



SHG Bank Linkage Programme (SHG-BLP): A Revolutionary Movement in banking sector in India

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Introduction: - As we are aware of that the significance of banking sector in various sector across country. Banking world is very popular among the people that itself define large liquidity, purchasing power and status of people as well. Historically we have seen that bank-oriented people were ruled over the society. Even today itself people were follow and attracted towards banking sector whether it could have an institutional or non-institutional.

Since independence of India, Government of has been taken several bold decisions in sense of developing banking sector to unbanked area that also underline the importance of banking sector. In the process of development, it has been playing a crucial role. In this context, there are number of examples and schemes that started by Government of India to support the banking sector. The nationalization of Reserve Bank of India and other nationalized bank, developed co-operative banking in India, Regional rural banks, micro-finance, digital payments etc. The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions. As of July 2020, the total number of ATMs in India increased to 209,989 and is further expected to increase to 407,000 by 2021. In spite of this, the number of debit and credit cards issued were 925 million and 47 million, As on March 31, 2019. According to RBI, India's foreign exchange reserve stood at approximately US\$ 414.14 billion as of April 19, 2020. Similarly, NABARD had introduced the Self-Help Group-Bank Linkage Programme (SHG-BLP) which is the world's largest microfinance movement that changed the lives of more than 12.4 crore poor households involving 102.43 lakh SHGs with a credit outstanding of around R1,08,000 crore, as on 31 March 2020.

The paper is highlighting the trend of Micro -Finance with Self-help Groups and analyzing that it helpful to people for improving their standard of living. The information of paper is collected through secondary data which already published by some else like Reserve Bank of India NABARD, Magazines, newspapers and books. "Micro-Finance: A Revolutionary

Movement in banking sector in India” the paper is classified into two categories; Need of Micro-Finance and Progress of Micro-Finance in India.

Need of SHG Bank Linkage Programme (SHG-BLP) in India

In India, the banking sector witnessed large scale branch expansion after the nationalization of banks in 1969 and 1980, which facilitated a shift in focus of banking from class banking to mass banking. Due these efforts we have seen positive changes in the banking sector. In 1969, there was 64000 Population per branch and it declined 14000 population Per branch at the end of 1995. Still their huge space to expansion banking service to people and other side many populations are away from banking sector. In this scenario; at the same time, there was arise micro-finance concept in the world to uplift the poor section of the society and to enhance the economic growth. Micro finance is the provision of thrift, credit and other financial services and products of very small amounts to the poor for enabling them to raise their income levels and improve their living standards. There was large portion of society belonging marginal farmers, landless labour, artisans and craftsman and other small business who are away from banking sector.

Micro finance movement which is recognized the self-help group (SHG) - bank linkage programme (SBLP) started as a pilot project in 1992 by National Bank for Agricultural and Rural Development (NABARD) in India. The focus of this programme has to provide informal banking services to the poor peoples.

Specially it has been focused on women also by granting them loans and acts as a tool for the empowerment of poor women as women are becoming independent, they will able to contribute directly to the well beings of their families and are able to confront all the gender inequalities. Thereupon, poor peoples would have timely repayment of loans to banks, reduction in transaction costs both to the poor and the banks, doorstep “saving and credit” facility.

To deliver affordable door-step banking services and has largely achieved the stated goals of financial inclusion and creating sustainable livelihood opportunities for the rural poor. In this context, Self-help group (SHG) - bank linkage programme (SBLP) have three different models emerged which are given below.

1. SHGs promoted, guided and financed by banks---Model—One
2. SHGs promoted by NGOs/ Government agencies and financed by banks-Model - Two
3. SHGs promoted by NGOs and financed by banks using NGOs/formal agencies as financial intermediaries- Model- Three

At present, there are two models of micro finance delivery in India: the SBLP 197 Micro Finance model and the MFI model. The SBLP model has emerged as the dominant model in terms of number of borrowers and loans outstanding. In terms of coverage, this model is considered to be the largest micro finance programme in the world.

