

# WHAT THE SHG MEMBERS DOING WITH LARGE LOANS?



**PRESENTATION**

*By*  
**APMAS**

Research & Advocacy, APMAS,  
Hyderabad

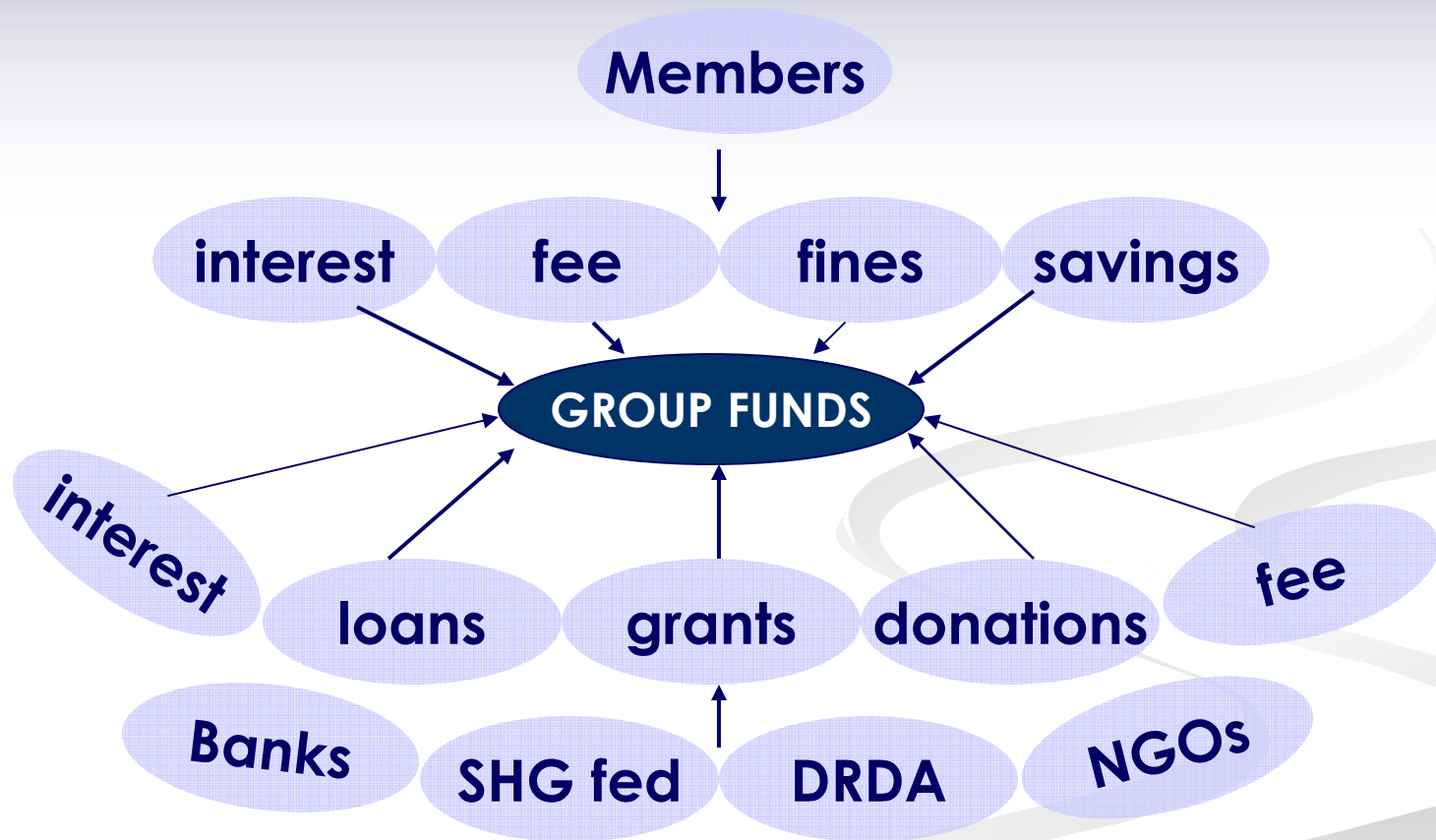
# ABOUT APMAS

- **Vision: Sustainable Self Help Movement in India**
- **A public society began work in July 2001**
- **A National Level Technical Support Organization for strengthening SHGs & SHG Federations**
- **Areas of work include capacity building, rating, livelihood promotion, research & advocacy**
- **Services provided for fee**
- **Focus on SHPIs and SHG Federations**
- **Supported by DFID/CARE, Aga Khan Foundation, Ford Foundation and InWEnt of Germany**



