40)**	**7 (16.66)**	**16(8.55)**	**3 (6)**	**10 (7.09)**	**6 (9.09)**	**62 (10.65)**
	Income Generating Activities	**33 (33.67)**	**20 (47.61)**	**89(47.59)**	**30 (60)**	**44 (31.65)**	**26 (39.39)**	**242(41.58)**
	House Asset Creation	3 (3.06)	0 (0)	7 (3.74)	2 (4)	14 (10.07)	2 (3.03)	28 (4.81)
	House Construction /Repair	13 (13.26)	6 (14.28)	26 (13.90)	9 (18)	35 (25.17)	10 (15.15)	99 (17.01)
	Purchasing Gold/Land	1 (1.02)	1 (2.38)	1 (0.53)	0 (0)	4 (2.87)	0 (0)	7 (1.20)
	Insurance paid	0 (0)	0 (0)	1 (0.53)	0 (0)	0 (0)	0 (0)	1 (0.17)
	Household Asset Creation	**17(17.34)**	**7 (16.66)**	**35(18.71)**	**11 (22)**	**53 (38.17)**	**12 (18.18)**	**135(23.19)**
	Total	**98(100)**	**42(100)**	**187(100)**	**50(100)**	**139(100)**	**66(100)**	**582(100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

survey, many SC members from Raghavapur village spend their loan amount on agriculture. Though government allotted land to SC members, more money is required for cultivating it. If they take loan from SHGs for agriculture, they become ineligible to receive loan from the agricultural credit society. For getting a loan from the bank, they have to offer security which is not possible in their case. So, they depend more on MFI/moneylenders. Many SC members of Brahmanpalle, Ankisettipalle and Torredu villages spent more on meeting house construction needs. They had thatched huts earlier and now the government has provided them with pucca houses under the Indiaramma Housing Scheme. But the government reimburses only a part of the house construction amount and the remaining expenditure has to be met by the members themselves. So they used the bank loans for meeting house construction needs. Majority of the SC community members in Rajavolu village spent the loan amount on meeting consumption and social needs. Thus, we observe that as SC members are poor they spent the loan amount mainly on meeting household needs and for food security. In Raghavapur and Brahmanpalle villages, all members of the ST community spent the loan amount for income generation purpose, while in CTM village, equal percentage of members spent the loan amount for meeting consumption and social needs and household needs respectively. On the other hand, majority of the BC and OC community members spent their loan amount on income generation purposes.

An encouraging issue that emerges from a perusal of Figure 6.3 is shows that the largest number of members in all the three regions are using the loan amounts for income generating purposes. The figures are 38% (Telangana), 50% (Rayalaseema) and 34% (coastal Andhra). The purpose ‘consumption and social needs’ is the second priority in respect of Telangana and Rayalseema. The advent of consumerism seems

to have taken roots in the rural areas, with a noticeable number of members 32% in coastal Andhra, 20% in Rayalaseema and 17% in Telangana regions) utilising the loan amount for this purpose. A very small percentage of members across the regions and overall are utilisng the loan amount for production-related purposes. It can be concluded that in all selected regions, 23 per cent of the members' loan amount was spent for household asset creation purpose. The majority of the members have spent on house construction/repair, followed by purchasing durable goods, purchasing gold/land and insurance premium. This trend is predominant in the Rayalaseema region.



6.2.1. Repayment Performance of Borrowers

The primary objective of microfinance is to provide financial services to the poor in order to ease their financial constraints and help alleviate poverty. Credit rationing and collateral requirement are the traditional means used by banks to cope with information asymmetries in the credit market (Stiglitz and Weiss, 1981), but both the channels lead to exclusion of the poor borrowers. To explain the success of microfinance in providing credit to the poor, a large body of literature uses the principal-agent theory to demonstrate that microfinance contract lending to joint-liable groups allows the lender to bypass problems like moral hazard (Stiglitz, 1990) and adverse selection (Ghatak, 1999) arising out of information asymmetries. It is

also argued that joint-liable lending groups help enforce repayment, as social interactions make strategic default more costly (Besley and Coates, 1995). Social ties and group homogeneity (Stiglitz, 1990) are also indirectly linked to repayment performance as they can facilitate peer monitoring and peer pressure or an effective peer selection of group members. It is generally said that the repayment of formal loans is postponed in preference to that of the informal loans. This is attributable to the proximity between the lender and the borrower in respect of informal loans as compared to the formal loans. The proximity between the lender and the borrower was also noticed in respect of microcredit. In group-lending programs, functions like screening, monitoring and enforcement of repayment are to a large extent transferred from the formal lender to the borrowers, i.e., the group members themselves.

First, in comparison to the socially and physically distant formal lender, group members can obtain, at low cost, information regarding the reputation, indebtedness and financial status of the applicant, and about his or her capacity to repay the loan. Secondly, group credit solves the monitoring problem by inducing members of the credit group to monitor their peers who are tempted to divert credit into non-profitable ventures, so that they can arrest the loan default rates (Besley and Coates, 1995). Thirdly, while the formal lender usually has limited options to compel repayment from the delinquent borrowers, group members can potentially employ social sanctions or seize physical collateral of the defaulter. Members have incentives to use moral persuasion, social ostracism, and mutual insurance to honor the external loan commitment with the distant, non-resident lender. As a whole, it can be concluded that the repayment performance of the members of the group is not seen as a serious problem. From the business venture, they have been generating sufficient income to repay the loan.

Number of Loan Installments: Repayment of loan amount within a stipulated time is the soul of any financial system. Micro financing through SHGs also lays stress on timely repayment of the loan amount taken by the members. Loan repayment by SHGs involves two stages of recovery. The first stage is by members to the SHG, the second is by the SHG to the bank. For loan repayment by members to the group, the

stated norm is usually regular (monthly) payment of interest and repayment of the principal over the term of the loan (usually one year), as decided by the SHG. Repayment of the principal may be in fixed equal monthly installments. The distribution of repayment structure among the members in the study area is shown in Table 6.4. One of the basic practices followed by SHGs is that of frequent loans for short periods. The data indicates that all members predominantly repaid the loan on monthly installment basis. As can be seen from Table 6.4, most of the members (47%) took loans contracted for installments between 21 and 30, followed by 33% of the members who took loans contracted for installments between 11 and 20, 15% took loans with above 30 monthly installments and 5% with less than 10 monthly installments. It is important to note that among the members who repaid loans in installments between 21 and 30, majority belong to Torredu, while the least was recorded in CTM village. Further, it is observed that among all the social groups, the highest percentage of SC (58.3%), followed by minorities (56.6%), BC (43.4%), OC (40.4%) and ST (35%) community members repaid loans in installment between 21 and 30. As can be seen from Table 6.4, in all selected villages majority of the members repaid loans in installments between 21 and 30 except two villages, namely, CTM and Brahmanpalle. At times the loans were repaid much before the completion of the loan period. All the SHGs reported closure of their previous accounts before going in for another loan.

It is observed from the field work that members from Raghavapur, Torredu and Rajavolu villages took lesser amount of loans from banks, but they repaid that in more number of installments which implies a small amount per installment. However, in Brahmnapalle, CTM and Ankisettipalle villages, members took larger amount of loans. Their savings and repayment were also in proportion. The savings of BC and OC community members are high so they borrow huge amount of loans from banks and the repayment amount is also proportionately high with fewer installments. In all villages, SC and ST community members borrow less amount but they repay them in more monthly installments. The study found that among the members repaid loans in above 30 installments, majority belong to Brahmanpalle. It is also observed that among all the social groups, the highest percentage of BC (22%), followed by

minority (21.7%), ST (15%), OC (13.5%) and SC (5.1%) community members repaid loans in above 30 monthly installments. It is observed that in Torredu village, no member repaid loans in more than 30 monthly installments. Reasons for opting for more number of installments are: (1) Large amount for repayment; (2) If loan amount is large, repayment in more installments is easy and (3) Group formation might have been delayed.

The caste-wise distribution of loan repayment amount in Raghavapur, Brahmapalle, Torredu and Rajavolu villages shows that majority of the SC community members repaid loans in installments between 21 and 30, as in these villages the SCs are economically weak. But in CTM village, the scene is totally different. 58% of SC members repaid loans in installments between 11 and 20, while in the case of Ankisettipalle village, majority (42%) of the SC members repaid loans in more than 30 installments. It is to be noted that in the BC community in Raghavapur, Ankisettipalle, Torredu and Rajavolu villages, majority of the members repaid their loans in installments ranging between 21 and 30. However, the picture is found to be different in Brahmanpalle village, where majority of the members repaid loans in more than 30 installments. The picture is almost similar with respect to the OC members in all the villages**.** All members repay loans on monthly installment basis. The analysis reveals that the variation in the financial status of the borrowers is the main reason for the different schedules among the communities. It is suggested that to encourage small-scale industries/non-farm activities, the government should provide subsidies with bank loans to the members of the group who have more repaying capacity, and should also provide them with higher amount of loans. There should be no connection with the growth in the number of members. Their expenditure progress should be assessed. In the same way, the loan should be realized as a one-time settlement. Since families depending on agriculture cannot always repay in monthly installments, members should be separated into agriculture and non-agriculture family members and repayment should be arranged for one-year and two-year periods respectively.

Table 6.4: Community-Wise and Village-Wise Distribution of Loan Installment Size by SHG Members

Social Groups	Installment Size (Months)	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	< 10	0 (0)	0 (0)	4 (16.7)	3 (25.0)	0 (0)	1 (4.8)	8 (5.1)
	11 to 20	3 (17.6)	0 (0)	14 (58.3)	1 (8.3)	28 (37.3)	3 (14.3)	49 (31.5)
	21 to 30	13 (76.5)	6 (85.7)	6 (25.0)	3 (25.0)	47 (62.7)	16 (76.2)	91 (58.3)
	Above 30	1 (5.9)	1 (14.3)	0 (0)	5 (41.7)	0 (0)	1 (4.7)	8 (5.1)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	< 10	0 (0)	0 (0)	0 (0)	2 (33.3)	0 (0)	0 (0)	2 (10.0)
	11 to 20	0 (0)	0 (0)	8 (88.9)	0 (0)	0 (0)	0 (0)	8 (40.0)
	21 to 30	1 (100)	0 (0)	1 (11.1)	2 (33.3)	2 (100)	1 (100)	7 (35.0)
	Above 30	0 (0)	1 (100)	0 (0)	2 (33.3)	0 (0)	0 (0)	3 (15.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	< 10	5 (6.5)	0 (0)	5 (7.2)	0 (0)	0 (0)	0 (0)	10 (4.1)
	11 to 20	24 (31.2)	1 (3.2)	33 (47.9)	8 (47.0)	3 (13.0)	5 (20.0)	74 (30.6)
	21 to 30	32 (41.5)	7 (22.6)	19 (27.5)	9 (53.0)	20 (87.0)	18 (72.0)	105 (43.4)
	Above 30	16 (20.8)	23 (74.2)	12 (17.4)	0 (0)	0 (0)	2 (8.0)	53 (21.9)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	< 10	0 (0)	0 (0)	5 (7.2)	2 (16.7)	0 (0)	0 (0)	7 (5.0)
	11 to 20	0 (0)	0 (0)	39 (55.7)	5 (41.7)	9 (23.7)	5 (27.8)	58 (41.1)
	21 to 30	1 (100)	1 (50)	12 (17.1)	4 (33.3)	29 (76.3)	10 (55.5)	57 (40.4)
	Above 30	0 (0)	1 (50)	14 (20.0)	1 (8.3)	0 (0)	3 (16.7)	19 (13.5)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	< 10	0 (0)	0 (0)	1 (6.7)	0 (0)	0 (0)	0 (0)	1 (4.3)
	11 to 20	0 (0)	0 (0)	4 (26.7)	0 (0)	0 (0)	0 (0)	4 (17.4)
	21 to 30	2 (100)	0 (0)	7 (46.6)	3 (100)	1 (100)	0 (0)	13 (56.6)
	Above 30	0 (0)	1 (100)	3 (20.0)	0 (0)	0 (0)	1 (100)	5 (21.7)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	< 10	5 (5.1)	0 (0)	15 (8.0)	7 (14.0)	0 (0)	1 (1.5)	28 (4.8)
	11 to 20	27 (27.6)	1 (2.4)	98 (52.4)	14 (28.0)	40 (28.8)	13 (19.7)	193 (33.2)
	21 to 30	49 (50.0)	14 (33.3)	45 (24.1)	21 (42.0)	99 (71.2)	45 (68.2)	273 (46.9)
	Above 30	17 (17.3)	27 (64.3)	29 (15.5)	8 (16.0)	0 (0)	7 (10.6)	88 (15.1)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey.

Loan Amount per Installment: The village-wise details of the loan amount paid per installment are presented in Table 6.5. From the table, it is clear that majority (50%) of the members paid installment of less than Rs.500, and the highest percentage is recorded in Raghavapur village (96%). Further, it is observed that among all social group members, highest percentage of SC (59%) members paid an amount less than

Rs.500 per installment. It is further observed that in all selected villages, only 6.35% of the members paid an installment of above Rs.1,500. Such members are recorded only in Ankisettipalle and CTM villages, since these village members received more amount as bank loans. While in Raghavapur 96% of the all social group members paid less than Rs.500 per installment, in Brahmanpalle the trend was different. In this village, 60% of the members paid Rs.1,001 to 1,500 per installment. However, in CTM and Ankisettipalle villages, majority of the members reported that the installment amount paid was between Rs.501 and 1000. Different results are observed in Torredu village, where among all the social group members, majority (58%) paid an installment amount of less than Rs.500. Similar results are observed in Rajavolu village, where 73% of the members paid monthly installments of less than Rs.500, while 27% paid installments ranging from Rs.501 to Rs.1,000 (Table 6.5).

Caste-wise data shows that majority of SC community members in all selected villages paid monthly installments of less than Rs.500, except in Brahmanpalle village. In this village, majority of the members' monthly installments are between Rs.1,001 and 1,500. In the case of ST community, out of 20 members, 65% paid monthly installments of Rs.501 to 1,000 and the remaining paid installments of less than Rs.500. Different results can be seen in the BC community. Out of 242 members, majority (55%) paid monthly installments of less than Rs.500. Among them, majority (95%) are from Raghavapur village, followed by Rajavolu (84%) and Torredu (61%). In the case of OC members, 43.3% paid monthly installments of Rs. 501 to 1,000, and highest percentage is recorded in CTM, followed by Ankisettipalle and Brahmanpalle villages. In Torredu and Rajavolu villages, majority of the OC members paid monthly installments of less than Rs.500 (Table 6.5).

In all the villages, it is observed that among the minority community members, 30% paid loan installments of less than Rs.500 and these members mainly belong to Raghavapur, Torredu and Rajavolu villages. In this study, it is observed that the members of Raghavapur, Torredu and Rajavolu villages generally took less amount of loan, so their monthly installments are also in proportion to that**.** As members of CTM, Brahmanpalle and Ankisettipalle villages took large amount of

loans, their monthly installments are also high. SC and ST members did not borrow high amounts, since their repayment capacity is limited. So their monthly installments are also small. For the BC and OC members who took high amount of loans, their repayment installments are also in that proportion.

Table 6.5: Community-Wise and Village-Wise Distribution of Monthly Loan Repayment Amount by SHG Members

Social Group	Loan Repayment (Rs.)	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Less than 500	17 (100)	0 (0)	13 (54.2)	7 (58.3)	44 (58.7)	11 (52.4)	92 (59.0)
	501 to 1000	0 (0)	1 (14.3)	6 (25.0)	3 (25.0)	25 (33.3)	10 (47.6)	45 (28.8)
	1001 to 1500	0 (0)	6 (85.7)	2 (8.3)	0 (0)	6 (8.0)	0 (0)	14 (9.0)
	Above 1500	0 (0)	0 (0)	3 (12.5)	2 (16.7)	0 (0)	0 (0)	5 (3.2)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Less than 500	1 (100)	0 (0)	3 (33.3)	2 (33.3)	1 (50.0)	0 (0)	7 (35.0)
	501 to 1000	0 (0)	1 (100)	6 (66.7)	4 (66.7)	1 (50.0)	1 (100)	13 (65.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Less than 500	73 (94.8)	2 (6.5)	19 (27.5)	4 (23.5)	14 (60.9)	21 (84.0)	133 (55.0)
	501 to 1000	4 (5.2)	12 (38.7)	34 (49.3)	4 (23.5)	9 (39.1)	4 (16.0)	67 (27.7)
	1001 to 1500	0 (0)	17 (54.8)	9 (13.0)	3 (17.7)	0 (0)	0 (0)	29 (12.0)
	Above 1500	0 (0)	0 (0)	7 (10.2)	6 (35.3)	0 (0)	0 (0)	13 (5.3)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Less than 500	1 (100)	0 (0)	12 (17.2)	3 (25.0)	21 (55.2)	15 (83.3)	52 (36.9)
	501 to 1000	0 (0)	1 (50.0)	37 (52.8)	6 (50.0)	14 (36.8)	3 (16.7)	61 (43.3)
	1001 to 1500	0 (0)	1 (50.0)	11 (15.7)	1 (8.3)	3 (8.0)	0 (0)	16 (11.3)
	Above 1500	0 (0)	0 (0)	10 (14.3)	2 (16.7)	0 (0)	0 (0)	12 (8.5)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Less than 500	2 (100)	0 (0)	3 (20.0)	0 (0)	1 (100)	1 (100)	7 (30.5)
	501 to 1000	0 (0)	0 (0)	5 (33.3)	0 (0)	0 (0)	0 (0)	5 (21.7)
	1001 to 1500	0 (0)	1 (100)	2 (13.3)	1 (33.3)	0 (0)	0 (0)	4 (17.4)
	Above 1500	0 (0)	0 (0)	5 (33.3)	2 (66.7)	0 (0)	0 (0)	7 (30.4)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Less than 500	94 (95.9)	2 (4.8)	50 (26.7)	16 (32.0)	81 (58.3)	48 (72.7)	291 (50.0)
	501 to 1000	4 (4.1)	15 (35.7)	88 (47.0)	17 (34.0)	49 (35.2)	18 (27.3)	191 (32.8)
	1001 to 1500	0 (0)	25 (59.5)	24 (12.9)	5 (10.0)	9 (6.5)	0 (0)	63 (10.8)
	Above 1500	0 (0)	0 (0)	25 (13.4)	12 (24.0)	0 (0)	0 (0)	37 (6.4)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Number of Installments and Size of Loan Amount: Details of number of installments and size of loan amount of the SHG members are presented in Table 6.6.

Table 6.6: Community-Wise and Loan Size-Wise Distribution of Number of Installments of Loan Repayment by the SHG Members in Selected Villages (in Rs.)

Social Groups	No. of Installments (Months)	Size of Loan Amount				Total
		< 15000	15,001 to 30,000	30,001 to 45,000	Above 45,000	
SC	Less than 10	8 (8.3)	0 (0)	0 (0)	0 (0)	8 (5.1)
	11 to 20	32 (33.3)	17 (38.6)	0 (0)	0 (0)	49 (31.4)
	21 to 30	55 (57.3)	22 (50.0)	14 (87.5)	0 (0)	91 (58.4)
	Above 30	1 (1.04)	5 (11.4)	2 (12.5)	0 (0)	8 (5.1)
	Total	**96 (100)**	**44 (100)**	**16 (100)**	**0 (0)**	**156 (100)**
ST	Less than 10	2 (18.2)	0 (0)	0 (0)	0 (0)	2 (10.0)
	11 to 20	7 (63.6)	1 (11.1)	0 (0)	0 (0)	8 (40.0)
	21 to 30	2 (18.2)	5 (55.6)	0 (0)	0 (0)	7 (35.0)
	Above 30	0 (0)	3 (33.3)	0 (0)	0 (0)	3 (15.0)
	Total	**11 (100)**	**9 (100)**	**0 (0)**	**0 (0)**	**20 (100)**
BC	Less than 10	10 (7.0)	0 (0)	0 (0)	0 (0)	10 (4.1)
	11 to 20	51 (35.4)	21 (34.4)	2 (10.5)	0 (0)	74 (30.6)
	21 to 30	65 (45.1)	30 (49.2)	9 (47.4)	1 (5.6)	105 (43.4)
	Above 30	18 (12.5)	10 (16.4)	8 (42.1)	17 (94.4)	53 (21.9)
	Total	**144 (100)**	**61 (100)**	**19 (100)**	**18 (100)**	**242 (100)**
OC	Less than 10	7 (9.5)	0 (0)	0 (0)	0 (0)	7 (5.0)
	11 to 20	35 (47.3)	17 (45.9)	6 (35.3)	0 (0)	58 (41.1)
	21 to 30	30 (40.5)	19 (51.4)	8 (47.1)	0 (0)	57 (40.4)
	Above 30	2 (2.7)	1 (2.7)	3 (17.6)	13 (100)	19 (13.5)
	Total	**74 (100)**	**37 (100)**	**17 (100)**	**13 (100)**	**141 (100)**
Minority	Less than 10	1 (16.6)	0 (0)	0 (0)	0 (0)	1 (4.4)
	11 to 20	1 (16.6)	2 (50.0)	1 (7.7)	0 (0)	4 (17.4)
	21 to 30	3 (50.0)	1 (25.0)	9 (69.2)	0 (0)	13 (56.5)
	Above 30	1 (16.6)	1 (25.0)	3 (23.1)	0 (0)	5 (21.7)
	Total	**6 (100)**	**4 (100)**	**13 (100)**	**0 (0)**	**23 (100)**
All Social Groups	Less than 10	28 (8.5)	0 (0)	0 (0)	0 (0)	28 (4.8)
	11 to 20	126 (38.1)	58 (37.4)	9 (13.9)	0 (0)	193 (33.3)
	21 to 30	155 (46.8)	77 (49.6)	40 (61.5)	1 (3.2)	273 (46.9)
	Above 30	22 (6.6)	20 (13.0)	16 (24.6)	30 (96.8)	88 (15.0)
	Total	**331 (100)**	**155 (100)**	**65 (100)**	**31 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Among all the members, majority, i.e., 273 (47%) members took loans to be repaid in 21 to 30 installments, followed by 193 (33%) members who took them to be repaid in 11 to 20 installments, 88 (15%) members required more than 30 installments to repay them and only a few members (5%) took loans to be repaid in less than 10

installments. It is observed from Table 6.6 that out of 582 members, 331 members took loans of less than Rs.15,000. Among these, majority (46.9%) of the members repaid it in 21 to 30 monthly installments. The study found that among the social groups, the highest percentages of SC members (58%) repaid the loan in 21 to 30 installments. Further, 155 members took loans amounting between Rs.15001 and 30,000. Out of 155 members, 50% repaid the loan in 21 to 30 installments. Among them, the majority belong to ST (55.6%), followed by OC (51.4%), SC (50%), BC (49.2%) and minority (25%) communities (Table 6.6).

It is observed that the third loan size ranged between Rs.30,001 and 45,000 and total 65 members availed them. Among them, 62% repaid it in 21 to 30 installments. It is important to note that 31 member's loan amounts were above Rs.45,000 and majority of them (96.8%) repaid it in more than 30 installments. Such members belong to the BC and OC community. In all selected villages, generally the SC and ST community members opted for the 21 to 30 installments, and their loan amount was generally less than Rs.15,000. The loan amount was less and the installments were more because they were daily wage earners and from their wages they were required to meet household expenses, children's education and medical needs. So their savings was less. Minority community members also took lower amounts as loan and paid less per monthly installment. But BC and OC community members took higher amounts as loans and repaid it in proportion every month. Their monthly repayment amount was between Rs.500 and 1,000. Further, Torredu and Rajavolu village members had taken less amount of loan, but repaid in more number of installments**.**

Installment as per Loan Size: Details of size of installment as per loan size of the SHG members in the selected village are presented in Table 6.7. Out of total SHG members, 57% (331) took loan less than Rs.15,000. Among them, 85% repaid through monthly installments of less than Rs.500. It is further observed that among all the social group members, the highest percentage of minority community members (100%) who took loans less than Rs.15,000 repaid it in installments of less than

Table 6.7: Community-Wise and Loan Size-Wise Distribution of Installment Size Paid by SHG Members in the Selected Villages (in Rs.)

Social Group	Size of Installment (Rs.)	Size of Loan Amount				Total
		<15000	15,001 to 30,000	30,001 to 45,000	Above 45,000	
SC	Less than 500	88 (91.7)	4 (9.0)	0 (0)	0 (0)	92 (59.0)
	501 to 1000	8 (8.3)	32 (72.7)	5 (31.25)	0 (0)	45 (28.8)
	1001 to 1500	0 (0)	8 (18.2)	6 (37.5)	0 (0)	14 (9.0)
	Above 1500	0 (0)	0 (0)	5 (31.25)	0 (0)	5 (3.2)
	Total	**96 (100)**	**44 (100)**	**16 (100)**	**0 (0)**	**156 (100)**
ST	Less than 500	5 (45.5)	2 (22.2)	0 (0)	0 (0)	7 (35.0)
	501 to 1000	6 (54.5)	7 (77.8)	0 (0)	0 (0)	13 (65.0)
	Total	**11 (100)**	**9 (100)**	**0 (0)**	**0 (0)**	**20 (100)**
BC	Less than 500	130 (90.3)	3 (4.9)	0 (0)	0 (0)	133 (55.0)
	501 to 1000	14 (9.7)	52 (85.3)	1 (5.3)	0 (0)	67 (27.7)
	1001 to 1500	0 (0)	6 (9.8)	8 (42.1)	15 (83.3)	29 (12.0)
	Above 1500	0 (0)	0 (0)	10 (52.6)	3 (16.7)	13 (5.3)
	Total	**144 (100)**	**61 (100)**	**19 (100)**	**18 (100)**	**242 (100)**
OC	Less than 500	51 (68.9)	1 (2.7)	0 (0)	0 (0)	52 (36.9)
	501 to 1000	23 (31.1)	33 (89.2)	3 (17.6)	2 (15.4)	61 (43.3)
	1001 to 1500	0 (0)	3 (8.1)	3 (17.6)	10 (76.9)	16 (11.3)
	Above 1500	0 (0)	0 (0)	11 (64.8)	1 (7.7)	12 (8.5)
	Total	**74 (100)**	**37 (100)**	**17 (100)**	**13 (100)**	**141 (100)**
Minority	Less than 500	6 (100)	1 (25.0)	0 (0)	0 (0)	7 (30.5)
	501 to 1000	0 (0)	2 (50.0)	3 (23.0)	0 (0)	5 (21.7)
	1001 to 1500	0 (0)	1 (25.0)	3 (23.0)	0 (0)	4 (17.4)
	Above 1500	0 (0)	0 (0)	7 (54.0)	0 (0)	7 (30.4)
	Total	**6 (100)**	**4 (100)**	**13 (100)**	**0 (0)**	**23 (100)**
All Social Groups	Less than 500	280 (84.6)	11 (7.1)	0 (0)	0 (0)	291 (50.0)
	501 to 1000	51 (15.4)	126 (81.3)	12 (18.6)	2 (6.5)	191 (32.8)
	1001 to 1500	0 (0)	18 (11.6)	20 (30.7)	25 (80.6)	63 (10.8)
	Above 1500	0 (0)	0 (0)	33 (50.7)	4 (12.9)	37 (6.4)
	Total	**331 (100)**	**155 (100)**	**65 (100)**	**31 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Rs.500. Table 6.7 reveals that 5% (31) of the members took loan above Rs.45,000. Among them, the majority (81%) paid installments of Rs.1,001 to 1,500 and these members belong to the BC and OC community. As can be seen from Table 6.7, 11% (65) of the members took loans ranging from Rs.30,001 to 45,000. Among them, majority (51%) paid installments of above Rs.1,500. It is important to note that among all the social groups, in this category, the highest percentage of OC

community members (65%) paid installments of above Rs.1,500. It is also observed that no ST members paid an installment of above Rs.1,500.

Sources of Finance for Repayment of loan: Many families lack the inclination to save in rural India. Repayment of loan is a problem for the poor, largely because of their deficit budgets. In the selected villages, many factors are taken into consideration for determining the loan repayment sources. Table 6.8 indicates that earning from small business is the most important source for loan repayment. It could be seen that microfinance borrowings enabled them to increase self-employment (earning from small business). It is observed that 42% of members repay the loan from their earnings of small businesses, started with the help of microfinance loans, followed by 34% who repay the loan from their household income, 22% repay loans from daily wage earning from agriculture and non-agricultural sectors, 2% repay the loans from their children's earnings. The repayment performance of the borrowers depends largely upon the purpose for which the loan is taken. Usually, the loans taken for productive (income generating) purposes are repaid promptly because they generate income and thereby enhance the repaying capacity of the borrowers. While the loans taken for unproductive purposes do not generate any income and result in debt burden. Table 6.8 indicates that among the members who repay loan from their earnings from petty businesses started by them, the highest number is found in Ankisettipalle and lowest in Torredu village. However, among the members who repay loan from their household income, majority belongs to Rajavolu village. Further, among all the social groups, the majority of the members who repay loans from their household income belong to the OC community (46.8%). The is further observed that in Torredu village, 29.5% of the members repay loan from daily wage earning from agriculture and non-agricultural labor work and these members mainly belong to the ST and SC community. In this village, particularly, majority of the SC members earn their income through agricultural labor.

The study found that in Raghavapur village, majority of the members earned income through daily wage agriculture and non-agricultural labor work. Similar results are found for Ankisettipalle village. Similarly, in Brahmanpalle village,

Table 6.8: Community-Wise and Village -Wise Distribution of Loan Repayment Sources of SHG Members

Social Group	Source	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Household income	10 (58.8)	1 (14.3)	3 (12.5)	3 (25.0)	20 (26.7)	11 (52.4)	48 (30.8)
	Earning from daily wage agricultural and non-agricultural work	4 (23.5)	4 (57.1)	11 (45.8)	5 (41.7)	31 (41.3)	4 (19.0)	59 (37.8)
	Earning from small business	3 (17.7)	2 (28.6)	10 (41.7)	4 (33.3)	20 (26.7)	6 (28.6)	45 (28.8)
	Son/Daughter's earning	0 (0)	0 (0)	0 (0)	0 (0)	4 (5.3)	0 (0)	4 (2.6)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**1 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Household income	0 (0)	0 (0)	1 (11.2)	1 (16.7)	0 (0)	0 (0)	2 (10.0)
	Earning from daily wage agricultural and non-agricultural work	0 (0)	0 (0)	4 (44.4)	3 (50.0)	1 (50.0)	1 (100)	9 (45.0)
	Earning from small business	1 (100)	1 (100)	4 (44.4)	2 (33.3)	1 (50.0)	0 (0)	9 (45.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Household income	20 (26.0)	12 (38.7)	25 (36.2)	3 (17.6)	7 (30.4)	7 (28.0)	74 (30.5)
	Earning from daily wage agricultural and non-agricultural work	30 (39.0)	2 (6.5)	9 (13.0)	3 (17.6)	3 (13.0)	5 (20.0)	52 (21.5)
	Earning from small business	26 (33.7)	16 (51.6)	33 (47.8)	11 (64.8)	12 (52.2)	12 (48.0)	110 (45.5)
	Son/Daughter's earning	1 (1.3)	1 (3.2)	2 (3.0)	0 (0)	1 (4.3)	1 (4.0)	6 (2.5)
	Total	**77 (100)**	**3 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Household income	0 (0)	2 (100)	31 (44.3)	1 (8.3)	22 (57.9)	10 (55.6)	66 (46.8)
	Earning from daily wage agricultural and non agricultural work	0 (0)	0 (0)	3 (4.3)	0 (0)	6 (15.8)	0 (0)	9 (6.4)
	Earning from small business	1 (100)	0 (0)	35 (50.0)	11 (91.7)	10 (26.3)	8 (44.4)	65 (46.1)
	Son/Daughter's earning	0 (0)	0 (0)	1 (1.4)	0 (0)	0 (0)	0 (0)	1 (0.7)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Husband earning income	0 (0)	0 (0)	8 (53.33)	0 (0)	0 (0)	1 (100)	9 (39.13)
	Earning from daily wage agricultural and non agricultural work	0 (0)	0 (0)	0 (0)	1 (33.33)	0 (0)	0 (0)	1 (4.34)
	Earning from small business	2 (100)	1 (100)	7 (46.66)	2 (66.66)	1 (100)	0 (0)	13 (56.52)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Household income	30 (30.6)	15 (35.7)	68 (36.4)	8 (16.0)	49 (35.5)	29 (43.9)	199 (34.2)
	Earning from daily wage agricultural and non agricultural work	34 (34.7)	6 (14.3)	27 (14.4)	12 (24.0)	41 (29.5)	10 (15.1)	130 (22.3)
	Earning from small business	33 (33.7)	20 (47.6)	89 (47.6)	30 (60.0)	44 (31.5)	26 (39.4)	242 (41.6)
	Son/Daughter's earning	1 (1.0)	1 (2.4)	3 (1.6)	0 (0)	5 (3.5)	1 (1.5)	11 (1.8)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

of the members earned income through small businesses. However, in CTM village, majority of the members earned income from small businesses followed by household

income. It is observed that in Torredu and Rajavolu villages, majority of the members saved a certain amount from their household income.

On the contrary, out of total 156 SC community members, 38% earn income from daily wage agriculture and non-agricultural labor work, and it is highest in Brahmanpalle village. In the case of ST community, the total members are 20. Out of these, 45% earn from small business as well as daily wage agriculture and non-agricultural labor work, and in CTM village there are four members in each of these two groups. In the case of BC community, the total members are 242. Of these, 45.5% earn from small businesses. In the case of OC community, out of total 141 members, majority earn income through small businesses. Out of them, majority belong to Ankisettipalle, Raghavapur, and CTM villages. Out of the total 23 members in minority community, the majority earn their income from small business. Thus, it is observed that the members have been repaying loans from their income from different sources like household income, earnings from daily wage agricultural and non-agricultural labor work, earnings from small business, children's earnings, and private employment.

Section-II

6.3 Income and Employment Generation of Member Borrowers through Non-Farm Sector

Microfinance helps the poor in financial distress to become self-employed through rural non-farm sector activities of their choice. Moreover, microfinance is not limited to rural society or developing countries only. It is equally applicable to semi-urban areas and developed countries. Unemployment and poverty pose major challenges for any developing country and India is no exception to this phenomenon. This is because of the gap between demand for and supply of credit for the poor to start economic activities. The rural non-farm employment has acquired greater importance in economic development in recent times. It plays a positive role in the alleviation of poverty and generation of employment. The growth of the rural non-farm sector had a positive impact on poverty alleviation and benefited many sections of the rural society. The growth of rural non-farm sector can provide assets,

employment and income to the rural poor. It also provides an opportunity for rural women to take up remunerative work beyond casual labor and household labor.

In India, a large section of the population suffers from malnutrition, unemployment and lack of education and healthcare. In rural India, the high rates of illiteracy and low economic status of poor people underline the need for increasing their earning capacity by providing income-generating avenues. Rural non-farm sector provides opportunities to the rural poor to improve their nutritional level, health, education and social status. As employment opportunities increase, automatically purchasing power will increase. This leads to an increase in economic growth.

The most effective tool for assessing the benefits of microfinance is the measurement of its impact on the poor in terms of employment, income, consumption, assets, nutrition, children's schooling, fertility and use of contraceptives. The objective of microfinance is to help the poor people to build their productive capacity, become self-employed and improve their quality of life. Rural Non-Farm (RNF) sector, by providing employment to the rural population reduces poverty and improves employment opportunities for the people from countryside, especially when it takes place in a relatively egalitarian structure. RNF sector also equalizes income distribution both between rural and urban areas as well as within the rural areas. In any activity, be it agriculture or non-farm sector, increase in income and employment opportunities depends on the potential of employment. It has been documented that the loans provided by the SHGs had a positive impact on different socioeconomic groups in generating income and employment. In this section, the way SHGs obtain loans from banks and how they spend the loan amount on income generation and non-farm sector, leading to a rise in monthly income and employment generation is discussed.

Income and Employment Generating Activities: The members in the initial stages normally borrow for consumption purpose. The members then slowly shift their focus to income and employment generation purposes, which require higher amount of loans. Details of the sample members' income and employment generation activity

Table 6.9: Community-Wise and Village-Wise Frequency of Involvement in Income and Employment Generating Activity by SHG Members

Social Group	Involvement	Name of the Villages						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	3 (17.6)	2 (28.6)	10 (41.7)	4 (33.3)	20 (26.7)	6 (28.6)	45 (28.8)
	No	14 (82.4)	5 (71.4)	14 (58.3)	8 (66.76)	55 (73.3)	15 (71.4)	111 (71.2)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Yes	1 (100	1 (100)	4 (44.4)	2 (33.3)	1 (50.0)	0 (0)	9 (45.0)
	No	0 (0)	0 (0)	5 (55.6)	4 (66.7)	1 (50.0)	1 (100)	11 (55.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Yes	26 (33.8)	16 (51.6)	33 (47.8)	11 (64.7)	12 (52.2)	12 (48.0)	110 (45.4)
	No	51 (66.2)	15 (48.4)	36 (52.2)	6 (35.3)	11 (47.8)	13 (52.0)	132 (54.6)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Yes	1(100)	0 (0)	35 (50.0)	11 (91.7)	10 (26.3)	8 (44.4)	65 (46.1)
	No	0(0)	2 (100)	35 (50.0)	1 (8.3)	28 (73.7)	10 (55.6)	76 (53.9)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Yes	2 (100)	1 (100)	7 (46.7)	2 (66.7)	1 (100)	0 (0)	13 (56.5)
	No	0 (0)	0 (0)	8 (53.3)	1 (33.3)	0 (0)	1 (100)	10 (43.5)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Yes	33 (33.7)	20 (47.6)	89 (47.6)	30 (60.0)	44 (31.7)	26 (39.4)	242 (41.6)
	No	65 (66.3)	22 (52.4)	98 (52.4)	20 (40.0)	95 (68.3)	40 (60.6)	340 (58.4)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

are presented in Table 6.9. Out of 582 members, 42% started income and employment generation activities. The village-wise analysis shows that the percentage of members who started income and employment generation activities is highest in Ankisettipalle (60%) and lowest in Torredu (32%) village. Among all the social group members who started employment generating activities, majority belong to the minority (56.5%), followed by OC (46.1%), BC (45.4%), ST (45%) and SC (28.8%) community. Table 6.9 indicates that in most of the villages, majority of the OC community members started employment generating activities, except in Brahmanpalle, Torredu and Rajavolu villages. It is also observed that among BC community members, almost half of the members started employment generating activities in all villages, except in Raghavapur and Ankisettipalle. In the case of minority community, majority of them started employment generating activities in all the villages, except in Rajavolu.

In Brahmanpalle village, 48% of the members started income and employment generation activities, while in Raghavapur only 34% started such

activties. It can be seen that 60% of the members of Ankisettipalle village started income and employment generating activities, while in CTM village almost half of the members did not start income and employment generation activities. In Rajavolu village, 39% of the members started income and employment generating activities, while in Torredu village more than half of the members did not start income and employment generating activities (Table 6.9). In the six villages surveyed, it was observed that BC and OC community members of Ankisettipalle, Brahamanpalle and CTM took large amount of loans. As Ankisettipalle, Brahmanpalle and CTM villages were selected under Bridge Loan, the loan amounts were huge which they had spent them on non-farming activities. Raghavapur, Torredu and Rajavolu were not selected under Bridge Loan. Hence, their borrowing was less and they could not initiate that much non-farming activities.

Type of Activity Adopted through the Loan Received: In general, after 6 months of operation, the savings are pooled together and used for giving loans among the members. SHGs provide loans to their members on interest for income generating purpose. Among the various types of income and employment generating activities are petty business, vegetables vending, tailoring activities, etc., which provide additional income and employment opportunities. The members continued their earlier wage labor in addition to their new economic activity. In their absence, one of the family members takes care of their activity. Majority of SHG members concentrated mainly on non-farm activities or those other than agriculture. All the SHG members have taken loans from the banks and the amount was spent on meeting various individual needs. The types of activities they have undertaken are: kirana shops, vegetable vending, dairy farming, tailoring, bangle shops, etc. The members undertook these activities individually at their own residences or village streets or village main roads or mandal headquarters. The details of different types of income and employment generating activities started by the sample members are presented in Table 6.10. It is important to note from the table that in all selected villages, nearly 42% of the members started different types of income and employment generating activities. Of these, highest percentage of members invested in kirana shops (16.5%), followed by tailoring/embroidery (16.1%), dairy (12.8%), cloth/fancy shop (8.7%),

hotel (7%), vegetable/fruits shops (6.2%), bricks industry (4.1%), poultry/chicken shop (3.7%), cow business (3.3%), flour mills (3.3%), toy/pot making (3.3%), pickle/curry center (2.9%), bangle shop (2.9%), steel/cement shop (2.9%), flower shop (2.5%), sweet shop (1.6%), stone business (0.8%), pearls and gold vending (0.8%) and rice business (0.4%). On the whole, it can be concluded that majority of the members have chosen kirana shops, tailoring/embroidery, dairy and cloth/fancy shops.

Of the members who invested in kirana shops, highest percentage is found in Brahmanpalle village (25%). Among all the social group members who invested in kirana shops, majority belong to ST (44.5%), followed by OC (20%), SC (15.6%), BC (13.6%) and minority (7.7%) community. Table 6.10 indicates that of the members who invested in tailoring/embroidery shop, highest percentage is found in Torredu and Raghavapur, while lowest is recorded in Brahmanpalle village. It is also observed that among the social group members, the highest number of members belonging to SC (22%), followed by BC (15%), OC (15%), ST (11%) and minority (8%) community invested in tailoring/embroidery shops. The SC community girls discontinued their education and went for the tailoring work and other jobs because of financial problems. Further, it is observed that in Rajavolu village, 23% members were engaged in cloth/fancy shops, while in CTM village only 10% spent their loan amount on cloth/fancy shops.

Table 6.10 indicates that in CTM village, majority of the members preferred to invest in dairy and kirana shop, followed by tailoring, cloth/fancy shop and cow business. In Ankisettipalle village, majority of the members preferred to invest in dairy, followed by activities like tailoring, kirana shop, cloth/fancy shop and hotel business. In Torredu village, majority of the members preferred to invest in tailoring, followed by kirana shop, vegetable/fruits shop, dairy and hotel business. In Rajavolu village, majority of the members gave priority to cloth/fancy shop, kirana shop, hotel and dairy.

