

MICROFINANCE SYSTEM IN ANDHRAPRADESH

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I. INTRODUCTION

“Self-Help is Trust, Belief, and Conviction that the Community, matter how backward, has resources that can be mobilized for meeting individual’s local needs and that of the community for making local improvement and bringing about social change.”

The establishment of SHGs can be traced to the existence of one of more common problem areas around which the consciousness of the rural poor is built and the process of group formations initiated. The group thus is usually responsive to perceived needs. Such groups have been formed around specific production activities and often they have promoted savings among their members and used the pooled resources to meet the emergent needs of the members of the group which include consumption needs. Something the internal saving generated is supplemented by the external resources loaned/donated by NGOs prompting the SHGs. Since the SHGs have formally expected to have any “savings” and also to recycle effectively the pooled resources amongst the members, their activates have attracted attention as a supportive mechanism for meeting the credit needs of the poor (NABARD, 2004).

The evolution of the SHG movement in AP can be traced back to the year 1979, with the implementation of the Integrated Rural Development Programme (IRDP). As a sub component of the IRDP, the Government of India (GOI) started the Development of Women and Children in Rural Areas Programme (DWCRA) in 1982 - 83. Under this programme, women living in neighborhood, with similar socioeconomic background formed into SHGs of 25 members each. They collectively took up economic activities according to their skill and resources. The DWCRA groups were provided with a matching grant of Rs15, 000 to be used as a revolving fund in order to undertake economic activities. Besides this, the groups also received training and their products were exhibited in specially created DWCRA bazaars, thus providing them an

opportunity to access diverse markets. This programme picked up momentum and DWCRA groups all over the state were strengthened in the late 1980s and the early 90s.

The poverty alleviation programmes of the Government of Andhra Pradesh (GOAP) can be segregated into five categories namely income enhancement programmes and it includes self employment programmes like IRDP, DWACRA and TRYSUM, wage employment programmes like JRY and EAS, programmes focusing on providing food and nutritional security like PDS and ICDS, programmes providing basic minimum services like hosing, sanitation, health, education, income maintenance programmes like pension schemes, maternity benefit scheme and survival benefit scheme, and lastly schemes for natural resource management and lively hoods. Most of the poverty alleviation programmes are designed by the central government and implemented by the state on fund sharing basis. Andhra Pradesh also promotes some of its own like ‘Adarna’, ‘Girl Child Protection’, and ‘Deepam’, ‘Velugu’.

II. OBJECTIVES OF SHGS

- To provide a cost effective credit delivery system
- To provide a forum for collective learning
- To provide genuine democratic culture
- To broaden the pattern of asset provision

III. NEED FOR SELF-HELP GROUPS

Farmers require institutions which can help meet their requirements – farming or non-farming. To have such needs fulfilled, they approach the institutions and individuals which are closest to them. These generally are the cooperatives and the moneylenders. They can even approach their relatives and friends to borrow some money to purchase their requirements from the market, or even from the cooperative society.

Self-Help Groups are, however, such institutions where members with their own collective small savings try to help the group members as shown in fig. 1. A small group moves forward towards self-empowerment. The needy persons, the group members, are mostly poorest of the poor and have determination to strengthen themselves economically and socially. Usually these people individually have no access to formal banking system. Moneylenders exploit them in the hours of their needs. To overcome both these situations there is a felt-need to create Self-Help Groups. Members with their collective resource take up some income-generating activities which will bring additional income to their household.

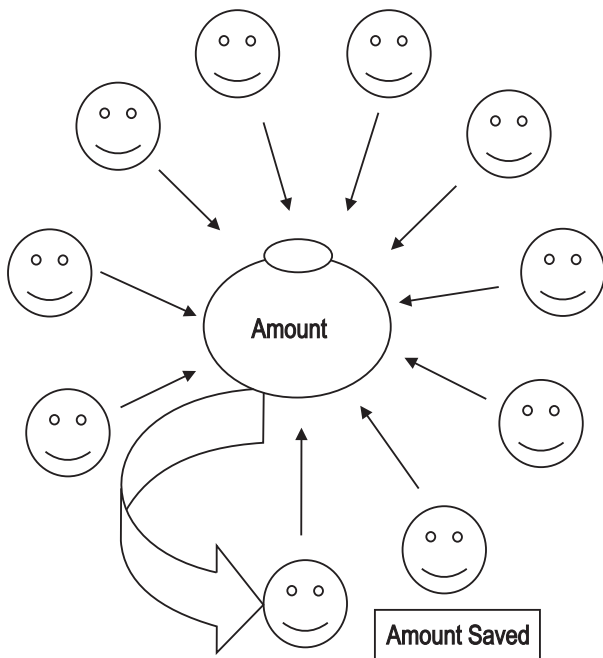


Fig.1. Self Help Groups

Source: A banking with the poor - A hand Book on Self Help Groups, NABARD

A. Formation of Self-help Groups

1. Membership of SHGs

A Self-Help Group has a small and manageable membership of not less than 10 persons and not more than 20 belonging to the same village. The members should preferably be from the lower-income group. Members have the freedom to join the group and leave it whenever they like after settling their accounts. No member is forced to join the group. Smooth and efficient functioning of SHGs depends on mutual trust,

