

SELF HELP GROUP BANK LINKAGE

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Who We Are What We Do

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 March, 2009. The state government has taken several initiatives to extend financial support to these groups. During the financial year 2008-09 Rs.11037 crores has been targeted as loan mobilization under SHG Bank linkage program and an amount of Rs.7203.53 crores has been mobilized up to March 09.

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.

SHG Bank Linkage, TFI and Bridge Loans

The SHG Banking Linkage pilot Programme was initiated in the year 1992 which tried to facilitate the flow of bank credits to SHGs. The pilot phase was followed by the setting up a working group on NGOs and SHGs by the Reserve Bank of India in 1994 which came out

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with wide ranging recommendations on SHG and bank linkage as a potential innovation in the area of banking with the poor.

The performance Highlights of SHG-Bank Linkage Programme in India as on March 2008 (during 2007-08) reveals that, banks have financed more than 12.28 lakh SHGs (cumulatively), of which 90 per cent are women groups. These SHGs have been disbursed loans of more than Rs.8849.41crores as bank loan as against 11,05,749 SHGs with bank loan of Rs. 6,570.39 crore during 2006-07 with a growth rate of 11.03% over last FY 2006-07. As many as 35,294 bank branches were involved in financing SHGs spread over 563 districts across the country. The progress of the Self Help Group movement in India so far has been promising. It has reached out to nearly 40.95 million households over the last decade. It has shown that the poor can organize themselves and do things to promote their well-being.

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 March, 2009. The state government has taken several initiatives to extend financial support to these groups. During the financial year 2008-09 Rs.11037 crores has been targeted as loan mobilization under SHG-Bank linkage program and an amount of Rs.7203.53 crores has been mobilized up to March' 09.

Outstanding achievements:

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 services
- 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

NABARD-SHG Bank Linkage

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 findings of various studies conducted under aegis of Indira Kranthi Padham in the State of Andhra Pradesh revealed the following:-

- More than 79 per cent of SHG women had undergone family planning operations.
- More than 60 per cent of the children availed of *anganwadi* facilities.
- Cent per cent of the children had been immunized in the pulse polio programme.
- More than 70 per cent of the women were able to approach banks on their own for accessing institutional credit.
- There is remarkable improvement in social empowerment of the members in terms of self confidence, involvement in decision making, processes, increased expression of their view points and participation for their own development.
- Saving as a habit has been the biggest asset of the programme, which was otherwise incomprehensible earlier by the rural poor.
- Growing awareness among members for utilization of loans for productive purposes.
- Rural families have developed respect for their women.
- State Government has realized the relevance of channelising funds for rural poor under different programmes for their uplift as SHGs have proved themselves as best platforms for implementing Government Programmes.
- Bankers too have realized that the SHG financing as business proposition with good recovery and with much lesser transaction cost.

These study findings clearly show how a programme which is mainly intended for improving the economic conditions can spill over effectively in improving other social parameters of a better quality of life.

Another study on SHG – bank linkage in Andhra Pradesh covering a sample of 400 bank linked SHGs indicated the following findings:

1. The SHGs were able to scale up their operations with more financing and they had access to more credit products.
2. The banks were able to tap into a large market, namely the low-income households, transactions costs were low and repayment rates were high
3. The study clearly indicated that the repayment rates were
4. high and that the bank linkage made difference in the lives of the SHG members.

However, the study also pointed out certain issues that require attention. These include adequacy of loan size, timeliness of credit and also the need for branch manager or the promoter undertaking a rating before the SHG is bank linked. The following were the major findings of the study:

- Average Savings per SHG – Rs. 23,000, average loan size Rs. 31,000.
- 50% of SHGs practice equal distribution of bank loan.
- Only 50% SHGs felt that the loan size was adequate and 54% studied SHGs were first time linked.
- 69% of SHGs got RLF, some got from multiple sources.
- It takes more than four months for an SHG to get a bank loan.
- No post linkage follow up by banker and others.
- 66% of bank linked SHGs are A grade as per CRI
- Only 22% of bank linked groups are appraised by banker, etc.
- Idle fund of bank linked SHGs average – Rs. 5,300
- Leaders dominate and have 30% loan on them.
- 12% SHG default to banks – repayment problem.
- 10% SHGs reported that they were forced to take loan.
- High percentage of SHGs participate in Government Programs.
- Bankers attitude is still an issue.

