

A STUDY ON COMMUNITY INVESTMENT FUND IN ANDHRA PRADERSH



APMAS

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OBJECTIVES OF THE STUDY

- To understand the socio-economic profile of the CIF beneficiaries
- To know the CIF loan process, utilization, repayment and the issues
- To understand the impact of CIF on household, SHGs & their federations



SAMPLING DESIGN

SAMPLING UNITS

- Districts : 11
- Clusters : 19
- Mandals : 19
- Villages : 47
- SHGs : 96
- Members : 230

SAMPLING CRITERIA

- Stratified, purposive, random sampling
- Clusters where APMAS is working
- Type of CIF
- Location of mandal & vill.
- Social category
- Type of IGA
- Recycling of CIF

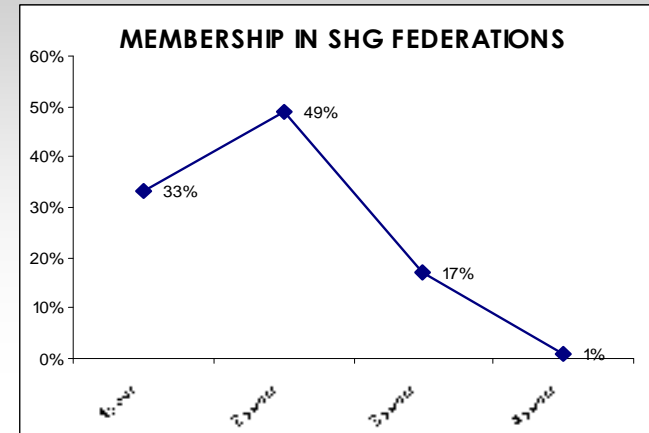
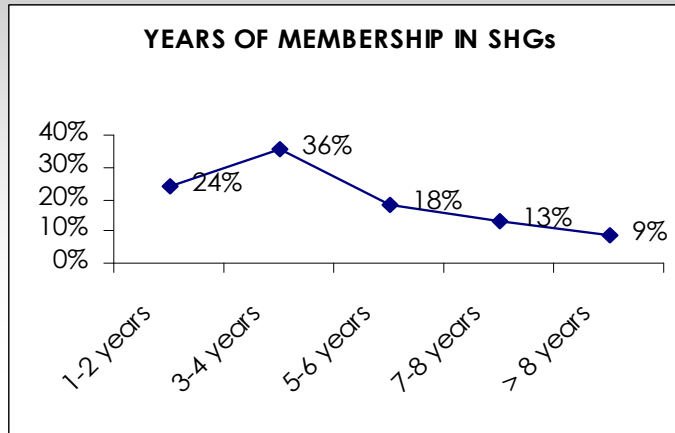


PROFILE OF CIF BORROWERS

- More BCs-39% followed by SCs-34%
- SCs-under represented as per CIF guidelines
- > 80% are poor and very poor categories
- 25% are women headed households
- 25%-literate; nearly 50%-neo-literate
- More depended on agriculture-41% and agriculture labour-34%
- Two-third are land-owners; one-third-landless



MEMBERSHIP



Name of the Organization	President	Member	Total
Village Organization	8.0%	27.0%	32.6%
Mandal Samakya	0.4%	8.0%	8.3%
Zilla Samakya	-	0.9%	0.9%
SEC/Mothers' Committee	1.3%	2.6%	3.9%
Vana Samrakshana Samiti	-	0.9%	0.9%
Panchayat Raj Institutions	-	1.3%	1.3%
Other	3.5%	2.6%	6.1%



COVERAGE

SHG
946 SHGs in 47 Village are existing
86% of the SHGs joined in VOs
12% are defunct SHGs in the village

CIF
45 VOs lent CIF to 505 SHGs -3285 members
96 SHGs lent CIF to 60% of their members
7 members on an avg. in each SHG
> 80% are SCs and BCs
< 10% each- OCs, Min. and STs



AWARENESS ON CIF

- One-third don't know about CIF
- Nearly 90% don't know about MCP
- However, over 50% know about recycling
- STs have less awareness compared to others
- More awareness in Phase-1 (72%)

Awareness-Fig in %	ST	SC	BC	Min	OC	Total
Aware of CIF loan	38	60	77	73	63	65
Repayable loan	67	95	99	93	96	93
About MCP	4	9	16	13	8	11
About recycling	21	43	63	80	58	53
CIF norms	17	43	62	73	46	50