cooperation and social pressures of members. There can be 'men only' and 'women only' groups. In some cases, depending upon the interest of individuals there can be 'mixed groups'. Entry of members, resignations and withdrawals are considered by the entire group.

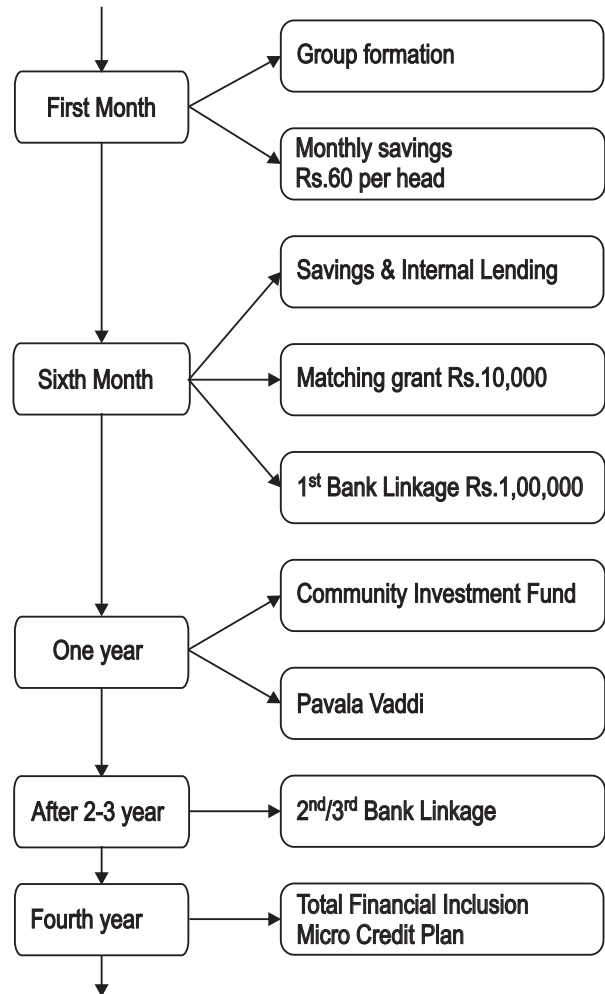


Fig. 2. SHGS formation and growth

There are three stages in SHG evolution:

- (i) Group formation
- (ii) Capital formation through revolving fund and skill development
- (iii) Income generating activities

Group Formation

Group formation is not a spontaneous process. External agencies, individuals working with communities can act as a facilitator in the formation of groups and its development as shown in fig.2. Self Help Promoting Institutions (SHPI) plays a vital role in the initial stages

