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Performance of Self-Help Group–Bank Linkage Programme in Kurnool District of Andhra Pradesh: A Decadal Analysis

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Abstract:
The Self-Help Group–Bank Linkage Programme (SBLP) has emerged as an important mechanism for extending micro-credit to rural communities through the linkage of Self-Help Groups with formal banking institutions. The programme facilitates access to institutional credit and promotes savings, credit availability and financial participation among members of Self-Help Groups. The present study examines the performance of the Self-Help Group–Bank Linkage Programme in Kurnool district of Andhra Pradesh over a period of ten years from 2006-07 to 2015-16. The study analyses the division-wise position of Self-Help Groups, micro-credit disbursement and overdues in Adoni, Nandyal and Kurnool revenue divisions. The study is descriptive and analytical in nature and is based on secondary data collected from District Rural Development Agency reports and other published sources. The analysis indicates differences among the three revenue divisions in terms of the number of Self-Help Groups, credit disbursement and overdue position. The study provides an overview of the performance of SBLP in Kurnool district during the study period.

Keywords: Self-Help Groups (SHGs), Bank Linkage Programme, Micro-credit, Credit Disbursement, Overdues, Kurnool District

Introduction

The Self-Help-Group Bank Linkage Programme (SBLP) in India has been a flagship programme of the National Bank for Agriculture and Rural development (NABARD) with the objective of enabling the poor women to have access to financial resources for increasing income of the households and achieving the sustained livelihood. Under the spirit of collaboration of the public sector commercial banks, restructured Regional Rural Banks and rejuvenated cooperative credit system, a major channel of micro-finance has been emerged and launched a measuring provision directly financing with or without intermediary agencies under Self-Help Groups-Bank Linkage Programme (SBLP). The evolution of self-help-group concept in Andhra Pradesh goes back to 1982-83 with the implementation of Development of Women and Children in Rural Areas (DWCRA) programme, as sub-component of Integrated Rural Development Programme (IRDP) launched by the Government of India with the support of the State Government and UNICEF. The DWCRA objective was to empower the rural women living below

poverty line by way of organizing them into groups to create sustainable income generating activities through self-employment.

Objectives of the Study

The main objective of the present study is to examine the performance of the Self-Help Group–Bank Linkage Programme in Kurnool district of Andhra Pradesh.

The specific objectives are:

1. To examine the growth in the number of SHGs in Kurnool district.
2. To analyse the division-wise performance of SHGs and micro-credit disbursement in Kurnool district.
3. To examine the trend and position of overdues of SHGs in the three revenue divisions of Kurnool district.

Methodology

The present study on the progress of Self-Help-Group Bank Linkage Programme (SBLP) is confined to Kurnool District in Andhra Pradesh. The study is descriptive and analytical in nature. The period of study is ten years from 2006-07 to 2015-16. The field of Kurnool district is broadly divided in to three revenue divisions – Adoni, Kurnool and Nandyal. The present study, thus, covers three Revenue Divisions.

Data Source and Collection

The study is based on secondary data. The secondary data was collected and compiled from the reports of District Rural Development Agency, internet and other published sources.

SHG - Bank Linkage Programme

The Self-Help-Group Bank Linkage programme is structured to facilitate financial transaction between the formal banking systems and the informal Self-Help-Groups as clients. The SHGs make regular savings contribution of their members' surplus earnings to the common fund of the group every fortnight or month. The amount so accumulated together with the external bank loan is used to advance loans to their members at a market driven rate of interest. These loans can be used for production, consumption or investment purposes by the borrowers feasibly.

Microcredit Disbursement under SBLP in Kurnool District

The SHGs formation on the democratic approach under the concept of Self-Help-Each-Other leading for self-governance with a built-in business operative mechanism. SBLP has a great potential as it has successfully blended with profitability criteria through social banking under an appropriate policy support towards low-cost in the form of interest rate. Data on the progress of SHGs in terms of number of SHGs and disbursement of credit in Kurnool district is presented in Table 1 (Fig 1 & 2).

