



SHG Bank Linkage Programme and Women Empowerment

“Empowering Women is Prerequisite to Create Good Nation”

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Abstract

Microfinance, in simple terms, is providing access to financial services in smaller volumes and at affordable cost, especially to hitherto not reached or inadequately reached masses. Gender equity is indispensable in the process of socio-economic development of a nation. Empowering women to involve themselves from a position of enforced powerlessness to (a) develop the necessary skills and access to credit, (b) express collective interests to achieve the goal and (c) change the underlying inequalities in power and resources to increase self-esteem and sense of self-confidence, self-bargaining power and self decision-making on independent choice through Self-Help Groups system is the call of the day. To capitalise vast branch network of India the SBLP is suitable enabling access to reach rural people to credit.

Essentially, women empowerment leads in development of three ‘G’s namely (a) good family, (b) good society and (c) good nation ultimately in inclusive growth. Micro-finance is not only an efficient tool to fight against poverty but also a means of promoting socially and economically the most vulnerable sections of population particularly women. The savings of poor women is better than their counterparts of men.

Key Words: Empowerment, Inclusive growth, Linkage-programme, Microcredit and Savings.

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Dignity of life is the right of every citizen. Poverty is an obstruction to a dignified life. Villages have been faced the problem related to poverty illiteracy, lack of skills health care, etc. Such are problems cannot be tackled individually but can be better solved through group Self-help efforts. Today such group is known as Self-Help-Group which has become the vehicle of change for the poor and marginalized people is a method of organising them to come together to solve their individual problem. Self-employment is a key component of anti-poverty programme to sustain incomes and remove the shackles of poverty. The SBLP is most suited to India because of the model capitalizes on country’s vast bank network to reach the unreached rural poor.

Review of Literature

A few related studies are reviewed hereunder. Begum Rasia (1993) in her research work said that “shortage of capital and equipment, insufficient credit facilities, competition from large units and difficulty in debt repayment are major issues that women owned enterprises encounter.” [1] Quote of McNamara (1995) former President of World Bank is worth sharing. He Said: “Growth is not equitably reaching the poor and the poor are not significantly contributing to growth.”[2] On evaluation of the ideas and practices of microcredit as pioneered by the Grameen Bank of

Bangladesh, Muhammad Yunus (2004) said: “Microcredit programme has grown providing a wide range of services to meet the economic and social needs of citizens’ mostly poor women.”[3]

On disparities in growth of microfinance, Virender Kumar and Sharma, H.R. (2007) opined this: “The share of States in total disbursements remained stagnant while the Himachal Pradesh and Uttaranchal accounted for the largest share of SHGs linked to banks. Within the North-eastern Region, Assam dominated the microfinance activities.”[4] The social status of women is a reliable index of the general empowerment in positive change for quality of life with justice, better economic and social aspects. Debotosh Sinha, (2008) noticed that “a positive change due to the impact of the SHGs movement and majority of the women SHGs have able to achieve consciousness about the functioning of the local self-government, politics, health awareness and child health care”.[5]

“A woman is said to be economically empowered when she gains power as a result of increased access to economic resources and other need services. Achieving economic empowerment is increase in income, access to finance, ability to make decisions regarding the utilization of money/credit, etc.,” [6] “The principles of self-help and micro-credit hold the key to the economic and socio-cultural freedom for India’s millions of poor, opening the gates of hitherto untapped reservoir of human enterprise.”[7] Micro-finance activities aid women to intensity their participation in the income generating activities which would empower them. The main objective of the present study is to examine the achieved progress of women SHGs at the macro-level in mobilising savings and lending credit.

Microfinance

Microfinance is financial service in smaller volume and at affordable cost, especially to hitherto not reach or inadequately reached masses. It did emerge as a solution to the problem of large scale exclusion of masses

from the formal credit mostly due to the factors of lack of clients’ collateral, high transaction costs due to uneconomically small size loans spread throughout geographical area. Of different channels of microfinance, the Self-Help-Groups is popular on the principle of peer pressure, joint liability, regular savings, periodic interactions, collective action and linked to formal financial agencies or microfinance institutions. The salient features of microfinance are (a) borrowers from the low income group, (b) Loans of small amount, (c) short duration loan, (d) offer loans without collaterals, (e) high frequency of repayment of loans and (f) loans, generally, taken for income generation purpose.

