

# Self-Help Groups: Funding and Re-Payment Pattern under Swarnjayanti Gram Swarozgar Yojana

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**Abstract:** The success of SGSY is mainly dependant on the coordinated efforts of all the external agencies acting as facilitators whether Government, Panchayats, Banks. In order to achieve better coordination among them and to stress on the joint approach, important government circulars relevant to SGSY. Totally there are 223 groups with a coverage beneficiary numbers 2439 spread over the 3 revenue divisions in the district. Guntur district of Andhra Pradesh has three revenue divisions. Out of three revenue divisions one division such Tenali division has been selected based on the edge of number of SHGs in Bhattiprolu and Pittalavanipalem mandals. The study required both primary and secondary data. The prime objective of this paper is to study the funding and repayment pattern of SHGs under SGSY. It is dissatisfying to observe that a majority of the beneficiaries stated that they were dissatisfied with the repayment schedule of monthly. It is suggested that the state and central level officers should discuss the repayment schedule to relax from monthly to quarterly.

**Keywords:** SHGs, SGSY, Bank, Programme, Re-Payment, Swarozgaries.

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## 1. INTRODUCTION

The word credit is viewed in different angles. It is the magic word for the socio-economic transformation of rural areas. Economic development demands an adequate amount of credit. Cheap and timely credit, assuming adequate availabilities of their things, helps the producers in getting things produced at a lower cost.

Under SHG programme group loan is provided where all the members in the group want to take up a group activity. Ideally, under the group loaning, the group should take up a single activity, but if there is a necessary, the group should also take up multiple activities. In either case, loan will be sanctioned in the name of the group and entire group stands as guarantee to the bank for prompt repayment of loan.

The bank loan is the major component under SGSY, while the subsidy is only a minor and enabling one. Therefore, the bank loan component should not be restricted to 50 per cent or 70 per cent of the project cost arbitrarily due the ceilings prescribed on subsidy, if the project requires higher investment. The bank loan plus subsidy should meet the unit cost fully.

## 2. RE-PAYMENT OF LOAN

Minimum repayment period is five years and there is no maximum. The period will vary depending on the activity and it may include suitable gestation period also. The guidelines issued by NABARD may be followed while fixing the repayment period and loan installments for farm sector activities. For nonfarm activities, the guidelines issued by District Level SGSY Committee may be followed. The project profile prepared for the key activities may also be referred for this purpose.

There is moratorium on repayment during the gestation period. Ensure that the amount of installment is not burdensome to the swarozgaries. Fix monthly, quarterly, half-yearly and annual installments depending on the expected cash flow. The amount of installments (including interest) should not be more than 50 per cent of the incremental net income from the project.

### 3. REVIEW OF LITERATURE

**Sankar Chatterjee** (2003) has carried out a study in Jaunpur in U.P. The study brought out some of the important issues of implementation of SGSY in the district. In Shahgang block, altogether 195 SHGs were formed 55 were graded in the first stage. Again, out of 55 SHGs, 34 were extended revolving fund and 22 SHGs were extended benefited CCL. Out of 22 SHGs, 8 were graded in the second stages. But finally 2 SHGs extended bank loans to start economic activities. It is unfortunate to mention that out of 195 SHGs only 2 SHGs could be assisted in the final phase, which means only one per cent achievement. Mainly branch managers were not cooperating in the regard. The main issue of bankers in the some of the SHGs, a few defaulter members was included. They were defaulters in the sense earlier they were given banks loan under IRDP or other programmes. The bank officials have suggested that if these members are excluded from the group, then the SHG could be considered for extending bank loan indicating this function of some of the SHGs. **P.C.Sikligar** (2004) in his paper on employment opportunities for tribals under SGSY discusses about the income generating activities under SGSY. To understand the effectiveness of the SGSY on tribal, this study has been carried out in Doman and Diu and Dadra Nagar Haveli. The study objectives are to understand the traditional mode of income source of tribals living in Doman and Diu and Dadra Nagar Haveli, and to study the types of income generating activities implemented under SGSY. A majority of tribal families of both union territories are land less and depending on fishery. District Rural Development Agency has provided financial assistance for fishery and other activities. This case study finds that the beneficiaries of fishery have not improved much income through the assistance provided to them by the government. The focal point is that the sanctioning authorities and bankers should have close scrutiny about the problem of the needy people, so that applicants can get sufficient assistance in time. **Narayanaswamy, S. Manivel and B.Bhaskar** (2005) in their paper based on extensive field study attempts to assess the extent of financial assistance provided to SHGs under SGSY. The study evaluates the functioning of the groups with special reference to economic activities in a newly formed district in Tamil Nadu. The study found that the assistance under the scheme reached the intended beneficiaries. The role of NGOs and Federations was appreciable in forming and facilitating the groups in the saving and lending operations. **M.B. Belavatagi** (2005) in his study attempts is made to discuss about structure and formation of Self-Help Groups and the extent of financial assistance given to swarozgaries, financial analysis and physical progress of SGSY and extent to which SGSY reduces the problem of rural indebtedness. The study was carried out during 1999-2000 to 2002-2003. The result clearly indicated that SGSY has shown positive progress in states like Uttar Pradesh, Andhra Pradesh, Bihar, Madhya Pradesh, Maharashtra, Karnataka and Tamil Nadu. This programme is also facing the delay in disbursements of loans by the banks. Thus, SGSY may go a long way in providing credit, creating assets to the rural poor and thereby minimizing the problem of rural indebtedness.