Thrift and credit working together

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 in investment or income generating activities. With all these benefits, as of now the total disbursement of credit is very limited and the per-household credit made available is very small. If a serious impact on the economic conditions of the rural poor has to be made, a much larger flow of credit to support a much broader production base is required. It is towards this objective the SHG-Bank Linkage Programme need to be taken forward. These groups have to graduate into promoting micro enterprises. Though micro enterprises are not a panacea for the complex problems of chronic unemployment and poverty, yet promotion

of micro enterprises is a viable and effective strategy for achieving significant gains in income and assets for poor and marginalized people.

We can thus see the evolution of Self Help Groups at three levels –

- At one level households use microfinance to meet ‘survival’ requirements where small savings and loans serve as a buffer in the event of an emergency or to smoothen consumption or even service previous debt to give itself more liquidity during lean times.
- At the second level, ‘subsistence’ needs are met through microfinance, where a household begins to utilize microfinance to diversify its basket of income-generating activities, or to meet working capital requirements in traditional activities.
- At the third level as households reach a stage where they can assume a higher degree of risk, microfinance would be used to invest in setting up an enterprise or facilitating entry into employment in one way or the other in order that the household becomes ‘sustainable’.

The Self Help Groups have gone through these three stages in Andhra Pradesh. The annual exhibition of self help groups at Hyderabad has been a tremendous success. 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.

Yet another requirement for the success of SHGs is the provision of effective marketing outlets. While doing so, conscious efforts are being 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.

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., 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%.

Impact

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 SHGs have taken up various income generating activities by availing themselves of the facility under SHG – Bank Linkage program and increased their production to the extent that it supplies to the entire country. Recently the women SHGs have got orders for their products from other countries such as Srilanka, Malaysia etc.,

The SHG women have actively participated in fairs, melas or exhibitions organized at state, national and international level and are able to market their products through Internet. Well-known companies viz., Hindustan Lever Limited, Food World & Apna Bazaar have come forward to tie-up with the SHGs and market their products. 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.

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. The other State governments are also taking the practice as a model and are sending teams to study the implementation of the program with an aim to implement in the same way in their states.

Evaluation of the linkage program

- 1 Dependency on money lenders reduced
- 2 Savings habit enhanced / increased
- 3 Self sufficiency for consumption requirements attained.
- 4 80% of the total SHGs have accessed financial assistance from banks.
- 5 Repayment of SHG loans is above 95%.
- 6 Diversification and value addition to the existing activities.
- 7 SHG women are engaged in 450 varieties of income generating activities.
- 8 SHG women are producing qualitative products with high standards in packing, etc.
- 9 SHG women earning additional monthly incomes ranges from Rs.2000/- to 3000/-
- 10 SHG women actively participating in several government welfare programs such as family welfare, literacy etc.,
- 11 SHG women under taking government works such as stitching & supply of Uniforms, bags, Caps etc.
- 12 SHG women are able to supply SHG products to national and international markets.

13 Has developed self confidence and leadership qualities

India is basically an agrarian country where 65% of the population still lives in rural areas. 48% of the households do not have access to the banking services, the majority being rural population. With 26% of the population living below poverty line (BPL) and just 21% of the rural households having access to bank credit, the banking system is able to meet only 20% of the credit needs of the rural poor. To obviate this situation, the Government of India directed the RBI to issue suitable instructions to the banks to bring in inclusive growth. Accordingly, the Reserve Bank of India advised all banks to provide facilities, such as insurance, money transfer (remittances), social security, etc. under the umbrella of Financial Inclusion.

In 'Financial Inclusion', the Banks open at least one bank account for every family / household through an intensive campaign. Thus, the 'Financial Inclusion' means, the delivery of banking services at an affordable cost to the vast sections of disadvantaged and marginalized low-income groups. Hitherto a large number of vulnerable groups remained excluded from the opportunities and services in the banking net. 'Financial Inclusion' was aimed at enabling the households to have accessibility to the banking net and improving the living conditions of the section of farming and marginalized population. Such excluded groups include women, small and marginal farmers, artisans and small entrepreneurs, people in the unorganized sector, self-employed and pensioners of various schemes of the state and central governments. In order to overcome the situation, the banking industry and the government decided to correct the situation and extend the reach of the financial sector to such vulnerable groups by minimizing the formal and informal barriers.

