



THE ROLE OF STHREENIDHI CREDIT COOPERATIVE FEDERATION IN THE PROMOTION OF SHGS

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ABSTRACT :

As the Stree Nidhi is the community owned and managed institution, the SHG women has an overwhelming preference for availing of financial services from Stree Nidhi as it is not only their own institution but also for comfortable systems and procedures in accessing credit and other financial services. For the SHG women Stree Nidhi is the ray of hope to meet their financial and it has become a house hold name in the SHG community, having reach to nook and corner of the Telangana state with the help of user friendly technology and SHG federations. They are also keen to place their savings with Stree Nidhi to increase owned funds for higher leveraging from banking sector to meet their entire credit needs.in this paper an attempt is made to present the performance of Sthree Nidhi Credit Cooperative Society of Telangana during 2011-2012 to 2017-2018.

KEYWORDS : *Stree Nidhi , comfortable systems and procedures , financial services.*

INTRODUCTION

Sthree Nidhi credit cooperative Federation Ltd., is promoted by the Government and the MandalSamkahas to supplement credit flow from banking sector and is a flagship programme of the Government. Sthree Nidhi provides timely and affordable credit to the poor SHG members as a part of the overall strategy of SERP for poverty alleviation.

SHGs are comfortable to access hassle free credit from Sthree Nidhi as and when required using their mobile and therefore do not see any need to borrow from other sources at usurious rates of interest. Sthree Nidhi is in a position to extend credit to the SHGs even in far flung areas of the state in 48 hours to meet credit needs for exigencies like health, education and other income generation needs like agriculture, dairy and other activities. As credit availability is linked to grading of MS and VOs, community is keen to improve functioning of the same to access higher amount of credit limits from Sthree Nidhi.

After MFI crisis, the State Government and SHGs federations both in rural and urban areas have jointly promoted Stree Nidhi Credit Cooperative Federation Ltd., in 2011 with the following objectives;

a) Providing affordable and timely (within 48 hours) credit and other financial services to the SHG members

at their doorsteps in nook and corner of the state in a transparent and efficient manner through user friendly technology.

b) Work for socio economic upliftment of the members of Self Help Groups by increasing their income both in Rural and Urban areas by financing livelihoods in a big way with focus on vulnerable segments of society.

c) Work in tandem with Society for Elimination of Rural Poverty (SERP) and Mission for Elimination of



Poverty (MEPMA) to achieve self-sustainability of SHG federations and also for identification of livelihoods for financing.

Sthree Nidhi has many features which inter alia, include community ownership, credit delivery in 48 hours, community representation on Board, allocation of credit limits to vulnerable (including SC/ST) depending on their population, digitalization of transactions, sharing of interest margin with the federations, ease of doing transactions, transparency and policies suitable to community, and all these features make it unique in the sphere of microfinance.

NEED FOR PARADIGM SHIFT IN SHG - BANK LINKAGE PROGRAMME

The SHG - Bank linkage programme is now more than two and half decades old which resulted in unprecedented economic empowerment of the women. However, it is time for a paradigm shift as more emphasis needs to be laid on livelihoods / enterprises. It is in fitness of things to associate niche institution like Sthree Nidhi which would add value to the programme, in all the spheres partnering with banks in a meaningful way.

There is an imperative need for promoting specialized institutions like Sthree Nidhi in the States with strong network of SHGs and well- structured and managed federations of SHGs to create better impact on poor women for alleviation of poverty. The systems and ease of assured credit availability at the door step of SHGs, low cost delivery system as also the monetary benefits flowing to SHGs and their federations from these institutions make them more relevant than any other institution financing SHGs. Alongside, it is also imperative to streamline the entire system of appraisal of loan requirement, scale up credit flow to SHGs to meet demand, ensure productive use of credit by involving community and specialized institution in coordination with SRLMs/SULMs to make the present system more effective. Credit needs of FPOs can also be effectively addressed by these institutions.

MEMBERS COVERAGE

Since inception of Sthree Nidhi the coverage of Self Help Groups and Self Help Group members is presented in table 1.

Table 1
Coverage of Self Help Groups and Members under Sthree Nidhi

S. No	Year	No. of SHGs	No of SHG Members
1	2011-12	7599	25038
2	2012-13	47742	181191
3	2013-14	62560	229931
4	2014-15	88116	336900
5	2015-16	126832	454930
6	2016-17	143618	488078
7	2017-18	172125	636495

Source: Annual Reports of Sthree Nidhi Credit Cooperative Society, Dept. of Rural Development, Government of Telangana

As per table 1 the number Self Help Groups (SHGs) as well as number of Self Help Group members covered by the Sthree Nidhi Credit Cooperative Society showing gradual upward trends. In the year of inception of Sthree Nidhi Credit Cooperative Society only 7, 599 SHGs and 25, 038 SHG members were benefited by the credit lending. There is more than six-fold increase in the number of SHGs and more than seven-fold increase in the number of SHG members in the next year i.e. 2012-2013. By the Year 2017-2018

the number of SHGs and SHG members benefited by the Sthree Nidhi Credit Cooperative Society stood at 172, 125 and 636, 495 respectively.

