



## Study the Self Help Group Bank Linkage Micro Finance and its Impact on the Empowerment of Muslim women in Andhra Pradesh and Telangana

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### Abstract:

The self help groups are formed and developed by Government agencies such as Department of Rural Development and Municipal Administration in both the sample states. One of the objective of promoting women SHG's is to provide microfinance through designated commercial banks under SHG bank linkage programme to the rural and urban poor women for achieving empowerment. In order to implement these SHG bank linkage scheme the Government establishment two different organization/societies in both the sample states i.e., Society for Elimination of Rural Poverty (SERP) and Mission for Elimination of Poverty in Municipal Areas (MEPMA).

**Key words:** SERP, commercial banks, self help groups

### Introduction

The concept of micro finance and micro credit are usually used interchangeably. But micro credit is always dovetailed with thrift and hence micro finance is a more appropriate expression rather than credit. It includes the whole gamut of financial services like thrift, credit, insurance, leasing of equipment, remittance etc. required by the poor. Micro credit is the credit of meagre amount of money which plays an important role while enhance the human life which should be used in proper way to achieve income generation, removal of poverty, create employment etc. The terms micro finance and micro-credit are often used interchangeably and treated as synonymous but micro finance is much broader in scope that includes deposits, loans, payment services and insurances to poor (Manimekalai, 2004). A number of micro finance services are operating in

different states of India. Though at the bottom, their ideologies are same, i.e., to provide quick and easy credit to the poor without any collateral, but structurally, there are certain differences in organizational and legal set up that separate them. Broadly, they can be categorized as:

- SHG Model,
- Grameen Model,
- Co-operative Model, and
- For-profit Model.

SHG Model is the most popular model in India amongst the four models mentioned. Hence, the following section deals with the SHG Model in brief.

The rural poor who do not have any security to pledge with or a guarantor end up going to the village moneylenders who in turn exploit them by charging a very high rate of interest. Not only the absence of formal credit to



the poor but also skepticism and ignorance, may be due to illiteracy, to approach a formal bank makes them vulnerable to external shocks. SHG is an effort to free the poor from this vicious circle of complexity. It is considered a better platform for the poor and vulnerable sections of the society to organize themselves around regular savings and lending behavior as well as get engaged in some income generating activities. The poor are now able to

#### **Operational Models:**

Broadly three SHG-credit linkage models are functional in India. Following are the three models:

- Model I: In this model SHGs are formed or promoted, guided and financed by banks directly.
- Model II (SHG-Bank Linkage Model): In this model, SHGs are financed directly by banks, such as commercial banks (CBs) i.e., Public and Private; Regional Rural Banks (RRBs) and Co-operative banks (Co-op. banks). NGOs and government agencies viz. DRDA act as facilitators. They arrange trainings on different income generating activities.
- Model III (MFI-Bank Linkage Model): Under this model, microfinance institutions (MFIs) avail bulk loans from banks for on-lending to SHGs and others small borrowers.

Micro finance is generally routed through small groups commonly known as Self Help Groups [SHGs], which not only serve as a platform to supervise the activities of each other but also provides social collaterals. Loan amount to the member of the SHG is based on the

generate their own savings at reasonable rate of interest by initiating a self-saving mechanism within the group. A sense of responsibility grows amongst the members, especially women, as they handle their own incomes and take decision on expenditures. The homogeneous nature of the group members allow to develop solidarity amongst them in case of urgency and come out strong in the event of any community crisis.

amount of the savings of the SHG and is recovered generally in 12 monthly installments. Loans are repeated and gradually increased; thus establishing relationship banking.

#### **Objectives of SHGs**

- To act as the forum for the members who are very poor and do not have the access to formal financial institutions.
- To enable the members to learn to co-operate and work in a group environment.
- To provide the savings mechanism that suits the needs of the members.
- To provide cost effective delivery mechanism for small credit to its members.

#### **SHG bank linkage in Andhra Pradesh:**

The self help groups are formed and developed by Government agencies such as Department of Rural Development and Municipal Administration in both the sample states. One of the objective of promoting women SHG's is to provide microfinance through designated commercial banks under SHG bank linkage programme to the rural and urban poor women for achieving empowerment. In order to implement



these SHG bank linkage scheme the Government establishment two different organization/societies in both the sample states i.e., Society for Elimination of Rural Poverty (SERP) and Mission for Elimination of Poverty in Municipal Areas (MEPMA).

