



SHG BANK LINKAGE PROGRAMME AS A VACCINE FOR WOMEN EMPOWERMENT: A SOCIOLOGICAL REVIEW IN CHITTOOR DISTRICT

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Abstract: *In the changed context of rural development, there is more emphasis on sustainable development and empowerment of women in India which demand micro credit. Empower the women is social, political, economical and legal aspects became necessary to convert the idle society into self-sustainable society. In Andhra Pradesh more than 52% SHGs were financed by banks under SHG Linkage. The Self Help Groups in Andhra Pradesh have accessed Bank loans to a tune of 7092 Crores in 2010 –11. The SHG members have, through their disciplined utilization of funds and prompt repayment, achieved a very high repayment record (more than 95 percent). It is a matter of great pride to the state that we account for 40 percent of the total funds given to Self Help Groups through banks. As per the reports of the bankers, the recovery of loans is around 95% as against 87% when comparative to other states. Women empowerment can be achieved through political power, education, employment and SHG. Among these, SHG dominate and fruitful success of the women empowerment. SHGs mainly concerned with the enlistment of the women in the society through, social, economical aspects. SHG not only mobilize micro finance and provide micro credit to the needed members but also it provides self employment training, awareness programme, promotes the leadership qualities and confidential life to its members. This paper is concerned with empowerment of women and delineates the status of women, and the impact of SHG bank linkage programme on women empowerment.*

Key Words: Empowerment, Self Help Group (SHG), Micro Credit, NABARD

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INTRODUCTION

Total theme is based on the fact that economy of a nation can be improved only when the quality of life of the citizens of a nation can be effectively improved only by raising the standards of living of the people on the street and in backward areas. Social empowerment in general and women empowerment in particular is very fundamental in achieving this goal. The rate of growth of women unemployment in the rural area is 9.8%. The Govt. of India introduced many various schemes to reduce poverty and to promote the gainful employment. But the more attractive scheme with less effort (finance) is “Self Help Group”. It is a tool to remove poverty and improve the rural development

The Self Help Groups have gone through these three stages in Andhra Pradesh. From pure thrift institutions, they first graduated to producing simple products such as pickles and papads. Then they have moved on to produce a wide variety of commodities using simple machines. The scope for expanding the productive activities remains large. For example, readymade garments have a market even in rural areas. Thus, the choice of products becomes extremely important. The SHPIs (Self Help Promoting Institutions) like DRDAs and NGOs have thus a dual role to play. Not only should they facilitate the availability of credit from the formal sector to the self help groups, they should also help the self help groups to identify suitable products which they can manufacture and sell. They are imparting the necessary skills. These institutions are in a very real sense friends, philosophers and guides.

In Andhra Pradesh, thrift and credit activities have emerged as solitary binding force to mobilize rural poor in group mode. The Mutually Aided Cooperative Societies Act provides for individual groups to become members of a cooperative society. The expectation was that these societies could be federated at the village level and mandal and district levels by federating them under Mutually Aided Cooperative Societies Act 1995 facilitating for the tapping of finance from outside sources better. Nearly 350 societies have been formed so far. These societies will be accessing credit from financial institutions, donor agencies, DRDAs and Voluntary organizations and help the members of women SHGs in availing bigger loans for economic activities and also help in collective bargaining in marketing of products, purchasing raw material etc., and these societies are popularly known as “Mahila Banks”. These societies have a share capital of Rs. 5.80 crores and total corpus of Rs.17.77 crores.



These societies charge interest of 12-18 % per annum for giving loans, with the recovery rate around 98%.

The importance of women to economic development of India was first recognized during the country's struggle for independence. Women-owned business has the potential to make significant contributions to Job creation and economic growth, economic empowerment of women changes the balance of power because it allows half the world's population to contemplate higher goals than basic survival. In rural areas, there is a urgent need of empowering women. The formation off SHGs and microfinance will enhance their socio-economic status in society. Mohd. Yunus, born 1940, is a Bangladeshi banker and the developer and founder of

Concept of micro credit. With the help of micro finance, women get small loan for business and its gives them an independent means of generating wealth and becoming self-reliant in a society.

