

SELF HELP GROUPS – A GOVERNMENT INITIATIVE TO EMPOWER THE RURAL INDIA

Dr. Deepak Gupta

Assistant Professor

Department of Commerce

Indira Gandhi University, Meerpur

Jyoti Sharma

Research scholar

Department of Commerce

Indira Gandhi University, Meerpur

Abstract

As India is a developing country and finance is the mainstream for the development of the citizens of a country. Government has taken various initiatives to empower the rural India. Self Help group is a micro finance initiative in this line as 26% of the total population in the country belongs to rural poor. In India Self Help Group movement began in 1980's with the mobilization of various NGO's. NABARD (National Bank for Agriculture and Rural Development) took a revolutionary initiative by linking these groups with banks i.e. Self Help Group Bank Linkage Programme (SBLP). Over the years this programme has made tremendous progress for the upliftment of the rural poor, resulting in making Self Help Group – Bank Linkage Programme as world's largest micro finance programme. Presently it is providing benefits to 10 crore households by 85lakhs self-help groups across the country with an amount of 16114 crore as deposits and annual loan offtake of 38800 crore and also with an outstanding amount of 61600 crore. This study aims to discuss the various initiatives taken by government to promote and make the self-help groups programme more transparent and also report the status of the self-help groups. It also takes in the progress of self-help groups over the last three years.

Introduction

Self-help groups are the mode of providing micro finance to the people for economic development and assistance to the poor people. In India this movement was started in 1980's. These groups are specially designed for assisting the poor people by providing them easy access to savings and credit. It is an informal association of 10-20 people which are from same background come together for providing better financial security to the group members by enhancing their savings and credit and work for the welfare of the community.

According to NABARD "It is a group of 20 or less people from a homogenous class who are willing to come together for addressing their problems." Under these groups weekly and monthly savings are used to give interest bearing loans to the group members. Group members are helped to increase their savings, incomes and improve their standard of living and status in society. These groups are specially designed for women's works under different projects. Mainly self Help Groups are formed under Swarna Jayanti Swarojgar Yojana.

Objectives of the Study

1. To discuss the various initiatives taken by government bring transparency in working of self-help groups in India.
2. To report the status of the self-help groups as on 31st march 2017.
3. To analyse the progress of self-help groups over the last three years i.e. 2014-15 to 2016-17.

Research Methodology

This paper is a descriptive study to report the status of self-help groups in India and its progress over the years. Therefore to explore this study secondary data has been used which is published in the reports of RBI, and NABARD.

Limitations of the Study

Due to time constraints the primary data cannot be collected. Therefore the conclusions are drawn on the basis of secondary sources.

Initiatives taken by Government

Self Help Groups Bank Linkage Programme

Bank linkage programme is the major programme by Government of India. It has completed 25 years of journey for the empowerment of the rural India in general and specially the rural women. This programme is implemented by commercial bank, RRB's and cooperative Banks. This programme was a great innovation to bring flexibility in the present informal system with strength and accessibility to formal system. RBI and NABARD announced three guidelines under this programme.

1. All the informal groups related to deposits and credit linkage should be accepted by banks as their clients.
2. A system of collateral free lending was introduced.
3. No specification was required for lending to groups.

Digitalization of Self Help Group – ESHAKTI

As the banking system in the economy is having faster technology development it was also felt to move SHG in this line also. Therefore the step for digitization of Self Help Groups was taken to achieve the goals of Self Help Groups Movement.

The project is named as ESHAKTI for using available technology to solve the problem related to book keeping, viewing the past records of Self Help Groups Members and making the Self Help Groups data available to the banks and other financial institutions and NGO's for their decision making. Under this programme data can be uploaded through the app on android tablets and mobiles on website <http://eshaktinabard.org/> By both online and offline modes to resolve the GPRS problem. Data can be accessed by login accounts by government agencies, banks and various other stakeholders.

With the positive response of Phase I of ESHAKTI programme in Ramgarh (Jharkhand) and Dule (Maharashtra) districts this programme is now in phase II with more districts.

With the digitization of the data of 1.3Lakhs Self Help Groups in Phase I, there has been great increase in credit linkage of Self Help Groups.

Status of Self Help Groups

As Self Help Group Bank Linkage programme is implemented by commercial Banks, RRB's and cooperative Banks and they provide the deposit and credit facilities to various groups. According to the report of the NABARD for the year 2016-2017 the total savings under bank linkage programme of 8576875 SHG's is Rs. 1611423. The amount of Loan disbursed by banks to total no. of 1898120 SHG's is amounted Rs. 3878116 and the outstanding loan with total 484828 SHG's is Rs. 6158130. The report also show that all the banks have 6.5 % of total NPA which shows a proper functioning of this programme.

