

Inclusive Growth through SHG-An Expost Study

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Inclusive Growth through SHG-An Expost Study

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Abstract

SHGs is for accelerating the economic growth with equity by way of access to credit requirement to vulnerable groups. The NABARD implemented such programmes favouring SHGs in the country. SHG-BLP requires coordinated efforts by all stake-holders to tackle the issues of heavy concentration, stagnation in growth, multiple membership, lower bank linkage both in number and quantum, and also for the rising of non-performing assets in the country. The cooperative institutions like District Cooperative Central Banks and Primary Agricultural Cooperative Credit Societies have a long history and also helped the beneficiaries tremendously in our country. It is noted that the SHGs has grown over the years in various parts of the country but 26 per cent of them have been brought under the SHG-Bank Linkage Programme. In addition, a huge amount of regional variation in both credit deepening and credit widening has been observed in the country.

Keywords: NABARD, SHG, BLP, vulnerable, credit deepening, credit widening.

INTRODUCTION

Attaining the objective of inclusive growth is one of the biggest challenges for the Indian economy. SHGs through micro finance shall be the catalyst for accelerating the pace of economic growth with equity. It aims at ensuring timely and adequate access to credit requirement to vulnerable groups such as weaker sections and low-income groups apart from accelerating socio-economic empowerment. The NABARD has initiated various programmes and policies for the growth and spread of SHGs in the country and this chapter examines the programmes and the policies of NABARD in the growth of SHGs in India in the recent past.

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OBJECTIVES OF THE STUDY

1. To study the pattern of programmes and policies of national bank for agriculture and rural development
2. To evaluate the role of micro financing in the social empowerment of the SHGs;
3. To measure the impact Region-wise and agency wise Status of Bank Loan Outstanding to SHGs in India;

PROGRAMMES AND POLICIES OF NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

SHG-Bank Linkage Programme

The SHG-Bank Linkage Programme (SHG-BLP) facilitates SHGs to access credit from formal banking channels. The Programme has proved to be the major supplementary credit delivery system with wide acceptance by banks, NGOs and various government departments. NABARD has intensified its efforts for roping in new partners for promotion and linkage of groups in regions where the growth of groups has not been commensurate with potential. Priority has been assigned to awareness building and for identification of NGOs and other partners in 13 priority states, which account for 70 per cent of rural poor in the country (Mahanta et al, 2012).

Progress of SHG-BLP

Rejuvenation of SHG-BLP requires coordinated efforts by all stake-holders to tackle the issues of heavy concentration, stagnation in growth, multiple membership, lower bank linkage both in number and quantum etc., which have been an area of concern in the recent past. Efforts at coordination with all stake-holders, capacity building of bankers and Self-Help Promoting Institutions (SHPIs) including National Rural Livelihood Mission (NRLM) / State Rural Livelihood Mission (SRLM) and village level meets with SHGs have shown improved performance of SHG-BLP during 2015-16. The number of SHGs having savings linkage increased to 79.03 lakh as on 31 March 2016 from 76.97 lakh a year back. There was a net addition of 2.06 lakh SHGs during the year. The domain of SHGs consists of 85.6 per cent women groups which play a crucial role in empowerment of the poor rural women. During the year 2015-16, the coordination between NABARD and NRLM/ SRLM ensured that more and more SHGs got bank loans. NRLM is working since April 2013 with its agenda to cover 7 crore rural poor households across the country with sustainable livelihoods through self-managed SHGs and federations. During the year, 18.32 lakh SHGs were disbursed bank loan of Rs. 37, 287 crores. About 44.5 per cent of total SHGs receiving bank credit during the year were covered under NRLM and they availed 45 per cent (Rs. 16592 crore) of the total amount disbursed.

SHG-BLP is a strong intervention in financial inclusion for the bottom of pyramid. A proven platform initially conceived for increasing the outreach of banking services amongst the poor it has since graduated to a programme for promotion of livelihoods and poverty alleviation. The number of SHGs with savings linkage, credit disbursed during the year and bank loans outstanding as well as the quantum

of savings outstanding, loan disbursed during the year and total loan outstanding had shown positive growth during the past three years that is during 2015-16 was positive in SHG-BLP (Tripathi, 2016).

