

An Evaluation of SHGs' Credit Utilization and Cash Flow of the SHG Members

Andhra Pradesh State Women Empowerment Programme

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Report Submitted to
Society for Elimination of Rural Poverty (SERP),
Panchayat Raj & Rural Development Department,
Government of Andhra Pradesh

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Executive Summary

This report summarises the study findings of "An Evaluation of SHGs' Credit Utilization and Cash Flows of the SHGs' members' in Andhra Pradesh Women Empowerment Programme using the stakeholder evaluation approach.

The study assessed and evaluated the entire programme implementation process of "SHG credit Utilization and Cash Flows of the SHG members" in the State of Andhra Pradesh, considering real-time experiences of the stakeholders like Self Help Groups (SHGs'), individual beneficiaries, departments and bank officials to cover the following key study objectives like

- To review SHG credit Utilization and Cash Flows of the SHG members
- To review the complete implementation process of "SHG credit Utilization and Cash Flows to the SHGs' in the State of Andhra Pradesh.
- Obtaining SHGs' feedback on access, process, usage, leakages, outputs, and success, as well as the extent of improved livelihood options and their satisfaction with SHGs' credit utilization and cash flows.
- Obtaining Individual beneficiaries' feedback about "SHG credit Utilization and Cash Flows" in terms of access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options and satisfaction
- To provide policy recommendations on "SHG credit Utilization and Cash Flows" based on stakeholders' responses
- To suggest measures to improve the initiatives in the direction of achieving the goal of "SHG credit Utilization and Cash Flows."

On the whole, the study covered 1488 sample sizes in different categories. The study covered 1208 individual SHG members and 122 SHGs' (Group responses) from the State. The study covered six districts based on a simple systematic random sampling method to select the "individual SHG member groups. The study also covered 158 officials (covering 25 officials from each selected district covering all levels from the six districts and 30 bank officials).

Key Findings:

Increased income & Expenditure trend among the SHGs': The majority of the beneficiaries are from the BPL category, and almost more than a fourth (75.9%) of SHG members annual income is above two lakhs, which is a good sign of increased income levels of SHG members because of active SHG income generation activities of the members. On average, each SHG beneficiary's family spends Rs. 10,000 monthly on household expenses; this also indicates an increased expenditure pattern on family needs by the SHG members for the same income generated through SHG activities.

Availing State government welfare schemes benefits: Almost all beneficiaries reported that their family availed and benefited from different State Government welfare programmes. More than half of the (57.8%) SHG members reported that the State Government welfare programmes benefit/money they are using for the timely repayment of SHG bank loans.

SHG members' awareness about Bank linkages and cash flow: Almost all the beneficiaries are aware of their SHG group name, meeting calendar, rules and regulations of SHG, achievements, group savings, how many members have taken loans from savings, etc., but at the same time, almost three-fourth (73.6%) of SHGs' members are not aware of what are the key objectives of SHGs', unaware of SHG income, cash in SHG hand, cash in bank account, outstanding loan details, etc.

Improved individual savings by the group members: On average, each member is saving Rs. 100/- monthly with the group. It's a progressive positive sign of a saving pattern by the SHG members from Rs. 30/- to Rs. 200/- per month.

SHGs' credit linkage process: Half of the Self-help groups have taken credit loans worth 6-10 lakhs, 20.4.% have taken 11-15 lakhs worth of credit loans, and almost 12% of groups have taken 20 lakhs worth of credit loans, which resembles the increased /strengthened financial capacity of SHG members' activities and also implies on the timely repayment capacity of credit loan based on return on investment on their entrepreneurship.

It clearly shows how SHG members are spending/investing the loan effectively for livelihood purposes and generating revenue to repay the loan. Also, the credit loan amount supports the good cause of SDG 4 (quality education) education purpose of the SHG family members.

Outcomes of SHGs: With the timely availability and support of loans to SHGs', members are able to spend some amount on children's education, and as a result, we found some of the SHG group member children got government and private sector jobs like bank employees, engineers, software employees, teachers and, etc.

Source of loan repayment: The primary source of loan repayment is the return on investment, where they established (62.2%), followed by Agri. Returns (26%) and return on entrepreneurship (10.8%), which they established.

Establishments: The study also found that, across the districts and State, the majority of SHG members reported that they didn't establish the livelihood chosen in the HLP, and more than 87% of the SHG members reported that they had established their Livelihood / Enterprise alone instead of group activities. Only 4.2% said that they established a Livelihood / Enterprise along with a few group members.

Return on Investment: About the return on the establishment, most of them (91.65) get returns on a monthly basis. On average, Rs. 90,000/- is spent on establishment as an investment. For the same investment, an average of Rs.20,000/- worth of total production is taking place; at the same time, it varies in the range of Rs.47,500/- to 13500/-. Out of this, the total monthly income generated is Rs. 9000/-, in which net earnings/profit is Rs. 5000/-; with this amount, members are able to repay the monthly loans timely.

The majority of SHG members opined that Return on Investment (RoI) is sufficient for their monthly basic requirements of the family (99.3%) and sufficient for monthly repayment (99.7%) of the SHG bank loan.

Marketing linkages: Only half of the members (56.3%) reported getting entrepreneurship/business support through marketing facilities; this is the area that needs to be addressed for effective results of SHG activities.

Further credit linkages: Also, 72.3% reported that entrepreneurship/business supported by further banking linkages is taking place well.

Further credit linkages: Also, 72.3% reported that entrepreneurship/business supported by further banking linkages is taking place well.

Loan amount rotation for a higher rate of interest: Interestingly, all the interviewees reported that none of the group members rotated their loan amount for the higher

rate of interest to other members, none of the group members rotating their loan amount for a higher rate of interest than SHG members (outside) and no one is aware of the rate of interest charged by private/local money lenders.

Loan repayment and rate of interest: On average, more than 80% of the SHG members are not aware of the rate of interest charged by the banks, which needs to be addressed immediately by the bankers, and the details of the Rate of Interest charged on each type of loan should be explained to every SHG member.

Role of bankers: Almost all the SHG members reported that they were never forced by any bankers to invest against the release of loans, and didn't ask to pay any additional charges to avail of loans, and informed that bank officials are very supportive and cooperative to the SHGS.

SHGs' link with Micro finances' (Fin Cap) institutions: Almost all the SHG beneficiaries reported that they are not very aware of Micro finances' operations in their respective localities, and none of the SHG beneficiaries availed any financial loans from "Micro Finances' (Fin Cap) institutions for SHGs' activities nor to repay the monthly instalments.

However, officials reported that more than 95% of interviewed officials are aware of some of the known persons who availed loans from 'Micro finances' (Fin Cap) institutions through loan apps. Interestingly, 10.2% of officials reported that they are aware of a few of SHG members availed financial loans from "Micro finances' (Fin Cap) institutions loans (which again contradicted with feedback of SHG individual members as well as self-help groups responses as they are not aware nor taken loans from fin cap institutions. This issue needs to be verified further, and appropriate actions need to be performed to complete the rest of the existence of any Microfinance (Fin Cap) institutions in the State.

The main reason why SHGs' are not availing Microfinance (Fin Cap) institutions loans is that the banks are allowing them to withdraw the available CCL limits of Bank linkage loans; due to this reason, SHGs' are not taking loans from microfinance institutions.

Role of SHG's loans to Tenant farmers: More than two-thirds of the SHG members (68.9%) reported that they are using SHG loan amounts for agriculture purpose

by the tenant farmers, and 94% reported that SHG loan amount is more helpful to tenant farmers. The loan amount spent by the tenant farmers mostly on the purchase of fertilisers (42.2%), pesticides (30.7%) and lease payment (24.9%).

Capacity buildings to SHGs': More than 71.7% reported that they had undergone basic training on SHG activities, and of those who all undergone SHG training felt that training is more helpful (100%) to them, especially in improving skill development (90.1%), confidence building (67.7%), micro-enterprises development (32.5%) and marketing linkages (13.3%).

Loans from savings of SHGs': Only one-third of groups (33.6%) are able to take loans from their SHG savings. Especially in the Parvathipuram Manyam district, no SHG has taken loans from their own savings. This needs to be avoided, and SHGs need to be regulated to take loans from savings as first priority rather than availing loans from banks.

Awareness about Rate of Interest by Banks to SHGs': Just one-fourth of the SHGs' (27.9) are aware of the rate of interest charged by banks on SHG Loans. Awareness about the rate of interest changes by the banks is very low in Eluru (10%), Parvathipuram Manyam (14.3%) and Visakhapatnam (15%); this needs to be addressed by the bankers to the SHG members without fail for every credit loan taken by the SHGs'.

Observed lifestyle changes after joining the SHGs': All interviewed SHG members (100%) opined that their socio-economic status changed after joining SHG. The key observed positive socio-economic status changes, namely self-confidence (95%), Self-respect (63.4%), recognition (17.9%), mobility (17.9%), increased family income (10.6%) and skill (3.6%), etc.

Problem Incidence: Except in the Guntur district, in other districts, no SHG member faced any problem with regard to SHG credit utilization and cash flow. Only three SHG beneficiaries reported that they had a problem in the last year, and a problem related to getting SHG loans, and the SHG group head is not allowing them to take loans.

Satisfaction: As per the findings, no member had any significant issues with regard to SHG credit utilization and cash flow; all the interviewed beneficiaries showed their complete satisfaction across the districts and the State as a whole.

Suggestion for improvement: For the future betterment of SHG credit utilization and cash flow, all interviewed SHG members suggested the following essential actions.

- Provide internal loans from savings.
- Make sure that all SHG members are involved in generating activities
- Provide loans at low interest rates for SHG
- Need to encourage more group units and individual units
- Provide marketing facilities
- Provide training programmes for handmade entrepreneurship activities
- Needs to educate all SHG members about interest rates, charges, and all bank-related activities.
- Needs to provide subsidy loans for the establishment of units
- Remove all types of Bank charges

Department Support to officials: All interviewed officials reported that they have been provided with the necessary infrastructure and have enough employees to perform the functions assigned to them for the effective implementation of SHG banking linkages at all levels.

Incentives to be charged by bankers: 60% of officials agreed to propose that banks may pay some percentage (between 5% and 8%) of financial incentives to SERP for their support, trust, monitoring, and safeguarding of 99.83% of loan recovery (without any collateral).

More than one-fourth of the bankers (26.7%) also agreed that banks could pay some percentage of financial incentives to SERP for their support, trust, monitoring, safeguarding of 99.83% of loan recovery (without any collateral), etc., on approval of regional or head officers of the respective banks.

Recommendations:

As per the feedback obtained from all the stakeholders in the implementation of SHG credit linkages and cash flow programme, it is reaching the designed objectives, especially getting out from poverty by the poor women, making changes in their lives and lifestyle because of the success of the SHG movement in the State of Andhra Pradesh and it exactly captured the complete satisfaction expressed by both beneficiaries as well as officials. Finally, here are a few additional recommendations based on study findings for the betterment and effective reach of the programme as follows:

Need to plan regular and timely monitoring and capacity-building training for SHGs to further sensitise the knowledge of SHGs' objectives, loan-taking process, rate of interest charged by the banks, establishing the units as per HLP plan, establishing units in a group rather than individually, working as a team, etc.

Needs to conduct regular members' meetings to gain complete knowledge about their own group SHG activities like SHG income, cash in the SHGs' hands, cash in a bank account, outstanding loan details, etc., for every member of the group.

Needs to make sure that SHG's entrepreneurship/business needs are supported by good marketing facilities to sell their products for effective results of SHG, which is lacking at the ground level. For the same issue, best practices of other districts may be tried to be adopted/replicated in the poor-performing Districts.

The NRLM and SERP AP needs to give more attention to addressing this issue because the success of SHGs' activities completely depends on how extensively entrepreneurship/business is supported by marketing facilities provided to the SHGs'.

Needs to bring out a new mandatory policy decision that the bankers must bring to the notice of SHGs' at the time of issuing the new credit loan about 'applicable or chargeable' and 'rate of interest charged' by the banks and also at the time of closing the credit loans detailed information on the rate of interest charged and amount totally paid towards interest by the SHGs' in the form of written and oral communications without fail. This information will communicate and alert the SHGs about what they have actually paid towards interest for their loan, and also bring financial discipline to availing and repaying the credit loans to the banks.

- Need to bring policy directions for the inclusive formation of SHGs' planning with social and religious communities working together.
- Need to give proper directions and regulations to the banks in allowing SHGs' to avail internal loans from their own savings amount on a priority basis rather than going for credit loans every time, which is not happening at the ground level.
- Additional processing charges by banks on credit loans need to be streamlined.

- Subsidy loans need to provide for unit establishment.
- As per the line department officials' responses, equal distribution of credit loans was not happening whenever SHGs availed new credit loans from banks, which needs to be regulated to ensure that no member denies sharing the group loan amount without any discrimination.
- We need to provide timely capacity building and training to SERP employees (CC, APM, and others) who are working at the grassroots but are not aware of interest rates and other charges.
- Need to waive all charges and CGFMU by banks.
- State Government can recommend that SERP propose to collect some incentives from the banks (some percentage ranges between 5 to 8 per cent) of financial incentives to SERP for their support, trust, monitoring, and safeguarding of 99.83% of loan recovery (without any collateral) as accepted by the majority of the line department officials and few of the bankers also.

1

INTRODUCTION

Chapter 1: Introduction

1.1 Background

The Government of Andhra Pradesh is committed to the welfare and development of all segments and implementing various welfare programmes to benefit the poor in the State through "Navaratnalu". The Society for Elimination of Rural Poverty (SERP) was established by the Government of Andhra Pradesh (GOAP) as a sensitive support structure to facilitate poverty reduction through social mobilization and improvement of the Livelihoods of the rural poor in Andhra Pradesh. The vision of SERP is to enable every poor family in rural Andhra Pradesh to come out of poverty and stay out of poverty. SERP works on a comprehensive multi-dimensional poverty alleviation strategy by focusing equally on the Livelihoods Value Chain and Human Development Indicators. SERP has also established a unique institutional structure for community-based Organizations around the world. This CBO structure in A.P. has facilitated cumulative bank loans of Rs. 1,58,761.45 Crore of commercial bank loans to SHG members for the last four & half years.

1.1.1 Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)

Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) is the flagship program of the Government of India for promoting poverty reduction through building strong institutions for the poor, particularly women, and enabling these institutions to access a range of financial services and livelihoods. DAY-NRLM adopts a demand-driven approach, enabling the States to formulate their own State-specific poverty reduction action plans.

DAY-NRLM would ensure that at least one member from each identified rural poor household, preferably a woman, is brought under the SHG network in a time-bound manner. Subsequently, both women and men would be organized to address livelihood issues, i.e. farmers' organizations, milk producers' cooperatives, weavers' associations, etc. All these institutions are inclusive, and no poor person would be left out of them. DAY-NRLM would ensure adequate coverage of vulnerable sections of society, such that 50% of the beneficiaries are SC/STs, 15% are minorities, and 3% are persons with

a disability while keeping in view the ultimate target of 100% coverage of all households under the automatically included criteria and households with at least one deprivation criterion as per the Socio-Economic and Caste Census (SECC).

1.1.1 Bank linkage

The broad vision of the “Bank Linkage” programme was established by the Society for Elimination of Rural Poverty (SERP), Department of Panchayat Raj & Rural Development, Government of Andhra Pradesh (GOAP), to enable poor households to access adequate formal credit at their doorsteps through their membership in SHGs. The objective of the program is to smooth consumption or even service previous high-cost debts to support existing livelihoods. Finally, it is to implement a Microcredit Plan (MCP) when households reach a stage where they can assume a higher degree of risk. The SHG movement in Andhra Pradesh started in 1998 and was built on the principles of thrift, self-help, and internal lending. The creditworthiness of these groups, which are otherwise unbanked and have no collaterals, has been built on their group discipline, repayment culture and accumulated corpus funds, and this resulted in the SHG Bank linkage programme, under which SHGs are being provided with credit by service area banks as per Micro Credit Plans of SHGs'. Starting in 2000, for the last four & half years, the groups have availed bank loans of over Rs. 1,58,761.45 Crore.

As per the Reserve Bank of India Master circular (Dated 08.09.2021) on the enhancement of collateral-free loans to Self Help Groups (SHGs) under DAY-NRLM from ₹10 lakh to ₹20 Lakh without collateral, and no margin will be charged. No lien should be marked against the savings bank account of SHGs, and no deposits should be insisted upon while sanctioning loans. Based on the RBI Circular instructions, all the public sector banks, RRBs, and Cooperative banks have given loans to SHG from ₹10 lakh to ₹20 Lakh in the State of Andhra Pradesh for the last 15 months.

As per the Bank's data sharing, so far, 3,00,468 groups have taken loans ranging between ₹10 lakhs and ₹20 lakhs. Out of that, 84,652 are more than ₹15 lakh and up to ₹20 Lakh loans.

1.2 Present status of bank linkage in Andhra Pradesh

The SHG Bank Linkage programme aims to enable poor households to access adequate formal credit at their doorsteps through their membership in SHGs with a cheaper rate of interest.

The growth of SHG bank-linkage in the State of Andhra Pradesh is phenomenal. AP State stood in first position in the country, with 30% of the national share and 99.83% recovery under the SHG Bank Linkage Programme, with yearly bank linkage disbursement of around Rs.35,000 Crore in both rural and urban areas.

Table 1.1: SHGs covered and bank linkages & credit flow

Bank Linkage Achievement of Rural & Urban from the FY. 2019-20 to F.Y: 2023-24 (Up to Nov 2023).

Fin. Year	SHGs'	Amount In Crs.
2019-20	5,98,905	21,521.94
2020-21	7,18,831	23,856.57
2021-22	6,25,594	34,192.39
2022-23	6,17,393	39,561.05
2023-24	4,83,125	39,629.50
Total		1,58,761.45

Source: <https://www.serp.ap.gov.in/SHGAP/>

As per Table 2, in the State of Andhra Pradesh, the growth of SHG bank-linkage Bank linkages in terms of percentage of achievements of loan disbursement amount (144.65%) and SHGs covered (95.55%) is impressive. Disbursement to Bank linkages to Number of SHGs varies from 110.97% (West Godavari district) to 73.90% (Parvathipuram Manyam).

Table 1.2: Bank linkages - District wise progress rural report FY: 2022-23

S.No.	District Name	Target		Achievement		Achievement %	
		Disbursement		Disbursement		Disbursement	
		No.of	Amount	No.of	Amount	No.of	Amount
		SHGs'	in Crs	SHGs'	in Crs	SHGs'	Amount
1	ALLURI SITHARAMA RAJU	7,217	216.93	7,518	246.42	104.17	113.59
2	ANAKAPALLI	26,657	1,037.46	18,681	1,175.92	70.08	113.35
3	ANANTAPUR	24,582	886.99	25,735	1,154.75	104.69	130.19
4	ANNAMAYYA	17,250	730.74	17,884	1,075.69	103.68	147.21
5	BAPATLA	21,623	816.59	23,907	1,541.61	110.56	188.79
6	CHITTOOR	21,145	972.27	21,209	1,279.09	100.3	131.56
7	DR. BR AMBEDKAR KONASEEMA	23,818	962.3	23,751	1,477.05	99.72	153.49
8	EAST GODAVARI	20,208	779.18	21,229	1,418.94	105.05	182.11
9	ELURU	27,312	1,083.53	28,145	1,770.89	103.05	163.44
10	GUNTUR	14,528	533.56	16,071	1,057.19	110.62	198.14
11	KADAPA	20,617	770.95	19,491	984.67	94.54	127.72

12	KAKINADA	25,869	1,004.81	25,284	1,366.46	97.74	135.99
13	KRISHNA	17,712	735.69	21,581	1,481.67	121.84	201.4
14	KURNOOL	21,209	697.56	19,257	824.91	90.8	118.26
15	NANDYAL	22,151	810.78	20,830	1,053.57	94.04	129.94
16	NELLORE	25,731	1,031.31	23,941	1,273.12	93.04	123.45
17	NTR	15,232	614.24	14,924	907.72	97.98	147.78
18	PALNADU	23,517	816.03	22,245	1,453.74	94.59	178.15
19	PARVATHIPURAM MANYAM	11,949	367.85	8,830	401.61	73.9	109.18
20	PRAKASAM	29,673	1,077.98	30,475	1,663.46	102.7	154.31
21	SRI SATHYA SAI	24,084	885.9	23,388	1,065.06	97.11	120.22
22	SRIKAKULAM	35,064	1,282.93	26,621	1,555.48	75.92	121.24
23	TIRUPATI	21,979	952.21	20,184	1,174.90	91.83	123.39
24	VISAKHAPATNAM	3,732	143.01	3,248	219.04	87.03	153.16
25	VIZIANAGARAM	28,092	1,041.60	19,892	1,169.70	70.81	112.3
26	WEST GODAVARI	19,621	741.83	21,774	1,576.38	110.97	212.5
GRAND TOTAL		5,50,572	20,994.21	5,26,095	30,369.03	95.55	144.65

Source: <https://www.ikp.serp.ap.gov.in/BPAP/view/shared/home.aspx> as on 05.04.2023

Overall, AP State stood in first position in the country with 30% of the National share, with 99.83% recovery under the SHG Bank Linkage programme, with yearly bank linkage disbursement of around Rs. 35,000 Crore in Rural and urban areas (Table 1).

1.3 Need for the study

As per the above table, from 2019-20 to 2023-24, the Government of Andhra Pradesh has spent Rs. 1,58,761.45 crore (on average every year Rs.31,752 crore) by covering on an average more than six lakhs SHGs' every year SHG Bank Linkage programme to improve the self-sustainable livelihood options at rural and urban areas of the State. As it is a massive State Government livelihood promotion programme with vast coverage across the State, there is a need to evaluate and measure the SHG credit Utilization and Cash Flows of the SHG members programme in terms of access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options, beneficiaries satisfaction for further betterment and suggestions for effective implementation of SHG credit Utilization and Cash Flows to the SHGs' in the State of Andhra Pradesh.

The proposed study also looks into where the SHGs' are investing the SHG Bank Linkage Loan Amount and what are the cash flows for SHG members, utilization of the loan amount, whether there is any deviation of the loan amount, any group leader denying members not to take a loan, because they cannot repay? Are only some of the group members taking the entire loan amount? What is the repayment source, and what are the livelihoods/enterprises established out of the loan amount?

1.4 Objectives of the study

The Proposed study will evaluate the entire programme implementation process of SHG credit Utilization and Cash Flows of the SHG members in the State of Andhra Pradesh, considering real-time experiences of the SHGs and a few individual beneficiaries to cover the following key study objectives like:

- To review SHG Credit Utilization and Cash Flows of the SHG members
- To review the complete implementation process of 'SHG Credit Utilization and Cash Flows to the SHGs' in the State of Andhra Pradesh.
- Obtaining SHG Groups' feedback on access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options and their satisfaction with SHGS' Credit Utilisation and Cash Flows.
- Obtaining individual beneficiaries' feedback about 'SHG Credit Utilization and Cash Flows' in terms of access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options, and satisfaction.
- To provide policy recommendations on 'SHG Credit Utilization and Cash Flows' based on stakeholders' responses.
- To suggest measures to improve the initiatives in the direction of achieving the goal of 'SHG credit Utilization and Cash Flows'.

Finally, based on real-time field base experiences, the study will evaluate the 'SHG Credit Utilization and Cash Flows to the SHGs' in the State of Andhra Pradesh, mainly looking into key indicators of where the SHGs' are investing the SHG Bank Linkage Loan Amount and what the cash flows for SHG members, utilization of the loan amount, is there any deviation of the loan amount, any group leader denying members not to take a loan, because they cannot repay? Are only some group members taking the entire loan amount? What is the repayment source, and what are the livelihoods/enterprises

established out of the loan amount? The study will be evaluated in terms of access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options, beneficiaries' satisfaction for further betterment and suggestions for effective implementation of the SHG Credit Utilization and Cash Flows towards targeted objective oriented approaches and for improving efficiency in implementation for further betterment.

1.5 Study methodology

The Methodology for the study proposed involved the collection of secondary data on SHG Credit Utilization and Cash Flows and primary data collections from the actual SHGs groups and a few individual beneficiaries about SHG Credit utilization and cash flow experiences covering access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options, and beneficiaries' satisfaction toward the programme also deeply looking into the matters of where the SHGs' are investing the SHG Bank Linkage Loan Amount and what are the cash flows for SHG members; utilization of the loan amount; is there any deviation of the loan amount; any group leader denying members not to take a loan, because they cannot repay? Are only some of the group members taking the entire loan amount? What is the repayment source, and what are the livelihoods/enterprises established from the loan amount? The study will also cover all levels of service providers' responses (official) to know the programme implementation process and issues, if any, at the field level for further betterment of the scheme.

Methods of data collection:

The exercise will involve four stages: (a) Collection of complete required secondary data from concerned offices, (b) Pre-survey stage, which involves finalising the questionnaire, selecting interviewers, and training interviewers. (c) The field survey may be a set of independent investigators equally adopted in carrying out surveys. (d) Post-survey actions include designing analytical frameworks and drafting the report.

1. Initial discussions with 'Bank Linkage' SERP officials (Nodal Agency) – The study team will meet with SERP Bank Linkage officials from all levels, from the State to the field level and all associated officials in SHG Credit Utilization and Cash Flows to the SHG members' implementation system. Also, the team will interact with a few beneficiaries to develop the draft questionnaire based on field realities.

2. Developing four different survey instruments, including SHGs', individual beneficiaries' interviews, and all level officials implementing 'Bank Linkage and for banking officials separately'.

The entire data collection process was completed through an electronic data collection process, i.e., both the questionnaires were entered in ODK collect¹ data collection software, and complete data was collected through smartphones. Data collection through ODK collect will bring more transparency, and it captures the complete data collection details like who the actual respondents are with 100 per cent accuracy, i.e., respondents' photo, place and location of the interview was taken, etc.

ODK Collect is an open-source Android app that replaces paper forms used in survey-based data gathering. It supports a wide range of question-and-answer types and is designed to work well without network connectivity.