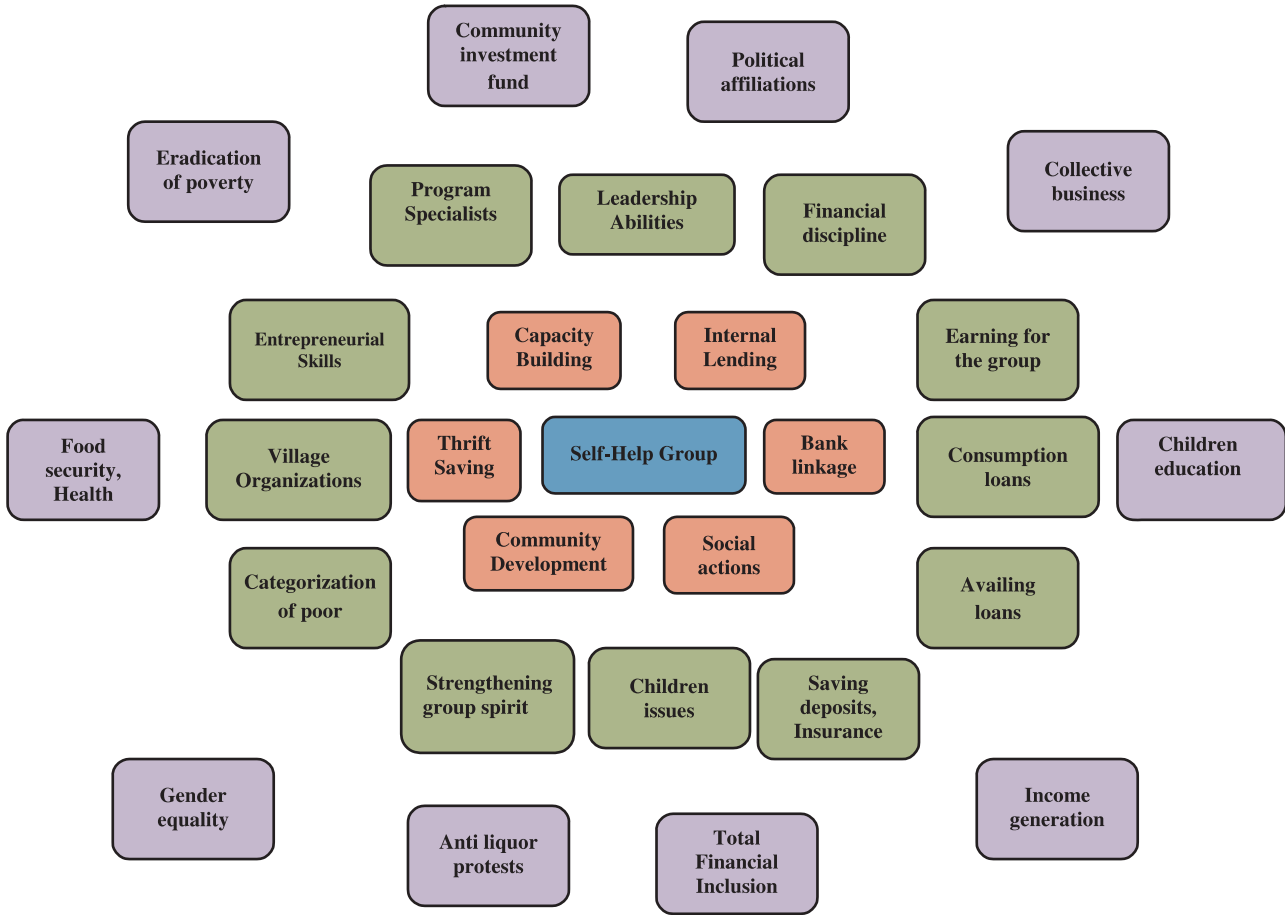


Fig. 3. SHG Scope Expansion

¹Vijay Pavan, Pragathi: Technology based system to support women Self-Help Groups of Andra Pradesh, India, 2010 National Forum on Mobile Applications for Inclusive Growth & Sustainable Development, Tuesday, April 20.

of group formation. The external facilitators are generally Non Governmental Organizations, social workers, village level workers, informal associations of local people, community based organizations, government departments, banks, farmer clubs etc.

They interact with the poor families especially women to identify the small homogenous groups. The members regularly meet on a fixed time and date to collect savings from members under the supervision of SHPIs. Thus, SHGs will inculcate the habit of thrift and credit among the members, who generally belong to the families of BPL.

Capital Formation through Revolving Fund and Skill Development:

SHGs are taught simple principles of accounting and facilitated to receive external funds in multiples of their savings. SHPIs, bankers or donors are the sources of funding for SHGs. The corpus consists of own savings and other external funds (revolving funds, grants, loans). Small loans from corpus fund are given to needy members. The loans are given to members on a participatory method during the regular meeting etc. The loans have a definite repayment schedule, which is usually of short duration. The funds thus are rotated among themselves. The groups shall have a bank account to deposit the savings, revolving fund etc.

