

**COMMUNITY INVESTMENT FUND**  
**A study in Andhra Pradesh**

***DRAFT REPORT***



**Study conducted  
By**

***APMAS***

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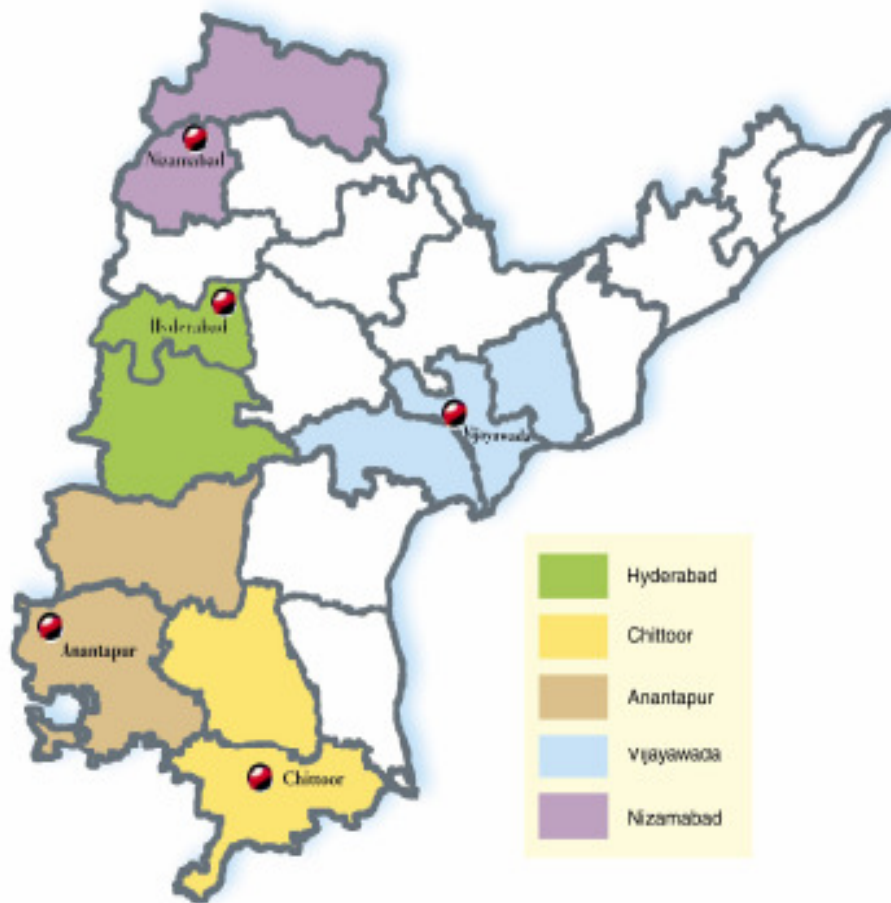
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## LIST OF ABBREVIATIONS & ACRONYMS

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APL	:	Above Poverty Line
ADB	:	Adilabad
ATP	:	Anantapur
BC	:	Backward Class
BCAP	:	Backward Classes Action Plan
BPL	:	Below Poverty Line
CC	:	Community Coordinator
CIF	:	Community Investment Fund
CIG	:	Common Interest Group
CTR	:	Chittoor
DCB	:	Demand, Collection and Balance
DPMU	:	District Project Monitoring Unit
GNT	:	Guntur
'I'	:	Interest
IGA	:	Income Generation Activity
KDP	:	Kadapa
KRN	:	Kurnool
KSN	:	Krishna
LEAP	:	Livelihood Enhancement Action Plan
LH	:	Livelihood
MBN	:	Mahaboobnagar
MCP	:	Micro-Credit Plan
Min	:	Minorities
MS	:	Mandal Samakhya
NABARD	:	National Agriculture Bank for Rural Development
NTFP	:	Non-Timber Forest Produce
NZB	:	Nizambad
OC	:	Open Category
'P'	:	Principle
RCL	:	Rice Credit Line
RR	:	Rangareddy
SC	:	Scheduled Caste
SEC	:	School Educational Committee
SERP	:	Society for Elimination of Rural Poverty
SHG	:	Self Help Group
SPIA	:	Sub-project Implementing Agency
ST	:	Scheduled Tribe
VO	:	Village Organization
WB	:	West Godavari

## Districts Selected for the Study in Andhra Pradesh



# EXECUTIVE SUMMARY

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## 1 CHAPTER-I: INTRODUCTION

- 1.1 Objectives of the study:** The broad objective of the study is to understand the diversity of livelihoods promoted and its impact on the quality of life of the poorest and the poor. The specific objectives of the study are: i) to understand the socio-economic profile of the CIF beneficiaries; ii) to know the CIF loan process, utilization, repayment and the issues; and iii) to understand the impact of CIF on the SHG member households, SHGs, and their federations and community.
- 1.2 Sampling methodology:** The study has covered 230 members of 105 SHGs in 47 village organizations of 19 mandals in 11 districts where APMAS is working. Both primary and secondary data was collected with the help of both qualitative and quantitative data collection techniques such as interview schedule, group discussions, case studies and non-participant observation. Fieldwork was conducted for data collection from December 2005 to January 2006.

## 2 CHAPTER-II: PROFILE OF SHG-CIF BORROWERS

- 2.1 SHG coverage:** Profile of CIF borrowers-Of the 946 SHGs in 47 villages, 86% of the SHGs joined in VOs; 12% of the SHGs are defunct SHGs in the village. 45 VOs have lent CIF to 505 SHGs with a coverage of 3285 SHG members. On an average, 7 members availed CIF loan in each SHG. On the whole, more than 80% are SCs and BCs and the remaining social categories represented less than 10% each.
- 2.2 Socio-economic Profile:** Majority of the CIF borrowers are BCs (39%) and SCs (34%) and the remaining social categories represented less than 10% each. More than 80% categorized as BPL category. One-fourth of the sample are women headed households. Nearly one quarter is literates. Agriculture and agriculture labour are the primary occupation of 75% of the CIF borrowers in the sample. Two third of borrowers have possessed lands.
- 2.3 Years of membership:** Majority of the members have more than 4 years of association with SHGs and more than 2 years of association with SHG federations. Almost all the SHG and VO leaders availed CIF loan. SHG members who are in leadership positions and representing as members in various CBOs and committees at village level have more access to CIF.

## 3 CHAPTER-III: LOANS AND REPAYMENT

- 3.1 Awareness on CIF:** Majority of the members (65%) are aware of CIF. Almost (94%) all know that CIF is a repayable loan. But only half of the members know about CIF norms and recycling norms. Very few know about MCP (11%). Except OCs among all other social categories the awareness levels are positively correlated.
- 3.2 Selection of SHG members for CIF:** was mainly done on the basis of activity proposed for income generation (50%), repayment capacity (45%), economic category (BPL) (52%), and equal distribution besides political and individual influence in the village. Both the beneficiary (66%) and the



Community Coordinator (65%) in consultation with each other proposed the activity as per the CIF guidelines.

- 3.3 Rational in proposing IGA:** Majority of the members have proposed the IGA based on the availability of skills in the household (59%) current occupation of the household (40%), marketing facilities (35%), amount of capital required for the activity and the degree of risk involvement. Little over than a quarter has reported that they don't have other alternative. And another one quarter have proposed only to get CIF.
- 3.4 CIF components:** Of the total 211 CIF loan borrowers, over half of the members (53%) have received the total cost of the proposed unit from the Project, where as in 43% of the cases, the project paid 90% of the cost of loan. Only in little percentage of CIF loans (6%) the project has met 40% of the cost of the proposed unit. The bank has born the CIF component only in 6% of the cases.
- 3.5 Beneficiary contribution:** Of the total 230 loan borrowers, 44% of the loan borrowers have paid beneficiary contribution to the unit cost. Of the total amount of Rs. 3,34,020 mobilized from various sources, more than half (52%) is from rich farmers (28%) and money lenders (24%).
- 3.6 Lending norms:** Of all the 217 CIF loan recipients, half of them have fixed 2 years as their loan repayment period; little more than one-third have fixed the repayment period as one as or less than one year and in the remaining cases it is more than 2 years. More than 80% of the SHGs have set the norm to pay both principle and interest every month. 90% of the loans the interest charged is only 1 rupee per month per hundred. Of the total 217 CIF borrowers, over 80% have received the loan amount in cash and the remaining (19%) in kind.
- 3.7 Volume of CIF loan:** The average size of CIF loan is Rs. 8,300. The volume of loan depends on the nature of IGA, availability of funds and disbursement of CIF loan within the SHG and VO to their members.
- 3.8 Loan utilization:** Majority members used the loan amount for more than one purpose. Nearly three quarters (74%) utilized the loan amount for income generating activity. Some spent on food material (21%), health (12%) and insurance (13.5%). Few have used the loan amount to repay private loans (7%) borrowed on high interest rate, education (5%), life-cycle ceremonies (5%) purchase of assets (6%) and so on.

Of the total loan amount of Rs. 22,21,813, two-thirds invested on income generating activities (66%); 13% of the loan amount on agriculture activities; 14% of the loan used for consumption purposes.

- 3.9 Present status of IGA:** Of the total 230, 84% of the members have taken up the same activity which they have proposed, where as 6% of the borrowers have started different activity. But 10% of the borrowers have not take up any activity.

Of the total 230 loan borrowers, nearly half of the borrowers (49%) running the activity; 16% of the borrowers used the loan for expansion of their old activities; another 9% of the borrowers invested on seasonal activities.

where as 16% of the borrowers have closed down their activities. However, 10% of the borrowers not started any activity.

**3.10 Factors responsible for success and failure:** Household members support, good skills, good prices and marketing facilities, favorable conditions, timely loans played a vital role in succeeding the activity. Where as non-investment of total loan on the proposed activity, fewer skills, unsuitable conditions, forced loans and units and loss of property are the major reasons for failure.

**3.11 Repayment:** Of the total 217 CIF loan recipients, 83% of the members have loan outstanding and the remaining 17% have completely repaid their loans. Of the total 181 members who have an outstanding of Rs. 12,14,406, 68% have dues of Rs. 6,73,857 with an outstanding of Rs. 9,26,143.

The study team has collected demand, collection and balance pertaining to the current loans of 720 CIF loan beneficiaries from 96 SHGs. On an average each member got a loan of Rs. 8,847.

Of the total 720 loan borrowers, 4% made prepayments, 22% have no dues and 74% of the members have dues as per their loan repayment norms. As on Nov. 2005, 60% of the amount reported as over dues. In other words 40% of the amount of loan collected against the demand. The percentage of overdue at various levels-members, SHG and VO shows that it is less at VO level (53%) compared to SHG and member levels.

**3.12 Fund sources for loan repayment:** A large percentage of borrowers paid the loan instalments from the earnings of income generation activity taken up (44%) by them, daily wages of her (27%) and earnings of other members in the household (27%). Very few have depended on money lenders (3%). One woman has disposed her assets to repay the loan.

**3.13 Persons extended services:** The persons who extended support & service to CIF loan recipients include SHG and their federation leaders; the staff at field level such as Book-keeper/ Animator, Livelihood Specialist, Community Coordinator; other players in the CIF implementation such as bankers, veterinary staff; and various sections of the community such as middlemen, villagers, political leaders and so on.

**3.14 Nature of service:** Majority of the persons have extended their services by providing information about CIF (64%) and loan documentation (58%). Around one-third of cases, assistance was provided in purchasing the unit. In some cases the community members influenced the SPIAs in sanctioning and grounding the CIF. In few cases support was in marketing (4%), insurance coverage, decision making (6%), borrowing external loans such as bank linkage (4%), political influence (8%), in the selection of vulnerable category (3%), in the selection of beneficiaries (11%) and so on.

**3.15 Payments made for the services:** Of the total 230 cases, the loan recipients have made payments of Rs. 28,926 in 417 instances to the persons involved in the loan process. Of the total amount of Rs. 28,926, 9% was paid to the leaders of SHGs, VOs and MS; 45% of the amount went to CCs, Livelihood specialist, Bankers and Veterinary staff; and another 46% of the amount to middlemen, community leaders, village heads, and Politicians.

- 3.16 Time taken:** Of the total 217 loan sanctions, 1-3 months has taken in two-third of the loans and in remaining it is more than 3 months.
- 3.17 Training inputs from SPIA:** Of the total 230 CIF loan borrowers, only 3% of the members have received training on the proposed activity.
- 3.18 Problems reported:** Over half of the borrowers expressed their concern about the loan payback period and no. of instalments. Around 30% of the borrowers expressed their concern about the mode of disbursement of loan- in the form of cash (19%) and loan in the form of kind (10%). some have reported about the high interest on CIF loans (9%). Around one-quarter of the respondents voiced about the lacking of information about repayment norms & recycling and the role of the beneficiaries in taking the decisions (22%). Some have addressed about the absence of training and technical inputs from the SPIAs (17%).

#### **4 CHAPTER-4: VILLAGE ORGANIZATIONS & ACTIVITIES WITH CIF**

- 4.1** The IKP has implemented many interventions relating to food security, employment generation, marketing, infrastructure creation and so on. Those interventions covered under the study include rice credit line programme, procurement of maize/ red-gram/ non-timber forest produce and running a supermarket.
- 4.2** VOs have taken up multiple tasks with the large amounts of CIF sanctioned by the project. However most of the sanctions are untimely and the funds were under utilized.
- 4.3** Though most of the activities designed for long term and multiple purposes majority of the activities are closed as one time activity. Many activities became VO leader and Community Coordinator centered.

#### **5 CHAPTER-5: IMPACT OF COMMUNITY INVESTMENT FUND**

- 5.1 Impact on household:** Over half of the respondents have reported that employment was created by investing the loan amount on the existing economic activity (57%), multiple economic activities and other diversified activities (13%). In more than half of the cases (57%) employment was created from 5 to 25 days per month. Majority of the respondents also felt that the loan is need-based (49%) timely (22%) and seasonal (24%) to take up income generating activity.
- 5.1.1** More than half of the respondents reported that due to CIF loan not approached money lenders (49%) for credit, less dependency on money lenders (54%). Some (7%) have repaid old loans taken from money lenders. Among the members who are getting income (56%), a little more than one-third (36%) are getting less than Rs. 1000 per month; around 11% are earning between Rs. 1000-2000 per month; however, 9% of the members are earning more than Rs. 2000.
- 5.1.2** One-third of the borrowers have reported that there is a pressure on women from SHGs on the repayment of loan instalments (34%). About 20% of the

borrowers reported that the household debts increased due to borrowings from private lenders to repay CIF and Bank linkage loans.

**5.2 Impact on SHGs:** Nearly 50% of the borrowers felt that SHGs have provided credit facility to all its members with large loans (32%). In the selection of members for CIF, priority is given to vulnerable sections (20%). However, 16% of the borrowers who received small loans reported that large loans are only to members in the group who are economically well off. One-fourth of the recipients reported that quarrels emerged between the members in deciding the members and loan size, which hampered the group repayment and solidarity.

**5.3 Impact on Village Organizations (VO):** Majority of the members have mentioned CIF is one of the important fund sources to the Village Organization (60%) which in turn helped in improving financial management skills (39%). Many felt that it created employment (38%) and income source (35%) to VO. One-third of the respondents said that the CIF has promoted livelihoods at VO level. Few borrowers (17%) have mentioned about the misuse of CIF funds at VO level. A small section of the borrowers (11%) mentioned that because of CIF, VOs are addressing social issues in the village.

**5.4 Impact on community:** Owing to CIF, dependency on middlemen decreased (60%) and the traditional credit sources reduced their rate of interest on loans (25%). Further, the VOs were given due importance in the Committees of the other Community Based Organizations in the village (17%). It also established a relationship between VO and Panchayat Raj Institutions (8%) because of large amount of fund flow through VOs for different activities such as IGA, Productive Physical infra-structure (PPI) and Social Development (SD).

## **6 CONCLUSIONS**

**6.1** All the SHGs formed in the village are not brought into the fold of Village Organizations. The social composition of the SHGs is reflecting the composition of general population. CIF was mainly reached to BCs and SCs who are marginal farmers who are primarily depending on agriculture and agriculture labour. Most of the target groups are BPL which comprises of very poor and poor. A significant percentage of vulnerable and educated women were supported through CIF in the SHGs. Most the CIF borrowers have more than 2 years of association with SHGs and their federations. However, period of association with SHGs is not a barrier to get CIF. SHG members who are in leadership positions and representing as members in various CBOs and committees at village level have more access to CIF.

**6.2** Though most of the members are aware of CIF, majority of the members don't know about the MCP, recycling, repayment norms and other procedures. Besides CIF guidelines, vested interests of the beneficiaries, SPIA and Community played a role in the selection of members for CIF loan. Major portion of 'beneficiary contribution' was paid from the funds mobilized through traditional credit sources. Delayed and less volume of loan pushed some of the borrowers into debt trap. CC played a critical role in proposing the IGA for getting CIF.

- 6.3** The average loan size is high and it is on par with 3<sup>rd</sup> or 4<sup>th</sup> SHG-Bank linkage. Though a significant portion of members and the loan used for consumption by the members, many have invested on income generating activity. Most of the members have repaid the loan instalments from the funds raised at household level than on external sources such as money lenders and rich farmers. The factors such as skills, loan utilization patterns, availability of resources, quality of inputs provided by the SPIA and good market and facilities and the involvement of beneficiaries, SPIA and community contributed significantly for the success or failure of the activity.
- 6.4** The loan portfolio at risk (PAR) is very high at member, SHG, and VO levels. Irregularities in the loan process, loan utilization patterns, awareness on CIF, attitude of members (willful default) are the reasons for default. Recovery mechanisms mainly include pressure on borrowers and their households from SHGs and SPIA. Most of the problems reported are relating to the procedures and implementation.
- 6.5** Most of the sanctions are untimely and the funds were under utilized by the VOs. Though most of the activities designed for long term and multiple purposes majority of the activities are closed as one time activity. Many activities became VO leaders and Community Coordinator centered.
- 6.6** The CIF has created mixed impact on various aspects at various levels. There is a moderate increase in employment generation and income of the household. Dependency on traditional credit sources especially on money lenders has been decreased. Some of the borrowers relieved from the clutches of money lenders by repaying their large high interest rate loans with CIF loans.
- 6.7** CIF has twisted much pressure from household members to get it and from SHGS and SPIA to repay it. Besides the economic impact it has created some financial and social discipline among the household members such as avoided consumption of liquor, unnecessary expenditure, no quarrels within the household due to availability of work, stopped migration due to employment creation and encourage migration to repay the loans by exploring work. CIF has provided credit facility with large volume of loans to more no. of SHG members especially to both the vulnerable women.
- 6.8** CIF is one of the important external fund and income sources to VO which enabled their financial management skills. It has created employment to SHG and VO leaders by providing employment opportunities through VO marketing activities. Few VOs started working on social issues. CIF has produced a dent on the credit traditional sources especially on the interest rates. It has built the relationships between other CBOs and various development committees at village level.