SERP works on a comprehensive multidimensional poverty alleviation strategy by focusing equally on the livelihoods value chain and human development indicators. The fundamental unit of development at SERP is the rural poor households and all interventions of SERP strive to achieve essentially two outcomes-sustainable per capita house hold incomes of Rs.1,00,000/- per annum from multiple sources and improved human development indicators.

**SHG bank linkage in Telangana:** The broad vision of the program is to enable the poor households in accessing adequate formal credit at their doorsteps through their membership in SHGs. The objective of the programme-Consumption smoothening or even servicing previous high cost debts; Support existing livelihoods. Finally, to implement Microcredit Plan (MCP), when households reach a stage where they can assume a higher degree or risk. The SHG movement in the Telangana started in 1998, built on the principles of thrift, self-help and internal lending. The credit worthiness of these groups, which are otherwise unbanked, having no collaterals, have been built on their group discipline, repayment culture and accumulated corpus funds; and this resulted in SHG Bank linkage programme, under which, SHGs are being provided with credit by service area banks as per Micro Credit Plans of SHGs.

Started in 2000, so far, the groups have availed bank loans of over Rs.50 thousand crores.

**Mission for Elimination of Poverty in Municipal Areas (MEPMA) in Andhra Pradesh and Telangana:**

The Mission for Elimination of Poverty in Municipal Areas (MEPMA) was established in the year 2007 in the undivided state of Andhra Pradesh. Empowerment of urban poor women, especially those residing slum is the main objective of MEPMA. Besides, one of the objectives of the mission is to enable the urban poor particularly the poorest of the poor to eliminate poverty and vulnerability in a sustainable manner and improve their quality of life in urban areas. To promote, strengthen and nurture self-sustainable institutions of the poor and through them, address all poverty issues like access to credit, financial freedom, health, disability and vulnerability. One of the main schemes launched by the department is to provide financial assistance to individuals/groups of urban poor for setting up gainful self-employment also support Self Help Groups of urban poor to access easy credit from bank and avail interest subsidy on SHG loans. It may be mentioned here that the aim and objectives of MEPMA in both Andhra Pradesh and Telangana is similar and also in all aspects including administration.

The distribution of minority population indicates that Muslims are in majority in the Union Territory of Lakshadweep and in the State of Jammu and Kashmir. There are six states where proportion of Muslims to total population is above the national percentage of 13.4



percent-Assam (30.9 percent), West Bengal (25.2 percent), Kerala (24.6 percent), Uttar Pradesh (18.55 percent), Bihar (16.5 percent), and Jharkhand (13.8 percent). In absolute numbers, Uttar Pradesh (30.7 million), West Bengal (20.2 million), Bihar (13.7 million), and Maharashtra (10.70 million) have the largest Muslim population.

#### **Objectives of the Study:**

- To study the socio-economic profile of the Self Help Group-Bank linkage Micro Finance Muslim women beneficiaries in Andhra Pradesh and Telangana.
- To study the impact of Self Help Group-Bank linkage Micro Finance on the Empowerment of Muslim women in Andhra Pradesh and Telangana.
- To know the reasons for joining in SHGs and to understand the problems and constraints faced by the Muslim women in their income generating activities.
- To make suitable recommendations to improve the system of Self Help Group- bank linkage Micro Finance for the development of muslim women in Andhra Pradesh and Telangana.

#### **Research Methodology**

**Universe of the study:** Andhra Pradesh and Telangana.

#### **Sample of the study:**

A Multi stage stratified random sampling method was employed in the selection of sample beneficiaries.

In the first stage, according to the Census of 2011, one district with highest concentration of Muslim population in

each of the selected state was selected for the study. Accordingly Nizamabad district from Telangana and Kurnool district from Andhra Pradesh were selected for the study. It may be mentioned here that both Hyderabad and Ranga Reddy districts were not considered in the selection for the study and the remaining districts in the state of Telangana were taken into account in the selection of the districts for the study.