# SHGs AND THEIR FUND SOURCES

## Internal Sources / Primary Stakeholders



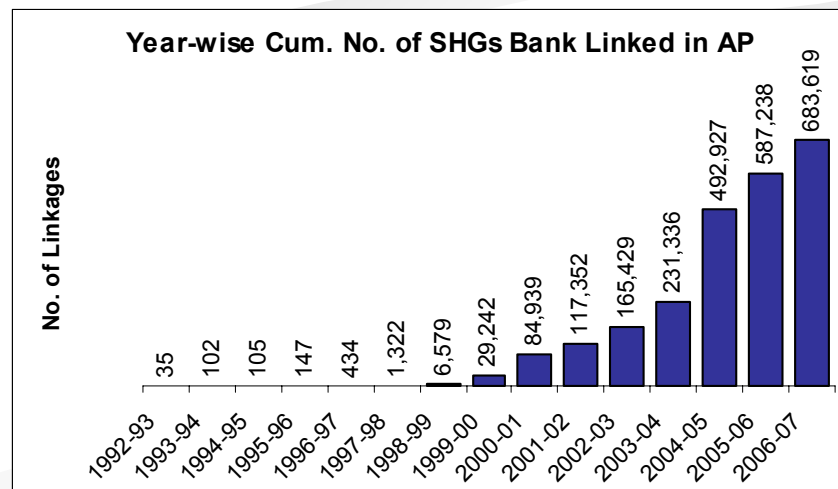
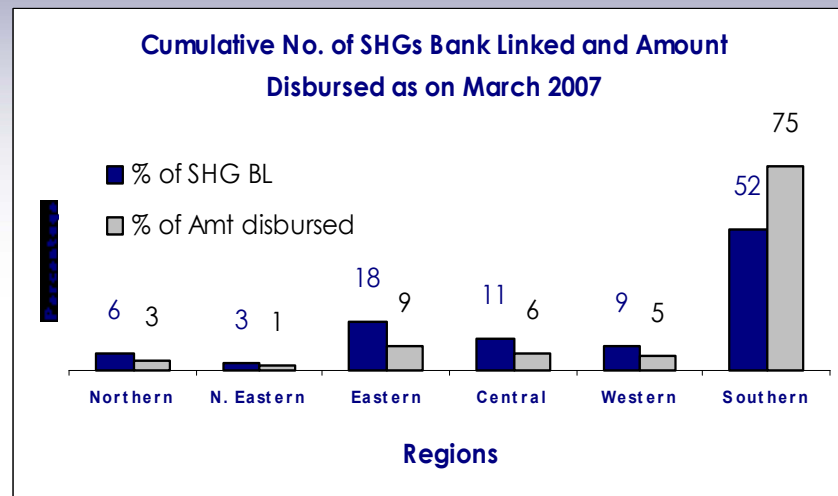
## External Sources / Secondary Stakeholders

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# NABARD BANK LINKAGE PROGRAMME

- 3.36 million SHGs in the country; 42% in Southern region
- 2.92 million cumulative no. of SHGs bank linked in India
- Rs. 180,407.42 millions disbursed to SHGs
- 68,903 SHG Federations in the country: 89% in southern region; 42% are in AP
- Rs. 139.93 millions disbursed to 297 SHG federations in AP