There are 1, 16, 42,765 members in 10, 58,071 SHGs exclusively for women. A total of 43,597 Village Organizations (VOs), 1098 Mandal Samakhyas (MSs) and 22 Zilla Samakhyas have come into existence in 22 districts. As on today, the total Savings and Corpus of SHG Members are Rs.4313.68 Crores and Rs. 5720.66 crores respectively. During the financial year 2013-14, up to November, 2013 Rs.6254.41 crores of bank loans are given to 2, 30,619 SHGs under Bank linkages programme. The Government of AP has announced an improved incentive scheme for the SHGs repaying installment promptly from the present Pavala Vaddi to 0% interest (Vaddi Leni Runalu) effective from 1.1.2012 and under VLR Rs.715.91 Lakhs were disbursed to 8,86,555 SHGs up to October,2013 during the current financial year. Under Sthree Nidhi, during 2013-14 up to end of November, 2013, Rs 516.65 Crores were disbursed to 2,96,060 members of 76,917 SHGs in 14,544 VOs in 960 mandals, thus the total amount disbursed up to end of November, 2013 is Rs 1263.41 Crores to 1, 94,573 SHGs. Actually, the World Bank has set a target of reaching 100 million of the world's poorest people with micro credit schemes, and has placed micro credit at the center of its global strategy for poverty alleviation. In India, NABARD plays a key role in assisting banks and NGOs involved in micro finance schemes.

In Andhra Pradesh more than 52% SHGs were financed by banks under SHG Linkage. This number is more than the all India figure excluding that of Andhra Pradesh. 310488 SHGs



were provided repeat finance by banks during 2008-09 which comes to 76% of total SHGs in the state of Andhra Pradesh. As per the reports of the bankers, the recovery of loans is around 95% as against 87% when comparative to other states.

The conceptual thinking behind the SHG philosophy and the bank linkage could be summarized as follows: -

- 1 Self Help supplemented with mutual help can be a powerful vehicle for the poor's effort to socio-economic upward transition
- 2 Participative financial services management is more efficient and responsive.
- 3 Poor can save and are bankable
- 4 The mismatch between the expectations of the poor and capabilities of the formal banking system needs to be minimized
- 5 Poor need not only credit support but also savings and other service
- 6 Small affinity groups of the poor, with initial outside support, can effectively manage and supervise micro credit among their members
- 8 Collective wisdom of the group and peer pressure are valuable collateral substitutes
- 9 SHGs could be a pre- micro enterprise stage for a majority of rural poor
- 10 SHGs facilitate wider outreach, lower transaction cost and much lower risk costs and
- 11 Empowerment of poor especially of poor women is a major outcome.

ORIGIN AND CONCEPT OF SHGs

The origin of SHGs is from the brainchild of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus. SHGs were started and formed in 1975. In India NABARD is initiated in 1986-87. But the real effort was taken after 1991-92 from the linkage of SHGs with the banks. A SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group. (Abhaskumar Jha 2000). They have been recognized as useful tool to help the poor and as an alternative mechanism to meet the urgent credit needs of poor through thrift SHG is a media for the development of saving habit among the women. SHGs enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The basic principles of the SHGs are group approach, mutual trust, organization of small and manageable groups,



group cohesiveness, spirit of thrift, demand based lending, collateral free, women friendly loan, peer group pressure in repayment, skill training capacity building and empowerment.

THE SHG OFFERINGS

The SHG offers the canvas to conduct social intermediation, provide women the opportunity to acquire the ability and entitlement to their own lives, set their own agenda, gain skills, solve problems and develop autonomy. Significantly, the member of SHG's may exhibit the following outputs, resulting from their activities:

- a) Acquisition of literacy and numerically skills;
- b) Awareness of basic legal rights;
- c) Awareness of projects and state development activities;
- d) Critical political consciousness; electoral process, societal analysis and gender issues;
- e) Enhanced social status as perceived by self and other's;
- f) Freedom from exploitation, money lenders, landlords etc;
- g) Active role in organization of group and other political bodies, viz. Panchayat;
- h) Ensuring literacy and education of girl child;
- i) Health consciousness;
- j) Restructuring of women's time utilization; and
- k) Enhanced decision making powers within the household.

