

Role of Microfinance in Functioning of Women Self-Help Groups (SHG) Under Bank Linkage Programme in the Rayalaseema Region of Andhra Pradesh

ABSTRACT:

Aims: To understand the functioning of bank-linked women-based self-help groups in the Rayalaseema region of Andhra Pradesh.

Study design: Cross-sectional.

Place and Duration of Study: The study was conducted in two districts of the Rayalaseema region of Andhra Pradesh. The survey was conducted from April to May 2021. The reference year for the present study regarding financial parameters and group-related information was taken 2020 – 2021.

Methodology: A total representative sample of 360 respondents with 120 SHG groups from two districts of the Rayalaseema region was taken for evaluation of the functioning of SHGs. All the respondents taken for the study were women. A well-structured interview schedule was used for collecting the primary data from the individuals.

Results: It is revealed from the study that, savings activity by SHG is a regular activity. Through SHG group involvement a considerable change is observed among women in terms of various skills i.e., decision making, entrepreneurial skills, competency, managing, credit handling, coordination, and planning.

Conclusion: It is concluded that using group meetings, member involvement, savings habit, external lending, and starting up of own enterprise a significant improvement of leadership qualities, managerial ability, psychological wellbeing, financial upliftment, and improved living standards are observed among all the rural women beneficiaries. validate reliability.

Keywords: [Self-employment; Socio-economic development; Microfinance; Entrepreneurial skills; Self-Help Groups.]

1. INTRODUCTION

According to the current scenario, the holistic development of any country depends mainly on economic growth (in terms of financial aspects). Proper economic growth of a country reduces the poverty among all the sectors of the country in both rural and urban areas. Persistent poverty is one of the basic problems for a country and India is not an exception for that. India's poverty eradication depends on its economic growth in all the sectors using generating and utilizing the capital and making it available to rural and urban communities (Ahmad et.al., 2020). Continuous financial flow in India provides self-employment opportunities to both men and women thereby reducing the level of poverty from village level to

state level. Addressing this poverty, many financial policies have been started to provide timely financial services and easy access to credit to households and individuals in rural and urban areas. (IFAD).

According to United Nations estimates by Worldometer, the total population of India in 2021 is reported as 139 crores of which 65.07 percent of the population lives in rural areas and about 35 percent of the population lives in urban areas (Source: www.worldometers.info/world-population/india-population). In India, 52 percent of the population are male population and 48 percent are female population (Source: countrymeters.info/en/India). Nearly 50 percent of the human population in India is women and about 75 percent of the total female population is from rural areas (Source: www.statista.com/statistics/621507/rural-and-urban-population-india/). Rural women are one of the leading workforces in India which plays a major role in improving their living standards by contributing largely to their household incomes. Though women work hard the amount required for improving their poor living conditions is not sufficient so they need strong financial support and assistance that makes them better. The rise in credit usage for non-income generating activities amongst poor households is an important concern of microfinance (Ray 2019). In contribution to this financial support in the year 1992, a unique pilot program was introduced by National Bank for Agricultural and Rural Development as SBLP for women (Self Help Group Bank Link Programme) under rural microfinance scheme. Microfinance activities are the most needed thing in tackling the increasing unemployment problem in the rural areas (Sumesh and Surender 2021). The bank linkage SHG program of microfinance is a successful tool for providing a platform to women as leaders through the real essence of transformation (Arora and Singh 2018). The bank-linked self-help groups are aimed at providing microfinance to people at the base of the pyramid level. The success of the SHG program is due to the proper framework and monitoring by microfinance schemes through banks linked with NGOs (Malhotra and Baag 2021). The internalization of the SHG concept is a potential microfinance tool in the area of banking to improve the living standards of poor women (Fayaz and Venugopal Rao 2019).

