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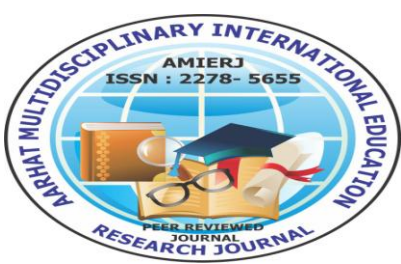
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**ROLE OF NABARD IN SELF HELP GROUPS MOVEMENT THROUGH SHG-BANK
LINKAGE PROGRAMME (SBLP)**

Research Paper in Economics

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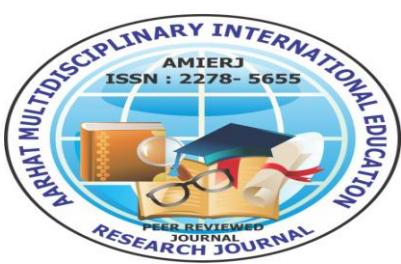
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Abstract: -

Poverty and unemployment are the twin problem's faced by the developing country. India is a reach country inhabited by large number of poor people. Poverty in India is widespread with the nation estimated to have a third of the world's poor (Report of World Bank-2005). A major cause of poverty among India's rural people, both individual's and communities is a lack of access to productive assets and financial resources. India's Five Year Plans have focused on eradicating the poverty by providing more employment opportunities to the unemployed men and women. SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation. In our country, during the past five decades efforts have been made to improve the status of women by various strategies and development programmes like Self help groups movement. Today, In India, Self Help Groups Movement represents a unique approach to financial intermediation. This combines access to low-cost financial services with a process of self management and development for the women who are SHG's members. Most of the people living in rural areas have joined in SHG's to get credit making it the largest and fastest network of financial inclusion. In India the role of Self Help Groups Movement in the rural development has attracted attention from all over the realm of social sciences. This paper seeks to exmine the role of NABARD in Self Help Groups Movement through SHG-Bank Linkage Programme in India.

Key Words: - NABARD, SHGs, SHG-Bank Linkage Programme,



Introduction: -

Self Help Groups or in short SHG's is now a well known concept. The SHG is the brainchild of Grameen Bank in Bangladesh, which was founded by Prof.Mohammad Yunus of Chittagong University in 1976. The concept of SHG serves to underline the principle **“for the people, by the people and of the people.”** “SHG as a small, economically, homogeneous affinity group of rural poor, voluntarily formed to save and contribute to a common fund to be lent to its members as peer group decision and for working together for social and economic upliftment of their families and community.” The SHG provide credit and empower women socially and economically. They encourage women to participate in decision making in the household, community, local democratic sector and prepare women to take up leadership position. Today, the SHG concept is a resounding success in India and has become one of the most successful programmes run by NABARD. It is now two decade since the NABARD piloted the SHG-Bank Linkage Programme to provide poor rural households access to bank services.

Objectives of the Research Paper:- The prime objectives of the study are:

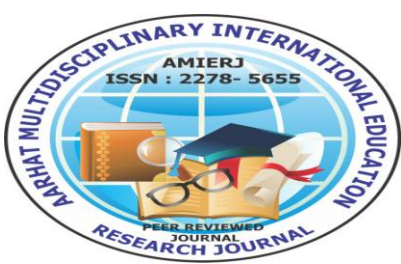
1. To study the conceptual framework of Self Help Groups Movement.
2. To study the model of SHG-Bank Linkage Programme run by NABARD.
3. To study the overall performance of SHG-Bank Linkage Programme in India.

Methodology and Data Sources :-

The present study is mainly based on secondary data and are collected from various sources like Status of Microfinance in India, Economic Survey of India published by Government of India, Annual Reports of NABARD, Professionals Journals, Periodicals, Various Reference Books and Magazines etc. Working papers and concerned websites also provide valuable data relevant for the study. The Collected data have been analyzed by using appropriate tools such as Ratios, Percentage, and Annual Growth Rates etc.

