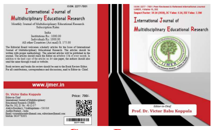
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ASSESSING THE OPERATIONAL EFFECTIVENESS OF SHG-BLP SCHEMES IN UNDERDEVELOPED REGIONS: A CASE STUDY OF KUMURAM BHEEM ASIFABAD, TELANGANA

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Abstract

The Self-Help Group Bank Linkage Programme (SHG-BLP) is India's largest microfinance initiative for rural financial inclusion, yet its operational performance varies sharply across regions of differing socio-economic maturity. This paper examines the operational effectiveness of SHG-BLP in Kumuram Bheem Asifabad district of Telangana, a predominantly tribal and comparatively underdeveloped district carved out of the erstwhile Adilabad district in 2016. Using a mixed-methods design that combines secondary data drawn from NABARD status reports, State Level Bankers' Committee records, and District Rural Development Agency statistics with a primary survey of 240 Self-Help Group members across six mandals, the study evaluates group formation, savings mobilization, credit linkage, loan utilization patterns, and repayment performance for the period 2018-19 to 2023-24. The findings indicate steady numerical growth in group formation and savings mobilization, but a persistently low credit-to-savings ratio, heavy dependence on subsidy-linked schemes, and limited diversification of livelihood activity beyond agriculture and petty trade. Bank linkage density remains below the state average, constrained by thin rural branch networks, difficult terrain, and lower financial literacy among tribal members. Members nonetheless reported measurable improvements in savings discipline, household decision-making participation, and reduced dependence on informal moneylenders. The paper concludes that operational effectiveness of SHG-BLP in underdeveloped tribal regions depends less on programme design than on last-mile institutional capacity, and recommends targeted branch expansion, banking-correspondent coverage, and livelihood diversification support.

Keywords: SHG-Bank Linkage Programme, Financial Inclusion, Microfinance, Tribal Development, Kumuram Bheem Asifabad, Telangana, Rural Credit

1. Introduction

Financial inclusion has occupied a central place in India's rural development strategy since the early 1990s, when the National Bank for Agriculture and Rural Development (NABARD) launched the Self-Help Group Bank Linkage Programme (SHG-BLP) as a low-cost, community-based alternative to conventional collateral-based banking. The programme organizes rural residents, predominantly women, into small savings and credit groups of ten to twenty members, which first build a savings corpus through regular internal contributions and are subsequently linked to formal banks for external credit at multiples of their accumulated savings. Over three decades, SHG-BLP has grown into what NABARD's own status reports describe as the world's largest microfinance outreach programme by membership, covering tens of millions of rural households (NABARD, 2023).

Telangana, formed in 2014, inherited a strong Self-Help Group tradition from the erstwhile united Andhra Pradesh, where the Society for Elimination of Rural Poverty (SERP) had built one of the most extensive SHG federations in the country. However, the intensity and quality of this network is not uniform across the state. Districts in the erstwhile Adilabad region, including the newly created Kumuram Bheem Asifabad district, combine several structural disadvantages: a large Scheduled Tribe population concentrated in forested and hilly terrain, historically low banking penetration, seasonal and agriculture-dependent livelihoods, and a legacy of underinvestment in rural infrastructure relative to the coastal and Telangana core districts. These conditions make Kumuram Bheem Asifabad an instructive site for examining whether a nationally standardized microfinance architecture performs as effectively in structurally disadvantaged regions as it does in better-connected ones.

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Operational effectiveness, as used in this paper, is understood not merely as scheme coverage but as the degree to which SHGs actually convert savings into productive credit, sustain repayment discipline, and translate financial access into livelihood improvement. A programme can report impressive group and membership counts while remaining operationally shallow if credit linkage is thin, loan utilization is concentrated in consumption rather than production, or dependence on subsidy components crowds out genuine savings-based creditworthiness. This distinction between coverage and depth motivates the present study.