Table 6.10: Community-Wise and Village-Wise Distribution of Non-Farm Activity Adopted by SHG Member Borrowers

Social Group	Non-Farm Activity Adopted	Name of the Villages						
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	Total
SC	Poultry/chicken shop	0 (0)	0 (0)	0 (0)	0 (0)	2 (10.0)	1 (16.7)	3 (6.7)
	Pickle/curry point	0 (0)	0 (0)	0 (0)	0 (0)	2 (10.0)	0 (0)	2 (4.4)
	Vegetable/fruits shop	0 (0)	0 (0)	1(10.0)	0 (0)	4 (20.0)	1 (16.7)	6 (13.3)
	Tailoring/embroidery	2 (66.7)	0 (0)	3 (30.0)	2 (50.0)	3 (15.0)	0 (0)	10(22.2)
	Kirana shop	1 (33.3)	1 (50.0)	1 (10.0)	0 (0)	4 (20.0)	0 (0)	7 (15.6)
	Hotel	0 (0)	0 (0)	0 (0)	0 (0)	1 (5.0)	0 (0)	1 (2.2)
	Flower shop	0 (0)	0 (0)	0 (0)	0 (0)	1 (5.0)	0 (0)	1 (2.2)
	Bangle shop	0 (0)	0 (0)	0 (0)	0 (0)	1 (5.0)	1 (16.7)	2 (4.5)
	Stone business	0 (0)	0 (0)	2 (20.0)	0 (0)	0 (0)	0 (0)	2 (4.5)
	Dairy shop	0 (0)	0 (0)	1 (10.0)	2 (50.0)	0 (0)	2 (33.4)	5 (11.1)
	Cow business	0 (0)	0 (0)	2 (20.0)	0 (0)	0 (0)	0 (0)	2 (4.5)
	Flour mills	0 (0)	0 (0)	0 (0)	0 (0)	1 (5.0)	0 (0)	1 (2.2)
	Steel shop	0 (0)	1 (50.0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (2.2)
	Rice business	0 (0)	0 (0)	0 (0)	0 (0)	1 (5.0)	0 (0)	1 (2.2)
	Sweet house	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (16.7)	1 (2.2)
	Total	**3 (100)**	**2 (100)**	**10 (100)**	**4 (100)**	**20 (100)**	**6 (100)**	**45(100)**
ST	Toy/pot making	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (11.1)
	Tailoring/embroidery	0 (0)	0 (0)	1 (25.0)	0 (0)	0 (0)	0 (0)	1 (11.1)
	Kirana shop	0 (0)	1 (100)	1 (25.0)	1 (50.0)	1 (100)	0 (0)	4 (44.5)
	Hotel	0 (0)	0 (0)	1 (25.0)	0 (0)	0 (0)	0 (0)	1 (11.1)
	Bricks industry	0 (0)	0 (0)	1 (25.0)	0 (0)	0 (0)	0 (0)	1 (11.1)
	Steel/cement shop	0 (0)	0 (0)	0 (0)	1 (50.0)	0 (0)	0 (0)	1 (11.1)
	Total	**1 (100)**	**1 (100)**	**4 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**9 (100)**
BC	Poultry/chicken shop	1 (3.8)	0 (0)	1 (3.0)	0 (0)	0 (0)	0 (0)	2 (1.8)
	Pickle/curry point	0 (0)	0 (0)	0 (0)	2 (18.2)	0 (0)	2 (16.7)	4 (3.6)
	Toy/pot making	2 (7.7)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (1.8)
	Vegetable/fruits shop	2 (7.7)	1 (6.3)	2 (6.1)	0 (0)	1 (8.3)	1 (8.3)	7 (6.4)
	Tailoring/embroidery	5 (19.2)	1 (6.3)	3 (9.1)	1 (9.1)	5 (41.8)	2 (16.7)	17 (15.5)
	Kirana shop	4 (15.4)	3 (18.6)	4 (12.1)	1 (9.1)	2 (16.7)	1 (8.3)	15(13.6)
	Hotel	3 (11.5)	1 (6.3)	1 (3.0)	1 (9.1)	1 (8.3)	2 (16.7)	9 (8.2)
	Bricks industry	2 (7.7)	3 (18.6)	4 (12.1)	0 (0)	0 (0)	0 (0)	9 (8.2)
	Flower shop	1 (3.8)	1 (6.3)	0 (0)	0 (0)	0 (0)	0 (0)	2 (1.8)
	Pearls & gold shop	0 (0)	0 (0)	1 (3.0)	0 (0)	0 (0)	0 (0)	1 (0.9)
	Bangle shop	1 (3.8)	1 (6.3)	0 (0)	1 (9.1)	0 (0)	0 (0)	3 (2.7)
	Dairy shop	2 (7.7)	2 (12.5)	5 (15.2)	3 (27.2)	1 (8.3)	0 (0)	13 (11.8)
	Cloth /fancy shop	0 (0)	2 (12.5)	3 (9.1)	1 (9.1)	1 (8.3)	4 (33.3)	11 (10.0)
	Cow business	0 (0)	0 (0)	5 (15.2)	0 (0)	0 (0)	0 (0)	5 (4.5)
	Flour mills	2 (7.7)	1 (6.3)	1 (3.0)	0 (0)	0 (0)	0 (0)	4 (3.6)
	Steel/cement shop	0 (0)	0 (0)	2 (6.1)	0 (0)	1 (8.3)	0 (0)	3 (2.7)
	Sweet shop	1 (3.8)	0 (0)	1 (3.0)	1 (9.1)	0 (0)	0 (0)	3 (2.7)
	Total	**26 (100)**	**16 (100)**	**33 (100)**	**11 (100)**	**12 (100)**	**12 100)**	**110(100)**
OC	Poultry/chicken shop	0 (0)	0 (0)	0 (0)	1 (9.1)	0 (0)	0 (0)	1 (1.5)
	Pickle/curry point	0 (0)	0 (0)	1 (2.8)	0 (0)	0 (0)	0 (0)	1 (1.5)
	Vegetable/fruits shop	0 (0)	0 (0)	1 (2.8)	0 (0)	0 (0)	0 (0)	1 (1.5)
	Tailoring/embroidery	0 (0)	0 (0)	4 (11.4)	3 (27.2)	3 (30.0)	0 (0)	10(15.5)
	Kirana shop	1 (100)	0 (0)	7 (20.0)	2 (18.2)	1 (10.0)	2 (25.0)	13(20.0)
	Hotel	0 (0)	0 (0)	3 (8.6)	1 (9.1)	1 (10.0)	1 (12.5)	6 (9.3)
	Flower shop	0 (0)	0 (0)	2 (5.8)	0 (0)	0 (0)	1 (12.5)	3 (4.6)
	Pearls & gold shop	0 (0)	0 (0)	1 (2.8)	0 (0)	0 (0)	0 (0)	1 (1.5)
	Bangle shop	0 (0)	0 (0)	1 (2.8)	0 (0)	0 (0)	0 (0)	1 (1.5)
	Dairy shop	0 (0)	0 (0)	7 (20.0)	2 (18.2)	3 (30.0)	1 (12.5)	13 20.0)
	Cloth /fancy shop	0 (0)	0 (0)	5 (14.3)	1 (9.1)	1 (10.0)	2 (25.0)	9 (13.8)
	Cow business	0 (0)	0 (0)	1 (2.8)	0 (0)	0 (0)	0 (0)	1 (1.5)
	Flour mills	0 (0)	0 (0)	0 (0)	1 (9.1)	1 (10.0)	1 (12.5)	3 (4.6)
	Steel/cement shop	0 (0)	0 (0)	2 (5.8)	0 (0)	0 (0)	0 (0)	2 (3.2)
	Total	**1 (100)**	**0 (100)**	**35 (100)**	**11 (100)**	**10 (100)**	**8 (100)**	**65 100)**
Minority	Poultry/chicken shop	1 (50.0)	1 (100)	1 (14.3)	0 (0)	0 (0)	0 (0)	3 (23.0)
	Toy /pot making	0 (0)	0 (0)	3 (42.8)	2 (100)	0 (0)	0 (0)	5 (38.5)
	Vegetable/fruits shop	0 (0)	0 (0)	1 (14.3)	0 (0)	0 (0)	0 (0)	1 (7.7)
	Tailoring/embroidery	1 (50.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (7.7)
	Kirana shop	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	0 (0)	1 (7.7)
	Bangle shop	0 (0)	0 (0)	1 (14.3)	0 (0)	0 (0)	0 (0)	1 (7.7)
	Cloth/fancy shop	0 (0)	0 (0)	1 (14.3)	0 (0)	0 (0)	0 (0)	1 (7.7)
	Total	**2 (100)**	**1 (100)**	**7 (100)**	**2 (100)**	**1 (100)**	**0 (100)**	**13 100)**
	Poultry/chicken shop	2 (6.1)	1 (5.0)	2 (2.2)	1 (3.3)	2 (4.5)	1 (3.8)	9 (3.7)
	Pickle/curry point	0 (0)	0 (0)	1(1.1)	2 (6.7)	2 (4.5)	2 (7.7)	7 (2.9)
	Toy/pot making	3 (9.1)	0 (0)	3 (3.4)	2 (6.7)	0 (0)	0 (0)	8 (3.3)
	Vegetable/fruits shop	2 (6.1)	1 (5.0)	5 (5.6)	0 (0)	5 (11.4)	2 (7.7)	15 (6.2)

All Social Groups	Tailoring/embroidery	8 (24.2)	1 (5.0)	11 (12.4)	6 (20.0)	11 (25.0)	2 (7.7)	39 16.1)
	Kirana shop	6 (18.2)	5 (25.0)	13 (14.6)	4 (13.3)	9 (20.5)	3 (11.5)	40(16.5)
	Hotel	3 (9.1)	1 (5.0)	5 (5.6)	2 (6.7)	3 (6.8)	3 (11.5)	17 (7.0)
	Bricks industry	2 (6.1)	3 (15.0)	5 (5.6)	0 (0)	0 (0)	0 (0)	10 (4.1)
	Flower shop	1 (3.0)	1(5.0)	2 (2.2)	0 (0)	1 (2.3)	1 (3.8)	6 (2.5)
	Pearls & gold shop	0 (0)	0 (0)	2 (2.2)	0 (0)	0 (0)	0 (0)	2 (0.8)
	Bangle shop	1 (3.0)	1(5.0)	2 (2.2)	1 (3.3)	1 (2.3)	1 (3.8)	7 (2.9)
	Stone business	0 (0)	0 (0)	2 (2.2)	0 (0)	0 (0)	0 (0)	2 (0.8)
	Dairy shop	2 (6.1)	2 (10.0)	13 (14.6)	7 (23.3)	4 (9.1)	3 (11.5)	31 12.8)
	Cloth/fancy shop	0 (0)	2 (10.0)	9 (10.1)	2 (6.7)	2 (4.5)	6 (23.2)	21 (8.7)
	Cow business	0 (0)	0 (0)	8 (8.9)	0 (0)	0 (0)	0 (0)	8 (3.3)
	Flour mills	2 (6.1)	1 (5.0)	1 (1.1)	1 (3.3)	2 (4.5)	1 (3.8)	8 (3.3)
	Steel/cement shop	0 (0)	1 (5.0)	4 (4.5)	1 (3.3)	1 (2.3)	0 (0)	7 (2.9)
	Rice business	0 (0)	0 (0)	0 (0)	0 (0)	1 (2.3)	0 (0)	1 (0.4)
	Sweet house	1 (3.0)	0 (0)	1 (1.1)	1 (3.3)	0 (0)	1 (3.8)	4 (1.6)
	Total	**33 (100)**	**20 (100)**	**89 (100)**	**30 (100)**	**44 (100)**	**26 (100)**	**242 100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Caste-wise analysis shows that among the SC members, majority of the members invested in tailoring/embroidery, followed by kirana shop, vegetable/fruits shop and dairy. It is also observed that ST community members mostly invested in kirana shops, followed by equal preference to tailoring, hotel, toy/pot making, steel/cement shop and brick industry. Further, it is observed from the data obtained through interview that majority of the BC community members invested in tailoring/embroidery, followed by kirana shops, dairy and cloth/fancy shop. It is important to note that in the OC community, majority of the members used the loan amount for dairy and kirana shop, followed by tailoring/embroidery, cloth/fancy shop and hotel. In case of minority community members, the majority invested in toy/pot making, followed by poultry/chicken shop, and equal preference for vegetable/fruits shop, tailoring/embroidery, bangle shop, kirana shop, and cloth/fancy shop. Thus, it is observed from the study that most of the SC community members have taken loans for different non-farm activities under the SHG scheme. In addition, BC and OC members have also intensively started various economic activities. Therefore, the entire microfinance is being properly utilized by all caste groups as a part of promoting economic activities. In general, when any financial assistance is utilized properly, it generates productive employment opportunities in rural sector through non-farm activities (Gangaiah *et al*., 2006).

Table 6.10A shows the nature of economic activities undertaken by microfinance programme participants. The investment made by the members in different economic activities as on date of enquiry. It is important to note that in all

regions, nearly 42% of the members started different types of income and employment generation activities. Of these, the highest percentage of the members invested in kirana shops (16.52%), followed by tailoring/embroidery (16.11%), dairy (12.80%), cloth/fancy shop (8.67%), in all the three regions. On the whole, it can be concluded that majority of the members have chosen kirana shops, tailoring/embroidery, dairy and cloth/fancy shops. Of the members who invested in kirana shops, a large highest numbers of them are found in Telangana region, followed by coastal Andhra and Rayalaseema. Further, it is observed that in coastal Andhra region, 18.57% members were engaged in Tailoring/embroidery activities. However, in Telangana, 16.98% of the members spent the loan amount for cloth/fancy shop activities purpose and rest of them members for meeting various individual needs.

Table-6.10 A. Region - Wise Distribution of Non-Farm Activity Adopted by SHG Members

Activity adopted	Name of the Regions			Total
	Telangana	Rayalaseema	Coastal Andhra	
Poultry / chicken shop	3 (5.66)	3 (2.52)	3 (4.28)	9 (3.71)
Pickle / curry point	0 (0)	3 (2.52)	4 (5.71)	7 (2.89)
Toy /pot making	3 (5.66)	5 (4.20)	0 (0)	8 (3.30)
Vegetable / fruits shop	3 (5.66)	5 (4.20)	7 (10)	15 (6.19)
Tailoring / embroidery	9 (16.98)	17 (14.28)	13 (18.57)	39 (16.11)
Kirana shop	11 (20.75)	17 (14.28)	12 (17.14)	40 (16.52)
Hotel	4 (7.54)	7 (5.88)	6 (8.57)	17 (7.02)
Bricks industry	5 (9.43)	5 (4.20)	0 (0)	10 (4.13)
Flower shop	2 (3.77)	2 (1.68)	2 (2.85)	6 (2.47)
Pearls & gold shop	0 (0)	2 (1.68)	0 (0)	2 (0.82)
Bangle shop	2 (3.77)	3 (2.52)	2 (2.85)	7 (2.89)
Stone business	0 (0)	2 (1.68)	0 (0)	2 (0.82)
Dairy shop	4 (7.54)	20 (16.80)	7 (10)	31 (12.80)
Cloth / fancy shop	2 (3.77)	11 (9.24)	8 (11.42)	21 (8.67)
Cow business	0 (0)	8 (6.72)	0 (0)	8 (3.30)
Flour mills	3 (5.66)	2 (1.68)	3 (4.28)	8 (3.30)
Steel /cement shop	1 (1.88)	5 (4.20)	1 (1.42)	7 (2.89)
Rice business	0 (0)	0 (0)	1 (1.42)	1 (0.41)
Sweet house	1 (1.88)	2 (1.68)	1 (1.42)	4 (1.65)
Total	**53 (100)**	**119 (100)**	**70 (100)**	**242 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Loan Amount Spent on the Adopted Activity: In all the selected villages, most of the SHG members reported that they spent the loan amount on non-farm activities for expanding their income and employment opportunities. Before joining SHGs, they were engaged as agriculture labor, earned low wages, and the number of employment days were also very few. This program therefore, has benefited all sections of the rural people. Implementation of the program has improved the access of the rural poor to credit. The frequency distribution of SHG members, according to level of borrowings, revealed that the amount of loans ranged from Rs.1,000 to more than Rs.45,000. The total amount borrowed by all selected sample members is Rs.10,176,350 and the average loan amount is Rs.17,485.13. Details of the investments made by the respondents in different economic activities as on the date of enquiry is presented in Table 6.11. It is clear from the table that total 242 members invested the loan amount in different type of income and employment generating activities. Among them, the majority (45%) invested less than Rs.15,000 in different economic activities, while 29.75% invested Rs.15,001 to 30,000, 17.35% invested Rs.30,001 to 45,000, and finally, only 7.43% invested more than Rs.45,000. However, among the members who invested less than Rs.15,000 in different activities, majority (25%) invested in tailoring/embroidery work, followed by kirana shop (16%), hotel (7%), cloth/fancy shop (6%), flour mills (4.5%) and flower shop (4.5%). It is also observed that among all the social group members, the highest percentage of SC members invested in tailoring/embroidery, followed by BC, OC, ST, and minority community members. It is important to note that among the members who invested more than Rs.45,000, majority invested it in cloth/fancy shop, followed by tailoring, and equal preference to hotel, brick industry, dairy shop and steel/cement shop, and they belong to the BC and OC community. It is also observed that among the members who invested Rs.15,001 to 30,000, the majority invested it in kirana shop, followed by dairy, cow business, tailoring, cloth/fancy shop, pickle/curry shop, chicken shop, and vegetable/fruits shop (Table 6.11).

Table 6.11 shows that nearly 31.8% of the SC members took loan of less than Rs.15,000 and they mainly invested it in tailoring/embroidery. While three members among those who took loan in the range of Rs.15,001 to 30,000, invested it in

Table 6.11: Community-Wise Amount Spent on Different Economic Activities Adopted by SHG Members

Social Group	Size of Amount (Rs.)	Type of Activities																			
		Poultry / Chicken Shop	Pickle/ curry point	Toy/ Pot Mfg	Vegetable / Fruits Shop	Tailoring/ Embroider	Kirana Shop	Hotel	Bricks Industry	Flower Shop	Pears Vending	Bangle Shop	Stone Business	Dairy Shop	Cloth/ Fancy Shop	Cow Business	Flour Mills	Steel/ Cement Shop	Rice business	Sweet House	Total
SC	< 15000	2 (9.1)	0 (0)	0 (0)	5 (22.7)	7 (31.8)	3 (13.6)	0 (0)	0 (0)	1 (4.5)	0 (0)	2 (9.1)	1 (4.5)	0 (0)	0 (0)	0 (0)	1 (4.5)	0 (0)	0(0)	0 (0)	22 (100)
	15001 to 30000	1 (6.7)	2(13.3)	0 (0)	1 (6.7)	3 (20.0)	2 (13.3)	1 (6.7)	0 (0)	0 (0)	0 (0)	0 (0)	1 (6.7)	0 (0)	0 (0)	2(13.3)	0 (0)	1 (6.7)	1(6.7)	0 (0)	15 (100)
	30001 to 45000	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (25.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	5(62.5)	0 (0)	0 (0)	0 (0)	0 (0)	0(0)	1 (12.5)	8 (100)
	Total	**3 (6.7)**	**2 (4.4)**	**0 (0)**	**6 (13.3)**	**10(22.2)**	**7 (15.6)**	**1 (2.2)**	**0 (0)**	**1 (2.2)**	**0 (0)**	**2 (4.4)**	**2 (4.4)**	**5(11.1)**	**0 (0)**	**2(4.4)**	**1 (2.2)**	**1 (2.2)**	**1(2.2)**	**1 (2.2)**	**45 (100)**
ST	< 15000	0 (0)	0 (0)	1(25.0)	0 (0)	1 (25.0)	1 (25.0)	1(25.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0(0)	0 (0)	4 (100)
	15001 to 30000	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3 (60)	0 (0)	1(20.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1(20.0)	0(0)	0 (0)	5 (100)
	Total	**0 (0)**	**0 (0)**	**1(11.1)**	**0 (0)**	**1 (11.1)**	**4 (44.5)**	**1(11.1)**	**1 (11.1)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**1(11.1)**	**0(0)**	**0 (0)**	**9 (100)**
BC	< 15000	1 (1.8)	2 (3.7)	2 (3.7)	5 (9.3)	15(27.8)	5 (9.3)	5 (9.3)	4 (7.4)	1 (1.8)	0 (0)	1 (1.8)	0 (0)	4 (7.4)	5 (9.3)	0 (0)	2 (3.7)	1 (1.8)	0(0)	1 (1.8)	54 (100)
	15001 to 30000	1 (2.9)	2 (5.9)	0 (0)	2 (5.9)	0 (0)	8 (23.5)	3 (8.8)	3 (8.8)	0 (0)	1 (2.9)	2 (5.9)	0 (0)	3 (8.8)	3 (8.8)	4(11.8)	1 (2.9)	0 (0)	0(0)	1 (2.9)	34 (100)
	30001 to 45000	0 (0)	0 (0)	0 (0)	0 (0)	1 (7.1)	2 (14.2)	1 (7.1)	0 (0)	1(7.1)	0 (0)	0 (0)	0 (0)	6(42.9)	1 (7.1)	0 (0)	0 (0)	2(14.3)	0(0)	0 (0)	14 (100)
	Above 45000	0 (0)	0 (0)	0 (0)	0 (0)	1 (12.5)	0 (0)	0 (0)	2 (25)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (25)	1(12.5)	1 (12.5)	0 (0)	0(0)	1 (12.5)	8 (100)
	Total	**2 (1.8)**	**4 (3.6)**	**2 (1.8)**	**7 (6.4)**	**17(15.5)**	**15 (13.6)**	**9 (8.2)**	**9 (8.2)**	**2 (1.8)**	**1 (0.9)**	**3 (2.7)**	**0 (0)**	**13(11.8)**	**11 (10)**	**5(4.5)**	**4 (3.6)**	**3 (2.7)**	**0(0)**	**3 (2.7)**	**110(100)**
OC	< 15000	0 (0)	1 (3.8)	0 (0)	0 (0)	4 (15.4)	8 (30.8)	2 (7.7)	0 (0)	3(11.5)	0 (0)	0 (0)	0 (0)	4(15.4)	2 (7.7)	0 (0)	2 (7.7)	0 (0)	0(0)	0 (0)	26 (100)
	15001 to 30000	1 (5.9)	0 (0)	0 (0)	0 (0)	3 (17.6)	2 (11.8)	1 (5.9)	0 (0)	0 (0)	0 (0)	1 (5.9)	0 (0)	4(23.5)	3 (17.6)	1(5.9)	1 (5.9)	0 (0)	0(0)	0 (0)	17 (10)
	30001 to 45000	0 (0)	0 (0)	0 (0)	1 (8.3)	1 (8.3)	3 (25)	1 (8.3)	0 (0)	0 (0)	1 (8.3)	0 (0)	0 (0)	3 (25)	2 (16.7)	0 (0)	0 (0)	0 (0)	0(0)	0 (0)	12 (100)
	Above 45000	0 (0)	0 (0)	0 (0)	0 (0)	2 (20)	0 (0)	2 (20)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (20)	2 (20)	0 (0)	0 (0)	2 (20)	0(0)	0 (0)	10 (100)
	Total	**1 (1.5)**	**1 (1.5)**	**0 (0)**	**1 (1.5)**	**10(15.4)**	**13 (20.0)**	**6 (9.2)**	**0 (0)**	**3 (4.6)**	**1 (1.5)**	**1 (1.5)**	**0 (0)**	**13(20)**	**9 (13.9)**	**1(1.5)**	**3 (4.6)**	**2 (3.1)**	**0(0)**	**0 (0)**	**65 (100)**
Minority	< 15000	2 (50)	0 (0)	0 (0)	0 (0)	1 (25)	1 (25)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0(0)	0 (0)	4 (100)
	15001 to 30000	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1(100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0(0)	0 (0)	1 (100)
	30001 to 45000	1(12.5)	0 (0)	5(62.5)	1 (12.5)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (12.5)	0 (0)	0 (0)	0 (0)	0(0)	0 (0)	8 (100)
	Total	**3(23.0)**	**0 (0)**	**5(38.5)**	**1 (7.7)**	**1 (7.7)**	**1 (7.7)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**1 (7.7)**	**0 (0)**	**0 (0)**	**1 (7.7)**	**0 (0)**	**0 (0)**	**0 (0)**	**0(0)**	**0 (0)**	**13 (100)**
All Social Groups	< 15000	5 (4.5)	3 (2.7)	3 (2.7)	10 (9.1)	28(25.5)	18 (16.4)	8 (7.3)	4 (3.6)	5 (4.5)	0 (0)	3 (2.7)	1 (0.9)	8 (7.3)	7 (6.4)	0 (0)	5 (4.5)	1 (0.9)	0(0)	1 (0.9)	110(100)
	15001 to 30000	3 (4.2)	4 (5.6)	0 (0)	3 (4.2)	6 (8.3)	15 (20.8)	5 (6.9)	4 (5.6)	0 (0)	1 (1.4)	4 (5.6)	1 (1.4)	7 (9.7)	6 (8.3)	7(9.7)	2 (2.8)	2 (2.8)	1(1.4)	1 (1.4)	72 (100)
	30001 to 45000	1 (2.4)	0 (0)	5(11.9)	2 (4.8)	2 (4.8)	7 (16.7)	2 (4.8)	0 (0)	1 (2.4)	1 (2.4)	0 (0)	0 (0)	14(33.3)	4 (9.5)	0 (0)	0 (0)	2 (4.8)	0(0)	1 (2.4)	42 (100)
	Above 45000	0 (0)	0 (0)	0 (0)	0 (0)	3 (16.6)	0 (0)	2(11.1)	2 (11.1)	0 (0)	0 (0)	0 (0)	0 (0)	2(11.1)	4 (22.2)	1(5.6)	1 (5.6)	2(11.1)	0(0)	1 (5.6)	18 (100)
	Total	**9 (3.7)**	**7 (2.9)**	**8(3.3)**	**15 (6.2)**	**39(16.1)**	**40 (16.5)**	**17(7.0)**	**10(4.1)**	**6 (2.5)**	**2 (0.8)**	**7 (2.9)**	**2 (0.8)**	**31(12.8)**	**21 (8.7)**	**8(3.3)**	**8 (3.3)**	**7 (2.9)**	**1(0.4)**	**4 (1.7)**	**242(100)**

Note: Figures in parentheses are percentages.
Source: Field Survey.

tailoring/embroidery, five members among those who took loan in the range of Rs.30,001 to 45,000, invested the amount in dairy. Similarly, among ST members, only three members out of the five members who took loan between Rs.15,001 to 30,000, invested the amount in kirana shop. In the case of BC community, 15 members took loan less than Rs.15,000, to invest in tailoring/embroidery business. Further, three members took loans less than Rs.15,000, two members took between Rs.15,001 to 30,000, and two members took between Rs.30,001 to 45,000 for investing in kirana shop. In the case of minority community, two members started poultry/chicken shop by borrowing an amount below Rs.15,000, while five members invested in toy/pot making by taking loans Rs.30,001 to 45,000.

Thus, all SHG members have spent the loan amount in generating economic activities. The field study shows that SC, ST and minority members took loan less than Rs.45,000, because they are not capable of taking larger loan amounts due to their poor economic conditions and they also do not have any sources for repaying the loan. In this study, it is also observed that majority of the SC members depend on agriculture labor and daily labor work for their livelihood. On the other hand, the BC and OC community members took more amount of loan, as they are economically, politically and socially strong. That more investment leads to more income generation is probably true in terms of non-farm activities. If agriculture sector is developed, it also leads to development of non-farm activities. It is felt that whenever people are able to obtain adequate income, they will generally invest in productive activities, which leads to improving their economic condition. On the whole, the investment in each economic activity carried out by the SHG members is within the reasonable limits and reach of each member as the banks are coming forward to provide loans to these members under the SHG-bank linkage program.

Functional Distribution of Non-Farm Sector: It is observed that in all selected villages, 66% of the members had undertaken non-farm activities (economic activities) in their own villages, while 34% of them had started an economic activity in the mandal headquarters (see Table 6.12). Among the members who had started an economic activity in the mandal headquarters, the majority belongs to Ankisettipalle

village. In all the social groups who set up economic activity in their mandal headquarters majority of the members belong to BC and OC communities, because these community members have own land, income resources and higher level of education. It is believed that with the rise in literacy level of any family members, better occupational alternatives would be available to diversify into other activities. It was observed that in minority community, no member had set up retail shops in the mandal headquarters. Because majority of them are involved in toy and bag making, and the associated people who purchase their product come to their homes (see Table 6.13). It is interesting to note that members belonging to SC and ST community have started economic activities such as tailoring/embroidery, cow business, and pickle/curry point, in their mandal headquarters.

The village-wise analysis shows that in Raghavapur village, 27% of the members have set up economic activities in their mandal headquarters (Peddapalle) (Table 6.12). Among them, the majority started economic activities like tailoring/embroidery, hotels, kirana shops and poultry/chicken shops and the majority belong to SC and BC community. In Brahmanpalle, some members set up bangle shops, dairy shops, cloth/fancy shop and steel/cement shops in the mandal headquarters. The distance from Brahmanpalle to the mandal headquarter is 7 km. Some of the members from this village also started economic activities like kirana shops, poultry/chicken shop and hotel business.

It is further observed that in CTM village, 36% of the members had started economic activities in Madanapalle (the mandal headquarter) (Table 6.12). CTM is a revenue generating village. Under this village, there are 10 hamlets. Some members own red soil land out of which bricks can be made and sold in the market. The BC members set up different kinds of retail outlets in their villages, on Tirupati-Madanaplle road, and mandal headquarters. The retail outlets include that of vegetables, refreshments and tailoring. 38% of the members have started economic activities such as cloth/fancy shops, tailoring/embroidery shops and kirana shops, in their mandal headquarters. 15% of the members go round the village from house to house and collect milk. Then they sell it to the dairy market. 15% of the members

Table 6.12: Community-Wise and Village-Wise Functional Distribution of Non-Farm Sector in Selected Villages

Social Groups	Location	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Within village	2 (67.0)	1 (50.0)	8 (80.0)	2 (50.0)	13 (65.0)	6 (100)	32 (71.0)
	Outside the village	1 (33.0)	1 (50.0)	2 (20.0)	2 (50.0)	7 (35.0)	0 (0)	13 (29.0)
	Total	**3 (100)**	**2 (100)**	**10 (100)**	**4 (100)**	**20 (100)**	**6 (100)**	**45 (100)**
ST	Within village	1 (100)	1 (100)	4 (100)	1 (50.0)	1 (100)	0 (0)	8 (89.0)
	Outside the village	0 (0)	0 (0)	0 (0)	1 (50.0)	0 (0)	0 (0)	1 (11.0)
	Total	**1 (100)**	**1 (100)**	**4 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**9 (100)**
BC	Within village	18 (69.0)	10 (62.5)	19 (58.0)	6 (55.0)	9 (75.0)	6 (50.0)	68 (62.0)
	Outside the village	8 (31.0)	6 (37.5)	14 (42.0)	5 (45.0)	3 (25.0)	6 (50.0)	42 (38.0)
	Total	**26 (100)**	**16 (100)**	**33 (100)**	**11 (100)**	**12 (100)**	**12 (100)**	**110 (100)**
OC	Within village	1 (100)	0 (0)	19 (54.0)	6 (55.0)	7 (70.0)	7 (87.5)	40 (62.0)
	Outside the village	0 (0)	0 (0)	16 (46.0)	5 (45.0)	3 (30.0)	1 (12.5)	25 (38.0)
	Total	**1 (100)**	**0 (0)**	**35 (100)**	**11 (100)**	**10 (100)**	**8 (100)**	**65 (100)**
Minority	Within village	2 (100)	1 (100)	7 (100)	2 (100)	1 (100)	0 (0)	13 (100)
	Outside the village	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	**2 (100)**	**1 (100)**	**7 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**13 (100)**
All Social Groups	Within village	24 (73.0)	13 (65.0)	57 (64.0)	17 (57.0)	31 (70.0)	19 (73.0)	161 (66.0)
	Outside the village	9 (27.0)	7 (35.0)	32 (36.0)	13 (43.0)	13 (30.0)	7 (27.0)	81 (34.0)
	Total	**33 (100)**	**20 (100)**	**89 (100)**	**30 (100)**	**44 (100)**	**26 (100)**	**242 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey.

trade in cows (see Table 6.10). They go weekly twice to the mandal headquarters and buy cows and sell them. They make a good profit in this trade. The business commences after Deepavali and ends in the month of May. After May, they take up agricultural work in their own fields. They also earn a good income from this business. Among the OC community members, 38% have set up economic activity in mandal headquarters (Table 6.12). The economic activities include kirana shops, cloth shops, tailoring shops, etc. Some members have opened shops on the streets and main road. In Anikisettipalle village, some BC and OC members of the village have set up pickle shops, curry point, cloth shops and kirana shops in mandal headquarters.

In Torredu village, there are Mala/Madiga (SC) members. They live in separate streets. Some members of this community have set up kirana shops and

Table 6.13: Community-Wise and Activity-Wise Frequency of Functional Distribution of Non-Farm Sector

Social Groups	Place	Type of Activities																			
		Poultry/ Chicken Shop	Pickle/ Curry point	Toy Mfg/ Pot Mfg	Vegetable/ Fruits Shop	Tailoring/ Embroidery	Kirana Shop	Hotel	Bricks Industry	Flower Vending Shop	Pearls Vending	Bangle Shop	Stone Business	Dairy Shop	Cloth/ Fancy Shop	Cow Business	Flour Mill	Steel/ Cement Shop	Rice Business	Sweet House	Total
SC	W V	3 (100)	0 (0)	0 (0)	3 (50)	4 (40)	7 (100)	1 (100)	0 (0)	1 (100)	0 (0)	2 (100)	2 (100)	5 (100)	0 (0)	0 (0)	1 (100)	1 (100)	1 (100)	1 (100)	32 (71)
	O V	0 (0)	2 (100)	0 (0)	3 (50)	6 (60)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (100)	0 (0)	0 (0)	0 (0)	0 (0)	13 (29)
	Total	**3 (100)**	**2 (100)**	**0 (0)**	**6 (100)**	**10 (100)**	**7 (100)**	**1 (100)**	**0 (0)**	**1 (100)**	**0 (0)**	**2 (100)**	**2 (100)**	**5 (100)**	**0 (0)**	**2 (100)**	**1 (100)**	**1 (100)**	**1 (100)**	**1 (100)**	**45 (100)**
ST	W V	0 (0)	0 (0)	1 (100)	0 (0)	1 (100)	4 (100)	1 (100)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	8 (89)
	O V	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	0 (0)	0 (0)	1 (11)
	Total	**0 (0)**	**0 (0)**	**1 (100)**	**0 (0)**	**1 (100)**	**4 (100)**	**1 (100)**	**1 (100)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**1(100)**	**0 (0)**	**0 (0)**	**9 (100)**
BC	W V	2 (100)	0 (0)	2 (100)	4 (57)	9 (53)	10 (67)	5(55.55)	9 (100)	2 (100)	0 (0)	1 (25)	0 (0)	13 (100)	3 (27)	0 (0)	4 (100)	2 (75)	0 (0)	2 (75)	68 (62)
	O V	0 (0)	4 (100)	0 (0)	3 (43)	8 (47)	5 (33)	4(44.44)	0 (0)	0 (0)	1 (100)	2 (75)	0 (0)	0 (0)	8 (73)	5 (100)	0 (0)	1 (25)	0 (0)	1 (25)	42 (38)
	Total	**2 (100)**	**4 (100)**	**2 (100)**	**7 (100)**	**17 (100)**	**15 (100)**	**9 (100)**	**9 (100)**	**2 (100)**	**1 (100)**	**3 (100)**	**0 (0)**	**13 (100)**	**11 (100)**	**5 (100)**	**4 (100)**	**3 (100)**	**0 (0)**	**3 (100)**	**110 (100)**
OC	W V	1 (100)	1 (100)	0 (0)	1 (100)	4 (40)	9 (69)	3 (50)	0 (0)	2 (75)	0 (0)	1 (100)	0 (0)	13 (100)	2 (22)	0 (0)	3 (100)	0 (0)	0 (0)	0 (0)	40 (62)
	O V	0 (0)	0 (0)	0 (0)	0 (0)	6 (60)	4 (31)	3 (50)	0 (0)	1 (25)	1 (100)	0 (0)	0 (0)	0 (0)	7 (78)	1 (100)	0 (0)	2 (100)	0 (0)	0 (0)	25 (38)
	Total	**1 (100)**	**1 (100)**	**0 (0)**	**1 (100)**	**10 (100)**	**13 (100)**	**6 (100)**	**0 (0)**	**3 (100)**	**1 (100)**	**1 (100)**	**0 (0)**	**13 (100)**	**9 (100)**	**1 (100)**	**3 (100)**	**2 (100)**	**0 (0)**	**0 (0)**	**65 (100)**
Minority	W V	3 (100)	0 (0)	5 (100)	1 (100)	1 (100)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	0 (0)	0 (0)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	13 (100)
	O V	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	**3 (100)**	**0 (0)**	**5 (100)**	**1 (100)**	**1 (100)**	**1 (100)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**1 (100)**	**0 (0)**	**0 (0)**	**1 (100)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**13 (100)**
All Social Groups	W V	9 (100)	1 (14)	8 (100)	9 (60)	19 (49)	31(77.5)	10 (59)	10 (100)	5 (83)	0 (0)	5 (71)	2 (100)	31 (100)	6 (29)	0 (0)	8 (100)	3 (43)	1 (100)	3 (75)	161 (66)
	O V	0 (0)	6 (86)	0 (0)	6 (40)	20 (51)	9 (22.5)	7 (41)	0 (0)	1 (17)	2 (100)	2 (29)	0 (0)	0 (0)	15 (71)	8 (100)	0 (0)	4 (57)	0 (0)	1 (25)	81(34)
	Total	**9 (100)**	**7 (100)**	**8 (100)**	**15 100)**	**39 (100)**	**40 (100)**	**17(100)**	**10 (100)**	**6 (100)**	**2 (100)**	**7 (100)**	**2 (100)**	**31 (100)**	**21 (100)**	**8 (100)**	**8 (100)**	**7 (100)**	**1 (100)**	**4 100)**	**242 (100)**

Note: Figures in parentheses are percentages;
WV: Within the Village; and OV: Outside the Village.
Source: Field Survey.

vegetable shops on their streets. Some members have started them at the mandal headquarters. One minority community member opened a kirana shop in the center of the village. Some BC and OC members have opened tailoring and cloth shops at the mandal headquarters. In Rajavolu village, 27% of the members who have set up economic activities in the mandal headquarters, have started economic activities like cloth/fancy shop, pickle/curry point and hotel. Some of SC community members opened kirana shops in the center of the village. It can be concluded from Table 6.13 that comparatively lower number of members has set up kirana shops in the mandal headquarters. Higher number of pearl and gold shops, cow business, pickle/curry point, cloth/fancy shops, tailoring/embroidery shops, hotel, vegetable/fruits shops, bangle shops, and sweet shops have been opened at the mandal headquarters (Table.6.13).

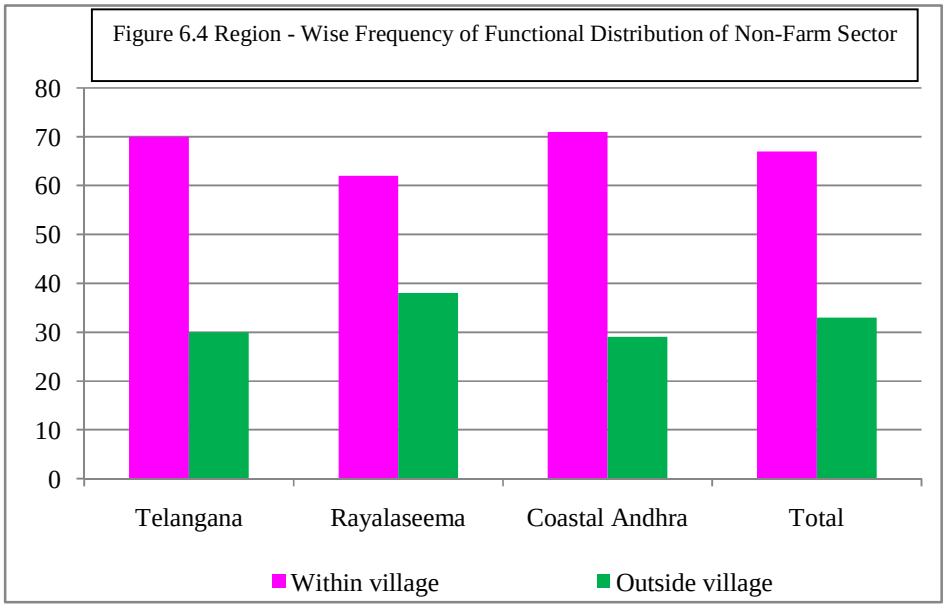


Figure 6.4 depicts the functional distribution of the non-farm sector in the three regions. In this study, it emerged that in all selected regions, 67% of the members pursued non-farm sector (economic activity) in their own village and 33% of them set up economic activity in their mandal headquarters. Out of the 33%, the highest members are belonging to Rayalaseema region (38%) village and the lowest in coastal Andhra region. It can be seen that there are almost identical percentages for Telangana and coastal Andhra (about 70%) for activities within the village. For

Rayalaseema region, the corresponding figure is 62%. The low percentage of 'activity outside the village' in all the three regions is understandable since the rural society generally continues to be close-knit and most of the activities are undertaken 'in house'**.**

Income Obtained per Month by Adopting Non-Farm Sector Activities: The pursuit of independent occupation by the SHG members has enabled them to earn income and thereby gain a degree of economic independence. Since majority of the sample members were earlier confined to the roles of housewives and agricultural laborers with low earnings, the extra income out of microfinance activities was a real gain to them. In any activity, whether farm or non-farm, the relationship between generation of income and employment opportunities and the potential of employment can be judged based on the amount of income generated. Table 6.14 presents the income earned from non-farm activities. The data shows that 37% of the members obtain monthly income between Rs.1,501 to 2,500, followed by 35% who earn between Rs.2,501 to 3,500, 18% earn more than Rs.3,500 and 10% earn less than Rs.1,500. The sample members revealed that they made productive use of the income generated from the loan. It is observed from Table 6.14 that among the members who earn a monthly income between Rs.1,501 and 2,500, 21.6% earn income from tailoring/embroidery shops, followed by kirana shop (16.8%), dairy shop (11.2%), vegetable/fruits shops (7.8%) and toy/pot/bag manufacturing (6.7%). The majority of these members belong to the minority community and least belong to the OC community. It can be seen from the table that majority of the members who earn a monthly income of less than Rs.1,500, earn it from activities like tailoring/embroidery, followed by vegetable/fruit shops. The least number of members are engaged in toy/pot/bag manufacturing and flower vending shops. Further, it is observed that majority of the members who earn monthly income of more than Rs.3,500, are into cloth/fancy shops, followed by kirana shops, hotel, dairy, cow business, bricks industry, steel/cement shops, and tailoring/embroidery shops. It is pertinent to note that among all the social groups, only members belonging to OC and BC community earn a monthly income of more than Rs.3,500.

The caste-wise distribution indicates that SC members earn income from different types of economic activities. It has been seen that out of the total members who started entrepreneurial activities, 55% have income between Rs.1,501 to 2,500. The majority are into tailoring/embroidery shops, kirana shops and dairy business. Of the 28.88% of the members who earn between Rs.2,501 and 3,500, the majority took up cow business, kirana shops and dairy shops followed by stone business, tailoring/embroidery shops, bangle shops and hotels. Out of a total of 45 total SC members, 10 started income and employment generating activity through tailoring/embroidery, followed by 7 who started kirana shops, 6 started vegetable/fruits shops, 5 started dairy shops and remaining were involved in other activities. In fact, every activity has its own capacity to generate income. Therefore, the income generation varies from activity to activity. Similarly, in ST community, 6 members earned monthly income between Rs.1,501 to 2,500. Among them, 4 earned income through kirana shop and 1 each from hotel and steel/cement shop respectively. It is observed that only 1 member in ST community earned a monthly income between Rs.2,500 and 3,500 and that is through brick industry (Table 6.14).

However, in the case of BC community, majority of the members earned income through non-farm activities. Out of these, 39% earned a monthly income between Rs.2,501 and 3,500. Of these 6 members earned it through brick industry, followed by 5 members each through kirana shop, hotel and dairy shop and the remaining were involved in other activities. Similarly, 28% members earned monthly income between Rs.1,501 and 2,500. Out of these, 9 earned it through tailoring/embroidery shops, followed by 4 each through kirana shop and dairy shop, 3 from vegetable/fruits shops and the remaining were involved in other activities. Further, 22% of the members earned income above Rs.3,500 through cloth/fancy shop, followed by kirana shop, hotel, brick industry, dairy, cow business, tailoring/embroidery shop, steel/cement shop and chicken shop (Table 6.14).

