

## REVOLVING FUND UTILISATION BY THE SHGs MEMBERS AND THEIR EMPOWERMENT IN CHITTOOR DISTRICT

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### ABSTRACT

In India, a large proportion of people are live below the poverty line. Although, alleviation of poverty and reduction of economic inequality has been a major issue since the advent of planning, the problem is still at the alarming level. The voters of the country elect the government hoping for a rapid action on eradication of poverty which is usually promised by the parties, the goal of poverty eradication seems to be a never ending goal.

In order to enhance the economic empowerment of women and ultimately economic development of the nation, the importance of utilization of female labour force has now been well recognized. Every possible effort is made to strengthen the status of women particularly those in rural areas through the sanction of revolving fund by the State Government of Andhra Pradesh to self-help groups among women.

This research paper is completely based upon the primary data collected from the SHGs Members in Chittoor District of Andhra Pradesh. It focuses on the SHGs members' empowerment through revolving fund sanction by the Andhra Pradesh State Government and its category-wise empowerment of the SHG members in three revenue divisions (Chittoor, Madanapalli and Tirupati) of Chittoor District.

**KEYWORDS:** Chatter District, Revolving Fund, SHG Members Empowerment.

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### INTRODUCTION

It is well known that the concept of poverty relates to socially perceived deprivation with respect to basic minimum needs. In the Indian context, poverty is measured in terms of a specified normative poverty line reflecting the minimum living standard of people. In India, a large proportion of people are live below the poverty line. Although, alleviation of poverty and reduction of economic inequality has been a major issue since the advent of planning, the problem is still at the alarming level. The voters of the country elect the government hoping for a rapid action on eradication of poverty which is usually promised by the parties, the goal of poverty eradication seems to be a never ending goal.

In order to enhance the economic empowerment of women and ultimately economic development of the nation, the importance of utilization of female labour force has now been well recognized. Every possible effort is made to strengthen the status of women particularly those in rural areas through the sanction of revolving fund by the State Government of Andhra Pradesh to self-help groups among women and through their collective activities and their economic empowerment is sought to be achieved.

The self-help groups that have achieved a stable level of savings and have shown good performance in terms of other indicators would be provided with revolving fund by the state Government of Andhra Pradesh. The revolving fund is a one-time grant being sanctioned to the SHGs by the state government. For the groups to get eligibility to receive the revolving fund, the groups are to be stabilized in terms of savings and functioning. It may take two or three years to achieve a stable status. There were variations in the amount of revolving fund sanctioned to the SHG members in different period of time. During the early years of 1990, the government of Andhra Pradesh used to extend ₹15,000 per group as one time grant and later it was increased to ₹ 25,000 per group. But since 1999, only ₹ 10,000 or even a lesser amount was being provided as the revolving fund. Introduction of the popular subsidy interest scheme known as “Pavala Vaddi” (0.25 Paise interest scheme), the practice of extending revolving fund seemed to have been discontinued. Pavala Vaddi scheme was started during the year 2004-05 with an objective of providing interest subsidy on the loans taken by the Self Help Groups. The scheme is applicable to all loans extended by banks on or after 1<sup>st</sup> July 2004, under SHG Bank Linkage Programme. The incentive will be in the form of reimbursement of interest whatever is above 3per cent interest irrespective of bank interest rates. The subsidy shall not include penal interest, liquidated damages etc., paid to the bank. During the year 2005-06, an amount of ₹ 8900.00 lakhs is being proposed towards interest subsidy on the loans taken by SHGs under SHG Bank Linkage programme.

The Andhra Pradesh Government both in 2009-10 and 2010-11 has budgeted ₹ 200 crores each to give interest subsidy under Pavala Vaddi scheme to SHGs. The Government of Andhra Pradesh has released an amount of ₹ 564.25 crore up to March 2010. Of the total amount released, ₹ 548.02 crore were disbursed covering 25.8 lakh SHGs. Whereas in Chittoor District, of the total amount of ₹ 45.13 crore, ₹ 38.54 crore has been disbursed to ₹1.33 lakh SHGs (DRDA. 2009).