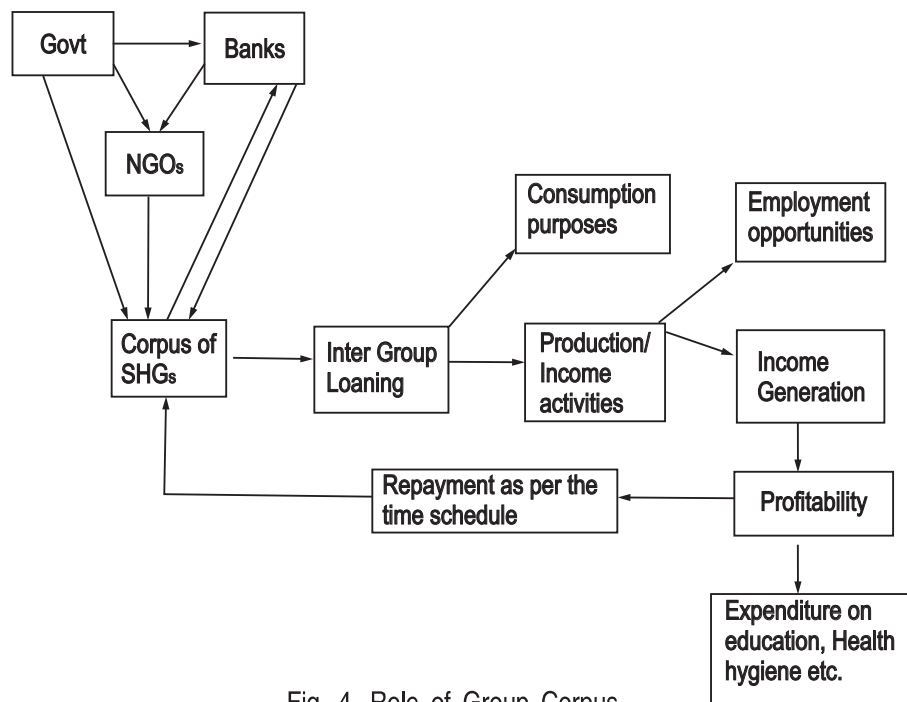


Fig. 4. Role of Group Corpus

The group shall maintain certain basic records as well. The scope of the SHF is shown in fig. 3.

- **Income Generating Activities (IGA):** SHG members take up different income generating activities. SHPIs play an important role in taking up the suitable IGAs by the members based on the skills.

B. SHG-BANK Linkage Programme in Andhra Pradesh

Self Help Movement through: Savings has been taken up as a mass movement by women. There are about 8.50 lakh women SHGs in Andhra Pradesh covering nearly 111.81 lakh rural poor women. The SHGs are not only resorting but are also taking small loans out of the corpus available with the group. An amount of Rs. 4025.55 crores is mobilized as corpus among these groups and the savings of these SHGs have an accumulated Savings Rs. 1962.50 as on February 2009. The state government has taken several initiatives to extend financial support to these groups which are mentioned here under.

1. Self sustaining movement

The members of SHGs are poor with low or nil saving capacity, and who depend on moneylenders or

private sources to meet their expenditure and other obligations. During the group meetings, the thrift amount is pooled and given as loans to members for utilization, production or investment purposes based on the priorities determined by the group. The group members keeping in view the interests and prosperity of the member take a collective decision regarding all matters. These groups play the role of a mid-wife or money lender. Since it is members' thrift that is given out as loans to one or two members at each meeting depending upon the priorities as set by the group, members exercise close supervision on utilization of loans. Peer pressure is exerted on members to continue savings to enable every member to have an opportunity to avail loans.

2. Thrift and credit working together

Thrift and credit activities have thus emerged as solitary binding force to mobilize rural poor in group mode. The rural poor may not be able to form groups by themselves to command a sufficient strength to approach and negotiate with external agencies like banks for funds. With a view to make thrift and credit activities meaningful for economic empowerment, the groups are gradually encouraged to deploy their funds investment or income generating activities. While doing

Table 1
CHECK LIST FOR THE BANK TO ASSESS THE PERFORMANCE OF AN SHG

Sr. No	Factors to be checked	Very Good	Good	Unsatisfactory
1	Group size	15 to 20	10 to 15	Less than 10
2	Type of members	Only very poor members	2 or 3 not very poor members	Many not poor members
3	Number of meetings	Four meetings in a month	Two meetings in a month	Less than two meetings in a month
4	Timing of meetings	Night or after 6 p.m	Morning between 7 and 9 a.m.	Other timings
5	Attendance of members	More than 90%	70 to 90%	less than 70%
6	Participation of members	Very high level of Participation	Medium level of Participation	Low level of Participation
7	Savings collected within the group	Four times a month	Three times a month	Less than Three times a month
8	Amount to be saved	Fixed amount	Varying amounts	–
9	Interest on internal loan	Depending upon the purpose	24 to 36 %	More than 36%
10	Utilization of Savings amount by SHG	Fully used for loaning to members	Partly used for loaning	Poor utilization
11	Loan recoveries	More than 90%	70 to 90	Less than 70%
12	Maintenance of books	All books are regularly maintained and updated	Most important registers (minutes, savings, loans etc)	Irregular in maintaining and updating books
13	Accumulated savings	More than Rs. 5000/-	Rs. 3000-5000/-	Less than Rs. 3000/-
14	Knowledge of the rules of the SHGs	Known to all	–	Not known to all
15	Education level	More than 20% of members can read and write	–	Less than 20% of members can read and write
16	Knowledge of Government programs	All are aware of government programs	Most of the members know about government programs	No one knows