Capacity Building

NABARD sponsors capacity building programmes for various partners in the field of micro finance to sensitise and equip them with concept and nuances of SHG bank linkage programme. NABARD provides SHG financing to training establishments of participating banks, to help them to internalise the training requirements. It gives technical support to banks to evolve suitable intermediate structures like Farmers' Clubs to increase the outreach of their branches in promotion and linking SHGs. NABARD supports and helps banking institutions, especially Regional Rural Banks (RRBs) and cooperative banks to take on the role of SHPIs. Necessary assistance is also provided to the governments by NABARD for dovetailing micro finance practices. NABARD conducts tailor made exposure programme on SHG and micro finance for senior and middle level officers of Indian Administrative Services who are posted as district collectors / Chief Executive Offices of local administrative set ups. The National Bank continues to provide 100 per cent refinance assistance to banks for financing SHGs. During 2015-16, Banks have availed of refinance to the tune Rs. 12425 crores from NABARD. As on 31st March 2016, the bank loans outstanding to the SHGs aggregated at Rs. 46730 crores, while cumulative refinance availed of by the banks aggregated to Rs. 15755 crores (NABARD, 2016).

FINANCIAL SUPPORT TO PARTNER AGENCIES

Promotional Grant Assistance to NGOs to function as SHPIs

NGOs already working in the social sector are encouraged to take up SHG promotion as an 'add-on' activity. This is not only helps in complementing the core areas of activities of the participating NGOs, but also reduces overhead costs in the formation and nurturing of groups. NABARD provides grant assistance of Rs 4500/- to NGOs for promotion and linking of each SHG. This amount broadly covers training of members of SHG, stationery for the group, incentive/part salary of NGO staff etc.

Supporting RRBs as SHPIs

In order to widen the spectrum of SHPIs, NABARD assisted five branches of Cauvery Grameena Bank (CGB), an RRB in Mysore to test the feasibility of RRBs themselves taking on the role of SHPIs. Under this programme, the bank staff members at the identified branches were provided with specific training in promotion, nurturing and financing of SHGs. This experiment succeeded in grooming RRB staff to form SHGs. Having successfully oriented a few RRBs to take up the role of SHPIs, it was felt necessary to find ways of reducing the per SHG cost involved in promotion and nurturing of SHGs by bank staff, if the programme were to be broad based across the country. Therefore, an alternative module was developed by NABARD, involving lower cost, to support more RRBs. This module envisages support from NABARD for training of staff of ten identified branches for each RRB, with provision to partly meet the costs of awareness building, training and stationery for the SHGs, which are promoted by them. NABARD provides grant assistance of Rs. 2500/- per SHG to RRBs for formation and linkage (MYRADA, 2007).

DCCBs as SHPIs

In India, cooperative institutions like District Cooperative Central Banks (DCCBs) and Primary Agricultural Cooperative Credit Societies (PACS) have a long history being in existence for the past several decades. They have the potential to emerge as major partners considering their strong presence in rural areas for integrating SHG bank linkage programme in their existing business activity. NABARD has therefore formulated a scheme for assisting DCCBs to form, nurture and link SHGs. NABARD provides grant assistance of Rs. 2500/- per SHG to DCCBs for formation and linkage.

NORMS FOR FUNCTIONING OF SHGs

The SHG should have developed some kind of norms for its functioning. The norms should be covering major areas of its functioning as well as the decision-making processes, leadership etc. Norms generally relate to:

- Membership;
- Meetings - time, periodicity;
- Savings - amount, periodicity, rate of interest (return);
- Credit - procedure for sanction, ceiling amount, purposes, rate of interest to be charged, repayment period, etc.;
- Fines - in case of default in attending meetings, savings and credit repayment. Group may also levy fines for any deviant behaviour, etc.;
- Leadership - election or nomination of leaders, rotation of leaders etc.; and
- Personal/social improvement - minimum literacy level to be achieved, social work to be done, etc.

The above norms may be written or oral. They may be decided in the initial meetings or they may evolve over a period of time depending upon the need of the group.

Leadership

Two or three group members are elected as leaders/ book-writers. The group leaders are expected to a) regularly convene and conduct the meetings, b) help the group members in taking decisions, c) resolve conflicts, d) maintain books of account and e) approach bank branch for operation of accounts (Sam and Michael, 2014).

Participation and Awareness of Group Members

The members should be aware about the purpose of group formation, the operations and activities of the group viz., the savings and the credit of the group as well as the individual member's savings and credit details.

- ❖ They have to participate in group discussions and decision making;
- ❖ They should help solve the problem that are raised in the meetings; and
- ❖ They should work cohesively and have transparent dealings.