Regarding the OC community members, majority of them (38%) earned income between Rs.2,501 and 3,500, followed by 31% who earned above Rs.3,500, 26% who earned between Rs.1,501 to 2,500 and 5% earned income less than

Table 6.14: Community-Wise and Activity-Wise Distribution of Monthly Income Obtained from Non-Farm Sector Activity Adopted by SHG Members

All Social Groups	Income (Rs.)	Economic Activities																		
		Poultry/ Chicken Shop	Curry/ Pickle Point	Toy/ Pot Mfg	Vegetable/ Fruits Shop	Tailoring/ Embroider	Kirana Shop	Hotel	Bricks Industry	Flower Vending Shop	Pearls Vending	Bangle Shop	Stone Business	Dairy Shop	Cloth/ Fancy Shop	Cow Business	Flour Mills	Steel/ Cement Shop	Rice Business	Sweet House	Total
SC	< 1500	0 (0)	0 (0)	0 (0)	4 (57.0)	3 (43.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	7 (100)
	1501-2500	0 (0)	2 (8.0)	0 (0)	2 (8.0)	6 (24.0)	5 (20.0)	0 (0)	0 (0)	1 (4.0)	0	1 (4.0)	1 (4.0)	3 (12.0)	0 (0)	0 (0)	1 (4.0)	1 (4.0)	1 (4.0)	1 (4.0)	25 (100)
	2501-3500	3 (23.0)	0 (0)	0 (0)	0 (0)	1 (7.7)	2 (15.4)	1 (7.7)	0 (0)	0 (0)	0 (0)	1 (7.7)	1 (7.7)	2 (15.4)	0 (0)	2 (15.4)	0 (0)	0 (0)	0 (0)	0 (0)	13 (100)
	Above 3500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	**3 (6.7)**	**2 (4.4)**	**0 (0)**	**6 (13.3)**	**10 (22.2)**	**7 (15.6)**	**1 (2.2)**	**0 (0)**	**1 (2.2)**	**0 (0)**	**2 (4.4)**	**2 (4.4)**	**5 (11.11)**	**0 (0)**	**2 (4.4)**	**1 (2.2)**	**1 (2.2)**	**1 (2.2)**	**1 (2.2)**	**45 (100)**
ST	< 1500	0 (0)	0 (0)	1 (50.0)	0 (0)	1 (50.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (100)
	1501-2500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	4 (66.7)	1 (16.6)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1(16.6)	0 (0)	0 (0)	6 (100)
	2501-3500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)
	Above 3500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0(0)
	Total	**0 (0)**	**0 (0)**	**1 (11.11)**	**0 (0)**	**1 (11.11)**	**4 (44.44)**	**1 (11.11)**	**1 (11.11)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**1(11.11)**	**0 (0)**	**0 (0)**	**9(100)**
BC	< 1500	0 (0)	0 (0)	0 (0)	1 (8.3)	4 (33.3)	2 (16.7)	0 (0)	0 (0)	1 (8.3)	0 (0)	0 (0)	0 (0)	2 (16.7)	0 (0)	0 (0)	2(16.7)	0 (0)	0 (0)	0 (0)	12 (100)
	1501-2500	0 (0)	0 (0)	2 (6.4)	3 (9.7)	9 (29.0)	4 (12.9)	1 (3.2)	0 (0)	1 (3.2)	1 (3.2)	2 (6.4)	0 (0)	4 (12.9)	0 (0)	1 (3.2)	1 (3.2)	0 (0)	0 (0)	2 (6.45	31 (100)
	2501-3500	1 (2.3)	4 (9.3)	0 (0)	3 (6.9)	3 (6.9)	5 (11.6)	5 (11.6)	6 (13.9)	0 (0)	0 (0)	1 (2.3)	0 (0)	5 (11.6)	4 (9.3)	2 (4.6)	1 (2.3)	2 (4.6)	0 (0)	1 (2.3)	43(100)
	Above 3500	1 (4.2)	0 (0)	0 (0)	0 (0)	1 (4.2)	4 (16.7)	3 (12.5)	3 (12.5)	0 (0)	0 (0)	0 (0)	0 (0)	2 (8.3)	7 (29.2)	2 (8.3)	0 (0)	1 (4.2)	0 (0)	0 (0)	24(100)
	Total	**2 (1.8)**	**4 (3.6)**	**2 (1.8)**	**7 (6.4)**	**17 (15.5)**	**15(13.6)**	**9 (8.2)**	**9 (8.2)**	**2 (1.8)**	**1 (0.9)**	**3 (2.7)**	**0 (0)**	**13 (11.8)**	**11 (10.0)**	**5 (4.5)**	**4 (3.6)**	**3 (2.7)**	**0 (0)**	**3 (2.7)**	**110 (100)**
OC	< 1500	0 (0)	0 (0)	0 (0)	0 (0)	1 (33.3)	2 (66.7)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3(100)
	1501-2500	0 (0)	1 (5.9)	0 (0)	1 (5.9)	6(35.3)	1 (5.9)	0 (0)	0 (0)	3 (17.6)	1 (5.8)	0 (0)	0 (0)	3 (17.6)	1 (5.9)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	17(100)
	2501-3500	1 (4.0)	0 (0)	0 (0)	0 (0)	3 (12.0)	4 (16.0)	3 (12.0)	0 (0)	0 (0)	0 (0)	1 (4.0)	0 (0)	6 (24.0)	3 (12.0)	0	3 (12.0)	1 (4.0)	0 (0)	0 (0)	25(100)
	Above 3500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	6 (30.0)	3 (15.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	4 (20.0)	5 (25.0)	1 (5.0)	0	1 (5.0)	0 (0)	0 (0)	20(100)
	Total	**1 (1.5)**	**1 (1.5)**	**0 (0)**	**1 (1.5)**	**10 (15.4)**	**13(20.0)**	**6 (9.2)**	**0 (0)**	**3 (4.6)**	**1 (1.5)**	**1 (1.5)**	**0 (100)**	**13 (20.0)**	**9 (13.8)**	**1 (1.5)**	**3 (4.6)**	**2 (3.0)**	**0 (0)**	**0 (0)**	**65(100)**
Minority	< 1500	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)
	1501-2500	3 (30.0)	0	4 (40.0)	1 (10.0)	0 (0)	1 (10.0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (10.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	10 (100)
	2501-3500	0 (0)	0 (0)	1 (50.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (50.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (100)
	Above 3500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0(100)
	Total	**3 (23.0)**	**0 (0)**	**5 (38.5)**	**1 (7.7)**	**1 (7.7)**	**1 (7.7)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**1 (7.7)**	**0 (0)**	**0 (0)**	**1 (7.7)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**13(100)**
All Social Groups	< 1500	0 (0)	0 (0)	1 (4.0)	5 (20.0)	10 (40.0)	4 (16.0)	0 (0)	0 (0)	1 (4.0)	0 (0)	0 (0)	0 (0)	2 (8.0)	0 (0)	0 (0)	2 (8.0)	0 (0)	0 (0)	0 (0)	25 (100)
	1501-2500	3 (3.4)	3 (3.4)	6 (6.7)	7 (7.8)	21 (23.6)	15(16.8)	2 (2.2)	0 (0)	5 (5.6)	2 (2.2)	4 (4.5)	1 (1.1)	10 (11.2)	1 (1.1)	1 (1.1)	2 (2.2)	2 (2.2)	1 (1.1)	3 (3.4)	89(100)
	2501-3500	**5 (5.9)**	4 (4.8)	1 (1.2)	3 (3.5)	7 (8.3)	11(13.0)	9 (10.7)	7 (8.3)	0 (0)	0 (0)	3 (3.5)	1 (1.2)	13 (15.5)	8 (9.5)	4 (4.8)	4 (4.8)	3 (3.5)	0 (0)	1 (1.2)	84(100)
	Above 3500	1 (2.3)	0 (0)	0 (0)	0 (0)	1 (2.3)	10(22.7)	6 (13.6)	3 (6.8)	0 (0)	0 (0)	0 (0)	0 (0)	6 (13.6)	12 (27.3)	3 (6.8)	0 (0)	2 (4.6)	0 (0)	0 (0)	44(100)
	Total	**9 (3.7)**	**7 (2.9)**	**8 (3.3)**	**15 (6.2)**	**39 (16.1)**	**40(16.5)**	**17 (7.0)**	**10 (4.1)**	**6 (2.5)**	**2 (0.8)**	**7 (2.9)**	**2 (0.8)**	**31 (12.8)**	**21 (8.7)**	**8 (3.3)**	**8 (3.3)**	**7 (2.9)**	**1 (0.4)**	**4 (1.6)**	**242(100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Rs.1,500. It is observed that among the OC members who earned above Rs.3,500, 6 earned it through kirana shop, followed by 5 through cloth/fancy shop, 4 from dairy shop, 3 from hotel, and 1 each from cow business and steel/cement shop respectively. It is also observed that in the case of minority community members, 77% earned income between Rs.1,501 and 2,500. Out of them, 4 members earned it through toy/pot making, followed by 3 through chicken shop, and 1 each from vegetable/fruits shops, kirana shops and bangle shops. On the other hand, 15% of the members earned income between Rs.2,501 and 3,500 through cloth/fancy shop and toy/bag manufacture. Thus, majority of the members have improved their financial conditions with the financial assistance obtained under SHG-bank linkage program.

All SHG members earned income from their activities, depending on the nature of their work. For example, members involved in tailoring/embroidery, dairy farm and kirana shop earned a monthly income of less than Rs.1,500, while those with hotels, cloth shops and chicken shops earned a monthly income of more than Rs.3,500. Finally, it can be concluded from Table 6.14, almost all the respondents generate income in different ranges according to their investment in economic activities and marketing feasibility. As can be seen from the table, the changes have resulted in improved level of income of their families after setting up of the economic activities. The additional income of the respondents added to their family income, thereby increasing the aggregate family income by twofold.

Income Obtained per Month Through the Non-Farm Sector Activities Adopted in the Villages: One of the main objectives of SHG movement is that a member should undertake income generating activity by choosing a business venture of her own choice. The details of village-wise distribution of the monthly income of SHG members are presented in Table 6.15. A total member of 242 members earned monthly income from different types of economic activities. Out of these, the majority (37%) earned monthly income between Rs.1,501-2,500, followed by 35% who earned income between Rs.2,501-3,500, 18% earned above Rs.3,500, while only 10% earned income less than Rs. 1,500. The study found that in Raghavapur village, among the SC community, only one member earned a monthly income of less

Table 6.15: Community-Wise and Village-Wise Distribution of Monthly Income Obtained from Non-Farm Sector Activities Adopted by SHG Members

Social Group	Monthly Income (Rs.)	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	< 1500	1 (25.0)	0 (0)	2 (20.0)	1 (25.0)	3 (15.0)	0 (0)	7 (16.0)
	1501-2500	2 (75.0)	2 (100)	5 (50.0)	3 (75.0)	11 (55.0)	2 (33.0)	25 (55.0)
	2501 - 3500	0 (0)	0 (0)	3 (30.0)	0 (0)	6 (30.0)	4 (67.0)	13 (29.0)
	Above 3500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	**3 (100)**	**2 (100)**	**10 (100)**	**4 (100)**	**20 (100)**	**6 (100)**	**45 (100)**
ST	< 1500	1 (100)	0 (0)	1 (25.0)	0 (0)	0 (0)	0 (0)	2 (22.0)
	1501-2500	0 (0)	1 (100)	2 (50.0)	2 (100)	1 (100)	0 (0)	6 (67.0)
	2501 - 3500	0 (0)	0 (0)	1 (25.0)	0 (0)	0 (0)	0 (0)	1 (11.0)
	Above 3500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	**1 (100)**	**1 (100)**	**4 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**9 (100)**
BC	< 1500	8 (31.0)	1 (6.25)	3 (9.1)	0 (0)	0 (0)	0 (0)	12 (11.0)
	1501-2500	11 (42.0)	6 (37.5)	7 (21.2)	2 (18.2)	3 (25.0)	2 (17.0)	31 (28.0)
	2501 - 3500	7 (27.0)	6 (37.5)	12 (36.4)	6 (54.5)	5 (42.0)	7 (58.0)	43 (39.0)
	Above 3500	0 (0)	3 (18.75)	11 (33.3)	3 (27.3)	4 (33.0)	3 (25.0)	24 (22.0)
	Total	**26 (100)**	**16 (100)**	**33 (100)**	**11 (100)**	**12 (100)**	**12 (100)**	**110 (100)**
OC	< 1500	0 (0)	0 (0)	3 (9.0)	0 (0)	0 (0)	0 (0)	3 (5.0)
	1501-2500	0 (0)	0 (0)	11 (31.0)	2 (18.2)	3 (30.0)	1 (12.5)	17 (26.0)
	2501 - 3500	1 (100)	0 (0)	10 (29.0)	6 (54.5)	4 (40.0)	4 (50.0)	25 (38.0)
	Above 3500	0 (0)	0 (0)	11 (31.0)	3 (27.3)	3 (30.0)	3 (37.5)	20 (31.0)
	Total	**1 (100)**	**0 (0)**	**35 (100)**	**11 (100)**	**10 (100)**	**8 (100)**	**65 (100)**
Minority	< 1500	1 (50.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (8.0)
	1501-2500	1 (50.0)	1 (100)	5 (71.0)	2 (100)	1 (100)	0 (0)	10 (77.0)
	2501 - 3500	0 (0)	0 (0)	2 (29.0)	0 (0)	0 (0)	0 (0)	2 (15.0)
	Above 3500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	**2 (100)**	**1 (100)**	**7 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**13 (100)**
All Social Groups	< 1500	11 (33.3)	1 (5.)	9 (10.1)	1 (3.3)	3 (6.8)	0 (0)	25 (10.3)
	1501-2500	14 (42.4)	10 (50.0)	30 (38.7)	11 (36.7)	19 (43.2)	5 (19.2)	89 (36.8)
	2501 - 3500	8 (24.3)	6 (30.0)	28 (31.5)	12 (40.0)	15 (34.1)	15 (57.7)	84 (34.7)
	Above 3500	0 (0)	3 (15.0)	22 (24.7)	6 (20.0)	7 (15.9)	6 (23.1)	44 (18.2)
	Total	**33 (100)**	**20 (100)**	**89 (100)**	**30 (100)**	**44 (100)**	**26 (100)**	**242 (100)**

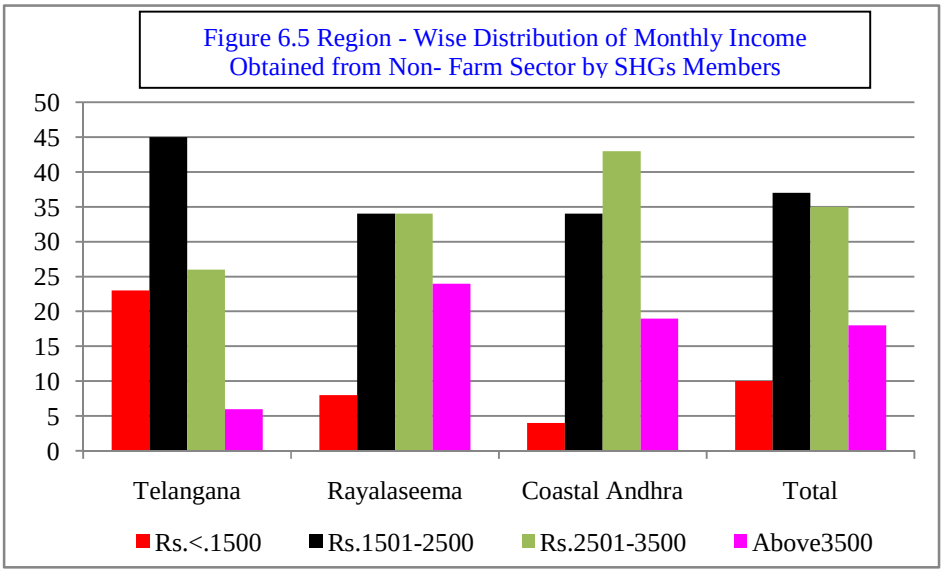
Note: Figures in parentheses are percentages.
Source: Field Survey

than Rs.1,500. However, in CTM village, the data indicates that the BC and OC community members earned higher income than their counterparts. Similarly, it is

found that in Ankisettipalle village, very few members earned monthly income of more than Rs.3,500. Moreover, Table 6.15 indicates that in Torredu village, only BC and OC members earned above Rs.3,500. It is further observed that in Rajavolu village, among the BC members, majority earned a monthly income between Rs.2,501 and 3,500. However, majority of the SC members in this village also earned between Rs.2,501 and 3,500, while in the OC community, 37.5% members earned above Rs.3,500.

The caste-wise distribution of monthly income obtained through non-farm sector shows that among SC community, more than half (55%) earned a monthly income between Rs.1,501-2,500. But in the case of Rajavolu village, the majority (67%) of the SC members earned a monthly income between Rs.2,501-3,500. In Raghavapur village, out of total 3 SC members, one member earned a monthly income of less than Rs.1,500, while the remaining two earned a monthly income between Rs.1,501-2,500. Similar results are found in the case of BC community. Among the BC community members, the majority (39%) earned a monthly income between Rs.2,501-3,500. In the case of OC community, majority of the members (38%) earned a monthly income between Rs.2,501-3,500, and the highest percentage is observed in Raghavapur village. Further, it is observed that in OC community, 31% members earned a monthly income of above Rs.3,500 (Table 6.15).

Figure 6.5 Region - Wise Distribution of Monthly Income Obtained from Non- Farm Sector by SHGs Members



A perusal of the table provides that improved levels of prosperity of the SHG members in all the three regions, with a small number earning less than Rs.1,500 per month in all the three regions. The majority of them are earning a monthly income between Rs.1,500 and Rs.3,500. On the other hand, figures for monthly income of over Rs.3,500 too are rather less in Telangana and coastal Andhra regions. It is only in Rayalaseema that 24% of the members reported that their monthly income was above Rs.3,500. If one sees the figures for all the three regions together, the largest (37%) have a monthly income between Rs.1,501 to Rs.2,500, followed by 35% in the range Rs.2,501 to 3,500 as shown in Figure 6.5.

Employment Generation: It is confirmed that any financial assistance, if utilized properly, would generate gainful employment opportunities for those availing the assistance. It was observed from the field survey majority of the sampled members **(**73%) generated employment up to 20 days in a month and 27% generated employment of 21-30 days in a month. It is further noted that non-farm activities generated higher employment in the sample villages. Kirana shops, followed by tailoring/embroidery, cow business and dairy generated employment for more (21-30 days) days in a month. A perusal of the data suggests that the loans provided to SHG members are productive and efficient in generation of employment to rural non-farm workers in general (see Table 6.16).

Table 6.17 shows the community-wise and village-wise composition of the non-farm sector employment generated across the six villages covered by the survey. It can be seen that the highest incidence of employment generated up to 20 days is in Rajavolu village, while the lowest is in Brahmanpalle village. The study also reveals that among all the social group members, majority of the minority community members experienced incidence of employment generated up to 20 days in a month, while majority of the ST community members experienced incidence of employment generated for 21-30 days in a month.

Tables 6.16 and 6.17 show that the economic activities in our sample tend to be located in, or close to, the community where the owner lives. It also shows that local consumers or passers-by are the most important customers for most of these

Table 6.16: Community-Wise Distribution of Monthly Working Days Generated Through Non-Farm Sector Activity Adopted by the SHG Members

All Social Groups	No. of Days	Economic Activities																			
		Poultry/ Chicken Shop	Pickle/ Curry Point	Toy/Pot Mfg	Vegetable/ Fruits Shop	Tailoring/ Embroider	Kirana Shop	Hotel	Bricks Industry	Flower Vending Shop	Pearls/ Vending Man	Bangle Shop	Stone Business	Dairy Shop	Cloth/ Fancy Shop	Cow Business	Flour Mills	Steel/ Cement Shop	Rice business	Sweet House	Total
SC	Up to 20	3	2	0	3	7	5	1	0	1	0	2	2	5	0	0	1	1	1	0	34
	21-30	0	0	0	3	3	2	0	0	0	0	0	0	0	0	2	0	0	0	1	11
	Total	**3**	**2**	**0**	**6**	**10**	**7**	**1**	**0**	**1**	**0**	**2**	**2**	**5**	**0**	**2**	**1**	**1**	**1**	**1**	**45**
ST	Up to 20	0	0	0	0	0	3	1	1	0	0	0	0	0	0	0	0	1	0	0	6
	21-30	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	3
	Total	**0**	**0**	**1**	**0**	**1**	**4**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**9**
BC	Up to 20	2	4	0	5	12	11	9	5	1	0	2	0	8	11	0	4	3	0	3	80
	21-30	0	0	2	2	5	4	0	4	1	1	1	0	5	0	5	0	0	0	0	30
	Total	**2**	**4**	**2**	**7**	**17**	**15**	**9**	**9**	**2**	**1**	**3**	**0**	**13**	**11**	**5**	**4**	**3**	**0**	**3**	**110**
OC	Up to 20	1	1	**0**	0	7	8	6	**0**	1	0	1	0	11	8	0	2	2	**0**	**0**	48
	21-30	0	0	0	1	3	5	0	0	2	1	0	0	2	1	1	1	0	0	0	17
	Total	**1**	**1**	**0**	**1**	**10**	**13**	**6**	**0**	**3**	**1**	**1**	**0**	**13**	**9**	**1**	**3**	**2**	0	0	**65**
Minority	Up to 20	2	0	5	0	0	1	0	0	0	0	1	0	0	1	0	0	0	0	0	10
	21-30	1	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
	Total	**3**	**0**	**5**	**1**	**1**	**1**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**13**
All Social Groups	Up to 20	8	7	5	8	26	28	17	6	3	0	6	2	24	20	0	7	7	1	3	178
	21-30	1	0	3	7	13	12	0	4	3	2	1	0	7	1	8	1	0	0	1	64
	Total	**9**	**7**	**8**	**15**	**39**	**40**	**17**	**10**	**6**	**2**	**7**	**2**	**31**	**21**	**8**	**8**	**7**	**1**	**4**	**242**

Note: Figures in parentheses are percentages.
Source: Field Survey

Table 6.17: Community-Wise and Village-Wise Distribution of Monthly Working Days generated Through Non-Farm Sector Activity Adopted by the SHG Members

Social Group	No. of Days	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Up to 20	3 (100)	2 (100)	6 (60.0)	3 (75.0)	15 (75.0)	5 (83.0)	34 (76.0)
	21-30	0 (0)	0 (0)	4 (40.0)	1 (25.0)	5 (25.0)	1 (17.0)	11 (24.0)
	Total	**3 (100)**	**2 (100)**	**10 (100)**	**4 (100)**	**20 (100)**	**6 (100)**	**45 (100)**
ST	Up to 20	0 (0)	0 (0)	3 (75.0)	2 (100)	1 (100)	0 (0)	6 (67.0)
	21-30	1 (100)	1 (100)	1 (25.0)	0 (0)	0 (0)	0 (0)	3 (33.0)
	Total	**1 (100)**	**1 (100)**	**4 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**9 (100)**
BC	Up to 20	18 (69.0)	13 (81.0)	19 (58.0)	8 (73.0)	10 (83.0)	12 (100)	80 (73.0)
	21-30	8 (31.0)	3 (19.0)	14 (42.0)	3 (27.0)	2 (17.0)	0 (0)	30 (27.0)
	Total	**26 (100)**	**16 (100)**	**33 (100)**	**11 (100)**	**12 (100)**	**12 (100)**	**110 (100)**
OC	Up to 20	1 (100)	0 (0)	21 (60.0)	9 (82.0)	10 (100)	7 (87.5)	48 (74.0)
	21-30	0 (0)	0 (0)	14 (40.0)	2 (18.0)	0 (0)	1 (12.5)	17 (26.0)
	Total	**1 (100)**	**0 (0)**	**35 (100)**	**11 (100)**	**10 (100)**	**8 (100)**	**65 (100)**
Minority	Up to 20	1 (50.0)	1 (100)	5 (71.0)	2 (100)	1 (100)	0 (0)	10 (77.0)
	21-30	1 (50.0)	0 (0)	2 (29.0)	0 (0)	0 (0)	0 (0)	3 (23.0)
	Total	**2 (100)**	**1 (100)**	**7 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**13 (100)**
All Social Groups	Up to 20	23 (70.0)	16 (20.0)	54 (61.0)	24 (80.0)	37 (84.0)	24 (92.0)	178 (73.0)
	21-30	10 (30.0)	4 (20.0)	35 (39.0)	6 (20.0)	7 (16.0)	2 (8.0)	64 (27.0)
	Total	**33 (100)**	**20 (100)**	**89 (100)**	**30 (100)**	**44 (100)**	**26 (100)**	**242 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

microentrepreneurs. This confirms that the non-farm economy is highly localized. Women play an important role in this sector. A major objective of the field survey was to document the nature and severity of various constraints associated with running an economic activity. Owning a non-farm enterprise is more likely if the household is relatively large, located close to road or the market and if the household head is young and a female. In addition, working in a non-farm enterprise is much more likely to be a primary source of employment for women rather than for men, which reflects the cultural gender biases against women's engagement in certain activities.

This study reveals that the delivery of microfinance to the poor is productive, effective and less costly, if they are organized into SHGs. Self-employment, which is the best employment source in the wake of paucity of employment opportunities, is

emerging to be a very important source of livelihood for women in the villages. The SHG movement in India, in general, and Andhra Pradesh, in particular, has metamorphosed the rural economic scenario perceptibly. As a supplementary source of family income, the SHGs have proved to be a boom to the rural woman folk not only in enhancing their financial status, but also in promoting the non-farm sector activities among them. The SHG members, even though some of them are less educated, have availed group loans from banks and are running businesses such as kirana shop, tailoring/embroidery shop, dairy, cloth/fancy shop, hotel, etc., to earn money to supplement their family income.

Frequency of Help Received from Family Members: In the selected villages, 242 members have started different types of economic activities. Of these, majority (68%) took the help of their family members to run their business. Among them, the highest percentage belongs to Torredu, and the lowest to Brahmanpalle village (see Table 6.18). In CTM village, it is observed that majority of the BC and OC community members took help of their family members, because most of these community members started their economic activity in the mandal headquarters. It is further observed that in Torredu village, majority of all community members took help of their family members. Further, in Brahmanpalle village, majority of the BC, SC and ST community members took help of their family members. Within the social groups, it is seen that highest incidence of taking help from the family members is in the OC community, followed by SC, minority, ST and BC community. It is very interesting to note that among the members taking help from their family members, the percentage of BC community is lowest as compared to other communities, because husbands of most of the members are working in the farm sector (Table 6.18). In addition, households which own a non-farm enterprise tend to be headed by better educated and younger heads, and tend to live closer to markets and roads (of course, the direction of causality is ambiguous here, as location decisions are likely to be endogenous to entrepreneurship). It is observed that higher number of OC community members took help of their family members, because they are more educated, some of their husbands are also working, and majority of the members have set up their economic activity in the mandal headquarters.

Table 6.18: Community-Wise and Village-Wise Frequency of the Help Received from the Family Members by the SHG Members

Social Group	Help Received	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	2 (67.0)	2 (100)	4 (40.0)	3 (70.0)	16 (80.0)	5 (83.0)	32 (71.0)
	No	1 (33.0)	0 (0)	6 (60.0)	1 (25.0)	4 (20.0)	1 (17.0)	13 (29.0)
	Total	**3 (100)**	**2 (100)**	**10 (100)**	**4 (100)**	**20 (100)**	**6 (100)**	**45 (100)**
ST	Yes	0 (0)	1 (100)	2 (50.0)	2 (100)	1 (100)	0 (0)	6 (67.0)
	No	1 (100)	0 (0)	2 (50.0)	0 (0)	0 (0)	0 (0)	3 (33.0)
	Total	**1 (100)**	**1 (100)**	**4 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**9 (100)**
BC	Yes	17 (65.0)	9 (56.0)	17 (51.0)	6 (55.0)	8 (67.0)	9 (75.0)	66 (60.0)
	No	9 (35.0)	7 (44.0)	16 (49.0)	5 (45.0)	4 (33.0)	3 (25.0)	44 (40.0)
	Total	**26 (100)**	**16 (100)**	**33 (100)**	**11 (100)**	**12 (100)**	**12 (100)**	**110 (100)**
OC	Yes	0 (0)	0 (0)	30 (86.0)	9 (82.0)	9 (90.0)	4 (50.0)	52 (80.0)
	No	1 (100)	0 (0)	5 (14.0)	2 (18.0)	1 (10.0)	4 (50.0)	13 (20.0)
	Total	**1 (100)**	**0 (0)**	**35 (100)**	**11 (100)**	**10 (100)**	**8 (100)**	**65 (100)**
Minority	Yes	1 (50.0)	0 (0)	5 (71.0)	2 (100)	1 (100)	0 (0)	9 (69.0)
	No	1 (50.0)	1 (100)	2 (29.0)	0 (0)	0 (0)	0 (0)	4 (31.0)
	Total	**2 (100)**	**1 (100)**	**7 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**13 (100)**
All Social Groups	Yes	20 (61.0)	12 (60.0)	58 (65.0)	22 (73.0)	35 (80.0)	18 (69.0)	165 (68.0)
	No	13 (39.0)	8 (40.0)	31 (35.0)	8 (27.0)	9 (20.0)	8 (31.0)	77 (32.0)
	Total	**33 (100)**	**20 (100)**	**89 (100)**	**30 (100)**	**44 (100)**	**26 (100)**	**242 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

If Loans were Taken: Effective use of funds availed depends on the adequacy of funds provided under the SHG-bank linkage program. It also, to a great extent, depends on the ability of the members to raise funds internally from own sources and from other sources in case of deficit. Of the members who started economic activities, only 19% borrowed from other sources for economic activity purpose, because the loan given by the bank was insufficient from them. Of these members, the majority is found in Raghavapur and Rajavolu villages, while the least is found in Ankisettipalle village. In Anikesttipalle village, members borrowed bulk amount under the SHG-bank linkage program. The study reveals that among all the social group members, the highest incidence of borrowing from other sources is observed in the SC community, because they are economically very poor and socially weak. Since SC/ST members are mostly poor, they do not have sufficient income sources and their family

members are also illiterate. Thus, it can be concluded that the OC community members borrowed least from other sources because they have land, education and other income sources.

Table 6.19: Community-Wise and Village-Wise Frequency of Amount Borrowed from Different Sources Other than Group Lending by SHG Members in Selected Villages

Social Groups	Borrowed from Others	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	3 (100)	0 (0)	3 (30)	0 (0)	4 (20)	3 (50)	13 (29)
	No	0 (0)	2 (100)	7 (70)	4 (100)	16 (80)	3 (50)	32 (71)
	Total	**3 (100)**	**2 (100)**	**10 (100)**	**4 (100)**	**20 (100)**	**6 (100)**	**45 (100)**
ST	Yes	0 (0)	0 (0)	1 (25)	1 (50)	0 (0)	0 (0)	2 (22)
	No	1 (100)	1 (100)	3 (75)	1 (50)	1 (100)	0 (0)	7 (88)
	Total	**1 (100)**	**1 (100)**	**4 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**9 (100)**
BC	Yes	9 (35)	3 (19)	7 (21)	2 (18)	2 (17)	1 (8)	24 (22)
	No	17 (65)	13 (81)	26 (79)	9 (82)	10 (83)	11 (92)	86 (78)
	Total	**26 (100)**	**16 (100)**	**33 (100)**	**11 (100)**	**12 (100)**	**12 (100)**	**110 (100)**
OC	Yes	0 (0)	0 (0)	2 (6)	0 (0)	0 (0)	2 (25)	4 (6)
	No	1(100)	0 (0)	33 (94)	11 (100)	10 (100)	6 (75)	61 (94)
	Total	**1 (100)**	**0(0)**	**35 (100)**	**11 (100)**	**10 (100)**	**8 (100)**	**65 (100)**
Minority	Yes	0 (0)	0 (0)	2 (29)	0 (0)	0 (0)	0 (0)	2 (15)
	No	2 (100)	1 (100)	5 (71)	2 (100)	1 (100)	0 (0)	11 (75)
	Total	**2 (100)**	**1 (100)**	**7 (100)**	**2 (100)**	**1 (100)**	**0 (0)**	**13 (100)**
All Social Groups	Yes	12 (36)	3 (15)	15 (17)	3 (10)	6 (14)	6 (23)	45 (19)
	No	21 (64)	17 (85)	74 (83)	28 (90)	38 (86)	20 (77)	197 (81)
	Total	**33 (100)**	**20 (100)**	**89 (100)**	**30 (100)**	**44 (100)**	**26 (100)**	**242 (100)**

Note: Figures in parentheses are percentages.

Source: Field Survey

Section-III

6.4 SHG Members' Household Credit Information

In this section, an attempt has been made to study the pattern of borrowings of SHG members' households in relation to the purpose of borrowing, borrowings by agencies and rate of interest at which loans are borrowed. The type of security offered by the various social group households is also analysed. In order to enhance their participation in micro credit programmes and to make appropriate changes in the

policies, one needs to analyse the structure of their borrowings and their accessing different sources of credit.

Access to Credit: Table 6.20 shows the credit accessibility from micro finance institutions and formal and informal sources by households of self help group members in the selected villages. The Table indicates that majority of the SC, OC and BC community members are accessing credit in all villages to the tune of 68%, 67% and 67% respectively. However, members belonging to ST (40%) and minority (34.8%) communities are 'lagging behind' in this respect. Similarly, the village-wise distribution shows that the SCs and BCs are approaching different sources (formal, microfinance institutions and the informal sector). The figures are 88.23% for

Table-6.20:- Village-Wise and Community-Wise Access to SHG Members Households' Credit from Micro Finance Institutions, Formal and Informal Sources

Social Group	Household Credit	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	15 (88.2)	5 (71.4)	18 (75.0)	6 (50.0)	46 (61.3)	16 (76.2)	106 (68.0)
	No	2 (11.8)	2 (28.6)	6 (25.0)	6 (50.0)	29(38.7)	5 (23.8)	50 (32.0)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Yes	0 (0)	0 (0)	2 (22.2)	4 (66.7)	1 (50.0)	1 (100)	8 (40.0)
	No	1 (100)	1 (100)	7 (77.8)	2 (33.3)	1 (50.0)	0 (0)	12 (60.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Yes	57 (74.0)	22 (71.0)	42 (60.9)	12 (70.6)	14 (60.9)	15 (60.0)	162 (67.0)
	No	20 (267)	9 (29.0)	27 (39.1)	5 (29.4)	9 (39.1)	10 (40.0)	80 (33.0)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Yes	0 (0)	2 (100)	44 (62.9)	7 (58.3)	27 (71.0)	15 (83.3)	95 (67.0)
	No	1 (100)	0 (0)	26 (37.1)	5 (41.7)	11 (29.0)	3 (16.7)	46 (32.62)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Yes	0 (0)	1 (100)	6 (40.0)	0 (0)	0 (0)	1 (100)	8 (34.8)
	No	2 (100)	0 (0)	9 (60.0)	3 (100)	1 (100)	0 (0)	15 (65.2)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Yes	72 (73.5)	30 (71.4)	112 (59.9)	29 (58.0)	88 (63.3)	48 (72.7)	379 (65.1)
	No	26 (26.5)	12 (28.6)	75 (40.1)	21 (42.0)	51 (36.7)	18 (27.3)	203 (34.9)
	Total	**98 (100)**	**42 (100)**	**187(100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages
Source: Field Survey.

Raghavapur, followed by Rajavolu (76.2%), CTM (75%), Brahmanpalle (71.4%), Torredu (61.3%) and Ankisettipalle (50%). The overall performance of accessing

credit from all communities reveals that more than 65% of total member borrowers availed credit from different sources in the study villages during the year 2008-09. On the other hand, if one sees the non-borrowers, one can find that their numbers are very high in respect of the minority and ST communities. Also, their involvement in credit market activities is insignificant.

Source of Credit: It can be seen from the preceding analysis that majority of the households among all the social groups have incurred expenditure in excess of their income. Obviously, this deficit has to be met from borrowings. For this purpose, borrowing from existing outstanding loan sources is considered an easy option to overcome the problem of recall. Borrowings from micro finance institutions and formal and informal sources have been examined to bring out the sharp differences in the relative share of loans taken for various purposes. These are presented in Table 6.21. The distribution of credit, source-wise, by members of different communities across the villages is also depicted in Table 6.21. It can be seen that 44% of the members borrowed from the formal sector (commercial, regional rural and cooperative banks), followed by micro finance institutions (MFIs) and informal sector (friends/relatives, moneylenders, etc.). It was observed that in Ankisettipalle village, majority of the members (58.62%) borrowed from banks. However, in Torredu village 57.95% of the members borrowed from MFIs. It is interesting that in Brahmanpalle village, majority of the members (26.66%) borrow money from friends. The data indicates that more than 57.95% of member-borrowers from Torredu, Rajavolu, Raghavapur and CTM villages avail credit from MFIs and other informal credit agencies. Thus, we can see that even among villages of the same region the source for obtaining credit can differ.

The Table shows that the members of Schedule Caste communities, being generally financially weak, depend primarily on micro-finance institutions followed by banks, friends/relatives and moneylenders. The data shows that more than 63.20% of Scheduled Caste community members have availed credit from micro finance institutions, when compared to their general community counterparts, 73.68% of who avail credit from formal at lower rate of interest by providing collateral securities and

Table-6.21:- Community-Wise, Village-Wise and Source-Wise Distribution of SHG Members Household Credit

Social Groups	Source of credit		Name of the Village						Total
			Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Formal Credit	Banks	2 (13.3)	1 (20.0)	3 (16.7)	3 (50.0)	2 (4.4)	5 (31.3)	16 (15.1)
	Microfinance institutions	MFIs	7 (46.7)	1 (20.0)	12 (66.7)	0 (0)	41 (89.1)	6 (37.5)	67 (63.2)
	Informal Credit	Money lenders	2 (13.3)	2 (40.0)	1 (5.5)	0 (0)	1 (2.2)	2 (12.5)	8 (7.5)
		Friends	4 (26.7)	1 (20.0)	2 (11.1)	3 (50.0)	2 (4.4)	3 (18.5)	15 (14.0)
		Total	6 (40.0)	3 (60.0)	3 (16.6)	3 (50.0)	3 (6.5)	5 (31.2)	23 (21.7)
	Total		**15 (100)**	**5 (100)**	**18 (100)**	**6 (100)**	**46 (100)**	**16 (100)**	**106 (100)**
ST	Formal Credit	Banks	0 (0)	0 (0)	1 (50.0)	2 (50.0)	0 (0)	0 (0)	3 (37.5)
	Microfinance institutions	MFIs	0 (0)	0 (0)	1 (50.0)	0 (0)	0 (0)	1 (100)	2 (25)
	Informal Credit	Money lenders	0 (0)	0 (0)	0 (0)	2 (50.0)	1 (100)	0 (0)	3 (37.5)
		Friends	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
		Total	0 (0)	0 (0)	0 (0)	2 (50.0)	1 (50.0)	0 (0)	3 (37..5)
	Total		**0 (0)**	**0 (0)**	**2 (100)**	**4 (100)**	**1 (100)**	**1 (100)**	**8 (100)**
BC	Formal Credit	Banks	21 (36.9)	13 (59.0)	24(57.14)	7 (58.33)	4 (28.57)	4 (26.66)	73 (45.06)
	Microfinance institutions	MFIs	17 (29.8)	1 (4.6)	13(30.95)	1 (8.33)	10 (71.43)	7 (46.66)	49 (30.24)
	Informal Credit	Money lenders	13 (22.8)	2 (9.0)	1 (2.38)	1 (8.33)	0 (0)	4 (26.66)	21 (12.96)
		Friends	6 (10.2)	6 (27.0)	4 (9.52)	3 (25)	0 (0)	0 (0)	19 (11.72)
		Total	19 (33.3)	8 (36.3)	5 (11.90)	4 (33.33)	0 (0)	4 (26.66)	40 (24.69)
	Total		**57 (100)**	**22 (100)**	**42 (100)**	**12 (100)**	**14 (100)**	**15 (100)**	**162 (100)**
OC	Formal Credit	Banks	0 (0)	1 (50)	30(68.18)	5 (71.42)	24 (88.89)	10 (66.66)	70 (73.68)
	Microfinance institutions	MFIs	0 (0)	1 (50)	8 (18.18)	0 (0)	0 (0)	4 (26.66)	13 (13.68)
	Informal Credit	Money lenders	0 (0)	0 (0)	0 (0)	2 (58.58)	3 (11.12)	0 (0)	5 (5.26)
		Friends	0 (0)	0 (0)	6 (13.63)	0 (0)	0 (0)	1 (6.66)	7 (7.36)
		Total	0 (0)	0 (0)	6 (13.63)	2 (28.57)	3 (11.11)	1 (6.66)	12 (12.63)
	Total		**0 (0)**	**2 (100)**	**44 (100)**	**7 (100)**	**27 (100)**	**15 (100)**	**95 (100)**
Minority	Formal Credit	Banks	0 (0)	0 (0)	5 (83.33)	0 (0)	0 (0)	0 (0)	5 (62.5)
	Microfinance institutions	MFIs	0 (0)	0 (0)	1 (16.66)	0 (0)	0 (0)	1 (100)	2 (25)
	Informal Credit	Money lenders	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
		Friends	0 (0)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	1 (12.5)
		Total	0 (0)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	1 (12.5)
	Total		**0 (0)**	**1 (100)**	**6 (100)**	**0 (0)**	**0 (0)**	**1 (100)**	**8 (100)**
All Social Groups	Formal Credit	Banks	23 (31.94)	15 (50)	63(56.25)	17 (58.62)	30 (34.09)	19 (39.58)	167 (44.06)
	Microfinance institutions	MFIs	24 (33.33)	3 (10)	35(31.25)	1 (3.44)	51 (57.95)	19 (39.58)	133 (35.09)
	Informal Credit	Money lenders	15 (20.80)	4 (13.33)	2 (1.78)	5 (17.24)	5 (5.68)	6 (12.5)	37 (9.76)
		Friends	10 (13.88)	8 (26.66)	12(10.71)	6 (20.68)	2 (2.27)	4 (8.33)	42 (11.08)
		Total	25 (34.72)	12 (40)	14 (12.5)	11 (37.93)	7 (7.95)	10 (20.83)	79 (20.84)
	Total		**72 (100)**	**30 (100)**	**112 (100)**	**29 (100)**	**88 (100)**	**48 (100)**	**379 (100)**

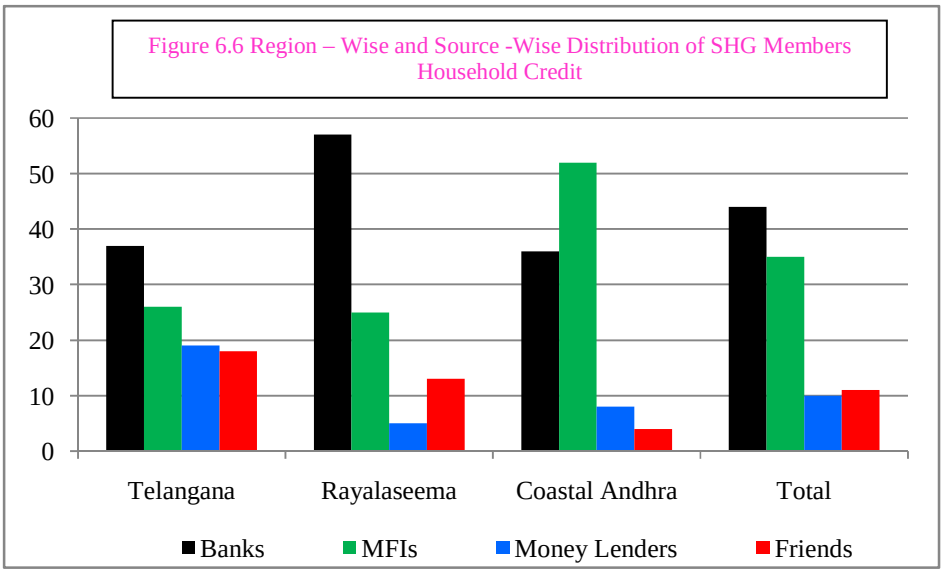
Note: Figures in parentheses are percentages
Source: Field Survey

fulfilling other procedures and formalities. On the other hand, for members belonging to the backward communities, both formal, as well as micro finance institutions have been the major sources for availing credit for income and employment generation.

Among all the social groups, the members from Telangana and Coastal Andhra predominantly access credit from MFIs and other private agencies whereas, in Rayalseema region, members avail credit from formal and informal institutions than from microfinance institutions. The data analysis indicates that, irrespective of caste, more than 50% of members from Raghavapur, Brahmanpalle, Torredu and Rajavolu villages avail credit from MFIs and other informal credit agencies. However, in respect of CTM and Ankishettipalle villages, it is seen that 56.25% and 58.62% of members have respectively obtained credit from formal credit institutions, viz., banks during the reference year. The analysis reveals that the obtaining of credit among SHG members varies in different regions, depending on various factors. It is interesting to note that very few members belonging to tribal and minority communities avail credit, from either formal or informal institutions, in the selected villages during the reference year. The Table indicates that the informal sources, viz., microfinance institutions and other private sources, play a predominant role for members from poor and deprived caste communities in all the selected villages than for backward and general community members, who are economically and socially in a better position to avail credit from formal sources. Table 6.21 also brings out that in Rayalseema region, in the case of both the selected villages, credit from formal sources plays a bigger role than that from informal sources. On the other hand, in coastal Andhra region, the micro finance institutions and other informal sources are playing a more prominent role.