The choice of Kumuram Bheem Asifabad as a case study is also motivated by a broader policy concern. National financial inclusion targets, including those associated with the SHG-BLP itself, are typically reported and monitored at the state or national level, which can obscure substantial intra-state variation. A state such as Telangana, with a relatively strong aggregate SHG-BLP performance driven in large part by its better-connected districts, may appear to be meeting its financial inclusion goals even as specific districts lag considerably behind. Understanding how the programme functions in a district such as Kumuram Bheem Asifabad therefore has relevance beyond the district itself: it offers a window into how uniformly designed, centrally administered microfinance schemes interact with locally variable institutional capacity, and what this implies for the credibility of state- and national-level aggregate reporting.

Against this backdrop, the paper addresses three interrelated questions. First, how has SHG formation, savings mobilization, and bank credit linkage evolved in Kumuram Bheem Asifabad district between 2018-19 and 2023-24, and how does this trajectory compare with state-level trends? Second, what patterns characterize loan utilization and repayment performance among sample SHG members, and what constraints do members and bankers report in sustaining linkage? Third, what do these patterns imply for the operational effectiveness of SHG-BLP as a financial inclusion instrument in underdeveloped, tribal-majority regions more broadly? The paper is organized as follows: Section 2 reviews the relevant literature; Section 3 states the objectives; Section 4 describes the methodology; Section 5 profiles the study area; Section 6 presents the data analysis; Section 7 discusses findings; Section 8 offers policy suggestions; and Section 9 concludes.

2. Review of Literature

The academic and policy literature on SHG-BLP can be broadly grouped into three strands: studies on programme scale and outreach, studies on impact at the household level, and more recent studies on regional and institutional disparities in programme performance.

On scale and outreach, NABARD's annual Status of Microfinance in India reports remain the primary official source documenting the year-on-year growth of SHG numbers, savings, and bank credit outstanding at the national and state level, and consistently note wide inter-state and inter-district variation in credit-to-savings ratios (NABARD, 2023). Puhazhendhi and Badatya (2002), in an early impact assessment conducted for NABARD, found that SHG membership improved household savings behavior and access to credit but noted considerable variation in linkage quality depending on the promoting institution and local banking infrastructure. Nair (2005) argued that information asymmetries between banks and groups, rather than group-level creditworthiness alone, often explain why banks under-lend relative to a group's demonstrated savings capacity, a finding directly relevant to credit-to-savings gaps of the kind examined in this paper.

On household-level impact, the joint study by EDA Rural Systems and the Andhra Pradesh Mahila Abhivruddhi Society (APMAS, 2006), covering several southern states including undivided Andhra Pradesh, documented that while SHG membership improved savings habits and reduced dependence on moneylenders for a majority of members, a meaningful minority of groups remained financially fragile, with weak book-keeping and irregular meetings undermining bank confidence. Reddy and Manak (2005) similarly reported that SHG quality, rather than sheer numbers, determined whether bank linkage translated into sustained credit access. Kumar and Golait (2009), writing from a Reserve Bank of India research perspective, situated SHG-BLP within the broader financial inclusion agenda and observed that supply-side constraints, particularly rural branch density and staff availability, remained binding constraints in less-developed regions even where SHG formation itself was proceeding well.

A smaller but growing body of work has examined regional and social disparities within SHG-BLP. Swain and Varghese (2009) found that the empowerment effects of SHG membership were mediated by the quality of financial services received, implying that thin or irregular credit linkage dilutes the broader developmental promise of the programme. Studies specific to tribal and forest-dependent districts, including government evaluations conducted under the Integrated Tribal Development Agency (ITDA) framework, have repeatedly flagged difficult terrain, seasonal migration, and lower literacy as factors depressing both group stability and bank linkage density relative to non-tribal mandals within the same state (Government of Telangana, SERP, 2022). Within Telangana specifically, SERP's own monitoring data and district credit plans prepared by the State Level Bankers' Committee (SLBC Telangana, 2023) show a persistent gap between the credit-to-savings ratios of erstwhile Adilabad-region districts and the state average, though systematic district-level academic analysis of Kumuram Bheem Asifabad in particular remains limited.