ODK Collect renders forms into a sequence of input prompts that apply form logic, entry constraints and repeating sub-structures. Users work through the prompts and can save the submission at any point. Finalized submissions can be sent to (and new forms can be downloaded from) a server.

Collect support's location, audio, images, video, barcodes, signatures, multiple-choice, free text, and numeric answers. It can even accept answers from other apps on your device.

Questionnaire design

Four basic questionnaires will be designed/developed for the proposed study covering SHG credit Utilization and Cash Flows to the SHG members aspects in terms of access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options, and beneficiaries' satisfaction toward the programme also deeply looking into the matters of where the SHGs' are investing the SHG Bank Linkage Loan Amount and what are the cash flows for SHG members; utilization of the loan amount; is there any deviation of the loan amount; any group leader denying members not to take a loan, because they cannot repay? Are only some of the group members taking the entire loan amount? What is the repayment source, and what are the livelihoods/enterprises established out of the loan amount? The study will also cover all levels of service providers' responses (official) to know the programme implementation process and issues, if any, at the field level for further betterment of the scheme.

Details of the four basic questionnaires are as follows.

1. SHGs Groups questionnaire – Verifying the deliverables of 'Bank Linkages - SHG Credit Utilization and Cash Flows' by the implementing authority/agency by covering the above key parameters
2. Beneficiary questionnaire – Verifying of the deliverables of 'Bank Linkages - SHG Credit Utilization and Cash Flows' by the implementing authority/agency, implementing authority/agency by covering the above key parameters
3. Officials' questionnaire - to verify and track functional issues related to the state, district, mandal, and village levels. In the same questionnaire, different sections will be prepared for different levels.

Banking officials' questionnaire - to verify and track functional-related issues at the banking level.

Table 1.3: List of interviewed SHG line department and bank officials

Sl.No	SHG Official	No of officials interviewed.
1	Project Director	5
2	Assistant Project Director	1
3	DPM – Bank Linkage	7
4	Constituency Level - Area Coordinator	2
5	Mandal Level –APM.	28
6	Cluster Level – CC	73
7	Village Level – VOA	8
	Other – Legal Coordinator	1
	Mandal Samakhya Manager	1
	Accountant	2
	Total	128
	Bank official	
	Branch Manager SHG linkages officer	26
	Assistant Manger	1
	Others- RD office Chief manger Office Advancer	3
	Total Officials interviewed (SHG +Bank)	158

Table 1.4: Total sample size covered

S.No.	Interview details	Numbers
1	Interviews with SHGs' (FGDs)	122
2	Interviews with individual SHG Beneficiaries	1208
3	Interviews with SHG Officials	128
4	Interviews with Bank Officials	30
	TOTAL	1488

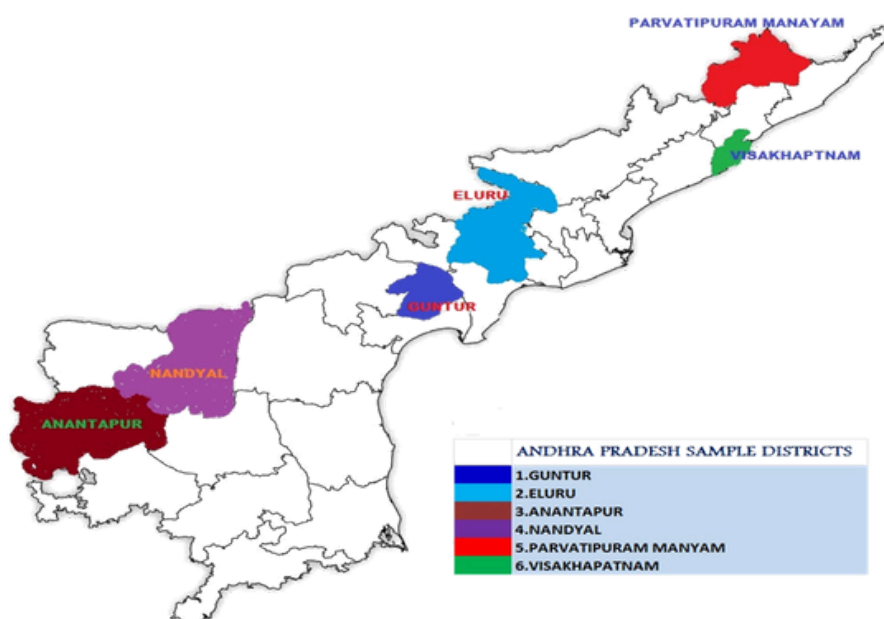
Sampling:

1.As it is a massive State Government livelihood promotion programme with vast coverage across all 26 districts of Andhra Pradesh State, as per Table 1, from 2019-20 to 2022-23, the Government of Andhra Pradesh has spent Rs. 1, 58,761.45 crore (on average every year Rs. 31,752 crore) by covering on an average more than six lakhs SHGs' every year SHG Bank Linkage programme to improve the self-sustainable livelihood options at rural and urban areas of the State. As per Table 1.2 above, in the State of Andhra Pradesh, the growth of SHG bank-linkage Bank linkages in terms of percentage of achievements of loan disbursement amount (144.6%) and SHGs covered (95.5%) is impressive. Disbursement to bank linkages to the number of SHGs varies from 212.5 % (West Godavari district) to 109.2% (Parvathipuram Manyam). So, for the study purposes here, we will select six districts based on a systematic random sampling method to select the SHGs' and individual beneficiaries.

Table 1.5: List of selected districts for study

Sl.No	Selected District
1	GUNTUR
2	ELURU
3	NANDYAL
4	ANANTAPUR
5	VISAKHAPATNAM
6	PARVATHIPURAM MANYAM

Image 1.1: Maps of the study covered six districts of Andhra Pradesh State



1. The study level of analysis is State only.
2. The proposed study will cover a total of six districts across the State based on 'Bank Linkages - SHG Credit Utilization and Cash Flows.'
3. Five mandalas were selected from each selected district based on a systematic random sampling procedure.
4. From each selected 'Mandal', four SHGs were selected using a simple random sampling procedure.
5. On the whole, 20 SHGs were selected from each selected district.
6. On the whole, at the State level, a total of 120 SHGs are covered.
7. Also, from each selected SHG, 10 individual SHG members/beneficiaries were interviewed.
8. On the whole, at the State level, a total of 1200 individual SHG members/beneficiaries are covered.
9. Also covered 120 officials (covering 20 officials at all levels from each selected district)
10. Also covered 30 banking officials (covering five officials from all the selected six districts)

If the sample universe is taken, then the total data collection is

a. Interviews with SHGs'	- 122
b. Interviews with SHG Members questionnaire	- 1208
c. Interviews with SHG officials questionnaire	- 128
d. Interviews with SHG banking officials questionnaire	- 30

TOTAL 1488

Quality controls:

The surveys at the selected offices and their jurisdictions will be carried out by a trained enumerator/survey team appointed and supervised by the NIRDPR study team. A comprehensive training programme involving briefing on the data collection instruments, mock call exercises, and pilot field visits will be carried out before the actual implementation of the survey. The actual field survey that will commence immediately after the training programme will be closely monitored by the NIRDPR study team through spot checks, back checks and on-site scrutiny of the data collection instruments.

Analytical framework: Statistical and Qualitative techniques (percentages, cross tab) will be used to analyse the data.

In the study, the reliability of the sample size was estimated and tested at 95 per cent confidence. The reliability of the estimate of users (N=1208) is significant at a 95 per cent confidence level of +/- 2.6, and in the case of officials (N=158), the reliability of the estimate is significant at a 95 per cent confidence level of +/- 2.1.

1.6 Key deliverables

After the collection of secondary and primary data and necessary review and analysis, the study will come out with

➤ The detailed evaluation report of Bank Linkages - SHG Credit Utilization and Cash Flows, covering access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options, and beneficiaries' satisfaction towards the programme, and

➤ A report recommending appropriate suggestions for effective implementation of the 'Bank Linkages - SHG Credit Utilization and Cash Flows' programme.

1.7 Utilisation of findings:

- To assist the MoRD & Government of Andhra Pradesh in the implementation of 'Bank Linkages - SHG Credit Utilization and Cash Flows', to use the information and knowledge generated through the study so that actionable policies and remedies can be formulated to bring necessary changes in guidelines for effective and successful implementation of welfare programme for women across the country.
- Policy brief, study report, and article publication from the study.

2

SHG beneficiaries' feedback

Chapter 2: SHG beneficiaries' feedback

The Government of Andhra Pradesh is committed to the welfare and development of all segments and implementing various welfare programmes to benefit people with low incomes in the State through "Navaratnalu". The Society for Elimination of Rural Poverty (SERP) was established by the Government of Andhra Pradesh (GOAP) as a sensitive support structure to facilitate poverty reduction through social mobilization and improvement of the Livelihoods of the rural poor in Andhra Pradesh. The vision of SERP is to enable every poor family in rural Andhra Pradesh to come out of poverty and stay out of poverty. SERP works on a comprehensive multi-dimensional poverty alleviation strategy by focusing equally on the Livelihoods Value Chain and Human Development Indicators. SERP has also established a unique institutional structure for community-based organizations worldwide. This CBO structure in A.P. has facilitated cumulative bank loans of Rs. 1,58,761.45 Crore of commercial bank loans to SHG members for the last four and a half years.

As it is a massive State Government livelihood promotion programme with vast coverage across all 26 districts of Andhra Pradesh State, as per Table 1.1, from 2019-20 to 2022-23, the Government of Andhra Pradesh has spent Rs. Rs. 1,58,761.45 crore (on average every year Rs. 31,752 crore) by covering on an average more than six lakhs SHGs' every year SHG Bank Linkage programme to improve the self-sustainable livelihood options at rural and urban areas of the State.

2.1 Profile of beneficiaries

From all the selected districts, the study covered cent per cent of individual rights beneficiaries of the SHG members (N-1208) only.

Age and gender: Cent per cent of female SHG members are covered for the purpose of feedback, and the average age of the SHG women beneficiaries is 41 years.

Occupation: More than two-thirds (61%) of respondents are agricultural labourers, followed by housewives (15.3%), self-employed (13.2%), petty business 8.5% and cultivator cum agricultural labourer (3.0%). Interestingly, we didn't find any unemployed SHG members.

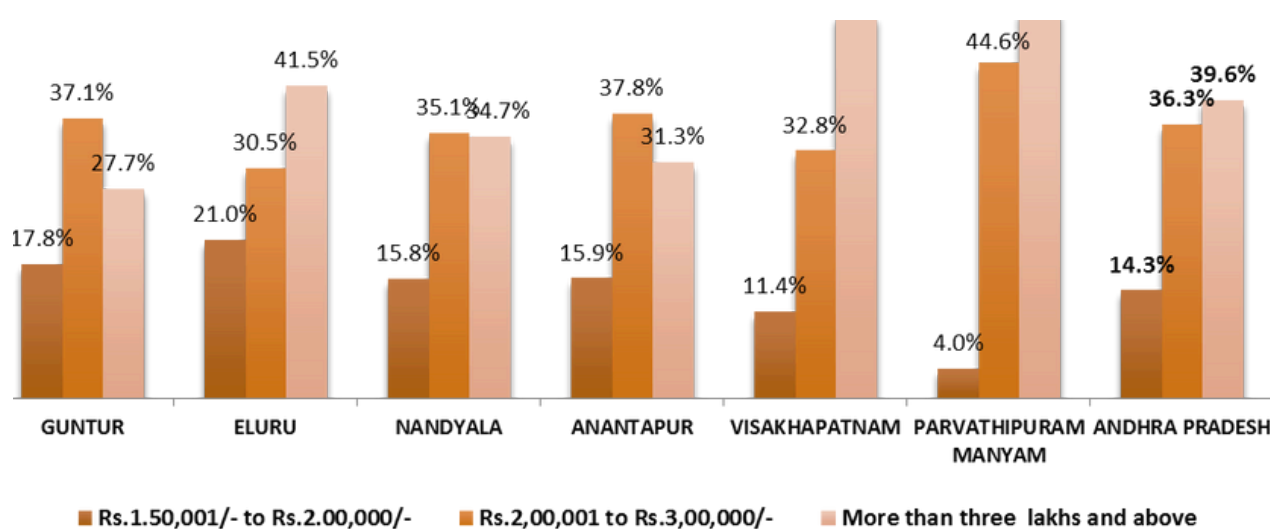
Education: Around one-third (27.7%) of respondents are literate without formal education, followed by Secondary (10th Standard), 22.9%, and around 19% are Middle/Upper Primary (7th Standard). Among the total interviewed 1208 beneficiaries, 2.6% were also illiterate.

Religion and caste: A majority of the respondents (91 per cent) were Hindus, followed by four per cent of Muslims, and five per cent were Christians. Around half (42.5 per cent) among them belonged to Other Backwards Class (OBC), 24 per cent were forward castes (GC), 22.8 per cent were from Scheduled Caste (SC), and the remaining 10.2 per cent were from Scheduled Tribes (ST).

On average, each household has four family members, including children, and out of these four family members, two are working from each household.

Annual income, monthly expenditure and household assets: With regard to the annual income of the SHG members, around 40% were earning more than three lakhs and above annual income, and 36% were earning between two to three lakhs per annum. Almost three-fourths (75.9%) of SHG members' annual income is above two lakhs, which is a good sign of increased income levels of SHG members because of the active SHG income generation activities of the members. The majority of the HHs (99.3 per cent) were from the BPL category.

Figure 2.1: Annual income of the SHG family



On average, each SHG beneficiary family spends Rs. 10,000 every month on their HH expenses, indicating an increased expenditure pattern on family needs by the SHG members. Around 93 per cent of the HHs reside in their own houses, 69 per cent of these houses are pucca houses, and another 20 per cent of HHs live in semi-pucca houses. Most (98 per cent) beneficiaries reported that they have ration cards, and out of them, 99 per cent have BPL ration cards.

On the whole, 100 per cent said that they had Aadhaar cards, 99 per cent had voter ID cards, and more than fifty per cent (53.3%) had PAN cards as identity cards. Almost all reported that having Aadhaar cards is more helpful for showing their identity for different purposes.

Household savings: Almost all SHG beneficiaries (100 per cent) have a bank account in various locally available banks. The main reasons for holding the bank account were to avail of benefits from government schemes (65.6 per cent) and to hold savings (99 per cent).

Knowledge and availing of State Government welfare schemes and programmes:

Almost all (99.6%) of beneficiaries reported that their family is availed and benefitted from different State Government welfare programmes namely YSR Sunna Vaddi (86.6%), YSR Aasara (81.2%), YSR Amma Vodi scheme (44.0%), Rythu Bharosa (33.6%), YSR Pension Kanuka (28.8%), YSR Cheyutha (21.4%), Vidhya Deevena (9.1%), Jagananna Thodu (6.6%), YSR Aarogyasri Scheme (3.9%) and Vasati Deevena (3.8%) etc. and getting eligible entitled full amount of the programme/scheme. Interestingly, more than half of the (57.8%, highest 65% in Guntur and 53% in Anantapuram districts) SHG members reported that the benefits/money from the State Government welfare programmes benefits/money they are using for the timely repayment of SHG bank loans.

2.2 SHGs services

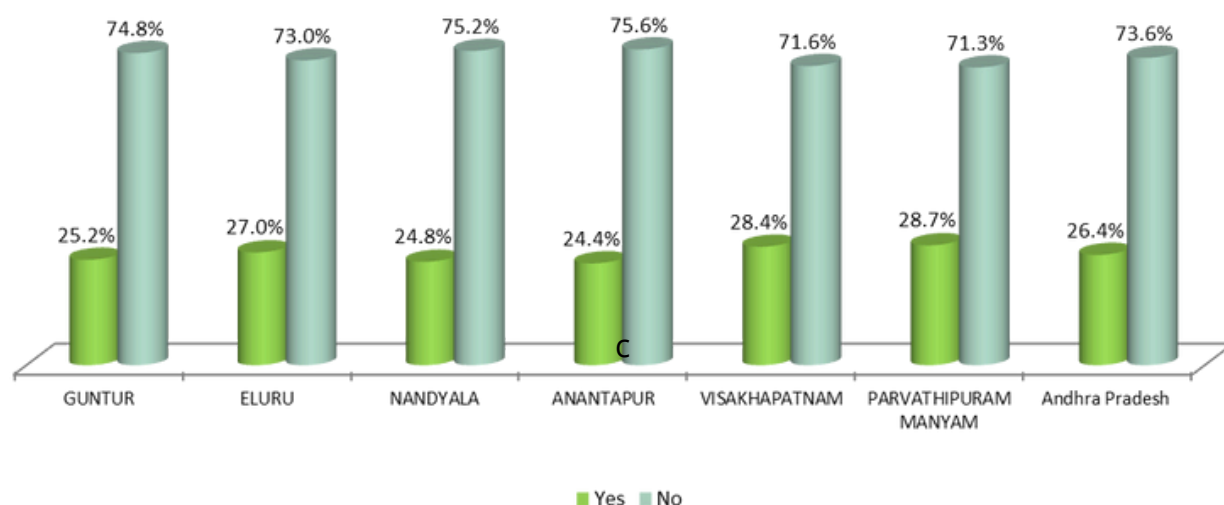
Awareness: More than three-fourths of the members (74.2%) joined the SHGs on their own, followed by the suggestion of family members (28.6%). 71.5% reported that, in their group, there are 6-10 members, and more than one-fourth (28.5%) of the members reported that there are more than 10 members in their groups. More than half (56.7%) are 1st leaders of the group, followed by members (20.1%) and cashiers/secretaries (20.4%).

Table 2.1: SHGs' - Awareness and process of join to SHG by beneficiaries

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
Suggested joining the SHG							
Self	81.7%	68.0%	72.8%	72.1%	82.1%	68.3%	74.2%
Family members	11.9%	26.0%	35.6%	36.3%	25.9%	35.6%	28.6%
NGO's workers	4.5%	11.5%	12.4%	3.5%	22.4%	21.3%	12.6%
Total how many members are there in your group							
6-10 members	87.6%	94.5%	84.2%	74.6%	55.7%	32.7%	71.5%
More than 10 members	12.4%	5.5%	15.8%	25.4%	44.3%	67.3%	28.5%
Position in group							
Member	16.3%	23.0%	13.4%	24.4%	29.4%	14.4%	20.1%
1st leader	65.3%	55.0%	56.9%	52.2%	47.8%	62.9%	56.7%
2nd leader	8.9%	3.5%	0.0%	0.0%	0.0%	1.0%	2.2%
Cashier/ Secretary	9.4%	15.0%	29.7%	23.4%	22.9%	21.8%	20.4%

Almost all beneficiaries are aware of their SHG group name, but almost three fourth (73.6%) of SHGs' members are not aware of the key objectives of SHGs' as shown Figure 2.2

Figure 2.2: Awareness of SHGs' objectives (%)



Also, most of the SHG members are aware of meeting calendar, rules and regulations by SHG, achievements, group savings, how many members taken loans from SHG savings, etc., as show in Table 2.2

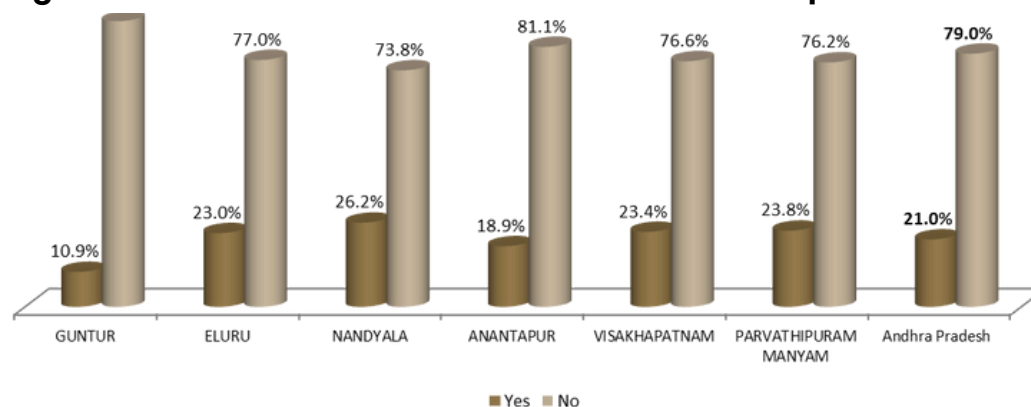
Table 2.2: SHGs' beneficiaries' awareness about group activities

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
Awareness							
Aware of SHG Group name	99.00%	100.00%	100.00%	99.50%	99.50%	99.50%	99.60%
Not aware of SHG ID number	52.00%	69.00%	100.00%	88.10%	77.60%	100.00%	81.10%
Aware of SHG achievements	98.50%	100.00%	100.00%	100.00%	100.00%	100.00%	99.80%
Not aware of SHG income	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Aware of Meeting Calendar	99.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.80%
Aware of Rules and Regulation	99.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.80%
Aware of Information in group records	99.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.80%
Not aware of cash in hand of the group	89.10%	94.50%	100.00%	100.00%	100.00%	100.00%	97.30%
Not aware of cash in SHG bank account	75.70%	95.50%	99.50%	93.50%	99.00%	100.00%	93.90%
Not aware of Outstanding Loan	78.70%	68.50%	50.00%	59.20%	52.20%	62.90%	61.90%
Not aware of Total capital of the group	89.10%	77.00%	73.80%	81.10%	76.60%	76.20%	79.00%
Aware of savings of the SHG	98.50%	99.50%	100.00%	99.50%	99.50%	99.50%	99.40%
Aware of how many members taken loans form savings of the SHG	96.00%	99.50%	100.00%	100.00%	99.50%	100.00%	99.20%

At the Same time, the study also found that SHG members are unaware of SHG income (100%), cash in SHG hands (97.3%), cash in bank accounts (93.9%), outstanding loan details (61.9%), etc., which need to be addressed through timely training and capacity building for all the SHG members.

Accordingly, Table 2.2 shows that the majority of the members are not aware of their member loan repayment status. It indicates that SHG activities are mostly not happening as per the norms, which needs to be strengthened to know each and every group activity of all the group members.

Figure 2.3: Awareness of No. of SHG members repaid the loan (%)



2.3 SHGs' activities

SHG Activities: Women development/empowerment (42.6%), income generation and development of SHG women (31.6%) are two key objectives opined by the SHG members. At the same time, almost one-fourth (25.7%) said they don't know about the objectives of the SHG activities, which need to be addressed through proper, timely training and capacity building for the SHG members. Also informed, meetings take a month (52.4%), followed by once in two weeks (Monthly, twice a month).

2.3: SHGs' activities

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
Key SHG Objectives							
Women development/ empowerment	35.10%	19.00%	44.10%	18.90%	72.60%	65.80%	42.60%
Getting income from income generated activities and development of SHG Women.	41.60%	46.50%	36.10%	50.70%	6.50%	8.40%	31.60%
Mostly no idea about SHG objectives	23.30%	34.50%	19.80%	30.30%	20.90%	25.70%	25.70%
Frequency of SHG meets							
Weekly	3.50%	0.50%	14.40%	18.40%	1.00%	26.70%	10.80%
Once in every two weeks (Monthly twice)	40.10%	58.50%	30.70%	37.30%	31.30%	23.30%	36.80%
Monthly once	56.40%	41.00%	55.00%	44.30%	67.70%	50.00%	52.40%
Participation							
All SHG members attend the meeting	100.00%	99.50%	100.00%	100.00%	94.50%	99.00%	98.80%
All SHG members pay SHG savings amount	100.00%	100.00%	100.00%	100.00%	98.00%	99.50%	99.60%
All members collectively takes decisions in the meeting	97.00%	97.00%	89.10%	97.00%	100.00%	99.50%	96.60%
Decisions taken by consensus mode	99.50%	96.00%	94.10%	98.50%	98.00%	90.10%	96.00%
Aware of where SHG having bank account	97.00%	100.00%	100.00%	98.00%	100.00%	100.00%	99.20%
Monthly average savings by member	Rs.200	Rs.200	Rs.200	Rs.200	Rs.200	Rs.200	Rs.200

With regard to participation, almost all the members (98.8%) participated in the SHG meetings (98.8%), SHG members paid the SHG savings amount (99.6%), and all the members collectively took consensus mode decisions in the meetings (96.0%). All the members are aware of the SHG bank account details.

On average, each member is saving Rs. 200/- per month with the group. It's a progressive positive sign of a saving pattern by the SHG members from Rs. 30/- to Rs. 200/- per month.

SHGs' banking loans:

As per the responses of the SHG members, their groups have account in different banks namely State Bank of India (27.0%), Union Bank of India (18.3%), Canara Bank (14.9%), Andhra Pradesh Grameena Vikas Bank (11.1), Andhra Pragathi Grameena Bank (7.3%), Chaitanya Godavari Grameena Bank (5.1%), APCOB (DCCBs)- 4.8%) and Indian Overseas Bank (4.0%).

