

Women Self Help Groups in Andhra Pradesh Role of Nabard



Commerce

KEYWORDS : micro financial inclusive

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ABSTRACT

This articles covers performance of NABARD and financial inclusive of commercial banking sector . A self-help group (SHG) is a village-based financial intermediary usually composed of 10–20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of microcredit. Self-Help Group may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogenous social and economic backgrounds; all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by micro finance institutions. To make the book-keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations.

Role on NABARD

National Bank for Agriculture and Rural Development (NABARD) is an apex development bank in India having headquarters based in **Mumbai (Maharashtra)** and other branches are all over the country. The Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD), set up by the Reserve Bank of India (RBI) under the Chairmanship of Shri B. Sivaraman, conceived and recommended the establishment of the National Bank for Agriculture and Rural Development (NABARD). It was established on 12 July 1982 by a special act by the parliament and its main focus was to uplift rural India by increasing the credit flow for elevation of agriculture & rural non farm sector and completed its 25 years on 12 July 2007. It has been accredited with "matters concerning policy, planning and operations in the field of credit for **agriculture** and other economic activities in rural areas in India". RBI sold its stake in NABARD to the Government of India, which now holds 99% stake. NABARD is active in developing **financial inclusion** policy and is a member of the Alliance for Financial Inclusion.

The initiative of 1992 to make the traditional and formal banks to extend financial services to deprived sections through informal Self Help Groups (SHGs), has now blossomed into a "monolith" micro Finance initiative. It has been recognized as a decentralized, cost effective and fastest growing microfinance initiative in the world, enabling over 103 million poor households' access to a variety of sustainable financial services from the banking system by becoming members of nearly 8 million SHGs. The linkage with banks has provided the members of the Groups the facility of not only pooling their thrift /savings and access to credit from the banking system, but also created a platform through which they could launch a number of livelihood initiatives and also facilitate the empowerment process.

The small beginning of linking only 500 SHGs to banks in 1992, had grown to over 0.5 million SHGs by March 2002 and further to 8 million SHGs by March 2012. From almost 100% of the SHGs linked to Banks at the pilot stage from southern states, the share of southern States in the total number of SHGs linked shrank to 46% by March 2012, while the share of eastern States (especially, West Bengal, Odissa, Bihar) shot up to over 20%. The third decade of the programme promises to be one of maturing the linkage programme with livelihoods support,

lot more innovations in the product range offered through SHGs and path breaking reforms in leveraging technology to improve efficiency, while extending its outreach to more geographical regions, especially the most resource poor regions of the country. It is widely believed that the SHGs of the poor will be the vehicles leading the march of India's emergence as a super economic power in the next decade.

Together the 8 million SHGs of the poor maintain a balance of over `6550 crore¹ in the Savings Bank accounts with the Banks, while they are estimated to have harnessed savings of over `22000 crore of which nearly 70% (over `15000 crore) goes for internal lendings. Over 4.4 million SHGs are regularly availing credit facilities from the Banks. During 2011-12 alone, over 1.15 million Groups availed loans amounting to `16535 crore from Banks and together 4.4 million Groups have loans to the extent of `36340 crore outstanding against them with the financing banks as on 31.3.2012.

Micro Credit to Self Help Groups in Andhra Pradesh application form

Sponsored By: State

Funding Pattern:

1. 50% subsidy from Corporate
2. 10% Group Savings
3. Remaining Bank Loan

Owner: Andhra Pradesh Minorities Welfare Department, Andhra Pradesh

Description: To uplift Minority Women in urban and rural areas and to provide income generating activities for becoming self employable, the Andhra Pradesh State Minorities Finance Corporation has taken up the scheme of Micro Credit to Self Help Groups.

Beneficiaries: women community

Benefit Type: Subsidy

Eligibility Criteria:

1. Minority women and must be a member in self-help group

2. Self help Groups having availed Revolving fund from District Rural Development Agency and Municipalities are also eligible after (6) months of availing of Revolving Fund
3. Homogeneous (Minority) groups are eligible for availing Micro Credit from Andhra Pradesh State Minorities Finance Corporation
4. Heterogeneous Groups (Mixed Groups) in which minorities and Scheduled Caste, Scheduled Tribe, Backward Class and Other Backward Classes are also eligible for Micro Credit.
5. Senior Self Help Groups i.e. (2) years above groups who have not availed revolving fund from any Government Agency are also eligible for Micro Credit.
6. Self help Groups who are having accounts in Mutually Aided Co-Operative Societies successfully operating are also eligible for Micro Credit loan subject to their operation in accordance to the Mutually Aided Cooperative Societies act.

