

## AN ANALYSIS OF SHG - BLP IN INDIA

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### Abstract

*Self Help Group Bank Linkage Programme was launched by NABARD in 1992 with linkage of 500 SHGs. The last 25 years has seen the Self Help Group Bank Linkage Programme grown by leaps and bounds in India. SHG Bank linkage programme is a strong intervention in economic enablement and financial inclusion from the bottom of the pyramid. SHG Bank Linkage Programme (SHG-BLP) has become the mainstay of the 87.44 lakh SHGs covering nearly 110 million households for social, economic and financial empowerment of the rural poor, especially the women. As on 31st March 2018, there are 8.7 million SHGs out of which 5.02 million SHGs have outstanding bank loans of ₹75598 Cr to the Banks. The total deposits of SHGs with banks was to the tune of ₹ 19592 crore. There are more than 100 Scheduled Banks, 300 DCCBs, 27 State Rural livelihood Missions and over 5000 NGOs engaged in the Self Help Group Bank Linkage Programme. On the basis of region SHG-BLP is divided into six parts i.e. North Eastern Region, Northern Region, Central Region, Western Region, Eastern Region and Southern Region. The present paper aims to comparative study of region-wise Progress SHG-BLP using secondary data analysis for the period of eight years i.e.2010 -11 to 2017-18.*

**Keywords:** NABARD, SHGs, Saving Linkage, Loan Disbursement, Loan Outstanding, Region.

### Introduction

The Self Help Group Bank Linkage model is a shining star in the galaxy of microfinance. The SHG programme in India is the world's largest microfinance programme by an enormous margin. It is potentially the best microfinance programme in the world for a variety of reasons and the key reasons for its success are its link with the poor people, its innovative practices, trust building at different levels between stakeholders and its capacity to enable people's participation in development. The SHG-BLP is also the largest coordinated financial inclusion programme and NABARD has always strived to broad base the ownership of the programme amongst different stakeholders like banks, NGOs, Govt. etc. It is not simply a loan interface with the poor but a holistic social contact programme with mutual benefit for the banks as well as the SHGs. This saving led model of microfinance is a successful empowerment tool which has covered almost 10 crore households in the country. It is also important to note that 86% of the groups are exclusively women groups which are a big push to the women empowerment programme. The SHG members have learnt how to become a

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good customer of banks. The important USPs of this programme are that NABARD has championed the programme taking other stake holders as partners, developing savings habits, smoothening the systems for financial inclusion and meeting the financial deficits of the poor household and recognizing that though not all the members of the group will be entrepreneurs but most do need credit to meet their emergent requirements

NABARD has been a key architect of the Self Help Group Bank Linkage Programme and the most important player in the development of the microfinance sector. It is playing pivotal role in enrolling civil society organizations, NGOs and state governments for social mobilization and encouraging the bankers to appreciate the business opportunities that exist. In this endeavour NABARD and SIDBI have extended support to the Micro Finance Institutions who are also playing a significant role in this sector. The key object of NABARD has been to facilitate sustained access to financial services for the unreached segments of the population viz. the poor in rural hinterland through various products and delivery channels in a cost effective and sustainable manner

### **Objectives of the Study**

The study has been taken up with the following objectives:

- To analyze Region-Wise Cumulative Growth of SHGS Linked
- To analyze Region -Wise Progress under Micro finance Savings in SHGs with Bank
- To analyze the regional variation of Bank loan disbursed to SHGs
- To analyze the regional variation Bank Loan outstanding to SHGs

### **Methodology**

The study is mainly based on secondary data obtained from annual reports of NABARD and Status of Microfinance in India. The time period consider for this study is span of 8 years from 2010-11 to 2017-18. The line of analysis followed for the present study is of descriptive type. Data has been arranged and presented in tabular form.