Savings

The group decides on the amount of savings as also its periodicity. It has to be seen whether the saving, as decided upon, is regularly made; how the defaults are dealt with and whether the system is modified as per the requirements of the members.

Credit

The following aspects to be looked into while assessing the credit function of the group:

- ❖ The decision-making process of selecting loanees;
- ❖ The system followed in assessing credit requirement of individual members and the amount to be sanctioned;
- ❖ The system of monitoring the credit; and
- ❖ The repayment performance of members and incidence of defaults besides the effectiveness to deal with such defaults; whether the concept of 'peer pressure' is working (Yadav, 2014).

MICRO FINANCE IN INDIA

The phenomenal growth rate of micro finance sector, especially the SHG bank linkage programme has posed number of issues and challenges which need immediate attention. In response to this, the NABARD has initiated a number of innovations basically as an investment for posterity. At the core of these innovations is a desire to improve the outreach and sustainability of the programme. Some of the pilot projects designed and initiated recently are summarized here.

Application of IT in SHG Bank Linkage Programme

Many branches of Commercial Banks and Regional Rural Banks now service more than 200 SHG accounts which were hitherto considered impossible. However, the burgeoning numbers have also brought to the fore a host of issues relating to tracking, monitoring and adequately servicing SHG accounts. It was felt that the best way to deal with the huge numbers would be to take recourse to new technologies available. It was noted that use of Information Technology in the form of processor / memory cards for SHGs and other clients coupled with automation in a branch would serve to solve these vexed issues and leave adequate time for business development work. NABARD has therefore decided to launch an experiment through five branches each of two RRBs in Andhra Pradesh and Karnataka. Introduction of processor/memory cards for active clients and SHGs and automation of book keeping in SHGs is expected to reduce paper work, save time and thus improve the efficiency of the field worker. This is also expected to reduce the scope of manipulation, reduce unintended leakages and also maintain up to date books at SHG level (Jennifer, 2014).

Social Security System for SHG Members

Another innovative project which has been approved by NABARD entails the creation of community based social security system for members of SHGs in rural areas for improving their

livelihood and securing them from uncertainties of life. The project components include provision of a package of health insurance, life insurance, etc., for SHG households by paying a premium generated through discounts offered by service providers like grocery shop, cloth merchant, etc., in the project area for SHG members. It is being implemented in Betul district, Madhya Pradesh, involving a grant assistance of Rs. 8 lakh (Singh, 2014).

PROGRESS OF SHG PROGRAMME IN INDIA

NABARD-led SHG bank linkage programme witnessed a significant progress in the recent past. This has led to the growth in the number of SHGs all over the country. The growth in the number of SHGs which have availed loan from Banks since 2000-01 is shown in Table 1.

Table 1: Growth in Self Help Groups in India, 2000-01 to 2015-16

Year	No. of SHGs (in lakhs)	Annual Growth Rate
2000-01	1.49	---
2001-02	1.99	33.4
2002-03	2.55	28.2
2003-04	3.62	41.4
2004-05	5.39	49.1
2005-06	6.20	15.0
2006-07	11.06	78.3
2007-08	12.28	11.0
2008-09	16.09	31.1
2013-14	74.30	61.8
2014-15	76.97	3.6
2015-16	79.03	2.7

Source: Annual Report of NABARD, Mumbai, various years.

Table 1 indicates that there has been an impressive growth in the number of SHGs under the Bank linkage programme in India since 2000-01. The number of SHGs which come under this linkage programme has grown from 1.49 lakhs in 2000-01 to 2.59 lakhs in 2004-05 and further up to 79.03 lakhs in 2015-16. The annual growth rate of the number of SHGs also suggests a tremendous rise, as but for two years, 2005-06 and 2007-08, in all other years, the annual growth rate has been around or more than 30 per cent.

Number of Savings linked SHGs

With higher growth in SHG-BLP in North East Region and other priority states during 2013-14 to 2015-16, there has been a marginal correction in the southern bias of SHG-BLP. The share of Southern Region in number of SHGs has declined from almost half (49.8 per cent) in 2013-14 to 44.9 per cent in 2015-16. Saturation in the scope of formation of new SHGs and rationalization of data by banks, especially in Kerala, Tamil Nadu and Puducherry, has resulted in decline in the number of savings linked

SHGs in Southern Region by 4.7 per cent from 37.19 lakh as on 31 March 2015 to 35.46 lakh as on 31 March 2016. North Eastern Region has recorded a 29 per cent rise in number of SHGs during 2015-16, owing to a jump in Tripura, Nagaland and Assam. All states in Northern, North Eastern, Western and Eastern Regions have registered increase in number of SHGs with savings linkage during the year.