THE SELF-HELP GROUP BANK LINKAGE PROGRAMME

NABARD has played a notable role not only in promoting SHGs but also instrumental in making bank linkage as a part of commercial banks in their mainstream banking function since banks as formal credit agencies have the necessary resources, there is also the willingness on their part to provide credit to people with limited means as the viability is not in doubt. The linking of SHGs with the financial sector was good for both sides.

The performance of the SHGs has been extremely encouraging and has a tremendous social impact. SHG as a model for raising socio-economic standards, level of empowerment of the rural poor women has now reached a stage of irreversibility with increasing involvement of Government and non-government machineries and agencies experimenting various initiatives directed at fighting impoverishment.

The government of Andhra Pradesh is committed to social and economic empowerment of women. It has adopted micro credit as a tool to attain the same and had taken the SHG-



Bank Linkage program as a mass movement since 1998-99 onwards in the State to achieve the goal. Various training and capacity building programs have been conducted on production, packing, marketing, micro credit and utilization of loans etc., to women SHGs. In addition to the above regular skill development training programs are being organized for giving value addition to SHG products, to develop skills among women on marketing, packaging, etc. Due to the efforts of the government more than 3.50 lakh women SHGs have availed loans from banks and other financial institutions and improved their economic status. Some of the groups have availed the loans 2 to 5 times.

The income generating activities taken up by the SHGs and access to the banks and financial institutions attracted the attention of not only other States but at international level also. Many dignitaries from other states and other countries visited Andhra Pradesh and praised the SHG movement and implementation of SHG-Bank Linkage program in Andhra Pradesh. NABARD explains that the Self Help Group is a group with “an average size of about 15 people from a homogenous class. They come together for addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. They use this pooled resource to make small interest bearing loans to their members. The process helps them imbibe the essentials of financial intermediation including prioritization of needs, setting terms and conditions and accounts keeping.

This gradually builds financial discipline in all of them. They also learn to handle resources of a size that is much beyond the individual capacities of any of them. The SHG members begin to appreciate that resources are limited and have a cost. Once the groups show this mature financial behavior, banks are encouraged to make loans to the SHG in certain multiples of the accumulated savings of the SHG. The bank loans are given without any collateral and at market interest rates. The groups continue to decide the terms of loans to their own members. Since the groups’ own accumulated savings are part and parcel of the aggregate loans made by the groups to their members, peer pressure ensures timely repayments.” The SHG bank linkage programme links a SHG group to banks, where the banks provide a loan to a mature group. The group places its savings in the group deposit account in the bank (at about 12% per annum), using its group savings and group guarantee as a collateral. NABARD provides subsidized refinancing support to banks to encourage such lending. However, the demand for such refinancing support to banks has fallen, as SHG lending is more profitable



and has lower default rates (less than 1% as compared to 11-12% of their regular portfolios) (Base and Srivastava, 2005). The NABARD SHG bank linkage programme has achieved only 1.4% of the potential demand, reaching out to seven million households with an average credit of Rs. 2,000 a household, as against the need to reach 100 million with Rs. 10,000 per household.

The Government of India, National Policy for the Empowerment of Women (2001), declared various measures aimed towards achieving greater equality between men and women. In 1993, the Indian government ratified the International Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). The government's poverty alleviation programmes such as Swaranajayanti Grama Swarojgar Yojna (SGSY) and the Rashtriya Mahila Kosh implement their programmes through microfinance interventions of NABARD's Self Help Group bank linkage programme. Apart from the large numbers of households that this programme services, the following features make the NABARD SHG model unique:

1. The distinctive process of formation of the SHGs and the freedom that they have in deciding the terms of their lending and borrowings within the group, once they receive the loan.
2. The use of the existing and extensive infrastructure of rural bank branches for disbursing microfinance services.
3. Three distinctive ways of linking the SHGs to the banks, through NGOs, commercial and rural banks, with the NGOs playing a major role in promotion of the SHGs and their training.

Using higher rates of savings, borrowings, timely repayment of credit, promptness in attending SHG meetings and decisions by individual members as indicators of enhanced credit access, income generation and socio-economic empowerment Over the past decades, subsidized rural banking in India, despite its large network of rural bank branches has failed to reach the poorer sections of the society. By the early 1980s, the All India Debt and Investment Survey (Government of India, 1981) showed that the share of non-institutional agencies (informal lenders) in outstanding cash dues of the rural households was 38%. The main limiting factor in reaching formal finance to this group was the high transaction costs and lack of appropriate credit and saving products. A study conducted by NABARD in the



mid-eighties revealed that financial services required by poor households are: safe-keeping of small surpluses in the form of thrift; access to consumption loans to meet emergency needs and financial services and products that did not require collateral. The Self Help Group Bank Linkage model evolved from the pioneering efforts of NABARD.