According to NABARD, the term microfinance is defined as "provision of credit, thrift and financial services offered to the poor customers to meet their financial requirement in rural, semi-urban and urban areas; with an only qualification that (a) transactions value should be small and (b) customers should be poor. As a whole microfinance program is a banking service that provides a wide range of extensive microcredit and micro-savings services like payments, loans, deposits, credit transfers, low-interest rates, and self-employment opportunities to low-income household groups for improving their living conditions. In India, there are three kinds of SHG models under microfinance scheme viz., Bank linked SHG model, Bank-NGO-SHG model, and Bank-NGO-Microfinance institute-SHG model. In the present study, Bank linked NGO-associated SHG model was taken. Microfinance programs play a vital role in empowering women in society. It involves improving the creditworthiness of the poor in the long run. Microfinance institutions have a lot to contribute to long-term credit by building financial discipline and educating borrowers about compensation requirements (Khandare and Gajanan 2016).

In India, the Self-Employed Women's Association (SEWA) in Gujarat was the first initiative under the microfinance scheme in the year 1974 (Ghate et al. (2006)). This SEWA was successful in providing financial services to rural and poor household individuals who wish to be self-employed by starting up their own new business. This successful initiation of the microfinance scheme forms the basis to provide its services in rural areas (where 75 percent of the female population lives in rural areas). Intending to promote socio-economic development through a group-based approach and thereby empower women at the base level, NABARD started bank linked SELF- HELP GROUP (SHG) program in India under this microfinance scheme. In simple microfinance refers to a mixture of financial services intended for low-income household groups, primarily women (Gurumoorthy (2000), Jain et.al., (2003) Srinivasan (1995).

SHGs are important for social networking to improve the living standards of women (Kalra et.al., 2013). Self-Help Groups are small informal groups of individual members who voluntarily come together and form an association for achieving a common objective (Singh 2013). The basic goal in forming up self-help groups is to promote credit, savings and thereby empower women beneficiaries in improving their living standards (Choudhury and Devi (2009), Singh (2013). The bank-linked SHGs helps in improving the living standards of women in terms of savings, repayment of loan etc., (Srinivas 2014). Women are being empowered through SHGs by starting their own enterprises by taking loans. There is a substantial upward change in terms of income after joining SHG (Kumari 2017).

The growth of SHGs is indeed phenomenal. SHG-Bank linkage program which is the largest microfinance program in the world, today touches 10 crore households through more than 85 lakh SHGs with deposits of about rupees 16,114 crore and annual loan offtake of rupees 38,800 crores and loan outstanding of near rupees 61,600 crores of which, 88 percent for rural women (NABARD 2017). Among all the states Andhra Pradesh is the third highest state in terms of a total

number of self-help groups and SHG members count (8,19,855) followed by Bihar first (9,90,215) and West Bengal second (8,99,644). Among the Southern region of India, Andhra Pradesh tops about bank linked SHG groups and their members count. (Source: Ministry of rural development -National Rural Livelihood Mission State Wise Report as of 29-10-2021). In Andhra Pradesh, there are 8,19,855 SHGs in the state with 83,00,251 women members. There are 13 districts and 662 mandala samikhya in the state.

Self-help groups were linked to banks through Non-Governmental Organizations (SERP, VELUGU, MEPMA in Andhra Pradesh) with five major panchasutras i.e., (1. Conducting group meetings regularly, 2. maintenance of account books regularly 3. regular group savings, 4. repaying loan amount regularly and 5. internal lending of fund based on the members need.) These panchasutras form the basis for the present study to focus on the objective of functioning of SHGs under microfinance terms in terms of general management practices, financial management practices, saving activities, sources of external borrowings activities, and lending activities.

Earlier studies and research were focused on member participation in SHG, entrepreneurial characters of SHGs, and group activities of SHG in the study area. There has been a research gap in terms of analyzing the performance of SHG members and groups under NGO purview. In order to fill this research gap, the present study was conducted in the Rayalaseema region of Andhra Pradesh to understand the functioning pattern of SHG under the microfinance scheme.