In the second stage, from each of the selected district, one Municipality / Municipal corporation and one Mandal with highest concentration of Muslim population were selected for the study. Accordingly Nizamabad Municipality and Yedpalli mandal from Nizamabad district and Kurnool Municipal Corporation and Sirivella Mandal from Kurnool district were selected for the study.

In the third stage, from each of the selected Municipality/Municipal corporation and Mandal, the details of all the Self Help Groups who availed Micro Finance through bank linkage programme for starting income generating activities or strengthening existing units were collected from the offices of Project Director of DRDA and MEPMA.

In the fourth stage, out of the total SHGs in the study area, the Muslim women represented SHGs were identified and of them 10 SHGs were selected randomly for the study. Generally it is assumed that the group consists of 10-15 members. In view of the above, finally from each of the selected SHGs 10 members were selected randomly as sample respondents for the study. Further it may be mentioned here that



only those muslim women who engaged in micro financing activity for more than one year were selected for the study. The total sample of the study consists of 400 respondents representing 200 each from Kurnool and Nizamabad.

**Sources of Data:** Both primary and secondary data was collected and used in the study.

**Primary Data:** Structured interview schedule was developed and used to collect the data from the selected respondents and their families. The schedule divided into two sections. First section deals with the Socio-economic profile of the respondents and their families. Second part of the schedule deals with different aspects like details of SHG, reasons for joining SHGs type of income generating activity, problems, monthly income derived from the activity, development of communication skills, interaction with others, participation in decision making in the family, forward and backward linkages established by the Government.

**Secondary** resources of information also collected from the different offices of Andhra Pradesh and Telangana. Besides various books and journals etc., referred in the study.

Keeping in view of the objectives of the study the collected data was processed for analysis by using Special Package for Social Sciences (SPSS) 26.0V.

The statistical techniques like frequency and percentages were used in the analysis of the data.

#### **Socio-Economic Profile of the Respondents and their Families:**

Out of the total 400 respondents majority of them (31.75%) are found in the age group of 31-40 years followed by 27% in the age group of 41-50 years, 25% in between 21-30 years and 11.75% in between 51-60 years of age. Only 4.5% of the total respondents are found in the age of below 20 years.

A large percentage of the respondents (78.50%) are married, while 3.75% are unmarried, 10% are widows and remaining 7.75% are divorced or separated. State wise data shows percentage of married women respondents are slightly more in the sample of Telangana than Andhra Pradesh.

41% of total respondents are illiterates and the remaining are literates. More illiterates are found in Telangana sample than Andhra Pradesh. Out of the total respondents 19.75% have an education upto primary whereas 15.25% are educated upto high school level, 13.75% have an education upto intermediate level and the remaining 10.25% are graduates. More number of educated respondents in all the categories of education found in the sample of Andhra Pradesh than Telangana.

58.25% of the SHG members have 4 members in their families, while 11.25% each have 3 and 5 members, 7% have 7 members, 5.25% have 8 members, 5% have two members. 2% of the total respondents come from the families having 9 members and they belong to Telangana state sample.

Average size of the family of the total sample families comes to 4.42 members. The average size of the family for the state of Andhra Pradesh sample is



4.15 members and 4.68 members in Telangana sample families.

Majority of the sample families (85.75%) belong to nuclear family and 14.25% of them were in joint family system. Nuclear families are outnumber in Andhra Pradesh than Telangana.

54.50% of the total respondents belongs to business sector, 24.50% of the respondents family members engaged in agriculture as primary occupation, 16.75% employed in non-farm wage work and 4.25% members are from service sector. Seen state wise sample respondents, in all the categories of occupation as mentioned above more or less similar results were noticed with slight variation.

Out of the total sample families 51% are found in the annual income range of upto Rs.1,00,000. Seen state wise sample in this category of income, 62.50% of the families are from Telangana sample families and 39.50% from the sample of Andhra Pradesh. 37% of the total sample families are found in the annual income range in between Rs.1,00,000-2,00,000. In this group of income the Andhra Pradesh sample families are more in number than Telangana. The remaining 12% of the total families are found in the annual income of Rs.2,00,000 and above. Seen in this group, more or less similar situation is observed in both the sample states.