Figure 6.6 provides the data significant in decreasing dependence on moneylenders. In all the three regions, banks are found to be the major sources of credit, followed by MFIs. Other than in coastal Andhra, friends have outnumbered moneylenders as sources of credit. This is an issue of great socio-economic significance since for long, the cruel usury practices of the moneylenders were leading to large-scale indebtedness in rural areas. The debt trap was like a quagmire

from which there was hardly any escape. If one analyses the first two sources of credit region-wise, the largest percent (57%) were accessing banks in Rayalaseema and an almost similar percent about 36%) in the other two regions. MFIs seem to have become a very popular source of credit coastal Andhra, with 52% availing loans from these. The corresponding figures for Telangana and Rayalaseema are 26% and 25% respectively.



Amount Borrowed: The distribution of credit borrowed from different sources among the social groups is shown in Table.6.22. It can be seen that the majority of SC members (69%) borrowed amounts less than Rs.15,000 from all the credit sources. Of these, 84% borrowed from MFIs. A significant finding is that only 6% of the SC members borrowed amounts above Rs. 45,000 from all the sources put together. In respect of ST members, the majority (50%) borrowed amounts between Rs.15,000 and Rs.30,000 that too from informal and formal sources. As far as BC and OC members are concerned, the majority borrowed amounts in the Rs.15,000 - 30,000 range mainly from the formal sector. The obvious reason for that is their better ability to satisfy the various terms and conditions of this sector. In respect of the minority community too, it is seen that the largest number borrowed amounts between Rs.15,000 and Rs.30,000 that too from the formal sector.

Table-6.22. Amounts Borrowed from Different Sources by the SHG Members Households

Social Group	Amount (Rs)	Source of Credit			
		Formal Credit	Micro Credit	Informal Credit	Total
SC	< 15000	8 (50.0)	56 (84.0)	9 (39.0)	73 (69.0)
	15001 to 30000	7 (44.0)	11 (16.0)	12 (52.0)	30 (28.0)
	30001 to 45000	1 (6.0)	0 (0)	2 (9.0)	3 (3.0)
	Total	**16 (100)**	**67 (100)**	**23 (100)**	**106 (100)**
ST	15000	1 (33.0)	2 (100)	1 (33.0)	4 (50.0)
	15001 to 30000	2 (67.0)	0 (0)	2 (67.0)	4 (50.0)
	Total	**3 (100)**	**2 (100)**	**3 (100)**	**8 (100)**
BC	15000	13 (18.0)	34 (69.0)	12 (30.0)	59 (36.0)
	15001 to 30000	51 (70.0)	15 (31.0)	14 (35.0)	80 (49.0)
	30001 to 45000	6 (8.0)	0 (0)	8 (20.0)	14 (9.0)
	Above 45000	3 (4.0)	0 (0)	6 (15.0)	9 (6.0)
	Total	**73 (100)**	**49 (100)**	**40 (100)**	**162 (100)**
OC	15000	5 (7.0)	9 (69.0)	2 (17.0)	16 (17.0)
	15001 to 30000	48 (69.0)	4 (31.0)	8 (67.0)	60 (63.0)
	30001 to 45000	11 (15.0)	0 (0)	1 (8.0)	12 (13.0)
	Above 45000	6 (9.0)	0 (0)	1 (8.0)	7 (7.0)
	Total	**70 (100)**	**13 (100)**	**12 (100)**	**95 (100)**
Minority	15000	1 (20.0)	2 (100)	1 (20.0)	4 (50.0)
	15001 to 30000	4 (80.0)	0 (0)	0 (0)	4 (50.0)
	Total	**5 (100)**	**2 (100)**	**1 (100)**	**8 (100)**
All Social Groups	15000	28 (17.0)	103 (77.0)	25 (32.0)	156(41.0)
	15001 to 30000	112 (67.0)	30 (33.0)	36 (45.0)	178(47.0)
	30001 to 45000	18 (11.0)	0 (0)	11 (14.0)	29 (8.0)
	Above 45000	9 (5.0)	0 (0)	7 (9.0)	16 (4.0)
	Total	**167 (100)**	**133 (100)**	**79 (100)**	**379 (100)**

Note: Figures in parentheses are percentages
Source: Field Survey

The table shows that a large proportion of members belonging to the deprived and backward communities' avail loans from microfinance institutions, followed by formal credit sources. On the other hand, the general caste communities are able to access loans (at lower rates of interest) predominantly from formal institutions, viz., commercial banks and regional rural banks, than from microfinance institutions and other private institutions in all the selected villages. It also emerged during the study that all the social groups are tending to rely more on formal institutions, and microfinance institutions and approaching friends and moneylenders only as a last resort.

Purpose of Loan: After observing the relative accessibility of credit from various formal and informal institutions across the caste communities and among the regions, it would be in order here to examine how they allocate their borrowings for various purposes and to know whether any of the borrowers spent the credit, especially, for any particular purpose. The village wise credit distribution for various purposes is

shown in Table 6.23. It can be seen that the credit obtained from microfinance institutions and formal credit institutions (across the villages) is predominantly spent on productive activities of purchasing agricultural inputs, followed by household assets creation, meeting social needs, and income generation activities (IGA). The village-wise distribution shows that in Raghavapur (38%) and Brahmanpalle (50%) in Telangana region, of borrowers have invested on agricultural development. An almost similar trend can be seen in the other villages, both in Rayalsemma and Coastal Andhra regions, 46% (CTM), 45% (Ankisettipalle), 37% (Torredu) and 52% (Rajavolu). The other preference given by the self help group members in most of the villages is for creation of household assets. This is followed by other income generation activities and meeting family and social obligations.

Similarly, the community wise distribution in the purpose of obtaining credit among the regions reveals that there is a wide variation. Majority of the Schedule caste community members in Raghavapur village, are utilising the amount for agricultural purpose, whereas in Brahmanpalle, it is for creation of household assets. On the other hand, their counterparts in both the villages from Rayalseema region are utilising the amount for major activities instead of spending it on a particular activity. In the case of Coastal Andhra, in both the villages, the members are predominantly spending the loan amount on creation of household assets. Similarly, even though the sample size of ST and minority community members is very low, they are mainly using their credit either for agriculture or household asset creation purposes. On the other hand, most of the BC community members are spending their credit on productive activities in agricultural development, followed by creation of household assets. As regards the general community members, most of them are utilising their borrowings for agricultural activities. A pertinent fact that emerged during the course of the field study is that about 10% of members are investing their credit on their children's education. The analysis reveals that majority of members, borrowers irrespective of caste, are utilising the credit for productive activities. This is followed by creation of household assets.

Table-6.23 Community-Wise, Village-Wise and Purpose-Wise Distribution of Loan Taken by SHG Members Households

Social Group	Purpose of loan	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Social needs	3 (20)	0 (0)	7 (39)	2 (33.3)	17 (37.0)	3 (19.0)	32 (30.0)
	Agricultural	6 (40)	1 (20)	5 (28)	2 (33.3)	2 (4..0)	5 (31.0)	21 (20 .0)
	Income generating activities	4 (27)	0 (0)	1 (5)	0 (0)	4 (9.0)	3 (19.0)	12 (11.0)
	Household assets creation	2 (13)	4 (80)	5 (28)	2 (33.3)	23 (50.0)	5 (31.0)	41 (3.09)
	Total	**15 (100)**	**5 (100)**	**18 (100)**	**6 (100)**	**46 (100)**	**16 (100)**	**106 (100)**
ST	Agricultural	0 (0)	0 (0)	1 (50.0)	3 (75.0)	0 (0)	0 (0)	4 (50.0)
	Income generating activities	0 (0)	0 (0)	1 (50.0)	0 (0)	0 (0)	0 (0)	1 (12.50)
	Household assets creation	0 (0)	0 (0)	0 (0)	1 (25.0)	1 (100)	1 (100)	3 (37.50)
	Total	**0 (0)**	**0 (0)**	**2 (100)**	**4 (100)**	**1 (100)**	**1 (100)**	**8 (100)**
BC	Social needs	10 (17.5)	4 (18.0)	7 (16.6)	1 (8.0)	3 (21.0)	0 (0)	25 (15.5)
	Agricultural	21 (37.0)	13 (59.0)	20 (47.7)	5 (42.0)	5 (36.0)	9 (60.0)	73 (45.0)
	Income generating activities	10 (17.5)	3 (14.0)	7 (16.7)	2 (17.0)	2 (14.0)	1 (7.0)	25 (15.5)
	Household assets creation	16 (28.0)	2 (9.0)	8 (19.1)	4 (33.0)	4 (29.0)	5 (33.0)	39 (24.0)
	Total	**57 (100)**	**22 (100)**	**42 (100)**	**12 (100)**	**14 (100)**	**15 (100)**	**162 (100)**
OC	Social needs	0 (0)	0 (0)	10 (22.7)	3 (43.0)	0 (0)	1 (7.0)	14 (15.0)
	Agricultural	0 (0)	1 (50)	24 (54.6)	3 (43.0)	26 (96.0)	11 (73.0)	65 (68.0)
	Income generating activities	0 (0)	0 (0)	2 (4.5)	0 (0)	0 (0)	2 (13.0)	4 (4.0)
	Household assets creation	0 (0)	1 (50)	8 (18.2)	1 (14.0)	1 (4.0)	1 (7.0)	12 (13.0)
	Total	**0 (0)**	**2 (100)**	**44 (100)**	**7 (100)**	**27 (100)**	**15 (100)**	**95 (100)**
Minority	Social needs	0 (0)	1(100)	0 (0)	0 (0)	0 (0)	0 (0)	1 (12.5)
	Agricultural	0 (0)	0 (0)	2 (33.3)	0 (0)	0 (0)	0 (0)	2 (25.0)
	Income generating activities	0 (0)	0 (0)	2 (33.3)	0 (0)	0 (0)	0 (0)	2 (25.0)
	Household assets creation	0 (0)	0 (0)	2 (33.3)	0 (0)	0 (0)	1 (100)	3 (37.5)
	Total	**0 (0)**	**1 (100)**	**6 (100)**	**0 (100)**	**0 (0)**	**1 (100)**	**8 (100)**
All Social Groups	Social needs	13 (18.0)	5 (17.0)	24 (21.0)	6 (21.0)	20 (23.0)	4 (8.0)	72 (19.0)
	Agricultural	27 (38.0)	15 (50.0)	52 (46.0)	13 (45.0)	33 (37.0)	25 (52.0)	165 (43.0)
	Income generating activities	14 (19.0)	3 (10.0)	13 (12.0)	2 (7.0)	6 (7.0)	6 (13.0)	44 (12.0)
	Household assets creation	18 (25.0)	7 (23.0)	23 (21.0)	8 (27.0)	29 (33.0)	13 (27.0)	98 (26.0)
	Total	**72 (100)**	**30 (100)**	**112 (100)**	**29 (100)**	**88 (100)**	**48 (100)**	**379 (100)**

Note: Figures in parentheses are percentages
Source: Field Survey

Purpose wise and Source wise Credit: The purpose-wise distribution of credit from different sources among the communities is depicted in Table 6.24. It can be seen that 81.25% of the Schedule Caste community members, who avail credit from formal institutions, are utilizing the amount for agricultural purposes. The credit from informal sources (microfinance institutions in particular) is being utilized for creation

Table-6.24. Purpose-Wise Distribution of Loan by Different Sources among the Various Social Groups

Social Group	Purpose of Loan	Source of loan			Total
		Formal credit	Microfinance institutions (MFIs)	Informal credit	
SC	Social Need	2 (12.5)	21 (33.4)	9 (39.1)	32 (30.2)
	Agricultural	13 (81..3)	7 (10.4)	1 (4.4)	21 (19.8)
	Income generating activities	1 (6.2)	7 (10.4)	4 (17.4)	12 (11.3)
	Household Assets	0 (0)	32 (47.8)	9 (39.1)	41 (38.7)
	Total	16 (100)	67 (100)	23 (100)	106 (100)
ST	Agricultural	3 (100)	0 (0)	1 (33.0)	4 (50.0)
	Income generating activities	0 (0)	1 (50.0)	0 (0)	1 (12.5)
	Household Assets	0 (0)	1 (50.0)	2 (67.0)	3 (37.5)
	Total	3 (100)	2 (100)	3 (100)	8 (100)
BC	Social Need	5 (6.8)	8 (16.3)	12 (30.0)	25(15.4)
	Agricultural	63 (86.4)	8 (16.3)	2 (5.0)	73 (45.1)
	Income generating activities	3 (4.1)	8 (16.3)	14 (35.0)	25 (15.4)
	Household Assets	2 (2.7)	25 (51.1)	12 (30.0)	39 (24.1)
	Total	73 (100)	49 (100)	40 (100)	162 (100)
OC	Social Need	7 (10.0)	3 (23.0)	4 (33.3)	14 (14.7)
	Agricultural	58 (82.9)	3 (23.0)	4 (33.3)	65 (68.4)
	Income generating activities	1 (1.4)	2 (15.5)	1 (8.3)	4 (4.2)
	Household Assets	4 (5.7)	5 (38.5)	3 (25.0)	12 (12.7)
	Total	70 (100)	13 (100)	12 (100)	95 (100)
Minority	Social Need	0 (0)	0 (0)	1 (100)	1 (12.5)
	Agricultural	2 (40)	0 (0)	0 (0)	2 (25.0)
	Income generating activities	2 (40.0)	0 (0)	0 (0)	2 (25.0)
	Household Assets	1 (20.0)	2 (100)	0 (0)	3 (37.5)
	Total	5 (100)	2 (100)	1 (100)	8 (100)
All Social Groups	Social Need	14 (8.4)	32 (24.1)	26 (32.9)	72 (19.0)
	Agricultural	139 (83.2)	18 (13.5)	8 (10.1)	165 (43.5)
	Income generating activities	7 (4.2)	18 (13.5)	19 (24.1)	44 (11.6)
	Household Assets	7 (4.2)	65 (48.9)	26 (32.9)	98 (25.9)
	Total	167 (100)	133 (100)	79 (100)	379 (100)

Note: Figures in parentheses are percentages
Source: Field Survey

of household assets. Similar is the case with respect to members belonging to the backward and general caste communities. On the other hand, the credit obtained from private sources is predominantly being spent on creation of household assets, followed by social ceremonies, agricultural development and income generation activities. As regards to all social groups across the three regions, it is seen that the credit availed from formal sources is predominantly being invested in agriculture and the amount obtained from informal sources in relatively unproductive activities, viz., household assets creation and social ceremonies. The analysis reveals that the members owning lands, in general, and majority of the general caste members, in particular, are in a better position to access credit from formal sources since they are able to furnish their land documents and other valuable assets as collateral securities.

On the other hand, members from the socially backward communities access loans from informal sources at higher rates of interest.

Distribution of Collateral/Mortgage Securities: It could be observed from the data that the promissory note is the most important document for getting credit from micro

Table-6.25:- Community-Wise, Source-Wise Distribution of Collateral / Mortgage Securities

Social Groups	Source of loan	Collateral / Mortgage			Total
		Promissory note	Pledge of House/Jewelry	Land Pass Book	
SC	Formal credit	1 (1)	0 (0)	15 (94.0)	16 (15.0)
	MFIs	67 (75.0)	0 (0)	0 (0)	67 (63.0)
	Informal credit	22 (24.0)	0 (0)	1 (6.0)	23 (22.0)
	Total	**89 (100)**	**0 (0)**	**16 (100)**	**106 (100)**
ST	Formal credit	0 (0)	0 (0)	3 (100)	3 (37.5)
	MFIs	2 (40.0)	0 (0)	0 (0)	2 (25.0)
	Informal credit	3 (60.0)	0 (0)	0 (0)	3 (37.5)
	Total	**5 (100)**	0 (0)	**3 (100)**	**8 (100)**
BC	Formal credit	0 (0)	13 (80.0)	60 (98.0)	73 (45.0)
	MFIs	49 (56.0)	**0 (0)**	0 (0)	49 (30.0)
	Informal credit	39 (44.0)	0 (0)	1 (2.0)	40 (25.0)
	Total	**88 (100)**	**13 (100)**	**61 (100)**	**162 (100)**
OC	Formal credit	0 (0)	12 (92.0)	58 (100)	70 (74.0)
	MFIs	13 (54.0)	**0 (0)**	0 (0)	13 (14.0)
	Informal credit	11 (46.0)	1 (8.0)	0 (0)	12 (12.0)
	Total	**24 (100)**	**13 (100)**	**58 (100)**	**95 (100)**
Minority	Formal credit	0 (0)	3 (100)	2 (100)	5 (62.5)
	MFIs	2 (75.0)	0 (0)	0 (0)	2 (25.0)
	Informal credit	1 (25.0)	0 (0)	0 (0)	1 (12.5)
	Total	**3 (100)**	**3 (100)**	**2 (100)**	**8 (100)**
All Social Groups	Formal credit	1 (1.0)	28 (97.0)	138 (99.0)	167 (44.0)
	MFIs	133 (63.0)	0 (0)	0 (0)	133 (35.0)
	Informal credit	76 (36.0)	1 (3.0)	2 (1.0)	79 (21.0)
	Total	**210 (100)**	**29 (100)**	**140 (100)**	**379 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

finance institutions, whereas pledging of land/house documents/ gold are the important means for getting formal credit. The source-wise distribution of collateral securities for credit accessibility among the social groups is depicted in Table 6.25. It can be seen that for loans availed from formal credit institutions, land documents and ornaments are the primary collateral security ‘instruments’. However, as regards to the informal sources, the promissory note is the ultimate mortgage document. The community-wise distribution indicates that the majority of borrowers are poor and landless families who are accessing loans from microfinance institutions by keeping promissory notes and group willingness as a collateral security. This is followed by pledging of land documents to formal banks for meeting the credit requirements.

Repayment Performance of the Borrowers: Table 6.26 shows the loan repayment performance of the communities across the three regions. It can be seen that the SC community members are availing loans (particularly from microfinance institutions) for the purpose of meeting social needs and creation of household assets. They generally repay their loan installments on a weekly basis, followed by payments during the crop season. In general, the payments may be irregular. By contrast, the BC and OC community members are predominantly paying on a yearly basis or towards the end of the crop season. The table reveals that the nature of repayment differs among the communities across the regions. The factors involved include: the nature and sources of credit, capacity to fulfill collateral/mortgages and other proceedings and formalities in credit institutions. The informal sources are predominantly providing loans on a short-term basis, whereas the formal sources are giving loans on medium-term and long-term basis.

Table-6.26:- Community-Wise Nature of Repayment of Loan Amount by SHG Members Households

Social Groups	Source of Credit	Nature of repayment method				Total
		Weekly	Only crop season	Yearly	Any time	
SC	Formal credit	0 (0)	13 (100)	3 (60.0)	0 (0)	16 (15.0)
	MFIs	67 (100)	0 (0)	0 (0)	0 (0)	67 (63.0)
	Informal credit	0 (0)	0 (0)	2 (40.0)	21 (100)	23 (22.0)
	Total	**67 (100)**	**13 (100)**	**5 (100)**	**21 (100)**	**106 (100)**
ST	Formal credit	0 (0)	2 (100)	1 (50.0)	0 (0)	3 (37.5)
	MFIs	2 (100)	0 (0)	0 (0)	0 (0)	2 (25.0)
	Informal credit	0 (0)	0 (0)	1 (50.0)	2 (100)	3 (37.5)
	Total	**2 (100)**	**2 (100)**	**2 (100)**	**2 (100)**	**8 (100)**
BC	Formal credit	0 (0)	65 (100)	7 (100)	1 (2.0)	55 (45.0)
	MFIs	49 (100)	0 (0)	0 (0)	0 (0)	49 (30.0)
	Informal credit	0 (0)	0 (0)	0 (0)	40 (98.0)	40 (25.0)
	Total	**49 (100)**	**65 (100)**	**7 (100)**	**41 (100)**	**162 (100)**
OC	Formal credit	0 (0)	59 (100)	10 (91.0)	1 (8.0)	70 (73.7)
	MFIs	13 (100)	0 (0)	0 (0)	0 (0)	13 (13.7)
	Informal credit	0 (0)	0 (0)	1 (10.0)	11 (92.0)	5 (12.6)
	Total	**13 (100)**	**59 (100)**	**11 (100)**	**12 (100)**	**95 (100)**
Minority	Formal credit	0 (0)	2 (100)	3 (100)	0 (0)	5 (62.5)
	MFIs	2 (100)	0 (0)	0 (0)	0 (0)	2 (25.0)
	Informal credit	0 (0)	0 (0)	0 (0)	1 (100)	1 (12.5)
	Total	**2 (100)**	**2 (100)**	**3 (100)**	**1 (100)**	**8 (100)**
All Social Groups	Formal credit	0 (0)	141 (100)	24 (86.0)	2 (3.0)	167 (44.0)
	MFIs	133 (100)	0 (0)	0 (0)	0 (0)	133 (35.0)
	Moneylenders	0 (0)	0 (0)	4 (14.0)	75 (97.0)	79 (21.0)
	Total	**133 (100)**	**141 (100)**	**28 (100)**	**77 (100)**	**379 (100)**

Note: Figures in parentheses are percentages
Source: Field Survey

As regards to the village-wise distribution, borrowers from SC community in Raghavapur (in Telangana region), CTM (in Rayalseema region), Torredu as well as in Rajavolu (in Coastal Andhra region) have been predominantly paying the loan installments on weekly basis rather than other payment methods. The borrowers from ST community are very negligible in number and they are repaying equally through weekly, yearly, crop season and other methods. On the other hand, the BC community members from Raghavapur, Brahmanpalle, CTM and Ankisettipalle villages are repaying their amounts towards the end of the crop season, whereas, in Torredu and Rajavolu villages, the weekly installment payment is the general norm. As regards to the general community members across all the villages under study the preferred repayment option is at the end of the crop season.

Choice of Loan/Credit Source: The distribution of choice of loan for accessing loans from different sources among the caste communities is depicted in Table.6.27. It can be seen that, given the choice, the borrowers would prefer credit from formal sources because of the relatively low interest rates. On the other hand, there are some reasons which make the informal sources 'attractive'. A number of members belonging to the SC community cited factors like: quick processing, loan for any purpose and flexible repayment schedule as the main reasons for their availing credit from microfinance institutions and other informal sources. Similarly, the backward community and general community members access credit both from formal and informal sources. The formal sector is playing a more predominant role because of its lower interest rates; whereas the informal sources are providing loans with flexible repayment schedules, quick processing and any purpose loans. The analysis reveals that the land owners avail credit from the formal sources at low interest rate for income generation activities, whereas, the poor and landless labour members access credit from microfinance institutions for meeting social obligations and creation of assets. They are, especially, drawn towards factors like: the flexibility of repayment structure and loan purpose, quick availability of credit, which the MFIs offer.

Table-6. 27: Preference of Credit Source among SHG Members Households

Social Groups	Source of Credit	Reason for Loan								Total
		Low interest rate	Fixable repayment schedule	Can repay any Time	Doorstep services	Quick processing	Loan for any purpose	No need to product any security to get Loan	2 &4&5& 6&7	
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
SC	Formal credit	16 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 6 (15.0)
	MFIs	0 (0)	6 (100)	0 (0)	6 (100)	12 (71.0)	5 (24.0)	4 (100)	34 (100)	67 (63.0)
	Informal credit	0 (0)	0 (0)	2 (100)	0 (0)	5 (29.0)	16 (76.0)	0 (0)	0 (0)	23 (22.0)
	Total	**16 (100)**	**6 (100)**	**2 (100)**	**6 (100)**	**17 (100)**	**21 (100)**	**4 (100)**	**34 (100)**	**106 (100)**
ST	Formal credit	3 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3 (37.5)
	MFIs	0 (0)	1 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	2 (25.0)
	Informal credit	0 (0)	0 (0)	3 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3 (37.5)
	Total	**3 (100)**	**1 (100)**	**3 (100)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**1 (100)**	**8 (100)**
BC	Formal credit	73 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	73 (45.0)
	MFIs	0 (0)	14 (100)	0 (0)	5 (100)	6 (37.5)	1 (4.0)	4 (100)	19 (100)	49 (30.0)
	Informal credit	0 (0)	0 (0)	6 (100)	0 (0)	10 (62.5)	24 (96.0)	0 (0)	0 (0)	40 (25.0)
	Total	**73 (100)**	**14 (100)**	**6 (100)**	**5 (100)**	**16 (100)**	**25 (100)**	**4 (100)**	**19 (100)**	**162 (100)**
OC	Formal credit	70 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	70 (73.7)
	MFIs	0 (0)	5 (100)	0 (0)	2 (100)	1 (100)	2 (14.0)	1 (100)	2 (100)	13 (13.7)
	Informal credit	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	12 (86.0)	0 (0)	0 (0)	12 (12.6)
	Total	**70 (100)**	**5 (100)**	**0 (0)**	**2 (100)**	**1 (100)**	**14 (100)**	**1 (100)**	**2 (100)**	**95 (100)**
Minority	Formal credit	5 (83.3)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	5 (62.5)
	MFIs	0 (0)	2 (100)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (25.0)
	Informal credit	1 (16.7)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (12.5)
	Total	**6 (100)**	**2 (100)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**0 (0)**	**8 (100)**
All Social Groups	Commercial Bank	167 (99.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	167 (44)
	MFI	0 (0)	28 (100)	0 (0)	13 (100)	19 (55.9)	8 (13.0)	9 (100)	56 (100)	133 (35.0)
	Money Lender	1 (1)	0 (0)	11(100)	0 (0)	15 (44.1)	52 (87.0)	0 (0)	0 (00	79 (21.0)
	Total	**168(100)**	**28 (100)**	**11(100)**	**13 (100)**	**34 (100)**	**60 (100)**	**9 (100)**	**56 (100)**	**379 (100)**

Note: Figures in parentheses is percentages
Source: Field Survey

6.4 Summary

Accessibility of credit and the repayment conditions of SHG members have been examined in this chapter. It is observed that lending to the poor is considered to be costly and risky proposition, because of their low saving propensity and inability to provide collateral. SHGs however, can target the poor better since the joint liability compels them to be small and homogeneous, so that the members have incentive to

participate in selection, monitoring and ensuring the repayment of loans. Having all these characteristics, it is observed that repetition of loan to a SHG is hardly seen. Even, most of the well-functioning groups have not obtained loan more than once. In all the selected villages, on an average, about 59% of members have taken loan less than 2 times, while 33% of them took it 3-4 times, and 8% of the members took it 5-6 times. It is found that the members from the groups in Raghavapur, Torredu and Rajavolu villages took lesser number of bank loans due to lower savings and high default rates. However, in Brahmanpalle and Ankisettipalle villages, many members have borrowed loans about 3-4 times, because of their better saving rate and regular repayment capacity.

It has been observed that in all the selected villages, the ST community members did not avail loan more than 4 times, because of their delay in group formation and less savings. It is further observed that BC and OC members took loans more often, because of their better saving rates and regular repayment. It is also found that the transaction cost in terms of travelling time, loss of person days, several visits to banks and the associated expenditure for the self and the accompanying person, the loss of person days for the accompanying member, waiting period, and above all, paying the interest of the loan to outsiders have all vanished with the emergence of SHGs. The transaction cost, in terms of interest may be higher since in certain groups, the rate of interest charged ranges from 24-36%, which is two to threefold higher than that of the formal loans. But the members do not mind paying the higher interest as it goes back to their group fund and is later realized as their earnings.

The average amount of loan obtained each time by a SHG stands at Rs.17,485. The loan amount has been the highest in Brahmanaplle (Rs.35,785.71), followed by Ankisettipalle (Rs.24,070), CTM (Rs.22,828), Torredu (Rs.13,053), Rajavolu (Rs.11,059), and Raghavapur village (Rs.6,700). It is pertinent to note that loan assistance by the SHGs depends mostly on the gradation, performance and financial discipline of the group. On an average, the amount of loan obtained each time by a SHG moved in an opposite direction with respect to its extent of stability. Further, the study found that in Brahmanpalle, CTM and Anikisettipalle villages, members got

higher amount (Rs.45,000) as Bridge Loans than their counterparts in other villages. Similarly, the study found that none of the SC, ST and minority community members availed a loan amount more than Rs.45,000. This establishes that these members are highly discriminated under the microfinance program in all the selected villages. Further the study also found that many members from Torredu and Rajavolu have started generating greater amount of loanable funds through regular contribution and by themselves managing to meet their consumption and short-term credit for purchase of seeds, fertilizers and other farm requirements through internal loan.

The study also found that there are about three major patterns in inter-loaning system, viz., (i) on the basis of demand from the member borrower (the group maintains the credit limit depending upon the availability of funds and the likely demand for loans by other members); (ii) circular basis (group normally fixes the loan amount and disburses it to members one after another, till a circle is completed); and (iii) they decide the loan by consensus and distribute equal amount of loan to all members. Further, it is observed from the data that during the interviews nearly 100% of the respondents obtained loans based on the group concept (group loan but individual activities) and the same loan is divided equally among each member in the group. It is evident that the main emphasis is given to income generation purpose, which is found to be higher both in absolute and relative terms among all selected villages. Similarly, the study found that among all the social group members, the highest number of SC (31%) members used the loan amount for meeting consumption/social needs. In the same way, the study also observed that the repayment conditions significantly improved between pre- and post-SHG situations with a perceptible increase in repayment of loans from banks. The repayment performance of the borrowers depends largely upon the purpose for which the loan is utilized. Usually, the loans taken for productive (income generating) purposes are repaid promptly, because they generate income and thereby enhance the repaying capacity of the borrowers. While the loans taken for unproductive purposes do not generate any income and result in default of repayment.

An examination of the impact of income and employment generation through SHG-bank linkage program was another objective of the study and the data from the field survey found that the member respondents are engaged in a variety of economic activities under the SGH-bank linkage program. The composition of the economic activities chosen by the respondents indicates their free and suitable choice of economic activities as the key activities for income generation. The study found that the members, at the initial stages, normally borrowed for consumption purpose and then they slowly shifted their focus to income and employment generation purpose, which required higher amount of loan. It is found that 42% of the members have taken loans for income generation activities and this varied across the villages, such as 60% in Ankisettipalle, 47% in Brahmanpalle and CTM, 39% in Rajavolu, 33% in Raghavapur, and 32% in Torredu village. Similarly, among the social groups, minority community members (56.5%) have mostly utilized the loans for employment generation activities. It is clear from the study that majority of the members are engaged in economic activities such as kirana shop (16.5%), tailoring/embroidery (16.1%), dairy (12.8%), cloth/fancy shop (8.7%), hotel (7%), vegetable/fruits shop (6.2%), cow business (3.3%), flour mills (3.3%) and poultry/chicken shop (3.7%).

Similarly, the caste-wise analysis shows that, among the SC members, the majority of the members invested on tailoring/embroidery, followed by kirana shop, vegetable/fruits shop and dairy, while majority of the ST community members invested in kirana shop, followed by tailoring, hotel, brick industry, toy/pot making and steel/cement industry. Further, it is observed from the data that majority of the BC community members invested in tailoring/embroidery, followed by kirana shops, dairy, and cloth/fancy shop. Further, majority of the OC community are involved in dairy and kirana shop, followed by tailoring/embroidery, cloth/fancy shop and hotel. The study further observes that about 66% of the members opened non-farm sector activities in their own villages, while 34% started economic activities in Mandal/Taluka headquarters in which BC and OC communities are predominant.

Another important aspect of income generation that emerged from the study is that about 37% of the members earned income per month between Rs.1,501 to 2,500, while 35% of them earned between Rs.2,501 to 3,500, 18% earned more than Rs. 3,500, and the remaining members earned a monthly income of less than Rs.1,500. Out of those earning above Rs.3,500, majority belong to cloth/fancy shop business, followed by kirana shop, hotel, dairy, cow business, bricks industry, steel/cement shop, and tailoring/embroidery. It is interesting to note that among all social groups, a very large number of OC and BC community members earned a monthly income of more than Rs.3,500. Undoubtedly, the results indicate that the change in income among the members is due to the economic activities undertaken by them. The additional income of the respondents has added to their family income, increasing their family income by twofold. On the other hand, the distribution of income among the caste groups shows that majority of the SC community members earn a monthly income between Rs.1,501-2,500, while that of BC and OC community members earn a monthly income in the range of Rs.2,501-3,500.

Similarly, a perusal of the additional employment opportunities among the members across villages shows that for majority of the members the SHG-bank linkage program has significantly improved their economic status. It is observed in the field survey that about 73% of the members generated income up to 20 days in a month, while 27% of the members generated income for 21-30 days in a month. It is also observed that economic activity-wise generation of employment for up to 20 days in a month is found to be highest in tailoring/embroidery, kirana shops, dairy business and cloth/fancy shop. The incidence of generation of more employment for 21-30 days in a month, is found to be higher among economic activities such as tailoring/embroidery, kirana shop, cow business, dairy, and vegetable/fruits shop. The majority of non-farm enterprises thus run between 21-30 days in a month, either in parallel with agriculture or periodically as a substitute of agriculture. It is also found from the data that the delivery of microfinance to the poor is productive, effective and less costly, if they are organized into SHGs. The study reveals that self-employment is the best source of employment in the studied villages in the wake of paucity of employment opportunities. It emerged as a very important source of livelihood for

women in these villages. The microentrepreneurs received more constructive support from their husbands (68%), which is a healthy trend, compared to the pre-SHG stage. Further, the study found that the informal sources, viz., microcredit institutions and other private sources play a more dominant role for members from poor and deprived caste/communities than backward and general communities (who are economically and socially better-off to meet the conditions for availing credit from formal sources after fulfilling various procedures and formalities as required).

It is clearly understood from the present study that there is an encouraging trend in the income generation from the microenterprises of the respondents. The members are unanimous in their assertion that they have benefited a lot and have improved their income and economic status after starting microenterprises with the help of SHG-bank linkage program. The additional income of the respondents has added to their family income which registered a twofold increase. Those in the income group between Rs.1,500 to 2,500 reported that their income increased twofold after starting microenterprises under the SHG-bank linkage program. In the same way, majority of the members stated that joint decision making has increased in all important matters as a result of economic empowerment and about 12% of the respondents agreed that they are playing a greater and independent role in decision making in all important matters related to their family affairs.

Similarly, regarding the quality of life among the members, about 58% respondents reported that their quality of life has improved 'to some extent' after starting microenterprises as compared to the earlier period, while 35% of the respondents reported that their quality of life has improved to a 'satisfactory' level after becoming microentrepreneurs and generating considerable income. The overall picture that emerges from the survey data is that the respondents have developed various skills quite impressively after becoming SHG members and microentrepreneurs as a result of participating in various meeting and activities related to the SHG and microenterprises. A large number of respondents have reported that they have acquired problem-solving skills and an equal number of the respondents reported that they have developed confidence and improved

developmental skills. About 74% and 52% respectively reported that they are in better a position in social interaction and involvement of social activities. The promotion of SHGs under the SHG-bank linkage program has brought about a lot of positive changes in the minds of the spouses and parents of the respondents. In this study, significantly 81% of the respondents reported that their husbands and parents have encouraged their active participation in the SHGs and income generation under microenterprises.

CHAPTER 7

SOCIAL MOBILIZATION, EMPOWERMENT AND POVERTY REDUCTION

Don't ask me what poverty is because you have met it outside my house. Look at the house and count the number of holes. Look at my utensils and the clothes that I am wearing. Look at everything and write what you see. What you see is poverty.

-Common Man, Kenya, 1997

7.1 Introduction

Poverty is a major challenge in India. It is an outcome of multiple deprivations among the people. Poverty reduction has been the major goal of India's development policy since independence and providing at least a minimum standard of living to all the main objective of India's plans. Similarly, empowerment[7] of the poor through social and economic upliftment is considered a critical factor in reducing poverty levels, in general, and especially among women. It is argued that empowered women improve well-being of the household which in turn leads to better outcomes for the children and can arrest intergenerational transmission of poverty (Kabeer, 2003). In addition, women empowerment also results in reduction in gender disparities in human development (Rustagi, 2004). The empowerment of women is a fuller and wholesome development and it is not the income growth alone that has brought about poverty reduction through the trickle-down process but also direct intervention of the government in this regard. The major poverty alleviation programs in India, viz., self-employment, wage employment, Public Distribution System (PDS), and nutrition and social security have played a vital role in reducing poverty in rural areas and they

[7] Empowerment is a process of change by which individuals or groups gain power and ability to take control over their lives. It involves access to resources, resulting in increased participation in decision making and increased bargaining power, control over benefits, resources and own life, self-confidence, self-esteem, self-respect and well being. Thus, 'empowerment' is a multi-fold concept that includes economic, social and political empowerment.

have also been generating employment opportunities and raising the income level of the poor. Similarly, provision of employment opportunities to rural women is one way of improving their nutritional, health, educational and social status. Employment generation through investment in infrastructure development and pension scheme for the elderly is a recent initiative. There were some shifts in strategy from the individual approach to group-based approach and what is more, the Social Mobilization (SM) strategy for empowerment of poor. Poverty reduction is found to be more effective in the Indian context in motivating the poor to take part in development endeavors. Economic growth is supposed to improve the wellbeing of people by increasing their disposable income and purchasing power. The trickle down theory of economic development assumes that the benefits of high economic growth in terms of income at the macro level would automatically percolate down to individuals. But this theory ignores the inherent problems of distribution and poverty, which have raised questions like: Whether economic growth alone is sufficient for ensuring the wellbeing of the population? However, higher economic growth is not a sufficient condition. It is a necessary condition for improving human development for several reasons. It creates greater opportunities for employment and raising the income. Higher growth would generate more resources which may be available for further investments in social development. The growing access to microfinance and basic social services, when coupled with awareness campaigns, capacity-building endeavors and SHG/community actions, are expected to bring about a positive synergy between socioeconomic empowerment and increased wellbeing of the disadvantaged groups, especially women. This is the backdrop against which the present chapter is framed. The chapter is organized into two sections. Section I focuses on poverty in India, while Section II outlines the concepts, strategies and processes of SM and empowerment aimed at poverty alleviation in India.

Section-I

7.2 Poverty in India

Poverty has always been an issue of serious concern in the development process across the world. At the dawn of the 21st century, it was estimated that about 900 million or 68% of the world's poor people live in Asia; about 500 million in South Asia, 300 million in East Asia and 100 million in Southeast Asia and the Pacific. Further, about 526 million people, including 160 million children are undernourished. Not only do they lack access to sufficient money to buy food and other essentials, but they also do not have access to sufficient schooling, adequate housing and medical care. Those in rural areas are often short of essentials like water and fuel. Fertile land and water for farming are increasingly becoming scarce. Even the urban poor lack money to buy enough food and those they can afford are deficient in proteins, essential vitamins and minerals (Datt and Ravallion, 2002; and Dhongde, 2002). India is one among those countries that are facing widespread poverty problem right from the beginning and there is no doubt that reduction in poverty level has always been the major policy concern. India has the largest concentration of poor people with nearly 260 million people living in conditions of abject poverty. Since the economic reforms in the early 1990s, India has become one of the fastest growing economies of the world. Its GDP per capita has grown at about 4% per year. However, poverty at the national level does not reflect the significantly different poverty levels across the different states. For example, in 2006-07 India's poverty level was about 19.34%, but in Bihar and Odisha, it was as high as 43% and 41%, while in Punjab and Haryana, as low as 2%. Recent studies show that growth in income level of India has been rapid in the post-reform period, but less effective in reducing poverty and thus suggest that the most obvious way to reduce poverty is to increase the average income level. Based on the above background, an attempt has been made to find the variations in poverty levels across the states and factors causing variations across the states.

7.2.1 Definition and Concept of Poverty

In a special edition of *World Development Journal* published in 1997, Michael Lipton, argues that there is an emerging consensus on the analysis of poverty and the ways in which it can be reduced (Lipton, 2001). In terms of its definition and measurement, Lipton suggests that the principal components of this consensus are based on a growing recognition of the problem. Poverty may adequately be defined as private consumption that falls below some absolute poverty line, which he terms 'absolute private consumption poverty' and it is measured by calculating the proportion of the population who falls below a poverty line (the headcount) and the extent of this shortfall (the depth of poverty). This poverty line is usually based on an estimated minimum dietary energy intake or an amount required for purchasing a minimum consumption bundle. Low levels of capabilities (such as literacy and life expectancy) are major components of poverty but are best measured separately rather than amalgamated with consumption measures. Lack of consumption is more readily measured than lack of income, due to the ability of poor households to smooth their consumption over time in the face of income fluctuations arising from seasonality or shocks. The methodologies followed in the calculation of poverty line vary enormously. Consumption data are rarely gathered; proxy indicators of income tend to be used instead. The headcount ratio is the most common measure of poverty but estimates of its severity are seldom available. Finally, composite measures that combine income data with other measures of human capability are often computed. These measures normally expand well beyond the formula of the Human Development Index developed by United Nations Development Program (UNDP).

In India, there are several components and complexities to study regarding the poverty level. First, whether the poverty line is to be based on caloric consumption or food share or simply a judgmental absolute poverty level. Second, should poverty be measured at the household or individual (per capita) level or a further refinement, that poverty is measured on the basis of adult equivalence scales. Third, should poverty be measured in terms of consumption or income. The existing poverty line is a modified

form of the earlier one and is based on the recommendations of the expert group set up by the Planning Commission, Government of India, in 1993. This new poverty line was set about 14% higher in real terms than the previous official poverty line. It is to be noted that poverty lines are in terms of consumption, not income. An alternative, reliable and reasonable definition of poverty states that the poverty line is the one below which the long-run (permanent) household savings rate is negative.

7.2.2 Factors Causing Poverty

Poverty is best understood as having both an absolute and relative dimension. In the absolute sense, the poor are materially deprived to the extent that their survival is at stake. In relative terms, they are also deprived in relation to other social groups whose situation is less constraining. The latter notion of poverty has been explored in a number of studies, and appears to convey more accurately the manner in which poor people experience their own predicament. There are many factors which determine the poverty level-high population pressure, uncertain primary sector, underdeveloped non-farm sector, high level of income insecurity, lack of infrastructural facilities, high unemployment rate, disproportionate distribution of land and other resources among the families and regions, lack of human resource development, high dependence and helplessness, lack of support network, poor quality of basic necessities, and lack of health facilities.

7.2.3 Trend of Poverty in India

Poverty is a multi-dimensional aspect and it includes income as well as non-income poverty. It indicates not only levels of income and consumption, but also health, education, vulnerability, risk, marginalization and exclusion of the poor from the mainstream. Although Andhra Pradesh is lagging behind on many other dimensions of poverty, its performance in terms of consumption expenditure shows that there has been a remarkable reduction in the level of poverty, particularly rural poverty, from 48.4% in 1973-74 to 11.2% in 2004-05. The rural poverty level in the state is less than half of all-India level. The paradoxical situation specific to Andhra

Pradesh is that the poverty level is higher in urban areas as compared to rural areas. The urban poverty rate declined in the state during 1983 but it subsequently increased, especially in 1987-88 and 2004-05. While rural poverty declined significantly from about 26.53% in 1983 to 11.2% in 2004-05, urban poverty declined from 38.3% to 28% during the same period and it was still higher than the all-India level. The difference in the absolute number of urban (61.4 lakh) and rural (64.7 lakh) poor in 2004-05 was very small. It is also observed that the poverty level was less in 1987-88 as compared to that in 1983 (see Table 7.1). This could be attributed to poverty alleviation programs such as food for work.

The figures indicate that urban areas have about half of the total poor in Andhra Pradesh. Poverty in Andhra Pradesh is a subject of considerable current interest and discussion. The Government of Andhra Pradesh has expressed a strong commitment towards the reduction of poverty in the state and to this end has been supporting efforts to develop a sound diagnosis of outline elements of a strategy to confront this major development challenge. However, with regard to Andhra Pradesh it may be said that the days are not very far when there may not be any person living below the poverty line in the state. Hopefully, persons of the next generation may see poverty (poor) in the 'museum'. The state has not only been successful in bringing down poverty but is also ahead of other states in many respects. In this context, the rural socioeconomic development indicators developed by the National Institute of Rural Development (a training and research organization on rural development of Government of India) for all the states including Andhra Pradesh may be referred. Let us now discuss the performance of Andhra Pradesh with respect to important indicators. Type of house is an indicator of development. As is known to all if income of poor persons increases and they are left with surplus after spending on food, they build a house. As regards to the type of rural houses, the data reveal that 47% of rural houses (in 2001) were made of processed materials which are known as 'pucca house' (durable house) against an all-India average of 41%. With regard to agricultural productivity, it is observed that yield of food grains in the state (Andhra Pradesh) is much higher than the all-India average. During 2005-06, the yield rate of

food grains was 2,356 kg/ha as against the all-India average of 1,708 kg/ha. Thus, it is evident that with high yielding rate of food grains and good housing conditions the state is marching towards development. Apart from these, it is also evident from other development indicators that the state is much ahead of many other states. Electrification of rural households may be cited as an example. Around 60% of rural households (in 2001) in Andhra Pradesh had electricity facilities as compared to the all-India average of 43.5%. Same is the case with rural safe drinking water supply. Even malnourished children in percentage terms are less than the all-India average.