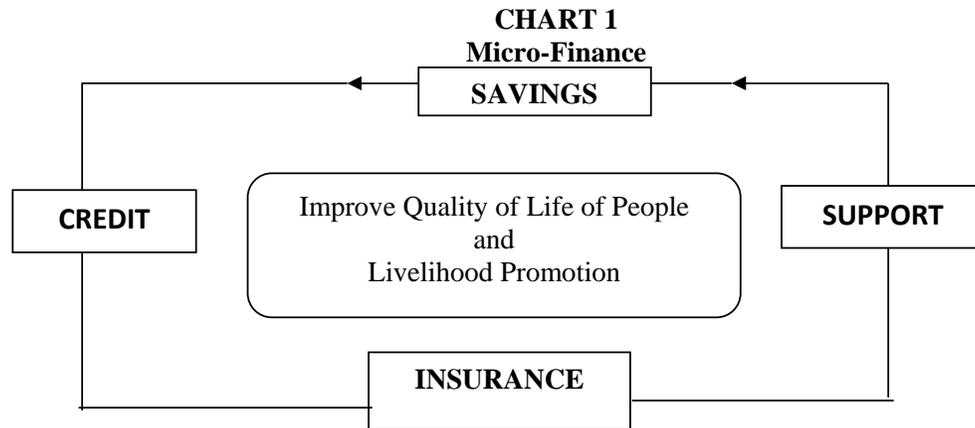
Inclusive growth is catch phrase to achieve the socio-economic development of people. Financial inclusive is imperative in the process of economic development. The key essential to achieve socio-economic development of poor people is the multi-financial services of savings, insurance and credit. On the other, exclusion of poor people from the path of financial services becomes disservice to the economy of nation. A woman could (a) save to buy a sewing machine or (b) with savings be tapped to pay for medicine if a child falls ill and debts might preclude medical treatment. Of course, savings need the current sacrifice, the sacrifices precede the reward. Savings earns interest while credit incurs interest; the choice to save is voluntary, but if one is indebted, repayment is mandatory. Both savings and credit have a place, but the former is often a better primary choice for poor women.

Bank Linkage Programme Women Empowerment

The SHG-Bank Linkage Programme is the bank-lend microfinance channel initiated by NABARD in 1992 and women usually in villages form groups and contribute their savings in the group periodically. Out of this savings, small loans are provided to the members for the purpose of income generating activities. The members of group

meet periodically when the new savings come in, recovery of past loans are made from the members and new loans are disbursed. Once the SHG is stable, it starts working on its own with the support of Government. With focus on 3 'micro's namely (a) micro-savings, (b) micro-insurance and (c) micro-credit, the SBLP has won an international admiration for its

functioning with a mission of self-help-each-other. Both deposits and microcredit are in commensuration to break the spurious consumption or keep idle little surplus earnings implies to stop mere waste of great asset and improve economy in multi-dimensional approach. The function of micro finance is presented in Chart 1.



The Self-Help-Group Bank Linkage Programme (SBLP) has been a flagship programme of the NABARD to provide the poor women to microcredit to generate income and achieve the sustained livelihood with collaboration of financial institutions directly with or without intermediary agencies. The Self-Help-Groups facilitate

women-members to collaborate for an aim, first saving and second, avail credit to generate earnings. Access to 'affordable credit' or 'banking service' is sine-qua-non of inclusive growth. The progress of bank-linkage programme as on 31 March 2017 is presented in Table 1.

TABLE 1

Progress of Bank Linkage Programme as on March 31, 2017

Particulars	Progress
Total No of SHGs Linked (lakh)	85.77
No. of Families Reached (lakh)	1120
Total Savings of SHGs (₹ in crore)	16114
Total No. of SHGs Credit Linkage (lakh)	18.98
Gross Loan Outstanding (₹ in crore)	61581
Total Loan Disbursed (₹ in crore)	38781
Avg. Loan Disbursed per SHG (₹)	204314
Avg. Loan Outstanding per SHG (₹)	127017
Non-performing assets (in %)	6.50

Source: Annual Report 2016-17, NABARD

Table 1 discloses the number of SHGs is as on 31 March 2017 is 85.77 lakh through 18.98 lakh SHGs credit linkage in the country covering around 11.20 crore rural households. This is penetrated by 60 per cent of the rural households. On an average loan disbursed per SHG is ₹ 204314 with average loan outstanding per SHG is ₹ 127017. Notably, over 90 per cent of microfinance clients are women constituting daily workers, seasonal earners, self-employed women, artisans and small farmers. Access to ‘affordable credit’ or ‘banking service’ is sine-qua-non of inclusive growth. The analysis of impact of women empowerment is in terms of (a) economic – increase in savings, increase in income and increase in assets, repayment and repeat loans, (b) social – increase in self-confidence, change in women’s role attitude and improvement in communication skills and social work and (c) political/legal – increase in participation in political process and removable of legal discrimination against women. The impact of Bank Linkage Programme and micro-credit on empowering women and their families is depicted in Chart 2.