More than a fourth (81.4%) of SHG members reported that recently, they availed loans to their groups and ranges highest in Parvathipuram Manyam (95.7%) and 68.3% in Guntur district. The most recent loan volume varies as shown in the graph below 2.3

Figure 2.4: Most recent taken credit loan amount by SHG (%)

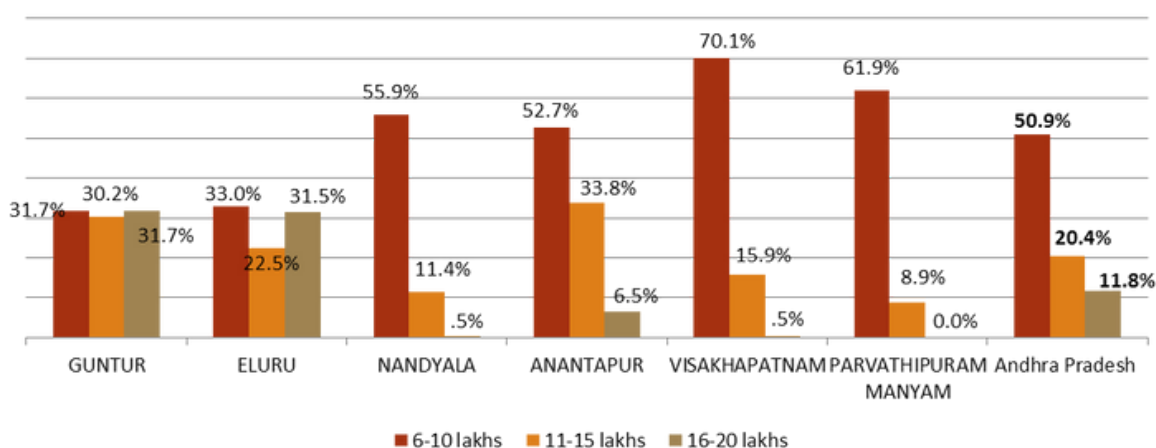


Table 2.4: SHGs' Credit Loan distribution

Indicator /District	Guntur	Eluru	Nandyal	Anantapur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
Equal distribution of loan amount among the members	98.50%	100.00%	98.00%	98.00%		99.00%	98.00%
On an average recent loan amount received by member Rs. 1,00,000/-	Rs.one Lakh	Rs.one Lakh	Rs.one Lakh	Rs.one Lakh	Rs.one Lakh	Rs.one Lakh	Rs.one Lakh
Not aware of Rate of Interest against to loan taken	80.70%	85.00%	96.00%	94.00%	89.10%	95.00%	90.00%
Aware of Rate of Interest (N -117)							
Aware of rate of interest of 9.5% 15%	100.00%	90.00%	100.00%	100.00%	95.50%	100.00%	96.70%
Don't have any outstanding loans of SHG	100.00%	100.00%	99.00%	100.00%	79.10%	100.00%	96.40%

Most of the members (98.2%) reported that they are distributing the loan amount of SHG in equal portions. On average, each member got a Rs 1,00,000/- loan. Interestingly, more than 80% reported that they were unaware of the rate of interest on their loan amount, which needs to be mandatorily informed by the bankers to the group members. Those aware of the rate of interest against their loan reported that they are paying the rates of interest ranging from 9.5% to 15% against their loan. Also, 96.4% of the States said that their groups don't have any outstanding loans, which indirectly implies SHG's timely loan repayment culture.

Also, outstanding loans reported by 3.6% (N=44), 54% reported having over and above five lakhs up to 20 lakhs, 34% had up to 3 lakhs outstanding loans, and 11.4 % reported that the loan outstanding was over and above three lakhs up to 5 lakhs.

Figure 2.5: SHGs' Loan spent on (%)

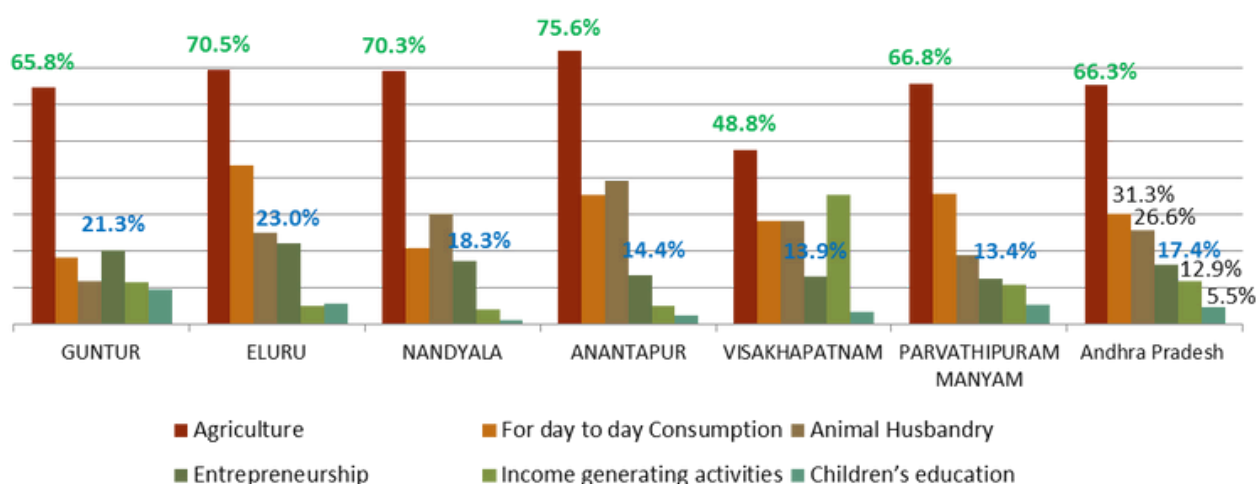
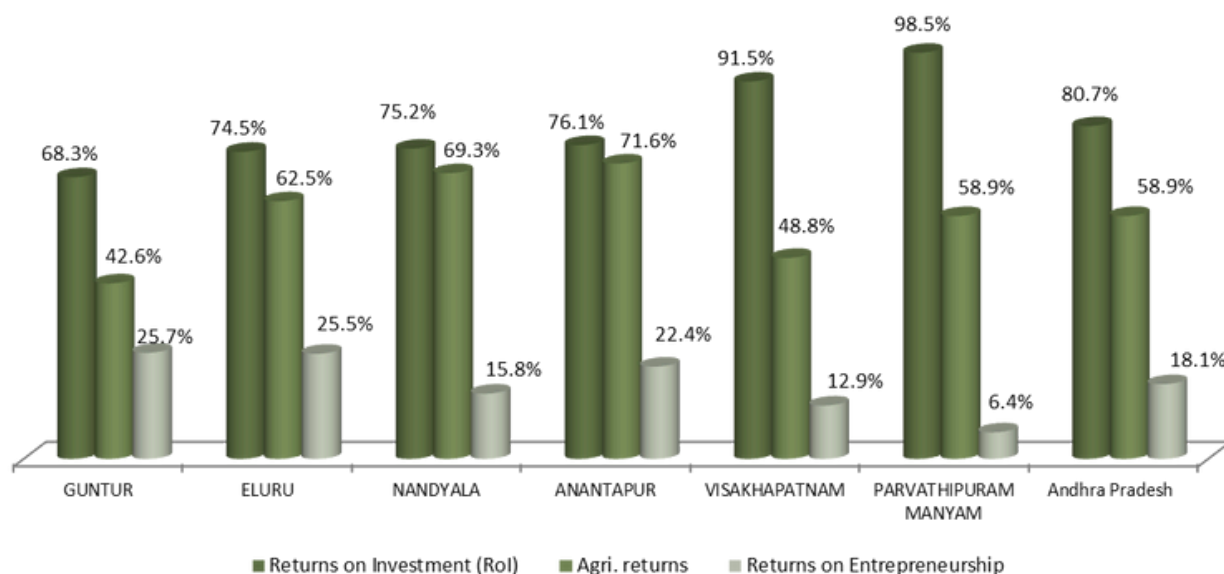


Figure 2.5 shows that all the SHG members reported that, generally, their loan amount was spent on different activities like agriculture (almost two-thirds of members (66.3%) invest their loan into agriculture) and animal husbandry (26.6%). Another 17.4% invested in entrepreneurship, 12.9% spent on income-generating activities, and 5.5% spent on their children's education purposes. It clearly shows how SHG members are spending/investing the loan amount effectively for livelihood purposes and also generating revenue to repay the loan. Also, the loan amount supports the good cause of SDG 4 (quality education) education purpose of the SHG group family members.

Other activities under SHG loan (N=33, 2.7%) carried out for income generation are, Car Travels, Marriage purpose, Kummari works, Milk shop, Gold purchase, Tailoring, Hotel business, Chicken shop, wood business, Kirana shop, cloth and saree business, Flower business, House construction, For education, Health issues, Auto purchase and For Artist development, etc.

Figure 2.6: Source of SHGs' Credit Loan repayment (%)



The main source of loan repayment is the return on investment, where they spent (80.7%), followed by Agri. returns (58.9%) and return on entrepreneurship (18.1%) which they established.

2.4 SHGs- loans and investments

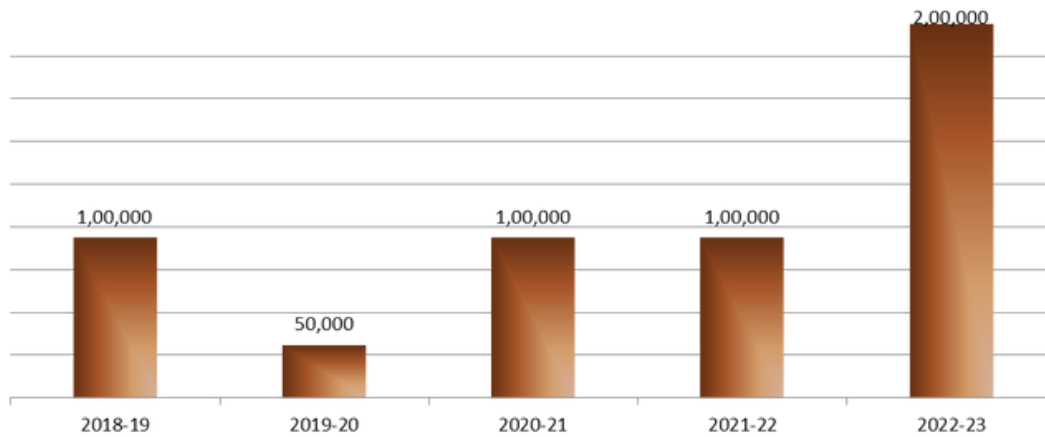
All the SHG members reported that all SHGs' got loans (100%) in the last five years without fail. In the last five years, almost half of them got two loans. 31% reported that they got three loans, and 12% reported that they got four loans in the last five years. In the last five years, on average, each group got in a range of Rs.50, 000/- to Rs.2, 00,000/-

Table 2.5: SHGs' Loans Disbursement

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
Bank Loans to SHG groups							
Last four years (2018 onwards) received SHG loans	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Since last four years (2018 onwards) total how many times your SHG received loans							
Two	56.40%	43.00%	29.20%	55.70%	54.70%	57.40%	49.40%
Three	23.80%	32.00%	47.50%	21.90%	26.40%	36.10%	31.30%
Four	3.00%	16.50%	21.30%	15.40%	13.90%	1.50%	11.90%

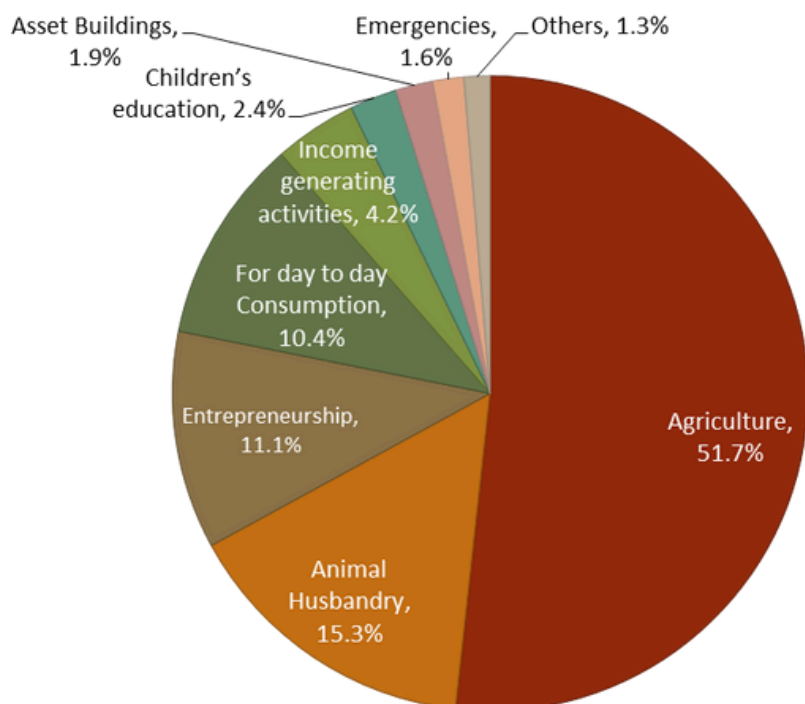
Since last five years, on an average each SHG yearly received a loan amount is Rs.1, 10,000/-

Figure 2.7: Loan amount received during 2018 -2023 (Rs.)



All the SHG members reported that whatever credit loan was taken was equally distributed among all the group members. The SHGs' loan amount invested as first or single priority, all the SHG members reported that generally, the loan amount spent on agriculture (almost half of the beneficiaries (51.7%) invested their SHG loan into agriculture) followed by Animal Husbandry (15.3%), 11.0% invested in entrepreneurship, 10.4% spent on their day to day consumption, 4.2% spent of income generating activities, 2.4% spent on their children education, etc. The details of the first priority of SHG loan spending are shown below in the figure.

Figure 2.7a: Primary investment sector of SHGs' credit loans (%)



Also, apart from the first priority of spending on the loan amount, SHG loans serve as multipurpose investments/usage by the SHG members, who spend on different activities.

But, honestly, across the districts and the State, the majority of SHG members reported that they didn't establish the livelihood chosen in the HLP; this is an area SERP AP needs to look into and make sure all SHGS' needs to establish the livelihood that was chosen by SHG members in the HLP.

2.5 SHGs'- Established Livelihood / Enterprises

Those who established Livelihood / Enterprise through SHG Bank Loan established Petty businesses/shops, Animal husbandry, Invested in agriculture, Kirana shop, Poultry, Goatery, and Hotel/Tiffin centre, etc.

Table 2.6: SHGs' Established Livelihood / Enterprise & Return on Investment (RoI).

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	16	14	14	10	48	17	119
Alone	87.50%	92.90%	92.90%	100%	97.90%	100%	95.80%
With few group members	12.50%	7.10%	7.10%	0.00%	2.10%	0.00%	4.20%
Returns on Establishments							
Earnings mostly on monthly	100%	100%	100%	100%	87.50%	76.50%	91.60%
Total Project Investment	100000	100000	100000	100000	50000	100000	90000
Total Monthly Production	13500	47500	17500	20000	15000	20000	20000
Monthly net income	8500	20000	5500	6500	8500	10000	9000
Monthly earning on SHG loan investment activities	5500	6000	4250	3500	6000	3750	5000
Entrepreneurship/business supported by marketing facilities	87.50%	28.60%	100%	100%	37.50%	41.20%	56.30%
Entrepreneurship/business supported by further banking linkages	87.50%	100%	92.90%	100%	37.50%	100%	72.30%
Return on Interment (RoI)							
Return on Interment (RoI) is sufficient for your monthly basic needs requirements of the family	97.00%	100%	100%	100%	98.50%	100%	99.30%
Return on Interment (RoI) is sufficient for monthly repayment of SHG bank loan	98.50%	100%	100%	100%	99.50%	100%	99.70%
Aware of where other members of group spent /invested the received SHG loan amount	57.40%	66.50%	74.80%	70.60%	63.70%	69.30%	67.10%
other members of group not established the livelihood which they choose / wrote in the HLP	94.80%	95.50%	96.70%	99.30%	96.90%	96.40%	96.70%
None of the group members rotating their loan amount for the higher rate of interest to other members	100%	100%	100%	100%	100%	100%	100%
None of the group members rotating their loan amount for higher rate of interest to other than members (outside)?	100%	100%	100%	100%	100%	100%	100%
Not aware of the rate of interest charged by private / local money lenders?	100%	100%	100%	100%	100%	100%	100%

As per Table 2.6, more than 87% of the SHG members reported that they had established their Livelihood / Enterprise as alone instead of in group activities. Only 4.2% said they had established a Livelihood / Enterprise with a few group members. About return on establishment, most of them (91.6%) get returns every month. On average, Rs. 90,000/- is spent on establishment as an investment. For the same investment, an average of Rs.20,000/- worth of total production is taking place. Out of this, the total monthly income generated is Rs. 9000/-, in which net earnings/profit is Rs. 5000/-; with this amount, members are able to repay the monthly loans timely.

Only half of the members (56.3%) reported that they are getting entrepreneurship/business support through marketing facilities; this is the area that needs to be addressed for the effective results of SHG activities. At the same time, Nandyal Anantapur (100%) and Guntur (87.5%) district authorities are providing effective marketing facilities to SHGs in contrast to Eluru (28.5%), Visakhapatnam (37.5%) and Parvathipuram Manyam (41.2%) districts. So, low-performance districts may adopt the best practices of other districts.

Also, 72.3% reported that entrepreneurship/business supported by further bank linkages is taking place well, but at the same time, Visakhapatnam district is performing very low (37.5%) compared to other districts.

The majority of SHG members opined that Return on Investment Interest (RoI) is sufficient for the monthly basic needs requirements of the family (99.3%) and sufficient for monthly repayment (99.7%) of SHG bank loans. Off this, those who reported RoI is insufficient (0.3%, N-4) are using State government welfare schemes' money to repay SHG loans.

More than two-thirds (67.1%) of the members are aware of where other members of the group spent /invested the received SHG loan amount, and 96.7% reported that other members of the group did not establish the livelihood which they chose/wrote in the HLP.

Interestingly, all the interviewed reported that none of the group members rotated their loan amount for the higher rate of interest to other members, none of the group members rotated their loan amount for the higher rate of interest to other than members (outside) and no one aware of the rate of interest charged by private/local money lenders.

2.6 SHGs' about microfinance institutions

Microfinance (Fin Cap) institutions:

To check the prevalence/existence of 'Micro finances' (Fin Cap) institutions in the State, a few questions like existence, availing loans, rate of interest charged by Micro finances, etc., were canvassed, but according to the following table, most of the SHG members expressed that they are not much aware of 'Micro finances' operations in their respective localities.

Table 2.7: Information on 'Micro finances' (Fin Cap) institutions

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
Not aware of 'Micro finances (Fin Cap) institutions loans through apps	100%	99.50%	100%	100%	100%	99.50%	99.80%
Not aware that known persons availed loans from 'Micro finances' (Fin Cap)	100%	99.50%	100%	100%	100%	99.50%	99.80%
Micro finances' (Fin Cap) institutions provides financial needs by							
Instant money release	5.90%	28.00%	39.60%	27.90%	7.00%	21.30%	21.60%
Minimum process	96.50%	92.00%	85.60%	98.00%	74.60%	75.70%	87.10%
Through app transactions	11.90%	2.50%	3.50%	0.00%	2.50%	0.50%	3.50%
Never availed any financial loans from "Micro finances' (Fin Cap) institutions	100%	100%	100%	100%	100%	100%	100%
None of the family members are approached to any 'Micro finances' (Fin Cap) institutions for loans	98.50%	99.00%	100%	99.50%	100%	99.50%	99.40%
None of the group members taken loans from 'Micro finances' (Fin Cap)	99.50%	99.00%	100%	100%	99.50%	100%	99.70%

2.7: SHGs' Bank Loan Transactions & Repayment

Table 2.8: SHGs' bank loan Transactions

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
Monthly repayment of loan instalment takes place	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
No due of bank loan repayment	98.00%	100.00%	100.00%	100.00%	98.50%	100.00%	99.40%
Aware of the rate of interest on SHG loans	28.70%	17.50%	11.90%	14.40%	16.90%	11.40%	16.80%
Rate of interest N- 203							
7%	1.70%	8.60%	8.30%	0.00%	0.00%	0.00%	3.00%
10%	0.00%	0.00%	12.50%	3.40%	0.00%	0.00%	2.00%
9.5% 15%	98.30%	91.40%	79.20%	96.60%	100.00%	100.00%	95.10%
Repayment of loan installment by							
Self-deposits at bank	1.50%	16.50%	24.30%	18.40%	0.00%	0.00%	10.10%
SHG Head collects and deposits	55.00%	53.00%	57.90%	59.20%	30.80%	41.10%	49.50%
Group together deposits	86.10%	83.50%	72.80%	81.60%	95.50%	96.50%	86.00%

Table 2.8 shows that all the SHG members are paying loan amounts every month in a timely manner and have no bank loan repayment due (99.4%). Monthly deposits of loan repayment are mostly grouped together (86.0%), and the SHG Head (49.5%) takes place.

With regard to the rate of interest charged by the banks against SHG loans, interestingly, less than one-fifth (16.8%) of the members are aware of the rate at which interest banks are giving loans to the SHGs'. Those aware of the

rate of interest charged by the banks was informed that they were charged a 9.5% to 15% rate of interest. On average, more than 80% of the SHG members are not aware of the rate of interest charged by the banks, which needs to be addressed immediately by the bankers and mandatorily explained to every SHG member how much interest they are charged against each type of loan.

Table 2.9: SHGs' bank loans distribution & entrepreneurship plans

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
As an individual member, how much of loan amount you can manage effectively Rs.	60,000	50,000	50,000	50,000	50,000	40,000	50,000
For the same amount, able to repay monthly loan without any difficulties for the loan availed	88.60%	82.50%	94.60%	90.50%	92.00%	95.00%	90.60%
Not paid any extra amount for the unpaid due amount	100%	100%	100%	100%	100%	100%	100%
Not paid any additional amount to avail SHG loan	100%	100%	100%	100%	100%	100%	100%
Not aware that the loans to SHG groups provided without any additional charges	78.20%	74.00%	75.20%	74.10%	74.60%	69.30%	74.30%
Not forced any bankers for investment against to release of loans	99.50%	99.00%	100.00%	100.00%	100.00%	100.00%	99.80%
Bank officials are very supportive to the SHG groups	100%	98.00%	100%	100%	100%	100%	99.70%
Any bank officials didn't ask to pay any additional charges to avail loan	100%	100%	100%	100%	100%	100%	100%

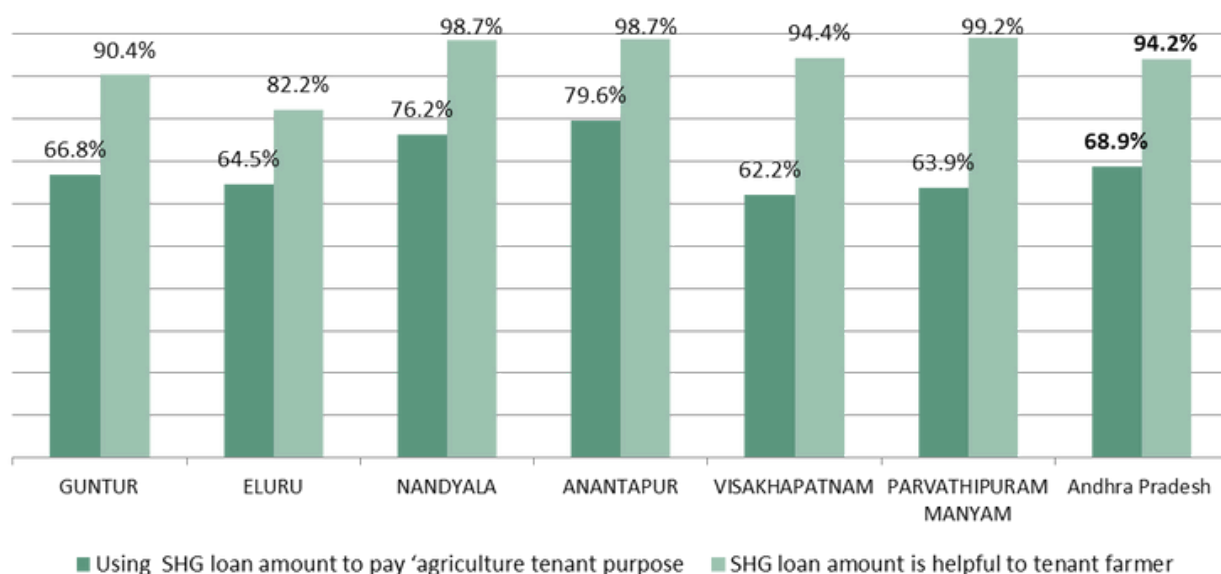
As an individual member, on average, they can manage Rs. 50,000/- effectively, and it varies in the range of Rs. 10,000 to Rs. 3,00,000/-. More than 90% were informed that they can repay this loan amount to banks monthly without any difficulties.

All the interviewed SHG beneficiaries (100%) reported that they had never paid any additional amount to avail of the SHG loan or for the unpaid due amount to the banks. Almost all the SHG members reported that they were never forced by any banker to invest against the release of loans and didn't ask to pay any additional changes to avail of the loan. They informed me that bank officials are very supportive and cooperative with the SHG groups.

Three-fourths of the SHG members (74.3%) are not aware that they need not pay any additional charges to avail of loans; this is a more concerning area to make members aware of such issues by officials and bankers.

2. 8: SHG LOANS Helpfulness to agriculture tenant purpose

Figure 2.8: SHGs' Loan helpfulness to tenant agriculture farmers



According to Figure 2.5, all the SHG members reported that generally, their loan amount spent on different activities like agriculture (almost two-thirds of members (66.3%) are invested their loan into agriculture); same has been confirmed through SHG members responses shown in the above figure 2.8 stating that more than two-thirds of the SHG members (68.9%) reported that they are using SHG loan amount to pay 'agriculture tenant purpose and 94% reported that SHG loan amount is more helpful to agriculture tenant farmers.

Table 2.10: SHGs' Loan helpfulness to agriculture tenant farmers

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
Purchased fertilizers timely	33.30%	38.00%	53.40%	56.10%	31.00%	32.00%	42.20%
Purchased pesticides timely	29.30%	20.70%	29.80%	38.90%	32.00%	32.00%	30.70%
Paid tenant lease	6.50%	33.90%	33.50%	46.50%	12.00%	5.70%	24.90%

The SHG loan amount is spending primarily for purchase of fertilizers (42.2%), pesticides (30.7) and lease payments (24.9%) by the tenant farmers.