OBJECTIVE OF THE STUDY

The study is a humble effort to assess the SELF HELP GROUP BANK LINKAGE PROGRAMME and impact of SHG based micro-finance on socio-economic empowerment of rural women for their development as well as effective functioning of SHGs.

RESEARCH METHODOLOGY

This is a descriptive research paper; this study is compiled with the help of the secondary source. The secondary data have been finding in the different Books, Journals Magazines and Chittoor Distrstict DRDA, SERP and IKP.

BANK LINKAGE PROGRAMME IN CHITTOOR DISTRICT

Banks are in the forefront in financing Self Help Groups (SHGs) under Bank Linkage programme. In Chittoor district alone, during the year 2010-11, more than 23,000 SHGs have been supported with credit amounting to Rs 670 lakh. Various studies have shown that only about 30 per cent of the credit extended to SHGs is going towards productive purposes and the rest is being used for other needs. This may be due to extension of purpose neutral credit to SHGs with no end use verification from bankers. Of late, there is growing concern among all the stakeholders that channelizing more liquidity into the system without ensuring corresponding increase in productivity may lead to structural imbalances and crisis situations.

Under an innovative programme called 'Umbrella Programme for Natural Resource Management (UPNRM), involving Community based Organisations (CBOs) Project Kamadhenu is a definitive initiative to reorient credit to SHGs in the direction of promoting sustainable livelihoods by providing milch animals through the Mandal Mahila Samkhyas (MMS), a middle tier of the SHG Federations.

The project was launched in two phases' viz., pilot and full scale. In the pilot phase, with the help of DRDA, two MMS viz., Ramasamudram and Madanapalli, each having two bulk milk cooling units (BMCUs) were identified for implementation with a project outlay of Rs 1.09 crore each. The outlay included loan component for financing the SHG members for



purchase of milch animals and a small grant for provision of support services like veterinary aid, fodder cultivation, organising fertility camps etc. The implementation of this project had resulted in an increase in procurement of milk by 700 to 1100 litres per day for the BMCUs. The BMCUs which could collect only about one third of their installed capacity and were near to closure, had a complete turnaround and the utilisation levels reached close to full capacities. With increased capacity utilisation of BMCUs, the returns to MMS also increased as they could collect Rs 0.62 per litre as chilling charges from the Balaji and Vijaya Dairies to whom the BMCUs in turn supply the milk. Ease in access to credit, flexibility in purchase of animals, capacity building, marketing support and helping hand from DRDA have contributed to the successful implementation of the pilot project. The UPNRM initiative through MMS was a game changing initiative of NABARD, Andhra Pradesh Regional Office. The banks in Chittoor district came forward to replicate the same in the entire district with the support from DRDA and utilising the Dairy Entrepreneurship Development Scheme, a capital subsidy scheme. With the bankers coming forward, the second phase of Kamadhenu Project was launched during September 2011 and covered about 9,000 members of BMCUs managed by various MMS in the district. These SHG women were provided with two animal units by bankers with the help of DRDA, which helped in identification, documentation as well as ensuring implementation of the project. Department of Animal Husbandry helped in providing veterinary aid and insurance services. The project took off well and as at the end of April 2012 (8 months), more than 14,000 units were grounded by 11 banks through their 111 branches. In fact, 65 BMCUs were covered and credit flow for the first batch of animals was to the extent of Rs 42 crore with the Saptagiri Gramina Bank (43 per cent) and Indian Bank (30 per cent) taking a lion's share. With the provision of the second animal, the bank credit is expected to cross Rs 80 crore under the project. Dairy has now become the major economic activity pursued by the SHG members in the district. Further, the project also envisaged utilisation of the existing infrastructure and thereby improving the income levels of SHG women. The implementation of the project as well as its effect on milk production at field level has shown an increase in procurement by BMCUs.