Table 7.1: Distribution of Poverty Levels in Andhra Pradesh (in lakh)

Year	Andhra Pradesh			India		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	178.21 (48.41)	47.48 (50.61)	225.69 (48.86)	2612.90 (56.44)	600.46 (49.01)	3213.36 (54.88)
1977-78	149.13 (38.11)	48.41 (42.55)	197.54 (39.31)	2642.47 (53.07)	646.48 (45.24)	3288.95 (51.32)
1983	114.34 (26.53)	50.24 (38.30)	164.58 (28.81)	2519.57 (45.65)	709.40 (40.79)	3228.97 (44.48)
1987-88	96.38 (20.92)	64.05 (40.11)	160.43 (25.60)	2318.80 (39.09)	751.69 (38.20)	3070.49 (38.85)
1993-94	79.49 (15.92)	74.47 (38.33)	153.96 (22.19)	2440.31 (37.27)	763.37 (32.36)	3203.68 (35.97)
1999-2000	58.13 (11.05)	60.88 (26.63)	119.01 (15.77)	1932.43 (27.09)	670.07 (23.62)	2602.5 (26.10)
2004-05	64.70 (11.20)	61.4 (28.00)	126.10 (15.80)	2209.24 (28.30)	807.96 (25.70)	3017.20 (27.50)

Note: Figures in the brackets are percentage shares.
Source: Planning Commission, Government of India

It has to be admitted that poverty eradication measures for rural poor have not been implemented with the same momentum in all the states of India. Percentage distribution of poverty levels in India is shown in Table 7.2. India has successfully reduced the share of the poor in the population by 17.4 percentage points from 54.9% in 1973 to 37.5% in 2004. Between 1973 and 1983, the percentage of poor declined from 54.9% to 44.5%, and it fell further to 36% in 1993-94. Thus 60 years after independence, more than one-third of our population still remains poor. There is a growing consensus that the poverty line (Rs. 356 monthly per capita consumption expenditure for rural areas and Rs. 539 for urban areas in 2004-05) in India is much too low, and continues to be based on a consumption basket that is too lean. If the

poverty line was higher, the share of the population below the poverty line would be accordingly higher. Some states have been particularly successful in reducing the proportion of poor in the total population. In 2004-05, the state with the lowest Headcount Ratio (HCR) was Punjab (8.4%), followed by Haryana (14%), Kerala (15%), Andhra Pradesh (15.8%), and Gujarat (16.8%). At the other end of the spectrum were Odisha (46.4%), Bihar (41.4%), Madhya Pradesh (38.3%), and Uttar Pradesh (32.8%), that also happens to be among the most populous states of India. In context of the present study, as per the poverty level in rural sector 9 out of 15 states are below average in sense that poverty level in these states is lower than the all-India poverty level. These states include Andhra Pradesh, Assam, Gujarat, Haryana, Karnataka, Kerala, Punjab, Rajasthan and Tamil Nadu. All these 9 states have mean income levels higher than that of the all-India level and for most of the states more than 50% of the difference between the national and state poverty level was explained by the high mean income levels of these states. Most of these states also had better income distribution than the all-India level, in the sense that keeping the mean income level constant, if the states' distribution of income had changed to the all-India distribution, poverty in these states would have in fact increased.

Similarly, in the urban sector 7 out of 15 states had poverty level lower than the all-India poverty level, which include Assam, Gujarat, Haryana, Kerala, Punjab, Tamil Nadu and West Bengal. But in many states the high mean income was not the only reason for lower poverty level. Unlike the rural sector, in the urban sector richer states also had relatively equal distribution of income. A large part of the difference between the state and national poverty level was accounted for, not only by the difference in the mean income levels, but also by the difference in the distribution of income. In other words, high-income level along with better distribution of income led to lower poverty level in these states. Consumption is the only element of wellbeing, but it is an important element and much interest is rightly attached to the Planning Commission's periodical estimates of poverty based on National Sample Survey data. The most widely-used poverty indicator is the HCR, i.e., the proportion of the population below the poverty line. The latest year for which relatively

Table 7.2: State-Wise Percentage Distribution of Poverty Level in India

State	Rural					Urban					Combined				
	1973-74	1983	1993-94	1999-00	2004-05	1973-74	1983	1993-94	1999-00	2004-05	1973-74	1983	1993-94	1999-00	2004-05
Andhra Pradesh	48.4	26.5	15.9	11.0	11.2	50.6	36.3	38.3	26.6	28.0	48.9	28.9	22.2	15.7	15.8
Assam	52.7	42.6	45.0	40.0	22.3	36.9	21.7	7.7	7.47	3.3	51.2	40.5	40.9	36.0	19.7
Bihar	63.0	64.4	58.2	44.3	42.1	53.0	47.3	34.5	32.9	34.6	61.9	62.2	55.0	42.6	41.4
Gujarat	46.4	29.8	22.2	13.1	19.1	52.6	39.1	27.9	15.5	13.0	48.2	32.8	24.2	14.0	16.8
Haryana	34.2	20.6	28.0	8.2	13.6	40.2	24.2	16.4	9.9	15.1	35.4	21.4	25.1	8.7	14.0
Karnataka	55.1	36.3	29.9	17.3	20.8	52.5	42.8	40.1	26.2	32.6	54.5	38.2	33.2	20.0	25.0
Kerala	59.2	39.0	25.8	9.3	13.2	62.7	45.7	24.6	20.2	20.2	59.8	40.4	25.4	12.7	15.0
Madhya Pradesh	62.7	48.9	40.6	37.0	36.9	57.7	53.1	48.4	38.4	42.1	61.8	49.8	42.5	37.4	38.3
Maharashtra	57.7	45.2	37.9	23.7	29.6	43.9	40.3	35.2	26.8	32.2	53.2	43.4	36.9	25.0	30.7
Odisha	67.3	67.5	49.7	48.0	46.8	55.6	49.2	41.6	42.8	44.3	66.2	65.3	48.6	47.1	46.4
Punjab	28.2	13.2	12.0	6.35	9.2	28.0	23.8	11.4	5.7	7.1	28.2	16.2	11.8	6.1	8.4
Rajasthan	44.8	33.5	26.5	13.7	18.7	52.1	37.9	30.5	19.8	32.9	46.1	34.5	27.4	15.2	22.1
Tamil Nadu	57.4	54.0	32.5	20.5	22.9	49.4	47.0	39.8	22.1	22.2	54.9	51.7	35.0	21.1	22.5
Uttar Pradesh	56.5	46.5	42.3	31.2	33.4	60.1	49.8	35.4	30.8	30.6	57.1	47.1	40.9	31.1	32.8
West Bengal	73.2	63.1	40.8	31.8	28.6	34.7	32.3	22.4	14.8	14.8	63.4	54.9	35.7	27.0	24.7
All India	**56.4**	**45.7**	**37.3**	**27.0**	**28.3**	**49.0**	**40.8**	**32.4**	**23.62**	**25.7**	**54.9**	**44.5**	**36.0**	**26.1**	**37.5**

Note: 1. Poverty Ratio of Assam is used for Sikkim, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland, and Tripura.

2. Poverty Ratio of Tamil Nadu is used for Pondicherry and A&N Islands.

3. Poverty Ratio of Kerala is used for Lakshadweep.

4. Urban Poverty Ratio of Punjab is used for both rural and urban poverty of Chandigarh.

5. Poverty Line of Maharashtra and expenditure distribution of Goa is used to estimate poverty ratio of Goa.

6. Poverty Line of Maharashtra and expenditure distribution of Dadra & Nagar Haveli is used to estimate poverty ratio of Dadra & Nagar Haveli.

Source*:* Planning Commission

uncontroversial HCR estimates are available is 1993-94, corresponding to the 55th Round of the National Sample Survey. Table 7.2 indicates that in 1993-94, in 8 out of 15 states the HCR was lower than the national average of HCR in rural areas. While in states like Assam, Bihar, Madhya Pradesh, Maharashtra, Odisha, Uttar Pradesh and West Bengal the HCR was above the national average of HCR in rural areas.

7.2.4 Impact of Poverty Eradication Programs in India

India's anti-poverty strategy contains a wide range of poverty alleviation and employment generation programs, many of which have been in operation for several years and have been reinforced to generate more employment, create productive assets, and raise the income level of the poor. Under these schemes, both wage employment and self-employment are provided to the people below the poverty line. In 1998-99, government proposed to unify poverty alleviation and employment generation programs under two broad categories of self-employment schemes and wage employment schemes. Abolition of poverty has been the most important objective since the beginning of economic planning in India. Eradication of poverty in the course of overall economic and social development by ensuring access to resources and skills, as well as by widening the opportunities for gainful employment to the deprived sections of the society, was articulated as the principal objective of all the rural development programs initiated by the government. It is understood that in the context of ongoing economic reforms due to the apprehensions that the short-run impact of reforms may not be favorable for the eradication of poverty, it is known that economic growth alone is not sufficient for reducing poverty and there is a need for direct state intervention for poverty eradication. A number of rural developmental programs have been initiated and implemented to moderate poverty. However, it was understood and that these programs could not bring the desired results, as they experienced a number of shortcomings. Obviously, in the late 1980s poverty had declined due to the target-oriented poverty alleviation programs, in spite of deceleration in agriculture growth. Therefore, it was realized that the poverty alleviation programs also play an important role in contributing to economic growth.

Moreover, very few studies made an attempt to assess the performance of Rural Developmental Programs (RDP). In 1998-99, government proposed to integrate the various poverty alleviation and employment generation programmes. A major program in the gamut was the Rural Work Program (RWP) that was introduced in 1961. Its major objective was to provide employment to the under-employed, mainly in the lean season. The Crash Scheme for Rural Employment (CSRE) was introduced in April 1971 to remove unemployment in rural areas by generating additional employment through rural works.

The Employment Guarantee Scheme (EGS) was initiated by the Government of Maharashtra in 1972-73 to provide employment to all able-bodied unskilled adults above 18 years of age in rural areas. On an average, a worker gets work for 160 days at the rate of Rs. 3 per day. This was quite adequate to raise the workers above the poverty line.

Integrated Rural Development Program (IRDP) was introduced in March 1976 and is mainly an asset creating program. IRDP is a major self-employment program for poverty alleviation. The objective of IRDP is to provide suitable income-generating assets through a mix of subsidy and credit to below poverty line families with a view to bring them above the poverty line. The assets, which could be in primary, secondary or tertiary sectors are provided through financial assistance in the form of subsidy by the government, and term credit advanced by financial institutions. An important feature of IRDP is that the poorest of the poor are given priority in this program. A family with an annual income of Rs. 20,000 and below per annum is considered to be below the poverty line based on the 1998 Below Poverty Line Census. The program is a centrally-sponsored scheme funded on 50:50 basis by the centre and state. The scheme was merged with another scheme known as Swarnajayanti Gram Swarozgar Yojana (SGSY) on April 1, 1999.

Development of Women and Children in Rural Areas (DWCRA) is an important poverty alleviation program implemented as a sub-scheme under IRDP. It is a centrally-sponsored scheme of the Department of Rural Development with the

cooperation of UNICEF to strengthen the women's component of poverty alleviation programs. Under this program (DWCRA), the target group is rural women of below poverty line families who are assisted to take up various income-generating activities. The DWCRA's primary thrust is on the formation of groups of 15-20 women from poor households at the village level for delivery of services like credit and skill training, cash and infrastructural support for self-employment. Each member of the DWCRA groups is given a revolving fund of Rs.25,000 for infrastructural support for income generation and other group activities. Through the strategy of group formation, the program aims to improve women's access to basic services of health, education, child care, nutrition and sanitation. It was also merged with SGSY on April 1, 1999.

The Training of Rural Youth for Self-Employment (TRYSEM) was a supporting component of the IRDP, started as a centrally-sponsored scheme on August 15, 1979. The purpose of TRYSEM was to impart technical skills to rural youth of families below the poverty line, to enable them to become self-employed in broad fields of agriculture and allied activities, and business activities. The trades are both self-employment and wage employment oriented. In order to make training more employment oriented, all technical trainings are proposed to be imparted in both the training institutions and private establishments. A training program as such and the above-stated method of training will provide ample scope for assistance under IRDP or any other self- employment scheme. However, this scheme is no more in operation. It was merged with SGSY on April 1, 1999. Training is imparted to rural youth in 30 different trades under this program.

Swarnajayanti Gram Swarozgar Yojana (SGSY) was introduced on April 1, 1999. The main objective of SGSY is to bring the assisted poor families (swarozgaris) above the poverty line by providing them income-generating assets through a mix of bank credit and subsidy. This objective is to be accomplished inter alia by organizing the rural poor into Self-Help Groups (SHGs) through a process of social mobilization, training and capacity building and provision of income-generating assets through a

mix of bank credit and government subsidy. The program aims at establishing a large number of microenterprises in rural areas based on the ability of the poor and potential of each area. This program was introduced after evaluating and restructuring previous programs like IRDP, TRYSEM, DWCRA, Supply of Toolkits in Rural Areas (SITRA), Ganga Kalyan Yojana (GKY), and Million Wells Scheme (MWS). However, since 1999, the above-stated programs are no more in function with the launch of the SGSY. At present, SGSY is the major continuing program for the self-employment of rural poor. SGSY is funded by the centre and the states in the ratio of 75:25.

National Rural Employment Guarantee Scheme (NREGS) commenced on February 2, 2006. In the first phase of implementation, this scheme was extended in only 200 districts across the country.

The main features and objectives of the scheme are:

- Employment for 100 days to be provided to every rural household, whose adult member volunteers to do unskilled manual work.
- Every person who has done the work to be provided a minimum wage as prescribed under the Minimum Wage Act 1948 for agricultural laborers in the state. And such wages shall not be less than Rs. 60 per day.
- Employment will be given within 15 days of application for work by an employment seeker. If employment is not provided within 15 days, daily unemployment allowance, in cash has to be paid. The legal liability to provide employment is of the state and liability to provide commensurate fund is of the centre.
- Priority must be given to local work while allocating laborers. The work should ordinarily be provided within 5 km radius of the village or else extra wages to the tune of 10% are payable.

Integrated Child Development Scheme (ICDS) was launched on October 2, 1975 in 33 community development blocks. ICDS today represents one of the world's leading programs for early childhood development. ICDS is the leading symbol of

India's obligation to her children. Above all, India responded to the challenge by providing pre-school education, on the one hand, and breaking the vicious cycle of malnutrition, morbidity, reduced learning capacity and mortality, on the other. No program on early childhood care and education can succeed unless the mothers are also brought in its gamut, as it is in the lap of a mother that a human being learns the first lesson of his life.

Another, government strategy for poverty alleviation is the Public Distribution System (PDS) which provides food security for below poverty line population. Through PDS, food security is enhanced particularly of the economically weaker sections of the society. Essential commodities like rice, wheat, sugar and kerosene are supplied, under PDS, to targeted beneficiaries at reasonable prices through the Fair Price Shops (FPS). The current format of PDS, called the Targeted Public Distribution System (TPDS) introduced in 1997, classifies beneficiaries into several categories based upon their income level and accordingly provides benefits to the beneficiaries. Under TPDS, the government is committed to issue 10 kg of food grains per month per BPL family at a price equal to half of the economic cost of Food Corporation of India (FCI). The supply of food grains for the BPL families is guaranteed to the states by the centre. If additional quantities are required by the states, that would depend on the availability of stocks in the central pool and are made available at a price which is close to FCI's economic cost.

Initially, the Mid-Day Meal Program (MDMP) for school children was introduced in Tamil Nadu as early as 1925, by the Corporation of Madras, but it became a state-wide scheme in 1956 under the then Chief Minister, K. Kamaraj. Initially, it was introduced in Adi Dravida community schools as the Poor Feeding Program. In 1961, the government began to receive American aid for the program and it was expanded to all corporation and government schools in urban areas. But it was introduced only in July 1982 under the leadership of the then Chief Minister M G Ramachandran. At first, it was introduced, in a phased manner, as the Puratchi Thalaivar MGR Nutritious Meal Program (PTMGR NMP) in child welfare centers in

rural areas for pre-school children in the age group of 2-5 years and for primary school children in the age group of 5-9 years. Subsequently, on September 15 the same year, despite widespread criticism from economists and pundits, MGR presciently extended the scheme to nutritious meal centers in urban areas. In 1984, it was further extended to school students between the age group of 10-15 years.

The successful introduction of NMP in Tamil Nadu encouraged the formation of the National Program of Nutritional Support to Primary Education (NP-NSPE), popularly known as the Mid-Day Meal Scheme (MMS), on August 15, 1995. It was launched as a centrally sponsored scheme at first in 2,408 blocks in India. Its main objective was to enhance enrollment, retention and attendance and simultaneously improve nutritional levels among children of Classes I-V of government/government-aided local body schools. The Union Human Resource Development (HRD) Ministry supplies free food grains to primary school children under this program at the rate of 100 gm per child per day for ten months in the year.

On December 25, 2000, the Government of India initiated the Antyodaya Anna Yojana (AAY) for the poorest of the poor. This scheme's main objective was to provide food grains to the poorest of the poor families at highly subsidized prices. Under this scheme, 25 kg of food grain is given to each eligible family at a highly subsidized rate of Rs. 2 per kg for wheat and Rs. 3 per kg for rice. This quantity has been enhanced from 25 kg to 35 kg from April 1, 2002. The following criteria are adopted to identify the real beneficiaries:

1. Landless agriculture laborers, marginal farmers, rural artisans/craftsmen such as potters, tanners, weavers, blacksmiths, carpenters, slum dwellers, and persons earning their livelihood on daily basis in the informal sector, like porters, coolies, rickshaw pullers, handcart pullers, fruit and flower sellers, snake charmers, rag pickers, cobblers, destitute and other similar categories in both rural and urban areas.

2. Households headed by widows or incurably ill persons/disabled persons, persons aged 60 years or more, or single women/men with no assured means of subsistence or societal support.
3. All primitive tribal households.

The National Old Age Pension Scheme (NOAPS) was launched in 1995. It offered pension initially at the rate of Rs. 75 per month to the destitute aged 65 years and above. This scheme was revised and the existing rate was enhanced to Rs. 200 per month with effect from April 1, 2006. However, all penniless senior citizens were not covered under the scheme. The number of persons benefiting from the pension scheme was not more than 20% of the total pensioners under NOAPS within a state. Thus, the Annapurna scheme aims at providing food security to meet the requirement of those senior citizens who, though eligible, have remained uncovered under NOAPS. Furthermore, it covers those impoverished senior citizens who are not covered under the TPDS and who have no income of their own. Therefore, the Annapurna scheme aims at providing food security to such indigent senior citizens by providing 10 kg of food grains per month free of cost.

Indira Awas Yojana (IAY) which was launched during 1985-86 as a sub-scheme of Rural Landless Employment Guarantee Program (RLEGP) has continued as a part of Jawahar Rozgar Yojana (JRY) since its launch in April, 1989. However, from January 1, 1996, IAY has been made a separate scheme. The objective of IAY then was to provide dwelling units, free of cost to the members of Scheduled Caste/Scheduled Tribe (SC/ST) communities and free the bonded laborers living below the poverty line. From 1993-94, the scheme has also been extended to non-SC/ST rural poor. IAY is a centrally sponsored scheme funded on cost sharing basis by the Government of India and the state government in the ratio 75:25. Under the scheme 100% subsidy is given for low-cost houses with other infrastructure facilities to the economically weaker section of the society. The cost of IAY houses have been enhanced from Rs. 14,000 to Rs. 20,000 in hilly and difficult areas. No type or design is prescribed for IAY except that the plinth area of the houses should be around 20 sq.

m. Contractors are not allowed in the construction of IAY houses. House construction should be done by the beneficiaries themselves from the very beginning. The beneficiaries may make their own arrangements for the construction and may engage skilled workmen on their own and involve family labor as well. Depending on the progress of the work, payment of subsidy to the beneficiary is made on installment basis.

The National Social Assistance Program (NSAP) was included in the Central Budget of 1995-96. Details of the program were worked out by a committee under the Chairmanship of Secretary (Rural Development) in consultation with the representatives of state governments. The then Prime Minister, in his broadcast to the Nation on July 28, 1995, announced that the program will come into effect from August 15, 1995. A set of guidelines included the features of NSAP, procedures for its implementation, the regulation and release of central assistance to states and other matters relevant to it. The main features and objectives of the program included three benefits as its components, viz.,

1. National Old Age Pension Scheme (NOAPS)
2. National Family Benefit Scheme (NFBS)
3. National Maternity Benefit Scheme (NMBS)

The NSAP is a centrally sponsored program under which 100% central assistance is extended to the states/UTs to provide the benefits in accordance with the norms, guidelines and conditions laid down by the central government. In providing social assistance benefits to poor households in the case of old age, death of the breadwinner and maternity, the NSAP aims at ensuring at least minimum national standards, in addition to the benefits that the states are currently providing or might provide in future. The intention behind providing 100% central assistance is to ensure that social protection to the beneficiaries everywhere in the country is uniformly available without interruption.

Section-II

7.3 Social Mobilization for Empowerment and Poverty Reduction

Through the trickle-down process, there have been direct interventions in a major way for poverty alleviation in India. But it is not income growth alone that has brought about the reduction in poverty. The process of empowerment, which seeks an equitable and active share for women deals with the burden of ideas and values which are passed on to women as part of their socialization process, right from their very childhood. This social conditioning becomes a part of her personality and mindset which influences her behavior and attitude. The empowerment process must begin with women changing their own ways of thinking and behavior. They must try to appreciate themselves at a higher level to recognize the value of their knowledge and skills in their contribution towards sustainability of the household and the community.

7.3.1 The Concept of Social Mobilization

Social mobilization envisages education and organization of the poor for improved socioeconomic status through collective efforts. In this dynamic process, the poor will be empowered enough to come out of the dependency syndrome as well as poverty. As a means of empowerment, the social mobilization process involves continuous awareness campaigns among the poor by facilitators/social animators so that the poor can participate in the development process, and thereby, access the basic amenities and resources for socioeconomic betterment. It also provides a suitable framework for holism in development, first, by catering to the needs and aspirations of the poor, and second, by seeking to engineer socioeconomic change on the basic of self-reliance (Radhakrishna and Shovan, 2005). Therefore, as argued, whenever increased self-confidence does not automatically lead to empowerment, it may still contribute decisively to a woman's ability and willingness to challenge the social injustices and the discriminatory systems that she faces. This implies that as women get financially better-off, their self-confidence and bargaining power within the household increase, which indirectly lead to their empowerment. Finally, the

empowerment is a process in which the impact of the microfinance program may take a long time before it is significantly reflected in the observable measures of women empowerment (Cheston and Kuhn, 2002). The change in women's empowerment is measured by creating empowerment indicators built on the following eight criteria, viz., mobility, economic security, ability to make small purchases, large purchases, involvement in major household decisions, relative freedom from domination by the family, political and legal awareness, and participation in public protests and political campaigns. The results suggest that women's access to credit contributes significantly to the magnitude of the economic contributions reported by women, likelihood of an increase in asset holdings on their own names, and an increase in their exercise of purchasing power and in their political and legal awareness. Hashemi *et al*. (1996) also found that access to credit is also associated with higher levels of mobility, political participation and involvement in 'major decision making' for particular credit organizations.

The impact of microfinance programs on women is not always positive. Women who have set up enterprises benefit only from small increases in income at the cost of heavier workloads and repayment pressures. Sometimes their loans are used by men in the family to set up enterprises, or sometimes women end up being employed as unpaid family workers with little benefit. It has also been seen that in some cases, women's increased autonomy has been temporary and has led to the withdrawal of male support. It has also been observed that small increases in women's income have lead to a decrease in male contribution to certain types of household expenditure (Mayoux, 1997). Scholars have also warned about the inherent dangers in using social capital to cut costs in the context of other policies for financial sustainability. The reliance on peer pressure rather than individual incentives and penalties, may create disincentives and corruption within groups. Reliance on social capital of women clients, along with increasing emphasis on ideals on strict economic accounting at the program level, require increased voluntary contribution by the members in terms of time and effort. It has been noted that those putting in voluntary contributions also expect to be repaid in the form of leadership of the group (Mayoux,

2001). Empowerment of people is a complex process by which the marginalized people become aware of the power dynamics at work in the life context and develop skills and capacity for gaining some control over their lives without infringing upon the rights of others (Rawlands, 1997). In the development context, it is essentially a change of social relations, change in the attitudes of non-poor as well emphasizing the need for re-negotiations in regard to access and control over resources. A core methodology of social mobilization was suggested for inclusion in the poverty policy frameworks of national and international agencies (Susil, 2001). Social mobilization is a multi-stage process, which includes: (a) Formation of poor into groups. Entry point can be any social or economic activity having immediate relevance to the poor; (b) Awareness building; (c) Capacitating the groups; (d) Initiating social or economic activity for collective action and also providing social protection whenever necessary; and (e) Capacity building and skill development to access new knowledge bases/non-traditional spheres which may open up new powerful networks.

7.3.2 Strategies for Social Mobilization

The strategies for social mobilization range from 'welfare' to 'development' to 'empowerment'. A few development interventions emphasized on the access dimension and creation of more opportunities to land, credit, education and health services. It is for this reason that some institutional reforms like land reforms and reservations in government jobs and local self-governments for the socially disadvantaged groups have been introduced for facilitating active participation of the poor in key decisions and their exercise of greater control over resources. However, a gradual shift in government strategies is evident from its changed stance and the role, i.e., from provider of services to facilitator of processes initiated for the poor to break the vicious circle of poverty and dependency. Economic interventions like employment generation and credit support mechanism are the entry points with have largely been opted by NGOs in India since the 1990s. Entrepreneurship development and linking SHGs to financial institutions have been the two most crucial events in their development strategy for sustainable poverty reduction.

7.3.3 Process of Social Mobilization and Empowerment

Strengthening of people's institutions like the Panchayat Raj Institutions (PRIs), Village Organizations (VOs) and Community-Based Organizations (CBOs), enhancing the quality of governance through decentralization of development process, and earmarking large allocations for social development have been the key elements of the strategy for achieving the plan objective of growth with social justice. These institutions are expected to improve the quality of delivery of development goals and in the process making government more responsive and responsible. Development of professional and managerial capabilities of VOs and CBOs has been another significant measure in this regard. Revamping the delivery system and widening the social security net, among others, comprised the major government initiatives for improving the quality of life of the people as well as poverty reduction. The Ninth Five Year Plan made a qualitative shift in its approach from 'welfare' to 'empowerment' for ensuring the well-being of the disadvantaged groups. Economic independence and self-reliance through employment and income-generating activities and group action have been the main planks in this approach. Therefore, it can be inferred that the ingredients essential for the social mobilization process for empowerment and poverty reduction, viz., creation of an enabling environment, building up the capacities of facilitating agencies, creation of opportunities for social and economic development, and social protection measures, are well articulated in the plan documents.

7.3.4 NABARD's Innovative Experiment

The SHG-bank linkage approach has helped in tapping the latent potential of the poor in mobilizing their own savings, meeting their needs and managing their own affairs. Poverty alleviation through microcredit is not merely provision of credit and services to the poor, but helping the poor to participate in the society's value-addition processes. The SHG-credit linkage has grown remarkably over time from a mere 255 SHGs with bank loans of Rs.2.9 mn during 1992-93 to 2,924,973 SHGs with loan of Rs.18,040.74 cr by March 2007. Therefore, financing SHGs had become a

mainstream activity of the banking sector by 1996 and it emerged as one of the national priorities in 1999. The much desired 'partnership mode' of development with participation of public and private sector banks in SHGs has became a reality thereafter. Banks, GOs, NGOs and CBOs have been involved in social intermediation for forming and nurturing of SHGs. But the entrepreneurship development activities (of the SHGs and others) need to be qualitatively enriched so that poverty reduction will not be a transient phenomenon. In fact, this is one of the major challenges encountered by the voluntary sector also in their efforts to address poverty squarely.

7.3.5 Impact of Microfinance Program on Member Borrowers

The program brings in its wake various economic benefits to SHG members in terms of increased asset creation, enhanced saving and borrowing habits, increased income, higher employment, and improved social lives. The SHG-bank linkage program impacted the social empowerment of sample SHG members in a significant way. The various SHG activities resulted in improving the decision-making capacity of SHG members. Accordingly, it had its impact on decision making in household matters as well. As argued by Bali and Fan (2007), not all activities that lead to an increase in well-being of a woman are necessarily empowering them. For instance, activities like improvement in nutrition of children, lead to greater efficiency in the woman's role in the household but it also falls within the existing role of the women under the prevailing norms of the society. When a woman is better able to perform such activities, it leads to an increase in her self-confidence and feeling of well-being. This might create conditions leading to woman empowerment, but is not empowering on their own. Similarly, community-driven development activities involve the initiatives of the SHGs; for instance, solving drinking water problem in the village, reduces the demand on a woman's time, while leading to better health of all household members, particularly children. However, most of these activities are for the welfare of the household (including women) or the community at large, but are not directly empowering as they reinforce the existing gender roles within society. The truly empowering activities are those that reflect the changes in the women, who

have effectively made their lives better by resisting the existing norms of the society. For instance, if a woman offers greater resistance to any form of abuse from her husband or family, we can consider her more empowered as she is trying to improve her well-being by asserting herself. Anand (2002), in his study attempted to show the performance of selected SHGs in Andhra Pradesh and assessed their impact on empowering women. One important observation was that all the members had savings after joining the group. It was also observed that a few members were dominating the groups year after year. In this study, it has been further observed that microcredit through SHGs has created a positive impact on the families of the members. This research further demonstrates that there have been positive changes in the attitude of the beneficiaries. Several groups have become centers for initiating social actions against dowry system, alcoholism, illiteracy and divorce.

7.4 Empirical Results

7.4.1 Social Empowerment

The Decision Maker of the Family: To understand who is the decision maker in the family, data was collected on purchase/sale of household assets, family savings, children's education and marriage, using a 4-point scale, i.e., (i) SHG Member, (ii) Husband, (iii) Both (Wife and Husband) and (iv) Joint Family Members. It is commonly observed that in a family some decisions are exclusively taken by the husband i.e., head of the family, while some are exclusively taken by the housewife, and the other decisions are taken jointly by both husband and wife. There are some other decisions, which are exclusively taken by other members in the family, like the children, parents-in-law, married sons, etc. Of the 582 members, at the time of joining the group, majority had reported that household decisions were taken by their husbands. Now, majority of the members report that household decisions are taken by them jointly with their husbands. It reveals that women's role in household decisions increased after joining the SHGs. This is because of the experience gained by the members by attending trainings and meetings. Table 7.3 shows that out of 582 selected sample members, nearly 49% have reported that household decisions are

taken jointly with their husbands, followed by 32% who reported that their husbands generally take decisions in their family, 12% who reported that household decisions are taken by themselves (SHG members), and 7% of the members reported that usually all family members take the decisions together. According to the norms in the South Asian society, especially India, it is usually the head or the male members of the household who take certain key decisions. It was found that the increased participation of women in the decision-making processes empowers women in the true sense. Joint decision making in the purchase of business items is observed among all the members belonging to all the villages under study. Thus, it can be concluded that the involvement of husband is more common for all types of decisions among all the group members under study.

It is further observed from Table 7.3 that among all selected villages, the percentage of members who reported that household decisions are taken them jointly with their husbands is found to be highest in Rajavolu (53%) and lowest in Ankisettipalle village (38%), while in Raghavapur, Brahmanplle, CTM, and Torredu villages they are 45.9%, 45.2%, 49.7% and 51% respectively. The joint decision making by women improved significantly in all aspects investigated. The study found that in all the selected villages majority of all social group members reported that they make household decisions jointly with their husbands in their families. The percentage is found to be highest among the OCs, followed by the BCs. The OC and BC community members are more literate and economically sound in comparison to the others. Further, it was observed that among minority community members, majority of them reported that their household decisions are taken by their husbands. It was also observed that among all the selected villages, in Raghavapur, the percentage of SHG members playing a greater and independent role in decision making regarding all matters related to their family affairs, is highest.

A perusal of Table 7.3 also reveals that highest percentage of members whose husbands generally take decisions in their family is in Ankisttipalle and lowest in Brahmanpalle village. However, a decreasing role of husbands is observed in the

process of decision making as compared to earlier times. This is a positive trend in the process of women empowerment through income generation through SHG-bank linkage.

Table 7.3: Village-Wise and Community-Wise Frequency of Decision Making by SHG Members

Social Groups	Decision Making	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Self	5 (29.4)	2 (28.6)	3 (12.5)	3 (25.0)	12 (16)	2 (9.5)	27 (17.3)
	Husband	6 (35.3)	0 (0)	9 (37.5)	5 (41.6)	25 (33.33)	8 (38.1)	53 (34.0)
	Jointly with husband	5 (29.4)	3 (42.8)	10 (41.7)	2 (16.7)	36 (48)	10 (47.6)	66 (42.3)
	Jointly family	1 (6.0)	2 (28.6)	2 (8.3)	2 (16.7)	2 (2.66)	1 (4.8)	10 (6.4)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Self	0 (0)	0 (0)	1 (11.1)	1 (16.7)	0 (0)	0 (0)	2 (10.0)
	Husband	1 (100)	1 (100)	5 (55.6)	2 (33.3)	2 (100)	1 (100)	12 (60.0)
	Jointly with husband	0 (0)	0 (0)	3 (33.3)	3 (50.0)	0 (0)	0 (0)	6(30.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Self	12 (15.5)	4 (12.9)	9 (13.0)	2 (11.8)	2 (8.7)	3 (12.0)	32 (13.2)
	Husband	19 (24.7)	8 (25.8)	20 (29.0)	5 (29.4)	3 (13.1)	4 (16.0)	59 (24.4)
	Jointly with husband	39 (50.7)	15 (48.4)	36 (52.2)	8 (47.0)	15 (65.2)	16 (64.0)	129 (53.3)
	Jointly family	7 (9.1)	4 (12.9)	4 (5.8)	2 (11.8)	3 (13.0)	2 (8.0)	22 (9.1)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Self	0 (0)	0 (0)	4 (5.7)	1 (8.3)	4 (10.5)	2 (11.1)	11 (7.8)
	Husband	0 (0)	1 (50)	20 (28.7)	3 (25.0)	12 (31.6)	6 (33.4)	42 (29.8)
	Jointly with husband	1 (100)	1 (50)	44 (62.8)	6 (50.0)	20 (52.6)	9 (50)	81 (57.4)
	Jointly family	0 (0)	0 (0)	2 (2.8)	2 (16.7)	2 (5.3)	1 (5.5)	7 (5.0)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Husband	2 (100)	0 (0)	12 (80)	3 (100)	1 (100)	1 (100)	19 (82.6)
	Jointly family	0 (0)	1 (100)	3 (20)	0 (0)	0 (0)	0 (0)	4 (17.4)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Self	17 (17.3)	6 (14.3)	17 (9.1)	7 (17.0)	18 (13.0)	7 (10.6)	72 (12.4)
	Husband	28 (28.6)	10 (23.8)	66 (35.3)	18 (36.0)	43 (31.0)	20 (30.3)	185 (31.8)
	Jointly with husband	45 (45.9)	19 (45.2)	93 (49.7)	19 (38.0)	71 (51.0)	35 (53.0)	282 (48.5)
	Jointly family	8 (8.2)	7 (16.7)	11 (5.9)	6 (12.0)	7 (5.0)	4 (6.1)	43 (7.3)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

It is also observed that in Ankisettipalle village**,** the husbands of SC and minority community members play a major role in decision making as compared to other communities. It is observed that among all the selected villages, joint family decisions are found to be highest in Brahmanpalle village. Overall, the participation of women in decision-making process increased after joining the SHGs.

Spending Family Income: When the control over money earned by women was examined interesting results emerged. 582 SHG members were asked who generally spends family income in their home, and as many as 58% stated that the family income is spent by them jointly with their husbands, followed by 26% who stated that their husbands spend the income, 11% who stated that they spent it themselves (SHG members), and finally, 5% stated that it is spent jointly by their family members. It is important to note that of the 58% members who reported that they spend their family income jointly with their husbands, the highest percentage is recorded in Ankisettipalle, while lowest is recorded in Raghavapur village (see Table 7.4). Further of all the social groups, the majority of the OC community members reported that their family income is spent by them jointly with their husbands as compared to other community members**.** The OC community members are reasonably educated and economically strong. Further, it is observed from Table 7.4 that in Raghavapur, out of 98 members, nearly 41% reported that their husbands play a significant role in spending the family income, and this is highest as compared to other selected villages. This is because majority of the husbands of SHG members of this village work in the non-farm sector, e.g., in mandal headquarters, hence they play a major role in spending the income. It is observed that husbands of majority of the ST community members play a major role in spending the family income as compared to other communities. This may be because most of the ST members are agricultural laborers and illiterates. The percentage of members who reported that their family income is spent by themselves (SHG members) is found to be highest in Raghavapur and lowest in Ankisettipalle village. It is very interesting to note that among all social group members, the majority of the SC community members reported that their family income is spent by themselves (SHG members), because in this community

Table 7.4: Village-Wise and Community-Wise Frequency of Income Spend by the Family Members of SHG Members

Social Groups	Income Spend by	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	SHG Member	5 (29.4)	2 (28.6)	3 (12.5)	0 (0)	10 (13.3)	0 (0)	20 (12.9)
	Husband	8 (47.0)	5 (71.4)	4 (16.7)	1 (8.3)	11 (44.7)	5 (23.8)	34 (21.9)
	Jointly with husband	3 (17.6)	0 (0)	16 (66.7)	11 (91.7)	50 (66.7)	15 (71.4)	95 (60.6)
	Family Members	1 (6.0)	0 (0)	1 (4.1)	0 (0)	4 (5.3)	1 (4.8)	7 (4.6)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156(100)**
ST	SHG Member	0 (0)	0 (0)	1 (11.1)	0 (0)	0 (0)	0 (0)	1 (5.0)
	Husband	1 (100)	1 (100)	5 (55.6)	6 (100)	1 (50.0)	1(100)	15 (75.0)
	Jointly with husband	0 (0)	0 (0)	3 (33.3)	0 (0)	1 (50.0)	0 (0)	4 (20.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	SHG Member	10 (13.0)	3 (9.7)	13 (18.8)	1 (5.8)	0 (0)	2 (8.0)	29 (12.0)
	Husband	31 (40.2)	7 (22.6)	9 (13.0)	2 (11.8)	4 (17.4)	11 (44.5)	64 (26.4)
	Jointly with husband	32 (41.6)	20 (64.5)	44 (63.8)	13 (76.5)	16 (69.6)	9 (36.0)	134(55.4)
	Family Members	4 (5.2)	1 (3.2)	3 (4.4)	1 (5.9)	3 (13.0)	3 (12.5)	1 (6.2)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242(100)**
OC	SHG Member	0 (0)	0 (0)	7 (10)	1 (8.3)	4 (10.5)	2 (11.2)	14 (9.9)
	Husband	0 (0)	0 (0)	19 (27.2)	1 (8.3)	5 (13.2)	5 (27.8)	30 (21.4)
	Jointly with husband	1 (100)	2 (100)	43 (61.4)	10 (83.4)	27 (71.1)	10 (55.5)	93 (65.9)
	Family Members	0 (0)	0 (0)	1 (1.4)	0 (0)	2 (5.2)	1 (5.5)	4 (2.8)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141(100)**
Minority	SHG Member	0 (0)	0 (0)	1 (6.6)	0 (0)	0 (0)	0 (0)	1 (4.4)
	Husband	0 (0)	0 (0)	4 (26.6)	2 (66.7)	0 (0)	0 (0)	6 (26.1)
	Jointly with husband	2 (100)	0 (0)	8 (53.8)	1 (33.3)	1 (100)	1 (100)	13 (56.5)
	Family Members	0 (0)	1 (100)	2 (13.0)	0 (0)	0 (0)	0 (0)	3 (13.0)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	SHG Member	15 (15.3)	5 (12.0)	25 (13.4)	2 (4.0)	14 (10.0)	4 (6.1)	65 (11.2)
	Husband	40 (40.9)	13 (31.0)	41 (21.9)	12 (24.0)	21 (15.1)	22 (33.3)	149(25.6)
	Jointly with husband	38 (38.8)	22 (52.4)	114(61.0)	35 (70.0)	95 (68.4)	35 (53.0)	339(58.2)
	Family Members	5 (5.1)	2 (4.6)	7 (3.7)	1 (2.0)	9 (6.5)	5 (7.6)	29 (5.0)
	Total	**98 (100)**	**42 (100)**	**187(100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582(100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

more members are widows. Table 7.4 also indicates that in all selected villages, majority of the minority community members reported that their family income is

spent by their husbands. Minority community members are in general not interested in going outside. So, they do not the visit market. Instead they send their husband/family members for making purchases.

Permission to go to the Market or Visit a Friend's House: It is clear from Table 7.5 that out of 582 sample SHG members, about 89% of them takes permission from their husbands for going to the market and visiting their friends' homes. The village-wise analysis reveals that 94%, 90.9%, 90.9%, 89.2%, 85.7% and 81.6% in Ankisettipalle, Rajavolu, CTM, Torredu, Brahmanpalle and Raghavapur villages respectively take permission from their husbands to go to market or friends' homes. This table also shows that all the minority community members reported that they take permission from their husbands for going to the market and visiting their friends' homes.

Table 7.5: Village-Wise and Community-Wise Frequency of Permission Needed to Visit Market/Friend's Home by SHG Members

Social Groups	Permission	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	11 (64.7)	5 (71.5)	21 (87.5)	12 (100)	65 (86.7)	21 (100)	135 (86.5)
	No	6 (35.3)	2 (12.5)	3 (12.5)	0 (0)	10 (13.3)	0 (0)	21 (13.5)
	Total	17 **(100)**	7 **(100)**	24 **(100)**	12 **(100)**	75 **(100)**	21 **(100)**	156 **(100)**
ST	Yes	1 (100)	1 (100)	8 (88.9)	6 (100)	2 (100)	1 (100)	19 (95.0)
	No	0 (0)	0 (0)	1 (11.1)	0 (0)	0 (0)	0 (0)	1 (5.0)
	Total	1 **(100)**	1 **(100)**	9 **(100)**	6 **(100)**	2 **(100)**	1 **(100)**	20 **(100)**
BC	Yes	65 (84.4)	27 (87.1)	60 (87.0)	15 (88.2)	21 (91.3)	22 (88.0)	210 (86.8)
	No	12 (15.6)	4 (12.9)	9 (13.0)	2 (11.8)	2 (8.7)	3 (12.0)	32 (13.2)
	Total	77 **(100)**	31 **(100)**	69 **(100)**	17 **(100)**	23 **(100)**	25 **(100)**	242 **(100)**
OC	Yes	1 (100)	2 (100)	65 (92.9)	11 (91.7)	35 (92.1)	15 (83.3)	129 (91.5)
	No	0 (0)	0 (0)	5 (7.1)	1 (8.3)	3 (7.9)	3 (16.7)	12 (8.5)
	Total	1 **(100)**	2 **(100)**	70 **(100)**	12 **(100)**	38 **(100)**	18 **(100)**	141 **(100)**
Minority	Yes	2 (100)	1 (100)	15 (100)	3 (100)	1 (100)	1 (100)	23 (100)
	Total	2 **(100)**	1 **(100)**	15 **(100)**	3 **(100)**	1 **(100)**	1 **(100)**	23 **(100)**
All Social Groups	Yes	80 (81.6)	36 (85.7)	169 (90.9)	47 (94.0)	124 (89.2)	60 (90.9)	516 (88.7)
	No	18 (18.4)	6 (14.38)	17 (9.1)	3 (6.0)	15 (10.8)	6 (9.1)	66 (11.3)
	Total	98 **(100)**	42 **(100)**	186 **(100)**	50 **(100)**	139**(100)**	66 **(100)**	582 **(100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

The results indicate the fact that a member belonging to the minority community do not go out without their husbands' permission. It is very interesting to note that among all social group members, the majority of the SC community members reported that they go to the market and their friends' homes without their husbands' permission. The reason is that as most members in this community are widows, there is no need to take permission. It is also observed that majority of the SHG members do not take permission from their husbands to go out belong to Raghavapur village.