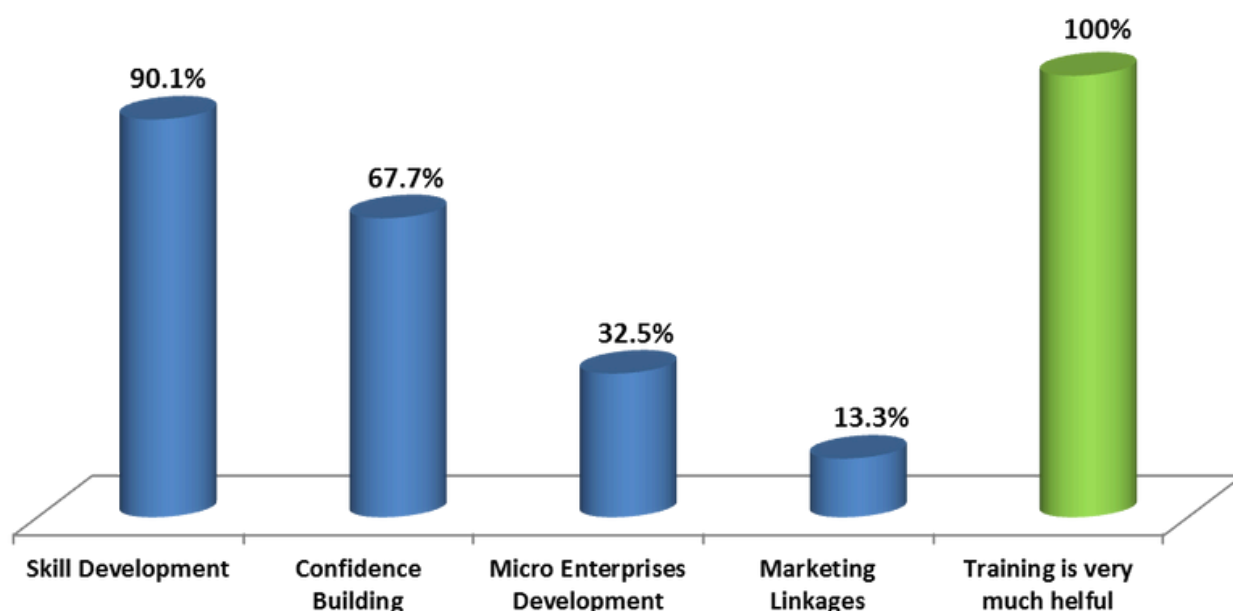
2. 9: SHGs' Training and its usefulness

More than 71.7% reported that they had undergone basic training on SHG activities and through the training mainly focused on SHG bank linkages (67.9%), YSR Asara programme (34.1) and YSR Sunna Vaddi (26. 0), etc.

Table 2.11: SHGs' trainings

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	202	200	202	201	201	202	1208
Undergone training on SHG activities	66.30%	70.00%	79.20%	80.10%	71.10%	63.40%	71.70%
Training on							
SHG-Bank Linkage	56.30%	56.10%	65.00%	58.20%	87.00%	88.90%	67.90%
YSR Aasara	42.20%	43.20%	36.20%	45.10%	17.10%	17.00%	34.10%
YSR Sunna Vaddi	9.60%	18.90%	20.90%	27.20%	47.90%	31.10%	26.00%
HLP/MCPs generation	1.50%	0.00%	8.00%	4.90%	6.80%	2.20%	4.10%

Figure 2.9: Usefulness of SHGs' trainings

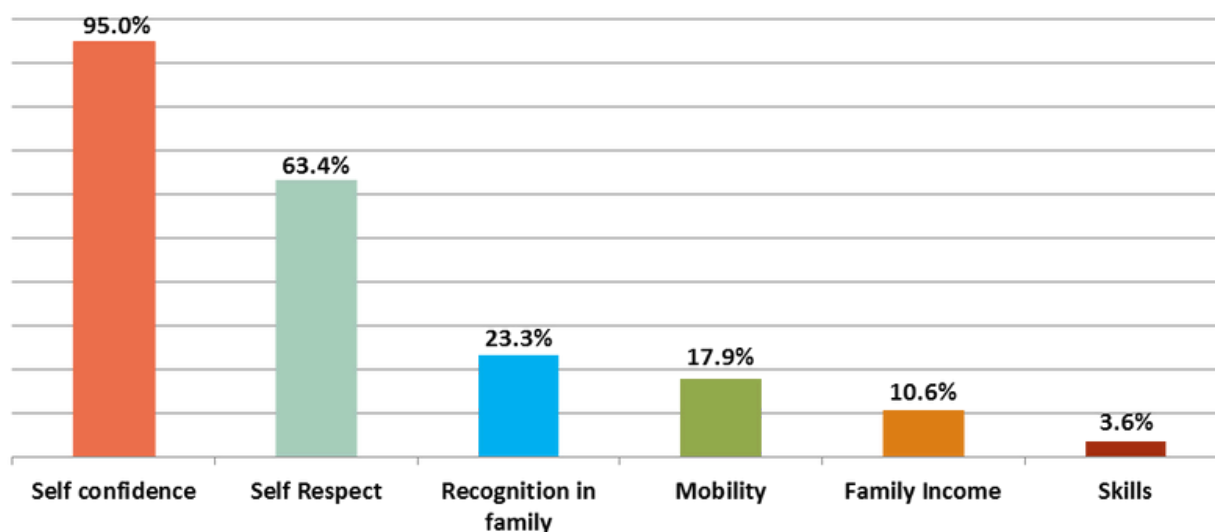


Off those who all undergone SHG trainings felt that training is more helpful (100%) to them especially in improving skill development (90.1%), confidence building (67.7%), micro enterprises development (32.5%) and marketing linkages (13.3%).

2.10: observed socio-economic changes in the lives of SHG members

All interviewed SHG members (100%) opined that their socio-economic status changed after joining SHG. The key observed positive socioeconomic status changes, namely self-confidence (95%), Self-respect (63.4%), recognition (17.9%), mobility (17.9%), encased family income (10.6%) and skill (3.6%), as shown in the below given figure 2.10.

Figure 2.10: Observed Socio Economic Changes



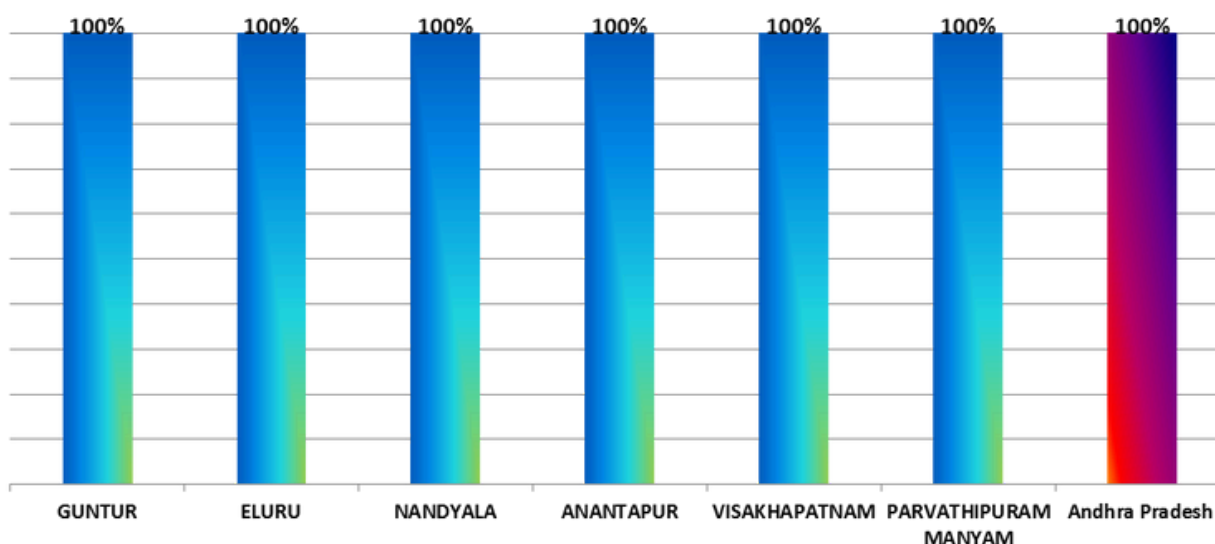
2.11: Problem incidence, satisfaction & suggestions for improvement

Problem incidence:

Except in the Guntur district, in other districts, no SHG member faced any problem with SHG credit utilization and cash flow. In the Guntur district, only three SHG beneficiaries reported a problem over the last year: problems related to getting SHG loans and the SHG group head not allowing them to take loans. But in this regard, no one has filed a complaint.

Satisfaction: As per the findings, no member had any significant issues with SHG credit utilization and cash flow, and all the interviewed beneficiaries showed their complete satisfaction across the districts and the State as a whole.

Figure 2.11: Complete satisfaction by SHG beneficiaries



3

FEEDBACK FROM SHGS' (FGD RESPONSES)

Chapter 3: Feedback from SHGs' (FGD responses)

As SHGs' credit Utilization and Cash Flow is a massive State government-led livelihood promotion programme with vast coverage across all 26 districts of Andhra Pradesh State, the study is also designed to take collective feedback of the group members through Focus Group Discussion (FGD) mode. The study covered 120 SHG interviews in six selected districts. The study covered six districts, and each district selected five mandals; i.e., 30 mandals from all districts were covered. From each selected Mandal, at each mandal level, the study covered four FGDs with all the SHG members of each group (groups called from nearby villages of the mandal headquarters), with the caution that group members do not cover individual SHG members' interviews. On the whole, a total of 120 FGDs were covered across the selected six districts of the State.

Through these SHG group interviews, the study tried to obtain SHG Groups' feedback on access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options, and SHG group members' satisfaction toward SHGs' credit Utilization and Cash Flows of the programme as a whole. Also profoundly looked into the matters of where the SHGs' are investing their SHG Bank Linkage Loan Amount, what the cash flows for SHG members, utilization of the loan amount is any deviation of the loan amount, any group leader denying members not to take a loan, because they cannot repay?, are only some of the group members taking the entire loan amount and what is the repayment source and what are the Livelihoods/enterprises established out of the loan amount, etc.

The key findings of Interviewed 122 self-help groups through FGD are as follows:

3.1: Self-Help Group members' profile

All the interviewed SHG group FGD participants are women members. The average age of the FGD participating members is 40 years, and it ranges from 20 years to 77 years. Among the total 122 SHG groups, those who interacted with the women participants are around 44.5% backwards community members, followed by 21% of scheduled caste, 19.1% of open category, 10.8% of minority, and 4.8% of scheduled tribes. The economic status of the SHG group members is that 97.5% of the interviewed SHG women belong to the BPL category (white or rice card holders), and less than one per cent belong to the APL category.

Educational qualification of the FGD participating SHG group members are primarily illiterate (66.4%), literate without formal education (20.5%), Higher

Secondary/PUC(+2) (6.6%), Middle/Upper Primary(7th Standard) (4.1%), Secondary(10th Standard) (1.6%) and Primary(4th Standard). All SHGs reported that all the SHG members have a bank account. Across the districts, no single group covering all social groups together as members of SHG was found, nor were all mixed religious group members among the 122 interviewed SHGs. One important observation found that most groups formed with members from the same social groups (caste), i.e. all general categories as one group, all OBC categories as one group, all scheduled castes as one group, etc. Similarly, the same pattern of group formation is found in the case of religion, i.e. all Muslims are one group, all Christians are one group, etc. It was found that group formation happens based on caste and religious basis, and still, social inclusion is not happening in terms of SHG formation, which needs to be changed with proper guidelines for effective social inclusion in the future of SHG formation.

3.2: Awareness of Self-Help Groups (SHGs)

Almost 96.7% are aware of the group's income, mostly due to self-awareness about the SHG activities, and members have joined the group. All the group members are aware of key objectives of the SHG group like women's development/empowerment (57.8%), low interest rates and self-development (27.0%), to become economically strong and fulfil their family needs through petty shops and small business (13.1%) to reduce poverty through SHG activities (3.4%), etc.

91.8% of the group members are aware of the achievements of SHG. 100% of all the group members are aware of the meeting calendar, rules and regulations of SHG and Information on group records (98.4%).

SHG group members opined that the frequency of group meetings is once monthly (84.4%) and once every fifteen days (16.4%). 93.4% reported that all the group members were attending the SHG meetings, and 6.6% reported that only a few members were attending the group meetings. 100% reported that all members and a percentage of consensus-mode decisions were only made in group meetings.

All the members are aware of their group's operational bank details. Mostly, the banks associated are Union Bank of India (30.8%), State Bank of India (20.8%), Andhra Pradesh Grameena Vikas Bank (13.3%), Andhra Pragathi Grameena Bank (10.8%), Canara Bank (5.8%) and Chaitanya Godavari Grameena Bank (5.0%), etc.

Awareness and avail of State government schemes by the SHGs:

Family members of SHGs were availing of the State government social welfare schemes. They reported that all the SHG members got benefits from

government schemes namely YSR Aasara (98.4%), Sunna Vaddi (98.4%), YSR Amma Vodi scheme (93.4%), YSR Pension Kanuka (91.8%), Rythu Bharosa (77.9%), YSR Cheyutha (74.6%), Jagananna Thodu (50.0%), Vidhya Deevena (47.5%), YSR Aarogyasri Scheme (36.9%), Vasati Deevena (24.6%), Support for Barbers, Tailors and Washer men (18.0%), YSR Vahana Mithra Scheme (17.2%), OC Kapunestham (12.3%), Avas Yojana (Housing, 10.7%), Crop Insurance (9.8%) and YSR Chedodu (4.1%). The table below explains the minimum, maximum, and average SHG group members availed of different State government schemes.

Table 3.1: Number of SHG members availed State government schemes

	Minimum	Maximum	Average	N
YSR Amma Vodi	1	9	3	112
YSR Pension Kanuka	1	9	3	112
YSR Cheyutha	1	9	3	89
YSR Aasara	8	15	10	119
YSR Vahana Mithra Scheme	1	3	1	21
Support for Barbers, Tailors and Washermen	1	10	1	22
YSR Aarogyasri Scheme	1	3	1	45
Jagananna Thodu	1	11	2	58
OC Kapunestham	1	6	2	17
Vidhya Deevena	1	4	1	61
Vasati Deevena	1	2	1	34
Rythu Bharosa	1	12	3	97
Sunna Vaddi	9	15	10	120
Avas Yojana (Housing)	1	2	1	16
Crop Insurance	1	4	2	13

Awareness of SHG banking activities:

SHG members are aware of their group Balance in Bank (90.2%), Outstanding Loan (83.6%), Total Capital of the group (82%) and 95% of group members are aware of savings of the group, Total loan amount of the group and No of members taken loans from their group. Also found low awareness about No. Of members repaid loans (27.9%), constraints of the group (4.9%) and cash in hand of the group (3.3%), which need to be made more aware of among the group members.

Table 3.2: SHGs' level of awareness about group financial activities

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	20	20	21	20	20	21	122
Cash in hand	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.30%
Balance in Bank	75.00%	90.00%	90.50%	95.00%	100.00%	90.50%	90.20%
Outstanding Loan	45.00%	85.00%	95.20%	90.00%	100.00%	85.70%	83.60%
Total Capital of the group	30.00%	80.00%	90.50%	95.00%	100.00%	95.20%	82.00%
Savings of group	90.00%	95.00%	95.20%	100.00%	100.00%	95.20%	95.90%
Total loaning of group	95.00%	95.00%	95.20%	95.00%	100.00%	95.20%	95.90%
No. of members taken loan	90.00%	95.00%	95.20%	95.00%	100.00%	100.00%	95.90%
No. of members repaid loans	30.00%	60.00%	28.60%	40.00%	5.00%	4.80%	27.90%
Constraints of Group	25.00%	0.00%	0.00%	0.00%	0.00%	4.80%	4.90%

Only less than 8.2% of SHG groups are aware of the SHG code, especially none of the SHG groups in the districts of Parvathipuram Manyam, Nandyal and Anantapur are aware of their SHG code and also only 8.2% are aware of their group NRLM SHG code, which needs to be addressed and empowered at least at the group level. 97.5% can explain the year their SHG was established. As reported by the SHG, each SHG member ranges from a minimum of 9 to a maximum of 15, and on average, each group has 10 members. All the groups are aware of their bank account number and the bank and branch name correctly. Most of the groups had their group meetings recently in the months of September and October 2023. During the time of SHG formation, the average savings of members in each group ranged from Rs . 10 to Rs. 30, and the maximum amount ranged from Rs. 100 to Rs . 150/- and on average, each member contributed Rs . 60 for group savings purposes. At present, the average savings by each member range from Rs. 50 to 100, and the maximum amount is Rs . 200/-. On average, each member contributes towards the group saving purposes of Rs . 125/-.It is clearly a positive sign indicating that each member has almost doubled the savings amount since the formation /joining of the SHG as of today (October 2023).

The average group's monthly saving amount is Rs . 1261/-, which varies from a minimum of Rs . 650/- to Rs . 2600/-. Total Members' cumulative savings up to October 2023, the minimum is Rs . 48,548 to a maximum of Rs . 1,57,359, and the average cumulative savings of each group is Rs. 1,89,576/-. Savings Bank Account (SB) Bank Balance as of October 2023, the minimum is Rs . 18,385/- to a maximum of Rs . 1,41,416/-, and the average cumulative savings of each group is Rs. 1,33,717/-.

With regard to SHGs linkages (1st to 7th linkage, Note: a few old-established SHGs' having up to 9 linkages) and credit linkages repayment status, except

The last one or two credit linkages (ongoing), for the remaining previous all credit linkages, cent per cent repayment is done by all the SHGS.

Awareness of charges levied by Banks for loans:

Very few SHG members are able to tell about the different charges levied by the banks to avail loans to SHGS. Mostly above one-fourth (26.2%) of groups reported that they paid processing fees to avail of loans from the banks. Also paid inspection charges (9.8%) and documentation charges (6.6%). These charges shouldn't be charged to SHGs. None of the groups paid any stamp duty to the banks.

Table 3.3: SHGs' Awareness of charges levied by Banks for loan

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipuram Manyam	Andhra Pradesh
N	20	20	21	20	20	21	122
Documentation Charges by banks	10.00%	15.00%	4.80%	5.00%	5.00%	0.00%	6.60%
Processing charges	65.00%	25.00%	14.30%	10.00%	45.00%	0.00%	26.20%
Not paid any stamp duty	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Inspection charges	10.00%	10.00%	9.50%	5.00%	25.00%	0.00%	9.80%
Ledger Folio	0.00%	0.00%	4.80%	0.00%	5.00%	0.00%	1.60%
CGFMU	0.00%	0.00%	0.00%	0.00%	10.00%	0.00%	1.60%

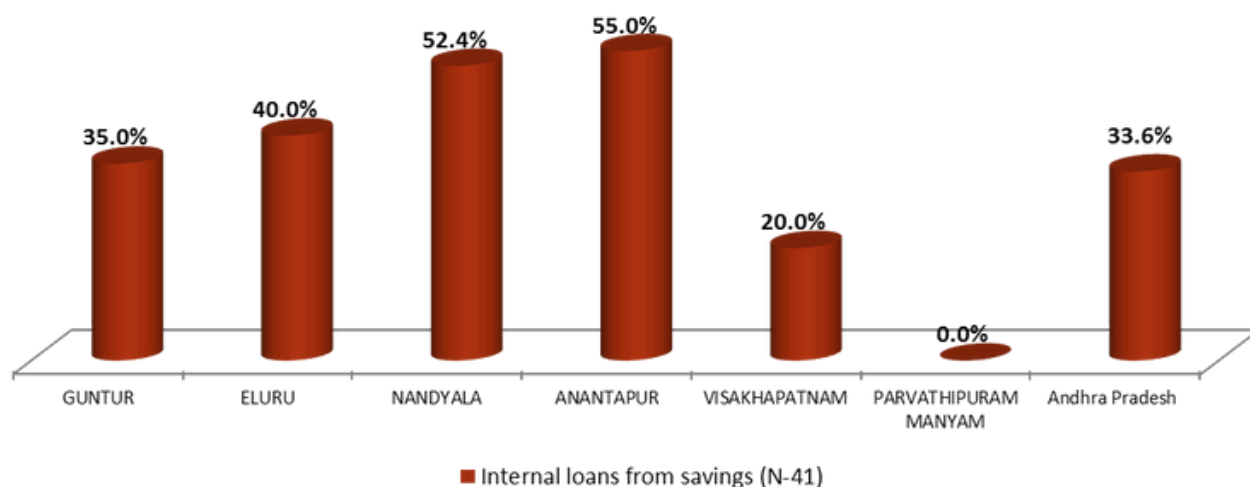
Very minimal SHGs only reported that banks are charged other charges, namely administrative charges on 1,00,000 fixed deposit money (Nandyal), maintenance charges Rs . 354/- (Visakhapatnam & Parvathipuram Manyam), vetting charges, etc. Different charges by banks are shown in Table 3.4 below.

Table 3.4: Charges levied by Banks for loan

	Minimum	Maximum	Average amount Paid	N
Documentation Charges by banks	590	25000	8674	8
Processing charges	1180	12000	5915	32
Inspection charges	148	2650	1300	12
Ledger Folio	94	100	97	2
CGFMU	10000	12000	11000	2

Internal Loans from savings of SHGs: Only one-third of the group (33.6%) are able to take loans from their SHG savings. Especially from Parvathipuram Manyam district, no SHG group has taken loans from their own SHG savings. This needs to be avoided, and they need to regulate to take loans as a first priority from their savings rather than going for loans from a bank.

Figure 3.1: loans from SHG savings



On average, four internal loans were taken from the members' SHG savings. On average, the SHG group takes loans from a savings range with a minimum amount of Rs. 10,000 and a maximum amount of Rs. 4,04,000/- and on average, each group member got a loan from SHG savings of Rs. 95,000/-. The latest Internal loans from savings outstanding as of 31st Jan 2023 per SHG is Rs. 40,000/-, and on average, each group is paying a savings loan amount of SHG Rs. 4,913/-.

Loans from banks:

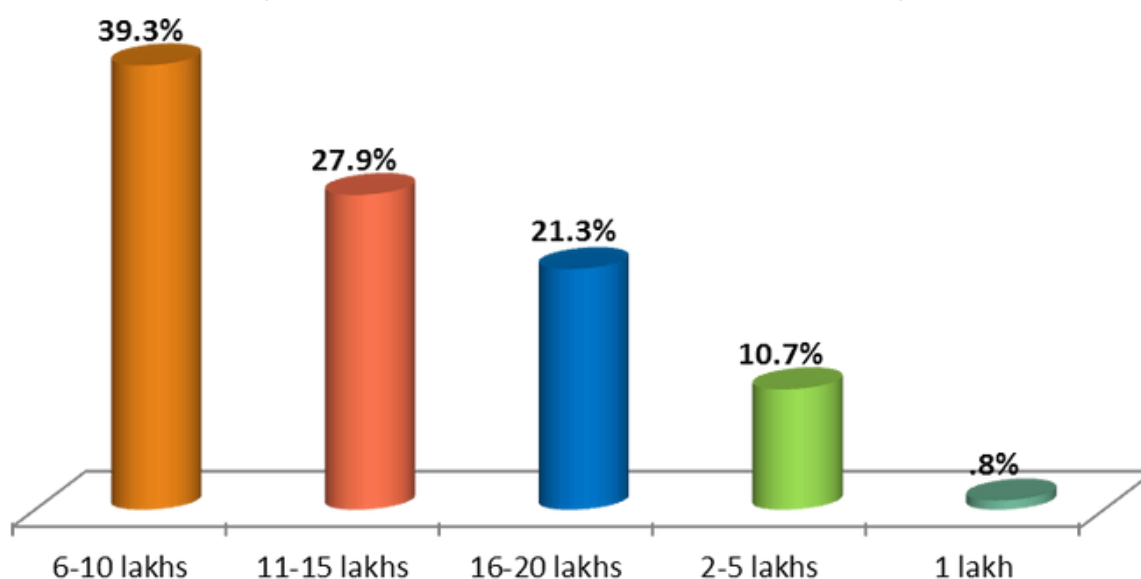
From SHG's inception to date, on average, each group took six loans from the banks, with an average amount of Rs.26.6 lakhs. Recently, each group took a loan amount of Rs. 11,50,754/-. For a recent loan, the average outstanding amount of each group is Rs. 8,15,838 and Rs. 40,000/- as a monthly EMI by each group.

Table 3.5: Loans taken from Banks

Loans from Banks	Minimum	Maximum	Average	N
SHG bank Loans were taken so far	1	13	6	122
How much amount of Loans taken	1,00,000	98,50,000	26,60,730	122
Recently, how much amount of SHG bank Loan Amount taken	35,000	67,50,000	11,52,754	122
Recent, Latest bank loan outstanding As on 31st Jan 23	35,000	20,00,000	8,15,838	122
SHG bank Loans Monthly EMI	5,000	3,00,000	40,000	122

98.4% reported that recently (April 2023 onwards) that their SHGs' got loans from the banks, as shown in below figure 3.2 that 39.3% groups got 6-10 lakhs ranges loans, followed by 27.9% groups got 11-15 lakhs range loans, more than one fifth (21.3%) SHGs got more than 20 lakhs worth loans from the banks.