### 4. OBJECTIVES OF THE STUDY

The broader of objectives of the study is to SHGs: funding and repayment pattern under Swarnjayanti Gram Swarozgar Yojana in Guntur district. The specific objectives of the study are:

1. To study the funding and repayment pattern of SHGs under SGSY; and
2. To forward such suggestions that deem fit to revamp the working of SHGs in Guntur district.

### 5. METHODOLOGY

#### Scope of the Study:

Guntur district of Andhra Pradesh state has been purposively selected for the present study. Moreover, Guntur district has been on par with the other leading districts of the state, so far as the coverage of Self-Help Groups under SGSY assistance is concern. Guntur district have three revenue divisions namely Guntur, Tenali and Narasaraopet.

**Source of the data:**

The data had been collected from both primary and secondary sources. The primary data have been collected from the members of SHGs in selected mandals of Bhattiprolu and Pittalavanipalem mandals and the secondary data have been collected from DRDA, Guntur and from journals like kurukshtra, yojana, kisan world, social welfare and Indian journal of Rural Development.

**Sample of the Study:**

The study confined to SHGs recently formed in the district which availed the credit and subsidy under SGSY scheme during 1999-2005. Moreover, Guntur district has been on par with the other leading district of the state, so far as the coverage of Self-Help Groups under SGSY assistance is concerned. Totally there are 223 groups with a coverage beneficiary numbers 2439 spread over the 3 revenue divisions in the district. Out of three revenue divisions one division such Tenali division has been selected based on the edge of number of SHGs in Bhattiprolu and Pittalavanipalem mandals. From the sample SHGs takes, the beneficiaries for the study has been selected by employing stratified random sampling. Further, it is proposed to study sample of not less than 15 per cent.

**Size of the Sample:**

The present study is taken stratified random sampling technique has been employed for the selection of sample beneficiaries. The study has selected two mandals from Tenali Revenue Division and has been selected at random, and not less than 15 per cent of the total numbers of beneficiaries under both the mandals have been selected at random for survey.

**6. ANALYSIS AND RESULTS****Table 1: Particulars showing the response of the beneficiaries regarding to mode of repayment period in selected study mandals**

Repayment period	Bhattiprolu Mandal		P.V.Palem Mandal	
	No. of Beneficiaries	Percentage to Total	No. of Beneficiaries	Percentage to Total
Monthly	43	100.00	45	100.00
Quarterly	-----	-----	-----	-----
Biannual	-----	-----	-----	-----
Annual	-----	-----	-----	-----
Total	43	100.00	45	100.00

Source: Survey

Table 1 depicts the response of the beneficiaries regarding to mode of repayment period under SGSY. It is surprising to observe from the table that an overwhelming response has been received as 100 per cent of the respondents from respective mandals of Bhattiprolu and P.V.Palem have stated that repayment period is only on monthly basis under SGSY in selected SHGs in selected study mandals.

**Table 2: Particulars showing the response of the beneficiaries regarding frequency of repayment schedule in selected study mandals**

Schedule	Bhattiprolu				P.V.Palem			
	Satisfied	% to Total	Dissatisfied	% to Total	Satisfied	% to Total	Dissatisfied	% to Total
Monthly	3	6.97	16	37.21	6	13.33	19	42.22
Quarterly	17	39.54	---	---	20	44.45	---	---
Biannual	7	16.28	---	---	---	---	---	---
Annual	---	---	---	---	---	---	---	---
Total	43-100.00				45-100.00			

Source: Survey

Table 2 indicates the response of the beneficiaries regarding frequency of repayment schedule. It is surprising to observe from the table that majority of the beneficiaries of about 20 out of 45 accounting for 44.45 per cent and about 17 out of 43 accounting for 39.54 per cent from P.V.Palem and Bhattiprolu mandals respectively stated that they prefer quarterly schedule of repayment. Contrast to this situation, it is observed from the table that about 19 out of 45 accounting for 42.22

per cent from P.V.Palem stated that they are dissatisfied with monthly repayment schedule as against 13.33 per cent satisfied. About 16 out of 43 accounting for 37.21 per cent from Bhattiprolu mandal stated that they are satisfied the same as against 6.97 per cent. However, it is observed from the table that about 7 out of 43 accounting for 16.28 per cent from Bhattiprolu mandal have responded that they were satisfied with the repayment schedule of biannual under SGSY.