so, conscious efforts are made by Self Help Promoting Institutions (SHPIs) / Mutually Aided Cooperative and Thrift Societies (MACTS) to build appropriate capacities for managing micro enterprises. Capacity building efforts include training in functional areas of management, skill development, technology up-gradation, market support etc. SHGs meet the immediate needs of the women. However, the loan amounts are so small that the urge of women to take up income generation activities is not met. Similarly larger issues like buying raw products in bulk, production in large quantity, packing, marketing etc., cannot be undertaken by SHGs due to limitation of membership and corpus. The government decided to provide financial assistance by mobilizing loans from banks etc., to overcome the problem.

3. Exploring further:

The development agenda of the State of Andhra Pradesh in the last few years is provision and delivery of credit and financial services to the poor to take them out of poverty by taking up meaningful & productive activities. The government has taken up appropriate steps on mobilization of loans to the women SHGs which enabled credit utilization of Rs.1869.00 crore by the women SHGs, under SHG – Bank linkage program so far in addition to credit mobilized under state revolving fund (SMG) and group loaning under SGSY.

NABARD introduced a pilot project in 1992 for linking banks with SHGs to encourage thrift and savings amongst the rural poor and to supplement their credit needs through the banking system and constituted working group in the matter. Based on the recommendations of the working group, the RBI decided to extend SHG linkage program beyond the pilot phase and advised the banks to make it a part of their mainstream banking function.

Some of the Salient features of SHG bank linkage program are:

1. The group should have been in active existence for minimum six months.
2. The group should have successfully undertaken savings and credit operation from its own resources.
3. Evidence of democratic setup in the group where members have a say in all matters.

4. The group should be maintaining proper accounts / records.
5. The banker should be convinced that the group has not come into existence only for the sake of participation in the project and availing benefits. There should be a genuine need to help each other and work together among the members.
6. The SHG members should preferably have homogeneous back ground and interest.
7. Any interested NGO or the Self Help Promoting Institutions (SHPI) Concerned should help the SHG by way of training and other support for skill up gradation and proper functioning
8. To generate livelihood for poor women.

Linking banks with SHGs: was initiated in Andhra Pradesh in 1992-93 with the linkage of 8 SHGs with SBI, Vysya bank and Sri Anantha Grameena Bank. Due to constant efforts by the government, the program has gathered momentum only since 1997. All nationalized banks, RRBs and district Co-operative banks were involved in the program. In Andhra Pradesh, 7 models of delivering credit to rural poor through

SHG system exist which are:

1. Financing SHGs directly by banks without any intervention / facilitation of Any SHPI.
2. Financing SHGs directly by banks with intervention / facilitation of Non Governmental Organizations.
3. Financing SHGs directly by banks with intervention / facilitation of Governmental Agencies.
4. Financing SHGs directly by banks with intervention / facilitation of bank Staff.
5. Financing SHGs with financial intervention of nongovernmental organizations.
6. Financing SHGs with financial intermediation of NGOs/ SHG cluster associations.
7. Financing SHGs with financial intermediation of NGOs/Mutually Aided Cooperative Societies.
8. To generate livelihood for poor women.

4. Loan Amount

Under the program banks / financial institutions are giving minimum loan amount equal to 2 times the savings of the group to the maximum of 6 times to the savings depending on the assessment of the SHG by the bank / financial institutions. Greater the degree of confidence of bank on the SHG, greater could be the proportion of loan. The activities or purposes and size of loans which the group proposes to lend should be left to the common wisdom of the group.

5. Interest Rates

The rate of interest will be decided by the banks / financial institutions which finance SHGs under SHG – Bank Linkage program within the scope of RBI Directives. The Nationalized banks, Regional Rural Banks & Cooperative Banks are coming forward to issue loans to SHGs with lower rate of interest under the program as follows:

1. Andhra Bank - 8% (Irrespective of loan amount)
2. State Bank of Hyderabad - 8%
3. State Bank of India 8.75% up to Rs 2.00 lakhs and 9.5% above - 2.00 lakhs
4. Syndicate Bank - 10.5%
5. Indian Bank - 10%
6. Andhra Pragathi Grameena Bank - 10%
7. Deccan Grameena Bank - 10%
8. Chaitanya Godavari Grameena Bank - 10%
9. Andhra Pradesh Grameena Vikasa Bank - 10%
10. Saptagiri Grameena Bank - 10%

6. Repayment period

The repayment period for the loans extended by SHG will be determined by the group. However, the banks could give a longer repayment period for the loans extended by them to SHGs for allowing rolling over of funds by the groups leading to greater internal capitalization of their fund base. In other words, the SHGs should be able to carry out activities without having any depletion of their resources built up with own funds.