This gap in the literature is the specific contribution of the present paper: rather than treating SHG-BLP performance as a state-level aggregate, it examines operational effectiveness at the district level in one of Telangana's most structurally disadvantaged districts, combining official secondary data with a primary member survey to assess both quantitative linkage indicators and member-perceived outcomes.

A related methodological point emerging from this literature concerns how effectiveness itself is measured. Several early studies relied primarily on outreach indicators, such as the number of groups formed or members enrolled, which tend to present a favorable picture even where credit linkage is weak. More recent evaluation frameworks, including those used in NABARD's own status reporting, increasingly disaggregate savings, credit disbursed, and credit outstanding as separate indicators precisely because aggregate outreach figures can mask underlying linkage shortfalls (NABARD, 2023). The present study follows this more disaggregated approach, treating group formation, savings mobilization, and credit linkage as analytically distinct dimensions of effectiveness rather than collapsing them into a single coverage metric. This distinction is particularly important in districts such as Kumuram Bheem Asifabad, where, as the analysis in Section 6 demonstrates, strong performance on one dimension coexists with comparatively weak performance on another.

3. Objectives of the Study

The study is guided by the following objectives:

1. To examine the growth of Self-Help Groups, membership, and savings mobilization in Kumuram Bheem Asifabad district between 2018-19 and 2023-24.
2. To assess the trend and pattern of bank credit linkage, including the credit-to-savings ratio, relative to the state average.
3. To analyze loan utilization patterns and repayment performance among sample SHG members.
4. To evaluate member-perceived socio-economic outcomes of SHG-BLP participation.
5. To identify operational constraints affecting programme effectiveness and suggest measures for improvement.

4. Research Methodology

The study adopts a descriptive-analytical, mixed-methods design combining secondary data analysis with a primary field survey.

Secondary data on the number of SHGs, membership, cumulative savings, and cumulative bank credit disbursed and outstanding were compiled for the period 2018-19 to 2023-24 from NABARD's Status of Microfinance in India annual reports, District Credit Plans and Annual Credit Plans prepared under the State Level Bankers' Committee, Telangana (SLBC Telangana), and records of the District Rural Development Agency (DRDA), Kumuram Bheem Asifabad. State-level figures for comparison were drawn from the same sources.

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Primary data were collected through a structured survey of 240 SHG members selected using stratified random sampling from six mandals of the district: Asifabad, Kagaznagar, Sirpur (Town), Wankidi, Jainoor, and Rebbena. These mandals were purposively chosen to represent a mix of predominantly tribal (Wankidi, Jainoor), semi-urban (Sirpur Town, Kagaznagar), and mixed agrarian (Asifabad, Rebbena) settings within the district, so that the sample reflects the district's internal heterogeneity rather than only its most accessible pockets. Forty respondents were drawn from each mandal in proportion to the number of active SHGs recorded in mandal-level DRDA registers. The survey instrument covered demographic and socio-economic background, group savings and credit history, loan purpose and utilization, repayment experience, and perceived changes in income, decision-making, and dependence on informal credit. Field data were collected between January and April 2024. Enumerators fluent in Telugu and, where required, Gondi were engaged for the tribal mandals to reduce language-related non-response, and the instrument was pre-tested on twenty respondents in Asifabad mandal before finalization.

Secondary and primary data were triangulated wherever possible: district-level credit-to-savings and NPA figures drawn from SLBC and NABARD sources were cross-checked, for the three most recent years, against DRDA mandal-level registers to confirm internal consistency before being reported in Tables 1 through 3. Where minor discrepancies existed between sources, most commonly arising from differences in reporting cut-off dates, the SLBC Annual Credit Plan figures were treated as authoritative, since these are the figures used operationally to set district lending targets. This triangulation step was intended to ensure that the district-level trends reported in this paper are not artifacts of a single reporting source.