SELECTION CRITERIA

Purpose

Nature of activity-IGA- 50%
Community work-1%
Life-cycle ceremonies-4%

Repaying capacity

Repayment capacity-45%
Credibility in repaying loans- 32%

Preference

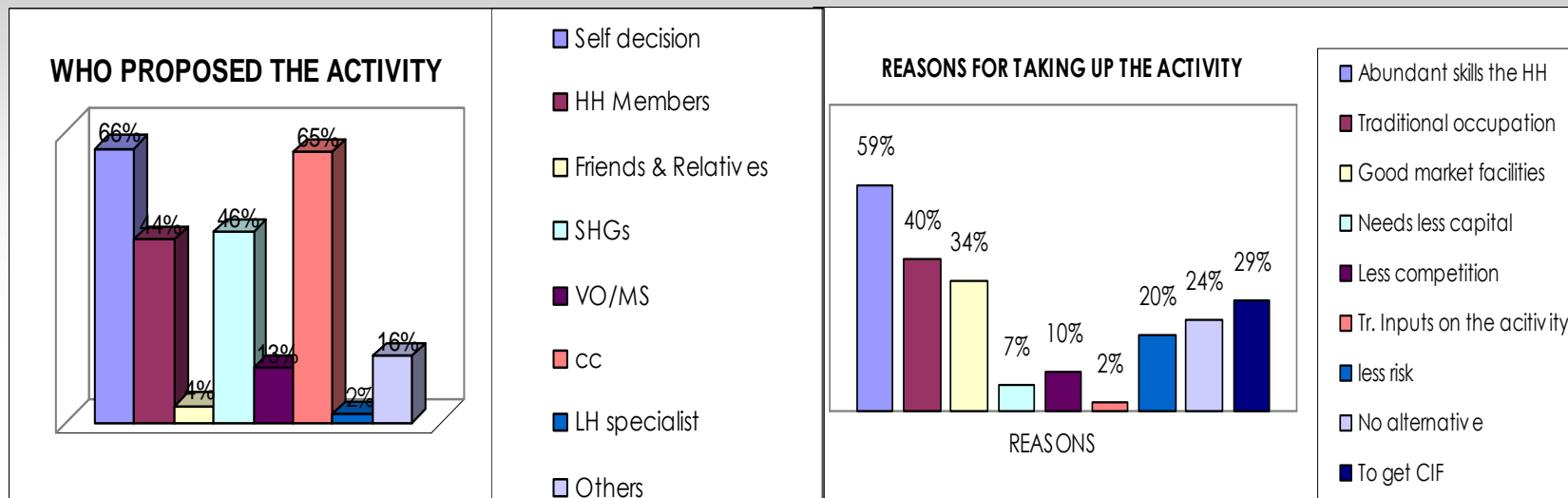
Preference to poor-52%
Preference to vulnerable-9%
Influenced HH in the village-12%
Political leaders-1%
SPIA forced loaning-9%

credit to all

Equal distribution-34%



WHO PROPOSED THE ACTIVITY?



- In majority of the cases, activity was proposed by the loan recipients and CC in consultation with each other
- Skills played a role in majority of the cases-60%
- One-quarter have no choice or other alternative
- About 30% - proposed the activity to get CIF



LOAN PROCEDURES: Beneficiary Contribution

- Various components of CIF
 - Project component- 53%;
 - Project + beneficiary contribution-41%;
 - Project+ Bank + Beneficiary contribution-6%
- 44% of the CIF recipients paid beneficiary contribution to get the CIF loan amount
- Social Categories and the no. of payers and amount of beneficiary contribution are positively correlated
- Because of exclusion of SC and ST from paying beneficiary contribution



REPAYMENT OF BENEFICIARY CONTRIBUTION

- Fund mobilization- savings, earnings of that year, SHG savings, Relatives & friends, rich farmers, money lenders, SHG-Bank Linkage
- Over 50% of the amount paid as beneficiary contribution is from rich farmers and ML
- Majority of the borrowers repaid major portion of the loan borrowed from friends & relatives
- Major portion of the loan borrowed from rich farmers and ML not repaid
- As a result high interest burden & debts



LOAN PROCEDURES

- 20% of the members borrowed loan in kind
- 2 years- repayment period in 50% of loans, Up to 1 year in case of one-third loans
- No. of instalments depends on repayment period and the nature of activity proposed
- 80%- monthly repayment of 'P' and 'I'
- Re. 1 per hundred per month in > 90% of loans; No differential rates of interest to avoid conflicts
- 1-3 months of time taken to get two-third loans; More time to STs and SCs

