

**THE STUDY OF  
SHG MOVEMENT  
IN  
ADILABAD, CUDDAPAH & VIZAG  
DISTRICTS**



Conducted by  
Mahila Abhivruddhi Society, Andhra Pradesh  
[APMAS]

# STUDY OBJECTIVES

- To understand the current status of SHGs and Federations in the District
- To understand the Capacity Building needs of SHGs, Federations and the promoting bodies
- To develop a detailed Capacity Building plan to build the capacities of all the above levels
- Devising future strategies for District operations

# STUDY DESIGN

(Common for the 3 Districts)

- Sampling Method

The PPS Method - Probability Proportionate to Size Sampling ~

to select 6 Mandals in each district and 5 villages in each of the Mandals.

- Total number of villages to cover: 90

- 4 SHGs in each village were selected through **Simple Random Sampling Method**.

- Total SHGs to Cover: 360 (120 per District)

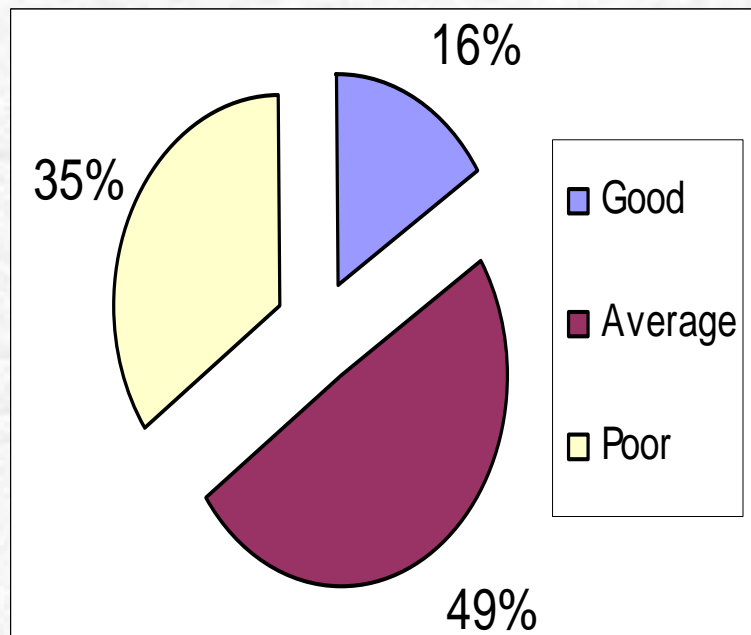
- FGDs to conduct: 90 (30 per district)



# STUDY FINDINGS

S.NO	VARIABLE	ABILABAD		CUDDAPAH		VIZAG		TOTAL	
		No.	%	No.	%	No.	%	No.	%
1	Ad-hoc / Regular Meetings	56	57%	39	48%	91	83%	186	64%
2	Regularity of Savings	87	88%	45	55%	96	87%	228	78%
3	Internal Lending								
3a	<i>Need based loans</i>	28	28%	35	43%	19	17%	82	28%
3b	<i>Equal Distribution</i>	63	64%	38	46%	74	67%	175	60%
3c	<i>No Lending</i>	8	8%	9	11%	17	15%	34	12%
4	Book Keeping								
4a	<i>Good</i>	4	4%	5	6%	23	21%	32	11%
4b	<i>Average</i>	27	27%	40	49%	59	54%	126	43%
4c	<i>Poor</i>	68	69%	37	45%	28	25%	133	46%
5	No Leadership Rotation	94	95%	78	95%	100	91%	272	93%
6	SHGs Bank Linkage	34	34%	31	38%	66	60%	131	45%
7	Avg. Idle Fund (Rs.)	6491		4888		5763		5764	

# Quality of the groups



- Based on the investigators' impressions of Book-Keeping, Meetings, Internal Lending, Leadership, Bank Linkage and overall functioning of the SHGs.

# Study Impressions

## ■ On Meetings:

Out of a total of 291 groups studied across the 3 districts,

- ✓ 64% of the groups held regular/ad-hoc meetings - Vizag being the highest at 83% and Cuddapah being the lowest at 48%
- ✓ The meetings held were to:
  - Tap Govt. schemes and welfare progs.
  - Distribute RF amount among members
- ✓ Reasons for no meetings:
  - Lack of Awareness on the concept of meetings
  - Door-to-Door savings collections
  - Meetings don't hold any importance for the members



# Study Impressions

contd...

## ■ *On Savings:*

- ✓ 78% of the groups practiced on-time savings i.e., saved during the month, Adilabad being the highest at 88%
- ✓ In 60% of the groups, savings were collected by a door-to-door practice and not during meetings.
- ✓ Reasons for irregularity in Savings:
  - Low awareness about the importance of savings
  - Sporadic and small incomes owing to limited Livelihood opportunities
  - High Migration Rates in search of livelihoods
  - No tangible benefits perceived from savings (non-receipt of grants and funds in some groups)

# Study Impressions

contd...