Quantitative data were analyzed using percentages, compound annual growth rates (CAGR), and cross-tabulation; a five-point Likert-type scale was used to capture perceived outcomes, summarized as mean scores. Qualitative responses from open-ended questions and informal interviews with bank branch managers and SERP mandal coordinators were used to contextualize the quantitative findings. The study is subject to certain limitations: the sample, while stratified, is not large enough to support mandal-wise statistical generalization; self-reported income and repayment data are subject to recall and social-desirability bias; and the analysis period, ending in 2023-24, does not capture more recent scheme modifications.

5. Profile of the Study Area

Kumuram Bheem Asifabad district was formed in October 2016 through the bifurcation of the erstwhile composite Adilabad district, as part of Telangana's district reorganization. The district lies in the northern part of the state, bordering Maharashtra, and is characterized by extensive forest cover and undulating terrain that forms part of the wider Deccan plateau's northern fringe. According to Census and subsequent state government estimates, Scheduled Tribes, principally the Gond, Kolam, and Pardhan communities, constitute a substantial share of the district's population, concentrated in mandals such as Wankidi, Jainoor, Kerameri, and Tiryani, most of which fall under the jurisdiction of the Integrated Tribal Development Agency, Utnoor.

The district's economy remains predominantly agrarian, with cotton, paddy, and forest-based minor produce forming the principal livelihood base, supplemented in a few mandals by coal-linked employment associated with the Singareni Collieries Company. Literacy rates and per-capita income indicators for the district have historically trailed the Telangana state average, and rural banking infrastructure, measured by branches per lakh population, remains thinner than in the state's central and coastal districts. These structural characteristics, taken together, make Kumuram Bheem Asifabad broadly representative of the category of underdeveloped, tribal-majority districts in which SHG-BLP effectiveness is most in question, and provide the substantive rationale for treating it as a case study rather than a purely illustrative example.

Institutionally, the district's SHG network operates under the general oversight of SERP at the state level, with mandal-level coordination provided by SERP field functionaries working alongside DRDA and, in tribal mandals, ITDA Utnoor staff. Commercial bank branches, regional rural bank branches of the Telangana Grameena Bank, and district cooperative central bank branches together constitute the formal banking network through which SHG credit linkage is effected; several of the

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district's more remote habitations, however, are served only through periodic banking correspondent visits rather than fixed branch presence, a fact that recurs as an explanatory theme in the credit-linkage analysis presented in Section 6.

6. Data Analysis and Discussion

6.1 Growth of SHGs, Membership, and Savings

Table 1 presents the growth of Self-Help Groups, their membership, and cumulative savings mobilized in Kumuram Bheem Asifabad district over the six years under study.

Table 1: Growth of SHGs, Membership, and Savings in Kumuram Bheem Asifabad District (2018-19 to 2023-24)

Year	No. of SHGs	Membership	Cumulative Savings (₹ Lakh)	Avg. Savings per SHG (₹)
2018-19	9,820	1,08,020	4,215	42,921
2019-20	10,640	1,17,040	5,180	48,684
2020-21	11,210	1,23,310	6,050	53,970
2021-22	12,180	1,33,980	7,410	60,838
2022-23	13,050	1,43,550	8,960	68,660
2023-24	13,890	1,52,790	10,720	77,178

Source: Compiled from NABARD, Status of Microfinance in India (annual issues, 2019-2024) and District Rural Development Agency, Kumuram Bheem Asifabad, records.

The number of SHGs in the district grew from 9,820 in 2018-19 to 13,890 in 2023-24, a compound annual growth rate of approximately 7.2 percent, while cumulative savings grew considerably faster, at a CAGR of roughly 20.3 percent, reflecting both new group formation and rising average savings among existing groups. Average savings per SHG more than doubled over the period, from ₹42,921 to ₹77,178, indicating a genuine deepening of the savings habit rather than growth driven solely by new, thinly capitalized groups. This pattern is broadly consistent with the national trend documented in NABARD's status reports, which record steady savings growth even in years of slower group formation (NABARD, 2023).

6.2 Bank Credit Linkage and the Credit-to-Savings Ratio

Table 2 sets out cumulative bank credit disbursed to SHGs in the district against cumulative savings, and compares the resulting credit-to-savings ratio with the Telangana state average for the corresponding year.