- **Region-Wise Cumulative Growth of SHGs Linked to Banks in India**

Table 1 depicts the fact that sets out region-wise number of SHGs-saving linked to banks for 8 years period from 2010 -11 to 2017-18. For the first time since the SHG-Bank linkage programme was launched, there is a decline in the number of SHGs savings linked with banks to the extent 8.07% during the year 2012-13 due to "data cleansing" by banks. With higher growth in SHG-BLP in North East Region and other priority states during the study period, there has been slight correction in the southern bias of SHG - BLP. The share of Southern Region in number of SHGs has declined from almost half (49.75 %) in 2013-14 to 41.73% in 2017-18. Saturation in the scope of formation of new SHGs and rationalization of data by banks, especially in Kerala, Tamil Nadu and Pondicherry, has resulted in decline in the number of savings linked SHGs in South Region. North Eastern Region has recorded a 29% rise in number of SHGs during 2015-16 owing to a jump in Tripura, Nagaland and Assam. Except western and southern region all regions have registered increase in number of SHGs with savings linkage during the year 2017-18. After decline SHGs saving linked in 2012-13 by 8.07%, SHGs saving linked with bank have been continuously increasing and highest increase was registered in 2016-17.

**Region-Wise Cumulative Growth of SHGs Linked to Banks in India 2010-11 to 2017-18****Table 1**

Year	Northern	North Eastern	Eastern	Central	Western	Southern	All India	Year on year % Growth
2010-11	245955 (3.55)	206223 (2.97)	1418196 (20.47)	453182 (6.54)	598859 (8.64)	4005732 (57.8)	6928147 (100)	
2011-12	409326 (5.14)	366718 (4.60)	1625714 (20.4)	812767 (10.2)	1062087 (13.3)	3683737 (46.2)	7960349 (100)	14.9
2012-13	372837 (5.09)	323896 (4.42)	1471099 (20.1)	702198 (9.6)	906016 (12.4)	3541505 (48.4)	7317551 (100)	-8.07
2013-14	365208 (4.9)	316299 (4.26)	1468786 (19.8)	685929 (9.2)	896954 (12.07)	3696324 (49.75)	7429500 (100)	1.53
2014-15	360858 (4.7)	333981 (4.3)	1524614 (19.8)	817251 (10.6)	941144 (12.2)	3719621 (48.32)	7697469 (100)	3.61
2015-16	393475 (4.98)	429823 (5.44)	1700106 (21.5)	815653 (10.32)	1018049 (12.88)	3545896 (44.87)	7903002 (100)	2.60
2016-17	457199 (5.33)	452887 (5.28)	1953076 (22.77)	848514 (9.89)	1140601 (13.30)	3724598 (43.42)	8576875 (100)	7.86
2017-18	478883 (5.47)	485591 (5.55)	2130997 (24.37)	902222 (10.32)	1097448 (12.55)	3649296 (41.73)	8744437 (100)	1.92

Source: Status of Micro Finance in India 2010-11 to 2017 -18

- **Region -Wise Progress under Micro finance Savings in SHGs with Banks**

In 2011-12 the savings balance of SHGs with banks shot up by 5.88% due to decrease of saving in Northern, Eastern and southern regions. The southern region has been in the forefront in linking SHGs to banks with a relative share of 53 percent of the total SHGs linked to banks in India in 2010-11. It continued to lead 2012-13 with a relative share of 62 percent of the total SHGs saving linked in India. In 2015-16 the highest share of saving linkage was 63.31percent of Southern region. The combined percentage share of all other regions spurred from 47 percent in 2010-11 to 38 per cent in 2017-18 the year on year growth rate was as high as 25.45 per cent in 2012-13 and fell to 6.37 percent in 2013-14. There is a gradual recovery thereafter except 2016-17 showing a 21.58 per cent growth rate in 2017-18. Compared to the previous year, there has been a marginal increase in the share of saving linked SHGs in the Southern region from 60.79 percent to 62.05 percent, Eastern region from 20.88 to 22.55 and in North East region from 1.42 percent to 1.64 percent while the other regions have recorded a slight decrease. The region-wise saving linkage of SHGs in India during the period 2010-11 to 2017-18 is presented below in Table 2.

**Region -Wise Progress under Micro finance Savings in SHGs with Banks during 2010-11 to 2017-18****Table 2**

(Amt. ₹ lakh)

Year	Region							Year on year % Growth
	Northern	North Eastern	Eastern	Central	Western	Southern	All India	
2010-11	32857 (4.6)	13104 (1.86)	140837 (20.07)	60338 (8.60)	82901 (11.82)	371592 (52.97)	701629 (100)	
2011-12	25177 (3.84)	15252 (2.33)	94726 (14.46)	61358 (9.37)	87194 (13.31)	371335 (56.8)	655042 (100)	-5.88