Credit Flow

There is a unique expansion in credit flow to SHGs in the country, due to the measures taken by NRLM/NULM at national level and SRLMs/ SULMs at the state level. However, the issues of inadequacy, timely and affordable credit from banking sector are yet to be tackled effectively. Though credit flow in terms of volume looks satisfactory, unbridled credit flow is risky in the absence of proper due diligence and monitoring arrangements. In the present arrangement, bank branches would find it difficult to attend to these aspects on a regular basis.

The Sthree Nidhi Credit Cooperative Society is established with a view to provide credit to poor SHG women, in order bring them out of the clutches of poverty in rural areas. Table 2 presents the details of credit flow from Sthree Nidhi Credit Cooperative Society during 2011-2012 to 2017-2018.

Table 2
Credit Flow from Sthree Nidhi Credit Cooperative Society

S. No	Year	Credit Flow in (Crores)
1	2011-12	32
2	2012-13	296
3	2013-14	418
4	2014-15	703
5	2015-16	1147
6	2016-17	1353
7	2017-18	1835

Source: Annual Reports of Sthree Nidhi Credit Cooperative Society, Dept. of Rural Development, Government of Telangana

According to table 2 the credit flow from Sthree Nidhi Credit Cooperative Society has sharply increased in the second year of its inception. In the year 2011-12 the credit flow from Sthree Nidhi Credit Cooperative Society is only Rs. 32 Crores and it sharply increased to Rs. 296 crores in 2012-2013 by registering more than nine-fold increase in a single financial year. The positive growth in the credit flow of Sthree Nidhi Credit Cooperative Society of Department of Rural Development, Telangana continued up to 2017-2018. In the year the credit flow from Sthree Nidhi Credit Cooperative Society stood at Rs. 1835 crores, which is more than 57 times higher than the 2011-2012 credit flow.

DISBURSEMENT OF AMOUNT

The average disbursement of amount by Sthree Nidhi Credit Cooperative Society to Self Help Groups and Self Help Group members is presented in table 3.

Table 3
Average Disbursement of Amount by Sthree Nidhi Credit Cooperative Society

S. No	Year	Average Disbursement per SHG	Average Disbursement per Member
1	2011-12	42267	12761
2	2012-13	65052	16350
3	2013-14	66752	18162
4	2014-15	79814	20875

5	2015-16	90543	25273
6	2016-17	94234	27733
7	2017-18	106640	28838

Source: Annual Reports of Sthree Nidhi Credit Cooperative Society, Dept. of Rural Development, Government of Telangana

It can be noted from table 3 that the average amount disbursed per SHG as well as average amount disbursed for member is gradually increasing. During 7 years of study average amount disbursed per SHG and average amount disbursed for member has been increased more than 2 times. It means that the allocation of credit for SHGs and its members is constantly increasing year by year. The average amount disbursed per SHG in 2011-2012 is Rs. 42, 267 and it enhanced to Rs. 106, 640 by 2017-2018. With regard to average amount disbursed for member, it is only Rs. 12,761 in 2011-2012 and it increased to Rs. 28, 838 by 2017-2018.

ALLOCATION OF FUNDS TO SHG AGENCIES

The Sthree Nidhi Credit Cooperative Society of Telangana allocates funds to Village Organizations (VOs), Slum Level Federations (SLFs) Mandal Samakyas(MSs) and Town Level Federations (TLFs). The amounts paid / payable to the VOs / SLFs and MSs/TLFs during 2014-2015 to 2017-2018 years are given in table 4.

Table 4
Funds Allocations to SHG Agencies by Sthree Nidhi Credit Cooperative Society

(Rs. in Crores)

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	Total
1	Interest Shared to VOs/SLFs	3.65	6.94	13.04	21.24	44.87
2	Interest Shared to MSs/TLFs	1.12	1.48	3.00	4.48	10.08
3	Higher Interest payment on Deposits*	1.33	3.66	5.92	8.46	19.37
4	Payment of Dividend	0.00	0.47	1.53	3.58	5.59
5	Allocation to IB activities (5% net profit)	0.00	1.86	2.50	2.95	7.31
6	Allocation to NHC (2% net profit)	0.00	0.75	1.00	1.18	2.92

Source: Annual Reports of Sthree Nidhi Credit Cooperative Society, Dept. of Rural Development, Government of Telangana