The government (vide G.O.Ms.No:398, Dated:03-07-2002 Revenue Department) waived the Stamp Duty on all the loan documents executed by SHGs for accessing loans from the banks and other financial institutions under SHG Bank Linkage Program

in the State. Sales tax is exempted in case the SHGs conducting the sales of SHG products.

In addition, the women SHGs are encouraged to come together as Cooperative Societies at the village level and Mandal level by federating them under Mutually Aided Cooperative Societies Act 1995. 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%. Table 1 shows the checklist for the bank.

C. Progress in bulk lending programme in Andhra Pradesh

Besides promoting linkage of SHGs with banks, NABARD has also extended bulk lending assistance to six voluntary agencies in Andhra Pradesh for on-lending to SHGs and individuals, in areas where SHGs could not be formed or even where formed, banks are reluctant to finance them. Needless to add the bulk lending is extended only in exceptional cases. Here again, four different routes for financing rural poor have evolved over the year:

1. Bulk lending by NABARD to NGOs for on-leading to SHGs.
2. Bulk lending by NABARD to NGOs for on-lending to SHGs through a Women's Cooperative Society.
3. Bulk lending by NABARD to NGOs for on-lending to SHGs through mutually Aided Cooperative Society.
4. Bulk lending by NABARD to NGOs for replication of Bangladesh Grameena Bank Experiment.

D. Progress of SHG-bank linkage in Andhra Pradesh

The salient features of SHG-Bank linkage programmes have been elucidated in NABARD's circular letter no. NB. DPD. FS>4631/92-A/91-92 dated February 26, 1992. The circular is quite comprehensive

in so far as it covers almost every aspect of SHG financing like location of project, assessment of group – its size, composition on, methods of operation, etc; credit assessment and delivery; credit monitoring and supervision; do's and don'ts etc. The beginning for linking banks with the linkage of 8 self Help Groups promoted by MYRADA with Vysya Bank, State Bank of India and Sri Ananta Grameena Bank. Later, the charitable Organisation (YCO), Elamanchali with Canara Bank and Bank of Baroda. Over the years, an amount of Rs 5.57 crores has been disturbed by 12 Commercial Banks and 12 RRBs to nearly 2145 Self Help Groups in Partnership with 23 NGOs in Andhra Pradesh.

Table 2. SHGS Bank Linkage 2011-12 Progress as on 31.03.2012 in Andhra Pradesh

S. No.	Districts	Total Linkages (Rs. In crores)	
		Targets	Achievements (Rs. In crores)
1.	Srikakulam	343.36	331.04
2.	Vizianagram	263.57	284.39
3.	Visakhapatnam	605.57	295.39
4.	East Godavari	422.48	566.29
5.	West Godavari	316.12	450.62
6.	Krishna	428.71	481.52
7.	Guntur	408.92	383.77
8.	Prakasam	231.04	402.60
9.	Nellore	544.91	271.49
10.	Chittoor	247.38	626.54
11.	Cuddapah	360.16	313.51
12.	Ananthpur	360.16	485.05
13.	Kurnool	474.39	313.41
14.	Mahaboobnagar	527.83	256.91
15.	Raga reddy	213.27	283.60

S. No.	Districts	Total Linkages (Rs. In crores)	
		Targets	Achievements (Rs. In crores)
16.	Medak	269.15	340.34
17.	Nizamabad	176.16	246.55
18.	Adilabad	275.66	197.61
19.	Karimnagar	263.16	349.57
20.	Warangal	392.68	317.54
21.	Khamam	422.79	340.64
22.	Nalgonda	269.15	336.46
	Total	7697.89	7874.84

Source:

<http://www.apfinance.gov.in/html/loans-if-new-12-06-12.pdf>

IV. ANALYSIS

District wise analysis: The overall performance in the implementation of SHGs bank linkage considered is satisfactory.

A. Action Plan Suggested

1. The chief executive officer, Society for Elimination Rural poverty (SERP) is requested to initiate necessary steps to ensure coverage of groups under POP separate data is not available on this breakup.
2. They should also analyze the overdue position district - wise to arrest the trend of increasing default. The position should be reconciled with bank as they report a high percentage of default. Benefits of 'Zone Vaddi' loan introduced from Jan-2012 may be explained to the Groups/members.
3. District Collectors are requested to review the progress constantly, to achieve the 100% target, and also assist banks in recoveries. This is necessary since the role of MFIs has been minimized in the state and banks are actively participating in SHG.