Figure 3.2: Recent SHG loan amount range

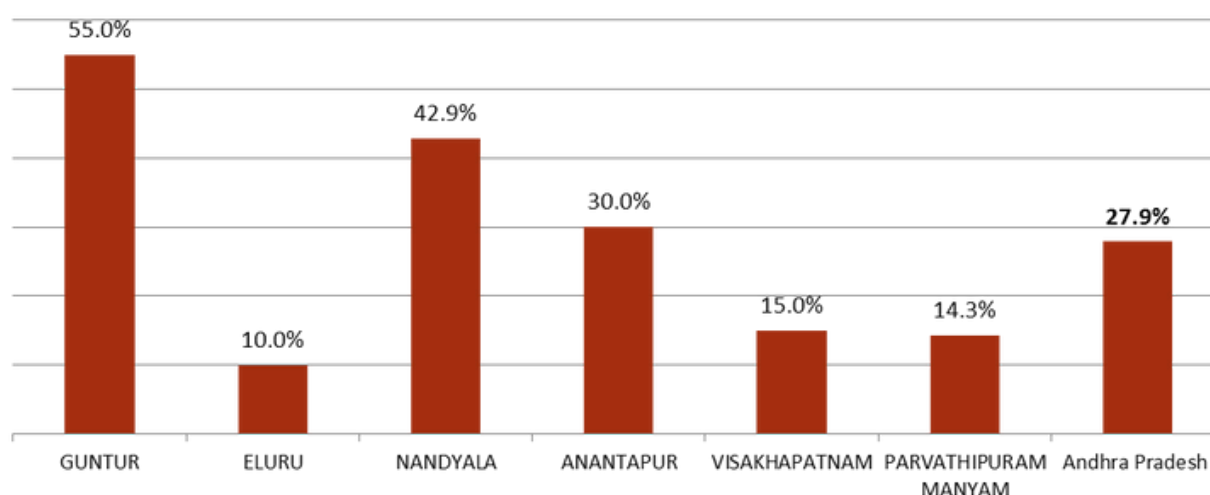


97.5% reported that the loan was distributed among members equally, and 2.5% reported that a few members would take less than their entitlement.

Awareness about the rate of interest charged by banks to SHGs:

About one-fourth of the SHG groups (27.9) know the rate at which interest-bearing banks provide loans to the groups. Awareness about the rate of interest charged by the banks is very low in Eluru (10%), Parvathipuram Manyam (14.3%) and Visakhapatnam (15%); this needs to be addressed by the bankers to the SHG members without fail for every loan taken by the SHGs.

Figure 3.3: Awareness of rate of interest by SHG member on loan



Of those who are aware of the rate of interest charged by the banks, 73.5% reported that the rate of interest charged for a loan is 9.5 to 15%, 7% reported that interest changes are 7% and 10%, and 3% of members.

More than 90% of SHGs reported that their groups don't have any outstanding loans. Only seven groups (Visakhapatnam -3, Guntur -2, Parvathipuram Manyam -1 and Eluru -1) said that they have outstanding credit loans, and the average outstanding loan of the group is Rs. 4,41,437/-. Awareness about the rate of interest on outstanding loans expressed by the groups that 7% interest rate for loan outstanding up to 3 lakhs (28.6%), 10% interest rate for the loan outstanding over and above three lakhs up to 5 lakhs (14.3%) and 9.5 to 15% interest for the loan outstanding over and above five lakhs up to 20 lakhs (14.3%) and 42.9% reported that they are not aware of rate interest on outstanding loans of the SHGs'.

Outside loans by SHGs:

Around 43.4% of SHG groups have availed of the Srinidhi loan, an average amount of Rs. 2,25,000/-. Within the group, only 11.5% of the groups (N-14) reported that their members had outside (other than SHG) loans. The main source of outside loans is others 27% (HD fund (27.3%), Grama Sangham (45.5%) and MCP loan, Unnati and money lenders (9.1%)) and 7% of Micro Finance (Fin Cap, Guntur district), other Banks, etc. These loans are taken out at a maximum interest rate of 25% with an outstanding loan average amount of Rs. 97,143/.

List of Account books maintained by the SHGs:

All the SHGs are mostly maintaining all SHG-related books like Meetings Minutes Book / Resolution Book (99.2%), SHG pass Book (100%), Cash Book / Journal Ledger Book (97.5%), Individual / member Loan Pass Book (100%). Only four per cent of SHGs are maintaining receipts/voucher books.

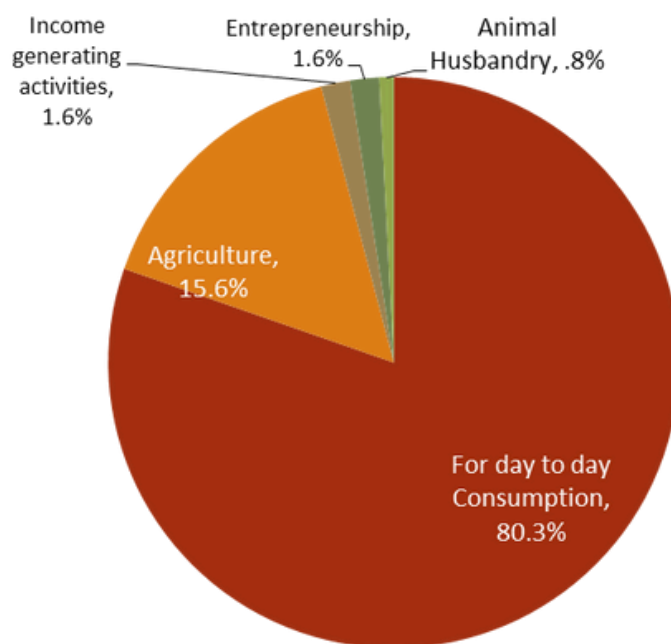
Table 3.6: List of Account books maintained by the SHGs

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipura Manyam	Andhra Pradesh
N	20	20	21	20	20	21	122
SHG Meetings Minutes Book / Resolution Book.	100%	100%	100%	100%	100%	95.20%	99.20%
SHG pass Book.	100%	100%	100%	100%	100%	100%	100%
Cash Book / Journal Ledger Book.	95.00%	100%	100%	95.00%	100%	95.20%	97.50%
Receipts / Voucher Book	0.00%	15.00%	4.80%	5.00%	0.00%	0.00%	4.10%
Individual / member Loan Pass Book.	100%	100%	100%	100%	100%	100%	100%

3.3: Usage of SHGs loans:

The SHGs are investing the loan amount as a single priority for day-to-day consumption (80.3%), followed by income-generating activities and entrepreneurship (1.6%) and animal husbandry (0.8%).

Figure 3.4: Usage of loans by SHGs



Also, SHGs' are investing in bank loans as multipurpose usage, mostly spending on day-to-day consumption (95.9%) followed by spending on agriculture (89.3%), income-generating activities (76.2%), animal husbandry (64.8%), children's education (59.8%), entrepreneurship (24.6) and asset building (5.7%). It clearly showed how SHGs are effectively utilising the loans to support family needs and income-generating activities to repay the due loans in a timely manner.

Also, group members explained that their main sources of loan repayment are Returns on Investment (RoI, 96.7%), Daily Wage Income (93.4%), and Agri. Returns (90.2%), Returns on Entrepreneurship (61.5%) and benefits of different Government schemes (8.2%). It also indicates that the members are investing/spending their loan amount with proper causation, keeping in mind that they will repay the loan as well as improve their livelihood in a sustainable manner, ultimately working towards NRLM-SHG's key objectives.

3.4: Usage quality of SHGs credit utilisation & cash flow:

Almost all (99.2%) reported that their groups have been receiving loans for the last five years (2018 onwards). From 2018 onwards, on average, two loans were received (47.5%), three loans (37.7%), and one loan (3.3%) were reported.

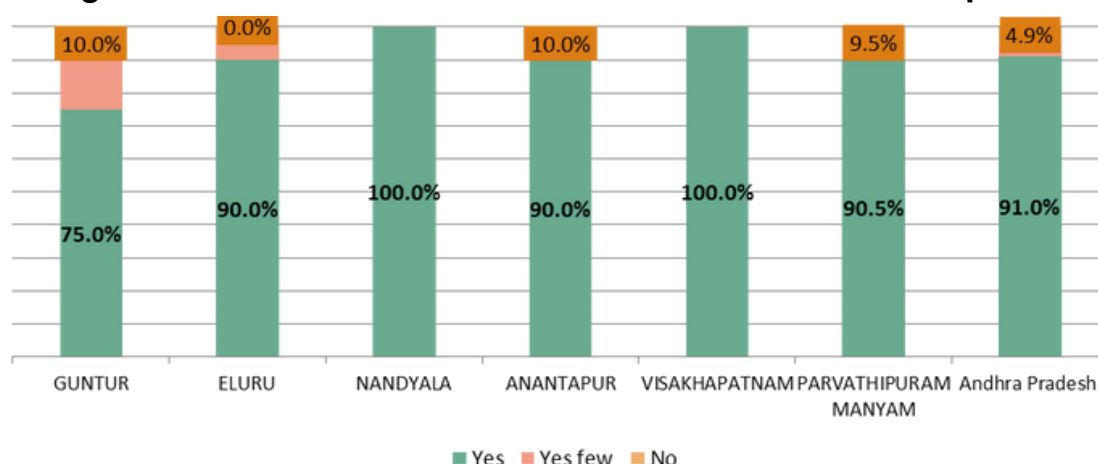
Since 2018 onwards, each group has taken a minimum of Rs. 50,000/- during 2018-2021 and Rs. 3,00,000/- during 2021-2023. The maximum amount of Rs. 10,00,000/- during 2018-2020 and from 2021 -24 Rs. 20 lakhs has been taken by each group. On average, each group took Rs. 5,00,00 during 2018-2020, it incrementally increased yearly and currently, for 2023-24, each group received a loan of Rs.12 lakhs. It shows the increased magnanimity of SHG groups over some time, and it also brings out the increased credit capabilities and effective financial management strategies of the SHGs.

Table 3.7: Loan amount taken by SHGs' during 2018 -2023

Almost all (99.2%) SHGs Stated that they would distribute the loan amount equally among all the members. Overall, only less than 5% have not established the livelihood they chose /wrote in the HLP.

	Minimum	Maximum	Average	N
2018-19	50,000	10,00,000	5,00,000	70
2019-20	50,000	10,00,000	5,00,000	39
2020-21	50,000	20,00,000	7,50,000	79
2021-22	3,00,000	20,00,000	9,00,000	44
2022-23	2,20,000	20,00,000	11,50,000	56
2023-24	3,00,000	20,00,000	12,00,000	28

Figure 3.5: SHG members established the livelihood as per HLP



The key established Livelihood / Enterprises through SHG Bank Loan by the SHG members are Petty business/shop (57.8%), Animal husbandry (67.2%), Invested in agriculture (67.2%), Milk vending (43.1%), kirana shop (37.1%), cloth/Readymade business (31.0%), goatery (15.5%), hotel/tiffin centre (15.5%), fancy stores (13.8%) and vegetable vendor (12.1%), etc.

Others (40.5%) established Livelihood/Enterprises, namely coconut business, Tailoring /Readymade garment, Flower business, Fish business, Tent house, Dhobi, Auto, Beauty parlour barber shop, cashew business, Chicken shop, cement shop, Biryani shop, Door mats making, Fertilizer shop, Bike mechanic shop and Photo studio, etc.

Table 3.8: Details of SHGs establishment and return

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipura Manyam	Andhra Pradesh
N	20	20	21	20	20	21	122
Established Individual livelihood	100%	100%	100%	100%	100%	100%	100%
Earnings frequency -Monthly	100%	100%	95.20%	94.40%	95.00%	78.90%	94.00%
Avg. total Project Investment Rs.	1,23,333	1,46,000	1,21,429	1,42,222	2,20,000	1,89,474	1,57,328
Avg. Total Monthly Production	15000	30000	20000	25000	27500	20000	25000
Avg. Monthly net income	10000	12500	10000	15000	15000	10000	10000
entrepreneurship/business supported by marketing facilities	33.30%	0.00%	0.00%	5.60%	0.00%	0.00%	6.00%
Entrepreneurship/business supported by further linkages	77.80%	95.00%	90.50%	88.90%	100.00%	100.00%	92.20%

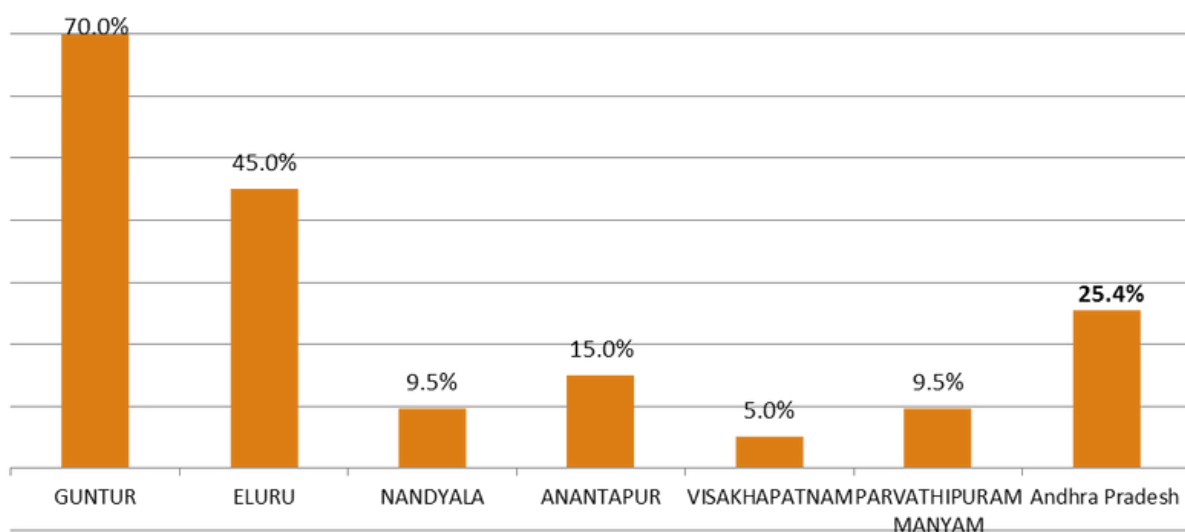
As per the FGD responses with the SHGs, almost all reported that they have established livelihoods individually, not as a group, and 94% reported that they are getting returns on their established livelihood every month. The average SHG project investment is Rs. 1,57,328/-; on this investment, on average, monthly production is worth Rs. 25,000/-, and net income per month is Rs. 10,000/-, so they can repay monthly instalments in a timely manner. However, only 6% of SHG reported that they can get entrepreneurship/business support from marketing facilities to sell their products, which is not happening in Eluru, Visakhapatnam and Parvathipruam Manyam districts. The SRLM and SERP AP need to give more attention to addressing this issue because the success of SHG activities entirely depends on how extensively entrepreneurship/business is supported by marketing facilities provided to the SHGs.

All the FGD participating groups reported that the SHG loan, Return on Investment (RoI), is sufficient for the monthly basic needs requirements of our family, and the Return on Investment (RoI) is sufficient for the monthly repayment of the SHG bank loan. All SHGs opined that none of the group members rotated their loan amount for the higher interest rate to other members, and none of the group members rotated their loan amount for the higher interest rate to other members (outside). Also, none of the groups know the interest rate charged by private/local money lenders.

3.5: SHGs knowledge about microfinance institutions

Interestingly, as a group response, more than one-fourth (25.4%) of the groups reported that they are aware of Microfinance (Fin Cap) institutions providing loans through apps, with the highest awareness reported in the Guntur district (70%), followed by Eluru (45%). The prevalence of known Fin Cap organisations in the State, namely Spandana (48.4), Bandhan Bank (21.8%), Gramsri (6.5%), Keerthan (3.2%) and not aware of Fin Cap name (19.4%).

Figure 3.6: Aware of 'microfinance (Fin Cap) institutions' loans through apps



Also, less than 5% of SHG groups stated that they were aware of known persons who availed loans from 'Microfinance' (Fin Cap) institutions' loan apps. Finances (Fin Cap) institutions provide financial needs through the minimum process (8.2%) and instant money release (4.9%). However, none of the groups know the interest rate that microfinance (Fin Cap) institutions charge.

But, as SHGs', they never availed any financial loans from "Micro finances' (Fin Cap) institutions, nor any group members are taking loans from 'Micro finances' (Fin Cap) institutions and none of the family members of SHGs are approaching 'Micro finances' (Fin Cap) institutions for loans.

3.6: SHG loan repayments & awareness of interest rate of loans:

All the SHGs are paying their loan amount monthly without fail, and there is no due date for their group lending from the bank. As an SHG, each group can effectively manage up to Rs. 20 lakhs. Also reported that, as a group member, they can manage a minimum of Rs. 5 lakhs to a maximum of Rs. 8 lakhs. For the same amount, they can repay the monthly loan without any difficulties for the loan availed.

Table 3.9: SHGs loan repayment & awareness of rate of interest on loans

Indicator /District	Guntur	Eluru	Nandyal	Anantpur	Visakhapatnam	Parvathipura Manyam	Andhra Pradesh
N	20	20	21	20	20	21	122
Aware of the rate of interest on SHG loans	50.00%	70.00%	28.60%	30.00%	15.00%	14.30%	34.40%
Rate of interest N- 42							
9.5% 15%	90.00%	21.40%	50.00%	66.70%	66.70%	66.70%	54.80%
7%	0.00%	0.00%	0.00%	16.70%	33.30%	0.00%	4.80%
10%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.40%
Monthly repayment of loan	100%	100%	100%	100%	100%	100%	100%
No due of bank loan repayment	100%	100%	90.50%	100%	100%	100%	98.40%

Regarding awareness of the rate of interest charged by the banks, only one-third of them (34.4%) are aware of the interest rate that they are paying for loans and of those aware of the rate of interest, more than half (54.8%) reported that they are paying 9.5% to 15% interest rate to their credit loans.

SHG groups confirmed that they didn't pay any additional amount to avail of the SHG loan and did not pay any extra amount for the unpaid due amount to the banks. 86.9% reported that they know the loans to SHG groups are provided without any additional charges. More than 95% of groups opined that bankers did not force their groups to invest against the release of loans. Those reported being forced to invest in releasing loans (N-6), buying an insurance policy, and being asked to maintain fixed deposits. However, most SHGs' reported that the bank officials supported the SHG groups.

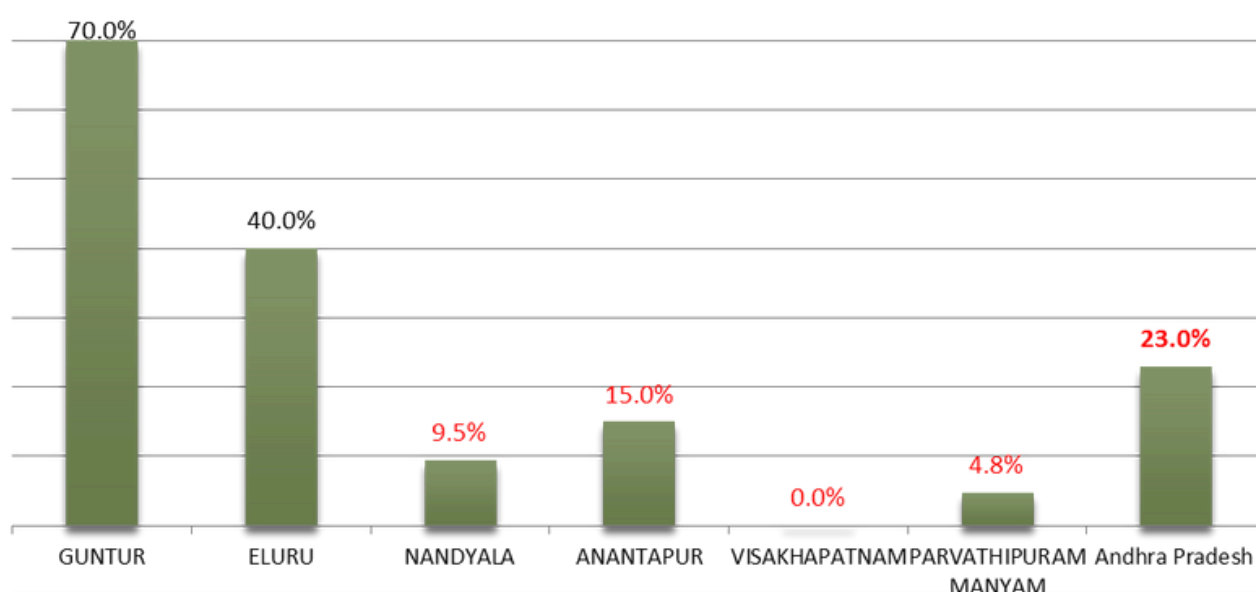
3.7: SHGs loans helpfulness to the agricultural tenant purpose

On average, more than one-third of groups (36.1%) reported using the SHG loan amount to pay for agricultural tenant purposes, and a percentage felt that the SHG loan amount is helpful to tenant farmers. SHG loans supported tenant farmers in terms of paying tenant leases (100%), purchasing fertilisers and pesticides promptly (100%), and being very supportive of tenant agriculture (95.6%).

3.8: SHGs - training and its usefulness

Regarding capacity building for the SHGs, in the State, only less than one-fourth of the groups (23.0%) have undergone capacity building training, especially in the Visakhapatnam district; not even a single training was organized by the authorities. There is a considerable variation in capacity building among the districts, which needs to be addressed immediately.

Figure 3.7: SHGs' Training and Usefulness



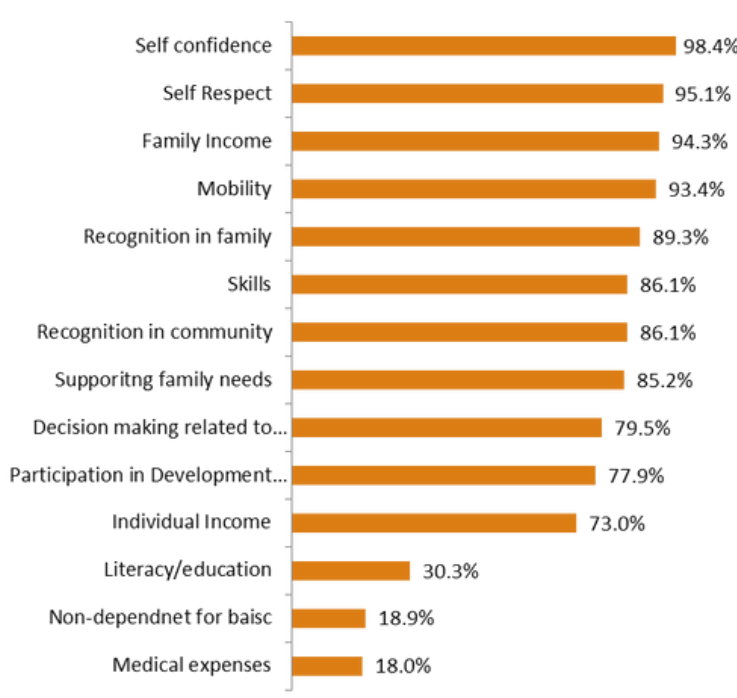
Those who underwent capacity building, trained on SHG-Bank Linkage (96.4%), YSR Sunna Vaddi (67.9%), Financial literacy (60.7%), YSR Aasara (57.1%), HLP/MCPS generation (10.7%), NRLM-online application process for availing SHG-Bank Linkage loans (10.7%), etc.

The key learning from training is Bookkeeping (92.9%), Skill Development (89.3%), Financial literacy (67.9%), Confidence Building (67.9%), active participation in decision-making in the family (50%), Marketing Linkages (42.9%), Linkages with govt. Officials (39.3%), Micro Enterprises Development (25%), etc. All of them reported that the training was more helpful for SHG-related activities.

3.9: Observed socio economic changes in lives of SHGs'

Figure 3.8: Observed Socio Economic Changes

Currently, on average, each group member can save Rs. 1828/- per month from their SHG income-generated activities, which shows the successfulness of SHG operations in the State. Also, all 122 interviewed SHGs' felt that their socio-economic status increased after joining SHG, which is another positive sign of successfulness of SHG operations in the State. The key observed changes in socioeconomic status are self-confidence (98.4%), Self-respect (95.1%), family income (94.3%), mobility (93.4%), recognition in the family (89.3%), skills (86.1%), etc.



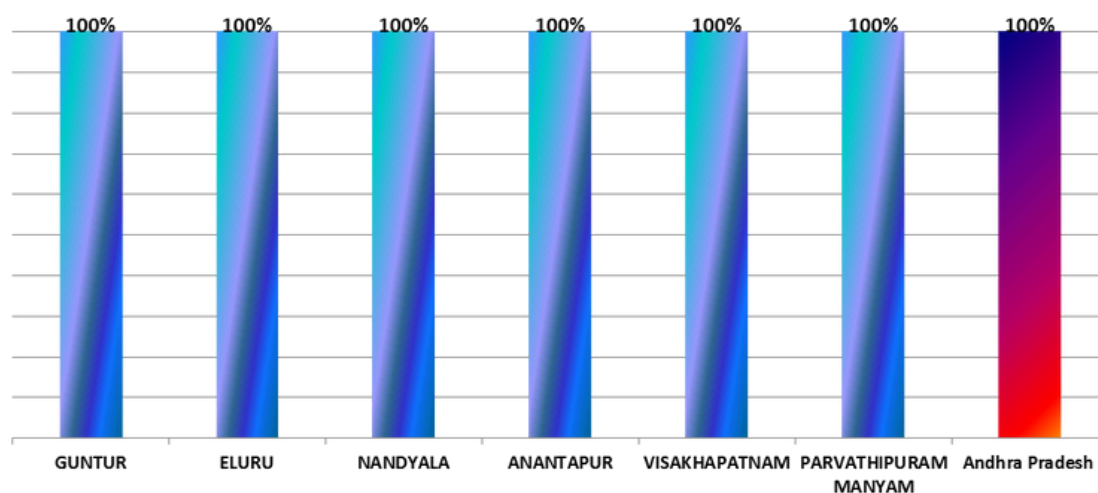
3.10: Problem incidence, satisfaction & suggestions for improvement

Problem Incidence:

More than 97.5 % of SHGs reported that SHGs didn't face any problems with regard to SHG banking linkages and cash flow. In the Eluru, Nandyal, and Parvathipuram Manyam districts, only three SHG groups reported that they had problems related to other charges by the bank. But in this regard, no one lodged any complaint.

Satisfaction: As per the findings, no SHGs had any major issues with regard to SHG credit utilisation and cash flow; all the interviewed SHGs showed their complete satisfaction across the districts and the State as a whole.

Figure 3.9: Complete Satisfaction by SHG beneficiaries



For the future betterment of SHG credit utilisation and cash flow, all 122 interviewed SHGs suggested the following important actions.