strength to the leverage of SHGs financial position and negotiate to equip better financial resources to carry out the business transactions. Therefore, savings acts as an obligation phrase for ‘unifying motivation’ of the SHG members towards a common goal of access to microcredit including micro-insurance. The more deposits of SHGs, the more credit will borrow by them from the financing banks. Judiciousness flow-in of savings and flow-out of credit can play vitally for the development of economic by recycling process of flow-in and flow-out of funds is possible for formation of a healthy capital. So, attract more savings by infusing confidence among the poor-people to be borrowed microcredit from the SHGs for fruitful mobilization of little saving; which otherwise may be spend for the needs of spurious consumption. Stop spurious consumption and utilise economic development is twin motto of microfinance system. Rewarding of little savings mobilisation can be illustrated as: On an average, in the country the members of SHG consists of 13 which, if, can save ₹ 50 a month per member totally it worked out ₹ 7800 a year. By bringing the annual savings so mobilized within scope of the micro-credit system, the SHGs system having 15 lakh linked SHGs would fetch certainly ₹ 1170 crore. Data on savings of SHGs is presented in Table 2.

Savings

The dual function of SHGs in the channel of micro-credit services is ‘saving first’ and ‘credit next’. The former gives enough

**CHART 2
Microcredit and Empowerment**

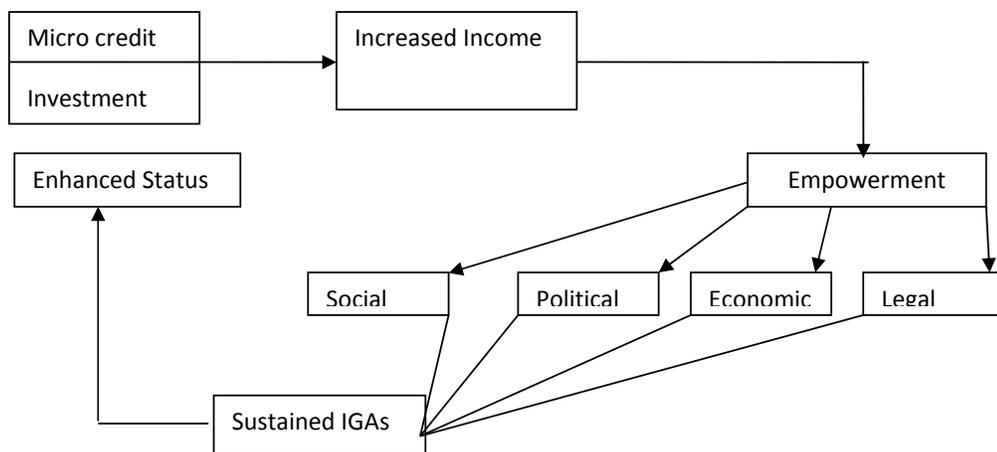


TABLE 2
SHG Savings Under SBLP In India

Year (1)	SHGs (in lakh)			Saving Amount (In ₹ crore)		
	All SHGs (2)	Women SHGs (3)	% of Col. 3 to Col.2 (4)	All SHGs (5)	Women SHGs (6)	% of Col. 6 to Col.5 (7)
2010-11	7461946	6098034	81.72	7016.30	5298.65	75.52
2011-12	7960349	6298686	79.13	6551.41	5104.33	76.54
2012-13	7317551	5938519	81.15	8217.25	6514.87	79.28
2013-14	7429500	6251678	84.15	9897.42	8012.89	80.95
2014-15	7697469	6651911	86.42	11059.84	9264.33	83.76
2015-16	7903002	6763457	85.58	13691.39	12035.78	87.90
2016-17	7982032	6744818	84.50	15488.08	13536.58	87.40
Average	6908784	5652617	81.51	8269.46	6803.07	82.23

Source: Various Issues on Progress of SHG-Bank Linkages in India, NABARD

Table 2 shows the number of savings linked SHGs under the bank linkage programme is accounted for 7461946 in 2010-11 and 7982032 in 2016-17; of which women SHGs are worked out 84.50 per cent and 81.72 per cent respectively. The number of women SHGs had savings of ₹ 5298.65 crore or 75.52 per cent in 2010-11 and ₹ 13536.58 crore or 87.40 per cent in 2016-17, per cent of total savings of all SHGs. The number of women SHGs and their savings amount, in absolute and relative terms, is the most distinguishing feature of microcredit sector. The launch of SBLP though decline in the number of SHGs but their savings linked with the banks grew harmlessly. It is inferred that the Women SHGs has maintained good progress in number of SHGs with savings.