Savings Outstanding

The savings outstanding of SHGs as on 31 March 2016 has reached all-time high of Rs. 13,691 crores. The average savings outstanding per SHG increased by 21 per cent during the year to Rs. 17324 as on 31 March 2016 from Rs. 14368 a year back. The average savings outstanding was highest in Southern Region and lowest in North East Region. Southern states have a sizeable number of matured SHGs that contribute higher amount of monthly savings leading to higher average savings rate, whereas in North Eastern States and other priority states, the average savings are low. States that have added a greater number of new SHGs during the year like Nagaland, Tripura, Bihar, Jharkhand, Maharashtra, etc., have recorded decline in average savings outstanding during the year. The total savings outstanding of SHGs has recorded increase in all Regions except Western Region owing to decline in Maharashtra. The increase in total savings outstanding was prominent in North (88 per cent), North East (46 per cent) and Southern Regions (31 per cent) (NABARD, 2016).

Credit Disbursement by Banks

During 2015-16, banks provided loans to 18.32 lakh SHGs (23.2 per cent of total SHGs) as compared to 16.26 lakh SHGs (21.1 per cent of total SHGs) during 2014-15. Number of SHGs provided loans during the year was lower than the previous year in Northern Region and Central Region by 13.1 per cent and 22.8 per cent respectively, while banks in North Eastern Region achieved highest increase in SHG credit linkage among all regions increasing linkage by 38.6 per cent as compared to previous year. Credit linkage to SHGs in some priority states was a concern in states like Rajasthan (-23 per cent), Odisha (-48 per cent), Chhattisgarh (-36 per cent) and Uttar Pradesh (-56 per cent) where banks have provided credit to lesser number of SHGs compared to the previous year. A decline in credit linkage of SHGs during the year was also observed in Goa (-12.4 per cent) Telangana (-14.8 per cent) and Himachal Pradesh (-20.6 per cent). On the other hand, banks in priority states like Haryana (53 per cent), Jammu & Kashmir (48 per cent), Assam (29 per cent), Bihar (51 per cent), Jharkhand (142 per cent), West Bengal (50 per cent), Uttarakhand (34 per cent) and Maharashtra (19 per cent) along with Andhra Pradesh (46 per cent) have provided credit to more SHGs during 2015-16 than in 2014-15. There was overall 35 per cent increase in the amount of loan disbursed by banks to SHGs during the year, taking it to Rs. 37,287 crores as against Rs. 27,582 crores during the previous year. The average loan disbursement per group during 2015-16 was Rs. 2.03 lakh which showed a healthy increase of 20 per cent from Rs. 1.69 lakh during 2014-15. Southern Region continued to have the distinction of having highest per group average credit disbursement of Rs. 2.59 lakh whereas other Regions had loan disbursement below the national average. Eastern Region recorded 10 per cent fall in the average loan disbursement owing to fall in the same in Bihar, Jharkhand and West Bengal. Number of credits linked SHGs in these states increased significantly (more than 50 per cent) during 2014-15.

As banks provide lower amount in the first credit linkage, this appears to have dragged down the average credit per group. Central Region and Western Region witnessed 39 per cent hike in average per group credit while it was 22 per cent higher in Southern Region. The dominance of Southern Region continued during 2015-16 in disbursement of bank loans to SHGs. Southern Region disbursed Rs. 30,012 crore (80.5 per cent of the total credit) to 11.59 lakh SHGs (63.2 per cent of the total) during 2015-16. Eastern Region stood second with 22.5 per cent of SHGs availing 9.4 per cent of bank loan disbursed during the year (NABARD, 2016).

Credit Outstanding

The region-wise status of bank loan outstanding to SHGs in India during 2013-14 to 2015-16 is shown in Table2.

Table 2: Region-wise Status of Bank Loan Outstanding to SHGs in India, 2013-14 to 2015-16

Region	2013-14			2014-15			2015-16		
	No. of SHGs	Total Loan o/s	Average Loan o/s	No. of SHGs	Total Loan o/s	Average Loan o/s	No. of SHGs	Total Loan o/s	Average Loan o/s
North Eastern	183929	110064	59840	176904	153970	87036	150860	88473	58646
Northern	124569	75380	60513	123041	72209	58687	154724	115907	74912
Central	419834	269666	64232	438216	248614	56733	434797	289590	66604
Western	269008	164046	60982	270718	198739	73412	258119	203462	78825
Eastern	978960	494463	50509	1069329	617046	57704	1130902	703767	62231
Southern	2221038	3179133	143137	2389972	3863969	161674	2543219	4310725	169499
All India	4197338	4292752	102273	4468180	5154546	115361	4672621	5711923	122242

Note: Total Loan o/s in Rs. Lakh; Average Loan o/s in Rs./SHG

Source: NABARD, Status of Microfinance in India, 2015-16, Mumbai, p. 15.