2. Methodology

In Andhra Pradesh, there are 8,19,855 self-help groups with 83,00,251 women beneficiary members, 13 districts and 662 blocks. Based on regional, cultural and socio-economic aspects all the districts of Andhra Pradesh were classified into two regions Rayalaseema region and the Coastal Andhra region. Rayalaseema region consists of four districts Kurnool, Anantapur, Cuddapah, and Chittoor while the Coastal Andhra region consists of nine districts namely Nellore, Prakasam, Guntur, Krishna, West Godavari, East Godavari, Srikakulam, Vizianagaram, and Visakhapatnam. The Rayalaseema region was selected purposively as it contains 42 percent of the total number of SHG members in Andhra Pradesh.

During the first stage, two districts namely Kurnool and Anantapur districts from the Rayalaseema region were selected purposively based on the recommendations of the Society for Elimination and Rural Poverty (SERP Chairman) of Andhra Pradesh based on several SHG groups, the performance of SHGs in terms of the highest number of loans taken so far, the prevalence of OC, BC, ST, SC, etc. During the second stage, three mandals from each district were selected purposively based on the implementation of the SHG program for the first time based on the recommendations of the UNDP program. A total of six mandals from both the districts namely Orvakal, Panyam, and Pagidyala from Kurnool and Bukkarayasamudram, Raptadu, and Gooty mandals were selected. During the third stage, five villages from each mandal were selected purposive cum randomly based on the distance between from the mandal headquarter viz., one village which is close to mandal headquarters, one village which is in the interior parts, and three villages in between the two selected villages. Thus, a total of 30 villages (15 from each district) were selected from both districts.

During the final stage, from each village, four SHG groups were selected randomly and within each group, three members (a leader and 2 members) were selected, thus a total of 4 SHG groups with 12 women beneficiaries were taken from each village. A final of 60 SHG groups in each district with 180 women beneficiaries were taken for the study, thus making a total representative sample of 360 respondents with 120 SHG groups from both the districts.

The primary data about the study was based on a personal interview with the women members of the SHGs. A pre-tested interview schedule was used to collect primary data from the SHG group leaders and members. The collected data was analyzed by using MS-Excel and SPSS. Percentage analysis, Averages, Standard deviations, and cumulative frequencies were used for analyzing the data. The survey was conducted from April to May 2021. The reference year for the present study regarding financial parameters and group-related information was taken 2020 – 2021.

3. Results and discussion

3.1 General Management Practices of SHG:

The basic function of SHGs was to work in a self-governing and democratic manner. Regular gatherings and meetings of self-help group members were a prime activity that ensure the effective involvement of members. Group gatherings help

women to discuss how to carry out the financial transactions of loan disbursements and maintenance of savings. Regular involvement of members in group meetings, addressing common issues, and sorting the issues is the part of general management practices of SHG. These general management practices help the members of SHG to acquire collective decision-making skills. Table-1 shows the SHGs general management practices observed in the selected sample area.

The percentage distribution on periodicity of organizing meetings by SHGs shows that 79 percent of the SHGs were organizing the meetings once a fortnight followed by once a week (13.6 percent) and once in a month (7.5 percent). Among the selected districts, Kurnool district shows the highest percentage (82.2 percent) of organizing meetings once in a fortnight followed by Anantapur (75.5 percent). The percentage of members attending the group meetings regularly was comparatively high over those who attended occasionally. It was observed that 87.5 percent of members were attending the group meetings regularly while 12.5 percent of members attended the meetings occasionally. Cent percent of the sample from selected districts reported that their SHGs have clear written rules and regulations. The frequency of updating the rules regularly was observed as 60 percent while updating the rules occasionally was 40 percent. About 93.5 percent of the SHG informed that all the members have been provided access regularly regarding the rules and regulations while 6.5 percent have provided access occasionally. It was noted that cent percent of the selected sample was regularly updating the minutes register during group meetings. Updating and maintaining the minute records, rules and regulations regularly by SHGs was based on the knowledge gained by attending the meetings and training at the village level and mandala samaikhyas organized by the Society for Elimination of Rural Poverty (SERP). The findings regarding general management practices are in line with Srinivas (2014), Malhotra and Baag (2021).