Prior to the introduction of ‘Pavalavaddi Scheme’, majority SHGs, especially SHGs formed with STs and SCs, have received ₹ 10,000 to ₹ 25,000 as revolving fund (RF) or matching grant from the Government. Many SHGs after receiving revolving fund became defunct. Instead of providing revolving fund, the Government of Andhra Pradesh has decided to give interest subsidy on SHG bank loans to improve repayment rate and to sustain the groups. The amount of benefit under ‘pavalavaddi’ scheme depends on the loan size, repayment pattern, mode of loan repayment, periodicity of reimbursement of ‘pavalavaddi’ to SHGs etc. But the findings of the research studies conducted by the APMAS (2004, 2005, 2006, 2007, 2008 and 2009) EDA Rural Systems (2005), and Myrada (2010) reveal that the volume of loan, number of fresh and repeat linkages and repayment rate are low to SC and ST category groups compared to OC, BC and Minority category.

## Utilization of Revolving Fund

‘How is the revolving fund utilized?’ is another pertinent question that has got considerable interest to researchers. In the beginning when an amount of ₹25,000 was given in the form of revolving fund or matching grant, the SHGs were started mainly to obtain such resources. Once the amount is sanctioned, the members of the self-help group share them equally and dispense with the SHG activity. But now the concept has changed dramatically. The amount is deposited in the bank account of Grama Samakya or Mandal Samakya and hence it goes to the corpus of the SHGs. The members can borrow them if the need arises and have to repay them as per conditions agreed upon by the members. Thus there is a healthy trend in the utilization of the revolving fund by the members of the SHGs. Generally SHG members are utilizing this revolving fund for doing income generated activities, purchase of jewels, children education, etc. In this context, the present enquiry focuses how far the different SHG social categories have been availed revolving fund and in turn empowerment with ‘pavalavaddi’ scheme.

This research paper is completely based upon the primary data collected from the SHGs’ Members in Chittoor District of Andhra Pradesh. It focuses on the SHGs’ members’ empowerment through revolving fund sanction by the Andhra Pradesh State Government and its category-wise empowerment of the SHG members in three revenue divisions (Chittoor, Madanapalli and Tirupati) of Chittoor District.

## Objective of the Present Study

The objective of the study is to examine the category-wise members of SHGs utilization and their empowerment through sanction of revolving fund by the Andhra Pradesh State Government in Chittoor, Madanapalle and Tirupati revenue divisions of Chittoor District in Andhra Pradesh.

## Methodology

There are three revenue divisions in the study area viz., Chittoor, Madanapalli and Tirupati. All of them have been included in the present study. At the rate of three mandals per revenue division, nine mandals were selected from the entire district using the simple random sampling technique without replacement. Three revenue villages from each of the three revenue mandals, 9 villages in all were selected from each Revenue Division and at the rate of 9 villages from each Revenue Division 27 villages were selected. From each selected revenue village two SHGs were selected using Simple Random Sampling Technique Without Replacement (SRSWOR) and from each SHG, six women members were selected using the SRSWOR. Thus, on the whole,  $(27 \times 2 =) 54$  SHGs and  $(54 \times 6 =) 324$  sample SHG members were selected from the entire district. The size of the sample is 324 SHG members.

## Category-wise Revolving Fund Sanctioned to SHG Members

Table No. 1 presents the category-wise sanction of revolving fund to the sample members of the SHGs in three revenue divisions of Chittoor District.

**Table No.1**

**Category-wise Revolving Fund Sanctioned to SHG Members**

S.No.	Range of R.F. (₹)	Category					Total
		SC	ST	Minorities	BC	OC	
<b>Chittoor Division</b>							
1	Up to 8, 000	0	0	0	6	0	6
2	10, 000	17	0	0	25	12	54
3	15, 000	0	6	0	12	0	18
4	25, 000	6	0	0	0	0	6
5	Nil	0	12	0	6	6	24
	<b>Total</b>	<b>23</b>	<b>18</b>	<b>0</b>	<b>49</b>	<b>18</b>	<b>108</b>
<b>Madanapalle Division</b>							
1	Up to 8, 000	0	0	0	0	0	0
2	10, 000	3	3	4	25	19	54
3	15, 000	12	0	4	17	3	36
4	25, 000	0	0	0	0	0	0
5	Nil	0	0	0	18	0	18
	<b>Total</b>	<b>15</b>	<b>3</b>	<b>8</b>	<b>60</b>	<b>22</b>	<b>108</b>
<b>Tirupati Division</b>							
1	Up to 8, 000	0	0	0	9	3	12
2	10, 000	6	12	0	18	12	48
3	15, 000	5	5	0	13	0	23
4	25, 000	0	0	0	0	0	0
5	Nil	3	0	3	10	9	25