As of 31 March 2016, 46.72 lakh SHGs (59.1 per cent of total SHGs) were having credit outstanding against 44.68 lakh (58.1 per cent) in March 2015. Among the regions, percentage of groups having credit linkage was highest in South (71.7 per cent) followed by East (66.5 per cent). This percentage was lowest in Western Region at 25.4 per cent only. Among the states, percentage of groups having highest credit linkage was Bihar (96 per cent), Telangana (91 per cent) and Andhra Pradesh (89 per cent). This percentage was lowest in Arunachal Pradesh (8.8 per cent) and among larger states in Gujarat (21.8 per cent). The total bank loan outstanding of SHGs increased by 10.8 per cent and was Rs. 57,119 crores against Rs. 51,545 crores as on 31 March 2015. The average loan outstanding increased by 6 per cent to Rs. 1,22,242 from Rs. 1,15,361 per SHG. Northern Region registered a decline in the average loan outstanding compared to previous year. The average loan outstanding was highest in Southern Region and lowest in North Eastern Region. Among States, highest average per group loan

outstanding was recorded by Andhra Pradesh (Rs. 2.15 lakh) followed by Telangana (Rs. 2.00 lakh), while it was lowest in Chhattisgarh and Bihar at Rs. 0.37 lakh per group.

Southern Region continued its dominance in the share of bank loan outstanding as well and accounted for more than half (54.4 per cent) of SHGs with credit linkage and three fourth of the bank loan outstanding to SHGs in the country as on 31 March 2016. There was a marginal increase both in the number of SHGs credit linked as well as total outstanding amount in Southern Region. Eastern Region stood next with 24.2 per cent of the SHGs with credit linkage and 12.3 per cent of loan outstanding. North Eastern Region recorded a rise of 22.5 per cent in both, number of SHGs and amount of total loan outstanding as at end of March 2016 over 2014-15. Eastern Region and Southern Region also recorded rise in both parameters. Northern Region posted a fall in both (-12.5 per cent and -24.7 per cent respectively) while Central and Western region posted a marginal decline in number of SHGs with outstanding loans but recorded a rise in amount outstanding.

Agency-wise distribution of SHG-BLP

The agency-wise status of SHG-BLP in 2015-16 is analysed in this section and table 3 presents the necessary data.

Table 3: Agency-wise status of SHG-BLP in 2015-16

Agency	Total Savings of SHGs with Banks		Loans disbursed to SHGs by Banks		Total Outstanding Bank Loans against SHGs		NPAs	
	No. of SHGs	Savings Amount	No. of SHGs	Loans disbursed	No. of SHGs	Loan Outstanding	Amount of Gross NPA	NPA (%)
Commercial Banks	4140111	903389	1132281	2518497	2626364	3714562	232140	6.25
% Share	52.6	66.0	61.8	67.5	56.2	65.0	62.9	
Regional Rural Banks	2256811	248428	470399	916493	1445476	1510935	106429	6.61
% Share	28.6	18.1	25.7	24.6	30.9	28.2	28.9	
Cooperative Banks	1506080	217322	229643	293700	600781	386426	30054	7.78
% Share	19.1	15.9	12.5	7.9	12.9	6.8	8.2	
Total	7903002	1369139	1832323	3728690	4672621	5711923	368623	6.45

Source: NABARD, Status of Microfinance in India, 2015-16, Mumbai, p. 18.

Commercial Banks by virtue of their vast network take the lead in SHG-BLP. More than half (41.40 lakh, 52.39 per cent) of the SHGs in the country maintain their savings account with the

Commercial Banks. During 2015-16, the share of Commercial Banks in terms of SHGs with savings linkage marginally declined, however, their share in quantum of savings outstanding increased from 60 per cent in the previous year to almost two thirds during 2015-16. On the other hand, the share of RRBs increased both in terms of number of SHGs and savings balances. The cooperatives increased their share in number of SHGs but their share in savings outstanding declined.