Role of Reserve Bank of India: Reserve bank of India has been taken large effort to developing banking facility among unbanked area through the micro-finance and SHGs. Therefore, there were appointed various committees to study the whole banking system and find out the solution over the banking expansion across the country. In 1994, Reserve Bank of India constituted a working group on NGO and SHGs under the Chairman of Shri.S.K. Kalia to study the potential of the micro finance movement. SHGs, registered or unregistered were allowed by the Reserve Bank to open savings bank account with banks. Prof. V S Vyas Chairman, Advisory Committee on Flow of Credit to Agriculture and Related Activities from the Banking System submitted its final report in June 2004, and recommended to government the need to protect the interest of depositors, MFIs would not be permitted to accept public.

An internal group under the Chairman: Shri H.R. Khan was set up in 2005; the objective of it to ensuring greater financial inclusion and increasing the outreach of the banking sector, banks were permitted in January 2006 to use the services of NGOs/SHGs, MFIs (other than NBFCs) and other civil society organizations as intermediaries in providing financial and banking services through business franchises.

National Bank for Agriculture and Rural Development (NABARD) had a crucial developmental role for the micro finance sector in India. It has been organized training programmes and exposure visits for the benefit of bank officials, NGOs, SHGs and Government agencies to enhance their effectiveness in the field of micro finance. NABARD also provides support for capacity building, exposure and awareness building of the SHGs and NGOs. 'Micro-Enterprise Development Programme' (MEDP) for skill development programme launched by NABARD in March 2006. The basic objective was to enhance the capacities of matured SHGs to take up micro enterprises through appropriate skill upgradation. NABARD has been continuously supporting training and capacity building of different stakeholders of SHG Bank linkage programme such as Bankers, NGOs, Government Officials and SHG member trainers. During 2019-20, 3,592 training programmes were conducted covering 1.53 lakh participants from various banks/stakeholders

The SHG Bank Linkage Programme (SHG-BLP), has grown in reach and fold to become the worlds' largest community based micro finance programme covering nearly 12.40 crore households as on 31 March 2020, providing social, economic and financial empowerment to the rural poor especially the women. Microfinance initiatives have played a major role in making credit accessible to the unbanked rural women thereby bringing them within the SHG-BLP fold on a continuous basis and contributing to a reduction in the gender gap in access to financial services. As per the Global Findex Database 2017 of World Bank, India's gender gap in financial inclusion reduced by 14 percentage points in three years from 20% in 2014 to 6% in 2017.

Progress of SHG Bank Linkage Programme (SHG-BLP) in India.

Since 1992, the Self-Help Groups have been captured the large space of banking sector with the help of Reserve bank of India, National Bank For agriculture and rural Development (NABARD). It has become an informal group of 10-20 members having homogeneous socio-economic background coming from a small contiguous area, to operate on the principle of self-help, solidarity and mutual interest. They are encouraged to make compulsory thrift of the uniform amount as decided by them and pool resources so created to extend interest bearing loans to its members to meet their emergent needs. SHGs are given the freedom of charging interest from their members at the rate as decided by group consensus. Recovery is to be a mechanism of peer pressure. The process helped SHG members imbibe the essentials of financial intermediation, including prioritization of needs, setting terms and conditions and maintaining books of accounts.

To measure the progress of Micro-finance in India, the paper is using few variables like saving amount, disbursement of loan and outstanding of loan, region-wise progress of Self-Help Groups and Non -performing assets. Through these variables, we are trying to understand the progress of Micro-Finance in the country.

Table 1: Total number of Self- Help Groups in India as on 31st March 2020

Sr.No	Particulars	No of SHGs with Savings Banks	Loans Disbursed to SHGs	Loans Outstanding against SHGs
1	Total SHG Nos	2.29%	16.60%	11.82%
2	All women SHGs	3.53%	21.95%	14.59%
3	Percentage of Women	86.22	91.67%	90.05%

As on 31 March 2020 the SHG BLP programme has reached many a milestone with a total membership of about 1.02 crore groups covering 12.4 Crore households across India. The programme has made an indelible mark on the Indian financial landscape by extending

loans to the extent of Rs1,08,075 crore to 56.77 lakh SHG as on 31 March 2020. Table 1, clearly highlighting exact picture of Self-Help Groups. Most of the SHGs are dominated by the women's and only 2.29% SHGs were deposited saving and 16.60% SHGs were beneficiaries of Loan disbursement.