4. The Convener, SLBC, A.P is requested to issue necessary instruction to the Lead District Managers to expedite achieving the targets for the year 2012-13.

Table 3. Year wise progress SHG Bank Linkages from 2004-05 to March 2011-12

Year	Coverage of Groups	Amount of Loan (Rs. Crores)	No. of Branches	Per Group Finance (Rs.)	Per Group Finance (Rs.)
2004-05	261254	1017.7	3,853	38,954	68
2005-06	288711	2001.4	3,853	69,322	75
2006-07	366489	3063.87	3950	83,601	93
2007-08	431515	5882.79	4000	136329	108
2008-09	4,83,601	6684.07	4150	1,37,498	118
2009-10	4,13,625	6501.35	4274	1,57,180	97
2010-11	3,89,444	7092.71	4286	1,82,123	91
2011-12	3,52,485	8084.16	4324	2,29,347	82

Source (Indira Kranthi Patham, Society for Elimination of Rural Poverty, Progress Report for the Month of July 2012)

Table 3 presents the year wise progress SHG Bank Linkages from 2004-05 to March 2011-12. During this financial year up to July 2012, Rs 1860.36 crores of bank loans are given to 73,650 SHGs under Bank linkages programme. Under Pavala Vaddi Incentive Rs.895.37 Crores is given to 19,83,319 SHG groups during 2011-12, thus totaling to Rs.1967.42 Crores since inception of the scheme. To access the credit facility from project side an amount of Rs.1088.07 crores is given to 29,98,906 beneficiaries as Community Investment Fund. Under Sthree Nidhi, up to end of July 2012, Rs. 167.84 Crores were disbursed to 1,28,505 members of 37,388 SHGs in 9,718 VOs in 870 mandals. 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) with effective from 1.1.2012. All SHGs who have taken bank loans are eligible for Vaddi leni Runalu.

Table 4. Growth of SHGs Bank Linkage Programme during 2001 to 2011 in Visakhapatnam 'District

Years	No. of SHGs	Amount sanctioned to the SHGs members (Rs. in lakhs)	Growth over Previous year (%)
2001-2002	5201	1168.06	11.94
2002-2003	7121	2315.26	98.21
2003-2004	13357	1768.29	- 23.62
2004-2005	11860	6573.84	271.76
2005-2006	12710	10975.73	66.96
2006-2007	2340	1905.48	- 82.63
2007-2008	9260	13131.10	589.12
2008-2009	17385	29168.50	122.13
2009-2010	15476	26364.57	- 9.61
2010-2011	5688	9443.50	- 64.18
Total	1,00,398	1,02,814.32	

Source: Visakhapatnam DRDA

The table 4 shows the growth of SHGs Bank Linkage Programme from 2001-2011 in Visakhapatnam 'District. In the year 2008-2009 the amount sanctioned as bank loans to 17385 SHGs members was 29168.50 lakhs of the total amount given as bank loans for the period. The bank loans sanctioned to the various SHGs operating in the district was at its lowest in the year 2001-02 where Rs. 1168.06 lakhs were sanctioned to 5201 SHG members.

Growth rate of loan amount sanctioned for the period from 2001-2002 to 2010-11 varied from - 82.63 to 589.12. The growth rate for the total amount sanctioned was at its highest in the year 2007-08 with 589.12, followed by 271.76 per cent in the year 2004-05. The lowest growth rate was in the year 2006-2007 with - 82.63 per cent.

Table 5 Growth of SHGs Bank Linkage Programme from 2001 to 2011, in Paravada Mandal

Years	No. of SHGs	Amount sanctioned to the SHGs members (Rs. in lakhs)	Growth over Previous year (%)
2001-2002	148	25.70	39.14
2002-2003	274	92.58	260.23
2003-2004	402	66.97	- 27.66
2004-2005	475	286.86	328.34
2005-2006	479	498.81	73.88
2006-2007	49	36.50	- 92.68
2007-2008	282	403.50	1005.47
2008-2009	395	905.57	124.42
2009-2010	398	762.84	- 15.76
2010-2011	135	329.45	- 56.81
Total	3037	3408.78	

Source: Visakhapatnam DRDA

Table 5 presents growth of SHGs Bank Linkage Programme 2001-2011, in Paravada Mandal. In the year 2008-2009 the amount sanctioned as bank loans to 395 SHGs was 905.57 lakhs of the total amount given as bank loans for the period. The bank loans sanctioned to the various SHGs operating in the Mandal was at its lowest in the year 2001-02 where Rs. 25.70 lakhs were sanctioned to 148 SHG members

Growth rate of loan amount sanctioned for the period 2001-2002 to 2010-11 varied from - 15.76 to 1005.47. The growth rate for the total amount sanctioned was at its highest in the year 2007-08 with 1005.47, followed by 328.34 per cent in the year 2004-05. The lowest growth rate was in the year 2006-2010 with - 15.76 per cent.