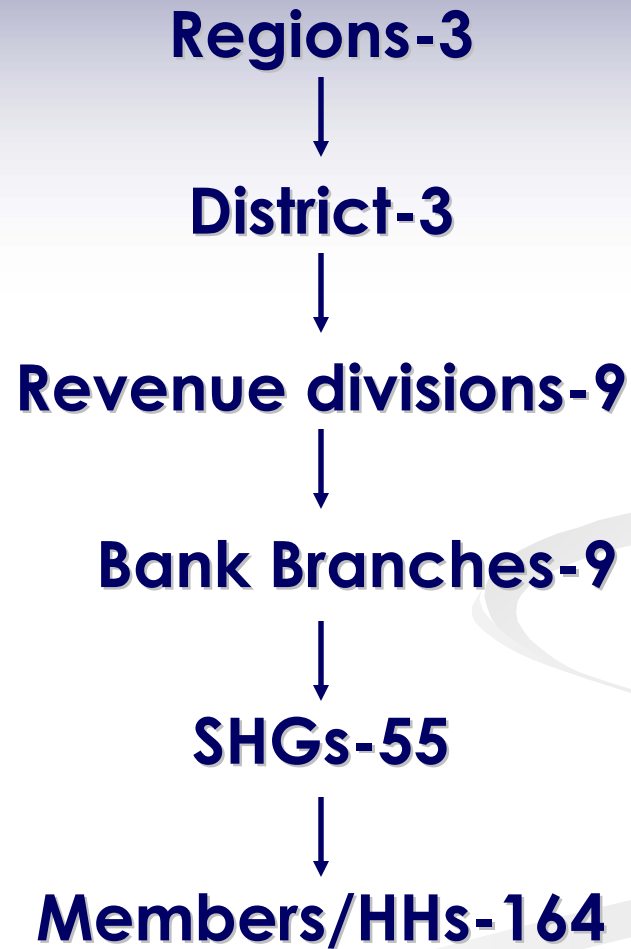


# OBJECTIVES OF THE STUDY

- **To know the socio-economic profile of the SHG loan borrowers**
- **To understand the loan utilization patterns**
- **To understand the dynamics of large loans at household and SHG levels**

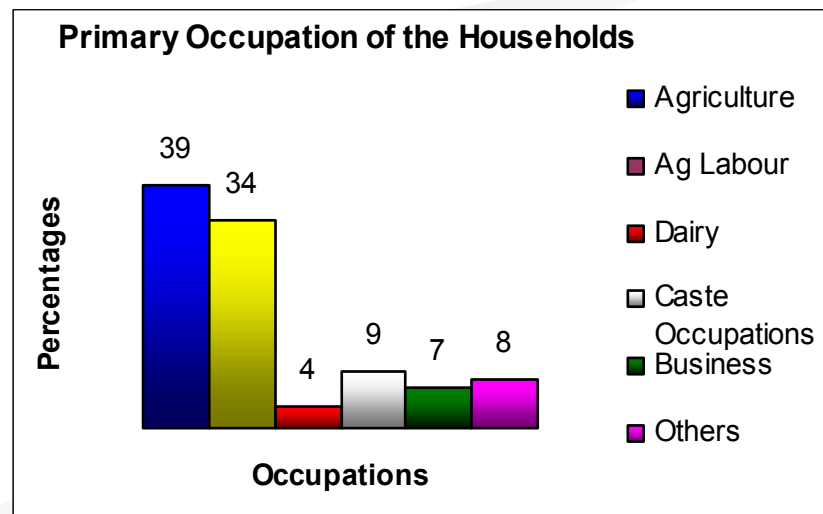
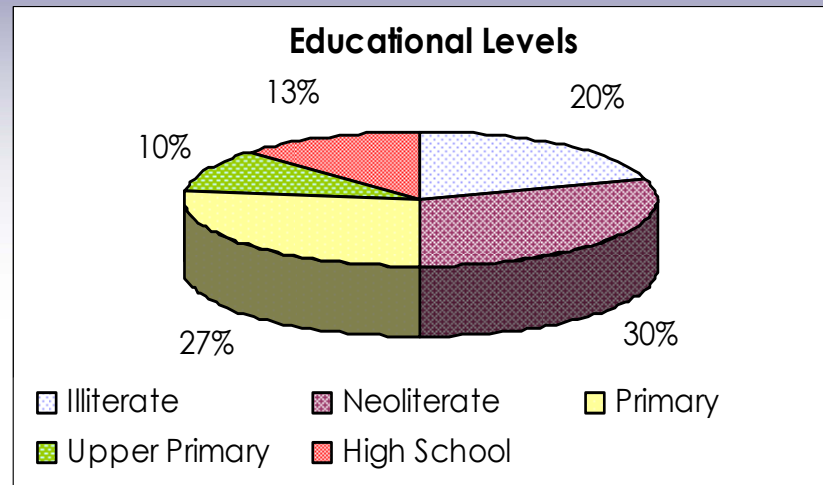


# SAMPLING DESIGN



# MEMBERS' PROFILE

- More or less BCs and OCs are one-third each followed by one-fourth of SCs
- Most of the members are married; and middle aged
- Majority members are landless followed by marginal & small farmers
- Almost all are White Ration Card holders (BPL category)
- One quarter are in huts and thatched houses