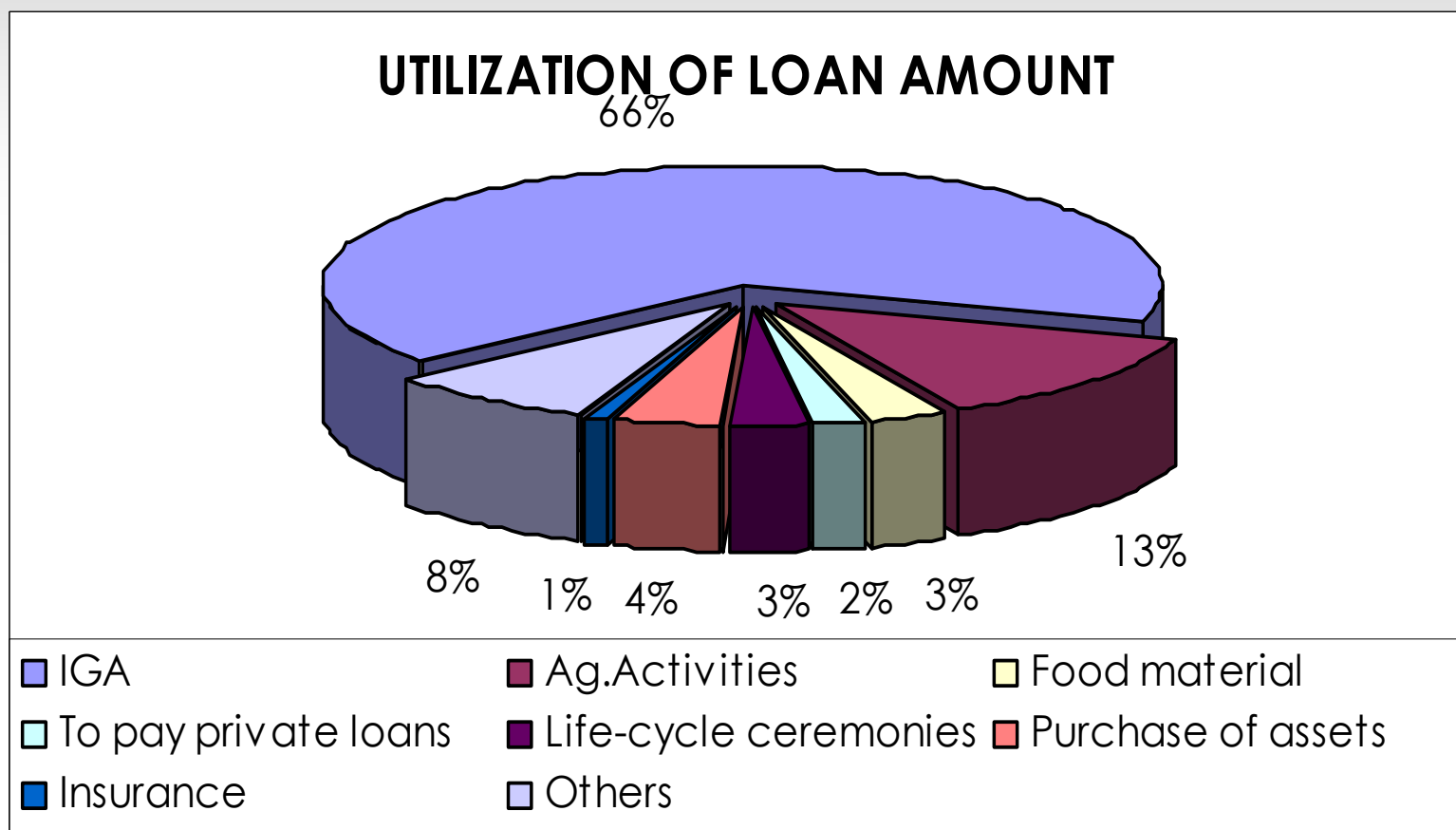


VOLUME OF LOAN

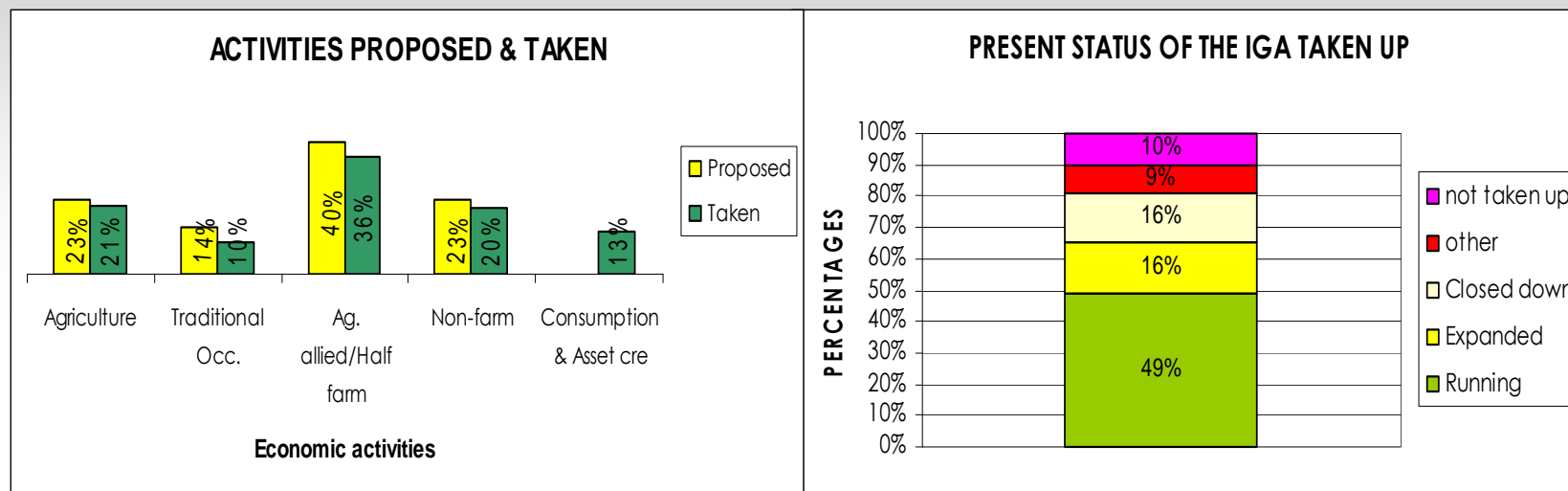
- Rs. 8,300 is the average loan size
- Large loan to STs-Rs.11,400 and small loans to BCs-Rs. 7,000
- Volume of loan is large in 1st phase than in later phases
- Volume loan is high in Mahaboobnagar-Rs. 11,400 and Anantapur-Rs. 10,900
- Loan size depends on nature of IGA, availability of funds, type of lending etc.



DISBURSEMNT OF LOAN



IGA PROPOSED & TAKEN UP



- 4% - agri allied, 4% -traditional occupation, 3%- non-farm activities 1%- agriculture used for some other purpose
- 11% of the members used for exclusively consumption and asset creation not accepted for CIF loaning
- Two-third are running and expanded; where as one-third closed down, not taken up the activity



REASONS FOR SUCCESS

Factors	Reasons
Skills	Full-time on the activity; HH members support; good skills, traditional occupations; existing unit expanded
Marketing facilities	Good demand & price for the product; and no competition
Resources & Material	Purchase of quality unit; good land; favourable conditions
Other aspects	Timely loan; and SHG members support;



REASONS FOR FAILURE

Factors	Reasons
Skills	No/less skills; no training inputs
Marketing facilities	Poor marketing facilities Low or no Minimum Supporting Price
Resources & Material	Low investment due to small loans; poor quality of supplied units; not a fertile land; more unit cost; more/less rainfall; seasonal activity; unsuitable
Other aspects	Forced loans; loss of crop; no monitoring; unawareness about the unit; involvement of high risk



LOAN REPAYMENT SOURCES

- Repaid from multiple sources
- Sources at household level-85%

Many from Income from IG Activity; Daily wage of the women or loan borrower; Earnings of other household members

- Sources from outside the household-15%

Loan from the SHGs; Loan borrowed under SHG Bank linkage; Friends and relatives Loans from the money lenders

- Mortgage and dispose of household assets-1%
- Former creates pressure on HH to reduce the expenses; later led to interest burden, multiple loans - pushed into debt trap and asset loss



REPAYMENT & OVERDUE

CIF at member level

- 17% have totally repaid
- 83% of the borrowers have loan outstanding
- 68% of the borrowers have over dues
- 76% Loan-PAR at member level

