

Abstract of Doctoral Dissertation

Microfinance in Andhra Pradesh : A Study on SHG Bank Linkage Programme¹

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I. Introduction

SHG BANK LINKAGE Programme (SBLP) is an Indian innovation to the microcredit programme of Nobel Laureate Prof. Mohd. Yunus, which is being implemented in Bangladesh. Since NABARD's pilot study in 1992, SBLP has grown in leaps and bounds.

It even overtook the microcredit programme of Bangladesh. Initially there were skeptics in India and abroad on the implementability and success of the SBLP. These doubts were rampant initially, as man by nature, is resistant to change. Further, they have seen the success story of micro credit system of Bangladesh. They felt that another innovation or model is not necessary.

The real big push to the SBLP was given by RBI when it made a dramatic policy change in making financial inclusion mandatory. The main reason for the success of SBLP in India is the total full fledged support given by the state government of Andhra Pradesh which merged the then DWCRA groups and converted them to SBLP groups. With this, a readymade clientele is created. The state government of Andhra Pradesh felt that this programme may play a vital role in poverty alleviation and thus it accepted and implemented SBLP with gusto in the state. The functioning of the DWCRA groups also helped the SBLP to make rapid inroads into rural areas. Timely repayment of loans taken from banks helped the banks in reducing their NPAs. This encouraged the banks to lend more proactively to the SBLP Beneficiaries. The operational costs to banks have also been reduced. With the success story of SBLP in Andhra Pradesh, many southern states have lapped up the programme, followed by other states in the country. Even after two decades of SBLP, the share of Andhra Pradesh is still more than half the disbursements.

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