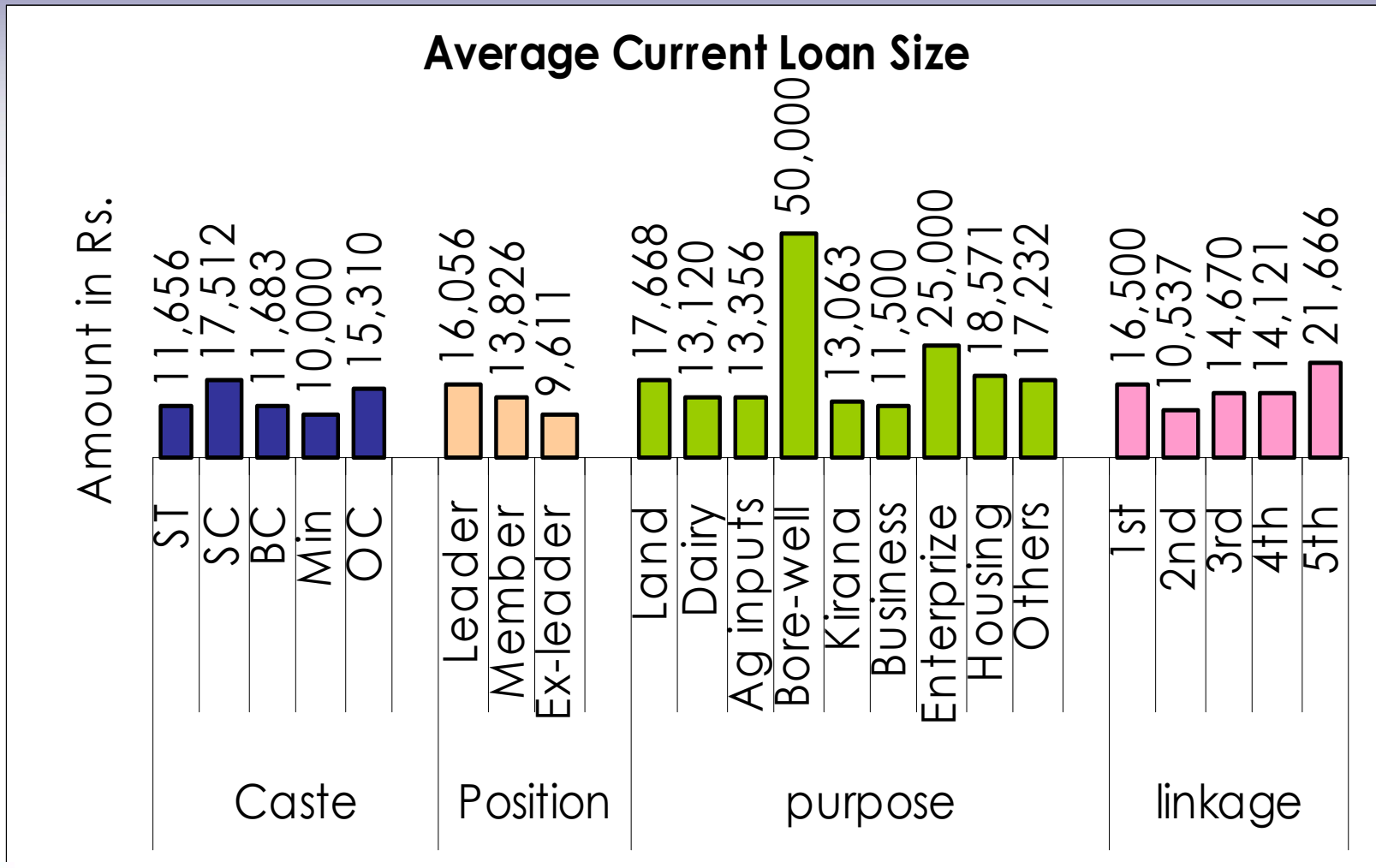


# MEMBER SAVINGS

- Savings are monthly and compulsory
- Rs. 42-avg. monthly savings of the member
- Most of the members saving Rs. 50 (51%) or Rs. 30 (43%)
- Rs. 2,727- average cumulative savings
- Multiple factors influence the size of monthly and cumulative savings of a member
- Majority SCs saving up to Rs. 30; other social categories are saving Rs. 50 & above