Bank-Wise Savings Of Women SHG's

The SBL programme is linked with the banks so that they do expect tapping of savings deposited in SHGs. Micro-finance is sanctioned to the SHG on certain proportion of its mobilised deposits from members being re-deposit in the financing institution. Here, one should understand the principle of unifying the channel of credit and deposits mobilisation which the ultimate inculcate the habit of savings by members. This paves the way of 'unification' of credit flow to the poor people is the ultimate emergence of materialism. The bank-wise savings of women SHGs is presented in Table 3.

TABLE 3
Savings of Women SHG's Bankwise

(₹ In crore)

Year	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
	SHGs	Amount	SHGs	Amount	SHGs	Amount	SHGs	Amount
2010-11	3533200 (57.94)	3194.56 (60.29)	943976 (15.48)	1020.00 (19.25)	1620857 (26.58)	1084.10 (20.46)	6098034 (100.00)	5298.65 (100.00)
Per SHG savings(₹)		9042		10805		6690		8689
2011-12	3659538 (58.10)	3235.63 (63.39)	1683638 (26.73)	1013.21 (19.85)	955510 (15.17)	855.49 (16.76)	6298686 (100.00)	5104.33 (100.00)
Per SHG savings(₹)		8842		6018		8953		8104
2012-13	3308942 (55.72)	4386.46 (67.33)	1653877 (27.85)	1210.46 (18.58)	975700 (16.43)	917.95 (14.09)	5938519 (100.00)	6514.87 (100.00)
Per SHG savings(₹)		13256		7319		9408		10970
2013-14	3385283 (54.15)	5368.64 (67.00)	1776727 (28.42)	1586.55 (19.80)	1089668 (17.43)	1057.70 (13.20)	6251678 (100.00)	8012.89 (100.00)
Per SHG savings(₹)		15858		8930		9707		13817
2014-15	3574072 (53.73)	5553.96 (59.95)	1867857 (28.08)	1962.07 (21.19)	1209982 (18.19)	1748.30 (18.86)	6651911 (100.00)	9264.33 (100.00)
Per SHG savings(₹)		15540		10504		14449		13927
2015-16	3542699 (52.38)	7942.41 (65.99)	1931643 (28.56)	2183.29 (18.14)	1289115 (19.06)	1910.08 (15.87)	6763457 (100.00)	12035.78 (100.00)
Per SHG savings(₹)		22419		11302		14817		17795
2016-17	3578125 (53.05)	9042.45 (66.80)	1960044 (29.06)	2416.28 (17.85)	1206649 (17.89)	2077.85 (15.35)	6744818 (100.00)	13536.58 (100.00)
Per SHG savings(₹)		25271		12327		17220		20070

Source: Various Issues on Progress of SHG-Bank Linkages in India, NABARD

(Figures in parentheses are percentage to row total)

Table 3 discloses that the share of commercial banks, regional rural banks and cooperative banks in women SHGs. The share is accounted for 57.10 per cent, 15.48 per cent and 26.58 per cent of total of 6098034 groups respectively in 2010-11 while the share of saving-deposits is worked out at 60.29 per cent, 19.25 per cent and 20.46 per cent of ₹ 5298.65 crore. The

corresponding figures in 2016-17 are 53.05 per cent, 29.06 per cent and 17.89 per cent of total 6744818 groups whereas the figures for savings-deposits are 66.80 per cent, 17.85 per cent and 15.35 per cent of ₹ 13536.58 crore respectively. The savings of per SHG is accounted for ₹ 9042, ₹ 10805 and ₹ 6690 for commercial banks, regional rural banks and cooperative banks and for

all banks put together it is ₹ 8689 in 2010-11. The corresponding in 2016-17 are ₹ 25271, ₹ 12327, ₹ 17200 and ₹ 20070 respectively. An increase in 2015-16 over 2006-07 is increased by 179.60 per cent, 15.00 per cent, 132.40 per cent and 117.21 per cent for the regions respectively. It is understood that:

- The commercial banks have a lion's share in both number of SHGs and micro-credit followed by regional rural banks and cooperative banks in order
- Per SHG savings in three categories of banks have fluctuating trend, but in many years it regional rural banks have secured more than national average savings. A significant change in amount of savings in Commercial banks and cooperative banks is occurred.

