

## TREND OF SHGs LINKAGE IN INDIA: AN ASSESSMENT

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### ABSTRACT

*NABARD SHGs Bank Linkage Programme is collaborated model in monetary agencies, government agencies and NABARD go together for social and economic prosperity of rural women. It was launched in 1992 with an objective of linking 500 SHGs to the formal banking system and impossibility those days. The movement is vibrant today and has grown to 79 lacks SHGs of a nominal 10 crores poor households now a part of this movement. The growth of SHGs has been in deed of a now successful story of this movement about 47 lacks SHGs credit linkage with Banks loan outstanding 5179 crores. NABARD has played the role of a catalyst in promotion and linkage of SHGs and has extended financial assistance to the NGOs for Promotion, nurturing and credit linkage of SHGs.*

*This study examines the trend of SHGs linkage with banks using secondary data analysis for the period of six years ie.2010-11 to 2015-16..*

**KEYWORDS:** SHGs, Saving, Credit, Outstanding, National Level Trend, NABARD.

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### Introduction

The National Bank for Agriculture and Rural Development (NABARD) made a breakthrough in 1992-93 by launching a programme on pilot basis of bringing the poor within the fold of the institutional credit through the intermediation of self-help groups promoted by the NGOs. The success of the pilot phase resulted in RBI making the SHG financing a part of mainstream banking activity from the year 1996-97. Within the inclusion of SHG linkage as a normal banking activity of the banks under priority sector, the SHG mechanism for the socio-economic empowerment of the rural poor has gained wider recognition and acceptance. The main advantage to the banks involved in the linkage programme would be less paper work, easy and quick assessment of credit needs, appraisal, disbursal, supervision and monitoring of the end-use of credit reduction in transaction costs improvement in recoveries and greater access to the poor who have been neglected for several reasons.

Efforts of NABARD during the year had paid off and can be seen in the turnaround made. It is heartening to share that green shoots are visible in all aspects of the movement as compared to last year. There was a net addition of 2.06 lakh SHGs during the year increasing the number of SHGs having savings linkage to 79.03 lakh as on 31 March, 2016. During the year, banks disbursed loan of ₹ 37,287 crore, recording 35% increase over the last year. The savings outstanding of SHGs with banks as on 31 March, 2016 has reached an all-time high of ₹ 13,691 crores. The total bank loan outstanding to SHGs increased by 10.8% and stood at ₹ 57,119 crores against ₹ 51,545 crores as on 31 March, 2015-14 to 44.87% in 2015-16. The most heartening development during the year is improved repayment and reduced NPA in SHG-BLP. The gross NPA of bank loans to SHGs declined by about 100 basis points from 7.4% as on 31 March, 2015 to 6.4% as on 31 March, 2016. This was achieved in a year when there was overall deterioration in quality of assets and mounting NPAs in the banking sector.

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