Table 1: Division-wise Disbursement of Micro-credit to SHGs (₹ in crore)

Year	Adoni No	Adoni Amount	Nandyal No	Nandyal Amount	Kurnool No	Kurnool Amount	Total No	Total Amount
2006-07	4120 (22.97)	18.42 (17.60)	5438 (30.32)	33.89 (32.40)	8379 (46.71)	52.30 (50.00)	17937 (100.00)	104.61 (100.00)
2007-08	4536 (30.64)	43.85 (27.60)	4538 (30.65)	50.42 (31.73)	5732 (38.71)	64.62 (40.67)	14806 (100.00)	158.89 (100.00)
2008-09	4507 (28.07)	53.84 (23.83)	5135 (31.99)	79.90 (35.36)	6412 (39.94)	92.21 (40.81)	16054 (100.00)	225.95 (100.00)
2009-10	5683 (29.50)	69.39 (26.89)	6020 (31.25)	77.06 (29.88)	7560 (39.25)	111.56 (43.23)	19263 (100.00)	258.01 (100.00)
2010-11	4810 (28.39)	67.48 (24.44)	5447 (32.14)	92.10 (33.35)	6688 (39.47)	116.56 (42.21)	16945 (100.00)	276.14 (100.00)
2011-12	3901 (26.90)	74.25 (24.04)	4798 (33.10)	110.27 (35.70)	5795 (40.00)	124.35 (40.26)	14494 (100.00)	308.87 (100.00)
2012-13	3975 (26.10)	83.01 (22.88)	4588 (30.13)	114.19 (31.48)	6665 (43.77)	165.56 (45.64)	15228 (100.00)	362.76 (100.00)
2013-14	4916 (27.25)	120.23 (25.89)	6417 (35.57)	164.00 (35.32)	6709 (37.18)	180.09 (38.79)	18042 (100.00)	464.32 (100.00)
2014-15	3784 (28.74)	93.12 (25.80)	3537 (26.86)	94.25 (26.11)	5847 (44.40)	173.57 (48.09)	13168 (100.00)	360.94 (100.00)
2015-16	5533 (27.20)	122.52 (22.32)	5891 (28.96)	157.50 (28.69)	8920 (43.84)	268.89 (48.99)	20344 (100.00)	548.91 (100.00)
Mean	**4577 (27.52)**	**74.61 (24.31)**	**5181 (31.16)**	**97.36 (31.72)**	**6871 (41.32)**	**134.97 (43.97)**	**16627 (100.00)**	**306.94 (100.00)**

Source: Annual Reports, DRDA, Kurnool

Analysis of Table 1

Table 1 (Fig 1 & 2) shows the number of SHGs in the revenue division of Adoni, Nandyal and Kurnool which are accounted for 4120, 5438 and 8379 with 22.97 per cent, 30.32 per cent and 46.71 per cent of total extending micro-credit to the tune of 18.42 crore or 17.60 per cent, 33.89 crore or 32.40 per cent and 52.30 crore or 50.00 per cent of total respectively in 2006-07 in the district of Kurnool. The figures in 2015-16 are 5533 SHGs provided 122.52 crore, 5891 SHGs extended loan of 157.50 crore and 8920 SHGs disbursed credit of 268.89 crore in the revenue division of Adoni, Nandyal and Kurnool respectively. The figures in relative terms are accounted for 27.20 per cent, 28.69 per cent and 43.84 per cent could provide micro-credit at 22.32 per cent, 28.69 per cent and 48.99 per cent of 548.91 crore for the above revenue divisions respectively. During the ten years period between 2006-07 and 2015-16, for 4577 SHGs, on an average provided a loan of ₹74.61 crore, for 5181 SHGs ₹97.36 crore and for 6871 SHGs ₹134.97 crore in the revenue division of Adoni, Nandyal and Kurnool respectively.

Non-performing Assets

Non-performing assets is an economic evil which is against the sound principle of lending and also blocks the progress of the institution. In other words, it is not good to the both lender and borrower; their intended operations in the long-run are choked.

Flow of funds is always desirable in an institution to be said sound and to have healthy operations in conduct of business. Many academics express that the non-performing assets are bad debts in the calamity of banking. The success of SBLP depends upon the various economic activities through which micro-credit is being operated by SHGs. The strength of women SHG rests on the stability of members' economic status over a period of time.