	<b>Total</b>	<b>14</b>	<b>17</b>	<b>3</b>	<b>50</b>	<b>24</b>	<b>108</b>
<b>Total</b>							
1	Up to 8,000	0	0	0	15	3	18
	%	0.00	0.00	0.00	9.43	4.69	5.55
2	10,000	26	15	4	68	43	156
	%	50	39.47	36.36	42.73	67.19	48.18
3	15,000	17	11	4	42	3	77
	%	32.69	28.95	36.46	26.42	4.69	23.76
	25,000	6	0	0	0	0	6
	%	11.54	0.00	0.00	0.00	0.00	1.85
	Nil	3	12	3	34	15	67
	%	5.77	31.58	27.27	21.38	23.44	20.68
<b>Total</b>		<b>52</b>	<b>38</b>	<b>11</b>	<b>159</b>	<b>64</b>	<b>324</b>
<b>%</b>		<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**Source:** Field Survey.

Table No.1 incorporates the details of distribution of various category-wise of SHG members in three revenue divisions of Chittoor District according to the amount of Revolving Fund sanctioned by the Andhra Pradesh State Government. It could be seen from the Table No.1 that in the three revenue divisions put together only 67 out of 324 members constituting about 20.68 per cent of the total members were not sanctioned revolving fund. In other words, about 257 members constituting about 80.32 per cent of the total members were sanctioned the revolving fund. A little less than half of the total members (156 members or 48.18 per cent) were sanctioned revolving fund of ₹10,000. Another 77 members (about 23.76 per cent) were sanctioned the revolving fund of ₹15,000. Only 6 members (about 1.85 per cent) were sanctioned revolving fund of ₹25,000.

The category-wise analysis of the revolving fund sanctioned indicated that out of 52 SC members of the SHGs, 26 members (half of the total members) constituting exactly 50.00 per cent was sanctioned revolving fund of ₹10,000. About one-third of the total members (17 members or 32.68 per cent) was sanctioned revolving fund of ₹15,000. In other words, more than 82.69 per cent of the total members were sanctioned revolving fund ranging between ₹10,000 and 15,000. Only 6 SC members constituting about 11.64 per cent were provided with the

revolving fund of ₹25, 000. It should be noted that no other caste group member except SC members in the district was sanctioned revolving fund of ₹25, 000.

Among 38 ST members of the SHGs in the district, 15 (39 per cent) members were got matching grant of ₹10, 000 and 11 (29 per cent) members were got an amount of ₹15, 000. It is pathetic to note that nearly one – third of the ST members of the SHGs was not sanctioned any matching grant perhaps due to the fact that their groups might have started functioning only in recent years. A little over 36 per cent each of the minority members in the district received matching grant of ₹10,000 and ₹15, 000 each while 15 members (about 9 per cent) got revolving fund of less than or equal to ₹8,000. Broadly, a similar pattern could be observed in the distribution of revolving fund among OC members of the groups except the fact that a higher proportion (67 per cent) of these members got revolving fund of Rs10, 000. It should be noted that about 23 per cent of these members did not get any matching grant from the government. These statistics clearly indicated that most of the SHGs were started either in the later part of 1990s or after 1995. Only a very low proportion of SHGs in the three revenue divisions seemed to have been started during the early part of 1990.

Among three revenue divisions in Chittoor district, about 50 per cent of the members in Chittoor and Madanapalle revenue divisions were given revolving fund of ₹10, 000. Similarly, a relatively higher proportion of SHG members in Madanapalle division (36 out of 108 members) were given revolving fund of ₹15,000 as compared to only 18 and 23 out of 108 members respectively in Chittoor and Tirupati revenue divisions. These statistics indicated that most of the SHGs were of recent origin particularly in Chittoor and Tirupati revenue divisions.

### Category-wise Utilization of Revolving Fund by the Members of the SHGs

Table No.2 incorporates the category-wise utilization of revolving fund by the sample members of the SHGs in three revenue divisions of Chittoor District.

