

# **Estimating the Efficiency of SHGs: Under Bank Linkage Programme in Andhra Pradesh**

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## **ABSTRACT**

Poverty alleviation is a thing to do by every developing nation. Bank linkage programme is a way to provide microfinance services to the rural poor people to eradicate poverty. Many self-help groups, especially in India, under Bank Linkage programme, benefitted by getting services from banks which have been difficult to reach directly through banks or other institutions. It is a part of the government policy to extend the micro finance services which was operationalised by the state government with support from the NABARD. This study examined the efficiency of SHGs (Self Help Groups) under bank linkage programme in Andhra Pradesh. State wide data of SHGs under Bank linkage programme was collected for the study to analyze the efficiency scores with respect to the decision making units. DEAP software was employed calculate the efficiency by using the following input variables namely Number of of SHGs for credit disbursement, Number of SHGs for credit outstanding, Number of loans eligible for VLR (Vaddi Leni Runalu). Output variables are Credit disbursement, Amount outstanding, Amount sanctioned for VLR. Results indicated that, from North coastal zone, there was no optimality in the districts namely Srikakulam, Vizianagaram and Visakhapatnam. From South coastal zone West Godavari, Krishna and Nellore districts reached the optimality. From Rayalaseema region Chittoor, Kadapa districts reached the fully efficient range.

**Key words:** *Bank linkage, Efficiency, Micro finance, Poverty.*