

## SELF- HELP GROUP/MAHILA- SANGAM

Village: Shetpally, Distt : Nizamabad, Telangana



Shetpally MPSSP & PGS Ltd - శేట్లపల్లి గ్రామ సంఘం

Sl. No	NAME	HUSBAND/Spouse	Caste	Age	SHG NAME	Designation	Phone No
1.	గంగి సంగమ్మ G. Sangamma	Pochaiiah	SC	35	Amma anethams	President	
2.	మిర్యాల దుర్గమ్మ M. Durgamma		ST	48	Sri Anjaneyams	V. President	950024416
3.	కల్లపల్లి యాదమ్మ K. Yadamma	Gangaiiah	SC	38	Gulabi m.s	Sec	9951314931
4.	నకిల శాంతమ్మ N. Shanthamma	Bal Rajuiah	SC	48	Bagyalaxmi m.s	V. s.	
5.	మానస పాపమ్మ M. Papamma	Rajaram	SC	46	Manasa m.s	Cashier	



REPORT

By: Preeti, IES

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## **SELF-HELP GROUPS/ MAHILA SANGAM**

Self-help group (SHG's) or Mahila Sangam is a village based financial intermediary committee usually composed of 10-50 local women. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. SHG's besides inculcating saving habits also provide a suitable platform for women to participate in the development process. It may also help them gain certain enterprising skills that prepare them for the job market.

There are about 4.65 lakhs women SHGs in Andhra Pradesh covering nearly 61.70 lakhs poor women. Andhra Pradesh alone has about half of SHGs organized in the Country. There are 58 such groups consisting of 612 members at present in the Shetpally gram panchayat. Out of this, 34 groups exist in the Shetpally village itself. The strength of each group ranges from a minimum ten to maximum 50 members. The groups represent a heterogenous mix since they comprised women from all the social groupings.

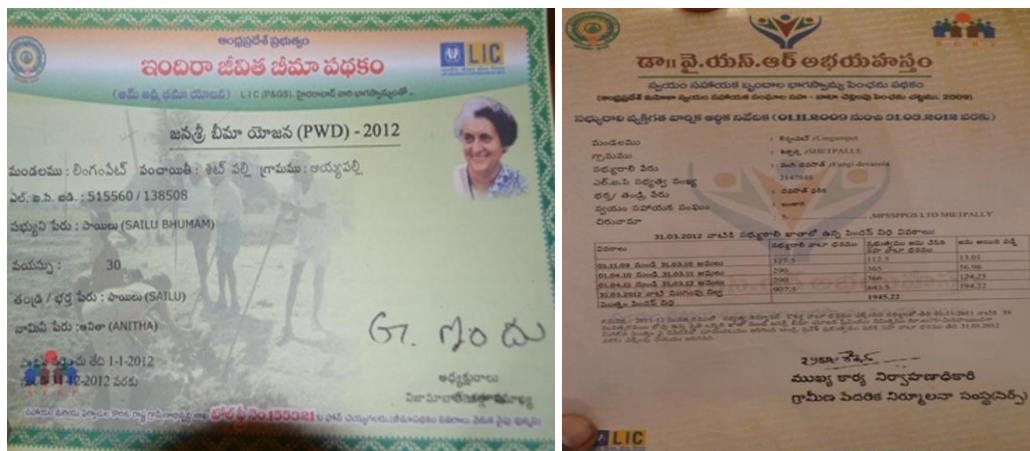
Each member of the group saves Rs.100 per month. The amount collected is deposited in the bank. At present the circulation within these 34 SHG's is around 14 lakhs rupees. If any member of the SHG requires money, then she can get the money from the common resource pool at 12% rate of interest. The purpose of borrowing may vary from buying an asset, to meet contingency purpose or for spending on marriage functions etc. We tried to identify some SHG women who had borrowed money from the common pool. Pushpa, borrowed 20,000 Rs for buying a buffalo. Saiva, another female borrowed money for opening a kiriyana shop. Yet another female borrowed 20,000 for leasing land.

The member is given 24 months period for repayment. The principal amount along with 12% rate of interest is repaid in monthly instalments. So far women have by and large been able to repay without defaulting. The group dynamics puts a moral responsibility to repay on time and thus play a major role in the smooth running of the SHG's.

Now, if at any given time the demand for withdrawals by the SHG members exceed the amount available in the SHG account in the bank, then there is a Sreenidhi Mobile banking scheme whereby these demands can be met. For this, the concerned member/s submits an application. The members of the group also give their signatures authorizing such a demand. This application is sent to any State level bank located in the Hyderabad city. The required amount is then transferred to the SHG account immediately. The amount is repayable at 0% rate of interest within a span of 24 months.

## Other related schemes :

*Indira Jeevika Beema –*



This is a scheme of the central and the state government under which the SHG member and her spouse are entitled to life insurance. In the case of normal death an amount of 30,000 is paid to the partner, for accidental death and complete disability Rs.75,000 and for partial disability Rs.35,500 is paid to the affected partner. The premium paid by the members is Rs. 15 per year.

*Bangaru- Talli ( Golden Mummy) –* This is the scheme whereby, the incentives are given for the female child . In the first year of the birth of the girl child an amount of Rs. 2500 is transferred to an account in her name. In the second year, a sum of Rs. 3000 is transferred. On completion of 18 years of age, an amount of Rs. 2 Lakhs is transferred. In the Shetpally village, 29 such registrations have been done in the year 2014. Out of this an amount of Rs. 47,500 has been transferred to 19 households so far.

**Outcomes from discussion with SHG members :** Shantava , a SHG member along with many other members were of the opinion that the borrowing rate of interest , at present 12% , is too high for them to be repaid. This adds heavily to the burden of paying the principal amount. They demanded that government should look into the demand of reducing the rate of interest.

Shantava , infact even put forward the demand that they be given loan waivers as extended by the Tamil Nadu government. Secondly, the SHG's can be introduced to certain entrepreneurial activity whereby the group as a whole borrows to start a business or small scale activity. This would open up avenues for income generation for the group.

**Recommendations :**

As discussed above, it was found that the SHG's have mainly operated to fulfill the individual demand for funds. These demands vary from buying certain assets, buying livestock or to fulfill certain ceremonial requirements such as expenses for marriage etc. As such, the SHG's have not yet ventured out of their primary mode.

Thus, SHG's can explore group lending options for setting up small scale businesses. The group members can be asked their preference for starting such activities. The required skill can be imparted through a basic training by the concerned authorities.

Thus, extending the scope of SHG provides an opportunity for income generation to the members. This also ensures a greater participation. Since, majority of the women in the village either are confined to their homes or work as labour, this would help them to gain skills and supplement their household incomes which shall gradually help in uplifting the economic status of the poor households.

Secondly, the issue of high borrowing interest rates for micro finance institutions remains a contentious issue. The lending rate to SHG's in general varies from 12-26%. In Shetpally, the rates are far less when compared across. However, this does not construe to mean that the SHG members are comfortable paying the interest rate. But, if the groups are exposed to various business activities as described above, the burden of interest rates can get neutralized to some extent.