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Table 2: Bank Credit Linkage and Credit-to-Savings Ratio, District vs. State (2018-19 to 2023-24)

Year	Cumulative Credit Disbursed (₹ Lakh)	Credit-to-Savings Ratio (District)	Credit-to-Savings Ratio (Telangana State Avg.)
2018-19	5,480	1.30	2.10
2019-20	6,720	1.30	2.25
2020-21	7,260	1.20	2.05
2021-22	9,340	1.26	2.40
2022-23	11,870	1.32	2.55
2023-24	14,930	1.39	2.68

Source: Compiled from SLBC Telangana, District Credit Plan and Annual Credit Plan reports (2019-2024); NABARD, Status of Microfinance in India (2019-2024).

The credit-to-savings ratio in Kumuram Bheem Asifabad remained in a narrow band of 1.20 to 1.39 throughout the study period, well below the Telangana state average, which rose from 2.10 in 2018-19 to 2.68 in 2023-24. This gap is the central empirical finding of the study: while the district's SHGs mobilized savings at a pace comparable to, and at times faster than, the state average, banks extended credit against those savings at a substantially lower multiple than elsewhere in the state. A credit-to-savings ratio below 1.5, against a NABARD-recommended benchmark of at least 4 for mature groups (NABARD, 2023), indicates that a majority of groups in the district remain under-linked relative to their demonstrated repayment and savings capacity, consistent with the information-asymmetry and supply-side constraints identified by Nair (2005) and Kumar and Golait (2009).

6.3 Repayment Performance and Non-Performing Assets

Table 3: SHG Loan Repayment Performance in Kumuram Bheem Asifabad District (2021-22 to 2023-24)

Year	Loans Outstanding (₹ Lakh)	Overdue Amount (₹ Lakh)	NPA (%)	State Avg. NPA (%)
2021-22	6,140	430	7.0	4.8
2022-23	7,890	545	6.9	4.5
2023-24	9,760	615	6.3	4.1

Source: SLBC Telangana, Annual Credit Plan reports (2022-2024); District Rural Development Agency, Kumuram Bheem Asifabad.

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Non-performing assets among SHG loans in the district, while gradually declining from 7.0 percent in 2021-22 to 6.3 percent in 2023-24, remained consistently higher than the corresponding Telangana state average. Branch managers interviewed during the fieldwork attributed elevated overdues in the tribal mandals in particular to crop failure risk in rain-fed cultivation, seasonal out-migration of members for agricultural labor, and, in a smaller number of cases, weak group cohesion following the departure of founding members. The declining trend nonetheless suggests that repayment discipline has been improving as groups mature, a pattern consistent with the broader microfinance literature on group vintage and repayment reliability.

6.4 Profile of Sample Respondents

Table 4: Socio-Economic Profile of Sample SHG Members (N = 240)

Category	Sub-Category	Number	Percentage
Age	Below 30 years	42	17.5
	30-45 years	126	52.5
	Above 45 years	72	30.0
Social Group	Scheduled Tribe	104	43.3
	Scheduled Caste	38	15.8
	Backward Class	76	31.7
	Other	22	9.2
Education	Illiterate / no formal schooling	58	24.2
	Up to primary/upper primary	94	39.2
	Secondary and above	88	36.7
Primary Occupation	Agriculture / agricultural labor	148	61.7
	Petty trade / small business	52	21.7
	Wage labor (non-farm)	26	10.8
	Other	14	5.8

Source: Field Survey, 2024.

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The sample skews toward middle-aged women (52.5 percent aged 30-45), consistent with the demographic profile typical of SHG membership nationally. Scheduled Tribe members constitute 43.3 percent of the sample, reflecting the district's demographic composition and the deliberate over-representation of tribal mandals in the sampling frame. Nearly a quarter of respondents reported no formal schooling, a factor that field interviews suggest contributes to lower confidence in engaging directly with bank staff and completing loan documentation without assistance from group leaders or SERP field functionaries.