## PART-1: INTRODUCTION

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### 1.1 Introduction

Andhra Pradesh is in the forefront of the SHG movement in India. The data shows that about 40% (approximately 6 lakh SHGs) of the SHGs promoted in India (approximately 10 lakh SHGs) are in Andhra Pradesh. NABARD has provided credit linkage to SHGs of 2,94,341 with a loan of Rs. 159942.521 millions during the year April 2005 to March 2006<sup>1</sup>. Of the total SHGs bank linked and the total amount disbursed in India, 44% (Rs. 17,283.79 million) of the amount disbursed to 36 % (Rs. 39042.06 million) of the bank linked SHGs which are in Andhra Pradesh. According to NABARD during the period April 2004 to March 2005, 5,39,385 new SHGs were financed by banks to a tune of Rs. 29.94 millions by way of loans<sup>2</sup>.

SHGs receive funds and grants from different sources such as the Government, NGOs, and Banks in the form of revolving fund, matching grant, SHG bank linkage, Community Investment Fund (CIF), donations, etc to provide better formal financial services and to make them sustainable. Of all these external sources of funding, CIF is one of the important source which focuses on the economic development of the poor, institutions formed with them and the infrastructure development of the community.

### 1.2 Community Investment Fund

The objective of the Community Investment Fund (CIF) is to improve and diversify sources of livelihoods and quality of life of the poorest and the poor by increasing their income and employment, decreasing expenditure and decreasing risks through the micro plans of their groups/institutions.

In the beginning of the project CIF was provided to the subprojects of Common Interest Groups (CIGs), specially formed for this purpose. When VOs started emerging, CIF was provided to CIGs through VO, wherein VOs were recognized as Sub-Project Implementing Agencies (SPIAs). However the project has witnessed limited success when CIF was provided to CIGs in terms of recovery, asset management, institution building and bank linkage. The project realized that it was better to provide CIF for subprojects of Self Help Groups (SHGs) and Village Organizations (VO) as the SPIA. This has yielded good results. The project has been witnessing excellent results in terms of recovery of CIF, bank linkage, asset management and institution building. Further, CIF also helps in strengthening the institution of the poor (SHG, VO, and MS) by building their corpus, managerial capabilities and loan management skills<sup>3</sup>.

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<sup>1</sup> NABARD website [www.nabard.org](http://www.nabard.org)

<sup>2</sup> *Ibid*

<sup>3</sup> 'Micro Credit Planning and Revised CIF Procedures' Resource Material developed by SERP for ToT



### 1.3 Review of literature

As on July 2005, the IKP had spent Rs. 450 crores on various CIF activities across the districts in the State. Of the total amount of Rs. 450.22 crores, Rs. 40,988 lakhs of the amount was disbursed to take up Income Generating Activities as on March 2005. Major portion of the CIF funds was disbursed to BCs followed by SCs at state level. The data on sector-wise expenditure shows that over half of the funds disbursed to agri-allied activities followed by non-farm (24%) and agriculture (17%). An insignificant amount was spent on micro planning, commodity marketing, land purchase & lease and collection of Non-Timber Forest Produce (NTFP).

**Table-1.1: Details of Expenditure on CIF Activities as on July 2005**

S. No.	Particulars	March 2005		July 2005	
		Districts	DPMU	Districts	DPMU
1.0	Total expenditure in crores	399.45	50.84	433.66	53.13
2.0	Expenditure on IGA in lakhs	36,346	4,643		
3.0	Social Category-wise (IGA)	36,347	4,642		
3.1	Scheduled Castes	11,875	235		
3.2	Scheduled Tribes	3,924	3,938		
3.3	Backward Categories	16,465	438		
3.4	Other	4,083	31		

Data Source: Reports from SERP, Hyderabad

The data on recovery rate shows on the whole the repayment is 49%. Among all category of activities, the repayment rate is high in micro-plan (72%), commodity marketing (72%) and NTFP collection (65%) when compared to agriculture (56%), non-farm (55%) and in land purchasing /leasing (4%). The low rate of repayment in some of the sectors could be because of high risk, problems in procedures & implementation and the attitude of the target group.

**Table-1.2: Sector-wise Portfolio Size and Recovery Rate**

S. No.	Sector	Portfolio Size	Recovery Rate
1	Agriculture	16.7	55.8
2	Ag Allied activities	52.6	41.2
3	Non-farm activities	23.5	54.7
4	Micro planning	0.8	71.5
5	Commodity Marketing	2.3	72.4
6	Land Purchase/leasing	3.9	3.7
7	NTFP-marketing	0.1	64.7
	<b>Total</b>	<b>100.0</b>	<b>48.5</b>

**Agriculture** – Inputs supply, minor irrigation, land development, plantation and horticulture, sericulture, farm mechanization, bullock and cart other;

**Allied activities**- dairy, sheep and goats, fisheries, others;

**Non-farm**- manufacture/production, service, business, rural provision stores

Data source: Reports from Society for Elimination of Rural Poverty (SERP), Hyderabad.

### **1.3.1 Performance Assessment of SHGs and CIGs<sup>4</sup>**

According to a study done by TARU (2004), VOs which were to monitor CIGs, did not exist in 40% of the villages. In 76% of the cases the articulation of the Sub-project concept was from the users. In the case of Lac cultivation and horticulture CIGs, the initiative came from the Velugu team.

The conception of the sub-project, preparation of the proposal, processing, appraisal and sanction has taken from 1 month to 12 months. In general, Chittoor, Vizianagaram and Srikakulam have managed this process within 3 months. The study also discussed the issues related to various sub-projects especially the availability of resources, skills, failure of crops, marketing etc.

### **1.3.2 BASELINE SURVEY<sup>5</sup>**

The baseline survey for the APDPIP was conducted in three districts of Andhra Pradesh i.e. Anantapur, Srikakulam and Adilabad to benchmark all the parameters which reflect basically the status of poverty in all its forms and conditioning factors that are perpetuating poverty.

The poorest and the poor, especially Scheduled Castes and Scheduled Tribes, possess lower levels of livelihood capitals - human, natural, financial, and physical - compared to the other socio-economic groups. Formal institutions do not provide access to credit for the poor forcing the poor to depend more on other informal institutions at higher interest rates. Moreover, the credit needs are larger than their savings. Savings linked credit may not enable the poor to opt for any viable livelihood strategy. Market, economic stance of poor and unsuccessful credit policies of the State to reach poor are constraining financial capital formation.

### **1.3.3 APMAS Field Visit Reports**

Field visit reports<sup>6</sup> prepared in connection with the Participatory Situational Analysis (PSA) to various clusters in the districts where APMAS is working, mentioned about many issues relating to CIF especially low recovery rate, willful defaulting, and misuse of funds besides adherence to the procedures related to LEAP or CIF. Further, the reports also raised many questions about the dynamics within the group and its sustainability.

## **1.4 Need for the study**

- To implement the programme more effectively
- To bring necessary changes in the intervention
- to strengthen the CBO
- To create awareness about intervention among stakeholders

## **1.5 Objectives of the study**

The broad objective of the study is to understand the diversity of livelihoods promoted and its impact on the quality of life of the poorest and the poor. The specific objectives of the study are:

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<sup>4</sup> TARU Leading Edge Pvt. Ltd. has done this study to SERP in the year 2004

<sup>5</sup> Centre for Economics & Social Sciences conducted a base line study to SERP in 2001

<sup>6</sup> Unpublished field trip reports of APMAS relating to Participatory Situational Analysis of clusters



- i. To understand the socio-economic profile of the CIF beneficiaries;
- ii. To know the CIF loan process, utilization, repayment and problems; and
- iii. To understand the impact of CIF on the SHG member households, SHGs and their federations

## 1.6 Sampling design & coverage

The study has covered 230 members of 105 SHGs in 47 Village Organizations belonging to 19 mandals in 11 districts of Andhra Pradesh<sup>7</sup>. For more details see annexure-1. Individual interviews were conducted with the SHG members who borrowed loan under CIF. The financial data relating to CIF disbursement, instalments, interest and mode of repayment etc were collected from SHGs and Village Organizations to know the repayment, default and over dues. It also focused on the activities taken up by the Village Organizations such as marketing and other livelihood promotion activities. Sampling units, number of units covered and the criteria employed in selecting the units at various levels are discussed in the table below. For more details see annexure-1.

Table-1.3: Sampling units and the selection criteria

Sampling Units	No. of Units	Sampling Criteria
• State	1	All VOs, SHGs, and their members who have received CIF in Andhra Pradesh
• Districts	11	All the districts in the state of Andhra Pradesh where APMAS is working.
• Clusters	19	All the 19 clusters were purposively selected where APMAS is working
• Mandals	19	1 mandal was selected from each cluster based on the type of CIF sanctioned; number of sub-projects; type of sub-projects; project implementation Phase.
• Village Organizations	47	2 villages were picked up from each mandal based on location- interior and fringe; social categories-ST, SC, BC, Min, OC; no. of habitations; type of sub-project.
• SHGs	105	2 SHGs were chosen from each village based on type of group-CIG/SHG, social categories, age of the SHGs, period of CIF allocation, functioning of SHG, amount released, recycling of CIF, nature of activity-Individual or enterprise.
• Members	230	2 to 3 members were selected from each SHG based on social category, type of IGA, external borrowings and number of cycles CIF loan borrowed

<sup>7</sup> Adilabad, Anantapur, Chittoor, East Godavari, Guntur, Kadapa, Krishna, Kurnool, Mahboobnagar, Nizambad and Rangareddy districts in Andhra Pradesh are the operational area of APMAS.

## **1.7 Data collection techniques**

Both quantitative and qualitative data was collected through quantitative techniques such as interview schedule and Demand, collection and Balance Sheet (DCB) for Village Organizations and SHGs; and qualitative techniques such as informal group discussions with men and women in the village who are SHG-CIF members and case studies (annexure-2). The interview schedules mainly focused on the profile of the members, awareness levels on CIF norms, details of loans, fund mobilization to repay beneficiary contribution, nature of income generating activity, persons assisted in choosing the activity, reasons for default, success and failure and impact on household, SHG, VO and Community. By using DCB, data relating the loan and its repayments status particularly demand, collection, and balance was collected from VOs and SHGs to know the repayment status. Some case studies were collected to add value to the inferences drawn based on the quantitative data pertaining to CIF loan process, selection of members, type of activities, decision making and so on.

## **1.8 Fieldwork**

A study team of 5 members, headed by Associate Vice President, Research & Advocacy unit of APMAS has conducted fieldwork to collect data from VOs, SHGs, and CIF loan recipients from December 2005 to January 2006 in the selected districts.

## **1.9 Data analysis**

Both primary and secondary data collected from various sources at all levels were edited, coded and entered into a computer for analysis. Descriptive statistics such as frequencies, percentage and averages were computed. Simple and cross tables were prepared where ever necessary to make comparisons between various phases of implementation of the programme, social categories and districts and to draw meaningful inferences.

## **1.10 Organization of the report**

The entire report is divided into five chapters. Chapter-1 explains the importance, objectives and the methodology of the study. Chapter-2 discusses the socio-economic profile of the members; membership in Community Based Organizations (CBOs) and Committees at Village and Mandal level; and the coverage of SHGs at VO level and members at SHG level. Chapter-3 focuses on CIF loan procedures, loan size & its utilization, repayment & defaulting, and the issues relating to CIF. Various social and marketing activities taken up by VOs have been discussed in chapter-4. Impact of CIF on the member households, SHG, VO and community has dealt in the last chapter of the report.

## PART-2: PROFILE OF CIF BORROWERS

### 2 Introduction

The present section of the report describes the profile of the SHG or CIG members who obtained credit under CIF programme. The profile includes the borrowers belong to which social & economic category, what are their educational levels, who is heading the household, what is their primary occupation, how much land they are owning and so on. It also talks about the years of membership with SHGs, SHG federations, other CBOs and various other Committees existing at village level. Further, it also discusses about the coverage of CIF at VO and SHG level.

### 2.1 COVERAGE

#### 2.1.1 Number of SHGs

All the 47 village organizations selected for the study comprises of a total of 946 SHGs. Each VO on an average has 19 SHGs. Of the total 946 SHGs, 86% have enrolled their membership in the Village Organizations. The data shows that 14% of the Groups are non-members in the VO. It could be under aged, defunct and conflict of interests of the SHPIs. Of the total 946 SHGs in 47 Village Organizations, 118 are defunct groups (12.47%). On an average each VO has 2.46 defunct SHGs.

Table-2.1: Status of SHGs in the Sample Villages

S.No.	SHG details	Total SHGs	Average	Percentage
1	Total No. of SHGs	946	19.31	100.00
2	No. of SHGs joined	813	16.59	85.94
3	No. of Defunct SHGs	118	2.46	12.47

#### 2.1.2 Ethnic Composition of CIF loan recipients

There are 8,457 SHG members in all the 47 Village Organizations selected for the study. Of all the SHG members, 50% are BCs followed by Scheduled Caste (26%) and Open Categories (12%); and the remaining is of Minorities (6%) and Schedules Tribe (5%). In the selection of members for CIF loan STs (6%), SCs (31%) and BCs (55%) are over represented. Where as Minorities (2%) and Open Categories (5%) are under representation to their percentage of members in the SHGs. When we compare the CIF guidelines, STs (6.43%/10%), and SCs (31.03%/50%) are under represented and the other categories (62.54%/40%) are over represented.

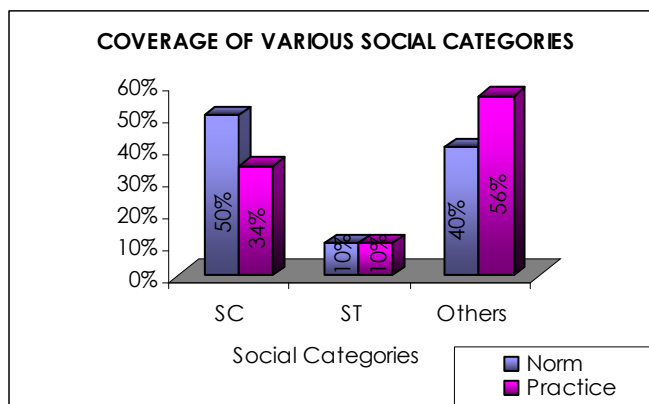
Table-2.2: Social Category-wise Coverage of CIF Beneficiaries

S. No.	Social Category	Members in VO		Covered Under CIF	
		F	%	F	%
1	Scheduled Tribes	450	5.32	175	6.43
2	Scheduled Castes	2208	26.11	844	31.03
3	Backward Classes	4215	49.84	1507	55.40
4	Minorities	529	6.26	58	2.14
5	Open Category	1055	12.47	136	5.00
	Total	8,457	100.00	2720	100.00

## 2.2 PROFILE OF MEMBERS

### 2.2.1 Social categories

The data on social categories of the CIF loan borrowers shows that more percentage of sample beneficiaries are BCs (39%) followed by SCs (34%). STs and OCs comprise 10% each. Minorities in the sample borrowers represented only 6.5%. As per the CIF guidelines, in the present sample, SCs are under represented and all other social categories are over represented. The following graph shows the norms to be followed in the coverage of various social categories and followed in the implementation of the programme.



### 2.2.2 Economic Categories

In the sample, majority of the beneficiaries belong to poor (51%) followed by very poor (31%) who can be categorized as BPL category. Nearly one-fifth (18%) are borderline and non-poor who can categorize as APL category. It indicates that most of the CIF loans were targeted and sanctioned to poor and very poor based on the PIP survey done by Indira Kranthi Patham (IKP).

### 2.2.3 Woman headed households

Of the total 230 CIF borrowers, 25% of the households are headed by women. That means those households are being run by the women who are deserted or widowed or woman with sick or unearning husband. It indicates that SHGs have given preference to the vulnerable women in the group while selecting the members for CIF loan.

### 2.2.4 Educational levels

Of the total 230 respondents, nearly half of them (49%) are neo-literates who learned their signature for SHG operational purposes. A little more than a quarter (27%) is illiterates. Of the literates (23%), half of the respondents (14%) completed primary and the remaining have studied upper primary (4%) and high school education (5%). The data on literacy reveals that majority of the loan borrowers are illiterates.

### 2.2.5 Primary occupation

A large number of respondents have reported that their primary occupation is agriculture (41%) and agriculture labour (34%). A substantial number of respondents have reported that they are primarily depending on

non-farm labour (17%). And the remaining have accounted that they are primarily depending on agri-allied, salaried and other occupations. Large percentage of respondents whose primary occupation is agriculture might be because of large portion of BCs in the sample whose primary occupation is agriculture. The percentage of agriculture labour and non-farm labour is also significantly high because of more coverage of SCs in the study sample and the coverage of poor and very poor as per the guidelines.