- Remove all types of Bank charges (82%)
- Need to encourage more group units and individual units (50%)
- Awareness of all SHG members to be involved in income-generating activities (50%)
- Provide marketing facilities (47.5%) and educate all SHG members about interest rates, charges, and bank-related activities. (36.1%)
- Need to print bank transactions at least every 3 months (29.5%)
- Provide loans at low interest rates for SHG (13.9%)
- Subsidy loans need to provide for unit establishment (13.9%)
- Provide internal loans from savings by the banks (13.9%)

4

Feedback From SHGs' Line Department Officials

Chapter 4: Feedback From SHGs' Line Department Officials

The study aimed to understand the implementation of SHG credit utilisation and cash flow in the districts of Andhra Pradesh from both the supply and demand sides. Hence, the staff members who implement the SHGs credit utilisation and cash flow were interviewed to get their feedback on implementing the initiatives and how to make them more efficient and effective for their beneficiaries.

The study covered all levels of service providers' responses (official) to learn about the programme implementation process and issues, if any, at the field level for further betterment of the SHG credit utilisation and cash flows. In this section, the study covered service providers' responses (officials) from all levels to know the programme implementation process, SHG credit utilisation and cash flow experiences covering access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options, etc. The study also profoundly looked into the matters of where the SHGs' are investing the SHG Bank Linkage Loan Amount and what the cash flows for SHG members; utilization of the loan amount; whether any deviation of the loan amount; any group leader denying members not to take a loan, because they cannot repay? Are only some group members taking the entire loan amount? What is the repayment source, and what are the livelihoods/enterprises established from the loan amount?

A separate questionnaire was designed to verify and track function-related issues at the State, district, mandal, and village levels. Different sections were prepared for different levels in the same questionnaire. The study covered 128 officials (covering a minimum of 20 officials from each selected district at each level and six districts). Table 4.1 shows that each district covered a different level of official.

Table 4.1: District wise sample covered and type of interviewed officials

Sl. No	District	Total No. of interviewed officials	Sl. No	SHG Official	No of officials interviewed.
1	Guntur	21	1	Project Director	5
2	Eluru	21	2	Assistant Project Director	1
3	Nandyal	21	3	DPM – Bank Linkage	7
4	Anantapur	22	4	Constituency Level - Area Coordinator	2
5	Visakhapatnam	22	5	Mandal Level –APM.	28
6	Parvathipuram Manyam	21	6	Cluster Level – CC	73
ANDHRA PRADESH		128	7	Village Level – VOA	8
				Other – Legal Coordinator	1
				Mandal Samakhya Manager	1
				Accountant	2
			Total		128

4.1 Officials' Profile of SHGs credit linkages & cash flow

Age and Gender: Around 64 per cent of the respondents were male, while the remaining were female. The average age of the respondents was 46 years.

Designation: The following 128 SHG credit utilisation implementation authorities officials were interviewed during the survey. More than 55 per cent of the staff respondents were cluster-level officials, followed by mandal-level officials (21.9%). The interviewed official's details are as follows.

- Cluster level CC (57 per cent)
- Mandal level -APM (21.9 per cent)
- Village-level VOA (6.3 per cent)
- DPM-Bank linkage (5.5 per cent)
- Project Director (3.9 per cent)
- others (3.9 per cent)
- Constituency level Area Coordinator (1.6%)

Educational qualification: On average, 61 per cent of the respondents were postgraduates, another 24 per cent were graduates, 8.6 per cent were PUC and above 5 per cent were SSC qualified.

Delivering service at: The interviewed officials were delivering their services at

Cluster level (55.5%) followed by Mandal (25.8%), District (10.2%), Village (4.7%), Division (2.3%) and Panchayat (1.6%) level.

Duration of employment: On average, the staff members have been working in the department for the last 18 years, ranging from two years to 30 years maximum; they have been in the current post for 3.5 years.

4.2 Delivery of SHGs credit linkages and cash flow services

SHG Credit linkages & cash flow: All the interviewed 128 officials reported that their departments have dedicated or designated sections and officers to look after SHG Bank linkage activities. 89.9% reported that the existing total designated officers' strength is sufficient, and those who reported insufficient are managing with existing staff (13, 10.2%).

The designated officer to look after the effective implementation of SHG credit linkages & Cash Flow programme starting from the CEO of SERP, the Official of Project Director, DPM-Bank linkage, Constituency level Area Coordinator, Mandal level -APM, Cluster level CC and Village level (VOA), etc.

Also, all interviewed officials reported that they have been provided with the necessary infrastructure and have enough employees to perform the functions assigned to them to implement SHG banking linkages at all levels effectively.

4.3 Roles and responsibilities:

As part of the SHG credit linkages & Cash flow service delivery authorities, all the interviewed officers from each level of primary functions are

- Ensure every month's SHG banking linkages distribution as per the timelines (98.4)
- Monitor the implementation of SHG banking linkages (89.8%)
- Coordination with bankers in providing loans on time (77.3%)
- Redressal of grievances and appeals (57.8%)
- Timely submission of the report on the implementation of the SHG banking linkages to the State Government (28.9%)
- Inspect the accounts books of SHGs (16.4%)
- Maintain accounts and get them audited (2.3%)
- Sends utilisation certificate, Acquaintance and monthly report to the SERP regularly (2.3%)

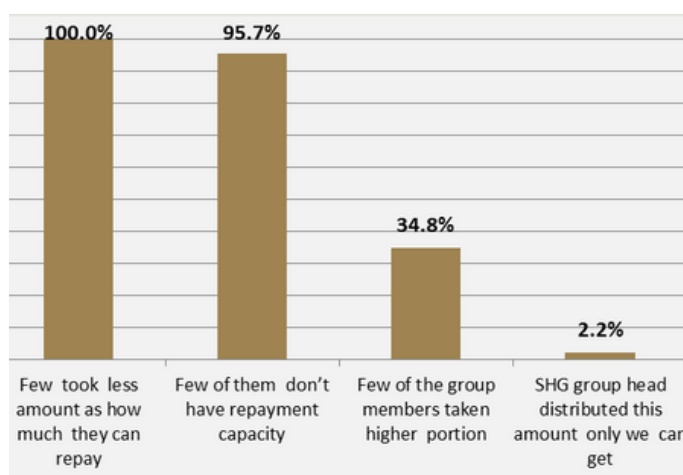
The key responsibilities of each office level are shown in Table 4.2 below.

Table 4.2 Roles and responsibilities

Project Director <ul style="list-style-type: none"> • Ensure of every month SHG bank linkages distribution as per the timelines • Coordination with bankers in providing loans in time • Monitor the implementation of SHG banking linkages • Inspect the accounts books of SHGs' • Redressal of grievances and appeals • Timely submission of report on implementation of the SHG bank linkages to the State Government • Maintain accounts and gets them audited • Sends utilization certificate, Acquaintance and monthly report to the SERP regularly
DPM-Bank linkages, Constituency level Area Coordinator, Mandal level –APM,Cluster level CC and Village level VOA <ul style="list-style-type: none"> • Ensure of every month SHG bank linkages distribution as per the time lines • Coordination with bankers in providing loans in time • Monitor the implementation of SHG bank linkages • Inspect the accounts books of SHGs' • Redressal of grievances and appeals • Timely submission of report on implementation of the SHG banking linkages to the State Government

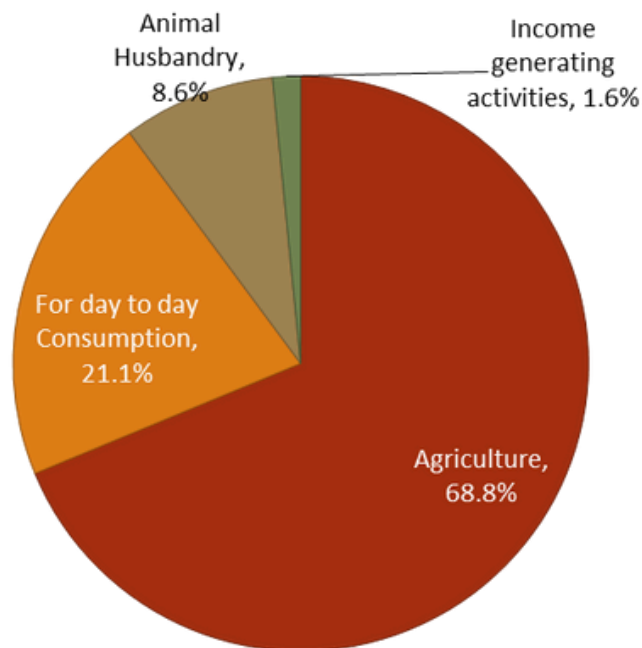
4.4 Awareness and functional aspects:

The interviewed line department officials reported that the distribution of credit loans by SHGs' availed from banks took in the form of equal distribution among all members (97.7%), some of the members were taken less than entitled (43.8%) and only few of the key members taken the total amount (3.1%). However, as per the official observations, more than



one-third of officials (36.0%) reported that the equal distribution of credit loans was not happening whenever SHGs' availed of new credit loans from banks.

Figure 4.1: SHG members spent /invested the received SHG loan amount on



According to the official's responses, SHGs are investing loan amounts primarily in Agriculture (68.8%), followed by day-to-day consumption (21.1%), animal husbandry (8.61%) and income-generating activities (1.6%). Also, officials opined that the loan amount is spent on multipurpose usage and on different activities like agriculture (97.7%), income-generating activities (94.5%), animal husbandry (83.6%), children's education (4.7%), etc.

The SHGs' invested key establishments are Petty business/shop (93.4%), Animal husbandry (93.4%), Kirana shop (91.0%), Hotel/tiffin centre (87.7%), Invested in agriculture (77.9%), Vegetable vendor (77%), Fancy stores (70.5%), Cloth/Readymade business (60.7%), Stationery shop (48.4%), Goatery (39.3%), Street food vendors (39.3%), Xerox shop (39.3%), Milk vending (36.1%), Bakery shop (27.0%), Sweet shop (27.0%), Poultry (15.6%), Leaf plate making (14.8%), centring / RCC roof making (8.2%), Rural Retail Centre (RRC) (4.1%) and Other establishment (13.1%) like Saree business, coconut, fish business, water plants, cashew business, dry fish business, Grooms manufacturing, bricks making, etc.

Also, 95.3% of officials reported that all the SHG members established livelihoods they chose/wrote in the HLP. Still, the same was not reported by the individual SHG members and Group responses, which indicates that officials are not keenly observing whether the members are investing as promised in HLP by the SHGs.

The main reasons reported by the officials for not being able to establish as per HLP promise (N-6) by the SHGs' are they have spent on day-to-day consumption (100%), spent on agriculture (66.7%), spent on children's education (33.3%) and spent on emergencies (16.7%). Also, those (N-2, expressed by two Project Directors) not invested in any establishment take new loans with other members, adjust with family members, and use State government welfare schemes money to repay the monthly credit loans.

The primary sources of credit loan repayment by the SHGs are agriculture returns (98.4%), Returns on Investment (RoI) (79.7%) and Returns on Entrepreneurship (39.1%), etc. According to the official's observations and understanding of SHG credit loans and cash flow, 98.5% felt that the SHG investment interest (RoI) is sufficient for the monthly repayment of the SHG bank loan. Also reported, no group members rotated their loan amount to other members or outsiders for a higher interest rate.

4.5 Microfinance institutions existence

More than 95% of interviewed officials know some people who availed loans from 'Microfinance' (Fin Cap) institutions' loan apps. Interestingly, 10.2% of officials reported that they are aware of a few SHG members availed financial loans from 'Micro finances' (Fin Cap) institutions loans (which again contradicts with feedback of SHG individual members as well as self-help groups responses as they are not aware nor taken loans form fin cap institutions), for the same, SHGs' paid rate of interest at the rate of Rs.3/- per hundred for each loan taken from 'Micro finances' (Fin Cap) institutions. 19% of officials reported that self-help group members faced problems of late or delayed repayment of 'Micro finances' (Fin Cap) loans like talking and behaving rudely and vulgarly (100%), being forced to do any mean work to get clear their loan repayment (66.7%) and family member forced to go for suicide to avoid their pressure (33.3%), etc.

4.6 Bankers' role in relation to SHGs credit loan and cash flow

45.3% (N-58) of officials reported that they observed bankers asking for fixed deposits (63.8%), asking to buy insurance policies (30.6%), and medical and personal insurance (10.3%) for forced investment against the release of the SHGs loans. Also, 90.6% of officials reported that the bankers are asking to pay additional charges to avail of SHGs' credit loans like Charges (98.3%), Fees (54.3%), Insurance (27.6%), GST deduction (27.6%), asking to FDs in the bank (10.3%) and others (8.6% like penalties and TDS deductions), etc.

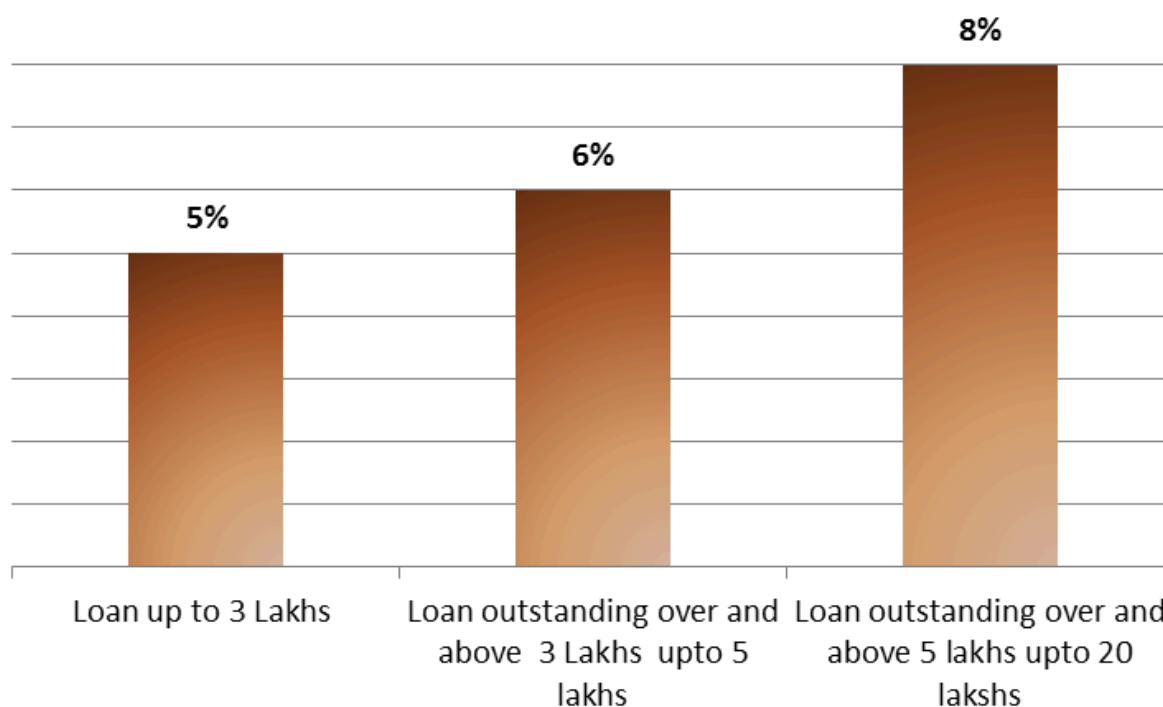
Also, around half the officials (47.8%) reported that they found discrepancies in SHG bank linkages like SHG loan repayment issues (63.9%), Issues with Bankers (29.5%) and SHG members' internal loan distribution issues (4.9%), etc. For the same issues, 70.5% reported that they made a complaint to Mandal Level –APM (74.0%), DPM – Bank Linkage (25.6%), Project Director (11.6%), Constituency Level – Area Coordinator (11.6%), Cluster Level – CC (11.6%), Director Bank Linkage (7%), Chief Executive Officer (CEO) (4.7%), DGM – Bank Linkage (4.7%), etc.

Finally, on the whole, officials reported that the experience with bankers while availing loans to SHGs that bankers are very supportive (92.2%), making the wait for a long duration (10.2%), Asking for so many procedural aspects (8.6%) and not at all supportive (4.7%).

About asking the officials' opinion about proposing banks may pay some percentage of financial incentives to SERP for their support, trust, monitoring,

safeguarding of 99.55% of loan recovery (without any collateral), etc., 60% are accepted this proposal to get some percentage of financial incentives to SERP for their support based on the volume of the SHGs credit loan as shown in figure 4.2

Figure 4.2: Proposed percentage of financial incentives to SERP



4.7 SHGs credit loan and cash flow are supportive to tenant farmers.

More than 88.6% of officials observed that the SHG members used loan amounts to pay for 'agriculture tenant purposes, and 98.5% of officials felt that SHG loan amounts are helpful to tenant farmers in the form of

- Paid tenant lease (99.1%)
- Purchased fertilisers timely (88.3%)
- Purchased pesticides timely (88.3%)
- SHG loan amount is very supportive of tenant agriculture (82.9%)

4.8 Capacity building training for SHGs' dealing officials

100% of all the officials reported that they had undergone training related to SHG banking linkages and felt that the training was beneficial (99.2%) in the effective functioning of SHG activities. The key trainings attended by the officials are SHG-Bank Linkage (97.7%), HLP/ MCPs generation (73.4%), YSR Aasara (60.9%), YSR Sunna Vaddi (60.9%), Saksham, Udyami-Apps (29.7%), NRLM-Online Application Process for availing SHG-Bank Linkage loans (42.2%), Financial literacy (83.6%) and Skill development (4.7%), etc.

Also, officials reported that 100 per cent of their training learnings translated into improving SHG member's awareness and knowledge in the areas of

- Financial literacy (81.3%)
- Bookkeeping (75.0%)
- Skill Development (64.1%)
- Active Participation in decision-making in the family (55.5%)
- Enhanced income and earnings (54.7%)
- Confidence Building (45.3%)
- Marketing Linkages (21.9%)
- Linkages with govt. officials (13.3%)
- Micro Enterprises Development (7.0%)
- Managerial efficiency for Micro enterprises development (3.1%)

Also, very few of the officers reported that they had faced function-related problems with the significant functions of

- Ensure every month, SHG bank linkages distribution as per the timelines (4.7%)
- Coordination with bankers in providing loans on time (7%)
- Monitor the implementation of SHG bank linkages (7%)
- Inspect the accounts books of SHGs (6.3%)
- Redressal of grievances and appeals (3.1%)
- Timely submission of the report on the implementation of the SHG bank linkages to the State (2.3%)
- Maintain accounts and get them audited (2.3%)
- Sends utilisation certificate, Acquaintance and monthly report to the SERP regularly (1.6%)

4.9 Problem incidence

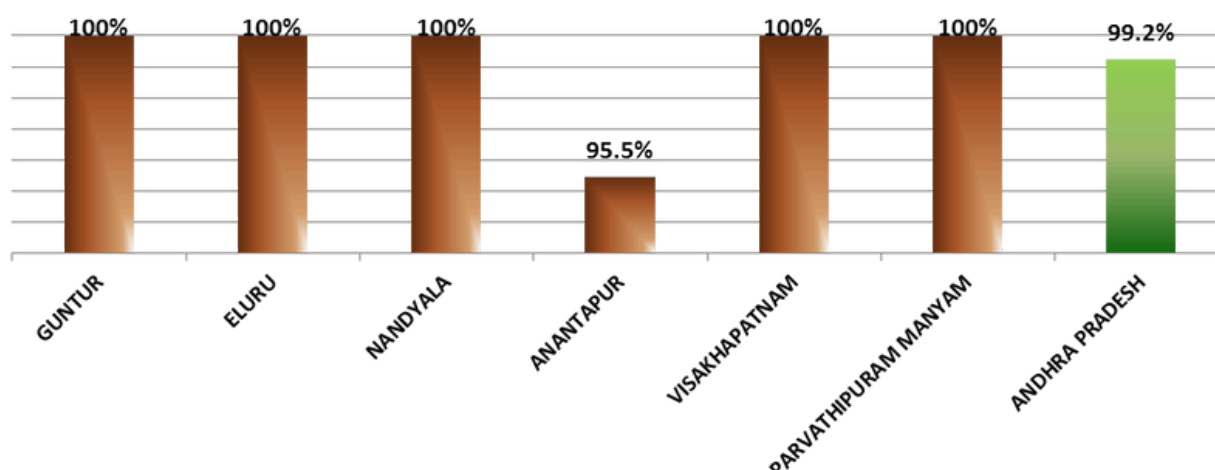
In the last year, on the whole, more than half of the officials (53.9%) faced problems while discharging their duties in the implementation of SHG bank linkages, mostly problems related to SHG loan repayment issues (76.8), Issues with Bankers (31.9%) and SHG members internal loan distribution issues (24.6%).

For the faced problem, officials complained to Mandal Level –APM (73.9%), DPM – Bank Linkage (23.2%), Cluster Level – CC (11.6%), Director Bank Linkage (8.7%), Project Director (8.7%), DGM – Bank Linkage (7.2%), and Constituency Level - Area Coordinator (7.2%) and Lead District Manager (LDM) (2.9%) and 81.2% reported that their problem was resolved after complaining.

4.10 Overall satisfaction with SHG credit linkages and cash flow

Most officers reported being completely satisfied (99.2 per cent); the rest were partially satisfied and found no one was dissatisfied with the programme.

Figure 4.3: Overall complete satisfaction with SHGs' Credit linkages reported by Staff members



Suggestions for improvement

SHG credit linkages and Cash flow programme implementation at all levels of authorities have come forward with suggestions to improve the existing service delivery. Some of these suggestions are as follows:

- Allow/Provide internal loans from savings (70.3%)
- Provide loans at low interest rates to SHG (58.6%)
- Increase monthly savings amount (49.2%)
- Banks need to provide loans to SHG members based on their repayment capacity (43.0%)
- Make sure to be aware of all SHG members involved in income-generating activities (39.8%)
- Need to educate all SHG members about interest rates, charges, and all bank-related activities (35.2%)
- Need to encourage more group units and individual units (29.7%)
- Needs to provide marketing facilities (8.6%)
- Subsidy loans need to provide for unit establishment (8.6%)
- Needs to provide incentives to SERP (7.8%).

5

FEEDBACK FROM BANK OFFICIALS

Chapter 5: Feedback from bank officials

The study covered six districts of the State, and in each district, five mandals were covered, i.e., 30 mandals from the State. As the banking sector plays a key role in the successful implementation of SHG credit linkages and cash flows to the SHGs, the study tried an attempt to know banking officials' experiences and feedback about self-help groups' credit linkages and cash flows covered one banking official from each selected Mandal, i.e. collected a total of 30 banking officials (from each district's five banking officials) feedback, who were directly involved in dealing with SHGs' credit loans and cash flow activities.

Banking official	No of Officials
Branch Manager SHG linkages officer	26
Assistant Manger	1
Others- RD office	
Chief manger	3
Office Advancer	
Total	30

5.1 Profile of bank officials

Age and Gender: Among the interviewed banking officials, 90% are male, and the rest of the officers are female. The average age of all interviewed officials is 39 years.

Designation: The interviewed officials' designations are Branch Manager (86.7%), Assistant Manager (3.3%), RD office advancer (6.7%) and Chief Manager (3.3%).

Educational qualification: Of the interviewed officials, half are graduates, and the rest are postgraduates.

Delivering service at: Currently, officials are working in State Bank of India (33.3%), Union Bank of India (26.7%), Andhra Pradesh Grameena Vikas Bank (13.3%), Andhra Pragathi Grameena Bank (10.0%), Canara Bank (6.7%) and 3.3% are working in Bank of Baroda, Indian Overseas Bank, Central Bank of India and all interviewed officials are discharging their duty at Mandal (96.7%) and Panchayat (3.3%) level.

Duration of employment: On average, the interviewed staff have served the department for the last 14 years, and in the last 3 years, they have been in the current post (SHG linkages).

5.2 Delivery of SHGs' credit linkages and cash flow services

Around 93% reported having dedicated or designated sections and officers to look after SHG Bank linkage activities. More than 83.3% reported that the existing designated officers' strength is sufficient to deliver their services, and of those who reported insufficient, they are managing with existing staff.

5.3 Roles and responsibilities

The primary functions carried out by the bank officials are ensuring SHG bank linkages Loan distribution as per the timelines (90%), Coordination with bankers in providing loans on time (53.3%), Redressal of grievances and appeals (53.3%), Monitor the implementation of SHG banking linkages (33.3%), Timely submission of report on implementation of the SHG banking linkages to the State Government (13.3%) and other SHG related works.

5.4 bankers' Role in SHG credit Loan and cash flow

5.4 Bankers' role in relation to SHG credit loan and cash flow

On average, each bank delivers SHG credit linkages and cash flow banking services to 432 SHGs, ranging from a minimum of 29 SHGs (Guntur dist.) to a maximum of 1200 SHGs (Eluru dist)

Table 5.1: SHGs' number of loans – amount disbursed & recovery rate

Since 2020 onwards, total how many loans your branch issued	In No	In Rs (Lakhs).	Recovery rate (in %)
Loan up to 3 lakhs	44	63.7	95
Loan over and above 3 lakhs to 5 lakhs	71	252.6	92.5
Loan over and above 5 lakhs to 20 lakhs	310	2322.3	91.1

Similarly, in terms of the amount sanctioned to the SHGs', Rs. 2322.3 lakhs sanctioned over and above five lakhs up to 20 lakhs, which is 88% of the total sanctioned amount to the SHGs', followed by Rs.252.6 lakhs amount sanctioned over and above three lakhs up to 5 lakhs range (9.57%). The bank's recovery rate against issuing different categories of loans is more than 90 %. It indicated that most banks provide the highest percentage of loans in the range of over five lakhs up to 20 lakhs. It shows increased dealing of financial transactions and capabilities by the SHGs, and they are trying to put in proper return on investment plans to repay the loans in a timely and complete manner.