In the majority of the SHGs (99 percent), the maintenance of the minute's register was being updated by a member employed by SHG (Bookkeeper). Minutes of meetings in both the districts were registered as the same (approximately cent percent). It was noted from the field that the bookkeeper employed for SHGs by SERP at the village level was responsible for maintaining the minute's record. This bookkeeper is responsible for conducting the group meetings regularly and updating the same to NGO.

Table-1: General management practices of SHG

S.No	Categories	Districts		Total
		Kurnool	Anantapur	
1	Organization of meetings (%)			
	Weekly	2.8	24.5	13.6
	Fortnight	82.2	75.5	78.9
	Monthly	15	0	7.5
	Total	100	100	100
2	Percentage of members attending the meetings (%)			
	Regularly	90	85	87.5
	Occasionally	10	15	12.5
	Total	100	100	100
3	SHGs having rules in written form (%)			
	Regularly	100	100	100
	Occasionally	0	0	0
	Total	100	100	100
4	Frequency of updating rules (%)			
	Regularly	53.3	65.6	59.5
	Occasionally	46.7	34.4	40.5
	Total			
5	Accessibility of rules to all members (%)			
	Regularly	87.2	100	93.6
	Occasionally	12.8	0	6.4
	Total	100	100	100
6	Maintenance of minutes register by (%)			
	literate member of the group	0	0	0
	Leader	1.7	0	0.85

	Bookkeeper	98.3	100	99.15
	Total	100	100	100
7	Frequency of updating minutes (%)			
	Regularly	100	100	100
	Occasionally	0	0	0
	Total	100	100	100

3.2 Financial Management Practices of SHGs:

Financial management of SHGs includes maintaining monetary transactions and updating the records continuously. The success of SHGs is based on the maintenance and monitoring of financial records regularly. Apart from maintaining monetary transactions of account books, SHGs should also maintain the passbooks of the group. The financial management practices of SHGs noticed from the selected districts are shown in the following Table-2.

The SHG account books were maintained by either the group leader or the person employed by SHG (book-keeper). It was observed that 82.5 percent of the SHG account books were maintained by a bookkeeper while 17.5 percent were maintained by a leader of the group. In the Anantapur district cent percent of the account books were maintained by bookkeepers while in the Kurnool district it was noted as 65 percent. The data shows that approximately cent percent (99%) of the SHGs passbooks were maintained by group leaders. Maintenance of SHG bank passbooks by group leaders has recorded almost the same (100 percent) in selected districts. It was observed that 59.5 percent of SHG individual member passbooks was maintained by the members only followed by group leaders (39.5 percent). Maintenance of members passbook by the group leader and members themselves in Anantapur district was observed as 52 percent and 47 percent and in Kurnool district, it was 26 percent and 71 percent. The data shows that approximately cent percent of the sample updating the records and documents regularly (i.e., SHG account books, SHG passbooks, and member passbooks).

From the study area, it was observed that bank passbooks of SHGs were updated by the group members on a rotation basis. Every member of the group has to visit the bank to overhaul the passbook on a rotation basis so that all the members in a group have an idea about the financial aspects of that specific group. This practice was predominant in both the districts of Kurnool and Anantapur. The findings regarding financial management practices are in line with Srinivas (2014), Khandare and Gajanan (2016).

Table-2 Financial management practices of SHG

S.No	Categories	Districts		Total
		Kurnool	Anantapur	
1	Maintenance of account books by SHG (%)			
	Leader	35	0	17.5
	Bookkeeper	65	100	82.5
	Total	100	100	100
2	Maintenance of SHG bank passbook by (%)			
	Leader	98.3	100	99.1
	Bookkeeper	1.7	0	0.9
	Total	100	100	100
3	Maintenance of members bank passbook is by (%)			
	Leader	26.1	52.78	39.5
	Member	71.7	47.22	59.5
	Bookkeeper	2.2	0	1
	Total	100	100	100
4	Frequency of updating account books of SHG (%)			
	Regularly	100	100	100
	Occasionally	0	0	0
	Total	100	100	100
5	Frequency of updating SHG bank			

	passbooks (%)			
	Regularly	100	100	100
	Occasionally	0	0	0
	Total	100	100	100
6	Frequency of updating member passbooks (%)			
	Regularly	92.2	100	96.1
	Occasionally	7.8	0	3.9
	Total	100	100	100