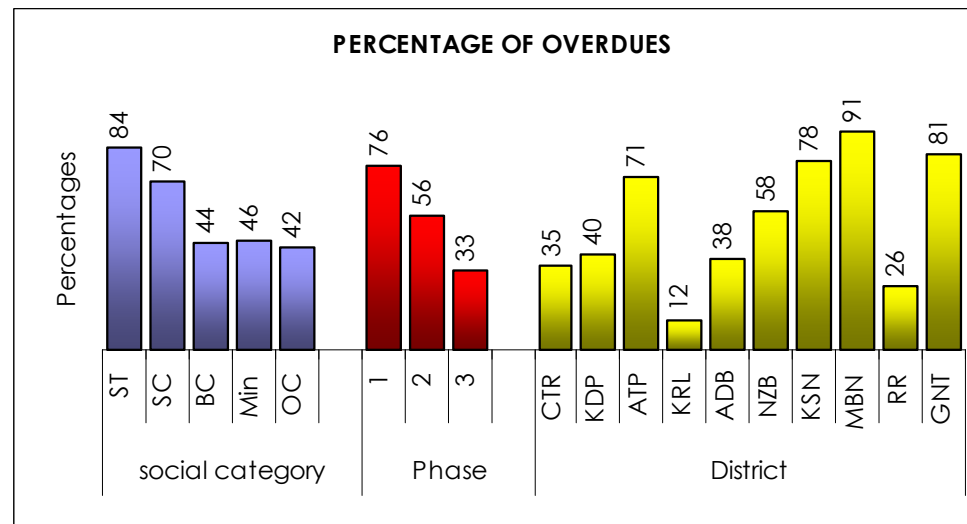
SHG-Bank Linkage

- 99 out of 230 borrowed loan under SHG-BL
- 9% have totally repaid
- 56% of the borrowers have over dues
- 56% loan PAR at member level



REPAYMENT & OVERDUES

- One quarter have totally repaid their loans
- 4% were made prepayments
- 22% of the borrowers have no dues
- 74% have over dues (OD)
- 60% of the loan amount reported as OD



OVERDUES

OD at SHG level

- There is no difference in OD at member and SHG levels in all the phases of the project
- Difference is found in 3 districts- Kadapa-40%-49%, Kurnool-12%-8% and Adilabad-38%-35%

OD at VO level

- Less percentage of OD (53%) compared to member and SHG level
- Low percentage of OD in Phase-3; almost half compared to phase 2 & 3
- OD scenario at VO level in the districts reflecting member and SHG level situation



REASONS FOR DEFAULTING

Loan utilization	Non-productive activities-8%; Other loans paid-6%; illhealth-6%
Returns	Less income from IGA-26%; failure of crops-12%
Credit availability	All credit sources exhausted- 10%; waiting for bank-linkage-1%
SHG decision	Decided to pay at the end-3%;
Awareness	Lack of clarity on repayment norms-26%; grant from govt-2%
Willful default	Other members not repaid-18%; no repeat loan-2%
Migration	Migrated to other places-3%;



RECOVERY MECHANISMS

Internal mechanisms

Linked to earnings-3%
Individual payments promoted-3%
SHG cumulative savings paid-3%
High interest loans from SHGs-1%
Rescheduling-27%
Penalties-7%

External mechanisms

Pressure on HH members-4%
Pressure from SHG members-8%
Pressure from SPIA Field Staff-27%
Recovery Committee Visits-15%



ISSUES

- Volume** : Small volume of loan-36%
Large volume of loan-13%
- Term** : Less period & instalments-28%
More period & instalments-24%
- Nature** : Loan provided in cash-19%
Loan provided in kind-10%
- Interest rate** : More interest on CIF loan compared to other loans-9%



ISSUES...

Extent of Inputs

No info. on repayment norms-25%
No information on recycling-7%
No tech. support on IGA-17%
No info. about insurance-2%

Decision making

Minimal or no role-22%
Men involvement-3%
Loans only to influenced persons-5%
Forced loans/ not requested-9%