NABARD An Overview: -

National Bank for Agriculture and Rural Development (NABARD) is an apex development bank in India having headquarters based in Mumbai (Maharashtra) and other



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branches are all over the country. NABARD was established on the recommendations of Shivraman Committee on 12th July 1982 by a special act by the parliament and its main focus was to uplift rural India by increasing the credit flow for elevation of agriculture and rural non farm sector and completed its 30 years on 12th July 2012. The initial capital of NABARD was Rs.100 crore. Consequent to the revision in the composition of share capital between Govt. of India and RBI, the paid up capital as on 31st March 2013, stood at 4,000 crore with Govt. of India holding 3,980 crore (99.50%) and RBI 20.00 crore (0.50%). As on 31st March 2014, NABARD paid up capital stood at Rs.4,700 crore (Rs.4,680 Crore of GOI and Rs.20 Crore of RBI). It has been accredited with matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India. NABARD is active in developing financial inclusion policy and is a member of the alliance for financial inclusion. NABARD also reaches out to allied economies and supports and promotes integrated development. NABARD is also known for its 'SHG-Bank Linkage Programme.

Mission: -

Promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives.

SHG-Bank Linkage Programme (SBLP) in India: -

The SHG-Bank Linkage Programme is a major plank of the strategy for delivering financial services to the poor in a sustainable manner. The SHG-Bank Linkage programme was started as an Action Research Project in 1989, which was the off shoot of a NABARD initiative during 1987 through sanctioning Rs.10 lakhs to MYRADA as seed money assistance for experimenting Credit Management Groups (CMGs). The experiences of these early led to the approval of a pilot project by NABARD in 1992. The pilot project was designed as a partnership model between three agencies viz, The SHGs, Banks and NGOs. NABARD is presently operating three models of linkage of Banks with SHGs and NGOs:

Model-1: In this model, the bank itself acts as a Self Help Group Promoting Institution (SHPIs).

Model-2: In this model, groups are formed by NGOs (in most of cases) or by government agencies. The groups are nurtured and trained by these agencies.

Model-3: Banks only funding agencies and others like NGO and volunteers are acting like monitoring agencies.

The SHG-Bank Linkage Programme which commenced as a pilot project during 1992 to link 500 SHG's with banks has grown exponentially during the last two decades. RBI and NABARD has laid out certain guidelines in 2006-07 for the Commercial banks, RRBs and Co-operative Banks to provide the data to RBI and data regarding loans given by banks to the microfinance Institutions.

Performance of SHGs-Bank Linkage Programme (SBLP) in India: -

The SHG-Bank Linkage Model is the indigenous model of micro credit evolved in India and has been widely acclaimed as a successful model. It is considered a promising approach to reach the poor and has since its inception made rapid strides exhibiting considerable democratic functioning and group dynamism. Detailed analysis of the SHG-Bank Linkage Programme across the country and by financing agencies is being presented in this section. The analysis covers various components of the programme, namely inclusive growth, savings, loans and recovery performance. Table No 01 shows that the financial status under SHG-Bank Linkage Programme.

Table No 01
Financial status under SHG-Bank Linkage Programme
(Number in Lakhs/Amount in Crore)

Sr.No.	Year	SHG Saving with Banks		Loan Disbursed to SHG		Loans Outstanding against SHG	
		No of SHG	Amount	No of SHG	Amount	No of SHG	Amount
1	2008-2009	61.21	5,542.62	16.10	12,253.51	42.24	22,679.84
2	2009-2010	69.53	6,198.71	15.87	14,453.30	48.51	28,038.28

3	2010- 2011	74.62	7,016.30	11.96	14,547.73	47.87	31,221.17
4	2011- 2012	79.60	6,551.41	11.48	16,534.77	43.54	36,340.00
5	2012- 2013	73.18	8,217.25	12.20	20,585.36	44.51	39,375.30
6	2013- 2014	74.30	9,897.42	13.66	24,017.36	41.97	42,927.52

Source: - NABARD, Status of Micro finance, 2008-09 to 2013-14.

