



Progress of SHG-bank linkage programme in India: An analysis

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Abstract

Self Help Groups are playing a significant role in eradicating poverty and empowering women in India and SHGs are making women as self dependent and it is a bridge to the women to become an entrepreneur. In making women as self dependent and entrepreneur SHG-Bank Linkage Programme are playing a crucial role. After the introduction of SHG-Bank Linkage Programme in 1992 by NABARD and all people who are excluded from the financial services they are now getting financial services. This paper gives a brief picture about the progress of SHG-Bank Linkage Programme in India from 2010-11 to 2018-19.

Keywords: SHGS, bank linkage programme, progress of bank linkage programme

Introduction

A self-help group (SHG) is a financial intermediary committee usually composed of 25 to 40 local women or men. Most self-help groups are located in India, though SHGs can be found in other countries, especially in South Asia and Southeast Asia. SHG is nothing but a group of people who are on daily wages, they form a group and from that group one person collects the money and gives the money to the person who is in need.

Members also make small regular savings contributions over a few months until there is enough money in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro-credit.

SHG-Bank Linkage Programme

Based on the observations of various research studies and an action research project carried out by NABARD, the model of 'SHG-BLP' has evolved as a cost-effective mechanism for providing financial services to the unreached and underserved poor households. What started as a pilot to link around 500 SHGs of poor to the formal financial institutions during the year 1992-93 has now become the largest microfinance programme in the world, in terms of the client base and outreach. The SHGs which follow 'Panchsutras' viz. conduct of regular group meetings, regular savings within the group, internal lending based on the demand of members, timely repayment of loan and maintenance of proper books of accounts are considered to be of good quality and over years have proved themselves to be good customers of Banks.

Literature Review

Amarender Reddy. A. and Dharm Pal Malik (2011) ^[1] has revealed the background of the SHGs, Bank linkage programme, imbalances in geographical spread in bank linkage programme between north and south. This study has identified the reasons for the success of bank linkage programme in southern and only few states of northern

India, relative strengths of the SHGs among states. This study also provided region-wise banking indicators and SHG spread, coverage of the poor, etc. Finally this study suggested encouraging the excluded regions in bank linkage programme, capacity building of government functionaries, Maintenance of participatory character of SHG movement, Incentive package for NGOs, Transparency in maintenance of records, etc.

K.V.S. Prasad (2017) ^[4] has focused on bank linkage programme of SHGs in India, it has provided the details of progress of bank linkage programme in India from 2014-15 to 2016-17 and agency-wise distribution of bank linkage programme through commercial banks, regional rural banks and cooperative banks. Finally this study found that, regional rural banks and cooperative banks are having less number of branches than commercial banks to increase bank linkage programme of SHGs and commercial banks are having highest number of SHGs, highest amount of loan disbursement and loans outstanding. Finally this study said that, southern regions have occupied highest number of SHGs, in loan disbursement and loan outstanding and north-eastern regions are very back in bank linkage programme, loan disbursement.

Usha Srivastava and Srinivas Rao (2017) ^[8] have evaluated the literature review of SHG Bank Linkage Programme in India and Its Impact on Rural Saving, this study has reviewed role of commercial banks in economic development, Microfinance- as an instrument to alleviate poverty, SHG-bank linkage program, the multiple dimensions and manifestations of poverty in India, sustainability of microfinance self-help groups in India, investment behaviour of rural investors, etc. At last this study concluded that, SHG bank linkage programme has brought to empower the poor women and encourage their savings habit and digitisation of SHG it is a NABARD's new initiative and this will be helpful for maintain the records of SHGs in a proper way.

Manpreet Arora and Swati Singh (2018) ^[6] have exhibited the impact of SHG-bank linkage programme on women empowerment in Himachal Pradesh. This study explained

the concept of women empowerment, economic empowerment, personal empowerment, social empowerment, etc. This study is conducted in three districts of Himachal Pradesh namely, Kangra, Solan and Sirmaur. This study concluded that, the bank linkage programme has helped the women in various angle like personally, socially, economically and politically and the participants of the SHGs are more empowered than who are not participated. Madhusudan Ghosh (2012) [5] has concentrated on SHG-bank linkage programme and its impact on socio-economic conditions of the women. The study has revealed the progress of SHG-Bank linkage programme in India, Region-wise Progress of SHG-Bank Linkage Programme, Level and Growth of Annual Net Household Income, Level and Growth of Annual Expenditure per Household, impact of bank linkage programme on poverty, etc. At the end, this study concluded that, the SHG-bank linkage programme is an important means of providing financial services to the poor, commercial banks, regional rural banks and cooperative banks are playing pivotal role in spreading this programme. These programmes are highly concentrated in southern parts of India than other regions. This study also identified some challenges and provided some suggestions like, need of appropriate policies to spread this programme, to improve the quality of SHGs, resolve the problems between SGSY and SHG-bank linkage programme and providing appropriate training programmes.

Objectives of the study

1. To study about SHGs and SHG-Bank Linkage Programme
2. To know the progress of SHG-Bank Linkage Programme

Research methodology

The Secondary Data has been used in this study which is published in the concerned websites and related reports to study the progress of SHG-Bank Linkage Programme. Tabular form and percentages have been used for analysis.