As per the directives of the RBI, the banks liberalized the norms to open no-frills. Accounts under which minimum balance amount was reduced / not insisted upon for savings accounts. KYC norms were also relaxed allowing accounts to be opened with self-declaration of address and introduction by an account holder of the bank. As a part of financial inclusion, hassle-free credit up to Rs.25000/- is also granted to individual beneficiaries of rural households, depending upon the economic activity they undertake, under the newly introduced General Purpose Credit Card (GCC) scheme. Banks were

instructed to achieve full (100%) financial inclusion in the identified districts by opening no-frills accounts as also by way of issue of GCC. However, the approach to achieve financial inclusion seems to have generally ended up with opening of no-frills accounts and issuing a few General Purpose Credit Cards.

Total Financial Inclusion (TFI)

A question has thus, arisen whether financial inclusion means opening of an account with a bank, may be a GCC being issued; or does it mean anything more? In this context, several Banks have conceptualized the idea of Total Financial Inclusion (TFI). The bank firmly believes that opening of no frills account is not an end itself but a means to an end, the end being providing access to credit to meet the genuine financial needs of a rural family.

Financial Needs of a Rural Family

The financial needs of a rural family consist of;

- (i) Working capital for the existing activity,
- (ii) Investment for additional income generation, and
- (iii) Meeting consumption needs such as, expenses towards marriage, health, house repair, children's education, etc.

How These Expenses are presently met

The above needs of the rural poor family are mostly met through Private sources. The sources include loans from;

- (i) Friends and relatives,
- (ii) Micro finance institutions (MFIs), and
- (iii) Local moneylenders

Category of Rural Households

On the basis of the financial status, the rural households can be categorized into poor, middle-class and rich. Some of them are dependent on non-farm sector while a majority depends upon the farm sector. Farm sector needs comprise finance for seeds, fertilizers, pesticides and some wages-component, besides for consumption purposes. By taking the financial category for the purpose of financial inclusion, it has been found that the Exclusion ratio. is much higher in poorer sections when compared to the middle class and the rich, both in terms of physical and financial spread. Further financial inclusion is more

widespread in urban vis-à-vis rural areas, in non-poor vis-a vis poor, and whether farm or non-farm sector, the exclusion is very high in respect of the poor.

Coping Mechanism by the Poor Families

For ages, the rural poor have been depending upon external sources to meet their financial needs. The source of income for rural poor have been their own labour or from the assets, if any, owned by them. These two sources do not provide adequate funds for them to meet their needs. Since adequate credit is not forthcoming from the banking system, they are compelled to go to the money lenders or micro finance institutions who provide credit at a very high cost in order to meet their short term and emergency needs.

Self-Help Group (SHG) Approach

Andhra Pradesh has played a pioneering role in the formation of SHGs for over a decade. A large number of groups with concentration of the poor (BPL) poorest of the poor (POP) representing the downtrodden have been formed in all villages. As of now, only women are members in all the SHGs in the rural areas. Required capacities have been built-up in SHGs over a period of time and the concept of thrift and savings, around which the Self-Help movement revolves has stabilized with the intervention of 'IndiraKranthi Padham'. The rotation of savings / thrift among the members themselves demonstrated a sound financial discipline by way of recycling of funds. As a result, the bankers have come forward in a big way to provide credit- linkage to the SHGs. The SHG Model has proved very successful as the bankers could consistently achieve 95% plus recovery. Through this model, the poor have been able to access the bank finance for taking up economic activities apart from fulfilling their social and health needs.