**Table 3: Particulars showing the response of the beneficiaries regarding the number of installments paid so far in selected study mandals**

Villages	Bhattiprolu			Villages	P.V.Palem		
	Group Name	No.of Installments Paid so far	% to Total		Group Name	No.of Installments Paid so far	% to Total
Ilavaram	Sri Bhadravathi Mahila group	35	58.33	Komali	Swarnan Andhra Pradesh Mahila Group	28	46.66
Chintamotu	Rajya Lashmi Mahila group	35	58.33	Alluru	Lashmi Prasanna Podupu Sangam	24	40.00
Chintalapudi	Adarsha Mahila Group	28	46.66	Sangupalem Koduru	Balaji Podupu Sangam	28	46.66

Source: Survey

Table 3 exhibits the response of the beneficiaries regarding number of installments is paid so far in selected SHGs of the selected mandals in the district. It can be observed from the table that about 35 installments are paid so far in each group out of 60 accounting for 58.33 per cent except one group namely Adharsha Mahila Group and about 28 installments paid so far out of 60 accounting for 46.66 per cent from Bhattiprolu mandal. However, it is observed from the table that about 28 installments paid so far in each group out of 60 accounting for 46.66 per cent except one group namely Lashmi Prasanna Podupu Sangam where in about 24 installments paid so far as accounting for 40 per cent from P.V.Palem.

**Table 4: Particulars showing the response of the beneficiaries regarding total amount paid and total amount due from each group in selected study mandals**

Villages	Bhattiprolu Mandal				
	Group Name	No.of Beneficiries	Amount for Installment	Total Amount Paid	Total Amount Due (Rs.)
Ilavaram	Sri Bhadravathi Mahila group	14	200	98, 000	Nil
Chintamotu	Rajya Lashmi Mahila group	14	200	98, 000	Nil
Chintalapudi	Adarsha Mahila Group	15	250	1, 05, 000	Nil
Villages	P.V.Palem Mandal				
	Group Name	No.of Beneficiries	Amount for Installment	Total Amount Paid	Total Amount Due (Rs.)
Komali	Swarnan Andhra Pradesh Mahila Group	15	250	1, 05, 000	Nil
Alluru	LashmiPrasanna PodupuSangam	15	250	90, 000	15, 000
Sangupalem Koduru	Balaji Podupu Sangam	15	250	1, 05, 000	Nil

Source: Survey

Table 4 demonstrates the response of the beneficiaries regarding total amount paid and due from each group of the beneficiaries selected SHGs in the selected mandals. It is observed from the table that the ranges at Rs. 7, 000/- of each member of beneficiaries were total amount paid but beneficiaries are no due under SGSY as against this tendency, it is observed from the table that except one group namely Lashmi Prasanna Podupu Sangam, have stated that due Rs. 1,000/- from the each beneficiaries from P.V.Palem mandal.

**Table 5: Particulars showing the response of the beneficiaries regarding how the loan was repaid in selected study mandals**

Response	Bhattiprolu Mandal		P.V.Palem Mandal	
	No. of Beneficiaries	Percentage to Total	No. of Beneficiaries	Percentage to Total
Through Income Generated from given Asset	30	69.77	31	68.89
By disposal of old asset	---	---	---	---
Old Savings	10	23.25	6	13.33
No Response	3	6.98	8	17.78
Total	43	100.00	45	100.00

Source: Survey

Table 5 represents the response of the beneficiaries regarding how the loan was repaid. It can be observed from the table that majority of the beneficiaries of about 31 out of 45 accounting for 68.89 per cent from P.V.Palem mandal and about 30 beneficiaries out of 43 accounting for 69.77 per cent from Bhattiprolu mandal stated that they have repaid the loan through income generated from the given asset. Contrast to this situation, it is very peculiar to observe that about 23.25 and 13.33 per cent of the beneficiaries from Bhattiprolu and P.V.Palem mandals respectively stated that the loan was repaid from old savings. However, it is exciting to observe from the table that about 6.98 per cent and 17.78 per cent from Bhattiprolu and P.V.Palem mandals have responded that was no response to the loan repaid under SGSY.