As we knew the objective of SHGs is that to generate the capacity of new entrepreneurs, the member of these groups would have started new business and should become self-reliance. Loan disbursement is crucial in the development of micro-finance. Table 2 depicting that Rs. 26152 crore savings and three time more Rs.77659.35 crore loan disbursed in the member of SHGs.

Table 2: Total amount of saving, loans and outstanding of Self- Help Groups in India as on 31st March 2020

Sr.No	Particulars	No of SHGs Savings with Banks Amount Rs. crore	Loans Disbursed to SHGs during the year Amount Rs. crore	Loans Outstanding against Rs. crore
1	Total SHG Nos	26152.05	77659.35	108075.07
2	All women SHGs	23320.55	77659.35	100620.71
3	Percentage of Women	89.17	94.38%	93.10%

Region-wise progress of Saving Linked SHGs with Banks: The states of India have been grouped into six zones having an Advisory Council "to develop the habit of cooperative working" among these States. Northern Region that included Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh. (Ten States) North eastern region that included Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. (Nine states), Central region that included Madhya Pradesh and Chhattisgarh (Two States), Eastern region that have included Bihar, Jharkhand, Odisha and West Bengal (Four States), Western Region that have comprising Dadra and Nagar Haveli and Daman And Diu, Goa, Gujarat and Maharashtra (Five States) and southern Region have been covered Andhra Pradesh, Karnataka, Kerala, Puducherry, Tamil Nadu, Telangana, Andaman and Nicobar islands and Lakshadweep. (Ten States). The Movement of SHGs is covered all states and all union territories. The progress of it shown in Table 3.

Table 3, Region-wise progress of Saving Linked SHGs with Banks in India

Sr.No	Particulars	No. of SHGs saving	Loan Disbursed Total SHG Rs. Lakh	Loan Outstanding SHGs
1	Northern Region	5,77,122	57,893	1,33,515
2	North Eastern Region	5,56,899	84,694	1,31,006
3	Eastern Region	28,11,130	1,04,249	19,55,112
4	Central Region	11,35,083	2,49,327	3,54,466
5	Western Region	14,73,853	17,85,075	2,84,109
6	Southern Region	36,89,236	54,84,696	28,18,863
7	All India	102,43,323	77,65,935	56,77,071

Table 3 is highlighting the progress of SHGs in terms of saving, loan Disbursement and Loan outstanding. Southern region ranked first and North-Eastern Region is lowest for all activities of SHGs. It is big concern over the loan outstanding. Hence we need to encourage SHGs to pay loan on time.

Table 4, Region-wise non-performing assets of SHGs .

Sr.No	Particulars	Amount of Gross NPAs (Rs.Lakh)	NPA as percent to Loan o/s
1	Northern Region	21,206.67	17.35
2	North Eastern Region	26,914.18	26.08
3	Eastern Region	1,01,495.28	4.46
4	Central Region	56,612.66	25.15
5	Western Region	33,564.66	11.07
6	Southern Region	2,92,376.97	3.76
7	All India	5,32,170.42	4.92
8	Commercial Bank	3,60,466.90-(67.74)	5.06
9	Regional Rural Banks	1,32,526.97(24.90)	4.37
10	Cooperative Banks	39,176.55 (7.36)	5.99

Non-Performing asset: It is an important standard to measure the performance of banking sector in India. Those loan is not recovered on time such types loan is called Non - Performing assets. Bank business efficiency depend upon NPA. If NPAs value is very high then it treated as lower efficiency of said business. An average NPA of whole country is 4.92. However Table 4 ,is showing that most of regions NPA is very high as compare to national NPAs excluding eastern and southern region. In the light of banking sector, co-operative banks NPA is very high as compare to other banks.

Conclusions:The SHG Bank Linkage Programme (SHG-BLP) is very good banking services which covered total unbanked area. Institutional Banking have some their own

restrictions to covered all poor population from rural and urban area. SHG-BLP is supportive to banking sector and implemented the various new ideas and that help them to expand their business. Even though it has covered all regions and through this many people have been success to change lives of Poor People.

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