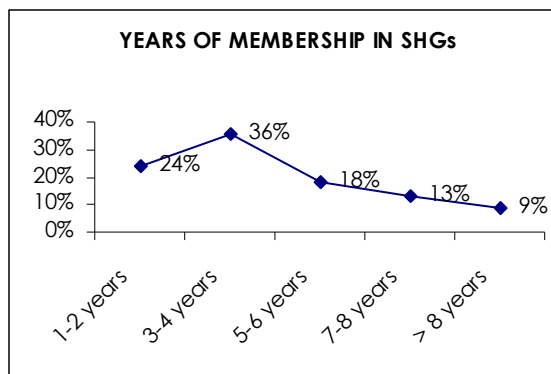
### 2.2.6 Landholdings

The data shows that two-third of the beneficiaries possessed lands. Among the land owners large number of borrowers is marginal farmers (42%). And the remaining 25% of the respondents categorized as small (18%), medium (5%) and large farmers (2%). Large number of marginal farmers might be because of distribution of surplus land by the govt. to the rural poor and the presence of large percentage of BCs in the sample. One-third of the respondents are landless. It might be because of SPIA's preference and large coverage of SCs (50%) who are mainly landless and poor.

## 2.3 MEMBERSHIP

### 2.3.1 Period of membership in SHGs

Large number of members has been associated with SHGs between 3-4 years (36%) followed by 1-2 years (24%). About 40% of the members have association with SHGs for more than 5 years. It might be because of two



reasons- on the advice of the Community Coordinator, Velugu/Indira Kranthi Patham, who got CIF loans as CIG members, some joined as new members in the existing SHGs, and in some other cases two or three CIGs formed as a new SHG. Hence there is a significant percentage of comparatively lesser membership periods. Secondly preference has been given to senior groups in the village. Besides, political influence, membership in the VO is also reasons for distribution of members across the ages of beneficiary in the sample.

### 2.3.2 Period of membership in SHG Federations

All the SHGs have membership in SHG federations, which include Village Organizations and Mandal Samakyas. But more than 80% of the SHGs have membership of less than 2 years. It might be because federating SHGs as higher organizations is a recent phenomenon of SERP (Society for Elimination of Rural Poverty). Of the total 230 SHG sample members, 33% are

having membership in Village Organizations. In the Community Based Organizations other than SHG Federations, especially in Vana Samrakshana Samithi, and Panchayat Raj Bodies the representation of the CIF loan borrowers is almost absent. There are 4% of the members have representation in Mother's Committee, because only mother of the school going children is eligible to become a member. Hence, the representation is high compared to other CBOs.

### 2.3.3 Membership in CBOs and Committees at village level

Some CIF recipients are members and heading some of the village level committees such as Watershed Committee, Maneeru Committee, and Village Development Committee and so on. Interestingly data shows that more than half the CIF study sample members are either the member or the president in some of the CBOs existing in the village. Over 40% of the recipients are either member or president of the SHG federations. It is clear evidence that SHG, VO and MS leaders played a vital role in the selection of CIF loan beneficiaries.

**Table-2.3: Membership in Various Community Based Organizations**

Organization	President		Member		Total	
	F	%	F	%	F	%
Village Organization	13	5.7	62	27.0	75	32.6
Mandal Samakya	1	0.4	18	7.8	19	8.3
Zilla Samakya	0	0.0	2	0.9	2	0.9
SEC/Mothers' Committee	3	1.3	6	2.6	9	3.9
Vana Samrakshana Samiti	-	-	2	0.9	2	0.9
Panchayat Raj Institutions	-	-	3	1.3	3	1.3
Other	8	3.5	6	2.6	14	6.1

## 2.4 Conclusions

The finding of this chapter shows that all the SHGs formed in the village are not brought into the fold of Village Organizations.

The social composition of the SHGs is reflecting the composition of general population. CIF was mainly reached to BCs and SCs who are marginal farmers, primarily depending on agriculture and agriculture labour.

Most of the target groups are BPL comprised of very poor and poor. A significant percentage of vulnerable and educated women were supported through CIF in the SHGs. Most of the CIF borrowers have more than 2 years of association with SHGs and their federations. However, period of association with SHGs is not a barrier to get CIF.

SHG members who are in leadership positions and representing as members in various CBOs and committees at village level have more access to CIF.

## CHAPTER-3: LOANS AND REPAYMENT

### 3 INTRODUCTION

The present chapter broadly discusses about CIF loan procedures, loans and its utilization, repayment, issues relating to CIF implementation. Under loan procedures it mainly discussed about the awareness levels of the borrowers, selection of members, lending norms, and fund mobilization relating to the 'beneficiary contribution'. The volume of loan, disbursement of loan, activity proposed and taken up, factors contributed for the success or failure of the activity, repayment, overdues, reasons for defaulting are discussed in detail besides various issues in CIF procedures and in implementation of it.

#### 3.1 LOAN PROCEDURES

##### 3.1.1 Awareness on CIF

Majority of the CIF borrowers (65%) are aware of the CIF loan. Almost all the borrowers (94%) know that the loan borrowed under CIF is a repayable loan. Some of the members might not know at the time of CIF sanctioning. Regarding MCP, only 11% of the members know about it. However, only half of the members know about the norms and recycling of CIF. Of all the three phases, awareness about CIF loans is more in 1<sup>st</sup> phase (72%) compared to 2<sup>nd</sup> (63%) and 3<sup>rd</sup> phases (63%). The awareness about MCP, recycling and norms of CIF is high in 3<sup>rd</sup> phase compared to 1<sup>st</sup> and 2<sup>nd</sup> phases. It could be because of more inputs of SHPI over a period of time in different phases of implementation of the programme and evolvement of clear guidelines about the programme.

Table-3.1: Awareness about CIF According to Phases

S.No.	CIF details	Phase-1	Phase-2	Phase-3	Total
1	Aware of CIF loan	72	63	63	65
2	Repayable loan	98	89	98	93
3	About MCP	21	3	18	11
4	About recycling	49	48	69	53
5	CIF norms	51	43	65	50

Of all the social categories, less percentage of STs are aware of CIF loan (38%); it is a repayable loan (67%); about MCP (4%); recycling of CIF (21%) and norms of CIF (17%). The data shows that except OCs among all other social categories the awareness levels are positively correlated i.e. social category increases the percentage of the members also increases.

The percentage of OC members is aware of CIF and its practices are low when compared to BCs. It could be due to demonstrative effect of more coverage of SHG members under CIF programme and the large percentage of women of those social categories in the SHGs.



**Table-3.2: Awareness about CIF According to Social Categories**

S.No.	CIF details	ST	SC	BC	Min	OC	Total
1	Aware of CIF loan	38	60	77	73	63	65
2	Repayable loan	67	95	99	93	96	93
3	About MCP	4	9	16	13	8	11
4	About recycling	21	43	63	80	58	53
5	CIF norms	17	43	62	73	46	50

**Caste study-1: "We borrowed loan from Grama Sangam, we don't know what is CIF"**- During the initial stages of fieldwork the research team has encountered a problem in getting answer to the question "Are you aware of CIF". Many have responded that they are unaware of it. When we ask them the same question as 'have you borrowed any loan from Gram Sangam? Then they said 'yes' or 'no'. Majority of the members know CIF as a loan from Gram Sangam. Beyond that very few members know about CIF. The coverage of more no. of SHG and VO leaders is also one of the reasons for comparatively high awareness levels.

### 3.1.2 Criteria for the selection of CIF borrowers

The selection of a member for CIF loan has depended on many factors. In one-third of the cases the question of selection did not arise because the loan amount was equally distributed among the SHG members. In majority (52%) of the cases preference is given to poor. Nearly in 50% of the cases, selection was done on the basis of IGA proposed by the members (50%), repaying capacity (45%) and track record of the members in repaying SHG loans (32%). Some SHGs have given preference to vulnerable women (9%) while selecting members for CIF loan. Few SHGs were selected the beneficiaries for CIF loan due to members' political background and influence in the village (12%). In 3 cases the SPIA forced the SHGs for CIF because of their good performance. It shows that the type of income generation activity, repaying capacity, and the practice of equal distribution have played a major role in the selection of CIF recipients within the SHG. The SHGs also selected the member not only from the vulnerable categories but also who have political background and influence in the villages that are ineligible for CIF loans.

**Table-3.3: Criteria for the Selection of SHG members for CIF**

S. No.	Criteria	Frequency	Percentage
1	Income generating activity	114	49.6
2	Repayment capacity	104	45.2
3	Credibility in repaying loans to SHG	73	31.7
4	Preference to poor	120	52.2
5	Preference to vulnerable	20	8.7
6	Important life-cycle ceremonies	8	3.5
7	Community work	2	0.9
8	Equal distribution	78	33.9
9	Influenced household in the village	27	11.7
10	Political leaders	3	1.3
11	SPIA forced us for CIF	3	1.3



**Case Study-2: CIF loans only for non-poor and SHG leaders**-In all the 4 study villages of Kulkacherla and Shabad mandals majority of the CIF loan recipients are non-poor and the SHG representatives in the Executive Board of the VO. SHG members were selected for CIF only on the basis of their repaying capacity rather than need, vulnerability, and poverty. The Community Coordinator also admitted the fact that SCs who don't have repaying capacity were excluded, and preference was given to the members who could repay the loan. Because of high awareness of VO and SHG leaders and the association with CC, all the SHG and VO leaders obtained CIF loans in Kamanpalli which influences the repayment of loans. It would be one of the reasons for low overdues in Rangareddy district in our sample.

The study team during the informal discussions with men and women of Kalivedu in G. D. Nellore Mandal of Chittoor district got the information that the SHG and the members selected for CIF loan are SHG leaders and politically influenced who are not poor.

### 3.1.3 Who proposed the activity?

The borrowers & their household members, friends & relatives, SHGs and federations, the SHPI staff who have been facilitating the SHG/ VO/ MS activities and bankers have played a role while proposing an activity for obtaining CIF. In majority of the cases (65%) IGA for CIF was proposed by the borrower and the Community Coordinator in consultation with each other. Nearly 50 % of the cases, household members and SHGs suggested the activity. In some cases, Village Organizations/ Mandal Samakyas (13%) proposed the activity. In few cases, bankers and livelihood specialists assisted the borrowers in choosing the activity. The data indicates that Community Coordinator, who prepares the MCP for the proposed activity, has guided the SHG members to propose the activity as per CIF guidelines.

Table-3.4: Persons Proposed the Activity for Getting CIF

S. No.	Person	Frequency	Percentage
1	Self decision	151	65.7
2	Household members	100	43.5
3	Friends & relatives	10	4.3
4	SHG	106	46.1
5	VO/MS	30	13.0
6	Community Coordinator	149	64.8
7	Livelihood specialist	2	0.9
8	Bankers	2	0.9
9	other	36	15.7

**Case-3: CIF for dealing naxal issue**-Machavaram is one of the naxal influenced mandal in Guntur district. All the 3 sample villages in the mandal are very much prone to naxal activities. The SPIA also as a strategy to diffuse the naxal activities has liberally sanctioned the CIF loans to all social category SHG members for various activities especially for milk animals, sheep units, and for petty business. But majority of the members used the loan amount for household purposes rather than on proposed activity. Because of the support from naxals and lack of clear guidelines many willfully stopped the repayment of CIF loans. The SPIA staff also reported that the naxals demand some amount from the CIF amounts. The SHG members as well as the villagers reported to the study team that the SPIA staff also

visits the villages once in a blue moon. All these influenced the functioning of SHGs and the repayment of loans.

### 3.1.4 Reasons for taking up the activity

The data shows that the borrowers have taken multiple factors into consideration while proposing an activity for CIF. In majority of the cases (59%), skills of the household members relating to the activity to be taken up were considered. Further in large number of cases traditional occupation (40%) of the household played a role in deciding the activity. In more than one-third of the cases, marketing facilities (34%) influenced the selection of activities. In few cases, less competition (10%), less risk involvement (20%) and less capital (7%) were taken into account. It is interesting that 29% of the members have reported that the activities were proposed only to get CIF. Nearly one-fourth of the respondents have reported that no other alternative or choice. It might be because of CIF norms, availability of funds in the project, and the skill of the loan borrowers.

Table-3.5: Reasons for Taking up the Proposed Economic Activity

S. No.	Reason	Frequency	Percentage
1	Abundant skills in the family	136	59.1
2	Traditional occupation	91	39.6
3	Good marketing facilities	79	34.3
4	Needs less capital	17	7.4
5	Less competition	23	10.0
6	Trained on the proposed activity	4	1.7
7	Less risk involvement	45	19.6
8	No other alternative & Choice	28	23.9
9	Proposed only to get CIF	66	28.7

**Case study-4: Livestock Vs. horticulture-**In the village Gurulingampalli of Manganoor Mandal and in the village Nekkedu of Dharur mandal in Mahaboobnagar district, though the members selected for CIF requested for milk animals and sheep units but SPIA has sanctioned loans for horticulture with out their consent and insisted them to take horticulture activity. The SHG members brought the issue to the notice of the Project Director, DRDA by organizing a protest against the SPIA. Even then there is no change in the attitude and decision of the SPIA. Because of lack of water facility, absence of rains, delay in bore-well drilling, absence of water in bore-wells many plants died and no earnings from the activity. For this reason, many members defaulted to SHGs and VOs.

**Case study-5: SHGs functioning only to get CIF-**In one of the clusters of Baireddipalli mandal in Chittoor district 117 SHGs have got CIF in the 1<sup>st</sup> phase. Of those, 23 SHGs have stopped their all the group activities including savings and credit from the next month immediately after getting CIF.

**Case study-6: Avail CIF, political influence, payments to SPIA, willful default, black listed village-**The Heritage, private diary is working in the village ..... of Kanduru Panchayat in Somala Mandal. The private dairies have provided credit to buy cattle to improve their collection by increasing their clients. Majority of the clients are members of SHG and Village organizations. The rich persons in that village influenced the SPIA politically and got CIF. They produced the cattle bought with the financial support of private dairies to create faith among the SPIA that the

borrowers have used loan amount for the intended purposes. The borrowers have been paid loan instalments regularly to the private diaries but willfully defaulted to SHG and VO because of political support, payments made at the time of loan sanctioning, no clear repayment norms at the time of sanctioning loan. Not only the women, but men also defaulted in their individual loan borrowings to banks. As a result, the bankers have placed them in black listed villages.

### 3.1.5 CIF Component

As per the CIF guidelines, the cost of the economic activity proposed for income generation should be 40%, 50% and 10% by the project, banks and loan recipients respectively. In reality, except Nizambad, it was not strictly followed in any district. Of the total 211 CIF loan borrowers, over half of the members (53%) have received the total cost of the proposed unit from the Project, where as in 43% of the cases, the project paid 90% of the cost of loan. Only in little percentage of CIF loans (6%) the project has met 40% of the cost of the proposed unit. The bank has born the CIF component only in 6% of the cases. Nearly 50% of the loan borrowers didn't pay individual/beneficiary contribution to the cost of the proposed activity.

Table-3.6: CIF Loan Composition

S.No.	Component	Frequency	Percentage
1	Project	115	53.0
2	Project+ Bank+ Individual	12	5.5
3	Project + Individual	90	41.5
4	Total	217	100.0

The data reveals that in majority cases, the unit cost of IGA was bore by the project. Even in more than half of the cases, beneficiaries didn't pay their contribution. It might be because of Project's Policy of relaxation to certain social categories. Contribution of bank to CIF in less no. of cases might be to avoid multiple loans to SHGs under various programmes i.e. SHG- Bank linkage and Bank-VO-SHG lending.

Of the total loan of Rs. 20, 26,513, major portion of the loan of Rs. 18,18,458 (90%) was paid by the project. Though the beneficiaries are supposed to pay 10% of the total unit cost, they paid only 5%. Banks have paid only 5% of the cost which is supposed to meet 50% of the cost of the unit.

Table-3.7: Unit Cost Shared by Project, Banks and Loan Recipients

Source	N	Min.	Max.	Mean	Total	%
CIF-Component	217	1000	55,080	8,380	18,18,458	89.73
Bank-contribution	12	2000	25,000	8,158	97,900	4.83
Ind. Contribution	102	150	5,000	1,080	1,10,155	5.44
Total	217				20,26,513	100.00

### 3.1.6 Beneficiary contribution

As per the CIF guide lines, the beneficiary should pay 10% of the total cost of the unit. But the data shows that 56% of the loan recipients didn't pay beneficiary contribution to the SPIA. Of all the social categories, which paid 'beneficiary contribution' to get CIF, more or less 50% of the loan recipients

have paid beneficiary contribution among OCs (54%), BC (48%), and SCs (48%). Less percentage members paid among the Minorities (13%) followed by STs (29%).

However, in case of different phases of the project implementation, the percentage of members paid 'beneficiary contribution' in 2<sup>nd</sup> phase is more than double (63%) to 1<sup>st</sup> phase (26%) and nearly thrice to 3<sup>rd</sup> phase (22%). Of all the sample districts, in Kadapa, Kurnool and West Godavari districts none of the CIF loan recipients had paid 'individual contribution'. Contrary to it, all the CIF loan borrowers in Nizambad and Krishna paid 'Individual contribution to the VO. In Nizambad it would be because of strict implementation and mobilization of funds from all sources. Around one-third of the members have paid in Adilabad, Mahaboobnagar and Guntur districts. But the percentage of payers of Individual contribution in Chittoor district is less (19%) and around 90% in Rangareddy district.

**Table-3.8: Beneficiary Contribution**

S.No.	Amount in Rs.	Social Categories					Total
		ST	SC	BC	Min	OC	
1	No contribution	70.8	51.9	52.2	86.7	45.8	55.7
2	< 500	12.5	18.2	26.7	--	29.2	20.9
3	501-1000	--	11.7	11.1	13.3	12.5	10.4
4	1001-2000	12.5	11.7	5.6	--	12.5	8.7
5	> 2000	4.2	6.5	4.4	--	--	4.3
Total		100.0	100.0	100.0	100.0	100.0	100.0

Of the total 44% of the loan borrowers, nearly half of the borrowers (21%) have paid less than Rs. 500 and the remaining 23% have paid more than Rs. 500 as beneficiary contribution. The volume of beneficiary contribution depends on the size of the loan. Among all social categories, except OCs, majority of the members didn't pay beneficiary contribution. The percentage of members' paid beneficiary contribution is almost three times in phase-2 (62%) compared to phase-1 (26%) and Phase-3 (22%). The reasons for non-payment of beneficiary contribution in majority of the cases are flexibility and relaxation to certain social categories such as SCs and STs in the execution of CIF guidelines by the SPIA. Less percentage of non-payers in Phase-3 might be due to more coverage of BC and SC population and mobilization of CIF funds to BC action plan activities which doesn't have the component of beneficiary contribution.