How to Avail:

The eligible Minority women of Self help Groups should approach the Executive Director of Andhra Pradesh State Minorities Finance Corporation for financial assistance.

The Government of Andhra Pradesh has taken up the theme of women's empowerment as one of the strategies to tackle the socio - economic poverty. Self Help movement through savings has been taken up as a mass movement by women a path chosen by them to shape their destiny for better. Development Agenda of the State in the last few years placing the people, especially women in the fore -front has enabled formation of a large number of Self Help Groups (SHGs) throughout the State and majority of women are saving one rupee a day. The State government is consciously making an effort to assist SHGs by providing Revolving Fund / Matching grant under various programmes

The state of Andhra Pradesh has been the focus of attention on the world map primarily due to its pro-active government and significant strides made by its SHGs. SHGs are playing an important role in optimization of natural and human resources through people's participation. The government of Andhra Pradesh has taken up Women's Empowerment as one of the main strategies to tackle socio-economic poverty. SHG movement through savings has been taken up as mass movement by women, a path chosen by them to shape their destiny for the better. Development agenda of the state in the last few years of placing the people especially women in the forefront has enabled the formation of large number of self-help groups throughout State where women are saving one rupee per a day.

Self-help groups (SHGs) gained prominence as informal institutions of women for poverty eradication and as an efficient delivery mechanism of the state aid, in Andhra Pradesh. In addition to DWCRA groups, NGOs, large scale poverty eradication programmes like Velugu, APUSP and APRLP have been promoting SHGs and their federations in large numbers. The number of SHGs linked to banks for credit is increasing each year exponentially and the 'SHG-Bank linkage' demonstrated the potential to become a profitable business for banks.

SHGs have been initiated by NGOs in late 1980s in Andhra Pradesh. The women's savings and credit movement in Andhra Pradesh can be said to have really began in 1995, in Nellore district as "Podupulakshmi" movement post anti-liquor campaign by women. This led to large-scale promotion of SHGs in every district of AP. The Podupulakshmi movement started with the

slogan of "save a rupee a day".

Women from different social and economic levels are joining SHGs, including the poor, and some very poor. This process continues as the numbers grow. However, the barriers to entry for the poor are high - not only do they have lower incomes (by definition), but their incomes are usually more variable.

In this aspect, and in others too (accounting, decision making, social action) it is likely that the poorer the women (or some of the women) in an SHG, the more careful and sustained promotion and guidance needs to be.

Improve transparency and record keeping: Record keeping at the group level has emerged as a very weak aspect of SHG functioning - with only marginal differences depending on who maintains the records. Complicated records and MIS seem to be part of the problem of poor book-keeping. Good book keeping is critical for the sustainability of financial operations and continued mutual trust among members. Good quality of book-keeping means completeness, accuracy, up-to-date information and transparency. There is a need for simple and user-friendly records and books of accounts, coupled with a similar MIS. This should be linked to monitoring - by SHPAs and Banks. Financial literacy and communication for SHGs also assumes importance (especially if SHG members move into running enterprises) and providing women with necessary knowledge in the initial years of SHG functioning would empower them better.

It does not seem necessary that SHGs (or their office bearers) have to maintain their accounts themselves. This can be a service to the group, as is being tried out through different forms of computerised account keeping - by Pradan (the computer munshi), by Dhan kalanjams and by MYRADA (in community resource centres). Their experience suggests that this may be a cost effective solution, in comparison with training and checking of records at group level. Other simple and user friendly ways of book keeping include the manual systems followed by IBTADA in Rajasthan, and a book-keeping system based on colour coding promoted by Ekgoan Technologies and Covenant Centre for Development.

follow-up.

SHPAs who have social objectives, need to do more about them specifically and strategically: picking up problems, addressing them as they arise, using them as issues/examples for discussion with other groups - whether issues of social harmony, injustice or mobilising for community development. SHPA support and guidance seems critical and mobilising across groups seems most effective. Clustering of SHGs may have strong social potential, as in federations, though this builds in another level of capacity level and financing - still to be established as sustainable. There may be a question of time available for women. This did not come up as an issue in groups where such actions were taken, though we did notice that better-off women are more likely to be involved. There are also economic differences within the group, with some members better able to absorb credit than others.

REFERENCE

1 www.wikipedia journals | 2 NABARD | 3 Www. Government of Andhra Pradesh |