# CURRENT LOAN SIZE



# PURPOSE OF LOAN

Purpose	%
Land	2
Ag inputs	20
Bore-well	1
Dairy	32
Kiosk	24
Seasonal B	5
Housing	9
Others	9



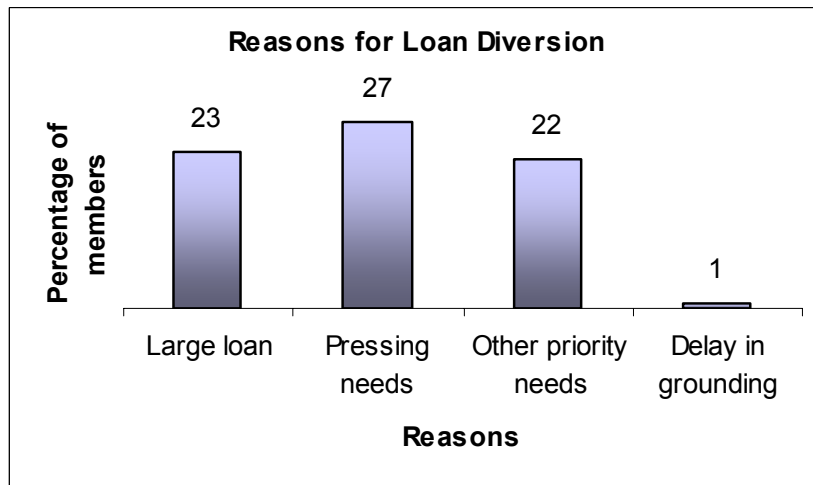
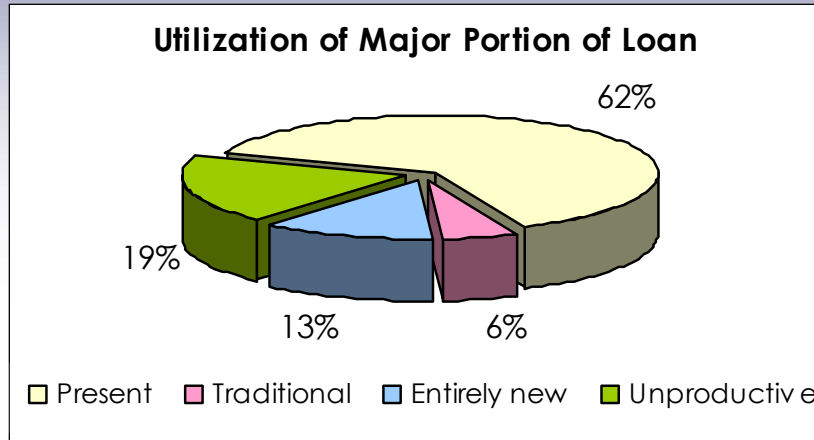
# RATIONALE IN PROPOSING THE ACTIVITY

<b>Skills</b>	• More skills on IGA	(42)
	• Requires less skills	(23)
<b>Capital</b>	• Requires less capital	(23)
<b>Market</b>	• Good facilities	(42)
	• Demand & price	(22)
	• Expansion of activity	(45)
<b>Credit</b>	• To get large loan	(18)
	• Lending to other members	(2)
<b>SHG norms</b>	• Not proposed any activity	(3)

**Note: Figures in parenthesis indicate % of SHG members**



# LOAN UTILIZATION



- Majority of the members, major portion of loan spent on present occupation
- Large percentage of SCs and BCs major portion of loan on new activities
- where as STs on present occupation

# LOAN UTILIZATION...

Purpose	Item	% of SHG members	% to total loan	Average amount in Rs.
Consumption	Food material	11.6	3.3	4,020
	Children education	13.4	5.5	5,864
	Health	10.4	3.3	4,559
	Life-cycle ceremonies	4.3	2.2	7,464
Production	Agriculture inputs	20.7	17.0	11,725
	Cattle	32.3	24.1	10,621
	Petty business	22.0	16.5	10,754
	Seasonal business	4.3	2.1	6,857
	To pay private loans	1.8	0.9	6,667
	To pay SHG loans	1.2	1.1	13,200
Assets	Housing	12.2	13.2	15,435
	HH articles	2.4	0.5	3,000
	Ornaments	1.2	0.6	6,500
	Occupational tools	14.6	9.8	9,517