### 3.1.6.1 Mobilization of funds

Of the total 230 loan borrowers, 44% of the loan borrowers have paid beneficiary contribution to the unit cost. The CIF loan borrowers have mobilized funds from various ways to pay 'beneficiary contribution'. Own savings (10%), earnings of the households (12%), rich farmers (11%), SHG savings (9%), money lenders (9%), relatives & friends and banks are the chief formal and informal means of fund mobilization. In some cases, Village Organizations/ Mandal Samakyas (13%) proposed the activity. In few cases bankers and livelihood specialists assisted the borrowers in choosing the activity. The data indicates that Community Coordinator, who prepares the

MCP for the proposed activity, has guided the SHG members to propose the activity as per CIF guidelines.

**Table-3.9: Funds Mobilized to Pay Member's Contribution**

Sources of Loan	No. of members		Total Amount	Average Amount
	F	%		
Own savings	23	10.0	30,930	1,345
Earnings of that year	28	12.2	49,900	1,782
SHG savings	20	8.7	28,480	1,424
Relatives & Friends	5	2.2	12,500	2,500
Rich farmers	25	10.9	94,350	3,774
Money lenders	20	8.7	79,360	3,968
SHG-Bank linkage	4	1.7	29,000	7,250
Other	4	1.7	9,500	2,375

### 3.1.6.2 Extent of funds

Of the total amount of Rs. 3,34,020 mobilized from various sources, more than half (52%) is from rich farmers (28%) and money lenders (24%). These borrowers have paid an interest of Rs. 2-5 per month on the loans. About 15% of the amount mobilized from friends & relatives, banks and other sources whose interest rate is low compared to money lenders and rich farmers. About one-third of the amount of 'beneficiary contribution' mobilized from interest free sources such as own savings (9%), earnings of that year (15%), savings in SHGs (9%). Findings reveal that more than two-third of the amount (67%) of the individual contribution paid from credit sources who charge high rate of interest.

**Table-3.10: Fund Mobilization to Pay Beneficiary Contribution**

S.No.	Source	Amount	Percentage
1	Own savings	30,930	9.3
2	Earnings of that year	49,900	14.9
3	SHG savings	28,480	8.5
4	Relatives & Friends	12,500	3.7
5	Rich farmers	94,350	28.2
6	Money lenders	79,360	23.8
7	Banks	29,000	8.7
8	Other	9,500	2.8
	<b>Total</b>	<b>3,34,020</b>	<b>100.0</b>

### 3.1.6.3 Repayment of loans borrowed to pay beneficiary contribution

As mentioned earlier the SHG members to pay beneficiary contribution mobilized funds from two sources- within and outside the household. To repay the loans borrowed from outside household sources such as friends & relatives, rich farmers, banks, SHG savings, money lenders and others. The data shows that the percentage of amount repaid and the amount outstanding is not uniform. It is high in the case of SHGs (74%), rich farmers (59%) and others (48%). However, in case of banks (20%), money lenders

(37%) and friends & relatives (36%) it is low. It could be because of repayment arrangements made with the credit sources and the amount of pressure on loan borrowers.

Table -3.11 : Loan Borrowed, Repaid & Outstanding

Source	Borrowed		Repaid			Outstanding		
	Tot	Avg.	Tot	Avg.	%	Tot	Avg.	%
Own Savings	30,930	1,345	NA	NA	NA	NA	NA	NA
Annual earnings	49,900	1,782	NA	NA	NA	NA	NA	NA
Relative & Friends	12,500	2,500	4,500	900	36.0	8,000	1,600	64.0
Rich Farmers	94,350	3,774	55,300	2,212	58.6	39,050	1,562	41.3
Banks	29,000	7,250	5,800	1,450	20.0	23,200	5,800	80.0
SHG Savings	28,480	1,424	21,170	1,058	74.3	7,510	375	26.3
Money Lenders	79,360	3,968	29,360	1,468	37.0	54,200	2,710	68.3
Others	9,500	2,375	4,500	1,125	47.3	5,000	1,250	52.6
<b>Total</b>	<b>33,4020</b>		<b>120,630</b>			<b>13,6960</b>		

### 3.1.7 Nature of disbursement

Of the total 217 CIF borrowers, over 80% have received the loan amount in cash and the remaining (19%) have received in kind- milk animals, sheep, goat units and establishment of other proposed units.

### 3.1.8 Repayment period

The repayment period of a loan depends on various aspects- nature of activity, periodicity and the amount of earnings on the IGA taken up. Of all the 217 CIF loan recipients, half of them have fixed 2 years as their loan repayment period; little more than one-third have fixed the repayment period as one or less than one year; 3 years as repayment period is only in 10% of loans. The loan repayment period is more than 3 years is only in few loans (4%). The loan repayment period also depends on the nature of programme. For instance in the case of Rice Credit Line Programme the loan repayment period is one month with two instalments; in some cases it is only one instalment. In case of seasonal business, petty business, vegetable vending, land development, agriculture inputs the repayment period is one year. Where as in the case of milk animals, sheep, goat the repayment period is 1 to 2 years depend on the size of the loan. In the case of horticulture the repayment period is 6-7 years. The loan repayment starts after 3 years of loaning. The number of installments and each instalment period again depend on the repayment period and the factors which decides repayment period.

### 3.1.9 Mode of loan repayment

SHGs have set norms to repay the loan instalments. More than 80% of the SHGs have set the norm to pay both principle and interest every month. However, nearly 50% of the SHGs are following it in practice. Paying of principle in regular installments and interest established as norm only in 6% of the SHGs but in practice it is double to its norm. Very few SHG (4%) established the norm of paying the interest regularly and principle at the



end but in practice 13% of the SHGs are following it. Bullet payment<sup>8</sup> of principle and interest at the end is established as a norm only in 3% of the SHGs but in practice it is more than three times to it (10%). It indicates that there is a gap between the norms established and followed. The Norm of bullet payment is found only in very less percentage of groups but in practice is found in significant number of groups (10%).

**Table-3.12: Pattern of Loan Repayment**

Mode of loan repayment	Norm		Practice	
	F	%	F	%
Both principal and interest	188	81.7	113	49.1
'P' in regular install. & 'I' at the end	13	5.7	28	12.2
'I' in regular install. & 'P' at the end	9	3.9	29	12.6
Both 'P' and 'I' at the end (bullet)	7	3.0	24	10.4
Total	217	94.3	194	84.3

### 3.1.10 Rate of interest

The rate of interest charged on the CIF loans varies from Re. 1 to Rs. 2 per month per hundred. Over 90% of the loans the interest charged is only Re. 1 per month per hundred; 4% of the borrowers paid Rs. 1.50 and another 4% of the recipients paid Rs. 2 as interest on their loans. It seems that the interest rate charged on CIF loans is similar to that of SHG-bank linkage by the groups. Though the CIF guidelines and the VO norms suggesting Rs. 2 as interest on CIF loans, more than 90% of the groups are charging Re.1. It might be because of lack of awareness on CIF and VO norms and to avoid practical problems that emerge out of differential rates of interests on loans of various sources. During individual interactions with the members, who aware that the CIF loans are repayable loans, have reported that they will go for direct SHG bank linkage than CIF loans due to high interest rate charged by VO (Rs. 2) compared to bank (Re. 1 or 0.25 paisa).

**Case study-7: High rate of interest and less volume of loan-Srilaxmi SHG in G.D. Nellore borrowed a loan of Rs.42,000 and lent it to its members. All the members have repaid all the loan instalments regularly to SHG and in turn from SHGs to VOs. Based on the good repayment record the VO has sanctioned a loan of Rs. 72,000. But the group not only availed the loan but also gently rejected it due to the sanction of SHG-Bank linkage to the group. In response to the question why you have rejected CIF repeat loan and availed SHG-Bank linkage, the group has reported two reasons. Firstly, VO charges Rs. 2 per month per hundred where as bank charges only Re. 1 and the group also gets subsidy on interest by availing Pavala Vaddi<sup>9</sup>. Secondly, in recycling no credit guarantee or some times with moderate loan size, where as in case of bank linkage, loan size is geometric in repeat linkage with low rate of interest.**

<sup>8</sup> Irrespective of repayment norms all the installments amount paid at a time once or twice

<sup>9</sup> Pavala Vaddi means one-fourth of a rupee. That means 25 paisa. The Govt. of AP has declared a subsidy on the interest rates charged by the banks to support the SHG-bank linkage programme in August 2005. If a group repays the loan regularly they are eligible for Pavala Vaddi. The groups pay only 3% of interest to bank. But the bank will collect rest of the amount from the Government.

## 3.2 LOAN

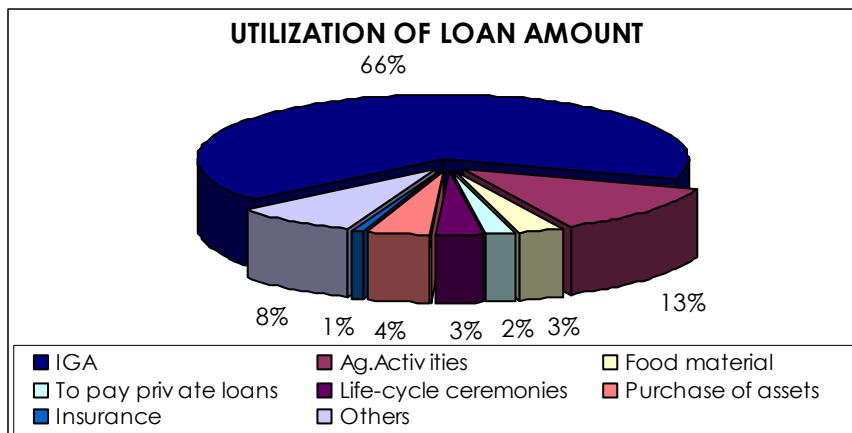
### 3.2.1 Loan size

The average size of CIF loan is Rs. 8,300. The volume of loan depends on the nature of IGA, availability of funds and type of lending practices or disbursement of CIF loan within the SHG and VO to their members. Of all the social categories, the average loan size of STs is high with Rs. 11,392 followed by SCs (Rs. 9,304) and Minorities (Rs.8,733). Where as the average loan size of BCs is low (Rs. 7,000) compared to all other social categories. It is because STs and SCs especially 2<sup>nd</sup> and 3<sup>rd</sup> phase's majority of the borrowers exempted from the payment of beneficiary contribution to the cost of the proposed unit. The project has paid the portion of the individual /beneficiary contribution to be paid by the members in addition to its share.

Among all the three phases of the project, the volume of the loan sanctioned in phase-1 is high (Rs. 11,300) compared to 2<sup>nd</sup> (Rs. 7,521) and 3<sup>rd</sup> (Rs. 6,253) phases. It is almost double in phase-1 compared to Phase-3. Less volume of loan in 3<sup>rd</sup> phase might be due to less availability of CIF funds and more demand from the members at SHG and VO levels because of demonstrative effect of large amount of loan and lack of clear repayment guidelines in earlier phases of implementation. Among all the sample districts, the average loan size is more in Mahaboobnagar (Rs. 11,400) and Anantapur (Rs. 10,900). Perhaps it would be because of large activities which involve large amount of loans such as dairy, horticulture and borewells.

### 3.2.2 Disbursement of loan

The loan borrowed under CIF was used for various purposes by the recipients. Majority members used the loan amount for more than one purpose. Majority of the borrowers (74%) utilized the loan amount for income generating activity (table-3.13). Some spent on food material (21%), health (12%) and insurance (13.5%). Few have used the loan amount to repay private loans (7%) borrowed on high interest rate, education (5%), life-cycle ceremonies (5%) purchase of assets (6%) and so on. Very little



percentage of members (2%) repaid SHG-Bank linkage loan instalments with CIF loan amount. The loan utilization patterns indicate that the loan borrowers used a portion of loan amount, in some cases total loan amount for consumption and other emergency needs rather than on IGA.



Table-3.13: Loan Disbursement

S. No.	Loan Invested on	No. of members		Total Amount	Average Amount
		F	%		
1	IG Activity	170	73.9	14,71,007	6,396
2	Ag. Activities/lineal	38	16.5	2,79,501	1,215
3	Food material	48	20.9	61,040	265
4	To pay private loans	15	6.5	36,860	160
5	Health	28	12.2	42,014	183
6	Education	11	4.8	19,600	85
7	SHG Bank loan inst.	5	2.2	9,500	41
8	Life-cycle ceremony	11	4.8	55,700	242
9	Purchase of assets	14	6.1	87,000	378
10	Insurance	31	13.5	26,371	115
11	Others	35	15.2	1,33,220	579

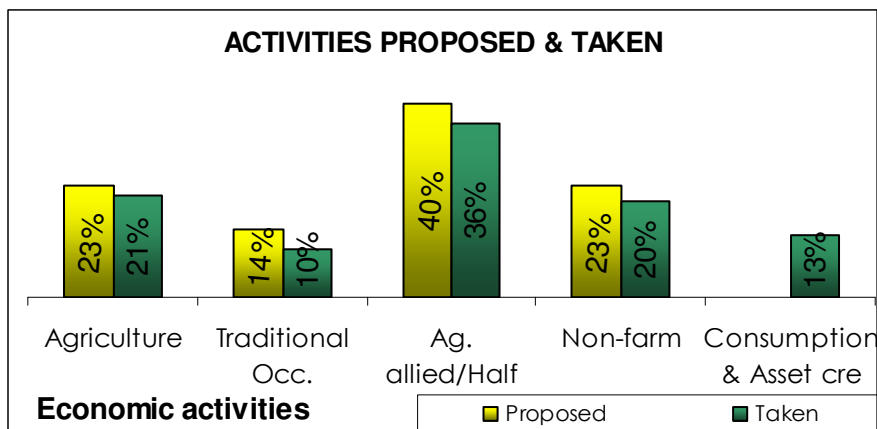
Of the total loan amount of Rs. 22,21,813, two-thirds invested on income generating activities (66%); 13% of the loan amount on agriculture activities; 14% of the loan used for consumption purposes such as food material, health, lifecycle ceremonies etc. and the remaining 7% of the loan amount disbursed to repay private loans, SHG-bank loan instalments and asset creation such as land purchase & development, house construction, purchase of vehicles etc (see pie diagram in page 32). It reveals that though the loans are intended for income generation, a portion of the loan, some times total loan is used for consumption and other emergency needs.

### 3.2.3 IG Activity proposed and taken up

Of the total 230, 84% of the members have taken up the same activity which they have proposed, where as 6% of the borrowers have started different activity. But 10% of the borrowers have not take up any activity. The reasons for taking up different activity and not taking up any activity could be to avail loan by fulfilling CIF norms which allow loaning only to certain activities.

### 3.2.4 Activity proposed and taken up

The loan borrowers have proposed different kinds of activities in consultation with the household members, SHPI staff and SHGs and their

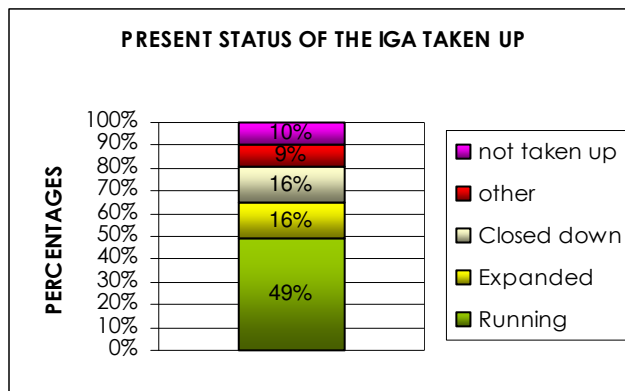


federations at the time of submission of loan application. Those activities can be broadly divided into four categories-i) agriculture, ii) agri-allied, iii) traditional caste based economic activities and iv) non-farm activities (table-7.1). Agriculture activities (23%) include land development (4%), agri-inputs (11%), irrigation and horticulture (7%) and land leasing for agriculture (2%). Agri-allied or half farm (40%) includes purchase of milk animals (22%) cows and buffaloes, sheep (8%), goat, bullocks, sewing, poultry and purchase of fodder and fishing (6%). Caste occupations (14%) comprises of basket making, stone cutting, pottery, carpentry, weaving, barbers, washer men tool kits, tailor shops, bangle selling, chappels' /shoe business. The non-farm activities (23%) include leaf plate making, agarbathi making, brick making, kirana shop, tea centre, vegetable vending, cool drinks shop, seed business, cloth/saree business, grain business, electronic goods repair shop, , STD booth, cycle shop and flour mill.

The activities proposed by the CIF recipients seem to be intended to create employment not only for them but also to other members in the household. Some activities look like they are exclusively meant for their male household members. The data shows that of the total 40% of the members who proposed agri-allied activities, 36 % of the members have taken up the same activity where as the remaining 4% have taken up some other activity. In the case of agriculture also 1% of the members have taken up different activity. In the case of traditional caste based occupations 4% of the members have taken up other than the proposed activity. Even in the case of non-farm activities also 3% of the borrowers have taken up different activities. Of the total 230 CIF loan recipients, 11% have invested on different activities such as expenses of house construction, purchase of food material, meeting the expenses of marriage, death and repayment of loans borrowed on high interest rates, which are not listed under income generating activities as per CIF guide lines. Of all the 230 loan borrowers, 3 members have taken up income generation activities such as purchase of goats, ag-inputs and cloth (saree) business, which are not proposed by them at the time of loaning.