2012-13	29119 (3.54)	13011 (1.58)	139326 (16.95)	62422 (7.60)	69586 (8.46)	508261 (61.87)	821725 (100)	25.45
2013-14	28295 (2.86)	12882 (1.30)	152655 (15.42)	79056 (7.98)	92990 (9.39)	508263 (61.85)	874131 (100)	6.37
2014-15	23992 (2.17)	13022 (1.17)	215336 (19.47)	82370 (7.45)	109123 (9.86)	662141 (59.88)	1105984 (100)	11.74
2015-16	45014 (3.29)	19026 (1.39)	248352 (18.14)	84109 (6.14)	105704 (7.72)	866934 (63.31)	1369139 (100)	23.79
2016-17	49676 (3.08)	22956 (1.42)	336539 (20.88)	83899 (5.20)	138696 (8.60)	979658 (60.79)	1611423 (100)	17.70
2017-18	49294 (2.52)	32208 (1.64)	441803 (22.55)	95385 (4.87)	124695 (6.36)	1215827 (62.05)	1959212 (100)	21.58

Source: Status of Micro Finance in India 2010-11 to 2017-18.

#### • Regional Variation of Bank Loan Disbursed

The dominance of Southern Region continued during 2017-18 in disbursement of bank loans to SHGs. Southern Region disbursed ₹35,088 crore 74.4% of the total credit loan during 2017-18 i.e. almost three-fourths. of the total credit disbursed to SHGs during the year. Eastern Region stood second with ₹9089 crore and 19.26% of share during the year 2017-18 while all other four Regions together accounted for 7.34 percent The year on year growth rate was highest 35.18% in 2015-16 while lowest 4 %in 2016-17. There is a gradual recovery thereafter showing a 21.67 percent growth rate in 2017-18. Compared to the previous year, there has been increase in the share of loan disbursed in East and North East Region while in all remaining four regions a decrease has been recorded. The highest increase of Bank loan i.e. 92% disbursed was made in Southern region during the year 2017-18. The highest share of loan disbursed has been recorded in southern region i.e.84.35% during the year 2012-13 while lowest share i.e. .38% has been recorded in North East region during the year 2013-14. The region-wise Loan disbursed to SHGs in India during the period 2010-11 to 2017-18 is presented below in Table 3.

#### Region -Wise Microfinance Bank Loans disbursed to SHGs during 2010-11 to 2017-18

Table 3

(Amt. ₹ lakh)

Year	Region							Year on year % Growth
	Northern	North Eastern	Eastern	Central	Western	Southern	All India	
2010-11	37752 (2.60)	32096 (2.27)	161950 (11.13)	60755 (4.17)	62591 (4.30)	1099629 (75.59)	1454773 (100)	
2011-12	33543 (2.03)	45129 (2.73)	162406 (9.82)	70937 (4.29)	75286 (5.95)	1266176 (76.58)	1653476 (100)	13.66
2012-13	34230 (1.67)	18022 (.88)	129019 (6.27)	69889 (3.40)	70994 (3.45)	1736383 (84.35)	2058536 (100)	24.50
2013-14	28048 (.82)	12819 (.38)	151067 (4.44)	61806 (1.82)	86444 (2.54)	2061550 (60.60)	2401736 (100)	16.67
2014-15	42873 (1.55)	15795 (.57)	329602 (11.95)	110909 (4.02)	117080 (4.24)	2141972 (77.66)	2758231 (100)	14.84
2015-16	48298 (1.30)	21969 (.59)	349489 (9.37)	119067 (3.19)	188632 (5.06)	3001255 (80.49)	3728690 (100)	35.18
2016-17	57414 (1.48)	28421 (.73)	473172 (12.20)	67958 (1.75)	148819 (3.84)	3102332 (80)	3878116 (100)	4.00
2017-18	54038 (1.15)	35721 (.76)	908950 (19.26)	55943 (1.19)	155099 (3.29)	3508834 (74.4)	4718585 (100)	21.67

Source: Status of Micro Finance in India 2010-11 to 2017-18

- **Regional Variation of Bank Loan Outstanding**

The loan outstanding grew by 16.4% in 2011-12 and stands at ₹ 36,340 crore (₹31221 crore last year). Southern Region continued its dominance in share of bank loan outstanding ₹57624 crore (76.22%) during the year 2017-18. In 2016 -17 year on year growth was decrease to 7.81% but share of Southern and Eastern region were increase in comparison to previous year 2015-16. It means over all recovery rate was very high during the year. The highest share of loan outstanding was 76.22% of Southern region while the lowest of Northern region i.e. 1.15% during 2017-18. The region-wise Bank Loan outstanding with Banks during the period 2010-11 to 2017-18 presented below in Table 4.