Improved Confidence Level: To assess the self-confidence levels of SHG members, data was collected on the changes in the self-confidence levels of women in the following aspects: (i) Ability to sign; (ii) Confidence to approach banks and to speak to others; (iii) Improvement in communication skill; (iv) Going alone for medical treatment for self/children; and (v) Handling certain amount of money. The levels of self-confidence and mobility are important constituents of empowerment. Table 7.6 depicts the changes in the level of self confidence, if any, over the pre-SHG period in the selected villages. It can be seen from the table that in 88% of the cases there has been an increase in self-confidence after joining the group. Majority of the social group members reported that after joining the SHG there self-confidence increased, because of attending group meetings, communicating with others and participating in various government programs. Now, all the members have the confidence and ability to face visitors because of greater participation in discussions and decision making during group and federation meetings, trainings and exposure visits. The comparison of the selected villages brings out significant variations. In Brahmanplle village, 100% of the members as compared to 98.5% in Rajavolu, 96.4% in Torredu, 91.8% in Raghavapur, 82% in Ankisettipalle and 74.9% in CTM reported that there is a change in their confidence level after joining the group.

The study found that in Brahmanpalle village, all members reported an increase in self-confidence after joining the group. The trend of increase in self-confidence is observed among all the communities: OCs (89.4%), followed by SCs (88.5%), BCs (87.6%), minority (87%) and STs (80%). It may be observed from

Table 7.6 that very few members, i.e., 12% reported that there was no change in their self-confidence after joining the SHG. Further, it is observed that among the members who reported that there was no change in their self-confidence, majority belong to the ST community, followed by the minority.

Table 7.6: Village-Wise and Community-Wise Status of Self-Confidence of the SHG Members

Social Groups	Self-Confidence Status	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Increase	16 (94.1)	7 (100)	13 (54.2)	11 (96.7)	70 (93.3)	21 (100)	138 (88.5)
	No Change	1 (5.9)	0 (0)	11 (45.8)	1 (8.3)	5 (6.7)	0 (0)	18 (11.5)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Increase	1 (100)	1 (100)	6 (66.7)	5 (83.3)	2 (100)	1 (100)	16 (80.0)
	No Change	0 (0)	0 (0)	3 (33.3)	1 (16.7)	0 (0)	0 (0)	4 (20.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Increase	70 (90.9)	31 (100)	53 (76.8)	11 (64.7)	23 (100)	24 (96.0)	212 (87.6)
	No Change	7 (79.1)	0 (0)	16 (23.2)	6 (35.3)	0 (0)	1 (4.0)	30 (12.4)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Increase	1 (100)	2 (100)	56 (80.0)	11 (91.7)	38 (100)	18 (100)	126 (89.4)
	No Change	0 (0)	0 (0)	14 (20.0)	1 (8.3)	0 (0)	0 (0)	15 (10.6)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Increase	2 (100)	1 (100)	12 (80.0)	3 (100)	1 (100)	1 (100)	20 (87.0)
	No Change	0 (0)	0 (0)	3 (20.0)	0 (0)	0 (0)	0 (0)	3 (13.0)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Increase	90 (91.8)	42 (100)	140 (74.9)	41 (82.0)	134 (96.4)	65 (98.5)	512 (88.0)
	No Change	8 (8.2)	0 (0)	47 (25.1)	9 (18.0)	5 (3.6)	1 (1.5)	70 (12.0)
	Total	**98 (100)**	**42(100)**	**187(100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Increase in Decision-Making Power: Decision-making capacity was perceived by most to have increased along with the number of times they availed bank loans. Every bank linkage appears to have contributed significantly to increase in the decision-making capacity of the women members. As it can be seen from Table 7.7, formation of SHG-bank linkage requires negotiation with formal institutions, and negotiation brings with it the need to make appropriate decisions during the discussion 87.3% of the members reported that there was an increase in their decision-making capacity. It

is observed that among the all selected villages, in Brahmanpalle and Rajavolu, almost all members reported that there was an increase in their decision-making power after joining the group. It is important to note that in CTM village, 26.20% of the members reported that even after joining the group there was no change in their decision-making power. This was highest in comparison to those of other villages. Further it is observed from Table 7.7 that majority of the OC community members (88.7%) reported that there was an increase in their decision-making power after joining the group, followed by SC (87.8%), minority (86.9%), BC (86.7%) and ST (80%) community members. The data shows that 12.7% of the members reported that even after joining the group there was no change in their decision making power and

Table 7.7: Village-Wise and Community-Wise Status of Decision Making by SHG Members

Social Groups	Status of Decision Making	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Increase	15 (88.2)	7 (100)	13 (54.2)	11 (91.7)	70 (93.3)	21 (100)	137 (87.8)
	No Change	2 (11.8)	0 (0)	11 (45.8)	1 (8.3)	5 (6.7)	0 (0)	19 (12.2)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Increase	1 (100)	1 (100)	6 (66.7)	5 (83.3)	2 (100)	1 (100)	16 (80.0)
	No Change	0 (0)	0 (0)	3 (33.3)	1 (16.7)	0 (50)	0 (0)	4 (20.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Increase	66 (87.1)	31 (100)	52 (75.4)	12 (70.6)	23 (100)	25 (100)	211 (86.7)
	No Change	9 (12.9)	0 (0)	17 (24.6)	5 (29.4)	0 (0)	0 (0)	31 (13.3)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Increase	1 (100)	2 (100)	55 (78.6)	11 (91.9)	38 (100)	18 (100)	125 (88.7)
	No Change	0 (0)	0 (0)	15 (21.4)	1 (8.3)	0 (0)	0 (0)	16 (11.3)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Increase	2 (100)	1 (100)	12 (80.0)	3 (100)	1 (100)	1 (100)	20 (87.0)
	No Change	0 (0)	0 (0)	3 (20.0)	0 (0)	0 (0)	0 (0)	3 (13.0)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Increase	67 (87.8)	42 (100)	138 (73.8)	42 (84.0)	134 (96.4)	66 (100)	509 (87.3)
	No Change	11 (12.2)	0 (0)	49 (26.2)	8 (16.0)	5 (3.6)	0 (0)	73 (12.7)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

it was highest among the STs (20%), followed by BCs (13.2%), minority (13%), SCs (12.2%) and OCs (11.3%). Thus, overall participation of women in the decision-making

process increased significantly after joining SHGs. In all selected villages, majority of the social group members reported that there was an increase in their decision-making power after joining the SHGs.

Nutritional Status: Taking nutritious food is very important for any persons' health. Out of the selected sample, 86% reported that their nutrition status has significantly improved after joining the SHGs (see Table 7.8). It is important to note that in all selected villages, majority of the members reported that there was a significant improvement in their nutritional status after joining the groups. It was observed that in Brahmanpalle and Rajavolu villages, 100% of the members reported that after joining the groups there has been a change in their nutritional status. Further, it can be deduced from Table 7.8 that majority of the minority (91.3%), OC (89.9%), SC (86.5%), BC (86%) and ST (75%) community members reported significant

Table 7.8: Village-Wise and Community-Wise Status of Nutritional Betterment of the SHG Members

Social Groups	Status of Nutritional Betterment	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Increase	15 (88.2)	7 (100)	12 (50.0)	10 (83.3)	70 (93.3)	21 (100)	135 (86.5)
	No Change	2 (11.8)	0 (0)	12 (50.0)	2 (16.7)	5 (6.7)	0 (0)	21 (13.5)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Increase	1 (100)	1 (100)	6 (66.7)	4 (66.7)	2 (100)	1 (100)	15 (75.0)
	No Change	0 (0)	0 (0)	3 (33.3)	2(33.3)	0 (0)	0 (0)	5 (25.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Increase	67 (89.0)	31 (100)	52 (75.3)	10 (58.8)	23 (100)	25 (100)	208 (86.0)
	No Change	10 (13.0)	0 (0)	17 (24.7)	7 (41.2)	0 (0)	0 (0)	34 (14.0)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Increase	1 (100)	2 (100)	55 (77.1)	11 (91.7)	38 (100)	18 (100)	124 (89.9)
	No Change	0 (0)	0 (0)	16 (22.9)	1 (8.3)	0 (0)	0 (0)	17 (12.1)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Increase	2 (100)	1 (100)	13 (86.7)	3 (100)	1 (100)	1 (100)	21 (91.3)
	No Change	0 (0)	0 (0)	2 (13.3)	0 (0)	0 (0)	0 (0)	2 (8.7)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Increase	86 (87.8)	42 (100)	137 (73.3)	38 (76.0)	134 (96.4)	66 (100)	503 (86.4)
	No Change	12 (12.2)	0 (0)	50 (26.7)	12 (24.0)	5 (3.6)	0 (0)	79(13.6)
	Total	**98 (100)**	**42(100)**	**187(100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

improvement in their nutritional status after joining the groups. Further, it can be seen that 14% of the members reported no change in their nutritional status even after joining the SHGs. It was further observed that in CTM village 50% of the SC members reported that there was no change in their nutritional status even after joining the group, because of their poor economic conditions.

According to Yunus (2004), lending to women brings greater benefits to the family than to men. If the mother is the borrower, the children are the immediate beneficiaries and it improves the condition of the family also. In this case, the economic empowerment of women might have created an awareness among them, which is reflected in their better hygiene habits and perhaps there has been more optimal allocation of food expenditure, which has lowered families' medical expenditure. The reason for this awareness can be explained in the following way. After joining the SHGs, the group members have gone through the training program for efficient operation of the groups as organized by group forming authorities, like Gram Panchayat in collaboration with Zilla Parishad, District Rural Development Cell (DRDC) and the NGOs. In these programs they were also advised regarding proper hygiene habits and methods of clean sanitation. These programs developed the awareness among the group members regarding good hygiene habits, and this in turn, reduced their monthly medical expenditure.

Improved Sanitation: Regarding the issue of change in the level of awareness about health and hygiene during the period of membership, the data shows that substantially large percentage of respondents have a positive perception. Table 7.9 shows that 70% of the members said that their awareness regarding sanitation has improved after joining the groups. It is observed to be highest in Brahmanpalle, followed by Rajavolu, Torredu, Ankisettipalle, CTM and Raghavapur villages. It is found that in Raghavapur village, majority of the members reported that there was no improvement is their awareness about sanitation even after joining the SHGs. In this village, majority of the SC community members reported that there was no significant increase in their awareness about sanitation after joining the SHGs. Before joining

SHGs, the SC community members mainly worked as agricultural laborers, were engaged in daily wage labor, and were economically very poor. In the case of BC community, majority of the members reported that there was a significant increase in their awareness about sanitation after joining SHGs. It is important to note that in all selected villages, except Raghavapur majority of all the social group members reported that there was a significant increase in their sanitation awareness after joining the groups. Table 7.9 also indicates that among all social group members, highest of the minority community members (87%), followed by OC (86.5%), BC (66.5%), SC (62.2%) and ST (50%) reported that there was a significant increase in their awareness about sanitation after joining the groups.

Table 7.9: Village-Wise and Community-Wise Status of Improvement in Sanitation Awareness of the SHG Members

Social Groups	Status of Sanitation Awareness	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Increase	4 (23.5)	7 (100)	8 (33.3)	7 (58.3)	54 (72.0)	17 (81.0)	97 (62.2)
	No Change	13 (76.5)	0 (0)	16 (66.7)	5 (41.7)	21 (28.0)	4 (19.0)	59 (37.8)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Increase	1 (100)	1 (100)	1 (11.1)	4 (66.7)	2 (100)	1 (100)	10 (50.0)
	No Change	0 (0)	0 (0)	8 (88.9)	2 (33.3)	0 (0)	0 (0)	10 (50.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Increase	39 (50.6)	31 (100)	36 (52.2)	13 (76.5)	18 (78.3)	24 (96.0)	161 (66.5)
	No Change	38 (49.4)	0 (0)	33 (47.8)	4 (23.5)	5 (21.7)	1 (4.0)	81 (33.5)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Increase	1 (100)	2 (100)	57 (81.4)	11 (91.7)	34 (89.5)	17 (94.4)	122 (86.5)
	No Change	0 (0)	0 (0)	13 (18.6)	1 (8.3)	4 (10.5)	1 (5.6)	19 (13.5)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Increase	2 (100)	1 (100)	13 (86.7)	2 (66.7)	1 (100)	1 (100)	20 (87)
	No Change	0 (0)	0 (0)	2 (13.3)	1 (33.3)	0 (0)	0 (0)	3 (13.0)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Increase	47 (47.9)	42 (100)	115(61.5)	37 (74.0)	109 (78.4)	60 (90.9)	410 (70.4)
	No Change	51 (52.1)	0 (0)	72 (38.5)	13 (26.0)	30 (21.6)	6 (9.1)	172 (29.6)
	Total	**98 (100)**	**42 (100)**	**187(100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Exercise of Voting Rights in Last MLA/MP Elections: Political participation, especially at the local level, has been seen as a key factor in the empowerment of

women. Let us look at the level of political activity of the respondents in greater detail. In all villages, majority of the members are active voters at all levels of electoral democracy. Table 7.10 shows that 79% of the members in all the villages taken together voted in the last election. Of the 79% of the members who voted in the last election, the highest percentage is found in CTM, followed by Ankisettipalle, Raghavapur, Torredu and Brahmanpalle, while it is lowest in Rajavolu village. However, among the social group members, majority of the members of minority (87%), ST (85%), OC (81.6%), BC (79%) and SC (74.4%) community voted in the last election. Of the 21% members who did not vote in the last election, the community-wise division shows that highest percentage is observed in the SC community (25.6%), followed by BC (21%), OC (18.4%), minority (13%) and ST (15%) community.

Table 7.10: Village-Wise and Community-Wise Status of Vote Casting by SHG Members in the Last Election

Social Groups	Partici-pation in Voting	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	12 (70.6)	6 (85.7)	18 (75.0)	10 (83.3)	55 (73.3)	15 (71.4)	116 (74.4)
	No	5 (29.4)	1 (14.3)	6 (25.0)	2 (16.7)	20 (26.7)	6 (28.6)	40 (25.6)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Yes	1 (100)	0 (0)	7 (77.8)	6 (100)	2 (100)	1 (100)	17 (85.0)
	No	0 (0)	1 (100)	2 (22.2)	0 (0)	0 (0)	0 (0)	3 (15.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Yes	63 (81.8)	22 (71.0)	65 (94.2)	13 (76.5)	15 (65.2)	15 (60.0)	193 (79.0)
	No	14 (18.2)	9 (29.0)	4 (5.8)	4 (23.5)	8 (34.8)	10 (40.0)	49 (21.0)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Yes	1 (100)	2 (100)	62 (88.5)	11 (91.7)	28 (73.7)	11 (61.1)	115 (81.6)
	No	0 (0)	0 (0)	8 (11.5)	1 (8.3)	10 (26.3)	7 (38.9)	26 (18.4)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Yes	2 (100)	0 (0)	14 (93.3)	2 (66.7)	1 (100)	1(100)	20 (87.0)
	No	0 (0)	1 (100)	1 (6.7)	1 (33.3)	0 (0)	0 (0)	3 (13.0)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Yes	79 (80.6)	30 (71.4)	166 (88.8)	42 (84.0)	101 (72.7)	43 (65.2)	461 (79.0)
	No	19 (19.4)	12 (28.6)	21 (11.2)	8 (160)	38 (27.3)	23 (34.8)	121 (21.0)
	Total	**98 (100)**	**42(100)**	**187(100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

It is further observed that in Ankisettipalle village, all ST members voted in the election. In the case of BC, OC and minority as well, majority participated in voting

in the last election. Further it was found that in ST, OC and minority communities, highest numbers participated in voting in the last election as the members who contested belonged to these communities. Further, in all selected villages, majority of the SC members participated actively in casting their votes in the last election.

Awareness About the Chief Minister of the State: As can be observed from Table 7.11, 94% of the members reported that they know who is the chief minister of Andhra Pradesh. Highest percentage is recorded in Brahmanpalle, followed by Torredu, Raghavapur, Rajavolu, and Ankisettipalle villages, while the lowest is recorded in CTM village. It is observed that in Brahmanpalle village, all community members reported that they knew the name of the chief minister of Andhra Pradesh.

Table 7.11: Village-Wise and Community-Wise Status of Awareness about the Chief Minister of the State of the SHG Members

Social Groups	Knows The CM	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	15 (88.2)	7 (100)	18 (75.0)	10 (83.3)	75 (100)	18 (85.7)	143 (91.7)
	No	2 (11.8)	0 (0)	6 (25.0)	2 (16.7)	0 (0)	3 (14.3)	13 (8.3)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Yes	1 (100)	1 (100)	8 (88.9)	6 (100)	2 (100)	1 (100)	19 (95.0)
	No	0 (0)	0 (0)	1 (11.1)	0 (0)	0 (0)	0 (0)	1 (5.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Yes	74 (96.1)	31 (100)	66 (95.7)	15 (88.2)	22 (95.7)	24 (96.0)	232 (95.9)
	No	3 (3.9)	0 (0)	3 (4.3)	2 (11.8)	1 (4.3)	1 (4.0)	10 (4.1)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Yes	1 (100)	2 (100)	58 (82.9)	11 (91.7)	38 (100)	18 (100)	128 (90.8)
	No	0 (0)	0 (0)	12 (17.1)	1 (8.3)	0 (0)	0 (0)	13 (9.2)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Yes	2 (100)	1 (100)	15 (100)	3 (100)	1 (100)	1 (100)	23 (100)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Yes	93 (94.9)	42 (100)	165 (88.2)	45 (90.0)	138 (99.0)	62 (93.9)	545 (93.6)
	No	5 (5.1)	0 (0)	22 (11.8)	5 (10.0)	1 (1.0)	4 (6.1)	37 (6.4)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

Further, it is observed that among all the social groups members, the highest percentage of members who reported that they know who is the chief minister of

Andhra Pradesh belong to BC community, followed by minority, ST, SC and OC community.

Visit to the Bank: An important indicator of being practically empowered is whether the SHG member is sufficiently aware of the basic banking operations and is able to handle her savings account on her own. It is the policy of the government that members of the group should visit the bank at least once every month and minimum two women should go together to the bank. The idea behind this is that the women should not confine themselves within the four walls of the house and at the same time should also get some exposure to financial matters. By this they improve contacts, can voice their views and get some idea of transactions. It is clear from Table 7.12 that out of 582 sample SHG members, 69% have visited the bank, while the remaining 31% never visited the bank in the selected villages. It is observed that among the members visiting the bank highest percentage is recorded in Ankisettipalle, while lowest is in Rajavolu village. It is also found that in Ankisettipalle village, majority of all social group members visit banks as compared to other selected villages. This is because of group meetings here are conducted regularly, savings loan amount is high and most of the members have started some or the other economic activities. Further, it is very interesting to note that among all social group members, highest percentage of ST members visit banks, followed by BC, OC, SC and minority community members. Moreover, Table 7.12 also indicates that majority of the minority community members did not visit bank except three villages, Raghavapur, Rajavolu and Ankisettipalle. The minority community members are, in general not interested in going outside.

It is found that in Torredu and Rajavolu villages, majority of BC and OC community members did not visit banks because most of these members are housewives, are financially sound and their husbands are literates. It is also observed that in all 33.4% of the SC community members did not visit banks (see Table 7.12). This is because they are mostly illiterates and are daily wage workers. So they cannot

leave their work and go to the bank. Instead, they send the remittances through their family members.

Table 7.12: Village-Wise and Community-Wise Status of Frequency of Visiting Banks by the SHG Members

Social Groups	Visited the Bank	Name of the Village						Total
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Yes	11 (64.7)	5 (71.42)	15(62.5)	11 (91.7)	50 (66.7)	12 (57.1)	104 (66.7)
	No	6 (35.3)	2 (28.57)	9 (37.5)	1 (8.3)	25 (33.4)	9 (42.9)	52 (33.4)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Yes	1 (100)	1 (100)	6 (66.7)	6 (100)	2 (100)	1 (100)	11 (85.0)
	No	0 (0)	0 (0)	3 (33.4)	0 (0)	0 (0)	0 (0)	3 (15.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Yes	57 (74)	26(83.9)	50(72.4)	15 (88.2)	11 (48)	12 (48)	171 (70.7)
	No	20 (26)	5 (16.1)	19(27.6)	2 (11.8)	12 (52)	13 (52)	71(29.3)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Yes	1 (100)	2 (100)	61 (87)	10 (83.3)	17 (44.73)	9 (50)	99 (70.2)
	No	0 (0)	0 (0)	9 (13)	2 (16.7)	21 (55.26)	9 (50)	41 (29.8)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Yes	2 (100)	0 (0)	7 (46.6)	2 (66.6)	0 (0)	1 (100)	10 (43.5)
	No	0 (0)	1 (100)	8 (53.4)	1 (33.4)	1 (100)	0 (0)	13 (56.6)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Yes	69 (70..4)	34 (80.9)	139(74.3)	44 (88)	80 (57.5)	35 (53)	401(68.9)
	No	29 (29.6)	8 (19.1)	48 (25.7)	6 (12)	59 (42.5)	31 (47)	181 (31.1)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

7.4.2 Economic Empowerment

Deshmukh (2004) in his study on the impact of SHGs in Andhra Pradesh showed that there has been an increase in the economic activity, savings, income, and financial assets of the group members after joining SHGs. Apart from economic progress, joining SHGs has made the members socially aware. This has resulted in better family planning and adoption of healthy habits.

7.4.2.1 Impact of Microfinance on Savings of the SHG Members

The concept of microcredit is based on the principle that the members will develop the habit of thrift before they themselves avail the loans. The savings of an individual member not only helps him to avail a loan for himself, but also provides the seed money for the lending operation of the SHG. It has resulted in generating awareness among the women regarding saving a rupee per day for future income generation. Therefore, while every member of the group had an initial savings of Rs. 30 per month, they now have a savings of Rs. 100 per month. It is to be noted that every new group has to save Rs.100 per member per month. It is evident from Table 7.13 that the monthly savings of 435 (74.7%) sample members was between Rs.0-30 before joining the SHG, while after joining the SHGs 311 (53.5%) sample members have a monthly savings between Rs.50-100. This indicates substantial increase in the savings of the SHG members. It is interesting to note that all members possess the ability to save both before and after joining the SHGs. Before joining the SHG, the major agencies with which the savings was deposited were banks (both cooperatives and commercial banks). After joining the SHG, savings was deposited mostly to the SHG. The savings directly with banks showed a decrease after the formation of the SHGs. The members of the SHGs also started depositing their savings in the post offices, to friends and chit funds. As mentioned above, out of 582 members, 75% initially had a monthly savings of less than Rs.30. In the case of the remaining, the monthly savings ranged between Rs.31-50. The highest percentage of members with monthly savings of less than Rs.30 was recorded in Rajavolu, followed by Torredu, Raghavapur, Brahmanapalle, and CTM villages, while the lowest percentage was recorded in Ankisettipalle village. Among the social group members, the highest percentage of SC members (78%) began with a monthly savings of less than Rs.30, followed by BC (75%), minority (74%), OC (72%) and ST (70%) community members. It is also observed that among the social group members, the highest percentage of OC community (28.4%) members began with the monthly savings between Rs.31-50, while the lowest percentage was recorded in the SC community.

In the selected villages, the present (2008-09) monthly savings range of the SHG members after availing group loans increased from Rs.0-30 and Rs.31-50 to Rs.0-50 and Rs.51-100, because members in various villages borrowed huge amounts from banks and spent the amount on non-farm sector, which in turn, led to increased income and increased savings of the members. The data reveals few important aspects about the saving behavior of SHG members after availing of the bank loans. The details are presented in Table 7.13. Out of 582 members, present monthly savings of majority (53.4%) of the members is between Rs.51-100, while the remaining members' (46.5%) savings range is less than Rs.50**.** However, of the members whose monthly savings is between Rs.51-100, the majority belong to Brahmanpalle, followed by Ankisettepalle, Raghavapur, CTM, Rajavolu and Torredu villages. This study found that in Brahmanpalle village, all social group members' monthly savings is between Rs.51-100. As observed from Table 7.13, the highest percentage of members whose savings is less than Rs.50 hails from Torredu village. Further of all the social groups, the majority of STs (80%), followed by BCs (60.4%), OCs (54.6%), Minority (52.2%) and SCs (38.5%) have monthly savings between Rs.51-100. It is very interesting to note that among all the social group members, majority (61.5%) of the SC members' monthly savings is less than Rs.50. The study found that among SC members, after availing group loan, there was no significant improvement in their income because the loan amount was mainly used for consumption and house construction purposes. After taking loans from banks, usually the group members experience some improvement in their savings. If there is increased savings, then loans can be obtained from bank at low interest rate and without any security. The loans offered by banks can facilitate children's education, health, consumption and income generation through setting up non-farm sector activities. Loan at low interest rate can be used for income-generation investment. Further, those who did not borrow from banks had to pay higher interest on the borrowings from MFIs and moneylenders. .

Table 7.13: Village-Wise and Community-Wise Status of Impact of Microfinance on Monthly Savings of the SHG Members

Social Groups	Status of Savings (in Rs.)	Initial Savings						Total	Present (2008-09) Savings						Total
		Name of the Village							Name of the Village						
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	0- 30	12 (70.5)	5 (71.5)	18 (75)	9 (75.0)	60 (80)	18 (85.7)	122 (78.2)							
	31-50	5 (29.5)	2 (28.5)	6 (25)	3 (25.0)	15 (20)	3 (14.3)	34 (21.8)							
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**							
	0-50								5 (29.5)	0 (0)	3 (12.5)	0 (0)	75 (100)	13 (61.9)	96 (61.5)
	51-100								12 (70.5)	7 (100)	21 (87.5)	12 (100)	0 (0)	8 (38.1)	60 (38.5)
	Total								**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	0- 30	0 (0)	0 (0)	7 (77.7)	4 (66.7)	2 (100)	1 (100)	14 (70.0)							
	31-50	1 (100)	1 (100)	2 (22.3)	2 (33.3)	0 (0)	0 (0)	6 (30.0)							
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**							
	0-50								0 (0)	0 (0)	1 (11.2)	0 (0)	2 (100)	1 (100)	4 (20.0)
	51-100								1 (100)	1 (100)	8 (88.8)	6 (100)	0 (0)	0 (0)	16 (80.0)
	Total								**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	0- 30	60 (77.9)	25 (80.6)	50 (72.5)	11 (64.7)	15 (65.2)	20 (80)	181 (74.8)							
	31-50	17 (22.1)	6 (19.4)	19 (27.5)	6 (35.3)	8 (34.8)	5 (20)	61 (25.2)							
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**							
	0-50								17 (22.1)	0 (0)	34 (49.3)	1 (5.8)	22 (95.6)	22 (88.0)	96 (39.6)
	51-100								60 (77.9)	31 (100)	35 (50.7)	16 (94.2)	1 (4.4)	3 (12.0)	146 (60.4)
	Total								**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	0- 30	0 (0)	1 (50.0)	50 (71.4)	9 (75.0)	28 (73.7)	13 (72.2)	101 (71.6)							
	31-50	1 (100)	1 (50.0)	20 (28.6)	3 (25.0)	10 (26.3)	5 (27.8)	40 (28.4)							
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**							
	0-50								0 (0)	0 (0)	17 (24.3)	1 (8.3)	33 (86.8)	13 (72.2)	64 (45.4)
	51-100								1 (100)	2 (100)	53 (75.7)	11 (91.7)	5 (13.2)	5 (27.8)	77 (54.6)
	Total								**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	0- 30	1 (50.0)	0 (0)	12 (80.0)	2 (75.0)	1 (100)	1 (100)	17 (73.9)							
	31-50	1 (50.0)	1 (100)	3 (20.0)	1 (25.0)	0 (0)	0 (0)	6 (26.1)							
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**							
	0-50								2 (100)	0 (0)	5 (33.3)	2 (66.7)	1 (100)	1 (100)	11 (47.8)
	51-100								0 (0)	1 (100)	10 (66.7)	1 (33.3)	0 (0)	0 (0)	12 (52.2)
	Total								**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	0- 30	73 (74.5)	31 (73.8)	137 (73.3)	35 (70.0)	106 (76.3)	53 (80.3)	435 (74.7)							
	31-50	25 (25.5)	11 (26.2)	50 (26.7)	15 (30.0)	33 (23.7)	13 (19.7)	147 (25.3)							
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**							
	0-50								24 (24.5)	0 (0)	60 (32.1)	4 (8.0)	133 (95.7)	50 (75.7)	271 (46.5)
	51-100								74 (75.5)	42 (100)	127 (67.9)	46 (92.0)	6 (4.3)	16 (24.3)	311 (53.5)
	Total								**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

7.5.2.2 Impact of Microfinance on Occupation of the SHG Members

The survey studied the primary and secondary occupations of the members involved in SHGs. Primary occupation is the one wherein the member is engaged for more than 180 days in a year for 8 hr a day minimum, while secondary occupation is one wherein the member is engaged for less than 180 days in a year for less than 8 hr a day. Before the formation of the SHGs in the selected villages, most of the women were housewives or agricultural laborers, and their involvement in economic activities was insignificant. After the formation of the SHGs in the selected villages, women enrolled themselves as members and their occupational status changed. The microfinance through the SHGs enabled the members to promote their income-generating activities, such as running kirana shops, tailoring/embroidery shop, dairy/poultry, cloth/fancy shop, small hotel, vegetable/fruits shop, flour mills, chicken shop, pickle/curry center, bangle shop, toy/pot-making, steel/cement shop, bricks industry, flower vending shop, sweet shop, stone business, pearls and gold vending, and rice trading. In turn, the standard of living of the members improved.

In the context of all selected villages, agriculture, self-employment and wage labor are the three main sources of income for poor households. For this study, the livelihood source which contributes maximum to the household income has been taken as main source of income. During interaction with the members, all livelihood sources of households were discussed to figure out the primary source of income. The implementation of SHGs can generate opportunities for the rural poor so that they can get involved in diverse self-employment activities. SHG is nothing but an effective tool for providing self-sustaining occupations to the rural poor women with an effective-delivery microfinance system. Table 7.14 shows the impact of microfinance facilities on the occupational structure of the women members in the selected villages. To analyze how the occupational structure of members have changed due to the microfinance facilities made available to the members of the SHGs, it is required to analyze the distribution of occupation among the SHG members before the formulation of SHGs and also their present occupations after the formulation of

SHGs. Table 7.14 shows the distribution of members of SHGs in various occupations both before and after the formation of SHGs.

It is observed from Table 7.14 that majority, about 42.3% of the members were engaged as agricultural laborers, followed by 23.4% who were housewives, 16% farmers, 15.5% non-agricultural laborers and the remaining 2.8% were private employers before the formation of SHGs. The table shows that before joining SHGs, the main source of livelihood for 42.3% of the members was agricultural labor activities, but this figure was found to differ for the all six villages surveyed. It was highest in Raghavapur (52%), followed by Torredu (46%), Ankisettipalle (46%), Rajavolu (42%), and Brahmanpalle (38.1%) villages, while the lowest percentage was recorded in CTM village (34.8%). On the other hand, in CTM village, wage work, especially in the non-agricultural sector was the main income source for 16.6% of the members. It is also observed that among the selected villages, in Brahmanpalle majority of the members (28.6%) were dependent on cultivation. The study also reveals that OC and BC community members were dominating economically and politically. It is observed that in all the villages almost all SC and ST community members were economically very poor as compared to OC and BC community members. Majority of the SC and ST members were working as agricultural laborers in all the selected villages before the formation of SHGs.

After formulation of SHGs, the occupational structure of the members changed. It is observed that the members of the sample SHGs undertake multiple occupations as their main source of livelihood including self-employment, after the formulation of SHGs. Out of 582 members, 42% undertake multiple occupations as their source of livelihood including self-employment after the formulation of SHGs, followed by 23% who are agricultural labors, 11% cultivators, 6.5% non-agricultural wage labors and 3% private employees. Of the members who are engaged in different types of income and employment-generating activities, the highest percentage is engaged in kirana shops, followed by tailoring/embroidery, dairy, cloth/fancy shop, hotel, and other activities.

However, they took low-risk loans to support their activities. Although service sector is a more attractive source of employment and income in the rural areas, it was not actively pursued under SHG. Therefore, a significant difference is observed between the distribution of occupational structures of the members before and after formulation of SHGs. It is observed that the percentage of self-employed members is highest in Ankisettipalle, followed by Brahmanpalle, CTM, Rajavolu, and Raghavapur, while it is lowest in Torredu village. It is also observed that in all the selected villages no member was engaged in self-employment activity before joining the SHG. However after joining SHGs, 42% of them are presently engaged in self-employment. It is also observed from Table 7.14 that 42% of members were involved as traditional agricultural labor before the formulation of SHGs, but after the formation of SHGs, the percentage declined significantly to 23. Thus, we can conclude that a significant portion of the SHG members were either directly engaged in agriculture or not engaged with any occupation before the formation of SHGs. Besides, very few women members were engaged in activities like business, other allied activities and multiple occupations before the formation of SHGs. But the formation of SHGs has changed their occupations dramatically. But most of the members of SC community are still continuing with the traditional hereditary occupations like agriculture as their principal source of livelihood. In particular, the main source of livelihood for majority (41%) of the SC members is agricultural labor. They are still lagging behind in non-farm and self-employment activities, like petty shops, tailoring, etc. In fact, it is observed that the SCs in the selected villages even if they desire to engage themselves in non-farm and self employment activities cannot do so because they are unskilled and financially not sound.

Table 7.14: Village-Wise and Community-Wise Status of Occupation Before and After Joining SHG Group by the SHG Members

Social Groups	Occupation	Before Formation of SHG						Total	After Formation of SHG						Total
		Name of the Village							Name of the Village						
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	Housewife	3 (17.6)	1 (14.3)	3 (12.5)	3 (25.0)	15 (20.0)	5 (23.8)	30 (19.2)	3 (17.6)	1 (14.3)	3 (12.5)	2 (16.7)	12 (16.0)	3 (14.3)	24 (15.4)
	Cultivator	2 (11.7)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (1.3)	2 (11.8)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (1.3)
	Ag. Labor	5 (29.4)	4 (57.1)	15 (62.5)	7 (58.3)	47 (62.7)	10 (47.6)	88 (56.4)	4 (23.5)	3 (42.8)	8 (33.3)	5 (41.7)	36 (48.0)	8 (38.0)	64 (41.0)
	Non-Ag. Labor	5 (29.4)	2 (28.6)	6 (25.0)	2 (16.7)	11 (14.6)	5 (23.8)	31 (19.9)	3 (17.6)	1 (14.3)	2 (8.3)	1 (8.3)	5 (6.7)	3 (14.3)	15 (9.6)
	Self-Employment	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3 (17.6)	2 (28.6)	10 (41.7)	4 (33.3)	20 (26.7)	6 (28.6)	45 (28.8)
	Pvt. Employment	2 (11.8)	0 (0)	0 (0)	0 (0)	2 (2.6)	1 (4.8)	5 (3.20	2 (11.8)	0 (0)	1 (4.2)	0 (0)	2 (2.6)	1 (4.8)	6 (3.8)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	Housewife	1 (100)	0 (0)	1 (11.1)	1 (16.7)	0 (0)	0 (0)	3 (15.0)	0 (0)	0 (0)	1 (11.1)	1 (16.7)	0 (0)	0 (0)	2 (10.0)
	Cultivator	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Ag. Labor	0 (0)	1 (100)	5 (55.6)	4 (66.6)	2 (100)	1 (100)	13 (65.0)	0 (0)	0 (0)	2 (22.2)	3 (50.0)	1 (50.0)	1 (100)	7 (35.0)
	Non-Ag. Labor	0 (0)	(0)	3 (33.3)	1 (16.7)	0 (0)	0 (0)	4 (20.0)	0 (0)	0 (0)	2 (22.2)	0 (0)	0 (0)	0 (0)	2 (10.0)
	Self-Employment	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	1 (100)	4 (44.5)	2 (33.3)	1 (50.0)	0 (0)	9 (45.0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	Housewife	4 (5.2)	5 (16.1)	17 (24.6)	1 (5.9)	8 (34.8)	7 (28.0)	42 (17.3)	2 (2.5)	2 (6.4)	13 (18.8)	0 (0)	4 (17.4)	5 (20.0)	26 (10.7)
	Cultivator	16 (20.8)	10 (32.3)	15 (21.7)	3 (17.6)	3 (13.0)	2 (8.0)	49 (20.2)	14 (18.0)	6 (19.4)	8 (11.6)	1 (5.9)	1 (4.3)	2 (8.0)	32 (13.2)
	Ag. Labor	46 (59.7)	11 (35.5)	23 (33.3)	7 (41.2)	7 (30.4)	13 (52.0)	107 (44.3)	30 (39.0)	4 (12.9)	9 (13.1)	2 (11.7)	3 (13.0)	4 (16.0)	52 (21.5)
	Non-Ag. Labor	10 (13.0)	4 (12.9)	12 (17.49)	5 (29.4)	4 (17.4)	2 (8.0)	37 (15.3)	4 (5.0)	2 (6.5)	4 (5.8)	2 (11.7)	2 (8.7)	1 (4.0)	15 (6.2)
	Self-Employment	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	26 (33.5)	16 (51.6)	33 (47.8)	11 (64.8)	12 (52.2)	12 (48.0)	110 (45.5)
	Pvt. Employment	1 (1.3)	1 (3.2)	2 (3.0)	1 (5.9)	1 (4.4)	1 (4.0)	7 (3.0)	1 (2.0)	1 (3.2)	2 (2.8)	1 (5.9)	1 (4.4)	1 (4.0)	7 (2.9)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	Housewife	1 (100)	0 (0)	20 (28.6)	4 (33.3)	16 (42.1)	4 (22.2)	45 (31.9)	0 (0)	0 (0)	10 (14.3)	0 (0)	14 (36.8)	3 (16.6)	27 (19.1)
	Cultivator	0 (0)	2 (100)	20 (28.6)	0	10 (26.3)	10 (55.6)	42 (29.8)	0 (0)	2 (100)	13 (18.6)	0 (0)	7 (18.4)	7 (38.9)	29 (20.6)
	Ag. Labor	0 (0)	0 (0)	18 (25.7)	4 (33.3)	8 (21.0)	4 (22.2)	34 (24.1)	0 (0)	0 (0)	5 (7.1)	0 (0)	6 (15.8)	0 (0)	11 (7.8)
	Non-Ag. Labor	0 (0)	0 (0)	10 (14.3)	3 (25.0)	3 (7.9)	0 (0)	16 (11.4)	0 (0)	0 (0)	5 (7.1)	0 (0)	0 (0)	0 (0)	5 (3.6)
	Self-Employment	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	0 (0)	35 (50.0)	11 (91.7)	10 (26.3)	8 (44.4)	65 (46.1)
	Pvt. Employment	0 (0)	0 (0)	2 (2.9)	1 (8.3)	1 (12.7)	0 (0)	4 (2.8)	0 (0)	0 (0)	2 (2.9)	1 (8.3)	1 (2.7)	0 (0)	4 (2.8)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	Housewife	2 (100)	1 (100)	11 (73.3)	0 (0)	1 (100)	1 (100)	16 (69.6)	0 (0)	0 (0)	8 (53.3)	0 (0)	0 (0)	1 (100)	9 (39.1)
	Cultivator	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Ag. Labor	0 (0)	0 (0)	4 (26.7)	1 (33.3)	0 (0)	0 (0)	5 (21.7)	0 (0)	0 (0)	0 (0)	1 (33.3)	0 (0)	0 (0)	1 (4.4)
	Non-Ag. Labor	0 (0)	0 (0)	0 (0)	2 (66.7)	0 (0)	0 (0)	2 (8.7)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Self-Employment	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (100)	1 (100)	7 (46.7)	2 (66.7)	1 (100)	0 (0)	13 (56.5)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	Housewife	11 (11.2)	7 (16.7)	52 (27.8)	9 (18.0)	40 (28.8)	17 (25.8)	136 (23.4)	5 (5.1)	3 (7.2)	35 (18.7)	3 (6.0)	30 (21.6)	12 (18.2)	88 (15.1)
	Cultivator	18 (18.4)	12 (28.6)	35 (18.7)	3 (6.0)	13 (9.3)	12 (18.2)	93 (16.0)	16 (16.3)	8 (19.0)	21 (11.3)	1 (2.0)	8 (5.8)	9 (13.6)	63 (11.0)
	Ag. Labor	51 (52.0)	16 (38.1)	65 (34.8)	23 (46.0)	64 (46.0)	28 (42.0)	247 (42.3)	34 (34.7)	7 (16.7)	24 (12.8)	10 (20.0)	46 (33.0)	13 (19.7)	134 (23.0)
	Non-Ag. Labor	15 (15.3)	6 (14.3)	31 (16.6)	13 (26.0)	18 (13.0)	7 (10.6)	90 (15.5)	7 (7.1)	3 (7.2)	13 (7.0)	4 (8.0)	7 (5.0)	4 (6.1)	38 (6.5)
	Self-Employment	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	33 (33.7)	20 (47.5)	89 (47.5)	30 (60.0)	44 (31.7)	26 (39.4)	242 (41.5)
	Pvt. Employment	3 (3.1)	1 (2.3)	4 (2.1)	2 (4.0)	4 (2.9)	2 (3.0)	16 (2.8)	3 (3.1)	1 (2.4)	5 (2.7)	2 (4.0)	4 (2.9)	2 (3.0)	17 (3.0)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

7.5.2.3 Impact of Microfinance on Income of the SHG Members

In any activity agriculture or non-agriculture, the relationship between generation of income and employment opportunities or potential of employment can be judged based on the amount of income generated. The increase in employment opportunities lead to increase in earnings. Puhazehdhi and Satya (2000) conducted a survey of 223 SHGs functioning in 11 states representing four different regions of the country. For assessing the impact of the program, pre-SHG and post-SHG situations were compared. Their study found that average net income/household income increased by about 33% (from Rs.20,177 to Rs.26,889) over the pre and post-group formation periods. The study concluded that SHG as an institutional arrangement could positively contribute to the economic and social empowerment of the rural poor. Another study conducted by Puhazehdhi (2000) in Tamil Nadu covering 70 SHGs and 1,041 members, found that net incremental income due to the program implementation was Rs.2,424 for all groups and it was relatively more in good performance groups (Rs.1,650 and Rs.1,299 respectively). Sebastian (2001) conducted a survey of 340 SHG members, drawn from SHGs functioning under NGOs in Central Tamil Nadu and found that the overall average incremental income for all households who took loans for productive purpose was Rs.376.75 per month. More than 60% of the members reported a monthly increase in income of above Rs. 300 arising out of income-generating activities.

Studies on Grameen Bank have, in general, shown a positive change in the income of the beneficiaries. However, all these studies use recall method, and therefore, suffer from memory bias. Further, these studies have not attempted to isolate the income flows from assets acquired through loans. Therefore, comparing the beneficiary income with a control group's income, rather than its own income will be a reliable method. Pallavi and Ramakumar (2002) in their analysis concluded that both NGO-led microcredit and state-led credit institutions have led to positive, but only marginal, increases in the earnings of their beneficiaries. However, given the methodological problems associated with studies on income changes, more empirical evidence is required in order to substantiate such a conclusion. In rural areas,

households are engaged in diversified occupations for their livelihood. Therefore, we arrive at the total annual income, by summing income from small business activities, agriculture labor, cultivation, non-agriculture wage labor and private employers.

The distribution of monthly income of the SHGs members shows that before formulation of SHGs, the monthly income of the members in the region was very low and most of them were in the below poverty line category. However after the formulation of SHGs, the incomes of the members have increased significantly. Table 7.15 shows the details of the income of the members of the SHGs before and after joining as members in the SHGs in the six selected villages. As can be seen from Table 7.15, before becoming a member of the SHG, 57.90% of the members had an income of less than Rs.1,500, while 33.84% of the members have an income less than Rs.1,500 even after becoming member of the SHGs. Similarly, before becoming the member of the SHG, monthly income of 15.97% members was between Rs.1,501-2,500, while 26.11% members presently have a monthly income in the range of Rs. 1,501-2,500 after becoming member of the SHG. It is interesting to note that before becoming member of the SHGs, no member had monthly income in the range of Rs. 2,501-3,500. However, about 25% of the members now earn above Rs.2,500 every month after becoming a member of the SHGs. This indicates a shift in the income distribution to a higher level. Thus, a significant difference between the monthly incomes of the SHG members (before and after formulation of the SHGs) is observed in the selected villages. Therefore, it can be concluded that the group benefit approach can be taken as resource mobilization support for the rural poor women since the self-help approach gives a sense of achieving collective strength by generating income, as well as capacity building processes, by the means of providing productive assets to them.