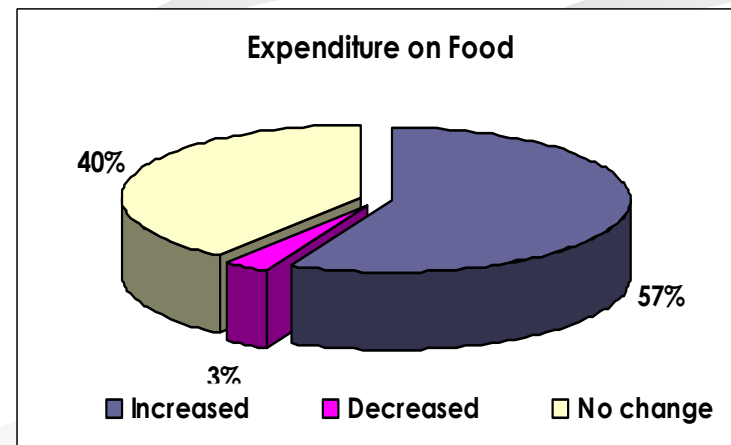
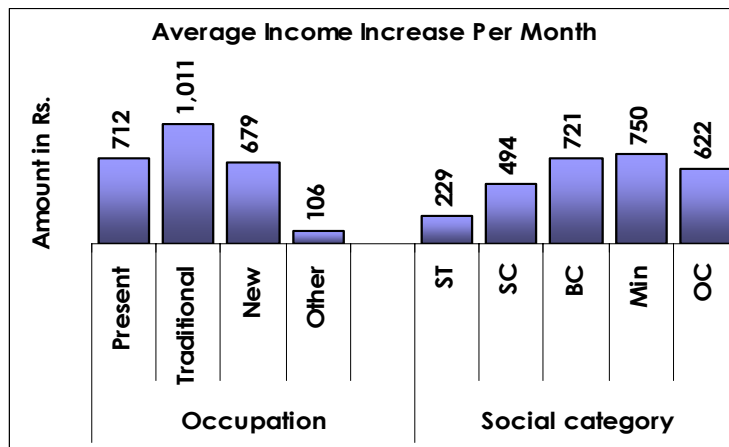
# LOAN UTILIZATION...

		% of loan amount				spent	
		< 25	26-50	51-75	76-100	Yes	No
Consumption	Food material	6.1	3.0	0.6	1.8	11.6	88.4
	Children education	5.5	4.9	1.2	1.8	13.4	86.6
	Health	4.3	3.7	0.6	1.8	10.4	89.6
	Life-cycle ceremonies	0.6	1.8	0.6	1.2	4.3	95.7
Production	Ag inputs	1.8	4.3	1.8	12.8	20.7	79.3
	Purchase of cattle	2.4	2.4	4.9	22.6	32.3	67.7
	Petty business	1.2	5.5	4.3	11.0	22.0	78.0
	Seasonal business	--	1.2	1.8	1.2	4.3	95.7
	To pay private loans	1.2	--	--	0.6	1.8	98.2
	To pay SHG loans	--	1.2	--	--	1.2	98.8
Assets	House building	1.2	1.8	0.6	8.5	12.2	87.8
	HH articles	1.2	1.2	--	--	2.4	97.6
	Ornaments	0.6	0.6	--	--	1.2	98.8
	Occupational tools	3.0	3.7	0.6	7.3	14.6	85.4