A large percentage of them are residing in rented houses. Seen state wise sample families, 73% of them live in rented houses in Telangana state and 50% of respondents of Andhra Pradesh sample living in rented houses. The remaining 40% sample families living in

their own houses. Nearly about 43% of the sample families from Andhra Pradesh and 37% from Telangana live in their own houses.

51.75% of the sample families living in semi-pucca houses followed by 38.25% live in pucca houses and 10% in Katchcha houses.

Majority of the sample families (74%) have two rooms in their houses and the remaining 26% sample families have one room. Seen state wise sample families, two rooms houses are more in Andhra Pradesh sample (76%) than Telangana (72%).

With regard to the electricity facility in the houses of the sample families all the houses have electricity facility.

Overwhelming majority of the total households i.e., 91.25% have the toilet facility. 8.75% of the total sample families have no toilet facility in their houses.

Overwhelming majority of the sample households (90%) have bathrooms in their houses and the remaining 10% of the sample families houses have no bathroom facility.

Nearly about 70% of the sample families are depend on Government public piped water for drinking purpose and the remaining 30% of the sample households are getting drinking water from Government piped private taps connections to their houses.

Majority of the total respondents (89.50%) stated that they are using LPG as medium of cooking in their houses. State wise sample families shows





majority of the households in both the states are using LPG as medium of cooking. The remaining 10.50% of the total respondents reported that they too have LPG connection but due to lack of money adjustment they were unable to spend on the LPG hence they are depended on fire wood.

#### **Impact of Self Help Group Bank linkage Micro finance on the Empowerment of Muslim women :**

A large percentage of the total groups (60.25%) have a membership ranging between 11-15 members. Seen state wise data in this regard more no. of groups are found in Andhra Pradesh sample than Telangana. About 34.75% of the groups have 6-10 members and the remaining 5% of the groups have 16-20 members.

37.50% of the respondents are members of SHGs since 9 years followed by 36.25% are members since 5 years, 10.50% for the last 2 years, 7% since 5 years, 5.25% since 15 years and only 3.50% of the members of SHGs since 12 years.

84.50% of the total respondents became members of SHGs with an aim to increase the family income, or with intentions of becoming able to save and get loan from banks, or wished to become economically independent through SHG membership. The other factors (8.25%) like childrens future, wish to enhance social status, gain group strength against exploitation, payment of old debts, social service and others persuasion (7.25%) played a very negligible role in acting as motivating factors for the respondents to associate with SHGs.

A large percentage of respondents (63.75%) are manage to save upto Rs.200 per month in their SHGs, 28.75% of the total respondents manage to save upto Rs.300 per month in their SHGs and 7.5% save upto Rs.100 per month in their SHGs. Seen state wise sample in all the categories of savings, slight variation is noticed in both the sample respondents.

All the respondents revealed that they attended the training programmes conducted by the MEPMA and SERP (DRDA). Most of the total respondents revealed that it is useful in the effective management of SHGs and also in different aspects such as in making business profitable, improving the interaction with the different officials like bankers, gram panchayat, MDO etc., raising credit accessibility from banks, increasing knowledge and awareness on various aspects such as economic, social, political etc. and Government schemes and programmes.

Out of the total respondents 44% availed loan below Rs.50000. Seen state wise information in this regard, more number of respondents (46%) are found in the Telangana sample. 44.25% of the total sample are found in between Rs.50000-100000 and the remaining 11.75% respondents are found in one lakh and above. It is observed that more or less similar situation noticed in both the category of loan amount.

Majority of the respondents (71%) reported that the quantum of loan is adequate for their income generating activities and also to strengthen the present business and the remaining 29% of the total respondents said that the loan amount is not sufficient to meet the capital investment for their income generating activities. Seen in this



category of sample, Telangana state respondents expressed more dissatisfaction on the loan amount than Andhra Pradesh sample respondents.

Money lenders and friends and relatives acted as a source of finance to the respondents. Besides, their own investments. Out of the total sample a large percentage of them (83.62%) raised advance from local money lenders and traders. 81.03% of the total sample said that they invested from their own sources of funds and the remaining 75.86% of the respondents reported that they raised loans from their friends and relatives. The data describes that the respondents largely depends on money lenders and their friends and relatives in raising advances.