It seems that the loan obtained from the SHG-bank linkage had an adverse impact on income generation of SC community members. But, in the case of both BC and OC community members its impact seems to be favorable in all the selected villages. In each of the selected villages, SC members could hardly obtain the

monthly income in the range of Rs.1,501-2,500, which is considered inadequate to financially strengthen the poor families or bring them above the poverty line. The SC community is considered as a disadvantaged group therefore income generation by them requires much more expansion. The BC and OC communities, on the other hand, could generate a monthly income above Rs.2,500 and it may be considered sufficient to bring the poor families above the poverty line.

In fact, every economic activity has its own capacity to generate income. Therefore, the income generation varies from activity to activity. So, the fact is proved by the data and the income generated by various activities reveals that it varies from above Rs.3,500 per month in the case of tailoring to between Rs.1,501-2,500 in the case of agriculture. Income generation seems to be plausible for all sections in the village under SHG-bank linkage programs. For more than 63% of SCs, the main non-farm activity is poultry and running a chicken shop, followed by kirana shop, tailoring and embroidery, dairying and other activities. So, the highest amount earned by majority of the SC members derived mainly from the chicken shops, followed by the kirana shops, tailoring and embroidery works, dairying and other activities is between Rs.2,501-3,500 per month. In particular, it is the SCs alone who could generate income above Rs.3,500 per member per month (only 8.33%), occupying the third place in this category after the OCs and BCs.

Many reasons came up as to why the SCs are unable to perform in other non-farm activities. Importantly, other sections of society do not accept eatable things, like pickle, cakes, etc., if they are prepared by SCs. As a result, all SCs constantly keep away from other non-farm activities, which in turn, limit these activities to a few sections like the OCs and BCs in the society.

Thus, it is found that every BC and OC member could earn above Rs.3,500 respectively per month. It is to be noted that an additional average income of Rs. 2,000 was generated by the BCs and OCs as they have taken up all other supplementary activities. Among all other activities, agricultural alone could generate at least a maximum income of Rs.500 for the BCs and Rs.3,500 for OCs per month

Table 7.15: Village-Wise and Community-Wise Status of Monthly Income Before and After Joining the SHG by the SHG Members

Social Groups	Income Range (in Rs.)	Before Formation of SHG						Total	After Formation of SHG						Total
		Name of the Village							Name of the Village						
		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu		Raghavapur	Brahmanpalle	CTM	Ankisettipalle	Torredu	Rajavolu	
SC	0	3 (18)	1 (14)	3 (12.5)	3 (25)	15 (20)	5 (24)	30 (19.23)	3 (17.64)	1 (14.28)	3 (12.5)	2 (16.66)	12 (16)	3 (14.28)	24 (15.38)
	< 1,500	10 (58)	6 (86)	21 (87.5)	9 (75)	58 (71)	15 (71)	119 (76.28)	8 (47.65)	4 (57.14)	12 (50)	7 (58.33)	44 (58.66)	11 (52.38)	86 (55.12)
	1,501-2,500	2 (12)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (1.28)	4 (23.52)	2 (28.57)	5 (20.83)	3 (25)	11 (14.66)	2 (9.52)	27 (17.30)
	2,501-3,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	3 (12.5)	0 (0)	6 (8)	4 (19.14)	13 (8.33)
	Above 3,500	2 (12)	0 (0)	0 (0)	0 (0)	2 (5)	1 (5)	5 (3.20)	2 (11.76)	0 (0)	1 (4.16)	0 (0)	2 (2.66)	1 (4.76)	6 (3.84)
	Total	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**	**17 (100)**	**7 (100)**	**24 (100)**	**12 (100)**	**75 (100)**	**21 (100)**	**156 (100)**
ST	0	1 (0)	0 (0)	1 (11)	1 (17)	0 (0)	0 (0)	3 (85)	0 (0)	0 (0)	1 (11)	1 (17)	0 (0)	0 (0)	2 (10)
	< 1,500	0 (0)	1 (100)	8 (89)	5 (83)	2 (100)	1 (100)	17 (15)	1 (100)	0 (0)	5 (56)	3 (50)	1 (50)	1 (100)	11 (55)
	1,501-2,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	2 (22)	2 (33)	1 (50)	0 (0)	6 (30)
	2,501-3,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (11)	0 (0)	0 (0)	0 (0)	1 (5)
	Above 3,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**	**1 (100)**	**1 (100)**	**9 (100)**	**6 (100)**	**2 (100)**	**1 (100)**	**20 (100)**
BC	0	4 (5.19)	5 (16.12)	17 (24.63)	1 (5.88)	8 (34.78)	7 (28)	42 (17.35)	2 (2.59)	2 (6.45)	13 (18.84)	0 (0)	4 (17.39)	5 (20)	26 (10.74)
	< 1,500	56 (72.72)	15 (48.38)	35 (50.72)	12 (70.58)	11 (47.82)	15 (60)	144 (59.50)	42 (54.54)	7 (22.58)	16 (23.88)	4 (23.52)	5 (21.73)	5 (20)	79 (32.64)
	1,501-2,500	16 (20.77)	10 (32.25)	15 (21.73)	3 (17.64)	3 (13.04)	2 (8)	49 (20.24)	25 (32.46)	12 (38.70)	15 (21.73)	3 (17.64)	4 (17.39)	4 (16)	63 (26.03)
	2,501-3,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	7 (9.09)	6 (19.35)	12 (17.39)	6 (35.29)	6 (26.68)	7 (28)	44 (18.18)
	Above 3,500	1 (1.29)	1 (3.22)	2 (2.89)	1 (5.88)	1 (4.34)	1 (4)	7 (2.89)	1 (1.29)	4 (12.90)	13 (18.84)	4 (23.52)	4 (17.39)	4 (16)	30 (12.39)
	Total	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**	**77 (100)**	**31 (100)**	**69 (100)**	**17 (100)**	**23 (100)**	**25 (100)**	**242 (100)**
OC	0	1 (100)	0 (0)	20 (28.57)	4 (33.33)	16 (42.90)	4 (22.22)	45 (31.91)	0 (0)	0 (0)	10 (14.28)	0 (0)	14 (36.84)	3 (16.66)	27 (19.14)
	< 1,500	0 (0)	0 (0)	28 (40)	7 (58.33)	11 (28.94)	4 (22.22)	50 (35.46)	0 (0)	0 (0)	13 (18.57)	0 (0)	6 (15.78)	0 (0)	19 (13.47)
	1,501-2,500	0 (0)	2 (100)	20 (28.57)	0 (0)	10 (26.31)	10 (55.55)	42 (29.78)	0 (0)	2 (100)	24 (34.28)	2 (16.66)	10 (26.31)	8 (44.44)	46 (32.62)
	2,501-3,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (100)	0 (0)	10 (14.28)	6 (50)	4 (10.52)	4 (22.22)	25 (17.73)
	Above 3,500	0 (0)	0 (0)	2 (2.85)	1 (8.33)	1 (2.63)	0 (0)	4 (2.83)	0 (0)	0 (0)	13 (18.57)	4 (33.33)	4 (10.52)	3 (16.66)	24 (17.02)
	Total	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**	**1 (100)**	**2 (100)**	**70 (100)**	**12 (100)**	**38 (100)**	**18 (100)**	**141 (100)**
Minority	0	2 (100)	1 (100)	11 (73)	0 (0)	1 (100)	1 (100)	16 (70)	0 (0)	0 (0)	8 (53.33)	0 (0)	0 (0)	1 (100)	9 (29.13)
	< 1,500	0 (0)	0 (0)	4 (27)	3 (100)	0 (0)	0 (0)	7 (30)	1 (50)	0 (0)	0 (0)	1 (33)	0 (0)	0 (0)	2 (8.69)
	1,501-2,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (50)	1 (100)	5 (33.33)	2 (77)	1 (100)	0 (0)	10 (43.47)
	2,501-3,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	2 (13.33)	0 (0)	0 (0)	0 (0)	2 (8.69)
	Above 3,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**	**2 (100)**	**1 (100)**	**15 (100)**	**3 (100)**	**1 (100)**	**1 (100)**	**23 (100)**
All Social Groups	0	11 (11.22)	7 (16.66)	52 (27.80)	9 (18)	40 (28.77)	17 (25.75)	136 (23.36)	5 (5.10)	3 (7.14)	35 (18.71)	3 (6)	30 (21.58)	**12 (18.18)**	88 (15.12)
	< 1,500	66 (67.34)	22 (52.38)	96 (51.33)	36 (72)	82 (58.99)	35 (53.03)	337 (57.90)	52 (53.06)	11 (26.19)	46 (24.59)	16 (32)	56 (40.28)	**17 (25.75)**	197 (33.84)
	1,501-2,500	18 (18.36)	12 (28.57)	35 (18.71)	3 (6)	13 (9.35)	12 (18.18)	93 (15.97)	30 (30.61)	18 (42.85)	51 (27.27)	12 (24)	27 (19.42)	14 (21.21)	152 (26.11)
	2,501-3,500	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	8 (8.16)	6 (14.28)	28 (14.97)	12 (24)	16 (11.51)	15 (22.72)	85 (14.60)
	Above 3,500	3 (3.06)	1 (2.38)	4 (2.13)	2 (4)	4 (287)	2 (3.03)	16 (2.74)	3 (3.06)	4 (9.52)	27 (14.42)	8 (4)	10 (7.19)	8 (12.12)	60 (10.30)
	Total	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**	**98 (100)**	**42 (100)**	**187 (100)**	**50 (100)**	**139 (100)**	**66 (100)**	**582 (100)**

Note: Figures in parentheses are percentages.
Source: Field Survey

per member, followed by mango-cake making and cloth business. More investment and more income generation are probably true in terms of seasonal non-farm activities like mango-cake making. Besides compared to non-farm activities, BCs and OCs give much importance to farm sector as it has an inseparable relation with the rural areas. Above all, BCs and OCs are economically sound, in general and in terms of land ownership, in particular as compared to SC, ST and minority community members

7.5 Utilization of Generated Income

It is believed that whenever people are able to obtain adequate income, they generally invest it productively towards the improving the quality of their lives. It is largely believed that income has a positive effect on consumption expenditure, in general and education and health, in particular. It is observed that more than 71% of the SCs are unable to utilize their income for productive purposes. Their entire income is utilized only to meet their basic household needs like food, renovation of house, cloths, festivals, rituals and auspicious occasions. Therefore, they are unable to maintain a proper savings in order to meet the emergency requirements that arise from unforeseen incidents, due to lack of minimum permanent assets. Interestingly, this community alone could not spend even their income on purchasing income-yielding assets in spite of taking loans from NGOs. On the other hand, the BCs and OCs apart from their household needs, pay rather high attention to agriculture, education and health. 46% from each of these caste groups revealed that a part of the income generated was utilized, while 14% of BCs and 11% of OCs reported that they spent it for agriculture purposes. Furthermore, income spent on education seems to be remarkable, which is recorded by 30% from each caste group. In fact, majority of the BCs and the OCs choose education from the private sector from nursery to graduation. It is observed that there are students in these communities who are pursuing expensive courses like computer science, MBA and MCA particularly from privately-managed institutions. However, income spending on purchase of income-

yielding assets has also received attention from the BCs and OCs, recorded by 10% in each caste.

7.6 Summary

The impact of microfinance on women was analyzed taking various indicators in the pre- and post-SHG formation periods. It is observed that the impact was reflected in changes of their asset value, income, consumption pattern and above all in their savings level and thrift which was minimal or absent in the pre-SHG period. Apart from economic empowerment, the sample SHG members attained social empowerment, which may be solely attributed to SHGs and the concept of micro financing. It was also observed that the changes in their attitude against social issues such as gender discrimination, dowry, equal property right, right to equal nutrition, health attention and education in treatment of girl child, widow remarriage, participation in decision making within the households affairs such as deciding about the education of the children, the schools to be considered, the standard up to which the children are to be educated, the course to be chosen, the mode of transport, age of marriage, and marriage of the children. Women members now take greater interest in matters like purchase of land, jewels and consumer durables, sources of borrowing and savings, participation in community affairs, membership in village development councils, representing the problems to the concerned authorities, traveling outside without the support of anyone else, participation in local elections or intended participating in future, questioning the non-performance of the chosen local government, questioning the revenue and expenditure structure, representing the problems of their village like shortage of drinking water, construction of overhead tanks or other sources to improve the base of the drinking water, desalting of tanks, attendance of the school teachers, the teacher-pupil ratio, and the quality of the mid-day meal, the facilities in the schools and village, such as road, transport and communication, banks, post office, schools, hospitals, regular visit of the doctors or the health assistants, helping immunization, protecting environment, participation in awareness camps on gender, environment, AIDS and blood donation and also

organizing such camps for the villagers, observing the women's day and celebrating other days. So in such cases, the social empowerment is more pronounced than economic empowerment. Apart from these external achievements, within the group they have been empowered to participate in meetings, make decisions regarding the loans, savings amount, number of installments, and repayment norms as well as going out for attending various seminars, which are in the interest of the group.

CHAPTER-8

SUMMARY AND CONCLUSIONS

8.1 Background

The present study seeks to examine the role of microfinance and its impact on economic and social empowerment of women, in terms of financial sustainability and skill development. There are great debates going on whether forming groups, membership for women, providing credit and imparting some business skills would change the social equations in the society or whether provision of credit may lead to pervasively entrenched political and economic relations among the genders. The proponents argue that providing credit, targeting women can prove to be a suitable mechanism in ameliorating poor women's socio-economic conditions and thereby can alter the relations between gender and class. Undoubtedly, there have been significant advances in women empowerment in recent years and the concept and practice of SHG-based microfinance has now developed deep roots in many parts of the country. Impact assessment being rather limited so far, it is hard to measure and quantify the effect the Indian micro credit experience so far had on the poverty situation in rural India. With this broad issue in mind, the objectives of the study are: (i) to study the role and significance of savings in the promotion of SHGs in selected villages, (ii) to assess the changes in the level of income and employment of members after joining the group, (iii) to evaluate the credit accessibility and repayment condition of the members' families and (iv) to examine the factors determining the borrowing and indebtedness of group members and their access to different sources of finance.

Consistent with the above objectives, four major hypotheses have been formulated. The first hypothesis is that participation of SHG members in microfinance activities has lead to improvement in a) levels of income, b) savings, c) employment and d) assets formation of the members. The second hypothesis is that the bank credit accessibility is higher among general and backward communities in comparison to the accessibility of Microfinance Institutions (MFIs) by deprived

groups like Scheduled Caste/Scheduled Tribes (SC/STs) and finally there has been a positive impact of SHG members' microfinance activities on women empowerment.

Keeping in view the magnitude of the problem and its importance in the development strategies of a state like Andhra Pradesh, it has been felt that it would be of great practical significance to study the problem at the village level following an intensive approach, in order to get a clear perspective of the impact of microfinance on productive employment in the rural areas.

The data have been collected from two different sources namely, primary and secondary. The secondary data have been obtained from various sources such as Administrative Reports, Handbook of statistics, Progress of SHG-bank linkage programme in India 2008-09 by National Bank for Agriculture and Rural Development (NABARD). Apart from these, information was also collected through discussions with other district level functionaries, like officials of bank branches, officials of VO/MSs, officials of DARD in the districts. For the primary data, a pre-tested comprehensive schedule was designed and canvassed in the study area.

Multi-stage stratified proportionate random sampling technique was applied in the selection of the representative districts, mandals/talukas, villages and households. At the first instance three districts namely, East Godavari, Chittoor and Karimnagar were chosen on the basis of one district from each region, i.e., Coastal Andhra, Rayalaseema and Telangana. In the second stage, from each district one mandal/taluka was selected. These are Peddapally from Karminagar, Madanapalle from Chittoor and Rajahmundry (Rural) from East Godavari district. In the third stage, from each mandal, two villages were selected. Purposive random sampling technique was used to select the villages. Two villages from each mandal were selected to ensure a fair representation of the concerned mandal. Six villages namely, Raghavapoor and Brahmanpalle from Peddapalle Mandal, Chinnathippasamudram (CTM) and Ankisettipalli from Madanapalle Mandal, and Torredu and Rajavolu from Rajahmundry Mandal were chosen for the study. In the fourth stage, SHGs were

selected in consultation with VOs[8]. SHGs, linked to the banks for past two years, were selected for the study assuming that the benefits from the SHG-bank linkage program would have been fairly well-stabilized by then. In addition, 20% of total members were covered from each selected village (covering not less than 40 members from each village. At the fifth stage, SHG members were randomly selected from each of the selected SHGs. Members were stratified by random sampling based on the group and caste from selected villages. The total sample size is 582, out of which 156 are SCs, 20 are STs, 242 are BCs, 141 are OCs and 23 belong to a minority community respectively.

8.2 Major findings

This chapter summaries the findings of the study and indicates suggestions for policy prescription. The major findings and conclusion emerged from the present study are detailed as below.

8.2.1 Credit and Microfinance in India

India's poverty eradication strategy contains a wide range of poverty alleviation and employment generating programs, many of which have been in operation for several years and have been reinforced to generate more employment, create productive assets, and raise the income level of the poor. Microfinance in India has grown at a tremendous pace in recent years, achieving significant outreach among rural households across the country. Linkages between banks and SHGs supported by NABARD on the one hand, and MFIs on the other, have emerged as the two most prominent means of delivering microfinance services in India. With traditionally loss-making rural banks shifting their portfolio away from the rural poor in the post-reform period, SHG-based microfinance, nurtured and aided by NGOs, has become an important alternative to traditional lending in terms of reaching the poor without

[8] For this purpose, the lists of SHGs were collected from VOs of each of the sampled villages. Separate lists of total SHGs, SHGs with two years of bank linkage and caste-wise SHGs were considered. Out of these lists, those SHGs which existed for two years as on March 31, 2009 were separated out to form the lists of SHGs as eligible for this study.

incurring heavy expenditure on operating and monitoring costs. In spite of the impressive trends, there still exists a huge demand-supply gap. The major concentration is in the southern states, but provision of microfinance services has started picking up pace in other states also. However, the regional spread is highly skewed. In brief, the microfinance sector in India is at an inflexion point with new generation MFIs and commercial banks driving the scale rapidly. Innovation in product design, channel configuration and technology usage is widespread and the sector is focusing largely on expanding its outreach. It is believed that microcredit has effectively graduated from an experiment to a widely-accepted paradigm of financial inclusion in India. Government involvement in SHG-based microfinance is a welcome development, but it is not free from shortcomings. Government aids almost always bring in its wake political favoritism and corruption. It is important to ensure that the government's microfinance initiatives do not go the way of their several well-intentioned predecessors. The RRBs, cooperatives and SHGs linked with NGOs have a role to play. Thus, to achieve the desired goals, the financial system should be truly inclusive. Diverse channels are needed for the financial services to reach the hands of a wide range of people who are currently excluded. It should meet the needs of everyone who can fruitfully use the financial services, including the poor. Indeed, financial services for the poor cannot solve all the problems caused by poverty. But it can help to put resources and power into the hands of poor and low-income people, letting them make their everyday decisions and chart their own path out of poverty. There should be emphasis on three strategies for inclusive financial services, viz., scaling up the quality of financial services to serve large number of people, reaching increasingly poorer and more remote people, and lowering the cost to both clients and financial service providers.

The progress of SHGs has been very satisfactory in India. About 2,924,973 SHGs (cumulative) spread all over India and have been linked with banks by end of March 2007. A model-wise analysis shows that up to March 2007, Model II SHGs continued to have a major share of about 73.53% of the total number of SHGs financed. Further, the spread of SHGs shows that the Southern region occupied the

first place in spread of the program. Among the states of the Southern region, Andhra Pradesh occupied the leading position. Agency-wise analysis shows that at the national level commercial banks are the major partners, followed by RRBs, while the cooperatives role is rather minimum in the program.

On the whole, the performance of SHGs has been satisfactory for the following reasons: First, the performance of the SHG is reflected in convergence of the poorer sections (Rajasekhar, 1994). This has been possible mainly due to emphasis of the NGOs in promoting SHGs to work mainly for the development of the tribal, landless laborers and especially, women from these communities. Secondly, most of the SHGs have been able to successfully promote regular saving habit even among the poor households (Fernadez, 1994). These savings appear to be working towards making the SHGs self-reliant besides increasing the members' stake in their functioning. Thirdly, with funds mobilized through savings and borrowing from banks, the SHGs are able to meet diverse loan demands of the members for both production and household purposes. In contrast to the formal agencies, the diversity in loaning purpose appears to be their strong feature. Their autonomy as well as easy access to information about members' activities, seems to have enabled the SHGs to meet such diverse loan demand of the members. Fourthly, despite not following collateral-based lending, like formal agencies, the SHGs have been able to register high loan disbursements (Rajasekhar, 1994). A combination of factors like peer monitoring, easy and flexible loaning procedures, higher interest rates, effective screening and flexible repayment schedules, seems to have positively influenced the loan recovery performance of the SHGs. Finally, studies on SHGs also revealed that the SHGs promoted by the NGOs from inception, dependent upon the NGOs, for their management and other requirements. The above review it becomes clear that though the progress of the SHGs has been limited in terms of its spread, they certainly seem to hold a good potential in the field of credit for the poor. Precisely, based on such an assessment, the NABARD has an ambitious plan of expanding the SHGs all over the country and promote them as instruments which can supplement the institutional agencies in effectively reaching the poor. However, there are certain

questions that need to be answered before one can confidently say that SHGs have effectively performed the role visualized for them.

8.2.2 Socio-Economic Conditions of Member Groups

From the instant study, it emerges that majority of the members of groups in all the selected villages are in the age groups between 26-35 and 36-45 years. It shows that middle aged women join the groups, which are more productive age groups. They are engaged in micro enterprises and take an active part in the SHGs. They are more mature in decision making in the areas related to micro enterprises. They want to engage in some income generating activities to increase the income of their families. The study has found that nearly 88% of members were married and are the important bread winners in their families. It is important to note that married women are actively engaged in the non-farm sector activities to generate sustainable income under the SHG-bank linkages. A considerable numbers of women who are widows have also greatly benefited from microfinance under SHG-bank linkage programme in the study villages. The number was more in Raghavapur and less in Ankisettipalle village. It was the highest in the SC community and lowest in the ST community in the all selected villages.

Similarly, the education level of the members shows that nearly 68% are literate. Among the literate members, about 45% are having primary school education, followed by secondary and intermediate. Education plays a very important role among the members for maintaining the records, starting of development schemes, linkages with banks, etc. The study observed that, in all selected villages, majority of the member families are nuclear and the percentage was highest in Raghavapur. Similarly, about 86% of the members reported that their husbands were the heads of the household and only 11% of the members reported they are managing the household themselves.

Interestingly, the study observes that all the members own ration cards in all the selected villages. Out of them, about 99% of the members have white cards, while only one per cent of the members have pink (Sugar card) card. Similarly, it is

observed that nearly 70% of the members live in pucca houses, followed by 27% in semi pucca house and only 3% live in kutcha houses. The study also finds that about 45% of the members have toilet facilities in their households. Accessing toilet facility is more common in Ankisettipalle while it is less frequent Raghavapur village. Non-availability of sanitary facilities is reported highest in ST families, followed by SC, BC, OC and minority communities. Same is the position regarding the source of energy for cooking, where it is found that only 43.3% of the members have gas for cooking. It is also observed that most of the SCs and ST members are dependent on firewood for cooking. The family size of the household is less than four members (76%) in the selected villages and it was registered highest in Rajavolu and lowest in Ankisettipalle village.

The study finds that 80% of the members' husbands are literates. It had been observed that the members have different levels of education in selected households and on an aggregate level, the SCs and BCs are more illiterate when compared to OCs, STs and Minority community members' husbands. From the field study, it is found that generally the highest education level of husbands of ST members is intermediate. But in other caste, members completing degree, PG and technical education are seen. The land holding size of respondents' families had been reported that 43.3% of the members are landless and the remaining are marginal, small and semi-medium farmers. The members who do not have lands are more in Torredu, Rajavolu villages than in Brahmanpalle and Raghavapur villages.

The study also finds that most of the members have joined the group quite recently. The age-wise distribution indicates that nearly 30% of them reported that their group formation seniority is two years, while 30% of them reported that their group formation seniority range is above 6 years, 23% members reported that their SHG formation seniority is 2-4 years and remaining members reported that their SHG formation seniority is 4-6 years. Caste-wise analysis shows that among all the sample members taken together, majority of members have completed 2 years in the group. Among them Scheduled Tribe (ST) members joined rather late because of lack of

awareness about the system. Among the members, majority are self-motivated to join the group. It is considered a healthy development that many of the respondents have joined SHGs out of their own interest, viz., self-motivation, followed by inspiration of their husbands and suggestion friends/relatives.

The size of the group plays an important role in the process of group dynamics. About 47% of the members reported that their group size was less than 10 members. The number is the largest in Rajavolu village and lowest in Torredu village. Caste- wise groups with less than 10 members are found to be more among ST and less in the OC community. Among the social groups, majority of the SC community members said that their group size was 11 to 12 members. Similarly, the study has found that most of the members are ordinary members of the groups. The field results show that in all selected six villages, 69% of them reported that their designation in the group is as members of the groups. Most of the members reported that meeting were conducted regularly once in a month for discussing their group activities and it was highest in Raghavapur and the lowest in Torredu village where meetings are held occasionally. Each group meets on a specific day, time and place. Some groups meet at 9 p.m. after dinner; some at noon after returning from work. It depends on the convenience of the majority. Regarding the venue, most of the groups meet at the leader's home. A few groups meet at their member/ representative's house. About 80% of the members reported that group leader would organise the meetings, while 15% of the members reported that SHG members were organising the meetings. Only 79% of the members participate in meetings of groups and this is due to their being engaged as daily casual wage labourers.

8.2.3 Saving Conditions and Performance

The members' saving conditions and their performance across the villages and among the member groups are discussed in Chapter 5. The study reveals that out of total sample SHGs, about 95% of group representative maintain savings registers, loan registers, bank accounts and individual passbooks. The highest number was recorded in Ankisettipalle. The level of maintenance of book of accounts and

individual passbook is noticed to be regular, accurate and up-to-date to a significant degree when these records are being managed by outsiders (including representative of SHPI/NGO/Government agency, any person employed by the SHG and Member/Leader's relative), compared to insiders, including group representative and a literate member. It is interesting to note that about 54 members dropped out from the groups; of which, the majority (33) said that they were unable to save the stipulated monthly amount and about 13 members reported that they were unable to attend the meetings regularly. Among the social groups, SC women group members reported that they were unable to save the monthly amount and, therefore, dropped out of the groups.

It is found that in all selected villages, 73% of member groups have been giving their monthly savings to the leaders on the meeting day. Out of these, minority community members are at higher stage and SCs are at lower stage due to their weak economic conditions, since they largely depend on daily wage earning which goes towards meeting their daily expenses. It is seen from the survey that majority of the members deposit the saving amounts in the bank every month by two members on rotation basis on a fixed date. However, the minority community members are not interested to venture outside their homes. So they do not visit the bank. Instead, they send their amount through their husbands or other family members. Further, it is found that members' monthly saving range increased from Rs.0-30 to Rs.0-50 and Rs.51 to Rs.100 because members in various villages borrowed huge amounts from banks and spent the amount on non-farm activities.

As regards the saving rate per member, it is been that most (53.4%) of the members' monthly saving is between Rs.51 and Rs.100 and remaining 46.6% member's savings range is less than Rs.50**.** This study finds that in Brahmanpalle village, all social groups members monthly saving is Rs.51 to 100, whereas in Torredu village, majority of the members are savings less than Rs.50. It is very interesting to note that among the social group members, majority (61.5%) of the SC members' monthly savings is less than Rs.50. The study observes that among SC

members, after availing group loan, members' savings had no change because their loan amount was used for consumption and house construction purposes. Similarly, it is been seen that the first priority for savings is for social security, followed by food security, education of children, meeting medical expenses, festivals, agricultural operations, etc. Similarly, the study observes that most of the nuclear families have been saving more monthly amounts than joint families. It is important to note that in all the selected villages, 53% of the members' monthly saving are between Rs.50-100. Out of these, about 69% of the members are literate. The study further finds that the members in the age group between 26-35 and 36-45 years are more likely majority to be engaged in SHGs and it shows that middle aged women are interested to join the groups.

Similarly, the study finds that the BCs and OCs communities have been saving more amounts on a monthly basis, when compared to other communities. This may be because they are economically and socially stronger and their main saving source is from their own earnings of petty business or shops and other agricultural income than casual wage earnings by Dalits. It is also found that in all selected villages, among SCs, STs, BCs and Minority community members, the majority are very much interested to save small amounts of money within their financial limits. On the other hands, the OC community members are reported to be saving more money to take more loans at less interest rate for all purposes including agriculture.

8.2.4 Credit Accessibility and Repayment Capacities

Accessibility of credit and their repayment conditions are other important aspects in this study. The study finds that the lending to the poor is considered to be a costly and risky proposition because of their low savings propensities and inability to provide collateral. SHGs, however, can target the poor better since the joint liability compels them to be small and homogeneous, so that members have the motivation to participate in selection, monitoring and ensuring the timely and assured repayment of loans. Having all these characteristics, it is observed that repeat loans to a SHG are hardly seen. Even, most of the well functioning groups have not obtained loans more

than once. In all those villages as an average, about 59% of members have taken loan less than two times, while 33% of the members took three to four times and 8% of the members took loans five to six times. It is found that members from the groups in Raghavapur, Torredu and Rajavolu villages took lesser numbers of bank loans by saving less and high default rates. On the other hand, in Brahmanpalle, CTM, Ankisettipalle villages, members have borrowed loans about 3-4 times, because of their better savings and regular repayment capacities.

The study observes that in all the selected villages, ST community members are not availing the loan more than 4 times because of the delay in group formation and less savings. It is observed that BC, OC members take loans several times more because of their better saving rates and regular repayments. It is also found that the transaction cost in terms of travel, time, loss of person days, several visits to banks and associated expenditure for the self and the accompanying persons, the loss of person days for the accompanying member, waiting period, and above all paying the interest for a loan to outsiders have all been reduced with the emergence of SHGs. The transaction cost in terms of interest may be higher, as in certain groups the rate of interest charged ranged from 24% to 36%, which is more than two to three folds than formal loans. But the members do not mind paying higher interest as it goes back to their group fund and later realised as their earnings.

The average amount of loan obtained each time by a SHG stands at Rs.17,485 This figure has been highest in Brahmanaplle (Rs.35,785.71), followed by Ankisettipalle (Rs.24,070), CTM (Rs.22,828), Torredu (Rs.13,053), Rajavolu (Rs.11,059), while it is lowest in Raghavapur village (Rs.6,700). It may be noticed that loan assistance by the SHGs depends mostly on the gradation, performance and financial discipline shown by the group. On an average, the amount of loan obtained each time by a SHG moved in an opposite direction with respect to its extent of stability. Further, the study finds that in Brahmanpalle, CTM and Anikisettipalle villages, members are getting more amounts (Rs.45,000) as a bridge loan than that of their counterparts. Similarly, the study finds that none of the SCs, STs and Minority

community members availed loans amount more than Rs.45,000 and these are highly discriminated against under the microfinance programme in all selected villages. Further, the study also finds that many members from Torredu and Rajavolu have started generating greater amount of loanable funds through regular contribution and managing the funds to meet their consumption and short-term credit for purchasing seeds, fertilizers and other farm requirements through internal loan.

The study has also finds that there are about three major patterns in inter-loaning system, viz., on the basis of demand from the member borrower (the group maintains the credit limit depending upon the availability of funds and likely demand of loans by other members), circular basis (the group normally fixes the loan amount and disburses to members one after another till the cycle is over and they decide the loan by consensus) and distributing equal amount of loan to all members. Further, it is observed from the data and during the interviews that nearly 100% of the respondent stated that they have obtained loan based on the group concept (Group Loan but individual Activities) and same loans have been divided equally among the members of the groups. It is evident that the main emphasis was given to income generation purpose, which was found to be higher, both in absolute and relative terms, among all selected villages. Similarly, the study finds that among all the social group members, the highest percentage of SC members (31%) use the loans for meeting consumption/ social needs when compared to other community members. In the same way, the study observes that the repayment capacities improved between pre- and post-SHG situations with a perceptible increase in repayment of loans from banks. The repayment performance of the borrowers largely depends upon the purpose for which the loan is utilized. Usually, the loans taken for productive (income generation) purposes are repaid promptly because they generate income and thereby enhance the repaying capacity of the borrowers, while the loan taken for unproductive purposes do not generate any income and result in defaults.

8.2.5 Impact of Microfinance on Income and Employment

An Examination of the impact of income and employment generation through bank-linkage programme is another objective of the study. The data from the field survey has found that the member respondents are engaged in a variety of economic activities under bank linkage programmes. The composition of the economic activities chosen by the respondents indicates their free and suitable choice for the economic activities as the key determinants for income generation. The study finds that the members in the initial stages normally borrowed for consumption purpose and then they slowly shifted their focus to income and employment generation purpose which requires higher amount of loans. It is found that 42% of the members have taken loans for income generation activities and this varied across the villages, such as Ankisettipalle (60%), followed by Brahmanpalle and CTM (48%), Rajavolu (39.4%), Raghavapur (33.7%) and Torredu (31.7%). Similarly, among the social groups, Minority community (56.5%) are in highest level, followed by OCs, BCs, STs and SCs for utilising loans for employment generation activities. It is clear from the study villages that majority of members are found to be engaged in economic activities such as running kirana shops (16.5%), followed by tailoring/embroidery (16.1%), dairy (12.8%), cloth/fancy shop (8.7%), hotel (7%), vegetable/fruits shops (6.2%), cow business (3.3%), flour mills (3.3%) and poultry/chicken shop (3.7%).

Similarly, the caste-wise analysis shows that, among the SCs members, the majority invested on tailoring/embroidery, followed by kirana shop, vegetable/fruits shop and dairy. Whereas, the ST community members invested on kirana shop, then on tailoring, hotel and brick industry purposes. Further, it is observed from the data on BC community members that majority of them have invested on kirana shops, followed by tailoring/embroidery, cloth/fancy shop and dairy and the OC community majority are involved in dairy, kirana shop, followed by tailoring/embroidery, cloth/fancy shop and hotel, etc. The study observes that about 66% of the members opened non-farm sector activities in their own villages, while 34% of them set up economic activity in their Mandal/Taluka headquarters and that the BC and OC

community members are predominant to set up their economic activities outside their village than their counterparts.

Another important aspect of income generation among the villages across the groups indicates that about 37% of the members are earning monthly income between Rs.1,501 to Rs.2,500, while 35% of them are obtaining income between Rs.2,501 to 3,500, 18% of the members obtained monthly income of more than Rs.3,00 and remaining members obtained less than Rs.1,500. Out of 18 those earning above Rs 3,500 per month, the majority are into cloth/fancy shop business, followed by kirana shop, hotel, dairy, cow business, bricks industry, steel/cement shop, and tailoring/embroidery shops. It is interesting to note that among all social groups, the majority number of OC and BC community members obtain monthly income of more than Rs.3500. Undoubtedly, the results indicate that the changes in incomes among the member group is taking place after the members have started undertaking commercial activities. The additional income of the respondents has been added to their family income and aggregately their family income also increased by two fold. On the other hand, the distribution of income among the caste groups shows that SC community are earning monthly income between Rs.1,501-2,500, whereas BC and OC community are receiving monthly income more than Rs.2,501-3,500.

Similarly, a perusal of the additional employment opportunities among the members across villages reveals that majority of member groups reported that as a result of the microfinance bank linkage programme, their economic status has improved. It is observed in the field survey that about 73% of the members generated employment up to 20 days in a month, while 27% of the members generated that of 21-30 days. It is observed that economic activity-wise employment generated up to 20 days a month, highest is in tailoring/embroidery, kirana shops, cow business and dairy business. Some of the economic activities such as kirana shop, tailoring/embroidery, dairy, cloth/fancy shop and hotel, generate more employment (21-30 days). The majority of non-farm enterprises are, thus, run 21-30 days in a month, either in parallel with agriculture or periodically as a substitute for agriculture.

It is also found from the data that the delivery of microfinance to the poor is productive, effective and less costly, if they are organized into SHGs and the study reveals that self-employment is the best source of employment in the study villages in the fare of paucity of employment opportunities and is emerging to be a very important source of livelihood for women in these villages. Micro entrepreneurs are getting more constructive support from their husbands (64%). This is a healthier trend compared to the pre-SHGs stage.

It is observed in the study that the accessibility to credit in the villages of Telangana region was 72.44%, followed by coastal Andhra (67.76%) and Rayalaseema (58.94%) during the study period. It is found that in the matter of source-wise distribution across the villages, microfinance institutions played a predominant role in most of the villages when compared to formal sources and other informal sources like moneylenders, friends, etc. The study found that the deprived and vulnerable communities like Scheduled Caste, Scheduled Tribe and minority community members took more loans predominantly from MFIs than BC and OC community members, who have a better accessibility to formal sources of credit due to their better economic and social status and ability to furnish their land documents and valuable utensils as collateral securities.

The study also observed that the borrowers, across the caste communities among the three regions, avail credit from MFIs and formal sources. The amounts are being spent on both productive and unproductive activities. Among the communities, SC and ST members are spending more on household assets creation and other non-productive purposes, whereas, BCs and OC community members are spending the loan amounts predominantly for agricultural purposes. The Promissory Note is the main collateral security document for members belonging to the deprived and vulnerable caste communities to avail credit from informal sources and MFIs. On the other hand, most of the BC and OC community members are able to keep their land documents as the main collateral security for availing credit from formal credit institutions in all selected villages. Further, the study found that the BCs and OC

community members are repaying the loan amounts after harvesting their crop. As against this, the repayment performance of members belonging to the deprived castes can tend to be irregular. It may be concluded that, undoubtedly, credit plays an important role in all the selected villages across the caste communities to improve their economic conditions through income and employment generation activities

It is clearly understood that there has been an encouraging trend in the income generation from the micro enterprises of the respondents and from the study it is deduced that there are some members with “no income” earlier and they strongly accepted that they benefited to a great degree and improved their income and economic status after starting micro-enterprise with the help of bank linkage programme. In the same way, majority of the members stated that joint decision making has increased in all important matters with the help of economic empowerment and about 12% of the respondents agreed that they are now playing a greater and important role in decision making in all matters related to their family affairs.

Similarly, as regards the aspect of quality of life among the members, about 58% respondents reported that they had improved their quality of life “to some extent” after becoming micro enterprises compared to the earlier period and 35% of the respondents reported that they had improved their quality of life “satisfactorily” after becoming micro entrepreneurs and are generating considerable income. The overall understanding of the data indicates that the respondents have developed various skills quite impressively after becoming SHGs members and micro entrepreneurs as a result of participating in various meetings and activities related to the SHG and Micro enterprises. Majority of the respondents have reported that they are now better in problem solving skills and equal percentage of the respondent have developed confidence and 49% of the respondents have improved developmental skills and 74% and 52% of the participants have reported that they are in better position in social interaction and involvement in social activities respectively. The promotion of SHGs under bank linkage programme has brought about a lot of

positive changes in the minds of the spouses and parents of the respondents. In this study, impressively 81% of the respondents report that their husbands and parents encourage them in their active participation in the SHGs and in the process of income generation under micro enterprises.

8.2.6 Impact of Microfinance on Women Empowerment and Poverty Reduction

The impact of micro financing on women has been analysed, taking the various indicators in the pre-and post-SHGs situations. It is observed that the impact is reflected in changes of their assets value, changes in the income and consumption pattern and above all changes in the saving levels and thrift, which was minimal or absent in the pre-SHG period. Apart from their economic empowerment, the sample SHGs have attained social empowerment. It is also observed that there have been changes in their attitude regarding social issues such as gender discrimination, dowry, equal property right, equal nutrition, health attention and education and treatment of girl children, widow remarriage, participation in decision making within the households affairs like deciding education of the children, schools to be chosen, standard up to which he or she is to be educated, course to be chosen, mode of transport, marriage age and marriage of the children. So in such aspects, the social empowerment has been more pronounced than economic empowerment. Apart from these external achievements, within the group they have been empowered to participate in meetings, make decisions on the loan, savings amount, number of installments, and repayment norms and also going out for attending various seminars, which are of interest to the group.

8.3 Concluding Remarks

Microfinance system has brought about an unprecedented change in the life style of women in rural areas. If the credit system is streamlined and effectively run, it will transform rural life. The great poet Gurajada said that modern women would rewrite history in a new away. Empowerment through SHGs would impact rural women by giving them immense confidence to mould their lives and that of their

families. One should be cautious of middlemen in this system since the very performance of the system will be sapped if corruption creeps into the microfinance system. The present study analyses the manner in which the credit system was operating in the villages and the data given at every point illustrates the functioning of the system in different villages among the regions. In a country like India, there are innumerable divisions in the social system; it is not an easy to bring change all of a sudden, but initiatives like the SHG microfinance credit system can remove many hurdles in the path of progress. So, proper management and leadership will contribute to realise the ideals. On the other hand, the liberalised banking system also should be better geared to meet the needs of the poor and deprived people. Just as water should irrigate the parched land, but not the wet land, the banks should do the function like ensuring water flowing to areas where there is scarcity than abundance. Banks should take a liberal view in extending their cooperation in rebuilding rural areas. The government also should take the steps to direct the banks and make it mandatory to accord greater priority to rural India.

8.4 Policy Implications

Encouraging the poor to organise themselves into social groups will increase their participation in borrowings, so that they can meet their credit needs. The study has brought to the fore that the microfinance experiment has increased their employment pattern, income levels and borrowing pattern towards formal source of finance but it is marginal. The micro credit mechanism has led to a reduction in transaction costs of borrowing and benefited the lenders also by improving the loan repayment rate. Further, the SHG experiment has reduced the level of poverty. It is further observed that as among all social group members, those who were covered under SHG-bank linkages had fared better in respect of socio-economic empowerment and nutritional development. However, there are certain questions which need to be answered before one can think of the SHG assuming the role visualised for them.

There are limits to microfinance as a tool for poverty reduction. However

effective the role of microfinance organisations has been in providing financial services to the poor, they cannot substitute for broader policies to promote pro-poor economic growth, equitable social development and democratic participation in collective forums of decision–making. In the absence of such polices, microfinance may at most provide a safety net for the poor, rather than a ladder out of poverty. It is clear that while access to financial services can make important contributions to the economic productivity and social well being of poor women and their households, it does not automatically empower women any more than education, political quotas, access to waged work or any of the other interventions that feature in the literature on women's empowerment do. There are no magic bullets, no panaceas, no blueprints, no readymade formulae which bring out the need for radical structural transformation to ensure greater empowerment of the poor and poor women. Then how is the SHG-Bank linkage helpful in this direction?

Delivering microfinance to the poor and the poorest primarily still is an NGO activity. They have proved to be the best vehicle for the speedy expansion of outreach of micro credit and have matured in their management skills. But at the same time, they have started facing new problems since they are not part of the formal financial structure. The most critical problem faced by NGOs today is finding money to lend to the poor. One solution that Bangladesh found to this problem is to create a national wholesale fund through Palli Karma Shahayak Foundation (PKSF) which controls all NGOs across the country. The government and the World Bank put their money into PKSF which, in turn, make this money available to NGOs. Since the wholesale fund is available at a large extent, NGOs in Bangladesh have shown significant growth in recent year. Until the beginning of 2003, it had provided more than US$260 million to nearly 200 NGOs in Bangladesh to carry out micro credit programmes. Then what is the best way of promoting SHG-NGO activity on a wider scale is a pertinent question that still remain?