6.5 Loan Utilization Pattern

Table 5: Purpose-wise Utilization of SHG Loans among Sample Respondents (N = 240)

Purpose of Loan	Number of Respondents	Percentage
Agriculture inputs and allied activity	88	36.7
Livestock purchase / dairy	34	14.2
Petty trade / small business	46	19.2
Household consumption / health expenses	40	16.7
Housing repair / construction	18	7.5
Education of children	14	5.8

Source: Field Survey, 2024. (Figures reflect the primary reported purpose per respondent.)

Agriculture-related activity remains the dominant use of SHG credit (36.7 percent), followed by petty trade (19.2 percent) and livestock or dairy (14.2 percent). Notably, 16.7 percent of respondents reported that loans were primarily used for household consumption or health expenses rather than income-generating activity, a pattern that is consistent with the concerns raised in the impact-assessment literature about the risk of SHG credit substituting for, rather than supplementing, income growth when livelihood diversification opportunities are scarce (EDA Rural Systems & APMAS, 2006). This finding also helps explain the comparatively slower income gains reported in Table 6 relative to savings growth.

6.6 Member-Perceived Socio-Economic Outcomes

Table 6: Perceived Outcomes of SHG-BLP Participation (Mean Scores on a 5-Point Scale)

Outcome Indicator	Mean Score	Interpretation
Improvement in regular savings habit	4.2	High
Reduced dependence on moneylenders	3.9	Moderately High

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Outcome Indicator	Mean Score	Interpretation
Increase in household income	3.1	Moderate
Greater participation in household financial decisions	3.8	Moderately High
Improved access to emergency credit	3.6	Moderate
Confidence in dealing with bank officials	2.9	Moderate

Source: Field Survey, 2024. Scale: 1 = Strongly Disagree, 5 = Strongly Agree.

Members rated improvement in savings habit (mean 4.2) and reduced dependence on moneylenders (mean 3.9) most positively, while perceived improvement in household income (mean 3.1) and confidence in dealing directly with bank officials (mean 2.9) scored comparatively lower. This gap between strong savings-related outcomes and more modest income and institutional-confidence outcomes mirrors the quantitative credit-linkage gap documented in Table 2, and supports the paper's central argument that the programme's savings function is operating considerably more effectively than its credit function in this district.

6.7 Comparative Discussion

Read together, Tables 1 through 6 point to a consistent structural pattern rather than a set of unrelated observations. The district's SHG network is, by the measures of group formation and savings mobilization, performing in line with or ahead of state trends: both the number of groups and average savings per group grew at healthy rates over the study period, and members themselves rate the savings-related benefits of participation highly. Where the district diverges sharply from the state picture is on the credit side of the ledger. A credit-to-savings ratio consistently around 1.2 to 1.4, against a state average approaching 2.7 by 2023-24, means that for every rupee of group savings, banks in the district are extending roughly half the credit that banks elsewhere in Telangana are willing to extend against comparable savings. This is not a minor statistical gap; it represents a substantial share of potential productive credit that mature, savings-disciplined groups are not accessing.

The repayment data in Table 3 offer a partial, though incomplete, explanation for banker caution. NPA levels in the district, while declining, remain above the state average, and branch managers interviewed for this study pointed to agro-climatic risk and seasonal migration as recurring concerns, particularly in the more remote tribal mandals. However, the magnitude of the credit-to-savings gap appears too large to be explained by repayment risk alone, especially given that overall NPA levels of six to seven percent are not exceptionally high by microfinance sector standards. This suggests that the gap also reflects supply-side frictions of the kind identified by Nair (2005) and Kumar and Golait (2009): thin branch networks, high transaction costs per small loan in dispersed rural and forest-fringe habitations, and limited staff time available for the relationship-based assessment that SHG lending typically requires. The loan-utilization data in Table 5, which show a meaningful share of credit directed toward consumption rather than clearly income-generating activity, may in turn reinforce banker caution in a self-sustaining pattern: thinner credit access constrains livelihood diversification, which in turn limits the income growth that would otherwise strengthen a group's demonstrated repayment capacity over time.