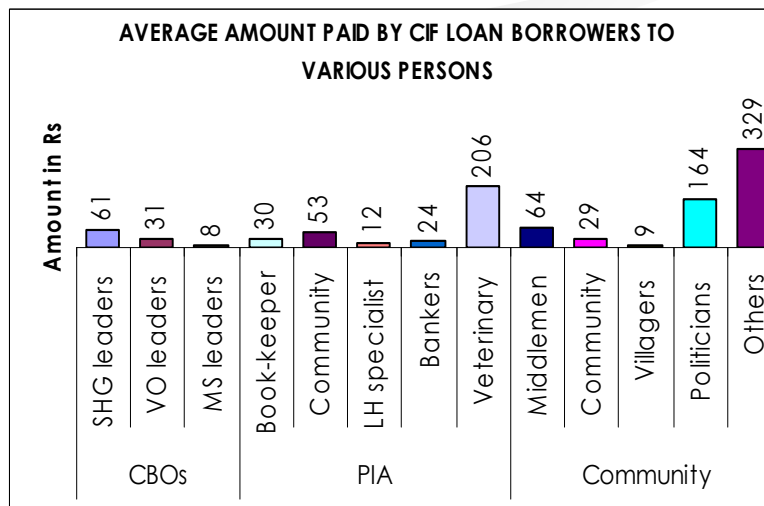
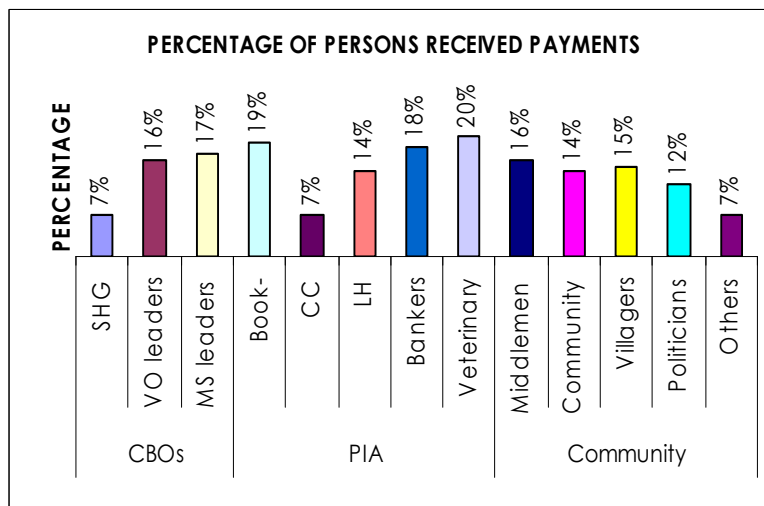
Quality of Services

Untimely loans-27%
Supply of poor quality units-4%



PAYMENTS MADE

- Rs. 28,926 paid in 417 instances
- On an avg. each borrower paid to 2 persons
- Rs. 125 avg. amount paid by each loaner
- Large amounts paid among the CBOs to SHG leaders; among the PIA to Veterinary Staff; among the community to politicians



VOs & MARKETING

- Rice Credit Line Programme
- NTFP collection
- Neem Seed Collection
- Purchase of Maize/Red gram
- Running of Super Markets
- Fishing activity
- Dairying



VOs & MARKETING

- VO- leader and CC centered activities
- Untimely release and under utilization of funds
- Equal or less price compared to market
- No storage facilities
- High involvement of staff in decision making
- Very less employment & income generation
- No clear books of accounts about the activities
- In almost all cases no profits only losses
- Many are unaware about the VO activities



IMPACT ON HOUSEHOLDS

- Moderate income & employment generated
- Fin. assistance to expand existing activity-47%
- Not approaching money lenders for credit-50%
- More expenditure on food items-23%
- Less dependency on farmers-54%
- Recovered from illhelth-25%
- 16% made private loans to repay loan
- Much pressure on women to repay loans-34%
- More pressure from HH members for loans-23%



INCOME & EMPLOYMENT GENERATION

- 56% of the members getting some income pm
- Majority of the members getting Rs. <500 followed by between Rs. 500-1,000; about 15% of them getting Rs. >1500 pm
- 57% of the have created some employment to them or to their HH members between 5-25 days
- Over 25% of the HH generated 11-20 days of employment and nearly one-fifth of the HH benefited with > 20 days of employment
- Little more than 10% used the loan amount on education and to get the job.
- About 10% of members recovered from ill-health



IMPACT ON SHG

- Loans to all the group members-46%
- Large amount of loans-32%
- Large loans only to rich persons-
- Quarrels between member for loans- 26%
- Loans to disadvantaged categories-20%



IMPACT ON VO

- One of the external fund source-60%
- Fin. Management skills increased-39%
- Solidarity among the SHGs-45%
- Employment generation-38%
- Income source to VO-35%
- Livelihood promotion-34%
- SHG quality improved-VO meetings-36%
- More focus on social issues-11%
- Funds misused/ VO defunctioing-17%



IMPACT ON COMMUNITY

- Representation in the Committees at village level-17%
- Dependency on money lenders decreased-60%
- Traditional credit sources reduced their interest rates-25%
- Relationships established between SHGs and PRIs-8%
- SHG members becoming money lenders-8%



THANK YOU

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