3.3 Savings (Thrift) Activities of SHGs:

One of the fundamental thought processes to form an SHG is that indeed the exceptionally destitute can save small sums, which the additional incentives of getting bank advances would inculcate and fortify the propensity of saving. The individuals of SHG reserve a fixed sum periodically, depending upon the availability of funds with the members. The reserve funds of all the members kept together within the bank in the name of their SHG that shapes the SHG finance. Information about savings activity of SHGs and quantum of savings contributed by members from the selected sample is tabulated in Table-3.

In the sample, cent percent of the households from both the districts chose monthly savings over other kinds of periodicity of savings. Depending on the financial ability and strength of the members each SHG has fixed a certain amount as a mandatory saving. From the selected sample majority of the member savings through SHGs per month was noted as 300 rupees. It was observed that 65 percent of the savings through SHGs per month by members was 300 rupees followed by 300 – 600 rupees (19 percent) and above 600 rupees (16 percent). In the Anantapur district, 85 percent of the members fall under the savings category of 300 rupees followed by 300 – 600 rupees (15 percent) per month. In Kurnool district, about 44 percent of the members fall under the savings category of 300 rupees per month followed by 300 – 600 rupees (23 percent) and above 600 rupees (32 percent).

It was observed that cent percent of the sample from both the districts have revised the savings regularly from their formation. It was also observed that above 80 percent of the sample from both the districts have revised their savings pattern to 4 times since their formation. It was noted from the field that savings pattern by SHG was regular activity with the hope of improving their living standards. It was also noted that SHG members are advancing their savings to higher amounts regularly based on their financial assistance. This practice of savings shows a great deal of variation mostly in the Kurnool district and to some extent in the Anantapur district. The findings regarding saving activities are in line with Srinivas (2014), Sumesh and Surender (2021).

Table-3 Saving activities of SHGs

S.No	Categories	Districts		Total
		Kurnool	Anantapur	
1	Periodicity of savings (%)			
	Weekly	0	0	0
	Fortnight	0	0	0
	Monthly	100	100	100
	Total	100	100	100
2	Whether SHGs have revised savings since formation (%)			
	Yes	100	100	100
	No	0	0	0
	Total	100	100	100
3	Number of times SHGs revised their savings (%)			
	One time	0	6.11	3.05
	Two time	3.88	7.22	5.55
	Three-time	10.55	6.66	8.61
	Four-time	85.55	80	82.77
	Total	100	100	100
4	The average number of times SHGs	3.8	3.6	3.7

	revised their mandate savings			
5	Percentage of savings through SHGs per month by members			
	Up to 300	44.44	85	64.72
	300-600	23.33	15	19.16
	Above 600	32.22	0	16.11
	Total	100	100	100

3.4 Fund Source and External Borrowings of SHGs:

Most of the SHGs give loans internally to their members using their funds. They usually charge interest rates of about 1.25 - 1.5% per month, which are lower than the interest rates charged by private money lenders. Besides this, some SHGs (members belongs to ST/ST/BC and all other members of below poverty line families) receive government subsidies from (central and state) depending on their credit repayment pattern and promptness, thereby these additional amounts of credit due to endowments will be added to the SHG funds. A look at Table-4 shows how SHGs were able to access funds and how much they borrowed from different banks and financial institutions over time.

It could be seen from the table-4 that the average number of times SHGs got loans since their formation was 8.85 times and district wise it was noted as 10 times in Kurnool and 7.7 times in Anantapur. It was observed that the average amount of own funds available at the time of bank linkage was about 6,365 rupees and within the districts, Kurnool district had higher funds available (rupees 6,466) when compared to Anantapur district (rupees 6,263). The average number of years that SHGs linked to banks was noted as 15.8 years while across the districts, it was 17 years in Kurnool and 14.6 years in Anantapur. The average amount of funds available with SHGs at the time of investigation was 2,34,610 rupees and within the districts, it was noted as rupees 2,65,934 in Anantapur district and rupees of 2,03,285 in Kurnool district. The table, states that Anantapur district was the front runner in improving their SHGs internal fund compared to Kurnool district.