In the last three years, in the study area, on average, only 122 loans were issued from the SHGs' savings amount, which is zero in the Anantapur district, which needs to be increased more than loans, which ultimately reduces the interest burden by taking loans from their savings of the SHGs'. All the bankers reported that they had refunded Sunna Vaddi's amount to all the eligible SHG groups (On an average of 46 SHGs) without fail. Unfortunately, no banks can share Sunna Vaddi's amount paid with all eligible SHG groups as data is unavailable.

Around the bankers (46.7%) reported that there are a few SHG groups (less than 10 groups) who have fallen as defaulters of loan repayment in their branch, but these defaulters are significantly fewer groups (less than 2%) than the total SHGs' registered in their branches.

Table 5.2: Rate of interest banks charges on outstanding loans (%)

	Minimum	Maximum	Mean
Loan outstanding up to 3 lakhs	7	11.9	7.5
The loan outstanding over and above 3 lakhs to 5 lakhs	7	12.5	9.6
The loan outstanding over and above 5 lakhs to 20 lakhs	9.7	13	11.3

Table 5.2 explains the interest rate charged by the banks for different categories of loans. Interest rates vary as per categories: 7.5% for loans outstanding up to 3 lakhs, 9.6% for loans outstanding over and above three lakhs to 5 lakhs and 11.3 % for loans outstanding over and above five lakhs to 20 lakhs. All the bankers reported that there are no government or banking regulations to charge higher interest rates and approve the interest rate for SHGs loans.

According to the banker's responses, SHG members share the loan amount equally with all the members (96.7%), and some members have taken less than their entitlement (20%). But, every time this equal distribution did not take place (23.3%), a few members took less than what they could repay (85.7%), and a few of them didn't have repayment capacity (85.7%) for other reasons (28.6%) reported by the banking officials.

The loan amount is generally spent on Agriculture (100.0%), Income-generating activities (86.7%), Animal Husbandry (80.0%), day-to-day consumption (10.0%), Asset Buildings (3.3%), Children's education (3.3%), Entrepreneurship (3.3%), etc. The key sources of credit loan repayment are agricultural returns (96.7%), returns on investment (RoI, 76.7%), and returns on entrepreneurship (40.0%).

Per the banker's observations, 86.7% of SHG members established livelihoods they chose/wrote about in the HLP. The kind of livelihood SHGs' which they choose/wrote in the HLP are Petty business/shop (57.7%), Animal husbandry (96.2%), Invested in agriculture (88.5%), Kirana shop (57.7%), Hotel/tiffin centre (53.8%), Fancy stores (46.2%), Stationery shop (42.3%), Vegetable vendor (42.3%), Cloth/Readymade business (38.5%), Street food vendors (30.8%), Sweet shop (30.8%), Milk vending (19.2%), Poultry (15.4%), Goatery (15.4%), Leaf plate making (15.4%), Xerox shop (15.4%), Bakery shop (11.5%) and Others (3.8%).

Of those (N-6) who have not established the livelihood which they chose/wrote in the HLP, it is due to the loan amount spent on Agriculture (100%) and used for day-to-day consumption (50%).

Interestingly, according to the bankers' experiences with the SHG loan repayment, only 46.3% of bankers reported that the Return on interest (RoI) is sufficient for a monthly repayment of the SHG credit loan. Also, all interviewed bank officials reported that no self-help group members (96.7%)

rotated their loan amount to other members or outsiders at a higher interest rate. Only one bank official reported that the credit loan amount to other SHG members rotated at Rs.4/- interest rate and for outsiders at Rs.5/- interest rate.

5.5 Microfinance institutions existence

With regard to the existence of Micro Finance (Fin Cap) financial institutions, more than 93% reported that they hadn't heard of or seen any occurrence of Micro Finance (Fin Cap) financial institutions, nor had SHG members availed any financial loans from 'Micro finances' (Fin Cap) institutions. 97% reported that they have not heard about any SHGs facing any problem of late or delayed repayment of 'Micro finances' (Fin Cap) loans in their respective districts.

However, only 6.7 % (two banking officials) reported the existence of 'Fin Cap' institutions in one banker in the Nandyal district and another one in the Guntur district. Two bankers in the Guntur district reported that 'Fin Cap' institutions charge interest rates of Rs . 3/- to Rs . 5/-.

5.6 Bank transaction charges on loans to SHGs.

86.7% reported that no banker is forcing any SHGs' to invest against the release of loans, but 13.3% (N -4) reported that as per the bank's instructions, they are asking (not forcing) to SHGs' for some amount from their loans to deposit to their saving account for their security purpose. That amount will be allowed to be withdrawn after a stipulated period. But, for this kind of forced investment, there is no government or banking regulation order for forced investment against the release of loans.

Other than fixed deposits, bankers are asking to spend/buy medical and personal Insurance (76.7%) or insurance policies (26.7%). All interviewed bankers are reported to charge additional fees to avail of loans as per banking rules and regulations, without charging any additional charges beyond those permitted by banking rules and regulations. Unfortunately, not all the banks are willing to answer. They are not ready to reveal or share the 'order copy' or banking officer order details, which is the basis for asking for additional bank charges, except one APGB officer reported that additional changes based on order No. 264, dated 09-01-2022. The additional charges are mainly bank charges (100%), fees (53.3%), Insurance (3.3%), GST deduction (3.3%) and any others (CIBIL, Ledger Folio charges), etc.

Upon approval of regional or head officers of the respective bank's competent authorities, bankers can propose (26.7%) that banks can pay some percentage of financial incentives to SERP for their support, trust, monitoring, and safeguarding of 99.83% of loan recovery (without any collateral), etc.

5.7 SHGs credit loans and cash flow are supportive to tenant farmers.

More than one-fourth (76.7%) reported that they have observed that SHG members use their credit loan amount to pay 'agriculture tenant purposes, and more than 95% reported that SHGs' credit loans are more helpful to the tenant farmers helping in the form to pay tenant lease (100%), to Purchase fertilisers timely (91.3%) and to purchase pesticides timely (82.6%), etc.

5.8 Problem incidence:

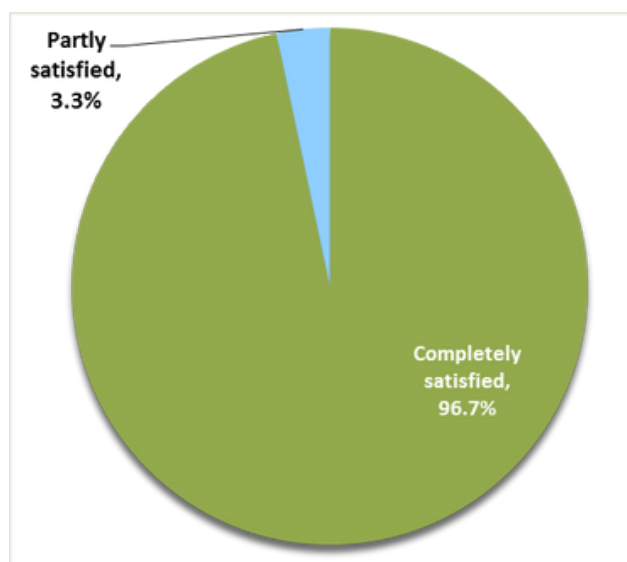
It is reported that 41.3% of bankers faced problems while discharging their duties in the implementation of 'SHG banking linkages, mostly related to SHG loan repayment issues (100%) and SHG members' internal loan distribution issues (7.7%). In the last year.

For the same, bankers lodged a complaint with Mandal Level –APM (46.2%), Director Bank Linkage (23.1%), DPM – Bank Linkage (15.4%) and 7.7% reported to Chief Executive Officer (CEO), Cluster Level – CC, Lead District Manager(LDM) and Bank Controller, etc., Amongst the complaints, 61.5% reported that their problem was solved after complaining.

5.9 Overall satisfaction with SHG credit linkages and cash flow

Figure 5.1: Satisfaction with SHGs credit linkages

All the interviewed bankers are satisfied (96.7% completely and 3.3% are partially satisfied) with their experiences with all the above aspects of the SHG's banking linkages, and no banking official expressed dissatisfaction in the implementation of the SHG's banking linkages and cash flows to the SHGs'.



5.10: Suggestions for improvement

For the betterment and effective implementation of SHG credit linkages and cash flows, the bankers are as follows.

- We need to increase the awareness levels of all SHG members further for all SHG Linkage activities (83.3%).

- Charges need to be waived, and CGFMU (If regular payments, 66.7%).
- Further betterment of SHG, all SERP- SHG banking linkages section employees are to be more active in the supervision of all SHG activities (50%).
- All SHG groups or members need to start individual income-generative activities (50.0%).
- Migration needs to be controlled (50.0%), which is causing delayed loan repayments.
- The VO system needs to be strengthened because we got information from VOs, and they have all their SHG information (33.3%).
- Make sure that all SHGs' need to establish their units, and then SHGs' can repay instalments without any problems (33.3%).

6

CONCLUSIONS & RECOMMENDATIONS

Chapter 6: Conclusions and Recommendations

The Government of Andhra Pradesh is committed to the welfare and development of all segments and implementing various welfare programmes to benefit low-income people in the State through "Navaratnalu". The Society for Elimination of Rural Poverty (SERP) was established by the Government of Andhra Pradesh (GoAP) as a sensitive support structure to facilitate poverty reduction through social mobilization and improvement of the Livelihoods of the rural poor in Andhra Pradesh. The vision of SERP is to enable every low-income family in rural Andhra Pradesh to come out of poverty and stay out of poverty.

The SHG movement in Andhra Pradesh started in 1998 and was built on thrift, self-help, and internal lending principles. The creditworthiness of these groups, which are otherwise unbanked and have no collaterals, has been built on their group discipline, repayment culture and accumulated corpus funds, and this resulted in the SHG Bank linkage programme, under which SHGs' are being provided with credit by service area banks as per Micro Credit Plans of SHGs'. Starting in 2000, the groups have availed bank loans of over Rs. 1,58,761.45 crore for the last four and a half years.

The broad vision of the "Bank Linkages" programme was established by the Society for Elimination of Rural Poverty (SERP), Department of Rural Development, Government of Andhra Pradesh (GOAP), and SHG Bank Linkage programme aims to enable the poor households in accessing adequate formal credit at their doorsteps through their membership in SHGs' with a cheaper rate of interest.

The growth of SHG bank-linkage in the State of Andhra Pradesh is phenomenal. AP State stood first in the country, with 30% of the national share and 99.83% recovery under the SHG Bank Linkage Programme, with yearly bank linkage disbursement of around Rs. 35,000 Crore in rural and urban areas.

From 2019-20 to 2023-24, the Government of Andhra Pradesh has spent Rs. Rs. 1,58,761.45 crore (on average every year Rs. 31,752 crore) by covering on an average more than six lakhs SHGs' every year SHG Bank Linkage programme to improve the self-sustainable livelihood options at rural and urban areas of the State. As it is a massive State government-led livelihood promotion programme with vast coverage across the State, the study tried to evaluate and measure the SHG credit Utilization and Cash Flows of the SHG members programme in terms of access, process, usage, leakages, outputs, successfulness, extent of improved livelihood options, beneficiaries satisfaction for furtherer betterment and suggestions for effective implementation of 'SHG credit Utilization and Cash Flows to the SHGs' in the State of Andhra Pradesh.

The evaluation study also looks into where the SHGs' are investing the SHG Bank Linkage Loan Amount and what are the cash flows for SHG members, utilization of the loan amount, whether there is any deviation of the loan amount, any group leader denying members not to take a loan, because they cannot repay? Are only some group members taking the entire loan amount? What is the repayment source, and what are the livelihoods/enterprises established from the loan amount?

6.1: Conclusions of individual Self-Help Group members

The key conclusions and recommendations of the study are as follows.

6.1.1 Increased income & expenditure trend among the SHGs': The majority of the HHs (99.3 %) are from the BPL (White card holders) category, and almost more than three fourth (75.9%) of SHG members annual income is above two lakhs which is a good sign of increased income levels of SHG members because of active SHG income generation activities of the members. On average, each SHG beneficiary's family spends Rs. 10,000 monthly on HH expenses; this also indicates an increased expenditure pattern on family needs by the SHG members for the same income generated through SHG activities.

6.1.2 Availing state government welfare scheme benefits: Almost all (99.6%) beneficiaries reported that their family availed and benefited from different State government welfare programmes. More than half of the (57.8%, highest 65% in Guntur and 53% in Anantapuram districts) SHG members reported that the benefits/money from the State government welfare programmes benefits/money they use for the timely repayment of SHG bank loans.

6.1.3 SHG members' awareness about bank linkages and cash flow: More than three-fourths of the members (74.2%) are joined on their own to the SHG, followed by as per the suggestion of family members (28.6%). 71.5% reported that in their group there are 6-10 members and more than one fourth (28.5%) of the members reported that there is more than 10 members in their groups. Almost all beneficiaries are aware of their SHG group name; also, most SHG members are aware of the meeting calendar, rules and regulations of SHG, achievements, group savings, how many members have taken loans from savings, etc.

At the same time, the study also found that almost three-fourths (73.6%) of SHG members are not aware of the key objectives of SHGs, unaware of SHG income (100%), cash in SHG hands (97.3%), cash in bank account (93.9%), outstanding loan details (61.9%), etc., which need to be addressed through timely training and capacity building for all SHG members. It also found that the majority of the members are not aware of their member's loan repayment status. It indicates that SHG activities are mostly not happening as per the norms, which needs to be strengthened to know each and every group activity by all group members.

Regarding participation, almost all members (98.8%) are participating in the SHG meetings (98.8%), SHG members pay SHG savings amount (99.6%), and all the members collectively take consensus mode decisions in the meetings (96.0%). All the members are aware of the SHG bank account details.

Each member saves Rs. 100/- per with the group. It's a progressive positive sign of a saving pattern by the SHG members from Rs . 30/- to Rs. 200/- per month.

6.1.4 SHGs' credit linkage process, status and returns: Half of the Self-help groups have taken loans worth 6-10 lakhs, 20.4.% has taken 11-15 lakhs worth of credit loans, and almost 12% of groups have taken more than 20 lakhs worth of credit loans, which resembles the increased /strengthened financial capacity of SHG members' activities and also implies on the time repayment capacity of credit loan based on return on investment on their entrepreneurship. On an average, each member got Rs.1,00,000/- loan and interestingly above 80% reported that they are not aware of the rate of interest on loan amount against to their loan amount, which needs to inform by the bankers to the group members mandatorily. Also, 96.4% in the State said that their groups don't have any outstanding credit loans, indirectly implying SHGs timely loan repayment culture.

It clearly shows how SHG members are spending/investing the loan effectively for livelihood purposes and generating revenue to repay the loan. Also, the loan amount supports the good cause of SDG 4 (quality education) for the SHG group family members. The primary source of loan repayment is the return on investment where they spent, followed by Agri. Returns and return on entrepreneurship, which they established.

a. Establishments: The study also found that, across the districts and the State, around 90% of SHG members reported that they didn't establish the livelihood chosen in the HLP; this is an area SERP AP needs to look into and make sure all SHGs establish the livelihood that was chosen by SHG members in the HLP.

More than 87% of the SHG members reported establishing their Livelihood / Enterprise alone instead of group activities. Only 4.2% said they had established a Livelihood / Enterprise with a few group members.

b. Return on investment: About the return on the establishment, most of them (91.6%) get returns every month. On average, Rs. 90,000/- is spent on establishment as an investment. For the same investment, an average of Rs.20,000/- worth of total production is taking place; out of this, the total monthly income generated is Rs. 9000/-, in which getting net earnings/profit is Rs. 5000/-, with this amount members can repay the monthly loan timely.

The majority of the SHG members opined that Return on Investment (RoI) is sufficient for the monthly basic needs requirements of the family (99.3%)

and sufficient for the monthly repayment (99.7%) of SHG bank loans. Those who reported RoI is insufficient (0.3%, N-4) are using State Government welfare scheme money to repay the SHG loans.

c. Marketing linkages: Only half of the members (56.3%) reported getting entrepreneurship/business support through marketing facilities; this area needs to be addressed for effective results of SHG activities. At the same time, Nandyal and Anantapur (100%) and Guntur (87.5%) district authorities are providing adequate marketing facilities to SHGs in contrast to Eluru (28.5%), Visakhapatnam (37.5%) and Parvathipuram Manyam (41.2%) districts. Low-performance districts may initiate best practices for other districts.

d. Further credit linkages: Also, 72.3% reported that entrepreneurship/business supported by further bank linkages is taking place well, but at the same time, Visakhapatnam district is performing very low (37.5%) compared to other districts.

e. Loan amount rotation for the higher rate of interest: Interestingly, all the interviewees reported that none of the group members rotated their loan amount for the higher rate of interest to other members, none of the group members rotated their loan amount for the higher rate of interest to other than members (outside) and no one aware of what the rate of interest charged by private/local money lenders.

f. Loan repayment and rate of interest: SHG members promptly pay loan amounts every month and have no bank loan repayment due (99.4%). On average, more than 80% of the SHG members are unaware of the rate of interest charged by the banks, which needs to be addressed immediately by the bankers by mandatorily explaining to every SHG member how much they are charging in interest on each type of loan. Of those aware of the rate of interest, 95% reported that they were charged a 9.5% to 15% rate of interest. More than 90% were informed that they can repay their loan amounts to banks monthly without difficulties.

g. Role of bankers: Almost all the SHG members reported that bankers never forced them to invest against the release of loans and didn't ask them to pay any additional charges to avail of loans. Bank officials are very supportive and cooperative to the SHG groups, but a fourth of the SHG members (74.3%) are not aware that they need not pay any additional charges to avail of loans; this is a more concerning area to raise awareness among members of such issues by officials and bankers.

6.1.5: SHGs' link with microfinances' (Fin Cap) institutions: Most SHG beneficiaries reported that they are not very aware of 'Financial operations in their respective localities, and none of the SHG beneficiaries availed any financial loans from 'Micro finances' (Fin Cap) institutions for SHGs' activities nor to repay the monthly instalments.

6.1.6: Role of SHG loans to tenant farmers: More than two-thirds of the SHG members (68.9%) reported using SHG loan amounts to pay 'agriculture tenant purposes, and 94% reported that SHG loan amounts are more helpful to tenant farmers. The loan amount spent by the tenant farmers is mainly on the purchase of fertilisers (42.2%), pesticides (30.7%) and lease payments (24.9%).

6.1.7: Capacity buildings to SHGs': More than 71.7% reported that they had undergone basic training on SHG activities, and of those who all undergone SHG training felt that training is more helpful (100%) to them, especially in improving skill development (90.1%), confidence building (67.7%), micro-enterprises development (32.5%) and marketing linkages (13.3%).

6.1.8: Observed changes in lifestyle after joining the SHGs: All interviewed SHG members (100%) opined that their socioeconomic status changed after joining the SHG. The key observed positive socioeconomic status changes, namely self-confidence (95%), Self-respect (63.4%), recognition (17.9%), mobility (17.9%), increased family income (10.6%) and skill (3.6%), etc.

6.1.9: Problem incidence: Except in the Guntur district, no SHG member faced any problem with SHG credit utilisation and cash flow in other districts. Only three SHG beneficiaries reported that they had a problem in the last year, and a problem related to getting SHG loans, and the SHG group head is not allowing them to take loans.

6.1.10: Satisfaction: As per the findings, no member had significant issues regarding SHG credit utilisation and cash flow; all the interviewed beneficiaries showed complete satisfaction across the districts and the State.

6.1.11: Suggestion for improvement: For the future betterment of SHG credit utilisation and cash flow, all interviewed SHG members suggested the following essential actions

Provide internal loans from savings (25.6%)

- Make sure that all SHG members are involved income generating activities (19.3%)
- Provide loans at low interest rates for SHG (9.2%)
- Need to encourage more group units and individual units (6.9%)
- Provide marketing facilities (2.6%)
- Provide training programmes for handmade entrepreneurship activities (2.4%)
- Need to educate all SHG members about interest rates, charges, and all bank-related activities (2.4%)
- Needs to provide subsidy loans for units' establishment (2.3%)

6.1.6: Role of SHG loans to tenant farmers: More than two-thirds of the SHG members (68.9%) reported using SHG loan amounts to pay 'agriculture tenant purposes, and 94% reported that SHG loan amounts are more helpful to tenant farmers. The loan amount spent by the tenant farmers is mainly on the purchase of fertilisers (42.2%), pesticides (30.7%) and lease payments (24.9%).

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- Needs to provide subsidy loans for units' establishment (2.3%)

6.2: Conclusions of the self-help groups' combined

Feedback received from Self-Help Groups' combined interaction through FGD mode, SHG group members are primarily Illiterate (66.4%) and literate without formal education (20.5%), Higher Secondary/PUC(+2) (6.6%), etc. All SHG groups reported that all SHG members have a bank account.

6.2.1 No social and religious inclusion: Across the districts, no single group covering all socially mixed groups working together as members of SHG, nor all mixed religious group members among the 122 interviewed SHGs, was found. One important observation found that most groups formed with members from the same social groups (caste), i.e. all general categories as one group, all OBC categories as one group, all scheduled castes as one group, etc., Similarly, the same pattern of group formation is found in the case of religion, i.e. all Muslims are one group, all Christians are one group, etc., It found that group formation happens according to caste and religious base, and still, social inclusion is not happening in terms of SHG group formation, which needs to be changed with proper guidelines for effective social inclusion in future SHG group formation.

6.2.2 SHGs awareness about bank linkages and cash flow: Almost 96.7% of groups are aware of the group's income, and all group members are aware of the key objectives of SHG groups. 91.8% of the group members are aware of the achievements of SHG. 100% of all the group members are aware of the meeting calendar, rules and regulations of SHG and Information on group records (98.4%). 93.4% reported that all group members attend the SHG meetings, and 6.6% reported that only members attend the group meetings. 100% reported that all members and a percentage of consensus-mode decisions were only made in group meetings.

SHG members are aware of their group balance in the bank (90.2%), Outstanding Loan (83.6%), Total Capital of the group (82%) and 95% of group members are aware of savings of the group, Total loaning of the group and No of members who have taken loans from their group. Also found low awareness about No and of members repaid loans (27.9%), constraints of the group (4.9%) and cash in hand of the group (3.3%), which needs to be made more aware among the group members.

6.2.3 Improved changes in groups' savings: Initially, at the time of SHG formation, the average savings of members in each group ranged from Rs.10 to Rs 30, and the maximum amount ranged from Rs. 100 to Rs.150/- and on an average each member contributed Rs.60 for group savings purpose. Each member's average savings range from Rs. 50 to Rs. 100, and the maximum amount is Rs. 200/-. On average, each member's contribution towards group saving purposes is Rs. 125/-. It clearly shows a positive sign, indicating that each member's savings amount has almost doubled since the formation /joining of SHG today (October 2023).

Similarly, as a group's savings are combined, the average group's monthly saving amount is Rs.1261/-, which varies from a minimum of Rs.650/- to Rs.2600/-. Total Members' cumulative savings up to October 2023, the minimum is Rs . 48,548 to a maximum of Rs . 1,57,359, and the average cumulative savings of each group is Rs. 1,89,576/-. Savings Bank Account (SB) Bank Balance as of October 2023, the minimum is Rs . 18,385/- to a maximum of Rs . 1,41,416/-, and the average cumulative savings of each group is Rs. 1,33,717/-.

6.2.4 Awareness of charges levied by banks for loans: Very few SHG members can tell about the different charges levied by banks to avail credit loans to SHGs. Mostly above one-fourth (26.2%) of the groups reported that they paid processing fees to avail themselves of credit loans from banks. Also paid inspection charges (9.8%) and documentation charges (6.6%). These charges need not be charged for SHGs.

6.2.5 Loans from savings of SHGs: Only one-third of groups (33.6%) can take loans from their SHG savings. Especially from the Parvathipuram Manyam district, no SHG has taken loans from their savings. This needs to be avoided, and there needs to be regulation that taking savings loans is the priority rather than going for credit loans from a bank.

6.2.6 Awareness about the rate of interest by banks to SHGs: Just about one-fourth of the SHG groups (27.9) know the rate of interest banks provide credit loans to the groups. Awareness about the rate of interest changes by the banks is very low in Eluru (10%), Parvathipuram Manyam (14.3%) and Visakhapatnam (15%); this needs to be addressed by the bankers to the SHG members without fail for every credit loan taken by the SHGs.

Awareness about the rate of interest on outstanding loans reported by the groups is that a 7% interest rate for loans outstanding up to 3 lakhs (28.6%), 10% interest rate for loans outstanding over and above three lakhs up to 5 lakhs (14.3%) and 9.5 to 15% interest for the loan outstanding over and above five lakhs up to 20 lakhs (14.3%) and 42.9% reported that they are not aware of rate of interest on outstanding loans of the SHGs'.

6.2.7 Usage of SHGs credit loans: The SHGs are investing the loan amount as a single priority for day-to-day consumption (80.3%), followed by income-generating activities and entrepreneurship (1.6%) and animal husbandry (0.8%). Also, SHGs' are investing in bank loans as multipurpose usage, mostly spending on day-to-day consumption (95.9%) followed by spending on agriculture (89.3%), income-generating activities (76.2%), animal husbandry (64.8%), children's education (59.8%), entrepreneurship (24.6) and asset building (5.7%). It showed how SHGs effectively utilise the loans to support family needs and income-generating activities to repay the due loans promptly.

Also, group members explained that their main sources of loan repayment are Returns on Investment (RoI, 96.7%), Daily Wage Income (93.4%), and Agri.

Returns (90.2%), Returns on Entrepreneurship (61.5%) and benefits of different Government schemes (8.2%). It also indicates that the members are investing/spending their credit loan amount with proper causation, remembering that they need to repay the loan and sustainably improve their livelihood. Ultimately, SHGs are working towards NRLM-SHG's key objectives.

On average, each group took Rs. 5,00,00 during 2018-2020; it's incrementally increased yearly, and currently, for 2023-24, each group received a credit loan of Rs.12 lakhs. It shows the increased magnanimity of SHG groups over time and brings out the increased credit capabilities and effective financial management strategies of the SHGs.