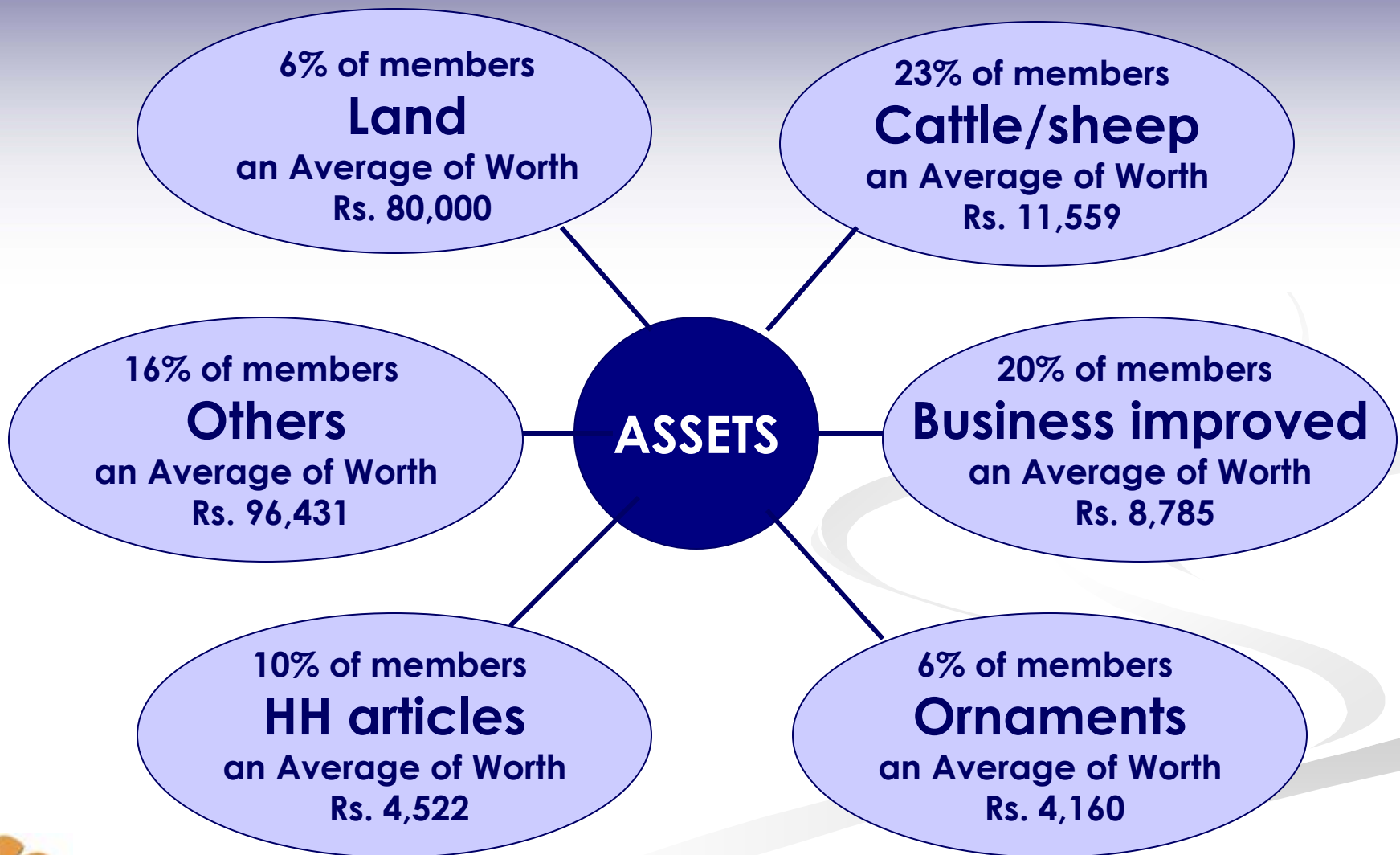


# DYNAMICS AT HOUSEHOLD LEVEL

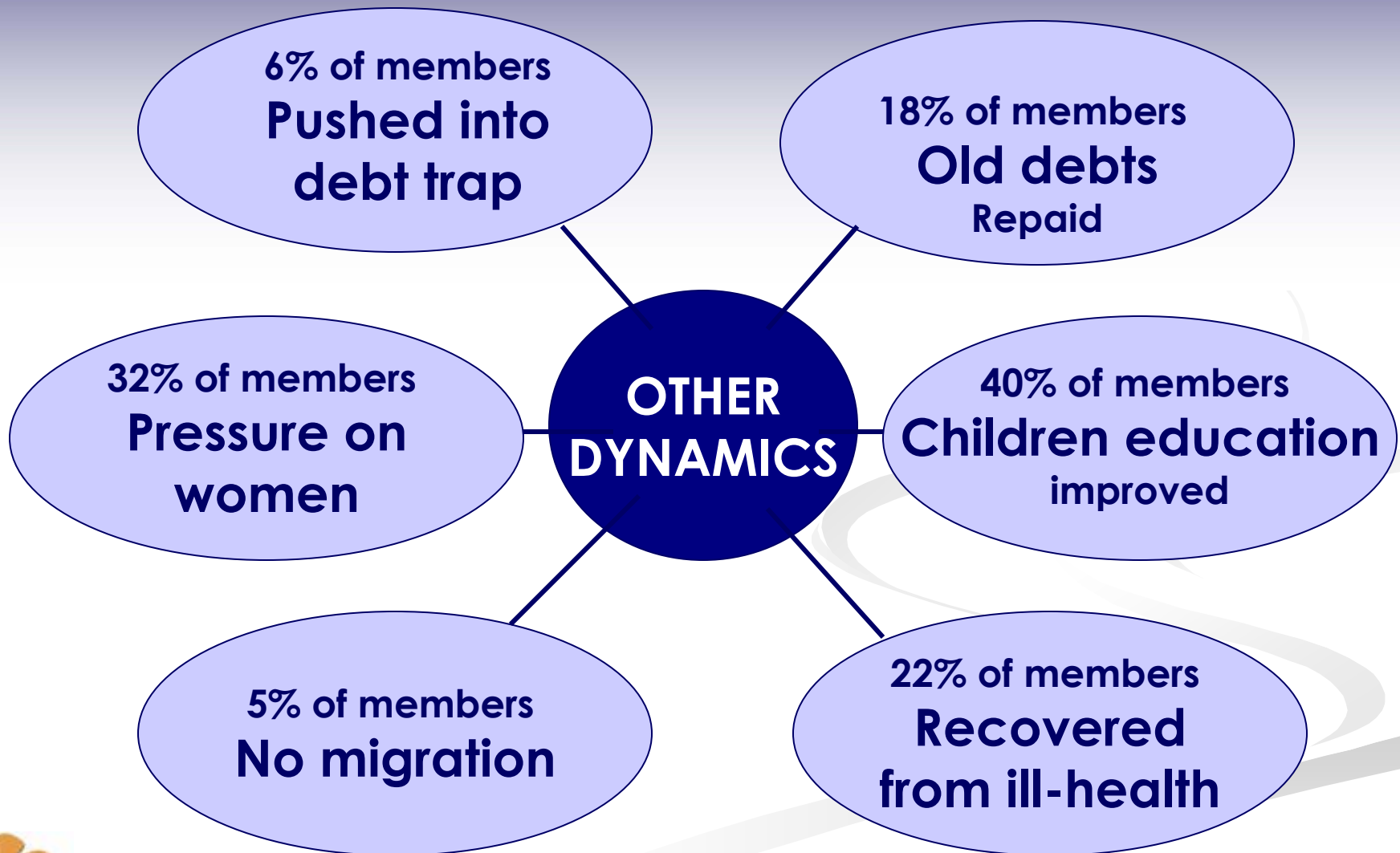
Savings at	% of members	Sum	Mean in Rs.
• Post Office	5	5,500	688
• Banks	4	19,034	3,172
• Chit funds	2	68,000	22,667
• Savings in SHGs	1	720	720
• Insurance	17	12,133	433
• Money lending	1	6,431	1,072



# CHANGES IN HH – ASSET CREATION



# CHANGES IN HH – ASSET CREATION



# DYNAMICS AT SHG LEVEL

<b>Economic</b>	• Large loans	(85)
	• More group corpus	(21)
	• Access to formal institutions	(53)
	• Credit from SHG federations	(20)
<b>Social</b>	• More solidarity	(67)
	• More respect in bank/HH	(67)
	• Quarrels	(4)
	• Membership	(3)

**Note: Figures in parenthesis indicate % of SHG members**



# CONCLUSIONS

- **Majority are landless, primarily depended on agriculture and labour**
- **Majority are married; middle aged and illiterate women**
- **Social composition of the loan borrowers not reflecting the general population or poverty categories**
- **More large loans to more no. of OCs and BCs categories**



# CONCLUSIONS...

- **Loan size is reasonably good to take up IGA**
- **Though all are accessed to bank loan, significant no. of members not borrowed from internal funds**
- **Majority invested on lineal activities rather than lateral economic activities**
- **Though most of the members proposed loan for IGA, many diverted a portion of loan to unproductive activities even in repeat linkages**



# CONCLUSIONS...

- **Less to moderate impact on households- income, expenditure on food and savings**
- **Majority have created assets, either directly with loan or indirectly with the earnings out of IGA**
- **Substantial impact on children education, health and debt status of the household**
- **High impact at SHG level –Promoting functional and to some extent financial sustainability of SHGs**



# Open for Discussion & Thanks