It was noted that for all the selected SHGs in the test locale, the source of outside borrowings were entirely institutional sources like regional rural banks, public sector banks, and private sector banks. No single SHG got their outside borrowings from non-institutional sources like private money lenders and shop attendants etc. The percentage distribution of external borrowings by sample SHGs shows that about 72.5 percent of the respondents were able to get their external borrowings from commercial banks (particularly from Canara bank, State bank of India, and Andhra bank) while the remaining 27.5 percent were from regional rural banks (like Andhra Pragathi Grameena Bank and Saptagiri Grameena Bank). The distribution percentage of SHGs that got their external borrowings from commercial banks was significantly high when compared to regional rural banks in both districts. All the SHGs in the study area have not confronted any problems in raising external reserves from the banks. It was reported that once SHGs complete their 6 – 8 months since their group formation and save a considerable reserve in their SHG saving account were directly eligible for getting a grant through the SHG bank linkage program. Therefore, it was reported by the SHGs that they have not come across any problems for getting loans from the SHG registered banks. The findings regarding source of funds and external borrowings are in line with Srinivas (2014), Kumari (2017).

The percentage of SHGs that have got subsidies and revolving funds was about 38.25 percent. Within the districts, Anantapur district has got 45.5 percent, and Kurnool district has got 31 percent of subsidies and revolving funds. The subsidies and revolving funds that the SHGs obtained were from the state and central governments under various schemes like (Swarnjayanti Gram Swarozgar Yojana, Microcredit linkage scheme, Zerointerest loan scheme for women, Pavala valid, Sthreenidhi and Andhra Pradesh Dwakra Runa Mafi, etc). Percentage-wise distribution of source of subsidies and revolving fund shows that 30.5 percent of the SHGs got subsidies and the revolving fund from DRDA-YSR KRANTHI PADAM (earlier known as VELUGU in Andhra Pradesh), while only 7.75 percent of SHGs received from ST/SC/BC corporations. It was reported that subsidies obtained in the selected districts are due to the state government scheme of NAVARATNALU (like Ammavodi, YSR Asara, YSR Cheyutha, YSR Barosa, etc) under YSR KRANTHI PADAM. In Kurnool district of Orvakal Mandal, Orvakal Mandal Podhupu Lakshmi Ikya Sangam (OMPLIS) SHGs informed that they have been provided financial assistance and subsidy with many facilities like free education to children, self-employment opportunities to unemployed youth, entrepreneurial activities, dairy unit (Palakova making) under the Kranthi Padam program.

Table-4: Source of funds and external borrowings of SHG

S.No	Categories	Districts	Total
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		Kurnool	Anantapur	
1	The average number of times SHGs got loans up to now	10	7.7	8.85
2	Percentage distribution of external borrowings by SHGs			
	Commercial Bank	55	100	72.5
	Regional Rural Bank	45	0	27.5
	Total	100	100	100
3	The average amount of own funds available at the time of bank linkage (Rupees)	6466.66	6263.889	6365.2
4	The average amount of own funds available in 2021 (Rupees)	203285.6	265934.4	234610
5	Percentage of SHGs that have got revolving fund	31	45.5	38.25
6	Percentage distribution of source of revolving fund			
	SERP (DRDA-YSR KRANTHI PADAM)	26.4	34.6	30.5
	ST/SC/BC Corporations	4.6	10.9	7.75

3.5 Usage of External Borrowings of SHG:

The purpose for credit availed by the test individuals were characterized into three groups viz., the income creating exercises, consumption purpose, and resource creation. The income-generating activities include both agriculture and allied activities like dairy, rearing milch animals, agricultural-related activities, and taking up small entrepreneurial activities. The non-income generating activities include repaying old debts, loans taken for consumption purposes, loans taken for health and medical purpose, loans taken for social functions like life-cycle ceremonies and marriages, etc. Asset creation activities include the purchase of television, purchase of a bike, land purchase, household construction, etc. Table-5 provides information regarding usage of external borrowings of SHG in terms of various income, non-income generating activities, and creation of assets.