**Table 6: Particulars showing the response of the beneficiaries regarding to satisfaction with the repayment schedule of loan in selected study mandals**

Response	Bhattiprolu Mandal		P.V.Palem Mandal	
	No. of Beneficiaries	Percentage to Total	No. of Beneficiaries	Percentage to Total
Satisfied	35	81.40	35	77.78
Dissatisfied	8	18.60	10	22.22
Total	43	100.00	45	100.00

Source: Survey

Table 6 represents the response of the beneficiaries regarding to observe from the table that a big majority of the beneficiaries numbering 35 out of 43 accounting for 81.40 per cent and numbering 35 out of 45 accounting for 77.78 per cent from Bhattiprolu and P.V.Palem mandals respectively stated that they were satisfied with the repayment schedule of loan. As against this tendency a marginal share of 18.60 per cent and 22.22 per cent of the beneficiaries from the Bhattiprolu and P.V.Palem mandals respectively have stated that dissatisfied with the repayment schedule of loan under SGSY.

## 7. FINDINGS

Having made analysis on “Self-Help Groups: Repayment Pattern under Swarnjayanti Gram Swarozgar Yojana” based on the data presented in the tables the following findings may be consummated.

- It is surprising to observe from the analysis that an overwhelming response has been received as 100 per cent of the respondents from respective mandals have stated that repayment period is only on monthly basis under SGSY in the selected SHGs in selected study mandals.

- The study reveals that response regarding frequency of repayment schedule. It is observed from the analysis that about 44.45 and 39.54 per cent from P.V.Palem and Bhattiprolu mandals respectively stated that they preferred repayment schedule on quarterly basis.
- It is dissatisfying to observe from the analysis that a majority of the beneficiaries of about 19 out of 45 accounting for 42.22 per cent and about 16 out of 43 accounting for 37.21 per cent from respective mandals stated that they were dissatisfied with the repayment schedule of monthly.
- It is interesting to observe from the analysis that about 35 installments are paid so far out of 60 in each group accounting for 58.33 per cent. However, it is observed from the analysis that about 28 installments paid so far out of 60 in each group accounting for 46.66 per cent from respective study mandals except one group namely Lashmi Prasanna Podupu Sangam which has paid only 24 installments.
- It is surprising to observe from the analysis that a big majority of the beneficiaries of about 35 out of 43 accounting for 81.4 per cent from Bhattiprolu and numbering 35 out of 45 accounting for 77.78 per cent from P.V.Palem mandals respectively stated that they were satisfied with the repayment schedule of loan. As against this tendency, a marginal share of 18.6 and 22.22 per cent from respective mandals stated that they were dissatisfied with the repayment schedule of loan under SGSY.
- It can be observed from the analysis that majority of the beneficiaries as 69.77 per cent and 68.89 per cent from Bhattiprolu and P.V. Palem mandals stated that the loan was repaid through income generated from given asset. However, it is very peculiar, to observe from the analysis of about 23.25 per cent and the 13.33 per cent stated that the loan was repaid by old savings.

## 8. SUGGESTIONS

The following are the important suggestions to policy makers for improvement in the policy prescription.

- ✓ Re-payment schedule under SGSY is based on monthly basis so the beneficiaries are not bearing this condition. The state and central level officers should discuss the repayment schedule to relax from monthly to quarterly.
- ✓ There should be involvement of the staff of DRDA and especially the banks in the recovery of the loan. Involvement of bankers is the most important aspects in the implementation of SGSY right from the beginning to the end.
- ✓ The banks should pay particular attention to the recovery of loan so that the flow of credit under the SGSY can be maintained smoothly. All possible assistance should be given by the district and mandal level officers to facilitate this task. The attitude towards Government funds needs to be changed through revamping the recovery system. A team of extension officers and bank branch managers should be formed to effectively supervise loaning operations including the recovery from the SHGs under SGSY.
- ✓ One of the salient features of the SGSY scheme was identification of key activities for every mandal and in every district. This was done with the intention that the Government could give focused attention on the specific sector, so as to develop backward and forward linkages for the concern activity.
- ✓ There is greater degree of lack of awareness among the SHG beneficiaries about provisions of the SGSY. These constraints can only be overcome through empowerment of the poor by organizing them under one umbrella of the beneficiary's advisory committee at the village and mandal level so that the beneficiaries can get a regular form to focus on their problems for the solutions. For making such a committee at the gram panchayats level also, the beneficiaries committee should be constituted. This will not only enhance the knowledge of beneficiaries about difficult components of the programme, but also keep close surveillance over the beneficiaries so as to make other schemes succeed economically.

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