Therefore, the stability and strength of SHG always record effectiveness either in recover of lent-loans from the clients and then repayment to banks. The aspect of overdues is critical and strategic aspect to gauge income effect on the clients. Data collected on revenue division-wise overdues is presented in Table 2. (Fig. 3)

Table 2: Division-wise Overdues of SHGs (₹ in lakh)

Year	Kurnool	Nandyal	Adoni	Total
2006-07	74.46 (32.88)	69.67 (30.77)	82.32 (36.35)	226.45 (100.00)
2007-08	88.35 (35.10)	70.48 (28.00)	92.85 (36.90)	251.68 (100.00)
2008-09	91.70 (34.27)	78.55 (29.35)	97.34 (36.38)	267.59 (100.00)
2009-10	76.42 (26.74)	85.74 (30.00)	123.58 (43.26)	285.74 (100.00)
2010-11	117.63 (34.08)	105.80 (30.65)	121.75 (35.27)	345.18 (100.00)
2011-12	124.50 (32.96)	103.82 (27.49)	149.40 (39.55)	377.72 (100.00)
2012-13	138.26 (33.99)	140.66 (34.58)	127.89 (31.43)	406.81 (100.00)
2013-14	154.78 (32.70)	176.82 (37.35)	141.78 (29.95)	473.38 (100.00)
2014-15	205.07 (31.60)	236.67 (36.47)	207.25 (31.93)	648.99 (100.00)
2015-16	141.36 (29.68)	191.23 (40.14)	143.79 (30.18)	476.38 (100.00)
Average	**121.22**	**125.94**	**128.82**	**375.98**

Source: DRDA Annual Reports, Kurnool

Analysis of Table 2

Table 2 (Fig. 3) reveals the overdue position of SHGs in Kurnool district. In 2006-07, the shares of total overdues accounted for by Kurnool, Nandyal and Adoni revenue divisions were 32.88 per cent, 30.77 per cent and 36.35 per cent, respectively, out of the total overdues of ₹226.45 lakh. In 2015-16, the corresponding shares were 29.68 per cent, 40.14 per cent and 30.18 per cent, respectively, out of the total overdues of ₹476.38 lakh. Thus, between 2006-07 and 2015-16, the share of overdues decreased by 3.20 percentage points in Kurnool and 6.17 percentage points in Adoni, while it increased by 9.37 percentage points in Nandyal.

Findings

1. Kurnool revenue division recorded the highest performance in terms of both the number of SHGs and micro-credit disbursement compared with Adoni and Nandyal during the study period.

2. The number of SHGs and the amount of micro-credit disbursed showed an overall increasing trend during the ten-year study period, with total credit disbursement increasing from ₹104.61 crore in 2006-07 to ₹548.91 crore in 2015-16.
3. Kurnool division accounted for the highest average share of SHGs and credit disbursement, with an average of 6,871 SHGs and ₹134.97 crore of credit during the study period.
4. The overdue position of SHGs increased considerably during the study period. Total overdues increased from ₹226.45 lakh in 2006-07 to ₹476.38 lakh in 2015-16, although it declined from ₹648.99 lakh in 2014-15.
5. The distribution of overdues varied among the three revenue divisions. In 2015-16, Nandyal recorded the highest share of overdues at 40.14 per cent, while Kurnool and Adoni accounted for 29.68 per cent and 30.18 per cent respectively.

Suggestions

1. A flexible and borrower-friendly micro-credit policy should be adopted to facilitate greater access to credit for SHG members and strengthen the SHG–bank linkage system.
2. Regular field visits and monitoring should be undertaken by the concerned agencies to identify problems relating to credit utilisation, overdues and repayment at the ground level.
3. Greater attention should be given to the recovery of overdue loans, particularly in divisions where the overdue position is relatively high, to improve the financial sustainability of SHGs.
4. Banks and supporting agencies should strengthen coordination with SHGs to ensure timely credit disbursement, proper utilisation of loans and regular repayment.
5. Micro-credit should be extended with appropriate monitoring and support so that SHGs can undertake sustainable income-generating activities and improve the economic conditions of their members.

Conclusion

To conclude, the Self-Help Group–Bank Linkage Programme (SBLP) has made significant progress in Kurnool district during the study period. The programme has contributed to expanding access to institutional credit through SHGs and has facilitated the flow of micro-credit to rural communities. Among the three revenue divisions, Kurnool division recorded a relatively stronger performance in terms of the number of SHGs and credit disbursement, while the overdue position indicates the need for greater attention to loan recovery and financial discipline. The findings demonstrate that the SHG–bank linkage model has considerable potential to support rural financial inclusion and improve the economic well-being of SHG members. Therefore, effective monitoring, timely credit support, improved recovery mechanisms and continued institutional support are essential for strengthening the sustainability, efficiency and effectiveness of the programme and for extending its benefits to more rural households.

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