Loan Repayments: One of the distinctive features of the SHG - Bank Linkage Programme has been very high on-time recovery. As on June 2005, the on-time recovery under SHG - Bank



Linkage Programme was 90% in commercial banks, 87% in RRBs and 86% in cooperative banks.

BANK LINKAGE:

Description	Amount (Rs. in Cr.)
Achievement for 2004-2012	Rs.2813.81 Cr.
2012-13 Target	Rs.566.86 Cr.
2012-13 Achievement	Rs.789.05 Cr.
2013-14 Target (Physical)	29528 Groups
2013-14 Target (Financial)	Rs.1091.11 Cr.
2013-14 Target (Achievement)	15925 Groups
2013-14 achievement upto 2 nd Dec. 2013	Rs.601.10 Cr.

BMCUs-DAIRY

At present 1.26 lakhs of liters of milk is being collected from 48 BMCUs and is transported to Balaji Dairy and APDDCF by the road tanker. After processing at Balaji Dairy milk is transported to Delhi by Rail Tanker and APDDCF Hyderabad. Through these 48 BMCUS in the District the Mandal Mahila Samakyas got the total profit of 34.53 lakhs till today.

Still 21 new BMCUS are going to establish in the Chittoor District and they are in different stages of establishment to increase the procurement of milk. After seeing the success of the BMCUs run by SHG women / Mandal Samakyas / other DPMUs in the State are following the Chittoor Model for establishing BMCUs through Women Groups. Each BMCU is working with a turnover of Rs.1.00 crore per year by collecting 90,000 to 1,00,000 liters per month.

Total No. of BMCUs functioning 2011-12	: 111
Under construction	: 1
Average milk collection per day	: 3,58,660 liters
	Season Maximum
Total No. of BMCUs functioning	: 113
Under construction	: --
Average milk collection per day	: 3,60,437 liters
	: Season Maximum
	3,78,000 liters per day
No. of milch animals grounded under Kamadhenu Programme 2011-12	: 14336
No. of milch animals grounded under Kamadhenu Programme	: 14,356
Expected milk collection for next year	: 5,00,000 liters
Pala Pragathi Kendralu (PPK) State Milk Mission	
Units to be established in 2012-13	: 239 Mini Dairies
Units established up to 2 nd December, 2013	: 245 Pala Pragathi Kendralu



IMPACT OF THE SHG-BANK LINKAGE PROGRAMME

1. Microfinance has reduced the incidence of poverty through increase in income, enabled the poor to build assets and thereby reduce their vulnerability.
2. It has enabled household that have access to it to spend more on education than non-client households. Families participating in the programme have reported better school attendance and lower drop out rates.
3. It has empowered women by enhancing their contribution to household income, increasing the value of their assets and generally by giving them better control over decisions that affect lives.
4. In certain areas it has reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health – especially among women and children.
5. It has contributed to a reduced dependency on informal money lenders and other non-institutional sources.
6. It has facilitated significant research into the provision of financial services for the poor and helped in building ‘capacity’ at the SHG level.
7. Finally it has offered space for different stakeholders to innovate, learn and replicate. As a result, some NGOs have added micro-insurance products to their portfolios, a couple of federations have experimented with undertaking livelihood activities and grain banks have been successfully built into the SHG model in the eastern region. SHGs in some areas have employed local accountants for keeping their books and IT applications are now being explored by almost all for better MIS, accounting and internal controls.

CONCLUSION

The study suggests that a lot needs to change to make women truly empowered. It is difficult to believe that a minimalist SHGs programme would have sustainable impact on the empowerment of women. SHGs, where a majority of groups are linked with the help and support in financial services and specialized training, have a greater ability to make a positive impact on women empowerment. Rural women play a significant role in the domestic and Socio-economic life of the society and therefore, holistic national development is not possible without developing this segment of the society. However,



women from the non-farm sector have better access to banks than the women working in the farm sector. Even, male members of women borrowers have greater influence on accessibility to credit utilization and its repayment. Micro-finance interventions through SHGs programmes are well-recognized world over as an effective tool for poverty alleviation and improving socioeconomic status of rural poor in India too, micro-finance is making headway in its effort for reducing poverty and empowering rural women. Micro-finance through the network of cooperatives, commercial banks, regional rural banks, NABARD and NGO's has been largely a supply driven recent approach.

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