### 3.2.5 Present status of the activity taken up

Members have borrowed loan under CIF to take up certain income generating activity. Of the total 230 loan borrowers, nearly half of the borrowers (49%) running<sup>10</sup> the activity started with CIF; 16% of the borrowers



used the loan for expansion of their old activities; another 9% of the borrowers invested on seasonal activities. where as 16% of the borrowers have closed down their activities. However, 10% of the borrowers not started any activity. The members who invested on seasonal business also ended their activities after completion of the season. It indicates that two-third of the borrowers running and expanded<sup>11</sup> their activities and the remaining one-third of the borrowers not closed and or not taken-up<sup>12</sup> the activity. Though in most of the cases the activity was proposed by the beneficiary and CC in consultation with each other, one third of the activities were closed<sup>13</sup>. It might be because of lack of continuous monitoring by SPIA because of the mutual understanding between the beneficiaries and the SPIA staff and the irregularities taken place at the time of loan sanctioning such as payments at various levels, violation of CIF guidelines, targets etc.

### 3.2.6 Reasons for success

The success or failure of an activity depends on many factors. The borrowers have reported multiple and diverse reasons for the success of activities taken up by them. Those factors can be broadly grouped into i) skill related, ii) marketing related, iii) Resources and iv) other.

Table-3.14: Reasons for the Success of the Activity Taken up

Factors	Reason	F	%
Skills	Full-time on the proposed activity	21	9.1
	Household members support	28	12.2
	Good skills on the proposed activity	18	7.8
	Traditional occupation	9	3.9
	Expansion of existing unit	3	1.3
Marketing facilities	Good demand for the product	8	3.5
	Good price and marketing facility	37	16.1
	No competition	15	6.5
Good resources & material	Purchased quality unit	9	3.9
	Good land	18	7.8
	Favorable conditions	20	8.7
Other aspects	Timely loan	18	7.8
	SHG members support	2	0.9
	Amount properly used	3	1.3

The skill factors (34%) include full-time involvement of skilled person in the activity (9%), other household members' support (12%), good skills (8%), traditional occupation (4%) and lineal activity (1%). Market related factors (27%) include good demand for the product (4%), good price and marketing facilities (16%) and no or less competition ((7%). Resource factor

<sup>10</sup> Running the activity means continuing the activity started with CIF.

<sup>11</sup> Expanded means the CIF loan amount invested on the economic activity of the household which has been started in the past.

<sup>12</sup> Not taken-up means not invested the loan amount on the IGA proposed for CIF

<sup>13</sup> Closed down means complete winding up of economic activity on which CIF has invested.

(21%) includes purchase of quality units ((4%), good land (8%) and favourable conditions (9%) such as good demand, marketing facilities, environment, price, good source for credit. Besides, the factors like timely loan (8%), support from SHG members (1%) and proper utilization of amount (1%). The data reveals that skills, commitment towards the activity, timely support from household members and marketing facilities play a vital role in the success of a unit. The scope of various factors for success is given in the table below.

### 3.2.7 Reasons for failure

The borrowers have reported multiple reasons for the failure of the activity taken up. Like reasons for success, the reasons for failure also broadly categorized as i) skill related, ii) marketing related, iii) resources and iv) others. Skill factors include no or less skill (5%) on the proposed activity and no training inputs from SPIA (2%). Marketing factors include poor marketing facilities and low price for the product. Resource factors include a portion of loan or total loan amount not invested on the proposed activity (27%), poor quality of units (2%), unfertile land (3%), more cost of the unit (1%) less rainfall (3%), seasonal activity (1%), and unsuitable conditions (6%). Besides, the factors like forced loans (2%), poor crop yielding (6%), less volume of loan (1%), no monitoring (1%) from SPIA and beneficiary negligence towards unit (4%) also contributed for the failure of the activity. The data shows that large number of beneficiaries reported that un-use of total loan amount on the proposed IGA, less skills and unsuitable units for local conditions are the major reasons for failure.

Table-3.15: Reasons for the Failure of the Activity Taken Up

Factors	Reasons	Frequency	Percentage
Skills	No/less skills	12	5.2
	No training on the proposed unit	5	2.2
Marketing	Poor marketing facilities	5	2.2
	Less price	3	1.3
Resources	Total loan not invested on the activity	61	26.5
	Poor quality of the supplied units	4	1.7
	Not a fertile land/ poor quality	6	2.6
	More unit cost	2	0.9
	More/less rainfall	7	3.0
	Seasonal activity	3	1.3
	Unsuitable conditions	14	6.1
other	Forced loans	5	2.2
	Loss of property/crops	14	6.1
	Less volume of loan	3	1.3
	No monitoring from SPIA	3	1.3
	Unawareness about of unit	5	2.2
	Involvement of high risk	2	0.9

### 3.3 REPAYMENT, DEFAULT AND RECOVERY STRATEGIES

#### 1 Loan Portfolio at Risk

Of the total 217 CIF loan recipients, 83% of the members have loan outstanding and the remaining 17% have completely repaid their loans. Of the total 181 members who have an outstanding of Rs. 12,14,406, 68% have dues of Rs. 6,73,857 with an outstanding of Rs. 9,26,143 and the remaining 32% have no over dues. The percentage of loan portfolio at risk (PAR) is 76% at member level.

Table-3.16: Repayment and Overdues to VO and Bank

Bank Linkage Loans Repayment Status	CIF Loans Repayment Status									
	Have Dues		OS /No dues		Totally repaid		VO-CIF loan		Total	
	F	%	F	%	F	%	F	%	F	%
Have overdue	27	22.0	7	12.1	6	16.7	10	76.9	50	21.7
No over due	11	8.9	19	32.8	10	27.8	--	--	40	17.4
Totally repaid	2	1.6	--	--	4	11.1	3	23.1	9	3.9
No Bank linkage	83	67.5	32	55.2	16	44.4	--	--	131	57.0
Total	123	100.0	58	100.0	36	100.0	13	100.0	230	100.0

Of the total 230 CIF beneficiaries, 99 (43%) were borrowed loans from the SHGs through SHG-Bank linkage. Of the total 99 members, 9 have totally repaid their loans and the remaining 90 are active loans. The total outstanding amount of all the 90 active loans is Rs. 3,76,603. Of all the active loans, 50 members (56%) have a loan outstanding of Rs. 2,09,470 which included an over due of Rs. 1,38,451. The amount of loan portfolio at risk is 56% in the case of SHG-Bank Linkage.

The above table says that out of 123 CIF recipients who have over dues, 33% (40 members) borrowed loans under SHG-bank linkage. Of the 33% CIF and SHG-Bank linkage borrowers, 22% of the members have dues even to bank also. However, 9% have no dues and 2% have totally repaid to bank. Of the total 58 CIF members who don't have over dues, 45% (26 members) borrowed loan from banks. Of the 45%, only 12% of the members have over dues to bank. Of the total 36 CIF members who totally repaid CIF loan, 56% (20 members) borrowed loans from bank. Among the 56% of the CIF-SHG bank loan recipients, only 15% of the loan borrowers defaulted to bank. Conversely in the case of 13 members who availed bank linkage and benefited with VO activities, 10 members have dues to bank and the remaining 3 have totally repaid.

The above table says that out of 86 members who have borrowed both CIF and Bank linkage loans, only 4 members have repaid both the loans totally; 19 (22%) members don't have over dues either to CIF or to bank; 10 members have totally repaid CIF and have no over dues to bank; 27 (31%) members have defaulted in both the cases; 13 (15%) members exclusively defaulted to bank loan; 13 (15%) members exclusively defaulted to CIF loan. It shows that out of 86, 33 defaulting neither case; 27 defaulted in both the cases and the remaining 26 are defaulted either them. The high

percentage of default might be because of multiple and large volume of loans and less loan absorption and repaying capacities.

### **3.3.1 Loan Size**

The study team has collected demand, collection and balance pertaining to the current loans of 720 CIF loan beneficiaries from 96 SHGs. On an average each member got a loan of Rs. 8,847. Among all the social categories, STs got the highest average amount of loan with Rs. 12,859 and the OCs got the lowest amount of Rs. 5,675. Of all the three phases of IKP, large amount of CIF loans were disbursed in phase-1 with an average of Rs. 11,579. Among the 11 study districts, large amount of loans were disbursed in Anantapur (Rs.14,716 and Nizambad (Rs. 12,500); small amount of loans were disbursed in Kurnool (Rs. 4,467), Adilabad (Rs. 5,059) and Guntur (Rs. 5,066). As we discussed in the report earlier the average size of loan might be depended on the nature of activity proposed and the selection of number of SHG members within the SHG and the amount allotted to the VO.

For instance, the average loan size is high in Anantapur because the beneficiaries have proposed the activities which need large investment such as bore-well & Horticulture, dairy, livestock and so on. The average loan size is low in Kurnool, Adilabad and Guntur districts because of equal distribution and less investment needed activities such as purchase of tool kits under Adarana Scheme, procurement of agriculture inputs- seed and fertilizer, rice credit line programme and so on. Even the SPIA also sanctioned large amount of loans for their interest through CIGs due to availability of huge amount of funds in the project and absence of comprehensive guidelines.

### **3.3.2 Repayment**

Of the total 720 loan borrowers, 4% made prepayments, 22% have no dues and 74% of the members have dues as per their loan repayment norms (table-7.2). Of the total 720 CIF loan borrowers, three-fourth of the members has loans outstanding and the remaining one quarter have repaid all the loan instalments as on November 2005. Compared to all the social categories, among the percentage of members totally repaid the loan is high in BCs (35%) and low in STs (2%). Of all the 183 totally repaid loan borrowers, 80% of the members belong to Adilabad (44%) and Chittoor (36%). Of the total 11 districts, no one is totally repaid in 5 districts namely Kadapa, Kurnool, Nizambad, Krishna, and Mahaboobnagar. Percentage of members who repaid the loans totally is high in Adilabad (72%) followed by Chittoor (49%) and Rangareddy (29%). High percentage of totally loan repaid members is because of more number of loan in phase -1 and -2 mandals and district and the nature of activity and loan repayment period. For instance in the case of agri-inputs the loan repayment period is 6months and the number of installments is only one. Hence there is more no. of members in the totally repaid list.



### **3.3.3 Overdue**

The overall data shows (table-7.3) that of the total loan amount scheduled to repay as on Nov. 2005, 60% of the amount reported as over dues. That means 40% of the amount of loan collected against the demand. The social categories of the borrowers and the percentage of over dues are negatively correlated. That means higher the social category, lower the percentage of overdues. The data shows that the percentage of overdues is high among the STs and low among the OCs when compared to all other social categories. Phase-wise data also reflected similar trends as social categories. The percentage of over dues is high in phase-1 (76%) compared to phase-2 (56%) and phase-3 (33%). Less percentage of overdues in the subsequent phase of the project might be because of more awareness inputs and clear guidelines about the CIF intervention from the SPIA.

Among all the 11 studied districts, the percentage of over dues is very high in Mahaboobnagar (91%) followed by Guntur (81%), Krishna (78%) and Anantapur (71%). The reasons for high over dues in Mahaboobnagar and Anantapur could be that those two are phase-1 districts in which large amount of loans sanctioned under CIF for unwanted activities without proper loan repayment guide line. But in Krishna and Guntur district, the CIF was sanctioned under Backward Castes Action Plan (BCAP) especially for livestock and tool kits under Adarana Scheme which are non-repayable schemes. However, it is very low in Kurnool district (12%) followed by Chittoor (35%) and Adilabad (38%).

### **3.3.4 Overdue at SHG level**

The data in table-7.4 shows that when we compare the percentage of repayment and overdues between member and SHGs level there is no difference in all the 3 phases. But in the case of districts, difference between member level and SHG level is found in 3 districts namely Kadapa (40%/49%), Kurnool (12%/8%) and Adilabad (38%/35%). The data reveals that in case of Kadapa the percentage of overdues is more at SHG level where as it is less in the case of Kurnool and Adilabad.

### **3.3.5 Overdue at VO level**

The data in table-7.5 on percentage of overdues at various levels-members, SHG and VO shows that it is less at VO level (53%) compared to SHG and member levels. The percentage of over dues is very less (30%) when compared to phase-1 (55%) and phase-2 (58%), which is almost double to phase-3. It might be because of high interest rate when compared to SHG-bank linkage, less amount of loans, clear repayment guidelines and the nature of activities. As stated at member and SHG level and at VOs also districts such as Mahaboobnagar (92%), Guntur (72%) Chittoor (61%), Kadapa (57%) and Anantapur (57%) have high percentage of overdues. But in the remaining districts the percentage of over dues is more or less similar to member and SHG levels.

### **3.3.6 Source of funds to repay loans**

The borrowers have repaid the loan instalment by mobilizing funds from multiple sources. A large percentage of the borrowers paid from the earnings of income generation activity taken up (44%) by them, daily

wages of her (27%) and earnings of other members in the household (27%). Very few have repaid loan instalments with the loan borrowed under SHG-Bank linkage (4%) and money lenders (3%). Only one woman has disposed her assets to repay the loan. Lesser dependency on the money lenders, SHG loans and selling of assets might be due to less percentage of loan repayment and more overdues. Increase in income also might be another reason.

**Table-3.17: Sources of Funds to Repay Loan**

source	No. of Persons		Total amount	Average amount	
	F	%			
Within the household	Daily wages	63	27.4	99,464	1,579
	Household earnings	63	27.4	129,793	2,060
	Earnings from IGA	100	43.5	311,917	3,119
	Assets disposed	1	0.4	1,000	1,000
Outside the household	Loan from SHG/ Bank	10	4.3	14,200	1,420
	Money Lender	6	2.6	12,780	2,130
	Other	12	5.2	46,197	3,850

Of the total loan amount repaid of Rs. 6,15,351, 50% of the amount paid from the earnings of Income generating activity followed by household earnings (21%) and daily wages of the loan recipient (18%). Only a little over 4% of the amount was paid by borrowing loans from money lenders and SHG-bank linkage. About 7% of the funds mobilized from other sources such as friends & relatives, adjustment of savings, hand loans and so on. Less dependency on money lenders to repay the loan instalments might be due to ambiguity in repayment procedures, less or no pressure from the SPIA.

**Table-3.18: Amount of Funds Mobilized from Various Sources**

Sources of funds		Amount	Percentage
Within the household	Daily wages of her own	99,464	17.5
	Household earnings	1,29,793	20.7
	Earnings from IG Activity	3,11,917	49.9
	Assets disposed	1,000	0.2
Outside the household	Loan from SHG or Bank	14,200	2.3
	Loan from Money Lender	12,780	2.0
	Other	46,197	7.4
Total		6,15,351	100.0

### 3.3.7 Reasons for defaulting

The loan borrowers have reported variety of reasons for defaulting. Most of those reasons can be broadly associated to the loan utilization patterns, returns on the IGA, credit availability, SHG procedures and decisions, awareness, willful default and migration. More or less 25% of the respondents have informed that they have defaulted due to lack of clarity in repayment procedures and less income from the IG activity. The borrowers who invested on agriculture defaulted due to failure of crops (12%). Few (8%) members who used the loan for consumption became



default due to fewer earnings. Few members (6%) stopped CIF loan instalments to repay loans borrowed from other sources such as SHG bank-linkage and money lenders. Due to ill-health of family member few loan borrowers stopped the repayment. Though some members have the repaying ability, due to non-repayment of other members in the group, stopped repayment willfully (18%). Owing to drain of all the credit sources 10% of the borrowers was defaulted. Few members accounted migration, delay in getting bank linkage, no repeat loans from CIF as reasons for defaulting.

Table-3.19: Reasons for Defaulting

Factors	Reason	F	%
Loan Utilization patterns	Used for non-productive activities	19	8.3
	Multiple loans- BL/ML	13	5.7
	Ill-health of family member/head	14	6.1
Returns	Less income from IGA /household	64	27.8
	Failure of crops	28	12.2
Credit availability	Credit sources exhausted	23	10.0
	Waiting for bank loan to pay CIF	2	0.9
SHG Decision	SHG decided to pay at the end	6	2.6
Awareness	Lack of clarity on procedures	59	25.7
	Grant from government need not pay	3	1.3
Willful default	Other members not repaying	42	18.3
	No repeat loans	3	1.3
Migration	Migration to other places for work	6	2.6

The reasons for default indicate that there are two kinds of defaulting-genuine and willful. Genuine default could be due to less earnings, migration and loan investment on non-productive activities and ill-health of the earning member or the other household members. Where as willful default could be due to erroneous presumptions about the Govt. programmes and vague repayment guide lines of the programme.

**Case study-8: Vested interest of the SPIA in Mahaboobnagar-**The SHG members who were selected for CIF have proposed a sheep variety which is more suitable for local conditions. But the SPIA has supplied hybrid variety even though the beneficiaries argued that the sheep variety recommended by the project is not suitable for their local conditions. The household members of the beneficiaries reported that the one of the higher official has agro-farm in Nellore district. He wants to close the farm. So he used the opportunity to get large amount of profit out of this deal. Hence he recommended hybrid variety. Many beneficiaries were lost 3 to 4 out of 10 sheep because of change in the weather, absence of veterinary facilities, and lack of awareness on insurance procedures. As a result many have stopped the repayment of CIF loan instalments.

**Case study-9: Land leasing, Politicians and repayment in Anantapur district-**The IKP has collected the endowment land from the temple trust and distributed to it to landless Scheduled Caste household in Vidapanakal village. In this regard, the IKP has sanctioned CIF to them under Land development programme. The local political leaders for their vested interest spread the message among the

beneficiaries that as the funds for the above programme are from SC & ST Corporation need not repay. Hence, many members stopped the repayment of loan instalments to the SHG and VO. Further, disputes were cropped between the priest of the temple who is the trustee of the land in the past, and the present owners because of illegal occupancy of land by the priest. The SHG members filed a case against the priest in the court. This issue has not yet been settled.

### 3.3.8 Loan recovery mechanisms

SHGs have evolved and adopted certain strategies at various levels to uphold good repayment by the members and to collect over dues from defaulters. There are internal and external mechanisms. Among the internal mechanism rescheduling (27%) is the prominent one, where as among external mechanism pressure from SPIA field staff (27%) and Recovery Committee visits (15%) are important.