Table No 01 gives the growth of SHGs-Saving as well as credit linked – for the last 6 years, separately for all groups. An overall decline in the number of SHGs linked to banks for their saving accounts under the SHG-Bank Linkage Programme has been reversed during 2013-14 though with a marginal increase of 1.53% with 74.30 lakhs SHG saving linked to bank from the year 2012-13. The number substantially less than 79.60 lakhs SHG reported during 2011-12. The number of SHGs being extended fresh loans by banks has been steadily increasing for the last 3-4 years. The loan disbursed increased from Rs.12,253.51 crores to Rs.24,017.36 crores during the period 2008-09 to 2013-14. The number of SHGs having loan outstanding against them from bank declined by 5.71% while the amount of loan outstanding rose by 9.02% to Rs.42,927.52 crore. The provision of credit through SHGs bank linkage programme initiated by NABARD is considered as the fastest and largest network in providing formal financial services in rural areas. Table No 02 shows that the performances of the SHGs bank linkage programme in India.

Table No 02

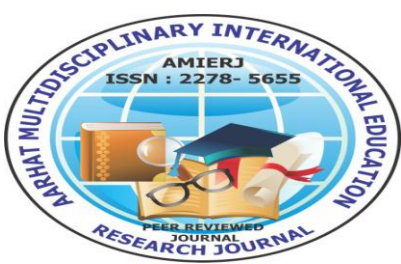
Performance of SHGs Bank Linkage Programme in India

Sr.No.	Year	No of SHG Linked		Bank Loan (Amount in Crore)	
		During the Year	Cumulative	During the Year	Cumulative
1	2001-2002	1,97,653	4,61,479	545.47	1,026.34
2	2002-2003	2,55,882	7,17,360	1,022.33	2,048.76
3	2003-2004	3,61,731	10,79,091	1,855.53	3,904.20
4	2004-2005	5,39,365	16,18,456	2,994.26	6,898.46
5	2005-2006	6,20,109	22,38,565	4,499.00	11,397.46
6	2006-2007	6,86,408	29,24,973	6,570.00	NA
7	2007-2008	5,52,992	34,77,965	8,849.25	NA
8	2008-2009	16,09,586	NA	12,253.51	NA
9	2009-2010	15,86,822	NA	14,453.00	NA
10	2010-2011	11,96,134	NA	14,547.00	NA

Source: - NABARD, Annual Report, 2001-02 to 2010-11.

Note: - NA-Not Available, From 2008-09 onwards, data on number of SHG linked and banks loan are inclusive of SGSY SHGs and existing groups receiving repeat loans. Owing to this change NABARD discontinued the publication of data on a cumulative basis from 2006-07.

Table No 02 provides an insight into the performance of SHGs bank linkage programme initiated by NABARD in India encompassing the period from 2001-02 to 2010-11. During this period the number of SHG linked to banks has gone up from 1,97,653 in 2001-02 to 12 lakhs in 2010-11. The high growth of SHGs has led to increase in the amount of credit from Rs.545.47 crore in 2001-02 to Rs.14,547 in 2010-11. The fastest growth in bank loans to SHGs has led to almost doubling the bank loans from 2001-02 to 2007-08, including the repeat loan. During the last five years, there is an impressive growth of the programme, both the terms of SHGs linked with the bank and their financial programme.



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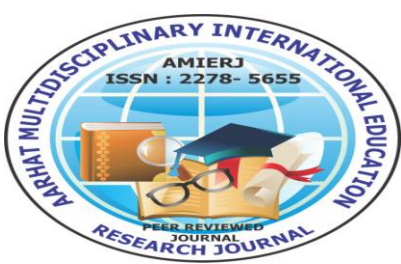
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Conclusions: - The main finding reveals that the programme has –

1. The SHG movement in India has been working in the right direction to empowering women and eradicating poverty in the rural and urban areas.
2. Women are economically and socially empowered after joining SHG and participating micro finance program.
3. Empowered women by enhancing their contribution to build assets and generally by giving them better control over decisions that affect their lives.
4. The SHG-Bank Linkage Programme is highly successful in providing employment through group formation in India.
5. The wise exploitation and utilization of the opportunities provided by NABARD enabled its members to become empowered women to a great extent.
6. Self Help Groups Movement contributed to a reduced dependency on informal money lenders and other non-institutional sources.
7. Women have started to come out of their homes to take part in economic activities.

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