Almost all (99.2%) SHGs stated that they would distribute the credit loan amount equally among all the members.

6.2.8 SHGs establishments & returns: As per the FGD responses with the SHGs, almost all reported that they have established their livelihood individually, not as a group. The key established Livelihood / Enterprises through SHG Bank Loan by the SHG members are Petty business/shop (57.8%), Animal husbandry (67.2%), Invested in agriculture (67.2%), Milk vending (43.1%), kirana shop (37.1%), cloth/Readymade business (31.0%), goatery (15.5%), hotel/tiffin centre (15.5%), fancy stores (13.8%) and vegetable vendor (12.1%), etc.

94% reported that they are getting returns on their established livelihood every month. The average SHG project investment is Rs. 1,57,328/-; on this investment, average monthly production is worth Rs. 25,000/-, of this, net income per month is Rs. 10,000/-; due to this, they can repay monthly instalments timely. However, only 6% of SHG reported that they can get entrepreneurship/business support from marketing facilities to sell their produce, which is not happening in Eluru, Visakhapatnam and Parvathipuram Manyam districts. The SRLM and SERP AP need to give more attention to addressing this issue because the success of SHG activities completely depends on how extensively entrepreneurship/business is supported by marketing facilities provided to the SHGs.

All the FGD participating groups reported that the SHG loan Return on Investment (RoI) is sufficient for the monthly basic needs requirements of your family, and the Return on Investment (RoI) is sufficient for a monthly repayment of the SHG bank loan.

6.2.9 Loan amount rotation for the higher rate of interest: All SHGs' opined that none of the groups or individual members rotated their loan amount for the higher rate of interest to other members, and none of the group members rotated their loan amount for the higher rate of interest to other than members (outside). Also, none of the groups are aware of the rate of interest charged by private/local money lenders.

6.2.10: SHGs' link with Microfinances' (Fin Cap) institutions: Interestingly, as a group response, more than one-fourth (25.4%) of the groups reported that they are aware of 'Microfinance' (Fin Cap) institutions providing credit loans through apps, the highest awareness reported in Guntur district (70%) followed by Eluru (45%). The prevalence of Fin Cap organisations in the State, namely Spandana (48.4%), Bandhan Bank (21.8%), Gramsri (6.5%), Keerthana (3.2%) and not aware of the Fin Cap name (19.4%).

But, as a group or individually, they never availed any financial loans from 'Micro finances' (Fin Cap) institutions, nor did any group members take loans from 'Micro finances' (Fin Cap) institutions and none of the family members of SHGs' are approaching 'Micro finances' (Fin Cap) institutions for loans.

6.2.11: Role of SHG loans to tenant farmers: On average, more than one-third of groups (36.1%) reported using the SHG loan amount to pay for 'agriculture tenant purpose, and % felt that the SHG loan amount is helpful to a tenant farmer. SHG credit loans supported the tenant in terms of paying the tenant's lease (100%), purchasing fertilisers and pesticides in a timely manner (100%) and being very supportive of the tenant's agriculture (95.6%).

6.2.12: Capacity building for SHGs: Regarding capacity building for the SHGS in the State, only less than one-fourth of groups (23.0%) have undergone capacity building training, especially in the Visakhapatnam district, where no training has been organised by the authorities. There is a considerable variation in capacity building among the districts, which needs to be addressed immediately.

6.2.13: Observed changes in lifestyle after joining the SHG: Currently, on average, each group member can save Rs . 1828/- per month from their SHG income generated activities, which shows the success of SHGS operations in the State. Also, all 122 interviewed SHGs felt that their socio-economic status increased after joining SHG, which is another positive sign of the success of SHG operations in the State. The key observed changes in socioeconomic status are self-confidence (98.4%), Self-respect (95.1%), family income (94.3%), mobility (93.4%), recognition in the family (89.3%), skills (86.1%), etc.

6.2.14: Problem Incidence: In the last 1 year, SHGs didn't face any problems with SHG banking linkages and cash flow, except that SHG groups had a problem related to other charges by the bank.

6.2.15: Satisfaction: all the interviewed self-help groups showed complete satisfaction across the districts and the State.

6.2.16: Suggestion for improvement: For future betterment of SHG credit utilisation and cash flow, all interviewed 122 SHGs suggested the following essential actions.

- Remove all types of charges (82%)
- Need to encourage more group units and individual units (50%)
- Awareness of all SHG members to involve income generating activities (50%)
- Provide marketing facilities (47.5%)
- must educate all SHG members about interest rates, charges, and all bank-related activities. (36.1%)
- Need to print bank transactions at least every 3 months (29.5%)
- Provide loans at low interest rates for SHG (13.9%)
- Subsidy loans need to provide for unit establishment (13.9%)
- Provide internal loans from savings (13.9%)

6.3: Conclusions of SHG linkages and cash flow - officials

6.3.1: Support from department end: All interviewed officials reported that they have been provided with the necessary infrastructure and have enough employees to perform the functions assigned to them for effective implementation of SHG banking linkages at all levels.

6.3.2: Observed activities of SHGs: The interviewed line department officials reported that the distribution of credit loans by SHGs' availed from banks taking in the form of equal distribution among all members (97.7%), some of the members were taken less than entitled (43.8%) and only a few of the key members taken the total amount (3.1%). However, per the official observations, more than one-third of officials (36.0%) reported that the equal distribution of credit loans was not happening every time SHGs availed of new credit loans from banks.

6.3.3 Spending and Establishments by SHGs credit loans: As per the feedback received from all officials, SHGs are investing loan amounts primarily in Agriculture (68.8%), followed by day-to-day consumption (21.1%), animal husbandry (8.61%) and income-generating activities (1.6%). Also, officials opined that the loan amount is spent on multipurpose usage and spending on different activities like agriculture (97.7%), income-generating activities (94.5%), animal husbandry (83.6%), children's education (4.7%), etc.

The SHGs' key invested establishments are Petty business/shop (93.4%), Animal husbandry (93.4%), Kirana shop (91.0%), Hotel/tiffin centre (87.7%), Invested in agriculture (77.9%), Vegetable vendor (77%), Fancy stores (70.5%), Cloth/Readymade business (60.7%), Stationery shop (48.4%), Goatery (39.3%), etc.

Also, 95.3% of officials reported that all SHG members established the livelihood they chose/wrote in the HLP. Still, the same was not reported by the individual SHG members and Group responses, which indicates that officials are not keenly observing whether the members are investing as promised in HLP by the SHGs.

6.3.4 SHGs credit repayment sources: The primary sources of credit loan repayment by the SHGs are agriculture returns (98.4%), Returns on Investment (RoI) (79.7%) and Returns on Entrepreneurship (39.1%), etc. According to the official's observations and understanding of SHG credit loans and cash flow, 98.5% felt that the SHG investment interest (RoI) is sufficient for the monthly repayment of the SHG bank loan. Also reported that no group members rotated their loan amount to other members or outsiders for a higher interest rate.

6.3.5 Prevalence of Micro finances' (Fin Cap) institutions: More than 95% of interviewed officials are aware of some of the known persons who availed loans from 'Micro finances' (Fin Cap) institutions' loan apps, and interestingly 10.2% of officials reported that they are aware of few of SHG members availed financial loans from 'Micro finances' (Fin Cap) institutions loans (which again contradicting with feedback of SHG individual members as well as self-help groups responses as they are not aware nor taken loans from fin cap institutions. This issue needs to be verified further, and appropriate actions must be taken to ensure the existence of any microfinance (Fin Cap) institutions in the State.

6.3.6 Additional charges by the Bankers from SHGs: 45.3% (N-58) of officials reported that they observed bankers are asking for fixed deposits (63.8%), asking to buy insurance policies (30.6%), medical and personal insurance (10.3%) as a forced investment against to release the SHGs' credit loans. Also, 90.6% of officials reported that the bankers are asking to pay additional charges to avail of SHGs credit loans like Charges (98.3%), Fees (54.3%), Insurance (27.6%), GST deduction (27.6%), asking to FDs in the bank (10.3%) and others (8.6 % like penalties and TDS deductions), etc. This needs to be streamlined, and a policy with minimal or no additional burden on SHGs to avail themselves of bank credit loans needs to be created.

6.3.7 Incentives from bankers: 60% are accepted to propose that banks may pay some percentage (5 to 8%) of financial incentives to SERP for their support, trust, monitoring, and safeguarding of 99.55% of loan recovery (without any collateral).

6.3.8 Role of SHG loans to Tenant farmers: More than 88.6% of officials observed that the SHG members used loan amounts to pay 'agriculture tenant purposes, and 98.5% of officials felt that SHG loan amounts are helpful to tenant farmers in the form of to pay tenant lease (99.1%), to buy fertilisers (88.3%) and pesticides timely (88.3%), etc.

6.3.9: Capacity buildings: All the officials reported that they have undergone training related to SHG banking linkages and felt training is very helpful (99.2%) for the effective functioning of SHG activities and, at the same time, their training learnings translated into improving SHG member's awareness and knowledge in the areas of, Financial literacy (81.3%), Book

keeping (75.0%), Skill Development (64.1%), Active Participation in Decision Making in Family (55.5%), Enhanced Income and Earnings (54.7%), Confidence Building (45.3%), Marketing Linkages (21.9%), etc.

6.3.10: Problem incidence: on the whole, more than half of the officials (53.9%) faced problems while discharging their duties in the implementation of SHG bank linkages, mostly problems related to SHG loan repayment issues (76.8), Issues with Bankers (31.9%) and SHG members internal loan distribution issues (24.6%).

6.3.11: Satisfaction: Most officers reported they were delighted (99.2 per cent); the rest were partially satisfied and found no one was dissatisfied with the programme.

6.3.12: Suggestions for improvement: SHGs Credit linkages and Cash flow programme implementation at all levels, authorities have come forward with suggestions to improve the existing service delivery. Some of these suggestions are as follows:

- Allow/Provide internal loans from savings (70.3%)
- Provide loans at low interest rates to SHG (58.6%)
- Increase monthly savings amount (49.2%)
- The bank needs to provide loans to SHG members based on their repayment capacity (43.0%)
- Make sure to be aware of all SHG members involved in income-generating activities (39.8%)
- Need to educate all SHG members about interest rates, charges, and all bank-related activities (35.2%)
- Need to encourage more group units and individual units (29.7%)
- Needs to provide marketing facilities (8.6%)
- Subsidy loans need to provide for unit establishment (8.6%)
- Need to provide incentives to SERP (7.8%).

6.4: Conclusions of SHGs – bank officials

- All the bankers reported that they provided credit loans to the SHGs' as per the banking regulations and the history of repayment capabilities of the SHGs'.
- All the bank's recovery rates against issued different categories of loans are more than 90 %. It indicated that most banks are provided with the highest percentage of credit loans in the range of over and above five lakhs up to 20 lakhs. It shows increased dealing of financial transactions and capabilities by the SHGs', and they try to put in place a return on investment plans to repay the loans in a timely and complete manner.
- In the last three years, in the study area, on average, only 122 internal loans were issued from the SHG's savings amount (in Anantapur district, it's zero). It shows that bankers are not allowing/encouraging the SHG to

take loans from their savings rather than asking for the highest interest rate credit loans. To address this issue, a policy decision must be taken to allow taking loans from SHGs savings, which ultimately reduces the interest burden by taking loans from the savings of the SHGs.

- All the bankers reported that they had refunded the '0' vaddi amount to all eligible SHG groups (On an average of 46 SHGS) without fail. Unfortunately, no banks are able to share the amount paid at a '0' value to all eligible SHG groups as no data is available.
 - All the bankers reported that there is no government or banking regulation order to charge higher interest rates than the approved rate of interest for SHG loans.
 - With regard to the existence of Micro Finance (Fin Cap) financial institutions, more than 93% reported that they hadn't heard of or seen any occurrence of Micro Finance (Fin Cap) financial institutions, nor did SHG members avail of any financial loans from 'Micro finances' (Fin Cap) institutions. 97% reported that they hadn't heard about any SHGs facing any problem with late or delayed repayment of 'Micro finances' (Fin Cap) loans in their districts.
 - 86.7% reported that no banker is forcing any SHGs to invest against the release of loans, and there is no government or bank regulation order for forced investment against the release of loans.
 - More than one-fourth (76.7%) reported that they observed that SHG members use their credit loan amount to pay for agricultural tenant purposes. More than 95% reported that SHG credit loans are more helpful to the tenant farmers, helping in the form of paying tenant leases (100%), purchasing fertilisers in a timely manner (91.3%), purchasing pesticides in a timely manner (82.6%), etc.
 - In the last year, 41.3% of bankers faced problems while discharging their duties in the implementation of 'SHG bank linkages, mostly related to SHG loan repayment issues (100%) and SHG members' internal loan distribution issues (7.7%).
 - All the interviewed bankers are satisfied (96.7% completely and 3.3% are partially satisfied) with their experiences with all the above aspects of the SHG's banking linkages, and no banking official expressed dissatisfaction with the implementation of the SHG's banking linkages and cash flows to the SHGS.
- For the betterment and effective implementation of SHG credit linkages and cash flows, the suggested measures by the bankers are as follows.
- Need to increase further awareness levels of all SHG members for all SHG Linkage activities (83.3%).
 - Charges need to be waived, and CGFMU (If regular payments, 66.7%).

- All SERP- SHG banking linkages section employees are to be more active in supervising all SHG activities (50.0%).
- Migration needs to be controlled (50.0%), which is causing delayed loan repayments.
- Make sure that all SHGs establish their units, and then SHGs can repay instalments without any problems (33.3%).

6.5 Recommendations:

As per the feedback obtained from all the stakeholders in implementing the Bank Linkage programme, it aims to enable poor households to access adequate formal credit at their doorsteps through their membership in SHGs with a cheaper interest rate. The growth of SHG bank-linkage in the State of Andhra Pradesh is phenomenal. AP State stood in first position in the country, with 30% of the national share and 99.83% recovery under the SHG Bank Linkage Programme, with yearly bank linkage disbursement of around Rs.35,000 Crore in both rural and urban areas. The positive progress of the bank linkage was captured in terms of complete satisfaction expressed by both beneficiaries and officials. Finally, here are a few recommendations based on study findings for the betterment and effective reach out of the programme.

- As responded by Self-Help Groups and individual SHG members, the good sign of increased income levels of SHG members doing active income generation activities and this increased income led to increased expenditure patterns on family needs by the SHG members.
- Each member's savings in the group is doubled (savings pattern by the SHG members from Rs. 30/- to 200/- Rs per month), and loan capacity also increased (majority of the groups taking up to 20 lakhs worth of credit loans).
- Mostly, groups maintain their clear credit history perfectly with timely repayment of loans through their well-planned income generation and return on investment (RoI) activities, which is the ultimate successful model executed by the SERP AP.
- SHG members are spending/investing the loan amount effectively for livelihood purposes and generating revenue to repay the loan. Notably, the loan amount supports the good cause of education (SDG 4, quality education) for the SHG group family members.
- SHG beneficiaries benefit from different State government welfare programmes, and State government welfare programmes' benefits/money support the timely repayment of SHG bank loans.
- Needs to hold regular member meetings to gain complete knowledge about their group SHG activities like SHG income, cash in SHG hand, cash in bank account, outstanding loan details, etc., for every group member.

- Need to plan regular and timely monitoring and capacity-building training for SHGs to further sensitise the knowledge of SHGs objectives, loan-taking process, interest rate charged by the banks, establishing the units as per the HLP plan, establishing units in a group rather than individually, working as a team, etc.
- Needs to ensure that SHG's entrepreneurship/business needs are supported by sound marketing facilities to sell their products for effective results of SHG activities, which is lacking at the ground level. For the same issue, best practices of other districts may be adopted/replicated in poor-performing districts. The SRLM and SERP AP need to give more attention to addressing this issue because the success of SHG activities entirely depends on how extensively entrepreneurship/business is supported by marketing facilities provided to the SHGs.
- As per the findings of both individual beneficiary beneficiaries and group members' responses, especially non-aware and non-informed responses about "applicable or chargeable" and "Interest rate" charged by the bank on SHG loans, Here suggesting that the new mandatory policy decision to be brought out that bankers must and should bring to the notice of SHGs' at the time of issuing the new loan about "applicable or chargeable" and "rate of interest charged" by the banks and also at the time of closing the loans detailed information on rate of interest charged and amount paid towards interest by the SHGs' in the form of written and oral communications without fail. This information will communicate and alert the SHGs about what they have actually paid towards interest for their loan and also bring financial displacement in availing and repaying the credit loans to the banks.
- Needs to bring policy directions for the inclusive formation of SHGs, planning social and religious communities working together.
- Needs to give proper directions and regulations to the banks to allow SHGs to avail internal loans from the amount of their own savings on a priority basis rather than going for credit loans every time, which is not happening at ground level.
- Additional processing charges by banks on credit loans need to be streamlined.
- Did not find any authentic information on the prevalence of Micro finances (Fin Cap) institutions, and none of the group members or individual beneficiaries availed of any financial loans from Micro finances (Fin Cap) institutions and the same was confirmed by the department officials and bankers.
- Subsidy loans need to provide for unit establishment.

- Line department officials observed that the equal distribution of credit loans was not happening every time when SHGs' availed new credit loans from banks, which needs to be regulated and ensure that no member denies sharing the group loan amount without any discrimination.
- Subsidy loans need to be provided for unit establishment.
- State government can recommend that SERP propose to collect some incentives from the banks (some percentage ranges between 5 to 8 per cent) of financial incentives to SERP for their support, trust, monitoring, and safeguarding of 99.55% of loan recovery (without any collateral) as accepted by the majority of the line department officials and few of the bankers also.

7

SUCCESS STORIES

Chapter 7: Success Stories

During the data collection period, we have observed some entrepreneurship units established by SHG members, and they are running successfully. Here are the briefs of some of the success stories of the income-generating activities of the establishments by the SHGs.

In the Eluru district, the team visited some maintained and running units successfully. The Pickle shop, which an SHG member established, is very successful, and she is getting income from her unit. She shared that SHG's loans helped her establish a pickle unit; now, she is exporting her products to other countries, too. This is one of the best examples of women's empowerment. This is one of the examples of how SHG members utilise their SHG Bank loan money to engage in income-generating activities.



In the Guntur district, the study team visited SHG women's units, which are maintained successfully, and Kirana shops, cool drink shops, vegetable businesses, and other units are running successfully. Here, most women are doing tailoring work, and tailoring is one of the easiest sources of money, especially for housewives. Many Tailoring technological works are taking place in tailoring, like embroidery and other modern designs. SHG members get sufficient income from their tailoring work and pay their SHG loans from the income earned from tailoring work.



In the Anantapur district, most SHG women are maintained in different units like petty shops and vegetable shops, and most SHG women are engaged in weaving work. They are using SHG loans as essential investments for weaving cotton sarees, pattu sarees and different varieties of pattu sarees. They are also weaving, earning a good amount of returns from their SHG loan investments, and caring for their family needs.



The Nandyal district team observed many SHG women units maintaining and running very successfully with help of SHG loans. They are getting incomes from their shops and business. They are sharing their experience with us that they are very happy to be part of SHG. They are getting loans from SHG and has been maintained very successfully. For example, fancy shops, kirana, Tailoring (small blankets), flour mills, Biryani shops and some edible items production. They are getting income from their business, and without any difficulty, they are repaying their loan amount and also making some monthly amount to support their family needs.



In the Visakhapatnam district, most women's SHGs are doing different small businesses for their livelihood. Here, most SHG women are engaged in the fish business, agriculture (Mango tree cultivating), established disposable plate units, different petty businesses, etc. The fishing business is also one of the primary sources of income, particularly for women in the Visakhapatnam district. Through these establishments, SHG members generate income, and it is beneficial for them to repay their SHG loans without delay. Also, they suggested that if SHG provides a proper marketing facility, it would be beneficial for running their units more successfully.



In Parvathipuram Manyam district, most SHG members are daily wage labours a few SHG women's are established units like Petty shops, kirana, cool drink shops and other types of entrepreneurship. Most SHGs' are in agriculture and depend on agriculture units, especially cashew cultivating. The study team observed milk vending shops, saree businesses, and one-gram gold jewellery businesses. From the SHG loan amount, some amount they invested in agriculture and the remaining amount they are using for their livelihood activities and earning enough money to repay their loan amount and also support family needs.



Field Photos:



Annexure –I: Sampling & selected six districts, mandals and GPs

Selected District	Selected Mandal	Selected GP 1	Selected GP 2	Selected GP 3	Selected GP 4
Guntur	Chebrole	Gundavaram	Selapadu	Vadlamudi	Vejendla
	Mangalagiri	Atmakur	Kaza	Nidamaru	Nowlur
	Pedanandipadu	Annaparru	Kopparru	Uppalapadu	Nagulapadu
	Thadepalle	Kolanukonda	Mellempudi	Penumaka	Undavalli
	Prathipadu	Enamadala	Gottipadu	Mallayapalem	Thummalapalem
Eluru	Chintalapudi	Chintampalle	Erraguntapalle	Mallayagudem	Pragadavaram
	Jangareddigudem	Akkampeta	Devulapalle	Kethavaram	Taduvai
	Koyyalagudem	Bayyanagudem	Bodigudem	Parimpudi	Saripalle
	Musunuru	Akkireddigudem	Chintalavalli	Gullapudi	Velpucherla
	Polavaram	Chegondapalle	Jillelagudem	Mamidigonda	Vinjaram
Anantapuram	Brahmasamudram	Bommaganipalli	Kannepalle	Palavenkatapuram	Rayalappadoddi
	Guntakal	Ayyavaripalli	Donimukkala	G.kottalu	Nagasamudram
	Narpala	Bandlapalle	Chamaluru	Ganganapalle	Kesepalle
	Rayadurg	B.N. Halli	Chadam	Junjurampalle	Mallapuram
	Yellanur	Boppepalle	Chilamakuru	Danthalapalli	Mallagundala
Nandyal	Bandi Atmakur	Ayyavari Kodur	Bhojanam	Kadamalakalva	Ramapuram
	Gadivemula	Bilakala Gudur	Chindukuru	Gani	Ondutla
	Kothapalle	Dudyala	Erramatam	Guvvlakunta	Nandikunta
	Owk	Annavaram	Ramavaram	Kunukuntla	Mettupalle
	Rudravaram	Alamur	Chitrenipalli	Kotakonda	Narasapuram
Parvathipuram Manyam	Bhamini	Baleru	Burujola	Liviri	Sathivada
	Jiyyamma Valasa	Alluvada	Basangi	Dangabhadra	Thumbili
	Makkuva	Bangaruvalasa	Panasabhadra	Kasipatnam	Kona
	Parvathipuram	Bandaluppi	Dokiseela	Gopalapuram	Narsipuram
	Seethanagaram	Antipeta	Chinabogila	Gutchimi	Lakshmipuram
	Anandapuram	Boni	Gambheeram	Gidijala	Mamidilova
Visakhapatnam	Bheemunipatnam	Annavaram	Dakamarri	Mulakuddu	Tallavalasa
	Padmanabham	Ayinada	Chinnapuram	Kovvada	Potnuru
	Pendurthi	Saripalle	Pinagadi	Valumeraka	Gorapalli
	Paravada	Vadacheepuripalli	Gorli vani palem	Paravada	Boddapuvanipalem

Annexure –I: Sampling & selected six districts, mandals and GPs

Selected District – Sample Size	Selected Mandal- Sample	GP 1 -No of interviews	GP 2 - No of interviews	GP 3 -No of interviews	GP 4 -No of interviews	Total
Guntur (202)	Chebrole (40)	10	10	10	10	40
	Mangalagiri (40)	10	10	10	10	40
	Pedanandipad (40)	10	10	10	10	40
	Thadepalle (40)	10	10	10	10	40
	Prathipadu (42)	10	10	10	12	42
Eluru (200)	Chintalapudi (40)	10	10	10	10	40
	Jangareddigudem (40)	10	10	10	10	40
	Koyyalagudem (40)	10	10	10	10	40
	Musunur (40)	10	10	10	10	40
	Polavara (40)	10	10	10	10	40
Anantapuram (201)	Brahmasamudram (41)	11	10	10	10	41
	Guntakal (40)	10	10	10	10	40
	Narpala (40)	10	10	10	10	40
	Rayadurg (40)	10	10	10	10	40
	Yellanur (40)	10	10	10	10	40
Nandyal (202)	Bandi Atmakur (40)	10	10	10	10	40
	Gadivemula (41)	11	10	10	10	41
	Kothapalle(41)	10	10	10	11	41
	Owk (40)	10	10	10	10	40
	Rudravaram (40)	10	10	10	10	40
Parvathipuram Manyam (202)	Bhamini (40)	10	10	10	10	40
	Jiyyamma Valasa (40)	10	10	10	10	40
	Makkuva (40)	10	10	10	10	40
	Parvathipuram (40)	10	10	10	10	40
	Seethanagaram (42)	10	12	10	10	42
Visakhapatnam (201)	Anandapuram (40)	10	10	10	10	40
	Bheemunipatnam (41)	10	11	10	10	41
	Padmanabham (40)	10	10	10	10	40
	Pendurthi (40)	10	10	10	10	40
	Paravada (40)	10	10	10	10	40
Grand Total						1208

Annexure – III: Details of distribution each district covered officials designation wise

Sl. No	District	Total No.of interviewed officials	Sl. No	SHG Official	No of officials interviewed.
1	Guntur	21	1	Project Director	5
2	Eluru	21	2	Assistant Project Director	1
3	Nandyal	21	3	DPM – Bank Linkage	7
4	Anantapur	22	4	Constituency Level - Area Coordinator	2
5	Visakhapatnam	22	5	Mandal Level –APM.	28
6	Parvathipuram Manyam	21	6	Cluster Level – CC	73
Andhra Pradesh		128	7	Village Level – VOA	8
				Other – Legal Coordinator	1
				Mandal Samakhya Manager	1
				Accountant	2
			Total		128

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