Table-3.20: Loan Recovery Mechanisms

Mechanism		F	%
Internal mechanisms	Linked to earnings	7	3.0
	Individual payments promoted	6	2.6
	SHG cumulative savings paid	7	3.0
	High interest loans from SHGs	3	1.3
	Rescheduling	61	26.5
External mechanisms	Penalties	15	6.5
	Pressure on household members	9	3.9
	Pressure from SHG members	19	8.3
	Pressure from SPIA-field staff	61	26.5
	Recovery Committee visited	34	14.8

**Case study-10: Pressure from SPIA for Repayment of loans – submission of a memorandum by the beneficiaries to SPIA to take away the units-** In Asnad village of Chennur Mandal in Adilabad district, SPIA staff- Community Activist, CC and Veterinary Surgeon have selected and purchased the units without any space to beneficiaries to select the units. Because of malpractices of the staff involved in the process the beneficiaries got poor quality cattle for high price to the notice of the SPIA. However, the SPIA succeeded in convincing the borrowers with their promises. Unfortunately, the cows and buffaloes have not yielded up to the expectations of the beneficiaries and SPIA. With this cause the loan recipients didn't pay even a single instalment of loan. The project staff insisted the borrowers with the threat that the assets will be taken into possession. In response to the threat from SPIA staff the villagers submitted a memorandum to the project that we don't mind to take way the unit from the villagers by them.

## 3.4 ISSUES

### 3.4.1 Nature of Support

The SHG members who got CIF loans have received support from various sources on diverse aspects at different levels. The persons who extended support & service to CIF loan recipients include SHG and their federation leaders; the staff at field level such as Book-keeper/ Animator, Livelihood Specialist, Community Coordinator; other players in the CIF implementation such as bankers, veterinary staff; and various sections of the community

such as middlemen, villagers, political leaders and so on. The nature of services include information about CIF, loan documentation, disbursement of loan, selection of beneficiaries and activity, sanctioning and grounding of CIF, veterinary services, and assistance in purchasing or establishing the proposed unit, marketing, help in decision making, insurance and so on.

The data shows (table-7.6) that majority have extended their services by providing information about CIF (64%) and loan documentation (58%). Around one-third of cases, assistance was provided in purchasing the unit. In some cases the community members influenced the SPIAs in sanctioning and grounding the CIF. In few cases support was in marketing (4%), insurance coverage, decision making (6%), borrowing external loans such as bank linkage (4%), political influence (8%), in the selection of vulnerable category (3%), in the selection of beneficiaries (11%) and so on. It seems that in many situations, outsiders and the supporting agencies involved in the affairs of the SHGs and their Federations especially in the selection of beneficiaries, proposing an IG activity, decision making, and so on. This might be one of the reasons for making payments by the CIF loan recipients at various levels to leaders of SHGs and their federations and the implementing agencies.

### 3.4.2 Payments

Of the total 230 cases, the loan recipients have made payments of Rs. 28,926 in 417 instances to the persons involved in the loan process. Those persons include leaders of SHGs (7%), VOs (16%) and MS (17%); the SPIA personnel such as book-keeper (19%), Community Coordinator (7%), Livelihood Specialist (14%), Veterinary staff (20%); bankers (18%) and middlemen, community leaders, villagers and political leaders who assisted in getting loan or unit who are no way connected to loan process.

Table-3.21: Payments Made to Various Persons

Source	Persons	No. of persons		Total amount	Avg. amt. in Rs.
		N	%		
SHGs & Federations	SHG leaders	16	7.0	978	61
	VO leaders	37	16.1	1,165	31
	MS leaders	38	16.5	317	8
SHPI Staff	Book keeper	44	19.1	1,331	30
	CC	17	7.4	897	53
	LH specialist	31	13.5	359	12
	Bankers	42	18.3	1,027	24
Community members	Veterinary staff	46	20.0	9,495	206
	Middlemen	36	15.7	2,297	64
	Leader	31	13.5	885	29
	Influenced persons	35	15.2	302	9
	Politicians	28	12.2	4,602	164
	Others	16	7.0	5,271	329
	<b>Total</b>	<b>417</b>		<b>28,926</b>	<b>1,020</b>

Of the total amount of Rs. 28,926, 9% was paid to the leaders of SHGs, VOs and MS; 45% of the amount went to CCs, Livelihood specialist, Bankers and Veterinary staff; and another 46% of the amount to middlemen, community leaders, village heads, and Politicians.

#### 3.4.2.1 Volume of payments made

The volume of payment depends on the persons' position and the nature of work involved in processing the loan. Among the CBOs, the borrowers have paid more amount to SHG leaders (avg. of Rs. 61) than to VO (Rs. 31) and MS (Rs.8). Like CBOs among the SPIA staff also it varies from an average of Rs. 30 to 206 depending on the position of the personnel. Of all the SPIA staff, veterinary staff received large payments, an average of Rs. 206, followed by Community Coordinator (Rs. 53). It might be due to their key role in certification of quality and health status of units while purchasing milk animals, bullocks, goats and sheep. In case of payments to persons other than SPIA staff and CBO leaders, paid more to politicians (Rs. 164) compared to middlemen (Rs. 64), community leaders (Rs. 29) and the village heads (Rs. 9). It clearly indicates the involvement of politicians in the selection of CIF beneficiaries.

Majority of the loan borrowers were depending on middlemen in purchasing milk animals, bullocks, goats and sheep. The amount of payments to various persons at all levels by the loan borrowers is might be due to less awareness about the procedures, dependency on others, vested interests of the loan borrowers and the favors done by SPIA to the loan borrowers.

**Case study-11: Favours and payments in the form of gold chain-**During the study team's interaction with CIF borrowers in the village Gudemdoddi of Daroor mandal in Mahaboobnagar district have revealed many things. Based on the information given by the Community Coordinator the SHG members have concluded that CIF loans are non-payable loans. So to obtain large amount of loans they took the help of Community Coordinator and the local political leaders to include their SHG in the selection list and to fulfill the pre-requisites of loan. In this regard, the SHGs have collected large amount of funds from their members to pay CC and the political leaders in the form of cash and kind to do some favour for them. The SHGs have reported that they have presented gold chains to CC for his services in favour them.

#### 3.4.3 Time taken to get the loan

Time taken to get the loan has an influence on the borrowers in many ways. Untimely and delayed loans forced the members to go for money lenders to meet their needs. Of all the CIF loan borrowers who paid beneficiary contribution, 20% of the members, 52% of the total amount of 'beneficiary contribution' has been borrowed from money lenders and rich farmers. Delayed payment builds pressure on the members by the lenders depending on repayment terms and conditions.

Of the total 217 loan sanctions, 1-3 months has taken in two-third of the loans; 4-6 months in about 20% of the cases; and in the remaining 14% of the loans the time taken to sanction the loan is more than 6 months. In few cases (3%) loan was sanctioned after 1 year from the day they have applied

for loan. Compared to BC, Min and OC categories, more time has taken in more no. of loans in STs and SCs. When we compare the time taken to get the loan in different phases, more or less two-third of loans sanctioned within 3 months in all the phases.

**Table-3.22: Table-: Time Taken to Get the Loan**

S.No.	Time taken	Social Categories					Total
		ST	SC	BC	Min	OC	
1	1-3 months	46.2	57.1	77.8	66.7	68.2	66.8
2	4-6 months	15.4	26.0	12.2	33.3	18.2	19.4
3	7-12 months	38.5	14.3	7.8	--	4.5	11.1
4	13 + months	--	2.6	2.2	--	9.1	2.8
Total		100.0	100.0	100.0	100.0	100.0	100.0

**Case Study-12: Untimely and unwanted agriculture inputs**-The SPIA has supplied fertilizers under CIF programme to the SHG members in the village Ujjeli of Maganoor Mandal in Mahaboobnagar district. All the villagers have reported that because of untimely supply and absence of rains and season, transferred loans in kind into cash by selling the fertilizers to the rich farmers and the fertilizer traders on cheaper rates. The borrowers also reported that the SPIA has supplied the fertilizers on higher prices compared to open market and some portion of the loan amount was used by the Community Coordinator. Further, they also mentioned that the amount paid by the members to VO under beneficiary contribution was not repaid and misused by the Community Coordinator and the Book-keeper. So, most of the borrowers used the loan amount for consumption and became default.

#### 3.4.4 Training Inputs

Of the total 230 CIF loan borrowers, only 3% of the members have received training on the proposed activity. It might be the reason of majority members have proposed the activity in which they and or their household members have abundant skills in managing the activity, based on the advice of the SHPIs. It is also interesting that women who have undergone training on various IG activities from DRDA would sanction CIF to a single woman in the sample. It reveals the absence of linkages between development programmes being implemented by various line Departments.

#### 3.4.5 Problems reported

The CIF loan recipients have reported multiple problems relating to loan volume, repayment period & number of instalments, mode of loan disbursement, interest rate, role of men and women in decision making and inputs provided on CIF norms-selection of beneficiaries, IGA, repayment etc. Over half of the borrowers expressed their concern about the loan payback period and no. of instalments. Around 30% of the borrowers expressed their concern about the mode of disbursement of loan- in the form of cash (19%) and loan in the form of kind (10%). some have reported about the high interest on CIF loans (9%).

Around one-quarter of the respondents voiced concerns about the lacking of information about repayment norms & recycling and the role of the beneficiaries in taking the decisions (22%) relating to selection of members,

activity taken up, purchasing the unit, repayment norms, involvement of men. Some members have addressed about the absence of training and technical inputs from the SPIAs (17%). Though many have invested their loans on livestock and other activities which have an insurance component very few members have reported about the insurance problem. It might be because of unawareness and non-coverage of insurance component.

**Table-3.23: Problems Reported by the CIF Borrowers**

Aspect	Problem/Issue	F	%
Lending procedures	Less volume of loan	82	35.7
	More loan period & installs.	56	24.3
	Less loan period & installs.	64	27.8
	Large volume of loan	29	12.6
	Loan provided in cash	43	18.7
	Loan provided in kind	24	10.4
	More interest on CIF loans	20	8.7
Timeliness	Untimely loans	63	27.4
	Supplied poor quality of units	10	4.3
Information	Information on repayment norms	57	24.8
	No info. about recycling	16	7.0
Decision making	No role in decision making	51	22.2
	Men involvement	6	2.6
Vested interest	Loans only to influenced members	11	4.8
	Forced loans/not requested	21	9.1
Training inputs	No training /technical support	38	16.5
	lack of knowledge about insurance	3	1.3

**Case study-13: No or minimal role in the selection of livestock-**As per CIF guide lines there is no role of middlemen in purchasing the livestock units-cows, buffaloes, sheep, goat, etc. The beneficiary identifies the unit; veterinary surgeon certifies the quality of the selected unit; and the SPIA pays the amount to the suppliers or the sellers. But in practice in majority of the cases across the districts, middlemen played a role between the beneficiaries, the livestock sellers and the Project Staff. Even the project staff-CC and the Veterinary Surgeon advised middlemen's assistance to beneficiaries in the selection of units in the weekly animal markets. Some members because of lack of knowledge depended on middlemen for the selection of unit. In some cases the SPIA taken lead in the selection of units because of prior arrangements made with the middlemen. With the above reasons the respondents have underlined why they got unworthy units for their loan amounts. The borrowers who have a feeling of embittered by the middlemen, SPIA staff and middlemen are not that much concern about the repayment.

### 3.4 Conclusions

Though most of the members are aware of CIF, majority of the members don't know about the MCP, recycling, repayment norms and other procedures. Besides CIF guidelines, vested interests of the beneficiaries, SPIA and

Community played a role in the selection of members for CIF loan. Major portion of 'beneficiary contribution' was paid from the funds mobilized through traditional credit sources. Delayed and less volume of loan pushed some of the borrowers into debt trap. The borrowers as per the CIF guidelines given by CC, the borrowers keeping their occupational skills of the household in mind proposed the activity to obtain CIF.

The average loan size is high and it is on par with 3<sup>rd</sup> or 4<sup>th</sup> SHG-Bank linkage. Though a significant portion of members and the loan used for consumption by the members, many have invested on income generating activity. Most of the members have repaid the loan instalments from the funds raised at household level than on external sources such as money lenders and rich farmers. The factors such as skills, loan utilization patterns, availability of resources, quality of inputs provided by the SPIA and good market & facilities and the involvement of beneficiaries, SPIA and community contributed significantly for the success or failure of the activity.

The loan portfolio at risk (PAR) is very high at member, SHG, and VO levels. Irregularities in the loan process, loan utilization patterns, awareness on CIF, attitude of members (willful default) are the reasons for default. Recovery mechanisms mainly include pressure on borrowers and their households from SHGs and SPIA. Most of the problems reported are relating to the procedures and implementation.



## CHAPTER-4: VILLAGE ORGANIZATIONS & ACTIVITIES WITH CIF

### 4 Introduction

The current chapter discusses various kinds of marketing and employment generation activities taken up by the Village Organization. The entire discussion mainly focused on how best the Village Organizations used the CIF, amount of employment created, profit earned, books of accounts, decision making and various issues relating the activities taken up by the Village Organization.

#### 4.1.1 Rice Credit Line Programme

In the present study sample of 47 Village Organizations, 14 have received a sum of Rs. 543,475 for the implementation of RCL programme. But the data is available only for 10 VOs. The amount of funds received from the project by each VO varies from Rs. 14,000 to Rs. 90,000 depending on the size of the Village Organization, percentage of poor in that VO and the amount of funds available in the project. Out of 10, 6 VOs have repaid an amount of Rs. 259,505 (64%). Of the total 10 VOs, 4 have an over due of Rs. 143,662 (36%) which is also an outstanding amount (36%). However, 6 (60%) VOs have collected entire RCL amount.

Table-Status of Funds Sanctioned under RCL Programme to VOs

Details	N	Sum	Mean
• Amount Sanctioned in Rs.	14	5,43,475	38,819
• Amount repaid in Rs.	6	2,59,505	43,251
• Amount over due in Rs.	4	1,43,662	35,915
• Amount outstanding in Rs.	4	1,43,662	35,915
• Profit	1	3,250	3,250

Only one VO in the sample earned a profit of Rs. 3,250 through the implementation of RCL programme. The details of the VO which earned profits through RCL programme is given in below.

Table- RCL Details and No. of Members Benefited in Different Cycles

Details	1 <sup>st</sup> Round	2 <sup>nd</sup> Round
• Amount sanctioned in Rs.	88,000	--
• Amount spent	78,000	71,400
• Date of purchase	1-12-03	13-7-04
• Quantity of rice purchased in quintals	65	60
• Price of Rice per Kg	12.00	12.35
• No. of SHGs benefited	22	22
• Members benefited	326	326
• Total amount earned/recovered	81,250	19,111
• Over dues	No	53,889
• Profit	3,250	-

The data reveals that RCL reached to all the SHG members in the village. Each member got an average of 20 Kgs of rice. The VO has purchased high

cost rice in both the rounds. In the 1<sup>st</sup> round all the members repaid and earned a profit of Rs. 3,250. However in the case of 2<sup>nd</sup> cycle 73% of the loan amount is with the members as over dues from the past 4 months. It indicates that payments were delayed in the case of RCL. Though they earned profit, the time taken to complete 1<sup>st</sup> cycle of RCL is quite high. The RCL funds allotted to VO also under utilized in both the cycles.

The Tirupalli village organization, Kundurpi mandal in Anantapur district has received an amount of Rs. 33,750 to implement RCL Programme. On Aug 2005 they purchased 10.5 quintals of rice and disbursed it to 44 members @ of 25 Kgs of rice per member. Of the total disbursement, an amount of Rs. 4,800 was recovered. Of the total 44 members 24 members have totally repaid. In the remaining 20 members, 12 have paid their loan amount partially and the rest of the 8 have not paid any portion of their loan amount. Due to large amount of over dues, there are no subsequent rice purchases from the past 3 months.

#### **4.1.2 Issues in the implementation of RCL**

- No subsequent purchases in regular intervals in any Village Organization
- One variety of rice with moderate to high price. Untimely supply.
- Equal distribution rather than need based lending in majority of VOs.
- More amount of loan as over dues with more than 3 months
- RCL activities were stopped and those funds diverted to CIF activities.
- No books of accounts relating to rice purchased, disbursements, repayment of loans etc.

Consequentially, like in the past, again members are depending on PDS for additional quota, money lenders for loans to collect regular PDS and reiterating their relationships with their traditional sources of rice credit such as traders and rich farmers.

#### **4.2.1 Non-Timber Forest Produce (NTFP)**

There are two VOs, Aliveru in Jangareddygudem Mandal in West Godavari district and Annaram Grama Sangam in Machareddy Mandal of Nizambad district have taken up the task of procurement of NTFP in our sample Village Organizations.

**Aliveru Grama Sangam** has received a fund of Rs. 50,000 to purchase NTFP from the villages, inhabited by Konda Reddi, a primitive tribal group in Andhra Pradesh. The VO constituted a Purchasing Committee with 3 members who are influenced persons in the village. During our informal discussions with villagers they have reported that the brothers' of one of the Purchasing Committee member, who is looking after the NTFP, have close association with the naxals. When the study team visited the NTFP center to collect the data they could notice nothing except balance and weights in the centre. The woman has responded that she doesn't know anything about it and her brothers only knows those details of procurement and other marketing details. During one to one interaction, the villagers have reported that procurement activities were initiated and closed after 2/3 months of operation. Currently VO not doing any NTFP activities and the

villagers are selling their collection to the GCC and other traders in weekly local markets like olden days.

**Annaram Grama Sangam:** The VO has received Rs. 32,000 in 8 instalments from Mandal Samakya between 4<sup>th</sup> April 2005 and 22<sup>nd</sup> July 2005 to purchase minor forest produce collected by the villagers. It has repaid Rs. 23,488. The VO is yet to pay the balance or the outstanding amount of Rs. 8,512 to MS. The details of quantity of items purchased, purchasing and selling prices of each item and the present status of the stock are furnished below.