**Table No.2**

#### Category-wise Revolving Fund Utilization by the SHGs Members

S. No.	Mode of utilization	Category					Total
		SC	ST	Minorities	BC	OC	
<b>Chittoor Division</b>							
1	Deposited in Groups' Bank A/c	6	5	0	26	6	43 (39.8)
2	Lent out for Interest	5	4	0	10	5	24 (22.2)
3	Shared equally	12	9	0	13	7	41 (38.0)

	<b>Total</b>	<b>23</b>	<b>18</b>	<b>0</b>	<b>49</b>	<b>18</b>	<b>108 (100.0)</b>
<b>Madanapalle Division</b>							
1	Deposited in Groups' Bank A/c	5	0	0	22	11	38 (35.2)
2	Lent out for Interest	3	0	2	18	5	28 (25.9)
3	Shared equally	7	3	6	20	6	42 (45.4)
	<b>Total</b>	<b>15</b>	<b>3</b>	<b>8</b>	<b>60</b>	<b>22</b>	<b>108 (100.0)</b>
<b>Tirupati Division</b>							
1	Deposited in Groups' Bank A/c	4	5	0	18	8	35 (32.4)
2	Lent out for Interest	5	4	1	10	4	24 (22.2)
3	Shared equally	5	8	2	22	12	49 (45.4)
	<b>Total</b>	<b>14</b>	<b>17</b>	<b>3</b>	<b>50</b>	<b>24</b>	<b>108 (100.0)</b>
<b>Total</b>							
1	Deposited in Groups' Bank A/c	15	10	0	66	25	116
	%	28.85	26.32	0	41.51	39.06	35.80
2	Lent out for Interest	13	8	3	38	14	76
	%	25.00	21.01	27.27	23.90	21.88	23.46
3	Shared equally	24	20	8	55	25	132
	%	46.15	52.63	72.72	34.60	39.06	40.74
	<b>Total</b>	<b>52</b>	<b>38</b>	<b>11</b>	<b>159</b>	<b>64</b>	<b>324</b>
	%	100.00	100.00	100.00	100.00	100.00	100.00

Source: Field survey.

It could be seen from the Table No.2 that out of 324 members, 132 members (or 40.74 per cent) shared the amount equally among the members. Another 116 members (35.80 per cent) have deposited their revolving fund/matching grant in the bank accounts of the Federation. The remaining 76 (23.46 per cent) members have given the amount to members/non-members on interest directly so that the interest amount could be used as the income for the members. These statistics clearly indicated that about half of the members have shared the revolving fund among the members indicating the prevalence of unhealthy practice among the members of the SHGs in the present study district.

The category-wise analysis of the pattern of utilization of the revolving fund among different category members of the SHGs revealed that the practice of sharing revolving fund seemed to be widely prevalent among minorities (72.72 per cent), STs (52.63 per cent) and SCs (46.15 per cent) than among BCs (34.60 per cent) and OCs (39.06 per cent) in the district. As could be seen from the Table No.2, 41.51 per cent of BCs and 39.06 per cent of OCs deposited their revolving fund in federations' account. On the other hand, remaining below the district average of 36 per cent, only 28.85 per cent of SCs and 26.32 per cent of STs merged their revolving fund with the corpus fund of the SHGs. It is also interesting to note that about a quarter of the different category group members ranging from 21 per cent to 27 per cent lent out the revolving fund to the members and non-members of the group on interest so that the interest amount could be used as source of income to improve their living standards.

There were no noticeable differences among the members of SHGs in different revenue divisions with regard to the pattern of utilization of the revolving fund. As could be seen from the Table No.2, with regard to depositing the amount in bank's account, as against the district average of 36 per cent, about 40 per cent of SHGs' women in Chittoor division, 35 per cent of women in Madanapalle division and 32 per cent of women in Tirupati division have deposited the money in the respective bank accounts of the Federations. However, a relatively higher proportion of 26 per cent of SHGs' women in Madanapalle division lent out the amount to members/non-members as against 22 per cent each in Chittoor and Tirupati divisions respectively. Perhaps, due to high level of incidence of poverty in this revenue division, there might be higher demand for loans in Madanapalle revenue division. Interestingly, relatively larger proportion of SHGs' women in Tirupati revenue division shared the amount equally among the members of the groups.

## **Conclusion**

To equalize the standard livings and increase the income levels of SHGs members and to reach the benefits of pavalavaddi scheme to SHGs members, there is a need of more sanction of revolving fund or/and loans with a special drive for SC, ST and Minority groups; capacity building on optimum utilization of groups funds, minimizing idle funds in banks and reimbursement of pavalavaddi in a regular intervals by addressing the issues and challenges to achieve the desired goals of the programme.



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