SHG finance vis-à-vis their financial needs:

Even though the banks have lent Rs. 6,000 crores since 2001-02 and the outstanding loan under this SHG-Bank Linkage stands at Rs. 2,500 crores as of now, it still not able to fulfill required financial needs of the family of an SHG member. In 2005-06, the average loan extended to a group is Rs. 69, 000 and the average finance to each member was Rs, 6,500 for the entire year, taking the average size of the group as 11.2, whereas the average financial requirement per family is around Rs. 30,000 per year. This may include both short-term and long term financial needs for each family. Hence the gap between the actual

financial requirement and the access to bank linkage is Rs. 25,000 per family and for the entire group it is Rs.2, 80,000 (11.2 * 25,000/-

An Effective Model

Because of the success the SHG movement, the '*Total Financial Inclusion through SHG model*' has been selected by the Deccan GrameenBank (DGB) to launch total financial inclusion. (TFI) concept.

The model depends on following hypotheses

1. In 'Financial Inclusion' it is assumed that the 'exclusion' is more widespread and deeper in poor sections and hence at present it is limited to the poor in rural areas.
2. In 'Financial Inclusion' the priority is given to the poorest of the poor and the poor in the rural areas to make them 100% bankable for their 100% financial needs.
3. Financial inclusion does mean the banking of rural poor for every financial need on the bank finance only.
4. Enabling the rural poor to access to formal banking credit for both short term and long term credit requirements.
5. Credit access is only one among different products, which supplemented complement to the credit product accessible by the poor. The other products may include- savings product, insurance product covering life, health, asset and loan etc., educational loan product and health loan product.
6. Access to different services which are required by the poor but not been able to meet individually-they may include food security, marketing of the products collected or procured by the poor, procurement of the commodities produced by the poor for collective marketing. This may be provided through extending cash credit limit to federations of SHGs at village level, i.e., Village Organizations (VOs)
7. Dependence on moneylenders or micro finance institutions should be totally eliminated through this model.

Piloting the Model

To give a kick-start, the model has been implemented in one Service Area village in each branch of the Deccan Grameena Bank (DGB) during the year 2006-07.

Assessing the Needs of Each Member of the SHG

The credit need of each of the SHG member is identified and a Micro Credit Plan (MCP) for that group prepared. The MCP included the following:

- (i) Working capital needs of the existing economic activity,
- (ii) Requirement for investment in income-generating asset,
- (iii) Swapping of the outstanding debt of the member with the money-lender or MFI borrowed at a very high cost,
- (iv) Social needs like health, education, house repairs / construction; marriage purposes, etc.

Preparatory Work

Several steps precede implementing the model for any SHG, as enlisted hereunder:

- (i) Capacity Building: An important pre-requisite to take up the MCP based credit linkage is the capacity building of individual members of SHG. The group members should be sensitized of their role and responsibilities. For this purpose, the members are trained individually and as a group in (a) mobilizing weekly savings, (b) conducting weekly meetings, (c) recording the minutes, (d) recycling of funds (loaning among the members), (e) the maintenance of books and up-dation of accounts. One or two members of each group who are literates will be picked up to provide extensive training in the above matters so that there is continuity of efforts.
- (ii) Meetings: Group leaders are to meet at regular periodicity for the exchange of information and ideas.
- (iii) Preparation of Draft MCP: Each member is asked to spell out the financial needs of her family, which is jotted down. Priorities are identified in respect of each member's requirements. The entire group's requirements are collected in the same way. The group itself validates the requirements of each member towards fixing individual member's limit. The aggregate of the individual limits thus arrived at, forms the draft MCP. The presence of the branch manager / field officer of the bank is essential in the entire process as an observer. They do not interfere with the member's deliberations and the whole process is conducted in a free and frank atmosphere.
- (iv) Validation of the MCP: The draft MCP, thus, prepared is presented to the branch manager. The branch manager validates the same through discussions with the group

members and group leaders, after which it becomes an acceptable plan for extending the bank finance.

Features of MCP

- i) Both short term and long term requirements of the members are considered,
- ii) Credit limit is sanctioned to the SHG, while the members get multiple small loans (for their different needs),
- iii) Amount of debt - swapping (replacement of high-cost loans with the money lender /MFI) is restricted to 50% of the MCP,
- iv) MCP itself is restricted to an amount of Rs.5.00 lakh for extending collateral-free loan,
- v) Loan carries a repayment of 5 years,
- vi) There is a differential repayment periods between the member to the SHG and SHG to the bank,
- vii) While the member to SHG repayment is shorter (say 48months) SHG to the financing bank is longer (say 60 months),
- viii) Surplus, thus, generated is recycled among the members to meet their contingencies / emergency needs before a fresh loan is sanctioned by the bank after repayment of the loan availed.