The average loan amount taken by each SHG member was rupees 72,500 and across the districts, Anantapur had noted as significantly high (rupees 74833) compared to Kurnool (70167). Among various income-generating activities loan amount used by SHG members for small business and entrepreneurial ideas was 56 percent, followed by agriculture activities (24.5 percent) and dairy activities (12.45 percent). Rearing mulch animal percentage number was very low (6.65 percent) when compared with other income-generating activities. Within the selected districts, the percentage of loan amount used for small business and entrepreneurial activity was recorded high in Kurnool district (63.3 percent), and low in Anantapur district (49.5 percent).

Among various non-income generating activities 53.3 percent of the SHG members used loan amounts for children's education and 42.25 percent was used in repaying old debts. Within the selected districts, the percentage of loan amount used for children's education was high in Anantapur district (60.5 percent) against 46.1 percent of Kurnool district. The percentage of loan amount used for repaying old debts by members was high in Kurnool (50 percent) compared to 34.5 percent in Anantapur. Among various asset-creating activities, the percentage distribution of loan amount used in asset-creating activities by members was mainly influenced by household construction (75.5 percent) and purchasing land (23.05 percent). In Kurnool district, about 83.9 percent of the members used loan amounts for house construction while in Anantapur district it was 67.8 percent. The percentage of loan amount used for purchasing land was observed high in Anantapur district (32.2 percent) against 13.9 percent of Kurnool district. The findings regarding external borrowings are in line with Srinivas (2014), Kumari (2017), Sumesh and Surender (2021).

Table-5: Usage of external borrowings of SHG

S.No	Categories	Districts		Total
		Kurnool	Anantapur	
1	Average loan amount per member	70167	74833.33	72500
2	Activities took by SHGs in using the loan amount			

(i)	Income Generating Activities			
	a. Dairy	9.4	15.5	12.45
	b. Rearing mulch animals	4.4	8.9	6.65
	c. Small Business/ Entrepreneurship	63.3	49.5	56.4
	d. Agriculture activities	22.9	26.1	24.5
	Total	100	100	100
(ii)	Consumption Needs			
	a. Repayment of old debts	50	34.5	42.25
	b. Live cycle ceremonies	0	0	0
	c. Health	3.9	5	4.45
	d. Children's Education	46.1	60.5	53.3
	Total	100	100	100
(iii)	Asset Creation			
	a. House	83.9	67.8	75.85
	b. Machinery purchase for business	2.2	0	1.1
	c. Purchase of land	13.9	32.2	23.05
	d. T.V. / Motorcycle	0	0	0
	Total	100	100	100

3.6 Lending Activities of SHGs:

The important income source for SHGs and their group members was lending activity. Lending activities taken up by SHGs were tabulated in Table-6. It was noted that an average of 6.93 months was taken by SHGs in providing loans to their members from their internal savings and external borrowings since their group formation and across the districts, it was noted as 7.1 months in Kurnool and 6.75 months in Anantapur. It was also observed that the average number of days taken by SHGs in granting loan amount was about 13.65 days and within the districts, Kurnool district SHGs were taking less time (12.8 days) for approving the loan compared to Anantapur district (14.5 days). It could be seen that about 73.5 percent of the selected SHGs grant loans to the women who are in need of money and across the districts, it was recorded the same (approximately 75 percent) for providing funds to their members as of when necessary.