7. Key Findings

1. SHG formation and savings mobilization in Kumuram Bheem Asifabad grew steadily between 2018-19 and 2023-24, with savings growing considerably faster (CAGR ≈ 20.3%) than group numbers (CAGR ≈ 7.2%), indicating genuine deepening rather than mere numerical expansion.

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2. The credit-to-savings ratio in the district remained persistently below the Telangana state average throughout the study period and well below NABARD's recommended benchmark, indicating under-linkage relative to savings capacity.
3. Non-performing assets, though declining, remained higher than the state average, concentrated in tribal mandals with rain-fed agriculture and seasonal out-migration.
4. Loan utilization remains concentrated in agriculture and petty trade, with a notable share diverted to consumption and health expenses rather than income-generating activity.
5. Members report strong gains in savings discipline and reduced moneylender dependence, but comparatively modest gains in household income and confidence in direct bank engagement, pointing to a gap between the programme's savings and credit functions.

8. Policy Suggestions

Based on the findings, the study offers the following suggestions. First, banks operating in the district should be encouraged, through revised district credit plan targets, to raise the credit-to-savings multiple for mature groups with clean repayment records, rather than applying uniform, conservative lending norms across all groups regardless of vintage. Second, expansion of banking correspondent and business correspondent networks in tribal mandals such as Wankidi and Jainoor would reduce the transaction costs that currently discourage both groups and branch staff from processing smaller, more frequent linkage transactions. Third, SERP and DRDA field functionaries should expand livelihood diversification training, particularly in value-added agricultural processing and non-farm micro-enterprise, to reduce the observed dependence on consumption-oriented borrowing. Fourth, targeted financial literacy programs, delivered in local Gondi and Kolami dialects where relevant, could improve members' confidence in engaging directly with bank officials rather than relying solely on group leaders or field functionaries. Finally, closer monitoring of overdue loans in rain-fed mandals, combined with weather-linked repayment flexibility where feasible, could help narrow the district's NPA gap relative to the state average.

Beyond these district-specific measures, the findings also carry implications for how SHG-BLP performance is monitored at the state level. Because aggregate Telangana figures are pulled upward by better-connected districts, a purely state-level reading of credit-to-savings trends would understate the extent of under-linkage in districts such as Kumuram Bheem Asifabad. The SLBC and NABARD monitoring architecture already collects district-disaggregated data; the suggestion here is that district-level credit-to-savings and NPA benchmarks, rather than only state averages, be used explicitly in setting annual credit plan targets for underdeveloped districts, so that lagging districts are not permitted to remain masked within a satisfactory state-level average. A modest reallocation of priority-sector lending emphasis toward such districts, combined with periodic third-party audits of group quality to reassure risk-averse branch managers, could accelerate convergence toward state-average linkage levels without requiring any change to the core design of the SHG-BLP model itself.

9. Conclusion

This study set out to assess the operational effectiveness of the SHG-Bank Linkage Programme in Kumuram Bheem Asifabad district, an underdeveloped, tribal-majority district of Telangana. The evidence assembled from six years of secondary data and a 240-member primary survey indicates a programme that has succeeded substantially on its savings-mobilization function but remains constrained on its credit-linkage function relative to both state benchmarks and NABARD's own recommended norms. This asymmetry, in the paper's assessment, reflects less a failure of programme design than a shortfall in last-mile institutional capacity: thin rural branch networks, difficult terrain, and lower financial literacy among a substantial tribal membership base. The district's experience suggests that a nationally uniform microfinance architecture cannot be expected to yield uniform operational outcomes across regions with markedly different starting conditions, and that closing the observed credit-to-savings gap will require deliberate, district-specific supply-side investment rather than reliance on organic growth in group numbers alone. For underdeveloped and tribal-majority districts more broadly, the Kumuram Bheem Asifabad case underscores that measuring SHG-BLP success by coverage counts alone

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risks overstating operational effectiveness; a fuller assessment, of the kind attempted here, must also examine the depth of credit linkage and the extent to which financial access translates into livelihood diversification and income growth.

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