Items purchased	Quantity purchased	Purchasing Price in Rs.	Selling Price in Rs.
• Eppapuvvu	20 Bags	6.00	7.00
• Eppaparaka	20 Bags	11.00	Not sold
• Morraginjalu	5 Bags	6.00	Not sold
• Jeediginjalu	NA	4.00	Sold- Don't know
• Kanugaginjalu	NA	6.00	Sold- Don't know
• Gogupuvvu	NA	20.50	Sold- Don't know

**Details of Expenditure:**

Item	Amount in Rs.
• Rent for Weighting Balance ( Rs. 150 per month)	600
• VO President-purchasing and selling	1800
• Book-Keeper-writing books, purchasing & selling	1800
• Gunny Bags- to store the purchase	250
• Transportation- from village to local market	70
• Monthly Rent to Store Room – Rs. 60 MS pays	--
Total	4,520

The data shows no clear books of accounts on the funds received, the amount spent on various items, quantity collected, rate of each item, no. of persons engaged as daily wage labourers and selling price, quantity sold, etc of the material sold.

As per the discussions with the VO members all the activities relating to NTFP marketing will be decided by the Community Coordinator and or Botanist, but not by the VO president. Hence, the Purchasing Committee members don't know the selling prices and the quantity of various items purchased and sold.

Majority of the funds lies with CCs and Botanist not in VO. Majority of the VO members and book-keepers in some VOs even don't know the status of funds allotted to their Village Organization. Twice in a month or thrice in two months CC pays Rs. 2,000 to Rs. 5,000 to VO president and book-keeper to purchase NTFP and the labour charges and book-keeping charges for them.

**4.2.2 Problems reported**

- Equal or less price compared to open market on various items.
- Purchasing Committees was not formed.
- Less purchases due to less yield and less funds

- Poor storage facilities; more wastage and loss
- Due to fluctuations in market price loss in some of the items and profits in some of the items.
- Many villagers are unwilling to break the traditional market relationships.
- Cornering of VO members in decision making by the Community Coordinators. The Botanists in many VOs are retired salesmen of GCC, who are good in cheating by playing cheap tactics.
- G.C.C. not purchasing the listed items as per the understanding with Village Organizations; and appears that there is some unhealthy competency between VOs and GCC regarding purchases.

As a result, most of the funds allocated were misused by the Community Coordinators, VO President, secretary and Botanist. Except to VO leaders no employment was created to SHG members. Procurement of NTFP became one of the central activities to CC, Botanist and leaders for their illegal earnings.

#### 4.3.1 Maize/Red gram Procurement

Among all the VOs selected for the present study, only 6 VOs have received funds of Rs. 13, 81,960 ranging from Rs. 25,000 to Rs. 6, 80,000 to purchase red-gram and maize from the villagers depending on the nature of crop and yield. No VO has maintained the accounts relating to the quantity of Maize/Red-gram purchased, payments made as daily wage for how many days and for how many members and who are those members, other material purchased such as gunny bags, balance & weights, information about the quantity sold and stock in the store room, and the details of purchases and sales etc. Many VOs have provided abstracts than the details of income and expenditure.

Of the 6 VO, one of the VO has no details; 3 VOs have totally repaid the amount to the project. Two VOs have repaid Rs. 6, 69,800 (61%) of their total loan of Rs. 10,98,860. Two VOs has an over due of Rs. 3,88,000 to the project. Of all the 6 VOs, 2 VOs have reported a profit of Rs. 4,500 and 2,100 each through red gram or maize marketing.

Details	N	Sum	Mean
• Amount Received	6	1381,960	230,326
• Amount repaid	5	878,800	175,760
• Amount over due	2	388,000	194,000
• Amount outstanding	2	388,000	194,000
• Profit	2	6,600	3,300

#### 4.3.2 Problems reported

- In many cases amount allocated for marketing, with drawn from the VO account by the CC and the VO president in the name of purchases, kept large amount of funds with them for a longer period. In many cases not much was invested in the purchases. Hence, there is low burning of funds allocated to VOs besides untimely release of funds by MS.

- Most of the activities are CC centered. All the funds are with CCs and VO leaders. Decisions relating to purchases-quantity, quality, price, payment and sales & purchases etc will be decided by the CC.
- During the study team's interaction with VO members, they have reported that less quantity of purchases was due to failure of crop, lack of clear guidelines to the SHGs and VOs from the SPIA and untimely release of funds.
- Many SHG members have reported that the prices fixed by the VOs are either equal or lesser than the prices in the open market. However, many have reported that though there is no much difference in prices, they are benefited with correct weights, payments and no tharugu.
- Some of the members have reported that the VO members who have been engaged in marketing have less or no understanding about what they are doing.

#### 4.4.1 Neem Seeds Collection

The Village Organization in C. Kothapalli of Cheruvuvandalpalli of Madakasira Mandal has received Rs. 5000 for taking the Neem seed collection. The VO has appointed a 3 member Purchasing Committee to look after the marketing activities. The Committee has purchased both Neem seeds and fruits from the villagers during the last summer. Neem seed collected was sold to the farmers in the village and the local traders who visit the village. The VO has earned a profit of Rs. 281 from the activity. Following are the details of the income and expenditure relating to the Neem seed collection by the Cheruvuvandalpalli Village Organization.

Details	Quantity	Price	Amount
Total Fund Received for NS Collection	--	--	Rs. 5,000
Details of Purchases	--	--	
• Neem seed	300 Kgs	Rs. 5	Rs. 1,500
• Neem fruit	314 Kgs	Rs. 3	Rs. 942
Details of other expenses			
• Material-bags and balance	--	--	Rs. 480
• Daily wages	5days	Rs. 25	Rs. 125
Total expenditure	--	--	Rs. 3,047
Details of sales	--	--	
• Neem seed	300 Kgs	Rs. 6.50	Rs. 1,950
• Neem fruit	314 Kgs	Rs. 4.50	Rs. 1,413
Total income	--	--	Rs. 3,363
Total profit	--	--	Rs. 316

Bhagyalaxmi Village Organization in Guntla village in Kundurpi Mandal has received Rs. 18,000 for Neem seed collection. The VO members have paid Rs. 2,000 to Animator to buy Neem seeds and fruits. He purchased for Rs. 137 and spent Rs. 180 to transport it to market on the advice of the Community Coordinator. The VO members including VO President don't know the details of the selling prices of the procurement which was sold to

the local traders by the CC and the status of the funds of Rs. 18,000 allotted for the VO. There are no books of accounts relating to it.

In the case of Neem Seed Collection the study team has experienced similar issues and problems reported in the procurement of NTFP, Red Gram, and Maize by the Village Organizations.

Details	Quantity	Price	Amount
Total Fund Received	--	--	Rs. 18,000
Details of Purchases	--	--	
• Neem seed	16 Kgs	Rs. 5	Rs. 80
• Neem fruit	19 Kgs	Rs. 3	Rs. 57
Details of other expenses	--	--	Rs. 180
Total expenditure	--	--	Rs. 317
Cash with Animator-Book-keeper	--	--	Rs. 1,683

The data on various marketing activities of VOs and the study team's observations clearly show that large amount of fund were released to VOs. Many VOs have generated very less no. of days of employment i.e. less than 10 days to its members. Few VOs have earned small amount of profits. In many VOs, large portion of the amount is over due and outstanding. Marketing activities at VO level seems to be CC and VO leader centered. In some of the VOs even the VO President doesn't know the funds allotted for the activity even though they have involved in the activity at various levels as labourers. Other than rough abstractive statements of income and expenditures no VO has detailed books of accounts relating to its marketing activities.

**Case study-14: Over reporting of activities done by VO for audit purpose-**In the process of selecting the diversified sample that benefited with different activities, the study team has approached the Mandal Samakyas of Manganoor. At that time the villagers attended MS to discuss about RCL with the CC. The study team asked the women how many SHGs did use the decilting programme. They said that only one SHG benefited in the village. But in the MS records it was documented as 10 SHGs with 72 members with an amount of Rs. -----. Both the CC and Book-keeper admitted the fact and did it for audit purpose. Even at individual level also they supplied less number of trips to the farmers and over reported in the documents. There is no clear guideline in the repayment of loans sanctioned under this programme. The team validated the facts with CC and Book-keeper

Even in the case of 5 CIF loans sanctioned for 'Joginis' under social development in the village, it was also over reported and wrongly documented. There are no Joginis in the village. Out of 5, three were sanctioned to widowed women to purchase buffaloes. And the amounts of other two loans were misused by the CCs with the help of Book-keeper and VO leaders. The team tried to meet the Joginis benefited with CIF loan. But the villagers have said all were migrated to other near by towns for work.

#### 4.5.1 VO Running a Super Market

The Sarvodaya Village Organization was formed with 40 SHGs in Paritala village of Kanchikachera Mandal in Krishna district. It was started a super market on 27<sup>th</sup> October 2003 with an investment of Rs. 35,000 which has mobilized from the members belonging to 17 SHGs. Of these 17 SHG members, each has paid Rs. 200 as fee to obtain the membership for utilizing the services provided by Super Market. With the consent of all the members the task of maintaining the Super Market handed over it to 3 members who have good skills. The members also decided to pay Rs. 900 per month for their services as honorarium (30 x 10 x 3). They also decided every one should buy goods in their store on payment only.

In March 2004, the IKP has sanctioned a subproject worth Rs. 90,000 to support the VO for providing better and quality services to its members, for the financial sustainability of the Village Organization. The VO has agreed to repay Rs. 3,000 in its principle and interest every month. The VO has started selling of goods on credit basis to its members after getting funds from SPIA. As a result, over a period of time it has issued loans of Rs. 40,000 worth of goods to its members. Many members of all castes especially Muslims borrowed large amounts of goods on credit, stopped repayment of loans and even the purchases in the store.

As they agreed, VO has repaid loan installments regularly up to August 2005, after that it has stopped repayment due to shortage of funds. As on January 5, 2006 the VO has the dues of 5 monthly installments to the project. Along with the repayment of loan monthly installment amount of Rs. 3,000, the VO has been deposited a savings of Rs. 600 per month from the past 17 months to avoid difficulties in paying loan installments during slack seasons. However, now and then they have been used these savings to repay the loan installments because of more business on credit. But due to high default, the VO has stopped withdrawing of savings deposited in post office to pay loan installments to safeguard the interest of the non-borrowers and the members who are regular in repayment.

The issue of defaulting was discussed in VO meeting. The task of collection of arrears has given to Recovery Committee. As a recovery strategy, the Committee members have repeatedly visited defaulters' houses and in some cases rescheduled the repayment period. However, there is no significant improvement in the collection of arrears.

The Recovery Committee during their interaction with the study team shared their experiences while in dealing defaulters- some locked their houses and went away for some time; some have a feeling that as this is a non-repayable fund from the government; some have reported long distance as reason for buying goods in the Kiosks situated near to them even though they have been charged higher prices. Consequentially, less earnings due to less business, willful defaulting and more dues, quarrels and unfaith among the members or weakening the strength of the VO



#### **4.6.1 Conclusions**

VOs have taken up multiple tasks with the large amounts of CIF sanctioned by the project. However most of the sanctions are untimely and the funds were under utilized.

Though most of the activities designed for long term and multiple purposes majority of the activities are closed as one time activity. Many activities became VO leaders and Community Coordinator centered.

## CHAPTER-5: IMPACT OF COMMUNITY INVESTMENT FUND

### 5 Introduction

The present chapter highlights the changes that have taken place due to CIF in the household, SHGs, VOs and Community. The amount of income increased, quantity of employment generated, extent of dependency on traditional credit sources, improvement in the educational and health status of the family members and the pressure on the women due to CIF has been assessed. Besides, how far the CIF is contributing for the sustainability of SHGs & their federations and the community development at large have been examined.

#### 5.1 Impact on Household

CIF loans have created a significant impact on the households of loan borrowers in multiple ways- includes employment generation, financial support, free from money lenders, children's education, health, debt status, pressure on women and so on. Data shows that over half of the respondents have reported that employment was created by investing the loan amount on the existing economic activity (57%), multiple economic activities and other diversified activities (13%). Majority of the respondents also felt that the loan is need-based (49%) timely (22%) and seasonal (24%) to take up income generating activity. More than half of the respondents reported that due to CIF loan not approached money lenders (49%) for credit, less dependency on money lenders (54%). Some (7%) have repaid old loans taken from money lenders with CIF loan amount to avoid high rate of interest and pressure from the loan providers.

##### 5.1.1 Household income increase per month

The data shows that over half of the members (56%) getting some income per month on CIF activities. Among the 56%, a little more than one-third (36%) are getting less than Rs. 1000 per month; around 11% are earning between Rs. 1000-2000 per month; But 9% of the members are earning more than Rs. 2000.

Table-5.1: Household income increase Per Month

S. No.	Rs.	Frequency	Percentage
1	No increase	102	44.3
2	< 500	49	21.3
3	501 – 1000	33	14.3
4	1001 – 1500	16	7.0
5	1501 – 2000	10	4.3
6	> 2000	20	8.7
Total		230	100.0

It reveals that one-fifth of the members are earning considerable amount of income from the activity taken up with CIF loan amount. Nearly half of the

members are not getting any income it might be because of utilization of CIF loan amount for consumption purposes, social events, to repay old loan amounts, closing of the unit etc.

### 5.1.2 Employment generation

CIF loans have created some employment to the borrowers and or to their household members. In more than half of the cases (57%) employment was created from 5 to 25 days per month. In many cases (27%) 11-20 days employment was generated; and in another 18% of the cases more than 20 days of employment have been generated. However, in 43% of the cases no additional days of employment was created. Total number of days employment generated again might be depending on the amount of loan invested on the nature of activity.

Table-5.2: No. of Days Employment Generated			
S. No.	Days	Frequency	Percentage
1	No employment	99	43.0
2	< 10 days	29	12.6
3	11 - 20 days	61	26.5
4	> 20 days	41	17.8
Total		230	100.0

A little more than 10% of the respondents used the loan amount for education of their children especially to pay monthly fee (10%) donations (2%), meet travel expenses (4%) and even made some payments to get a job. The impact on health is in different forms- 14% of the recovered from ill health by using the loan amount to meet their hospital expenses, no debts due to no more expenditure on diseased (8%) because of recovery from ill-health. Only one borrower was not benefited by investing the loan on the diseased. There is a significant impact on the in take of food of the household (21%) members due to the increased income levels.

About 20% of the borrowers reported that the household debts increased due to borrowings from private lenders to pay the multiple loans (6%), large CIF loan (5%) to make bullet payment (5%) and no or less income from the income generation activity on which the investment was made.

One-third of the borrowers have reported that there is a pressure on women from SHGs on the repayment of loan instalments (34%). Though there is a pressure from the household members for loans (21%) but there is a little support from them (7%) in repaying the loan instalment amount. The borrowers also reported various other kinds of impact- reduction of unnecessary family expenditure to repay the loan instalments (37%); no quarrels due to availability of work (39%); respect increased among the household members (61%) husband stopped consumption of liquor (8%); family members migrated for work to repay the loan instalments (5%) and no migration due to employment creation (3%)

Table-5.3: Impact at Household Level			
Aspect	Nature of impact	F	%
Employment generation	Multiple economic activities	38	16.5
	Expansion of existing /lineal activity	107	46.5
	More investment and more work	23	10.0
	Occupational mobility	29	12.6
Financial support	Timely	50	21.7
	Seasonal	55	23.9
	Need based loan	110	47.8
Free from money lenders	Not approaching money lenders	113	49.1
	Repaid high interest old loans	16	7.0
	Less dependency on farmers	123	53.5
	Other	9	3.9
Children education	Donations	5	2.2
	Monthly fee	23	10.0
	Travel expenses	8	3.5
	Payment for job	1	0.4
	Other	13	5.7
Health	Recovered from ill-health	32	13.9
	Contributing to family income/supporting	61	26.5
	No more expenditure on diseased/no debts	18	7.8
	Food to all the household members	49	21.3
	Not recovered/ waste of investment	1	0.4
Increase in debts	Made private loans to pay multiple loans	13	5.7
	Made private loan to pay single large loan	11	4.8
	Made private loan to made bullet payment	12	5.2
	Husband wasted the loan and earnings	2	0.9
	No returns on investment	36	15.7
Pressure on women	Pressure from SHG on loan installments	77	33.5
	Pressure from household members for loans	49	21.3
	No support from HH members in repayment	16	7.0
Other aspects	Reduced unnecessary family expenditure	84	36.5
	Husband stopped drinking of liquor	19	8.3
	No quarrels due to availability of work	88	38.3
	Respect increased among the HH members	141	61.3
	Husband/family migrated to search for work	12	5.2
	No migration due to employment creation	7	3.0
	Husband wasted the loan and earnings	2	0.9

## 5.2 Impact on SHGs

The impact of CIF on SHGs is also related to financial as well as social aspects. The opinion of the members on the impact of CIF on SHGs is given

in table-5.4. Almost 50% of the borrowers felt that SHGs have provided credit facility to all its members with large loans (32%). Even in the selection of members for CIF, priority is given to vulnerable sections (20%). However, 16% of the borrowers who received small loans reported that large loans are only to members in the group who are economically well off. One-fourth of the recipients reported that quarrels emerged between the members in deciding the members and loan size, which hampered the group repayment and solidarity.

Table-5.4: Impact at SHG Level			
S. No.	Nature of impact	F	%
1	Loans to all the Group members	106	46.1
2	Large amount of loans	74	32.2
3	Large loans only to rich persons	37	16.1
4	Quarrels between members for loans	59	25.7
5	Loans to disadvantaged categories	46	20.0

### 5.3 Impact on Village Organizations

Majority of the members have mentioned CIF is one of the important fund sources to the Village Organization (60%) which in turn helped in improving financial management skills (39%). Many felt that it created employment (38%) and income source (35%) to VO. One-third of the respondents said that the CIF has promoted livelihoods at VO level. Few borrowers (17%) have mentioned about the misuse of CIF funds at VO level. A small section of the borrowers (11%) felt that because of CIF, VOs are addressing social issues in the village. Impact of CIF on VO is given in the table below.