**Region -wise variation of Bank Loans Outstanding with Banks during 2010-11 to 2017-18**

**Table 4**

(Amt. ₹ lakh)

Year	Region							Year on year % Growth
	Northern	North Eastern	Eastern	Central	Western	Southern	All India	
2010-11	90314 (2.89)	69525 (2.23)	420255 (13.46)	236540 (7.57)	124623 (3.99)	2180859 (69.85)	3122117 (100)	
2011-12	117828 (3.24)	99327 (2.73)	462980 (12.74)	278029 (7.65)	136378 (3.75)	2539459 (69.88)	3634000 (100)	16.40
2012-13	116068 (2.95)	79676 (2.02)	553813 (14.06)	277685 (7.05)	146752 (3.73)	2763536 (70.18)	3937530 (100)	8.35
2013-14	11006 (2.56)	75380 (1.76)	494463 (11.52)	269666 (6.28)	164046 (3.82)	3179133 (74.05)	4292752 (100)	9.02
2014-15	153970 (2.98)	72209 (1.40)	617046 (11.97)	248614 (4.82)	198739 (3.85)	3863968 (74.96)	5154546 (100)	20.07
2015-16	115907 (2.03)	88473 (1.55)	703767 (12.32)	289590 (5.06)	203462 (3.56)	4310725 (75.46)	5711923 (100)	10.81
2016 -17	91167 (1.48)	83160 (1.36)	888562 (14.43)	221369 (3.59)	208908 (3.39)	4664965 (75.75)	6158130 (100)	7.81
2017-18	86865 (1.15)	89048 (1.18)	1168064 (15.45)	216172 (2.86)	237207 (3.14)	5762489 (76.22)	7559845 (100)	22.76

Source: Status of Micro Finance in India 2010-11 to 2017 -18

**Conclusion**

The progress of the SHG-Bank linkage programme at the national and regional levels has been evaluated in four parts. The regional spread of the programme has been highly skewed with highest concentration in the southern region. The southern region has been in the forefront in linking SHGs to banks with a relative share of 75.59 percent of the total SHGs linked to banks in India in 2010-11. It continued to lead until 2017-18 with a relative share of 41.73 percent of the total SHGs credit linked in India. The combined percentage share of all other regions spurred from 24.41 percent in 2010-11 to 58.27 percent in 2017-18. The year on year growth rate was as high as 14.9 per cent in 2011-12 and fell to -8 percent in 2012-13. There is a gradual recovery thereafter showing a 1.92 per cent growth rate in 2017-18. In the same way Southern region dominated in the remaining area saving in SHGs with Banks, Bank loan disbursed to SHGs and Bank loan outstanding. From 2010-11 to 2017-18 Southern region share of Bank loan disbursed to SHGs was always more than 60% of share while share of North

Eastern region was lowest in saving and loan disbursement. It is found that loan disbursed to SHGs depends upon saving. In others word we can say that more saving linkage creates more loan disbursement. During the year 2017-18 the number of SHGs increased by 1.67 lakh with a corresponding increase in the savings by ₹ 3477.89 crore. The savings outstanding of SHGs with Banks as on 31 March 2018 has reached an all-time high of ₹ 19592.12 crore. During the year the banks have disbursed loans of ₹ 47,185.87 crore recording an impressive increase over the last year. The total loan outstanding of SHGs also increased by 22.76 % and stood at ₹75,598.45 crore as against ₹ 61,581.30 crore as on 31<sup>st</sup> March 2017.

Thus From the study it can be found that there is a positive trend in growth of SHGs those are saving and the amount is saved by SHGs in all regions of India during the 2010-11 to 2017-18. The growth in number of SHGs is more stable compared to growth in amount is saved by SHGs. The distribution of saving amount is significantly differs across the regions. As regard to loan amount it can be found that there is positive trend in growth of SHGs linked with loans and the amount is disbursed to SHGs in all regions of India during the 2010-11 to 2017-18. Further, the study found that outstanding amount of SHGs with banks has observed positive trend all regions of India.

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