26% of the total respondents started tailoring and embroidery works with the loan amount followed by 22.75% garment making including cloth business, 14.50% started hotel and food catering, 14% engaged in small provision shops, 7.25% engaged in selling of flowers, vegetables etc., 6.50% started sweets and bakery shop, 5.25% started DTP and Xerox centre and 3.75% engaged in meat and poultry products.

Out of the total respondents 52.25% opined that officers advised them to select a particular trade/business, 49% said that their family members suggested, 51.75% stated that other SHG members, 35.25% told that bankers and the remaining 16.25% taken own decision in selecting the income generating activity.

Out of the total respondents 24.50% of them reported that they are earning between Rs.6000-8000 per month from their business. Seen state wise

sample in this category of income, it is observed that a slight variation is noticed in both the sample. 22.25% of the total respondents are found in the income range of Rs.10000-12000 per month, followed by 38% in the monthly income range of Rs.9000-10000 and the remaining 15.25% found in the monthly income range of Rs.12000 and above. The data shows that more or less similar results were recorded in all the category of income groups in both the states.

The income earned from the present income generating activity is utilizing for different purposes like household consumption (86%) children's education (78.75%), payment of the loan installment (76.75%), reinvestment on present business (59.50%) and payment of old debts (21%) besides a part of income also used for savings.

Number of the reasons are reported by the members with regard to irregular payment of loan installments such as household expenditure (90%), problem of marketing of their products (50%) and inadequate income derived from the activity (18.25%).

Around 59% respondents said that their husbands are spending the family income. This has been found more pronouncing in case of Andhra Pradesh sample while close to 20% women said that they themselves spending family income. This has been found significantly high in Telangana sample. 5.25% of the respondents stated that their children spending the income in their families, in the families of 11.75% their In-laws are spending and only 4.25% respondents said other members of their family spending the income.





Out of the total sample 68.50% of them reported that one member and 31.50% stated two members were engaged in their income generating activity.

Though 56.50% of the total respondents reported that decisions are being taken by their husbands, yet more than one-fourth respondents (28%) accepted that they do participate in the decision making process. The remaining 10% of the total respondents stated that both of them involving in taking decisions in the family and only 5.5% said that their In-laws taking decisions in the family.

Majority of the total respondents (60%) said that they interact with other SHG members. This was found more pronouncing in case of Telangana sample. The remaining 40% said that they were not meet with other SHGs members so far.

Out of the total respondents 48% of them opined that respect in the family has been increased after joining SHG, 36% stated that there is good recognition from the neighbours and 16% opined that the society respect them. The SHGs motivate the women to attain social empowerment. It is observed that the sample respondents of Andhra Pradesh achieved better social empowerment than the sample of Telangana.

Majority of them said that they are fully satisfied (32%) in relationship with their family members. This has been slightly high in case of Andhra Pradesh sample. 52.25% of the respondents reported satisfaction of relationship with family members. State wise data shows Telangana sample members are more

satisfaction than Andhra Pradesh sample. Only a small portion of respondents reported that they are burdened in the family. More over 5.50% of the members were found happy with their family members.

Out of the total respondents 30% stated that they are facing problems in SHGs, while 70% reported that they did not faced problem and they are participating actively in the functioning of their SHGs.

As per the perception of the respondents they are facing mainly three types of problems. Out of the total 123 respondents who are facing problems, of them 65.04% stated that their husbands resist them for participation in SHGs, 27.64% of them face the problem of objection from group members and 7.32% face resistance from their parents.

62% of the total respondents were of the view that SHG intensifies desires to earn more and make better living and 38% of women expressed SHG increases desire to learn more skills and knowledge.

Majority of the members were found aware about the name of the bank, individual savings, bank transactions, constraints of groups, achievements of the groups, income of the group through fine and interest, no. of members repaid loan regularly, no. of members taken loan, total loaning of the group, total capital of the group, outstanding loan and cash in hand. However, a few respondents reported that all the members are not having adequate knowledge regarding objectives of the group, total capital of the group and information of the group records.