During 2015-16, Commercial Banks had disbursed Rs. 25185 crores (Rs. 17334 crores in 2014-15) to 11.32 lakh SHGs (8.56 lakh in 2014-15) with an average of Rs. 2,22,482 (Rs. 2,02,567 in 2014-15) per SHG, against national average of Rs. 2,03,495. Commercial banks accounted for 67.5 per cent of bank loans disbursed to 61.8 per cent SHGs during the year. The share of RRBs in credit disbursement to SHGs stood at 24.6 per cent. However, the number of SHGs declined substantially to 25.7 per cent from 32.1 per cent. The average loan disbursement by RRBs during the year was Rs. 1,94,833. The share of Cooperatives both in number of SHGs provided bank loan during the year as well as the quantum of loan disbursed declined in 2015-16 as compared to previous year. The average loan per SHG provided by Cooperatives was Rs. 1,27,894. The number of SHGs having loan outstanding as on 31 March 2016 increased in case of all categories of banks, however, the increase was more prominent in case of RRBs from 12.7 lakh a year back to 14.4 lakh. Commercial Banks accounted for about two thirds of the bank loan outstanding under SHG-BLP. The average loan outstanding in case of Commercial banks was Rs. 1,41,433 where as it was Rs. 1,11,447 in case of RRBs and Rs. 64,321 in case of Cooperatives. Low average lending by Cooperatives was the cause of low credit outstanding in case of Cooperative Banks. The overall NPA rate in bank loan to SHGs declined to 6.4 per cent as on 31 March 2016 from 7.4 per cent a year back. This was mainly due to the fall in gross NPAs from Rs. 3814.7 crore to Rs. 3686.2 crore, combined with increase in loan disbursement. The NPA level of all categories of banks declined during the year as compared to previous year. There was also a fall in NPAs of NRLM supported SHGs, from 8.7 per cent in 2014-15 to 6.2 per cent in 2015-16.

MFI-Banks Linkage Programme

Micro Finance Institutions (MFIs) act as an important conduit for extending financial services to the microfinance sector in the country by raising resources from Banks and other institutions and extending loans to individuals or members of SHGs/ Joint Liability Groups (JLGs). In addition to their internal resources, the MFIs have been allowed to mobilize resources through various ways including obtaining of bulk loans from Banks/ other Financial Institutions. Though most of the MFIs entered the microfinance arena only after the SHG-Bank linkage programme was well entrenched, business of these institutions grew at a much faster pace than the former.

MFIs are more aggressive and innovative in reaching out to the rural poor with well-oiled distribution channels as compare to the formal banking system. Post Andhra crisis, the Reserve Bank of India has notified guidelines for the lending operations of MFIs based on the Malegam Committee recommendations. A new class of financial organisations named as NBFC–MFIs have been created subject to satisfying certain conditions regarding the capital to be employed, lending to members, cap on interest to be charged and margin to be retained, etc. The loans extended to the MFIs by banks qualify for priority sector category. RBI's upgraded regulations and guidelines on NBFC-MFIs and inclusion of

loans to MFIs by banks under priority sector have resulted in phenomenal growth of MFIs during the last three years (NABARD, 2016).

Scheme for Promotion of Women SHGs in backward districts of India

NABARD, in association with the Department of Financial Services, Ministry of Finance, Government of India continued to implement a scheme for promotion and financing of Women Self Help Groups in 150 identified backward districts of the country. The main focus of this scheme is that it provides for selection of an anchor NGO in each of the district not only for promoting and enabling credit linkage of these groups with banks (like any other SHPIs under SHG-BLP of NABARD) but also serving as a business facilitator for extending outreach of the banks, regular monitoring of the SHGs promoted and also being responsible for repayment of loans by SHGs to banks. For these services the Anchor NGO is entitled for service charges at 5 per cent of the outstanding loan amount. This approach is expected to facilitate sustained financial inclusion by extending banking services to women members of SHGs, promote sustainable livelihood opportunities to the members and facilitate effective implementation of other social development programmes for women through SHGs (Sharma et al, 2015).

CONCLUSION

SHGs have shown tremendous growth over the years in various parts of the country, though only around 26 per cent of them have been brought under the SHG-Bank Linkage Programme. In this sense, there is a huge amount of regional variation in both credit deepening and credit widening, though a lot of measures are being implemented by NABARD through various agencies. This indicates that there is still a long way to go for the SHG movement and also for NABARD to attain the goal of socio-economic empowerment and also inclusive growth in the country.

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