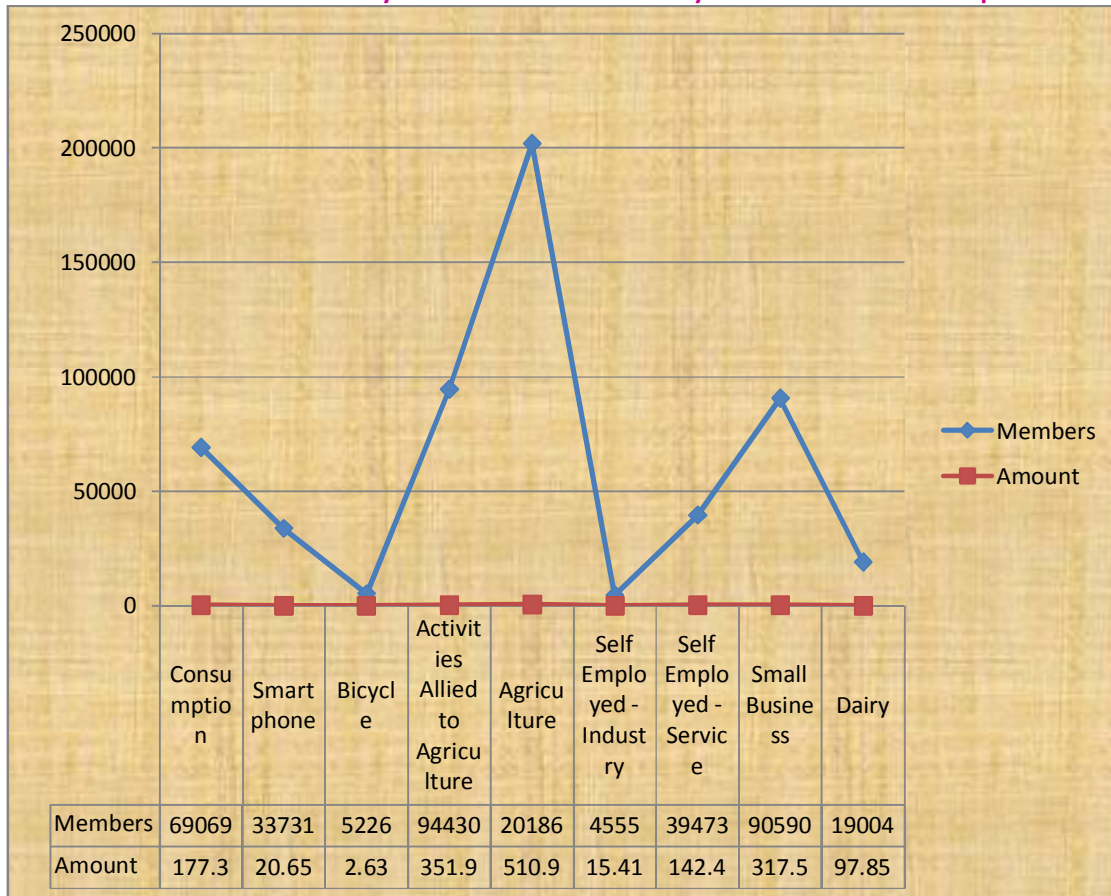
*The amounts are arrived at after reducing the interest earned notionally assuming that they are placed as deposits with banks

Table 4 shows that the interest shared by Sthree Nidhi Credit Cooperative Society is gradually increasing and there is a six-fold increase within four years. The interest shared by Sthree Nidhi Credit Cooperative Society in 2014-2015 is Rs. 1.12 crores and it increased to Rs. 4.48 crores by 2017-2018. The interest payment on the deposits is also gradually increasing. The amount towards dividend payment increased from nil amounts in 2014-2015 to Rs. 3.58 crores by 2017-2018. In the same way the allocations for Neighbourhood Centres (NHCs) and allocations for IB activities were also gradually increasing.

UTILIZATION OF LOAN AMOUNTS BY SHG MEMBERS

The purposes for which SHG members have utilized loans are classified into two broad categories - Income generation activities (IGAs) and consumption purposes. Income generation activities (IGAs) are further classified broadly into agriculture, activities allied to agriculture and micro-enterprises. The utilization of loan amount by SHG members in 2017-2018 is depicted in figure 1.

Figure 1
Utilization of Loan Amount by SHG members Financed by Stthree Nidhi Credit Cooperative Society



Source: Annual Reports of Stthree Nidhi Credit Cooperative Society, Dept. of Rural Development, Government of Telangana

The figure 1 shows that around 19.36 per cent of SHG women utilized the Stthree Nidhi Credit Cooperative Society loan amount for various consumption purposes like purchase of Bicycle, Smart Phone, for family functions etc. The remaining 80.64 per cent of SHG women utilized the loan amount for income generating activities (IGA). Among the IGA activities, around 36.18 per cent of women reported that they utilized the loan amount for the development of agriculture. Around 16.24 per cent of women utilized the loan amount to initiate petty business. For service based self employment 7.07 per cent of women utilized the loan amount.

CONCLUSION

With the establishment of Stthree Nidhi Credit Cooperative Society, the flow of credit to Self Help Groups in the State of Telangana was accelerated in the rural areas. The Society paved the way for digitalization of SHG activities by supplying Pc Tabs to SHG leaders, VOs and MSs. The services rendered as business correspondent to banks, and in extending Me seva services makes it a unique institution in the service of community.

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