The perception of women regarding social values has drastically changed with the joining of Self Help Groups and their increasing level of knowledge and understanding regarding social issues. Most of the women found against in inter caste marriage, inter religion marriage, love marriage, widow marriage, child marriage and dowry system. A significant number of women were found in favour of family planning, reservation for women and punishing wicked husband.

Of the total respondents 47% aware about child labour practices. In this aspect more percentage of respondents are found in Telangana sample than Andhra Pradesh. There was an increased level of awareness towards domestic violence (23.25%) and social inequality (50%) after becoming a part of SHGs.

With regard to children's education nearly 60% of the total respondents stated that they aware about the need and importance of Children's education in general and Girl child education (56.25%) in particular.

Overwhelming majority of the respondents (89%) stated that they aware about the health scheme 'Aarogyasree Health Care Trust' and its objectives i.e., provision for providing quality health care for the poor people in both Government super specialty hospitals and private corporate hospitals. 86.50% of the members revealed that they aware about AIDS and other related diseases. 81.50% stated that they got awareness about personal hygiene care with respect to during menstruation period, pregnancy, adolescent health practices, lactating and post natal health care etc.,

Nearly 70% of the respondents aware about small family norms and it is very interesting to note that majority of the member participants adopted the norms and values of a small family. Finally 65% of the respondents reported that awareness on sanitation increased. Seen state wise sample, more or less similar results noticed in all the aspects related to health issues in both the states sample members with slight variation.

43.75% of the total respondents reported that improvement in the ability to control over resources in their families after joining SHGs. Nearly 80% stated that increase in their credit worthiness and access to loan and this is more in the sample of Telangana than Andhra Pradesh. Close to 70% of the members stated that their level of dependency on money lenders for advances has come down. 48.75% of the respondents reported that the SHGs and communication skills (42%) respectively.

71.75% of the total respondents revealed that information about Government programmes has increased after joining SHGs. Seen state wise data, in this aspect more percentage of members are found in Telangana sample than Andhra Pradesh. 55.75% said that SHGs was a collective effort for increasing their awareness on women's rights followed by equal property rights for women (50%). 57.50% reported that the participation in development programmes increased and finally 71.50% stated that ability to meet and converse with Government official improved after participation. The data clearly illustrates that more or less similar results noticed in both the states sample in the following aspects. Access to information about Government programmes, awareness on



women's rights, awareness of equal property rights for women, participation in development programmes, ability to meet and converse with Government officials.

After joining SHGs the income levels of all the respondents have increased and with the help of increased income level they could overcome the poverty and it will definitely lead to development. The data indicates that all the respondents opened bank or post office savings accounts only after joining SHGs. Even there is increase of income, self confidence and mobility but still some of them required permission to go outside village, medical treatment, attending fair and festivals etc., and also seeking credit from their SHGs. This means that they have some sort of restrictions.

Bankers, SERP, MEPMA and other line department officers visited their income generating activities. Out of the total respondents 42% reported that officers from DRDA, local APM, Sanga mithra etc., visited their income generating activities followed by 38% by MEPMA officers, 19.75% other line department officers like MDO, Village secretary etc, visited, 13.50% told that bank field officers paid visit to the income generating activity.

A large percentage i.e., 66.75% of the respondents reported that they are aware about such schemes and programmes such as oldage/ widow/disabled pensions, Anganwadi centres, loans under Economic Support Scheme of Minorities Finance and Development Corporation, Housing, etc., Seen state wise sample in this regard more number of respondents are aware in

Telangana sample than Andhra Pradesh. The remaining 33.25% of the respondents told that they were unaware about such schemes and programmes.

Out of the total respondents 22.25% of them said that their family members availed loan from corporation for Income generating activity. This number is more in Telangana sample than Andhra Pradesh. The remaining 77.75% of the respondents said that they did not availed the loan from the corporation. Further the respondents those whose family members got loan said that they aware about Economic Support Scheme through SHG meetings.

Out of the total respondents less than 10% of them reported that they got sanction house under the housing scheme of the Government. Seen in this aspect, more or less similar situation is noticed in both the states sample. The remaining 90% of the respondents stated that they did not availed houses from Government so far.

Out of the total respondents 16% of them stated that they are getting pension from Government under old age and widow category and the remaining 84% of them said that they are not getting pensions because they are not eligible to avail benefit under this scheme.