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Appendix

Questionnaire

Prepared for the study on: **Micro Finance in India: A Case Study of Andhra Pradesh.**

Identification Information

District	
Mandal	
Gram panchayat	
Name of the village / ward	
Name of the bank& distance	
Name of the SHG	
When did formation of the self help group take place?	
When did you join the group? (mention the date)	
Name of the Beneficiary	
Age of the member	a). Less than 25 years b). 26- 35 years c). 36-45 years d). Above 45 years
Education	
Marital status	a). Married b). Unmarried c). Widow d). Divorce
Social group/ caste	a). SC b). ST c). BC d).OC e). Minority
Religion	a). Hindu b). Muslim c). Christian d). Sikh e). Others
Family Data	
Type of family	a). Nuclear, b). Joint c). Others (specify)
Total members of the family	
Who is head of your family	a). Self (SHG member) b). Husband c). Father in law d). Mother in law e). Father f). Mother g). Others

Public Distribution System (PDS)			
Do you have Ration cord?	Type of ration card?	When did you receive this ration card?	How often do you go to the ration shop?
a). Yes b). No	a). White b). Pink c). Anthodia d). Others	a). Before SHG b). After SHG	a). Weekly b). Fortnightly c). Monthly
Housing Condition			
Nature of house	Type of house	Year of construction	Mode of acquisition
a). Own b). Rented	a). Kuttacha b). Semi pucca c). Pucca	a). Before SHG b). After SHG	a). Own b). Govt c). Own & Govt, d). NGO e). Own& NGO e). Others(specify)
Expenditure incurredin building this house (in Rs.)	Source of the finance	Present value	No. of rooms in the house
Do you have separate room for sleeping?	Do you have separate room for kitchen?	What is the main source of lighting?	Source of drinking water?
a). Yes b). No	a). Yes b). No	a). Electrified b). Non- electrified	a). Public tap b) Public hand pump c). Own hand pump d). Own well e). Others
Do you have sanitation?	What are your main sources of energy for cooking?	If rent a house how much do you pay per month?	Why did you not construct your own house?
a). Yes b). No	a).Wood b). Kerosene oil c). Gas d). Others		

Household Information

Sl. No	Name		Relation of the beneficiary	Sex	Age in years (completed)	Marital status	Education level	Primary occupation	Income (per annum)	Substitute occupation	Income (per annum)	Resident / non resident
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**

Col.3:- 1). Yes, 2). No

Col. 4: - 1). Self, 2). Wife, 3).Husband, 4).Son, 5).Daughter, 6). Father in law, 7). Mother in law, 8). Father, 9). Mother, 10). Others (specify)

Col. 5:- 1). Male, 2). Female

Col. 7: - 1). Un Married, 2). Married, 3). Widow, 4). Widower, 5). Divorced.

Col. 8:- 1). Illiterate, 2). Literate (can sign, read little bit only), 3). Primary, 4). Secondary, 5). Higher secondary, 6). Technical, 7). Graduation, 8). Post graduation, 9). Not Enrolment, 10). Others (specify)

Col.9 &11:- 1). Cultivator, 2). Allied agricultural activities, 3). Agricultural labour, 4). Non-agricultural labour, 5. Self employment, 6). Government employee, 7). Government contract employee, 8). Private employee, 9). Non-agricultural salary employee 10). Studying, 10). Not working, 11). Others

Col.13:- 1). Resident, 2). Short term migration (below 3 moths), 3). Long term migration (above 3 moths)

About the Organization

Group size:

How did you come to know about SHGs	1). Neighbours 3). Government employee		2). Friends/ relatives 4). Bankers	5). Others (specify)
Who promoted your group?	1). Self 4). Bankers	2). Government Employee 5) Village elders	3). NGO	5). Others (specify)
When did you join the group (year)?				
Who suggested to join the group?	1). Self 4). Friends/ relatives		2). Husband 5). NGOs	3). Family member 6). Others(specify)
What is your position in the group?	1). Leader	2). Cashier/ secretary	3). Member	
Were you elected as leader any time?	1). Yes		2). No	
Total members in your group	1). ≤ 10 3). 15 to 18		2). 11 to 15 4). +18	
Performance grade of your group	1).Not progressive		2). Progressive	3). Decelerate
Any dropout from your group?	1). Yes		2). No	

If yes, what are the reasons?	Total. Nos	No	Reasons	
			1.Left the village	
			2.Unable to save	
			3.Meetings unable to attend	
			4.BPL norms	
			5.Lack of access to credit	
			6.Others(specify)	

Do all the members know each other?	1) Yes	2). No
Do all the members aware of the purpose of the group?	1) Yes	2). No

Meetings

How frequently are the meetings held?	1). Daily 3). Fortnightly	2). Weekly 4). Monthly	
Who organizes the meeting?	1). Members 4). NGO/MFI	2). Group leader 5). Bank officer	3). Project staff 6). Others (specify)
How many members generally attend the meeting?	1). All	2). Few	3). Some members
Do you attend the meetings regularly?	1). Yes	2). No	3). Some time
If no, reasons			
Who will take a decision on the proposed agenda?	1). Group leader 4). Collectively	2). Secretary 5). Bank officer	3). Some members 6). NGO /MFI

Information on Savings:

Periodicity of savings	1). Daily 4). Monthly	2).Weekly 5). Others	3). Fortnightly
Initial savings (yours)	Rs.		
Present savings (yours)	Rs.		
Source of saving	1).Husband earning income, 3. Own earning from agricultural labour, 4).Non-agricultural labour, **5)**. Own earning from small business, 6).Own earning from government salary, 7). Private employee	2). Household income, 8). Others (specify)	

Each time, how much money do you deposit (weekly/monthly)?		
	Savings	Rs
	Bank loan	Rs
	Total amount	Rs

Is there any change in savings after bank loan availing?	1). Yes 2). No
If yes, indicate changes	1). Not improved 2). Improved
If not improved, what is the reason?	
If improved, how?	
Would you like to save money further?	1). Yes 2). No
If yes , how much per month ?	Rs.
Main purpose of saving? (give your order of preferences)	1). Medical 2). Food security 3). Education 4). Marriage 5). Festivals 6). Non-agricultural 7). Agricultural 8). Asset creation 9). Others (specify)
What is your total savings? (Cumulative savings)	Rs.
Your present bank balance	
Last year did you receive any saving amount?	1). Yes 2). No
If yes, how much did you received?	Rs
Reasons for distribution of saving among the group member	
Last year did you get the revolving fund or matching grant?	1). Yes 2). No
If yes, how much received?	Rs

Mode of Collection

Method of collection of savings / loan	1). During meeting time 2). Member handing over the saving to leader 3).Leaders collected from the member at their home 4). Others(specify)
How many days does it take to collect the savings (No. of Days)?	
Who will deposit the saving/ loan?	1). Only leader. 2). Only secretary 3). Leader & Secretary 4). Every time each of two members 5). SHG family member 6). Others(specify)
Where are you monthly savings deposited?	1). Bank *(name of the bank)* 2). NGO/MFI 3). Federation/Vo
Maintenance of group account	1). Manual 2). Computerized 3). Both 4).Others
Monthly how much did you pay as maintains cost (in Rs)?	1). Stationery (Rs). 2). Tags (Rs). 3). Book keeper (Rs). 4). Transport cost (Rs.) 5). Others (specify) Rs. **Total Cost Rs.**
Who maintains the account?	1). Group joint A/C 2). Leader A/C 3). Secretary A/C 4). Leader & secretary jointly A/C 5). Individual A/C (specify) 6). Others (specify)
Did the group leader change?	1). Yes 2). No
If yes, what are the reason?	1). Left the group 2). Left the village 3). Not Interested 4). Died 5). Government policy 6). Others

About SHGs Loan

Have you availed loan from inception (from bank)?	1). Yes 2). No
If no, reason for not availing loan	
If yes, source of loan?	
How many times	

Particulars of loan	Year	Amount (Rs)	Purpose	Inter-est rate	Nature of re-payment				Amount repaid so far	Balance amount
					Total no. of installment	Amount paid per installment (Rs)	No of install-ment paid	No of balance installment		
Loan 1										
Loan 2										
Loan 3										
Present loan										

Total amount received from the bank on in your group account?		
How did you distribute loan amount among the members?	1.Uniform/equal 2.Not uniform	
Minimum amount of present loan per member	Rs.	
Maximum amount of present loan per member	Rs.	
Did you start any income & employment generating activity? 1). Yes 2). No		
If no, what are the reasons? What is your present occupation? How much did you get per month? Rs. Number of employment days (per month)-		

Income &Employment Generating Activity

If yes, type of economic activity?		
When did you start this activity? (date/year)		
Nature of operation 1). Seasonal 2). Casual 3). Others (specify)		
Type of ownership	1).Proprietary (Male) 2). Proprietary (Female) 3). Partnership with members of the same household 4). Partnership between SHG members 5). Co-operative society 6).Limited company (outside public sector)	
Did you have any relationship to the business before you became an owner? 1). Yes 2). No		
If yes, what was your relationship to the business before becoming an owner? 1). Employee 2). Customer 3). Supplier 4). Relative 5). Others (Specify)		
Why did you start this activity?		
Location of enterprise? 1). Own village streets 2). Own village main road 3). Within the village 4). Nearby village 5). Mandal headquarters 6). Others (specify)		
Do you own or rent the place? 1). Own 2). Rent If, rent how much did you pay per month?		
Type of structure?		
Power / fuel used	1). Without power 2). Electrified 3). Coal. 4). Kerosene 5). Petrol/ diesel 6). LPG/ natural gas 7). Others	
Registered/ recognized by Govt 1).Yes 2). No		

How much money did you need to start the business? Rs	
How much spent your own money? Rs	
SHGs loan sufficient for business? 1). Yes 2). No	
If no, where did you get the money?	

Source of loan	Year	Amount borrowed (Rs)	Purpose	Rate of interest	Nature of re-payment	Amount paid as date	Balance amount	Service charges	Collateral mortgage

Do you participate in this work as a worker?	1).Yes 2). No
If yes, how many hours do you work per day?	
How many days do you work per month?	
How much did you get (**profit per day / month)**	
Is there any variation in your Income across seasons /months?	1).Yes 2). No
If yes, please describe the causes for variation?	
Did you take help from your family members?	1).Yes 2). No
If yes, who is the family member?	1). Husband 2). Children 3). Family members 4). Others

Loan Repayment & Training Programma awareness

Source of repayment of pervious loans	1).Husband earning income, 2). Household income 3). Own earning from agricultural labour, 4), Non-agricultural labour work, 5). Own earning from small business, 6). Government employee, 7). Private employee, 8). Group fund, 9). Others (specify)
Did you follow your repayment-schedule?	1). Yes 2). No
If no, what is the reason?	
If you fail to repay, who will be responsible?	1). Yes 2). No
Did you attend any training programme?	1). Yes 2). No
If yes, who organized the programme?	
What is duration of training?	
Did you pay anything?	1). Yes 2). No
What are the benefits you gain from the programme? (please specify)	1). Self-confidence 2). Skills development 3).Nutrition awareness 4). Leadership qualities 5). Bank linkage 6). Marketing linkages 7). Enhanced income& earning 8).Active participation in decision making in family 9). Active participation in decision making outside the family 10). Active participation in development programme 11). Others (specify)
Did you approach the bank manager about your needs (loan & saving or SHG issues)?	1). Yes 2). No
Is it easy to meet the bank manger?	1). Very easy 2). Easy 3). Had to wait 4). Had to come back several times 5). Failure 6).Others (specify)
Did you have facing any problem from the bank manager?	1). Yes; 2). No
If yes, state the problem?	
How did you slove your problem?	

Household Saving Information

Did you / your family has individual bank account?	1). Yes	2). No
If yes, when was it opened?	1). Pre SHG	2). Post SGH
Name of the bank.	Distance form bank.	

Profile of HH Savings in term of Cash

Place of saving	**Pre SHG (Rs)**	Key reason (write code number)	**Post SHG (Rs)**	Key reason (write code number)
1. Friends & relatives				
2.Postal deposits				
3.Banks/ coop society				
4.SHGs				
5.Chits funds				
6.Employer				
7.Finance company				
8. NGO				
9. At home				
10. Others(specify)				

Code for Reasons: 1). Interest (good interest rate), 2). Less time to transaction, 3). Can easily withdraw, 4). Can save any time, 5). Can save low amount, 6). Getting others services 7). Convenient (door service/ office is near to home, , 8). Others (specify)

Profile of HH Savings in Kind

		Pre SHG				**Post SHG**				
Gold (unit)										
Animals	Name of the animal	No	Value (Rs)	Total value (Rs)	Source of finance	Name of the animal	No	Value (Rs)	Total value (Rs)	Source of finance
	Cow					Cow				
	Bullocks					Bullocks				
	Buffalo					Buffalo				
	Sheep & goat					Sheep & goat				
	Poultry					Poultry				
	Pig					Pig				
	Total					**Total**				
Land (in acres)						**Land (in acres)**				
Grand Total										

Profile of Household Insurance Services

Did you/your family members have any insurance? 1). Yes 2). No

If yes, 1). Pre SHG 2). Post SHG

Pre SHG					**Post SHG**				
Schemes	Company	Annual pay (Rs)	Purpose	Facilitator	Schemes	Company	Annual pay (Rs)	Purpose	Facilitator

Name of the company: 1). LIC; 2). Peerless; 3). SHG insurance 4). Others (specify).

Purpose: 1). Life; 2). Health; 3). Crop; 4). Animal; 5). Children education; 6). Children marriage; 7). Others (specify)

Facilitator: 1). Insurance agent 2). SHG; 3). NGO/MFI; 4). Bank branch; 5). Friends/ relatives, 6). Others (specify)

Ownership details of household commodities

Name of commodities	Pre SHG			Post SHG		
	Number	Initial cost	Present value	Number	Initial cost	Present value
Cot						
Double cot						
Table						
Chair						
Sopa shirt						
Almirah						
Refrigerator						
TV						
Tape recorder						
Radio						
Watch						
Electric fan						
Pressure cooker						
Kerosene stove						
Gas stove						
Sewing machine						
Hand pump						
Others (specify)						
Total						

Productive assets

Name of assets	Pre SHG				Post SHG			
	Number	Initial cost	Mode of finance	Present value	Number	Initial cost	Mode of finance	Present value
I. Vehicles								
Bullock cart								
Motorcycle / scooter								
Auto								
Car / jeep								
Tractor attachment								
Total								
II. Irrigation equipment								
Tube Well / Bore well								
Pump Set (Diesel) / Electric								
Total								
III. Other farm equipment								
Plough (wooden)/ iron								
Seed drill								
Leveler								
Cultivators								
Others (specify)								
Total								
I+II+III=Grand total								

Information of household credit

Did you borrow in the recent year? 1. Yes; 2. No

Source of loan	Profile of credit current outstanding at household level										
	Year	Amount borrowed (Rs)	Purpose	Rate of interest	Mode of re-payment		Amount paid	Balance amount	Service charges	Collateral / mortgage	R for C
1	2	3	4	5	**6A**	**6B**	7	8	9	10	11
Commercial bank											
RR-bank											
Co-Operatives bank											
SHGs											
MFIs											
Money lender											
Traders											
Employers											
Land lords											
Friends / relatives											
Others											

Purpose of loan: 1). Repayment of debt; 2). Consumption; 3). Children education; 4). Medical; 5). Marriage; 6). Festivals; 7). Agricultural; 8). Non-agricultural; 9). Dairy; 10). Livestock; 11). Small business; 12). Household asset; 13). Migration; 14). House repair; 15). Others

Rate of Interest: 1). Free loan; 2). Less than 12 per cent; 3). 12-24 per cent; 4). 24-36 per cent; 5). 36-46 per cent; 6). 46-48 per cent 7). Above 60 per cent 8).Others (specify)

Mode of repayment:- 6.A- 1). Cash 2). Kind 3). Cash & Kind 4). Labor services (Number of days) 5).Others

6.B- a). Weekly b). Monthly c). Quarterly d). Half yearly e). Yearly f). Harvesting season

Service charges: 1). Conditions (company registration, information gathering); 2) . Search cost (screening fees, service fees, travel/ contact time, photos); 3).Transacting cost

Collateral/mortgage: 1). No surety; 2). Promissory note; 3). Oral agreement; 4). Pledge of house/ jewelry; 5).Job Security; 6). Land Pass Book

Reason for code: 1). Low interest rate; 2). Less time to obtain loan; 3). Fixable repayment schedule; 4). Getting other services; 5). Repay at any time; 6). Doorstep services; 7). Quick processing; 8). Loan for any purpose; 9). No need to produce any security to get loan; 10). Others (specify)

Consumption expenditure

Item	Pre SHG				Post SHG			
	Quantity	Price	Total	Yearly expenditure	Quantity	Price	Total	Yearly expenditure
I. Food durable monthly (kg/month)								
Rice								
Wheat								
Sugar								
Tea, coffee,								
Spices								
Total								
II. Food-non durable								
Vegetable								
Fruits								
Oil (lit)								
Eggs (nos)								
Cheek, meat, fish(kg)								
Milk (liter)								
Mineral water (liter)								
Total								
I+II=Total food expenditure								
III. Non-food durables(yearly)								
Clothing								
Footwear								
Cooking utensils								
Furniture								
Total								
IV. Non-food non durables (monthly)								
Alcohol								
Cigarettes / beed								
Entertainment								
Total								
V. Services (yearly)								
Education(school fee)								
Books								
Total education expense								
Medical								
Tailor								
Electricity charges								
Telephone charges								
Barber								
Dhobi								
House repair								
Jewelry								
Total								
VI. Grand Total								

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Land particulars (area in acres)

Land	Total operated area (in acres)			Seasons								
				Khariff (in acres)			Rabi (in acres)			Annual crop (in acres)		
	Total	Irrigated	Un irrigated	Total	Irrigated	Un irrigated	Total	Irrigated	Un irrigated	Total	Irrigated	Un irrigated
Own used **(A)**												
Leased in **(B)**												
Leased out **(C)**												
Total operated area **(D)= A+B+C**												

Land purchased and sold

Particulars	No. of acres	Year	Amount (in Rs.)	Source of finance	Rate of interest	**Reason.** Purpose of selling / buying
Sold						
Sold						
Purchased						
Purchased						

Cropping pattern in previous year: Kharif and Rabi (area in acres, quantity in units & value in Rs.)

Seasons	Crops	Area (acres)	**Source of irrigation** 1). Cannal 2). Tube Well 3). Well 4). Pond 5). Rain fed	Total output (per acres)			Self consumption (per acres)			Output sold (per acres)		
				Quantity	Value	Total	Quantity	Value	Total	Quantity	Value	Total
Kharif												
Rabi												
Annual Crops												

Decisions making in the family

Who takes the decision in your family?	1). SHG member (self) 3). SHG member jointly with husband 5). SHG member jointly with family	2). Husband 4). Elder people only
Who goes to the market to buy household needs?	1). SHG member (self) 3). SHG member jointly with husband 5). SHG member jointly with family	2). Husband 4). Elder people only
Who spend generally family income?	1). SHG member (self) 3). SHG member jointly with husband 5). SHG member jointly with family	2). Husband 4). Elder people only
Do you need permission to go to the market?	1). Yes	2). No
Do you need permission to visit friends / relatives house?	1) Yes	2) . No

Impact of micro finance on socio-economic status of the family members

1). Same 2). Increased 3). Decreased

Mobility		Recognition in family	
Recognition in community		Interaction with ----------	
Literacy / education		Access to health service	
Access to immunization		Access to sanitation facility	
Asset building		Access to credit facilities	
Family income		Acquisition of skills	
Family planning awareness		Nutrition awareness	
Decision making related to child centered		Girl child development awareness	
Participation in development programmes		Decision making related to money matters	
Income generation (Rs)		Individual income (Rs)	
Employment generation (Numbers of days)		Others (specify)	

Annual household income

Source of income			Income earned (previous year) Rs		
			SHG Member	Other family member	Total income
Agricultural	Cultivator				
	Agricultural labor				
	Animal husbandry/ dairy				
	Fishery				
	Forestry				
Non-agricultural	Self employment	Business (shop, trade, tailor, barbers , petty shop, hotel, handicrafts, artisans, laundry/dobby, cloth shop, kiran shop., etc)			
	Non-Agricultural	Regular employment			
		Wage labor			
Government	Policies (pension, drought relief, etc.,)				
	Regular employment on wage/ salary				
	Tempovery/ contract employment on wage/ salary				
Any other source of income	Leased out land				
	Leased out livestock				
	Renting out of machinery/ house				
	Interest and dividends				
Grand total					

SYNOPSIS
of the Ph.D. Thesis Titled

MICROFINANCE IN INDIA: A CASE STUDY OF ANDHRA PRADESH

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MICROFINANCE IN INDIA: A CASE STUDY OF ANDHRA PRADESH

Introductory Background

Providing the poor the access to financial services is one of the many ways to help increase their income and productivity. Credit plays an important role in all the models of growth and development. It raises the productive capacity of the sectors and serves as an accelerator for better livelihood (Belshaw, 1931). The income earned by the poor, especially in the rural areas is inadequate to satisfy their needs of consumption and income generation. In the recent years, credit is viewed as an anti-poverty tool because it helps the unemployed to become employed, thereby increasing their income, improving their consumption pattern and reducing poverty. In many countries, however, traditional financial institutions have generally failed to provide this service. To improve the access of poor households to formal sources of finance, particularly in rural areas and to reduce their dependence on the informal sources, the cooperative movement was started in 1904, followed by nationalization of commercial banks and establishment of regional rural banks to advance loans to the rural poor (Shahidur, 1998).

In Indian society, it is not surprising to note that prior to the 1990s, there was hardly any credit scheme designed for women. It is only after the women-oriented studies highlighted the deprivation and struggle of women for survival that the concept of women's credit was initiated (Karmakar, 1999). In India, women account for the production of about 30% of the total food commodities consumed, but get only 10% of the income and sharp only 10% of the property or wealth of the country. Especially the poor women have limited access to resources or employment opportunities that would make them financially dependent. Many of them are unable to meet even their minimum consumption needs. Institutional credit is inaccessible by them, as women rarely have property to mortgage or collateral security to offer for formal credit. Ultimately as the last resort, they have to depend on moneylenders to meet their production and consumption needs. This entraps them into a vicious circle

of perpetual poverty and indebtedness. Providing financial services to the poor, especially women, requires an innovative strategy and effective credit delivery mechanism that would help to identify and attract the poor with the potential to initiate and sustain productive use of loans.

Microfinance system can play an alternative role in banks and financial institutions to solve the problems of poverty and unemployment in the country (Shetty, 2002). Microcredit is considered as an ideal tool to tackle the twin problems encountered by institutional credit agencies in serving the poor, viz., higher transaction costs and poor recovery (Girija and Satish, 2001). It also serves to facilitate access to credit by poorer clients, who are more likely to need small amount of credit for immediate household purposes but appear less creditworthy for larger loans (Frances, 2005). Microfinance programs influence saving by making it an almost regular habit. The savings could be invested in productive activities, which in turn would increase employment, income and output, thereby increasing the purchasing power and effective demand of the community, and thus, improving the standard of living and economic status of the nation.

In the changing scenario, many of the developing countries have embarked on the process of deregulating their financial systems and transforming their financial institutions into effective intermediaries to extend viable financial services to all segments of the population. The word ‘microfinance’ has emerged as the subsector of the financial system to serve the micro economy of the poor. The term ‘microfinance’ refers to the provision of financial services and products in small quantities to the poor to enable them to raise their income levels and improve their living standards (NABARD,1995).

It is envisaged that microfinance in rural India can secure better employment opportunities and protect the financially vulnerable sections from the vexed economic setbacks. These services all over the world are being provided through group-based delivery mechanisms, which have the twin advantages of low transaction costs and the use of joint liability as social collateral. Since the poor do not have any physical collateral to offer, they were hitherto neglected by the formal financial institutions.

National Bank for Agriculture and Rural Development (NABARD), initiated certain research projects on SHGs as a channel for delivery of microfinance in the late 1980s.

Presently, SHGs play a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and are actively engaged in saving, credit as well as in other activities, like income generation, natural resources management, literacy, child care and nutrition. The group should devise a code of conduct and group management norms. The SHGs are small, informal and homogeneous groups of not more than 20 members each. An SHG should have regular meetings (weekly, fortnight or monthly), to enable functioning in a democratic manner, thereby allowing free exchange of views and participation by members in the decision-making process. The group should be able to draw an agenda for each meeting and take up discussions as per the agenda. These groups are expected to promote a true democratic culture where all the members participate actively by taking part in the debate and have a greater space in the critical decision-making process in the home, community, economic and political life, more possibly for small groups. These groups are expected to be homogeneous, so that the members do not have conflicting interests and all the members can participate freely without any fear and adverse consequences. These groups have been recommended to be informal to keep away bureaucracy, corruption, avoidable administrative expenditure and profile constraints. The repayment rate tends to be lower in large groups and the propensity to default is high among heterogeneous groups (Rajasekhar, 1996). These features distinguish the small, homogeneous and informal SHGs from the large, heterogeneous and formal cooperatives, although both function on the same principles of cooperation.

The SHGs assume that all poor households need to save and have the inherent capacity to save small amounts regularly. Easy access to credit is more important than cheap subsidized credit which involves intricate bureaucratic procedures. The poor are the best judge of their credit needs and are good users and re-payers of credit when they are members of a group. A free and fair discussion removes the element of subjectivity from the decision-making process, making the borrower understand the

value of the credit and the importance of repayment and accountability to the group. The repayment of the loan together with interest and regular thrift enlarges the working fund and increases the scope of lending. A notable feature of SHG is that before its linkage to any financial institution, credit discipline is imbibed among the members. SHG-bank linkages improve the socioeconomic condition of its members through positive impact on income, savings and self-confidence. SHG members are not volunteers. Although the work is usually honorary, members work to change their own situation and the support is mutual. The knowledge base of self-help mutual support groups is experiential, indigenous and rooted in the wisdom that comes from struggling with problems in concrete, shared ways. SHGs are built on the strength of their members.

Empowerment of the poor encompasses three basic dimensions viz., reduction of poverty, creation of employment, and reduction of inequality. Since the magnitude of poverty challenges are the very basis of a state as an independent economic and political unit, it has been realized by the policy planners that development needs to be people-centered and participation-oriented across various interfaces. Poverty alleviation has thus assumed a new thought and new practices have emerged through integrated community participation of the poor. The basis of the concept of microfinance is self-organization of the poor at the community level driven by a desire and an inherent capacity to improve their living conditions by themselves. Microfinance revolution in recent times has played a prime role in poverty alleviation by generating income and employment. Studies on microfinance indicate that adopting the method of group lending through SHGs could reduce the lending and supervision costs of public sector banks and improve repayment rates.

Problem Setting

Credit has been recognized as the crucial input of agricultural growth. Hence, the Government of India, since the first Five Year Plan (1951-56), emphasized the importance of institutional credit to agriculture. The total institutional credit increased from Rs.6,230 cr (1984-85) to 180,480 cr (2005-06). However, in the credit delivery system, there are significant disparities across different regions of the

country. This is reflected in the resource flow biasness towards some favored regions and negligence towards others, leading to differences in accessing social service benefit, basic capital requirement, etc. Regional disparities have been felt in many parts of the country and Andhra Pradesh is no exception to this syndrome. While addressing the various aspects of microfinance, the borrower's viewpoint is frequently missed out. However, it is observed that most of the studies have been confined to analyses of the recovery performance, factors, per capita savings, group savings and borrowings, etc., which are mostly based on secondary data. There is hardly any study which deals with various forms of micro financing, or SHGs and their sustainability aspects, except a study conducted by NABARD and a few other researchers. Moreover, it is true that the concept of SHGs itself has emerged recently**.** Hence, it is quite possible that only in future some studies may emerge. Against this backdrop, the present study attempts to analyze the impact of micro financing on women in three different regions of Andhra Pradesh.

Scope of the Study

SHGs are fast emerging as a powerful tool for socioeconomic empowerment of the poor in the rural areas. In India, SHGs represent a unique approach to financial intermediation. The approach combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are seen to confer many benefits, both economic and social. It enables women to expand their savings and access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local elections or take action to address social or community issues. The present study attempts to examine the socioeconomic impact of the SHGs on their women members. It examines how far the program has helped in raising the income and employment levels of the rural women. In the light of the above, the focus of the present study is to identify the impact of microfinance on income and employment levels of member borrowers in three different regions of Andhra Pradesh. With this broad issue in mind, the following objectives were set for the study.

Objectives of the Study

1. To study the role and significance of savings in the promotion of SHGs in selected villages.

2. To assess the changes in the level of income and employment of members after joining the group.

3. To evaluate the credit accessibility and repayment condition of the members' families.

4. To examine the factors determining the borrowing and indebtedness of group members and their access to different sources of finance.

Hypotheses

Hypotheses-1. Participation of SHG members in microfinance activities has lead to improvement in a) levels of income, b) savings, c) employment and d) asset formation of the members.

Hypotheses-2. The bank credit accessibility is higher among general and backward communities in comparison to the accessibility of Microfinance Institutions (MFIs) by deprived groups like Scheduled Caste/ Scheduled Tribes (SC/STs).

Hypotheses-3. There has been a positive impact of SHG member microfinance activities on women empowerment.

Data and Methodology

Area of the Study

Multi-stage stratified proportionate random sampling technique was applied in the selection of the representative districts mandals/talukas, villages and households. At the first instance, three districts, namely, East Godavari, Chittoor and Karimnagar were chosen on the basis of one district from each region, i.e., Coastal Andhra, Rayalaseema and Telangana respectively. In the second stage, from each district one mandal/taluka was selected. These are Peddapally from Karminagar, Madanapalle from Chittoor and Rajahmundry (Rural) from East Godavari district. In the third stage, from each mandal, two villages were selected. Purposively random sampling technique was used to select the villages and two villages from each mandal were

selected to ensure a fair representation of the concerned mandal. Six villages, namely, Raghavapoor and Brahmanpalle from Peddapalle Mandal, Chinnathippasamudram (CTM) and Ankisettipalli from Madanapalle Mandal, and Torredu and Rajavolu from Rajahmundry Mandal. In the fourth stage, SHGs were selected in consultation with VOs[1]. SHGs that are linked to the banks for the past two years were selected for the study assuming that the benefits from the SHG-bank linkage program would have been fairly well-stabilized by then. In addition, 20% of total members were covered from each selected village (covering not less than 40 members from each village). At the fifth stage, SHG members were randomly selected from each of the selected SHGs. Members were stratified by random sampling based on the group and caste from selected villages. The total sample size is 582, out of which 156 are SCs, 20 are STs, 242 are BCs, 141 are OCs and 23 belong to the Minority community.

Period of the Study:

The study is based on a field survey which was conducted during the period May 1 to August 31, 2009.

Data and Data Sources:

The data were collected from both primary and secondary sources. The secondary data were obtained from different sources such as Administrative Reports, Handbook of Statistics, and Report on Trend and Progress of Banking in India, various issues by NABARD. Apart from these, information was also collected through discussions with district-level functionaries, like officials of bank branches, officials of VO/MSs, and officials of DARD in the districts. For the primary data, a pre-tested comprehensive schedule (questionnaire) was designed, especially for the purpose and canvassed in the study area. The variables covered include details of physical, economical, social and demographic characteristics of member households

[1] For this purpose, the lists of SHGs were collected from VOs of each of the sampled villages. Separate lists of total SHGs, SHGs with two years of bank linkage and caste-wise SHGs were considered. Out of these lists, those SHGs which existed for two years as on March 31, 2009 were separated out to form the lists of SHGs as eligible for this study.

in all selected villages. In addition, Focus Group Discussions (FGDs) were conducted with different social groups for obtaining more accurate and reliable data.

Tools and Techniques

For analysis of data, different statistical tools viz., percentages, proportions and averages were used to explain the general profile of the sample members.

Organization of the Thesis

The study has been organized into eight chapters, along with detailed bibliography of the works consulted for the same. The first chapter discusses the background of the study, objectives, hypotheses, data and methodology. The Second chapter presents a detailed review of the literature and its relevance to the current study. The third chapter describes the evolution of microfinance system in India which includes the performance of SHG-Bank Linkage Program, across region and agency wise participation both in State and District levels. The fourth chapter presents profile of the study area which includes the details of population, literacy, land utilization, cropping pattern, and credit facilities of the selected villages. The fifth chapter emphasized the socioeconomic conditions of SHG members in selected villages. The sixth chapter discusses the extent of credit market and SHGs in India. The seventh chapter explains social mobilization, empowerment and poverty reduction in the selected study villages. The last chapter presents the summary and conclusion of the thesis, followed by some policy suggestions.

Major findings

The major findings of the study are as follows:

i). It was found that the microfinance in India has grown at a tremendous pace in recent years, achieving significant outreach amongst rural households across the country. Linkages between banks and SHGs supported by NABARD, on the one hand, and MFIs, on the other, have emerged as the two most prominent means of delivering microfinance services in India. With traditionally loss-making rural banks shifting their portfolio away from the rural poor in the post-reform period, SHG-

based microfinance, nurtured and aided by NGOs, has become an important alternative to traditional lending in terms of reaching the poor without incurring heavy expenditure on operating and monitoring costs. In spite of the impressive trends, there still exists a huge demand-supply gap. The major concentration is in the Southern states, but provision of microfinance services has started picking up pace in other states also. However, the regional spread is highly skewed. In brief, the microfinance sector in India is at an inflexion point with new generation MFIs and commercial banks driving the scale rapidly. Innovation in product design, channel configuration, and technology usage is widespread, and the sector is focusing largely on expanding its outreach.

ii). It was found that the progress of SHGs has been very satisfactory in India. About 2,924,973 SHGs (cumulative) spread all over India, have been linked with banks by end of March 2007. A model-wise analysis shows that up to March 2007, Model II SHGs continued to have a major share of about 75% of the total number of SHGs financed. Further, the spread of SHGs shows that the southern region occupied the first place in spread of the program. Among the state of the Southern region, Andhra Pradesh occupied the leading position. Agency-wise analysis shows that at the national level commercial banks are the major partners, followed by RRBs, while the cooperatives role is limited in the program.

iii). The study was found that the majority of the member of groups in all the selected villages are in the age groups between 26-35 and 36-45 years. It shows that middle aged women join the groups, which are more productive age groups. They are engaged in micro enterprises and take an active part in the SHGs. They are more matured in decision making in the areas related to micro enterprises. They want to engage in some income generating activities to increase the income of their families. Similarly, the education level of the members shows that nearly 68% are literate. Among the literate members, about 45% are having primary school education, followed by secondary and intermediate level. It was observed that, in all selected villages, majority of the member families are nuclear and about 86% of the members reported

that their husbands were the heads of the household and only 11% of the members reported they are managing the household themselves.

iv). The study observed that all the members were owning ration cards in all the selected villages. Of the total ration cards, 99% are white cards and only one percent pink cards. Similarly, it has been observed that nearly 70% of the members were living in pucca houses, followed by 27% in semi pucca house and only 3% are living in kutcha houses. The study was also found that about 45% of the members had toilet facilities in their households. Accessing toilet facility was more in Ankisettipalle and was lowest in Raghavapur village. Non-availability of sanitary facilities was reported highest in STs, families, followed by SC, BC, OC and minority communities. Regarding the source of energy for cooking, it was found that only 43.3% of the members were using gas and most of the SCs and ST members were dependent on firewood for cooking. The family size of the household was less than four members (76%) in the selected villages and it was registered highest in Rajavolu and lowest in Ankisettipalle village.

v). Further the study found that majority of land owning families had marginal, small and semi-medium holdings and almost one third of the members were landless. The study also found that most of the members had joined the group quite recently. The age-wise distribution indicated that nearly 30% of them reported that their group formation seniority was two years, while 30% of them reported that their group formation seniority range was above 6 years, 23% members reported that their SHG formation seniority was 2-4 years and remaining members reported that their SHG formation seniority was 4-6 years.

vi). For the motivational factors, it was found that majority were self-motivated to join the group. It is considered a healthy development that many of the respondents had joined SHGs out of their own interest viz., self-motivation, followed by inspiration of their husbands and suggestion friends/relatives. Similarly, about 47% of the members reported that their group size was less than 10 members. The number was the largest in Rajavolu village and lowest in Torredu village. Caste- wise groups with less than 10 members were found to be more among ST and less in the OC

community. Similarly, the study reported that 69% of members were ordinary member and majority of groups have reported that meeting were conducted regularly once in a month for discussing their group activities. About 80% of the members had reported that group leader would organize the meetings, while 15% of the members reported that SHG members were organizing the meetings.

vii). Members' saving conditions and their performance across the villages and among the member groups revealed that about 95% of group representative maintain savings registers, loan registers, bank accounts and individual passbooks. The highest number was recorded in Ankisettipalle. The level of maintenance of book of accounts and individual passbook was noticed to be regular, accurate and up-to-date to a significant degree when these records were being managed by outsiders (including representative of SHPI/NGO/Government agency, any person employed by the SHG and Member/Leader's relative), compared to insiders, including group representative and a literate member. It was also found that about 54 members dropped out from the groups; of which, the majority (33) said that they were unable to save the stipulated monthly amount and about 13 members reported that they were unable to attend the meetings regularly. Further, it was found that members' monthly saving range increased from Rs.0-30 to Rs.0-50 and Rs.51 to Rs.100, because members in various villages borrowed huge amounts from banks and spent the amount on non-farm activities. It is very interesting to note that among the social group members, majority (61.53 per cent) of the SC members' monthly savings is less than Rs.50. Similarly, it has been seen that the first priority for savings was for social security, followed by food security, education of children, meeting medical expenses, festivals, agricultural operations, etc.

viii). Accessibility of credit and their repayment conditions are other important aspect in the present study. It was found that the lending to the poor was a costly and risky proposition because of their low savings propensities and inability to provide collateral. SHGs, however, could target the poor better since the joint liability compels them to be small and homogeneous, so that members have the motivation to participate in selection, monitoring and ensuring the timely and assured repayment of

loans. Having all these characteristics, it was observed that repeat loans to a SHG were hardly seen. Even, most of the well functioning groups have not obtained loans more than once. Among the communities, ST community members were not availing the loan more times, because of the delay in group formation and less savings whereas, BC, OC members took loans more times, because of their better saving rates and regular repayments. It was also found that the transaction cost in terms of interest was be higher, as in certain groups the rate of interest charged ranged from 24 per cent to 36 per cent, which is more than two to three folds than formal loans.

ix). The average amount of loan obtained each time by a SHG stood at Rs.17485 This figure was the highest in Brahmanaplle (Rs.35785.71), followed by Ankisettipalle (Rs.24070), CTM (Rs.22828), Torredu (Rs.13053), Rajavolu (Rs.11059), while it was lowest in Raghavapur village (Rs.6700). It may be noted that loan assistance by the SHGs depends mostly on the gradation, performance and financial discipline shown by the group. On an average, the amount of loan obtained each time by a SHG moved in an opposite direction with respect to its extent of stability. Further, the study found that in Brahmanpalle, CTM and Anikisettipalle villages, members were getting higher amounts (Rs.45000) as a Bridge loan than that of their counterparts. Similarly, the study found that none of the SCs, STs and Minority community members availed loans amount more than Rs.45000 and these were highly discriminated against under the microfinance programme in all selected villages.

x). Further the study identified three major patterns in inter-loaning system viz., i) on the basis of demand from the member borrower, ii) circular basis, and ii) distributing equal amount of loan to all members. It was observed from the data and during the interviews that almost all the respondents obtained loan on the basis of group concept and loans were divided equally among the members of the groups. It is evident that the main emphasis was given to income generation purpose, which was found to be higher, both in absolute and relative terms, among all selected villages. The study as also found that the repayment capacities improved between pre- and post-SHG situations with a perceptible increase in repayment of loans from banks. The

repayment performance of the borrowers largely depended upon the purpose for which the loan was utilised. Usually, the loans taken for productive purposes are repaid promptly because they generate income and thereby enhance the repaying capacity of the borrowers, while the loan taken for unproductive purposes do not generate any income and result in defaults.

xi). In respect of the impact of income and employment generation through bank-linkage programme, the results revealed that the member respondents were engaged in a variety of economic activities under bank linkage programmes. The composition of the economic activities chosen by the respondents indicated their free and suitable choice for the economic activities as the key determinants for income generation. The study found that the members in the initial stages normally borrowed for consumption purpose and then they slowly shifted their focus to income and employment generation purpose which required higher amount of loans. It was found that 42% members had taken loans for income generation activities which varied across the villages. It was clear from the results that the majority of members were engaged in economic activities such as running kirana shops (16.5%), followed by tailoring/embroidery (16.1%), dairy (12.8%), cloth/fancy shop (8.7%), hotel (7%), vegetable/fruits shops (6.2%), cow business (3.3%), flour mills (3.3%) and poultry/chicken shop (3.7%). Further the study observed that about 66% of the members opened non-farm sector activities in their own villages, while 34% of them set up economic activity in their Mandal/Taluka headquarters and that the BC and OC community members were predominant to set up their economic activities outside their village when compared to their SC and ST counterparts.

xii). In respect of income earned, the study found that about 37% of the members earned monthly income between Rs.1501 to Rs.2500, while 35% of them obtaining income between Rs.2501 to 3500, 18% of the members more than Rs.3500, and remaining members obtained less than Rs.1500. Out of these, the majority number of OC and BC community members obtained monthly income of more than Rs.3500. On the other hand, the distribution of monthly income among the SC community was between Rs.1501-2500, whereas, majority of BC and OC community received

income between Rs.2501-3500. Similarly for additional employment opportunities among the members across villages, it is revealed that majority of member groups importance their economic status because of the microfinance bank linkage programme. It was observed in the field survey that about 73% of the members generated employment up to 20 days in a month, while 27% of the members generated that of 21-30 days. Micro entrepreneurs obtained constructive support from their husbands (64%). This is considered as a healthy trend compared to the pre-SHGs stage.

xiii). It is observed in the study that the accessibility to credit in the villages in Telangana region was 72.44%, followed by coastal Andhra (67.76%) and Rayalaseema (58.94%) during the study period. It is found that in the matter of source-wise distribution across the villages, microfinance institutions played a predominant role in most of the villages when compared to formal sources and other informal sources like moneylenders, friends, etc. The study found that the deprived and vulnerable communities like Scheduled Caste, Scheduled Tribe and minority community members look more loans predominantly from MFIs than BC and OC community members, who have a better accessibility to formal sources of credit due to their better economic and social status and ability to furnish their land documents and valuable utensils as collateral securities.

xiv). The study also found that about 58% respondents reported that they improved their quality of life “to some extend” after becoming micro enterprises compared to the earlier period and 35% of the respondents reported that they have improved their quality of life “satisfactorily” after becoming micro entrepreneurs and generating considerable income. The overall understanding of the data indicates that the respondents have developed various skills quite impressively after becoming SHGs members and micro entrepreneurs as a result of participating in various meetings and activities related to the SHG and Micro enterprises. In this study, impressively 81% of the respondents reported that their husbands and parents encouraged them in their active participation in the SHGs and in the process of income generation under micro enterprises.

xv). On impact of micro financing on women empowerment, the study observed that changes in their assets, income and consumption pattern etc. Apart from their economic empowerment, the sample SHGs attained social empowerment. The study also observed changes in their attitude regarding social issues such as gender discrimination, dowry, equal property right, equal nutrition, health attention and education and treatment of girls children, widow remarriage, participation in decision making within the households affairs like deciding education of the children, schools to be chosen, standard up to which he or she is to be educated, course to be chosen, mode of transport, marriage age and marriage of the children. So in such aspects, the social empowerment has been more pronounced than economic empowerment.

Concluding Remarks

Microfinance system has brought about an unprecedented change in the life style of women in rural areas. If the credit systems is streamlined and effectively run, it will transform rural life. The great poet Gurajada said that modern women would rewrite history in a new away. Empowerment through SHGs would impact rural women by giving them immense confidence to mould their lives and that of their families. One should be cautious of middlemen in this system since the very performance of the system will be sapped if corruption creeps into the microfinance system. The present study analyses the manner in which the credit system was operating in the villages and the data given at every point to illustrate the functioning of the system in different villages among the regions. In a country like India, there are innumerable divisions in the social system; it is not easy to bring about change all of a sudden, but initiatives like the SHG microfinance credit system can remove many hurdles in the path of progress. So, proper management and leadership will contribute to realize the ideals. On the other hand, the liberalized banking system also should be better geared to meet the needs of the poor and deprived people. Just as water should irrigate the parched land, but not the wet land, the banks should do the function like ensuring water flowing to areas where there is scarcity than abundance. Banks should take a liberal view in extending their cooperation in rebuilding rural areas. The

government also should take the steps to direct the banks and make it mandatory to accord greater priority to rural India.

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