At the time of investigation, the respondents informed that the decisions regarding the loan disbursement to members, usage of internal savings, any other things associated with the SHGs will be discussed during monthly group meetings. In most of the cases, decisions regarding credit disbursement were in favour of the group members who are in urgent need of money, and in some cases, the loan amount was given to other members of the group on a rotation basis with a fixed interest rate on fixed periodicity. The performance of the selected sample of SHGs based on the lending activities shows that an average of 2 loans per year will be given to their members with an average amount of 17,209 rupees from the SHGs internal savings with an interest rate of 12 per annum. Within the districts, the average loan amount sanctioned per member in Anantapur district was considerably high (rupees 22,566) when compared with Kurnool district (rupees 11,852). The percentage distribution of fund sources by SHGs for providing loans to members from their internal fund (own savings) is noted as 54 percent. About 46 percent of the SHGs provide funds to their members from both internal savings and borrowed funds from outside external agencies.

The overall assessment among the entire sample SHGs during the field visit was that the openness of credit to the individuals of SHGs becomes very simple and easy, as they charged 1.25 - 1.5 percent rate of interest per month which was an impressively low charge when compared with the grant obtained from private money lenders earlier, who used to charge about 5 percent rate of interest per month. The findings regarding lending activities are in line with Srinivas (2014), Ray (2019).

Table-6: Lending Activities of SHGs

S.No	Categories	Districts		Total
		Kurnool	Anantapur	
1	The average number of months taken for providing loans to members after SHG formation	7.11	6.75	6.93
2	The average number of days required for granting a loan	12.8	14.5	13.65
3	Distribution of SHG by mode of granting practices to			

	their members			
	Three months once	0	0	0
	Six months once	0	0	0
	Yearly once	28	25	26.5
	As and when necessary	72	75	73.5
	Total	100	100	100
4	The average number of loans sanctioned per year	1.91	1.85	1.88
5	The average interest rate charged per annum	12	12	12
6	The average amount of loan per member from internal fund / own fund per year (Rupees)	11852.78	22566.67	17209.72
7	Distribution of fund source for providing loan to members			
	Own fund	55	52.22	53.61
	Borrowed fund	0	0	0
	Both	45	47.77	46.388
	Total	100	100	100

3.7 SUGGESTIONS:

In light of the outcomes of the present study, for improving the functioning of SHGs in a better way the following suggestions are to be followed by the SHGs at ground level.

- Proper training should be given to the members in the selection of enterprise based on available local resources.
- Non-government organizations should create awareness among the members about the existing schemes and their benefits.
- To expertise all the members of groups the bookkeeper has to train, educate and motivate members regularly.
- SHGs functioning in particular mandal can form a cluster. This cluster can be entrusted with the mission of advertising the goods of different self-help groups under a common brand name.
- To make the better functioning of SHG, the non-government organizations should motivate the members by showing the success of experienced SHG entrepreneurs.
- Clustering of members at mandal wise, based on the economic activity adopted can help the members in reducing the transportation cost by means of the mass sale of products.

4. CONCLUSION

It is concluded from the analysis that the Role of Microfinance in the functioning of women's self-help groups (SHG) under bank linkage program in the Rayalaseema region of Andhra Pradesh is an accolade. The SHGs helped women beneficiaries in improving their living standards through the habit of regular savings, getting involved in decision making to start their enterprise, and ease of credit supply for starting their income-generating activities. The study also concludes that the functioning activities of SHGs help women beneficiaries in knowing new things and thereby help in achieving the basic social needs, security needs, and self-esteem needs. It is also concluded that various management practices of SHGs made women beneficiaries take decisions wisely, to take a considerable risk, proper credit maintenance, proper using of credit, regular savings, acquire leadership qualities, and thereby starting their enterprises. Through SHG group involvement and meetings a considerable change is observed among women beneficiaries in terms of various skills like decision making, entrepreneurial skills, competency, managing, credit handling, coordination, and planning. Finally, it is concluded that the effective functioning of bank-linked SHGs helped women beneficiaries in achieving leadership qualities, managerial ability, psychological wellbeing, financial upliftment, and improved living standards.

ETHICS STATEMENT

No specific permits were required for the described field studies because no human or animal subjects were involved in this research.

CONSENT FOR PUBLICATION

All the authors agreed to publish the content.

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