## ■ Lending:

- ✓ 60% of the groups practice Equal Distribution of external funds with Vizag in the lead at 67%
- ✓ 28% of the groups practice need-based lending from the group's savings (not drawn from the corpus)
- ✓ Reasons for absence of Internal Lending:
  - High levels of Distrust among members.
  - Lack of Awareness on the internal lending mechanism.
  - Aversion to Defaults.
  - Banking system and the DRDA staff together encourage Equal Distribution as a basis to inculcate cohesiveness among the group members.



# Study Impressions

contd...

## ■ **SHG-Bank Linkage**

- ✓ 45% of the groups studied have Bank Linkages, Vizag being in the lead at 60% with substantial progress in the past one year.
- ✓ However, repeat loaning to groups is at a low in the three districts as credit absorption levels of groups are low.
- ✓ Ironically, the bank linkage is not in tune with the NABARD Guidelines of proper book-keeping, regular meetings, internal lending and on-time savings.

# Study Impressions

contd...

## ■ *Book-Keeping*

- ✓ 11% of the groups studied have good book-keeping.
- ✓ Grossly neglected or non-existent in 46% of the groups with Adilabad coming in this bracket.
- ✓ Financial transactions are poorly reported even in the above-said 11% of the groups.
- ✓ Reasons for neglect:
  - Equal Distribution of all funds.
  - Book-Keeping seen unimportant by members.
  - Lack of timely and quality inputs on book-keeping.
  - Where trainings are being given, lack of Follow-up and Monitoring leads to non-**reinforcement**.
  - The appointed staff inadequately trained.

# COMMON FEATURES

*across the three districts*

- Equal distribution of funds dominates the pattern of Internal Lending.
- Leadership Rotation absent in all the groups.
- Poor Book-Keeping standards.
- SHG-Bank Linkage does not fulfill the guiding principles of NABARD.
- High Idle funds and inadequate Funds Management in the groups. Some misappropriations also reported.
- Treating Savings, Revolving Funds and Bank loans as three different entities and not as a **Common Corpus Fund**.
- Defaults in Loan Repayment.



# Focus Group Discussions

## ~ An Extraction Process

- ***Issue-based discussions*** with group leaders and members of all the groups available in the village.
- ***Norms-Setting*** for the discussion done in a participatory method with all members present.
- ***Purpose of the discussion:*** To know the current status of SHGs in the village; to understand the gaps; and the need for changes and improvements.

# OVERALL IMPRESSIONS

(derived from the Focus Group Discussion findings)

- No conceptual clarity on the importance of Self Help Groups and the all-encompassing **SHG Movement**.
- Motivation for groups' formation: Gas connections, Revolving Funds and other govt. welfare schemes.
- Confusion regarding the RF: to pay or not to pay leading to halted savings in many groups.
- Absence of Effective Follow-up & Monitoring Systems has led to a retarded growth of SHGs.
- Equal Distribution of loans and grants encouraged by the Bankers and DRDA staff in Vizag and Cuddapah Districts.

# CONCLUSIONS

## On the Groups ~

- The groups studied rate high on quantity parameters like savings, lending and bank-linkage, but score a depressing low in terms of quality parameters.
- High levels of distrust: A cause for equal distribution of funds and conflicts as a consequence.
- Lack of direction and guidance: A cause for increasing number of defunct groups

## On the SHG- Bank Linkage ~

- Stress on optimum savings to extend loans leading to high idle funds in the groups.
- Bankers insists that the bank loan be treated as a separate entity to ensure prompt repayment.



# Felt & Expressed Needs

- SHG Concept Building
- Leadership
- Fund Management
- Default Management
- Book-Keeping
- Skill Development for Micro enterprises
- Gender Sensitization
- Creating a Tier of Institutions: SHGs, VOs & Federations
- BDS is the most important expressed need voiced by all the groups across the three districts.

# RECOMMENDATIONS

## made in the three Districts

- Building a strong network of stakeholders including the NGOs, the Bankers, the DRDA and all others concerned to pool all efforts on one platform and creating a conducive environment for the Self Help Movement.
- Installation of Strong follow-up, reviewing and monitoring systems.
- For Adilabad and Cuddapah: An intensive Mandal Level Strategy to be adopted for all neglected mandals and then seeking a ripple effect taking place at the District level.
- Identification of committed manpower and resource persons at all levels to take this movement forward.
- Creating effective Demonstrative Models for all units of the Self Help Movement in Villages, Mandal and District.