Table-5.5: Impact at Village Organization Level			
S. No.	Nature of impact	F	%
1	One of the external sources of fund	137	59.6
2	Financial management skills increased	90	39.1
3	Solidarity among the SHGs	104	45.2
4	Employment generation	88	38.3
5	Asset creation/ income source to VO	81	35.2
6	Livelihood promotion	79	34.3
7	Funds misused/ became defunct	38	16.5
8	SHG quality improved due to VO meetings	83	36.1
9	More focus on social issues	25	10.9

### 5.4 Community Level

The SHG members have recognized and reported about the impact created by the CIF at community level. The data shows that the dependency on middlemen decreased (60%) and the traditional credit sources reduced their rate of interest on loans (25%). Further, the VOs were given due importance in the Committees of the other Community Based Organizations in the village (17%). It also established a relationship between VO and Panchayat Raj Institutions (8%) because of large amount of fund

flow through VOs for different activities such as IGA, Productive Physical infra-structure (PPI) and Social Development (SD).

Table-5.6: CIF Impact at Community Level

S. No.	Nature of impact	F	%
1	Representation in Committees at village level	38	16.5
2	Dependency on Middlemen decreased (Men)	139	60.4
3	Tradition credit sources- interest rates reduced	58	25.2
4	SHG members becoming money lenders	19	8.3
5	Relationships between SHGs and PRI established	19	8.3

## 5.5 Conclusions

The CIF has had a mixed impact on various aspects at various levels. By investing CIF on the existing economic activities of the household, moderate employment has generated, income increased, dependency on traditional credit sources especially on money lenders has been decreased. Some of the borrowers relieved from the clutches of money lenders by repaying their large high interest rate loans with CIF loans.

CIF has posed much pressure on SHG women from household members to get it and from SHGS and SPIA to repay it. Besides the economic impact it has created some financial and social discipline among the household members such as avoided consumption of liquor, unnecessary expenditure, no quarrels within the household due to availability of work, stopped migration due to employment creation and encourage migration to repay the loans by exploring work.

CIF has provided credit facility with large volume of loans to more no. of SHG members especially to both the vulnerable women who are highly eligible and deserved for loans and rich & politically influenced who are ineligible and undeserved for CIF loans.

CIF is one of the important external fund and income sources to VO which enabled their financial management skills. It has created employment to SHG and VO leaders by providing employment opportunities through VO marketing activities. Few VOs started working on social issues.

CIF has produced a dent on the credit traditional sources especially on the interest rates. It has built the relationships between other CBOs and various development committees at village level.

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## TABLES

**Table-7.1: Activity proposed and taken up**

S.No.	Income Generating Activity	Proposed		Taken up	
		F	%	F	%
<b>A</b>	<b>Agri-allied/Half farm</b>	<b>93</b>	<b>40.41</b>	<b>83</b>	<b>36.08</b>
1	Milk animal	51	22.17	41	17.83
2	Sheep Unit	18	7.83	17	7.39
3	Bullock	5	2.17	5	2.17
4	Goat	3	1.3	4	1.74
5	Sewing (pig rearing)	1	0.43	1	0.43
6	Fodder purchase	1	0.43	1	0.43
7	Poultry	1	0.43	2	0.87
8	Fishing	13	5.65	12	5.22
<b>B</b>	<b>Agriculture</b>	<b>53</b>	<b>23.04</b>	<b>50</b>	<b>21.74</b>
9	Land Development	9	3.91	7	3.04
10	Ag. Inputs	25	10.87	27	11.74
11	Irrigation & Horticulture	15	6.52	12	5.22
12	land Leasing	4	1.74	4	1.74
<b>C</b>	<b>Traditional caste occupation</b>	<b>32</b>	<b>13.9</b>	<b>24</b>	<b>10.43</b>
13	Basket making	5	2.17	4	1.74
14	Stone Cutting	3	1.3	3	1.3
15	Pottery/ Carpentry	6	2.61	4	1.74
16	Weaving	3	1.3	2	0.87
17	Barber/Dhobi/Tailor shop	12	5.22	8	3.48
18	Bangle business	2	0.87	2	0.87
19	Chappal business	1	0.43	1	0.43
<b>D.</b>	<b>Non-farm activities</b>	<b>52</b>	<b>22.57</b>	<b>47</b>	<b>20.4</b>
20	Vegetable/Fruit Vending	11	4.78	9	3.91
21	Leaf Plate/agarbathi making	3	1.3	2	0.87
32	Brick making	1	0.43	1	0.43
22	Kirana Shop	12	5.22	11	4.78
23	Seed Business	1	0.43	1	0.43
24	Hotel/Tea shop	6	2.61	6	2.61
25	Cloth/ saree business	5	2.17	6	2.61
26	Grain (Rice,Pulses) Business	3	1.3	3	1.3
29	Cool drinks/STD	2	0.87	2	0.87
27	Timber business	3	1.3	2	0.87
28	Electronics repair shop	1	0.43	1	0.43
30	Cycle shop	1	0.43	1	0.43
31	Flour mill	1	0.43	1	0.43
33	Vehicle/Bike	2	0.87	1	0.43
<b>E</b>	<b>Consumption &amp; Asset creation</b>	<b>--</b>	<b>--</b>	<b>26</b>	<b>11.3</b>
34	House Construction	--	--	10	4.35
35	Household consumption	--	--	10	4.35
36	marriage	--	--	3	1.3
37	Funeral ceremonies	--	--	1	0.43
38	Loan repayment	--	--	2	0.87
	<b>Total</b>	<b>230</b>	<b>100.00</b>	<b>230</b>	<b>100.00</b>

**Table-7.2: Loan Status**

S.No.	Details	Loan status			Dues			
		Totally repaid	Progress	Total	Prepaid	No dues	Dues	Total
1	Social Category							
1.1	Scheduled Tribe	2	98	100	-	2	98	100
1.2	Scheduled Caste	22	78	100	5	14	81	100
1.3	Backward Class	35	65	100	3	33	64	100
1.4	Minorities	17	83	100	6	6	89	100
1.5	Open Category	29	71	100	6	45	49	100
2	District							
2.1	Chittoor	49	51	100	8	34	58	100
2.2	Kadapa	2	98	100	2	25	73	100
2.3	Anantapur	11	89	100	2	9	89	100
2.4	Kurnool		100	100	56		44	100
2.5	Adilabad	72	28	100	4	51	45	100
2.6	Nizambad		100	100	-	-	100	100
2.7	Krishna		100	100	-	20	80	100
2.8	Mahaboobnagar		100	100	1	-	99	100
2.9	Rangareddy	29	71	100	2	27	71	100
2.10	Guntur	15	85	100	-	15	85	100
3	Phase							
3.1	Phase-1	26	74	100	1	20	79	100
3.2	Phase-2	23	77	100	4	18	78	100
3.3	Phase-3	31	69	100	8	31	61	100
	Total			100	4	22	74	100

**Table-7.3: Social Category, Phase and District-wise CIF Loan Details as on Nov 2005**

S.No	Details	Category		Loan disbursed		Repayment			
		F	%	Total	Average	Demand	Collection	Balance	% of dues
	<b>Total</b>	720	100	6,110,834	8,487	4,801,336	1,912,813	2,888,523	60
1	<b>Social Category</b>								
1.1	ST	49	7	630,100	12,859	522,008	83,260	438,748	84
1.2	SC	335	47	2,963,679	8,847	2,203,021	667,214	1,535,807	70
1.3	BC	249	35	1,899,200	7,627	1,622,149	909,019	713,130	44
1.4	Min	36	5	328,455	9,124	285,252	155,450	129,802	46
1.5	OC	51	7	289,400	5,675	168,906	97,870	71,036	42
2	<b>Phase</b>								
2.1	Phase-1	172	24	1,991,561	11,579	1,745,590	415,877	1,329,713	76
2.2	Phase-2	392	54	2,784,873	7,104	2,402,454	1,060,978	1,341,476	56
2.3	Phase-3	156	22	1,334,400	8,554	653,292	435,958	217,334	33
3	<b>District</b>								
3.1	Chittoor	132	18	901,205	6,827	976,685	638,564	338,121	35
3.2	Kadapa	44	6	373,400	8,486	132,050	79,175	52,875	40
3.3	Anantapur	123	17	1,810,044	14,716	1,073,225	306,890	766,335	71
3.4	Kurnool	18	3	80,400	4,467	39,490	34,661	4,829	12
3.5	Adilabad	111	15	561,580	5,059	481,494	299,787	181,707	38
3.6	Nizambad	36	5	450,000	12,500	113,880	48,042	65,838	58
3.7	Krishna	40	6	254,570	6,364	205,174	44,465	160,709	78
3.8	Mahaboobnagar	100	14	901,155	9,012	1,045,689	97,722	947,967	91
3.9	Rangareddy	48	7	433,980	9,041	408,179	300,746	107,433	26
3.1	Guntur	68	9	344,500	5,066	325,470	62,761	262,709	81

**Table-7.4: Phase and District-wise CIF Loan Amount, Demand, Collection and Dues at SHG level as on November 2005**

S.No	Details	Category		Loan disbursed		Repayment			
		N	%	Total	Average	Demand	Collection	Balance	% of dues
	<b>Total</b>	96	100	6,110,834	63,655	4,801,339	1,912,816	2,888,523	60
1	<b>Phase</b>								
1.1	Phase-1	19	20	1,991,561	104,819	1,745,593	415,880	1,329,713	76
1.2	Phase-2	56	58	2,789,273	49,808	2,407,002	1,096,688	1,310,314	54
1.3	Phase-3	21	22	1,330,000	63,333	648,744	400,248	248,496	38
2	<b>District</b>								
2.1	Chittoor	17	18	901,205	53,012	976,685	638,564	338,121	35
2.2	Kadapa	6	6	411,000	68,500	171,812	87,775	84,037	49
2.3	Anantapur	14	15	1,810,044	129,289	1,073,225	306,890	766,335	71
2.4	Kurnool	6	6	91,400	15,233	50,490	46,211	4,279	8
2.5	Adilabad	13	14	512,980	39,460	430,735	279,640	151,095	35
2.6	Nizambad	6	6	450,000	75,000	113,880	48,042	65,838	58
2.7	Krishna	6	6	254,570	42,428	205,174	44,465	160,709	78
2.8	Mahaboobnagar	10	10	901,155	90,116	1,045,689	97,722	947,967	91
2.9	Rangareddy	12	13	433,980	36,165	408,179	300,746	107,433	26
2.10	Guntur	6	6	344,500	57,417	325,470	62,761	262,709	81

**Table-7.5: Phase and District-wise CIF Loan Amount, Demand, Collection and Dues at VO Level as on November 2005**

S.No	Details	Category		Loan disbursed		Repayment			
		N	%	Total	Average	Demand	Collection	Balance/dues	% of dues
	<b>Total</b>	42	100	19714525	469393	13501278	6305491	7195787	53
1	<b>Phase</b>								
1.1	Phase-1	12	29	5898642	491554	4954717	2238198	2716519	55
1.2	Phase-2	21	50	9150483	435737	6812815	2858336	3954479	58
1.3	Phase-3	9	21	4665400	518378	1733746	1208957	524789	30
2	<b>District</b>								
2.1	Chittoor	8	19	2048925	256116	2380751	922715	1458036	61
2.2	Kadapa	2	5	1120050	256116	218212	93860	124352	57
2.3	Anantapur	7	17	1120050	930041	218212	93860	124352	57
2.4	Kurnool	3	7	460200	153400	233521	208084	25437	11
2.5	Adilabad	7	17	3416508	488073	2686164	1719064	967100	36
2.6	Nizambad	2	5	1570950	785475	358160	164904	193256	54
2.7	Krishna	2	5	360320	180160	110776	108866	1910	2
2.8	Mahaboobnagar	3	7	1328697	442899	1516184	121630	1394554	92
2.9	Rangareddy	5	12	1382330	276466	1029850	796350	233500	23
2.10	Guntur	3	7	1516259	505420	1573621	442397	1131224	72

**Table-7.6: Table- Nature of Support extended by Different Persons in CIF Loan Process**

Nature of Support / Persons	SHG Leader	VO Leader	MS Leader	Book -Keeper /Animators	CC	LH Specialist	Bankers	Veterinary Staff	Middleman	Community Leaders	Villages	Political Leaders	Others	Total	
	F	F	F	F	F	F	F	F	F	F	F	F	F	F	%
Information about CIF	49	18	5	8	29	4	2	4	3	12	5	2	5	146	63.5
Loan documentation	12	16	3	58	27	6	1	2	2	2	1	1	3	134	58.3
Norms fixation & disbursement of loan		36	2	6	6	2	2	1	8	1	1		1	66	28.7
Assistance in purchasing the unit	5	12	6	4	9		4		17	8	5		5	75	32.6
Selection of beneficiary	4	7			3	7	1			1			2	25	10.9
Recommended for loan	1	2			1	2			1	2			1	10	4.3
Veterinary services		1		1	2	2	1	23	3				3	36	15.7
Activity proposed	3	6	2	4	6				1			1	1	24	10.4
Sanction and grounding of CIF	4	5	1	1	6		9		1	1			4	32	13.9
Preference to gender	2	2	1		2									7	3.0
Sanctioning of loan	5	12		1	1		1							20	8.7
Political influence	1	1	1	1		1	1			2	3	6	1	18	7.8
Good cooperation	3	0	10								1			14	6.1
Borrowing external loans		0	2				2		1	1	1		1	8	3.5
Marketing		1	1		3		1	1	1	1	1			10	4.3
Helped in decision making	3	0	1	1		6		1		1	1			14	6.1
Insurance		0	1											1	0.4

## Annexure-1

Table-Sample Coverage								
Name of the District	Name of the Mandal	Name of the Villages	No. of Habitations	No. of SHGs	SHG Mem- bers	Major Sub-projects in the village		Activities taken Up by VO/MS
Chittoor	Bairedipalli	Lakkanpalli	2	2	6	Leaf plate, Milch anim	Sheep rearing	RCL
		Gaddur	1	2	6	Milch Animals		Dairy
	Somala	Kanduru	2	2	5	Milch animals	Non-Farm	RCL
		Nanjampeta	1	2	4	Pottery	Basket making	
		Somala	1	2	3	Milch animals-nonfarm		Adarana/Soukaryam
	G.D Nellore	G.D.Nellore	2	2	5	Non-farm	Neem Seed Collec	Redgram purchasing
		Vepanjeri	1	2	4	Milch animals	Non-Farm	Redgram purchasing
Kothar		1	2	3	Enterprize activities			
Kadapa	Galiveedu	Veligallu	1	2	4	Milch animals	Sheep rearing	RCL
		Eguvagottivedu	2	2	4	Milch animals	Land Development	RCL
Anantapur	Kundurpi	Mahantapuram	1	3	6	Milch animals		
		Nijavalli	1	3	6	Irrigation & Horti		
		Jambugumpala	0	0	0	Need Seed colle.		Neem Seed Collection
	Nallamada	Cheruvandlapalli	1	2	4	Weaving; Caste occ	Neem Seed coll, RCL	Neem Seed Collection
		Kondravaripalli	1	2	4	Sheep rearing	Ag develop/dobi; RCL	Vedio/chullas-vo don't
		Gopepalli thanada	1	2	4	sheep rearing		
		Vidapanakal	Karamukkala	1	2	6	Land leasing	
		Havaligi	1	2	6	land leasing		
Kurnool	Holegunda	Holagunda	1	1	2	Milch animals	Sheep rearing	RCL
		Igalhal	1	2	5	Sheep rearing		RCL
		Hebbatum	1	2	5	sheep rearing		Sarees' business
Adilabad	Bhinsa	Kamole	1	3	6	Milch animals	Traditional/adarana	RCL/Redgram/soyabean

Continued...



Name of the District	Name of the Mandal	Name of the Villages	No. of Habitations	No. of SHGs	SHG Mem-bers	Major Sub-projects in the village		Activities taken Up by VO/MS
		Chintalabore	1	3	6	Stone Cutting/B. cart	Fishing equipment	Sarees' Business
	Kautala	Kannepalli	2	2	4	Ag inputs	Milch animals	RCL/Redgram/soyabean
		Talodi	1	2	4	Fishing	Agri inputs	RCL/Redgram/soyabean
		Kautala	1	2	4	Piggery/Ag inputs	Vegetable Vending	RCL
	Chennure	Asnar	2	3	6	Milch animals/Land De	Green House	RCL
		Pokkur	1	3	6	Mlch animals/LD	Agri inputs	Soya Bean/Paddy
Nizambad	Machareddy	Annaram	2	3	6	Sheep Units/Basket	Stone cutting	NTPF
		Reddipet	2	3	6	sheep/milch animals	Poultry	RCL
Krishna	Kanchikacherla	Keesara	2	3	6	Milch animals/DAP	Non-farm activities	RCL
		Paritala	1	3	6	Gender/Milch animals	Non-farm activities	Supermarket/RCL
Mahabubnagar	Daroor	Guddemdoddi	1	3	6	Sheep, & Bulls & carts	RCL and Red gram	
		Nettempadu	1	2	4	Milch animals	RCL	Debru to land
		Errikichedu	1	1	2	Irrigation & Horticulture	RCL	Debru to land
	Makthal	Gurulingampalli	1	3	6	Irrigation & Horticulture	Sheep Rearing	Debru to land
		Ujjeli	1	3	6	Buffalaeos, Ag inputs		Debru to land
Ranga Reddy	Kulkacherla	kamunipalli	1	3	6	Non-farm activities	RCL	
		Karmankalwa	1	2	4	Non-farm activities	RCL	
		Marikal	1	1	2	Non-farm activities	RCL	
	Shabad	Kurwaguda	1	3	6	Buffalaeos	RCL	
		Seetharampur	1	3	6	Milch animals & non-farm	RCL	
Guntur	Machavaram	Regulapadu	1	2	4	Milch animals		
		Gangireddipalli	1	2	4	Milch animals & Sheep		
		Pillutla	1	2	4	Milch animals & sheep		
West Godavari	Buttaigudem	Aliveru	3	3	6	Fishing, NTPF collection	Granin Bank and RCL	
		Mangayyapalem	1	3	6	NTPF, and RCL		