SHG-Bank linkage programme

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Table 1: Self-help group-bank linkage programme (from 2010-11 to 2018-19)

Year (End of March)	No. of SHGs Financed by Banks	Bank Loan (Rs. in Crores)	Refinance (Rs. in Crores)
2018-19	26,98,400	58,318	12,886
2017-18	22,61,132	47,186	6,981
2016-17	18,98,120	38,781	5,660
2015-16	18,32,323	37,287	6,906
2014-15	16,26,238	27,582	4,493
2013-14	13,66,421	24,017	3,746
2012-13	12,19,821	20,585	3,917
2011-12	11,47,878	16,535	3,073
2010-11	11,96,134	14,548	3,174

Source: Statistics Report of RBI.

The above table shows that the number of SHGs financed by banks (only Commercial Banks, Regional Rural Banks and Cooperative Banks), amount of loan sanctioned by banks and refinance by NABARD to banks.

In the year 2010-11, the number of SHGs were 11,96,134, the loan sanctioned by the banks was Rs. 14,548 crores and refinance amount by NABARD was Rs. 3,174 crores.

Likewise, in the year 2011-12, 48,256 SHGs were decreased i.e. from 11,96,134 to 11,47,878 (4.03 per cent). The loan amount sanctioned by the banks was increased by Rs. 1,987 crores i.e. from Rs.14,548 crores to Rs.16,535 crores (13.66 per cent) and refinance was decreased by Rs. 101 crores i.e. from Rs. 3,174 crores to Rs. 3,073 crores (3.182 per cent).

Similarly, in the year 2012-13, 71943 SHGs were increased i.e. from 11,47,878 to 12,19,821 (6.27 per cent). The loan amount sanctioned by the different banks was increased by Rs. 4,050 crores i.e. from Rs. 16,535 crores to Rs. 20,585 crores (24.50 per cent) and the refinance by NABARD was increased by Rs. 844 crores i.e. from Rs. 3,073 to Rs. 3,917 crores (27.46 per cent).

Likewise, in 2013-14, the number of SHGs were increased by 1,46,600 i.e. from 12,19,821 to 13,66,421 (12.02 per

cent). The loan amount sanctioned by banks was increased by Rs. 3,432 crores i.e. from Rs. 20,585 crores to Rs. 24,017 crores (16.67 per cent) and the refinance amount was decreased by Rs. 171 crores i.e. from Rs. 3,174 crores to Rs. 3,073 crores (4.37 per cent).

Similarly, in the year 2014-15, 259817 SHGs were increased i.e. from 13,66,421 to 16,26,238 (19.014 per cent). The amount of loan sanctioned by various banks was increased by Rs.3,565 crores i.e. from Rs.24,017 crores to Rs.27,582 crores (14.84 per cent) and the amount of refinance was raised by Rs.747 crores i.e. from Rs.3,746 crores to Rs.4,493 crores (19.94 percent).

Likewise, in 2015-16, the number of SHGs were increased by 2, 06,085, i.e. from 16, 26,238 to 18, 32, 323 (12.67 per cent). The loan amount sanctioned by banks was increased by Rs. 9705 crores i.e. from Rs. 27,582 crores to Rs. 37,287 crores (35.186 per cent) and the refinance by NABARD was increased by Rs. 2413 crores i.e. from Rs. 4,493 crores to Rs. 6,906 (53.705 per cent).

Similarly, in the year 2016-17, 65797 SHGs were increased i.e. from 18, 32,323 to 18, 98, 120 (3.59 per cent). The amount of loan sanctioned by banks was increased by Rs.

1,494 crores i.e. from Rs. 37, 287 crores to Rs.38, 781 crores (4.00 per cent) and the amount of refinance was decreased by Rs.1, 246 crores i.e. from Rs. 6,906 crores to Rs. 5,660 crores 18.04 (per cent).

Likewise, in 2017-18 the number of SHGs were increased by 363012 i.e. from 18, 98,120 to 22,61,132 (19.12 per cent). The amount of loan sanctioned by various banks was increased by Rs. 8405 crores i.e. from Rs. 38,781crores to Rs. 47,186 crores (21.67 per cent) and the amount of refinance was raised by Rs. 1321 crores i.e. from Rs. 5,660 crores to Rs. 6,981 crores (23.34 per cent).

Finally, in 2018-19 the number of SHGs were increased by 4,37,268 i.e. from 22,61,132 to 26,98,400 (19.34 per cent). The amount of loan sanctioned by various banks was increased by Rs. 11,132 crores i.e. from Rs. 47,186 to Rs. 58,318 crores (23.44 per cent) and the amount of refinance was increased by Rs.5,905 crores i.e. from Rs. 6,981 crores to Rs. 12,886 crores (84.59 per cent).

Conclusion

By the above analysis, this study can be concluded that, except the number SHGs, the loan sanctioning by various banks and the refinancing provided by NABARD has been increasing. By SHG-Bank Linkage Programme the poverty is decreasing, the empowerment of women is achieving and the entrepreneurship also has been increasing. The SHG-Bank Linkage Programme is like a life jacket for the rural people to come out from their poverty by getting financial services from the banks.

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