B. Pavala Vaddi Scheme (Interest Subsidy)

The Government of Andhra Pradesh introduced Pavalavaddi Scheme (Interest Subsidy) during the year 2004-05 with an objective to provide interest subsidy on the Bank loans taken by the Self Help Groups in Andhra Pradesh to reduce the financial burden on them. The Scheme is applicable to all loans extended

by banks on or after 01.07.2004, under SHG Bank Linkage Programme.

Need of the Scheme:

1. Self Help movement of women with thrift as entry point has grown as a mass movement in Andhra Pradesh. There are about 6.99 lakh women Self Help Groups covering nearly 89 lakh rural poor women in AP. The Government adopted micro credit as a tool to attain the economic empowerment of women and facilitated SHG bank linkage programme in a big way since 1998-99 onwards in the State. The SHG women have taken up various income generating activities by availing themselves of the facility under the SHG - Bank Linkage programme and created a path for their economic empowerment. The Nationalized banks, Regional Rural Banks & Co-operative Banks are coming forward to issue loan to Self Help Groups.
2. The Banks are giving loans under SHG Bank Linkage programme with different rates of interest ranging from 8% to 12%. The groups are facing difficulty in paying such rates of interest.
3. To reduce the financial burden on the Self Help Groups. The Government of Andhra Pradesh introduced the "Pavala Vaddi" scheme (Interest Subsidy) during the year 2004-05 with an objective to provide interest subsidy on the loans taken by Self Help Groups under this scheme.

Process

1. The DRDA will obtain the details of SHG repayment for the purpose of interest subsidy twice a year through the Mandal Samakhya.
2. DRDA will calculate the Pavala Vaddi to be given to each SHG basing on the bank statement. The DRDA will give the Pavala Vaddi Cheques to the Mandal Samakhya along with the statement of particulars accruing to each SHG.
3. The Mandal Samakhya in turn will distribute the cheques to the SHGs through the Village Organisations in the Presence of non officials.

Table 6 Growth of pavala vaddi in Visakhapatnam District during 2004-2005 to 2009-2010

Years	No. of SHGs
2004-2005	7380
2005-2006	11344
2006-2007	18277
2007-2008	18679
2008-2009	29720
2009-2010	20194
Total	105594

Source: Visakhapatnam DRDA

Table 6 shows growth of pavala vaddi in Visakhapatnam District from 2004-2005 to 2009-2010. In the year 2005-2006 the amount sanctioned to 29720 SHGs was 1145.10 lakhs of the total amount given as pavala vaddi for the period. The pavala vaddi loans sanctioned to the various SHGs operating in the district was at its lowest in the year 2004-05 where Rs. 69.13 lakhs were sanctioned to 7380 SHG members.

Growth rate of loan amount sanctioned for the period 2004-2005 to 2009-2010 varied from – 2.12 to 243.82. The growth rate for the total amount sanctioned was at its highest in the year 2008-09 with 243.82, followed by 199.47 per cent in the year 2005-06. The lowest growth rate was in the year 2009-10 with – 2.12 per cent.

Table 7 Growth of pavala vaddi in Paravada Mandal during 2004- 2005 to 2009-2010

Years	No. of SHGs	Amount sanctioned to the SHGs members (Rs. in lakhs)	Growth over Previous year (%)
2004-2005	329	3.09	–
2005-2006	603	10.77	248.54
2006-2007	652	6.29	– 41.59
2007-2008	652	22.19	252.78
2008-2009	714	53.68	141.91
2009-2010	568	56.03	4.37
Total	3518	152.05	

Source: Visakhapatnam DRDA

Table 7 shows growth of pavala vaddi in Paravada Mandal 2004-2005 to 2009-2010. In the year 2009-2010 the amount sanctioned to 568 SHGs was 56.03 lakhs of the total given as pavala vaddi for the period. The bank loans sanctioned to the various SHGs operating in the mandal was at its lowest in the year 2004-05 where Rs. 3.09 lakhs were sanctioned to 329 SHG members.

Growth rate of loan amount sanctioned for the period 2004-2005 to 2009-2010 varied from – 41.59 to 252.78. The growth rate for the total amount sanctioned was at its highest in the year 2007-08 with 252.78, followed by 248.54 per cent in the year 2005-06. The lowest growth rate was in the year 2006-07 with – 41.59 per cent.

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