Terms of reference:

- i. The amount of loan will be 75% of the MCP and limited to Rs. 5 lakh to each SHG
- ii. The loan will be term loan to be repaid in 50-60 monthly installments
- iii. The SHG will give both short term and long-term loans to its members - by fixing the repayment period between 18 to 24 installments to the members
- iv. There will be one big loan and multiple of small loans to the members by the SHG, provided the earlier loan is being repaid properly by the member to the SHG.
- v. The multiple numbers of small loans to a member can be given out of the surplus installment amount – the difference between the loan amount paid by members to SHG and the installment amount to be paid by the SHG to the bank for each month.
- vi. The loan under SHG-Bank linkage will be given to all eligible SHGs, even though they have active loan.
- vii. The loan to the SHG by the bank is cash credit limit. Whenever the need for the loan arises by the SHG, the SHG can approach the bank again and take the loan even though the

earlier loan is still being repaid. However, the total loan amount to the SHG at any point time will not exceed the limit sanctioned. It means that it is a cash credit limit to the SHG

Launching of the TFI Pilot in C.C.Palli village of Koheda (m)

The pilot was implemented for the first time in a remote village of Karimnagar district, which had concentration of the BPL and POP population. The total debt of 201 families in the village was Rs.29.00 lakh, of which, the share of the moneylenders was 87%, the share of the bank was 11%, and others 2%. The other statistical parameters of the village include:

The no of SHGs in the village: 17 •

No of poor in the SHGs: 191 •

Poorest of the poor: 34 •

The earlier loan amount given to SHGs in the (v): • Rs.3.50 lakh

The loan under the present 'inclusion': Rs.58.55 • lakh

Out of Rs.58.55 lakh,

o Debt swapping from outside loans: Rs. 24.58 lakh

o Investment purpose: Rs. 31.04 lakh

o clearing of earlier bank linkage loan: Rs. 2.92 lakh

Initiation of the Model

A team of bank staff and DRDA wing looking after the SHG matters, spent about 3 weeks in building up the capacities, sensitizing the members and keeping in-place proper mechanism to ensure weekly savings by the members, weekly meetings, book-keeping, etc. which are essential for the implementation of TFI. Thereafter, the groups prepared draft MCP, which was vetted by the bank as per the procedure. Finally, 17 SHGs covering 194 beneficiaries were sanctioned an aggregate credit limit of Rs.58.55 lakh, of which, Rs.24.58 lakh (about 42%) was for debt swapping. The Model was launched on 27th December 2006 in the presence of the top management of the sponsor bank (SBH), DGB and senior IAS officers of the Government of Andhra Pradesh, and DRDA.

Appreciation from the Government of Andhra Pradesh

The initiative taken by the Deccan Grameena Bank came up for discussions in the State Level Banker's Committee (SLBC) meeting conducted in December 2006. Shri Y.S.

Rajashekar Reddy, the Chief Minister of AP, who presided over the meeting, lauded the initiative taken by the bank and desired the model be implemented by all banks in the State. The SLBC, in their subsequent meeting, approved the model and communicated to all banks for implementation at all their rural branches in the State.

Evaluation

The evaluation studies conducted after two months by the bank as well as the Society for the Elimination of Rural Poverty (SERP). Of the Government of AP revealed that the TFI model implemented in C.C.Pallyvillage (as also a few other villages in other districts) have made tremendous impact on

- o The economic conditions of the beneficiaries who could get rid of the crushing interest burden on account of their earlier loans with the money lenders.
- o They were able to live in peaceful atmosphere conducting the income generation activity for which loan was extended by the bank.
- o The present initiative will also address the social needs like education, health and other needs for which earlier they use to depend on non-formal lending at higher rate of interest.
- o The community itself is to take care the recovery and it will result in healthy atmosphere in recovery environment
- o Benefit of Pavalavaddi on the TFI intervention.

The Deccan Grammeena Bank considers this as a very satisfying experience. It is a real success story of the bank, which will have a long lasting impact on the rural population.

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