The concept, precept and philosophy in designing SBLP reflect the geographical evenness is on reducing the regional imbalances through provision of microcredit. This programme has an enormous critical impact on building up of 'social capital' and also on enhancing income earnings of borrowers. The SHG must save at least six months before they can be linked to a bank credit to get loan from the bank for distribution of loans to the members. Savings to credit is termed as savings ratio. This constitutes a base and revolving of funds in the microcredit channel on democratic approach. Rural poor could save and want timely and adequate credit with prompt repayment. Data on region-wise savings ratio of women SHGs is presented in Table 4.

Region-Wise Credit-Savings Ratio

**TABLE 4
REGION-WISE SAVINGS RATIO OF WOMEN SHGs**

(In %)

Year	Region						Total
	Northern	North-eastern	Eastern	Central	Western	Southern	
2010-11	41.96	17.98	30.31	20.87	76.71	16.69	22.11
2011-12	30.98	15.41	20.45	22.05	63.93	14.62	18.33
2012-13	25.06	24.82	25.15	22.48	47.41	18.39	21.04
2013-14	23.41	18.62	29.36	28.90	56.02	30.18	31.09
2014-15	24.41	19.82	30.06	29.19	56.82	30.88	31.88
2015-16	25.29	20.72	31.32	25.86	49.84	29.93	25.40
2016-17	24.62	19.76	30.65	26.08	50.76	30.15	34.90

Source: Various Issues on Progress of SHG-Bank Linkages in India, NABARD

Table 4 unfailing discloses that the credit-savings ratio is accounted for 16.69 per cent, 76.71 per cent, 20.87 per cent, 30.31 per cent, 17.98 per cent and 41.96 per cent of total credit for the southern, western, central, eastern, north-eastern and northern regions respectively in 2010-11 while the corresponding figures in 2016-17 are 30.15 per cent, 50.76 per cent, 26.08 per cent, 30.65 per cent, 19.76 per cent and 24.62 per cent respectively. From the analysis of Table 3, it is inferred that the microcredit

savings ratio in Southern region is increasing trend while in the other four regions it is declining trend mostly in north-eastern region.

Matrix

India has a wide bank network but there is no uniformity in different parts of the country in making available the banking services including credit. The supply of credit gets a barrier to financial inclusion where no adequate banking facilities.

Banking services certainly show lower market penetration in the neglected areas by the network of banking sector. To assess the availability of micro-finance in a region on the availability of network of banking facility, the region-wise Micro-finance Penetration Index (MPI) is computed. The region MPI is more than 0.5 are classified as having ‘high micro-finance coverage’ while the regions MPI is or lower than 0.5, it considered as having ‘low micro-finance coverage.’ If MPI is 1.0, it implies region is

representing in the proportion of its population. For market penetration, the average population served per bank branch in each region is used. The national average of the population per bank branch 15,000 is considered as per statistics of Reserve Bank of India Bulletins. The regions having higher or lower than 15,000 per branch are measured as coverage of services of banking at high or low respectively. The position of regions with Market Penetration Index analysis is presented Table 5.

TABLE 5
Matrix on Micro-Credit And Bank Services

		AVAILABILITY OF MICRO-CREDIT	
		LOW	HIGH
AVAILABILITY OF BANKING SERVICES	LOW	CENTRAL (4)	NORTH-EASTERN, EASTERN (1)
	HIGH	NORTHERN (2)	SOUTHERN, WESTERN (3)

Table 5 discloses the region of north-eastern and eastern falls in quadruplicate microcredit high which is due to meagre economic resources availability. While in the northern region, where banks network to population is relatively high, penetration micro-finance is low. The southern and western regions have higher bank network to population than average of bank network as whole for Union India, relatively available of micro-credit is high and available banking service is high reflecting good market penetration. The central region seems to have lower access to both the bank network and the micro-finance implies low market penetration.

To conclude that microcredit should aim at ‘social intervention’ and ‘social objective’ towards the family planning, green ecology, school education, hygienic condition and contest in elections in true democratic way

and alike. The Government extend necessary facility for those poor people for grabbing their human resource as knowledge capital. Further micro-credit, micro-savings and micro-insurance should go strategically under one umbrella crucially from the point of economic independence and safeguarding the social issues of poor people. Micro-credit is worthy in its true sense and should express in a maxim as: Credit is ‘MICRO’, but its impact on people is ‘MACRO.’

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