AGENCY-WISE STATUS OF SHG-BLP IN 2016-17

Category of Agency	Total Savings of SHGs with Banks as on 31 March 2017		Loans disbursed to SHGs by Banks during the year		Total Outstanding Bank Loans against SHGs		NPAs	
	No. of SHGs	Savings Amount	No. of SHGs	Loans disbursed	No. of SHGs	Loans outstanding	Amount of Gross NPA	NPA (%)
Commercial Banks % Share	4444428 51.8	1017002 63.1	1116442 58.8	2429702 62.7	267030 55.1	3866847 62.8	264112 66.0	6.83
Regional Rural Banks % Share	2586318 30.2	363176 22.5	557540 29.4	1161300 29.9	161184 33.2	1911991 31.0	104500 26.1	5.47
Cooperative Banks % Share	1546129 18.0	231244 14.4	224138 11.8	287113 7.4	566141 11.7	379292.2 6.2	31607 7.9	8.33
Total	8576875	1611423	1898120	3878116	484828	6158130	400219	6.5

Source : NABARD

Progress of Self Help Groups Bank Linkage Programme

According to the report of NABARD the self-help group programme in India has shown a smooth functioning throughout the years. After the Introduction of Bank Linkage Programme in 1992, total no. of self-help group's credit linkage has increased from 300 in 1993 to 4673000 in 2016 and the bank loan outstanding per average self-help group has also increased from Rs. 11000 to 122000 in 2016. The reports also show that there is also increment in loan disbursement

amount all over India. But with the increase in the loan amount outstanding loan amount has also shown a great increment.

OVERALL PROGRESS UNDER SHG-BANK LINKAGE PROGRAMME DURING PAST THREE YEARS

(No. of SHGs in lakh, Amount in ₹ crore)

Particulars		2014-15		2015-16		2016-17	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
SHG Savings with Banks as on 31st March	Total No. of SHGs	76.97 (3.59%)	11059.84 (11.74%)	79.03 (2.68%)	13691.39 (23.79%)	85.77 (8.53%)	16114.23 (17.69%)
	Of Total, All Women SHGs	66.51 (6.38%)	9264.33 (15.61%)	67.63 (1.68%)	12035.78 (29.92%)	73.22 (8.26%)	14283.42 (18.67%)
	% of Women Groups to Total	86.41	83.77	85.58	87.91	85.36	88.64
	Of Total, NRLM/SGSY Groups	30.52 (34.92%)	4424.03 (78.56%)	34.57 (13.27%)	6244.97 (41.16%)	37.44 (8.30%)	7552.70 (20.94%)
	% of NRLM/SGSY Groups to Total	39.65	40.00	43.74	45.61	43.65	46.87
	Of Total, NULM/SJSRY Groups	4.33	1071.81	4.46 (3.00%)	1006.22 (6.12%)	5.45 (22.42%)	1126.86 (11.99%)
	% of NULM/SJSRY Groups to Total	5.63	9.69	5.64	7.35	6.36	6.99
Loans Disbursed to SHGs during the year	Total No. of SHGs	16.26 (19.03%)	27582.31 (14.84%)	18.32 (12.67%)	37286.90 (35.18%)	18.98 (3.60%)	38781.16 (4.01%)
	Of Total, All Women SHGs	14.48 (25.69%)	24419.75 (16.07%)	16.29 (12.50%)	34411.42 (40.92%)	17.16 (5.34%)	36103.13 (4.92%)
	% of Women Groups to Total	89.05	83.53	88.92	92.29	90.42	93.09
	Of Total, NRLM/SGSY Groups	6.43 (28.45%)	9487.69 (27.26%)	8.16 (26.91%)	16785.78 (76.92%)	8.86 (8.58%)	17336.26 (3.28%)
	% of NRLM/SGSY Groups to Total	39.54	34.40	44.54	45.02	46.69	44.70
	Of Total, NULM/SJSRY Groups	1.05	1871.55	1.11 (5.71%)	2620.22 (40.00%)	1.06 (-4.5%)	2675.77 (2.12%)
	% of NULM/SJSRY Groups to Total	6.46	6.79	6.06	7.03	5.60	6.90
Loans Outstanding against SHGs as on 31st March	Total No. of SHGs	44.68 (6.46%)	51545.46 (20.06%)	46.73 (4.59%)	57119.23 (10.81%)	48.48 (3.74%)	61581.30 (7.81%)
	Of Total, All Women SHGs	38.58 (13.27%)	45901.95 (26.97%)	40.36 (4.61%)	51428.91 (12.04%)	42.84 (6.14%)	56444.24 (9.75%)
	% of Women Groups to Total	86.35	89.05	86.37	90.04	88.36	91.66
	Of Total, NRLM/SGSY Groups	18.46 (41.24%)	19752.74 (94.08%)	21.91 (18.69%)	26610.16 (34.72%)	24.91 (13.69%)	29994.43 (12.72%)
	% of NRLM/SGSY Groups to Total	41.32	38.32	46.89	46.59	51.37	48.71
	Of Total, NULM/SJSRY Groups	3.18	3462.62	3.13 (-1.57%)	3979.75 (14.93%)	3.18 (1.60%)	4133.29 (3.86%)
	% of NULM/SJSRY Groups to Total	7.12	6.72	7.00	6.97	6.55	6.71

(Figures in parentheses indicate increase/decrease over the previous year)

REGION-WISE STATUS OF BANK LOAN DISBURSED TO SHGs DURING THE YEAR

(Total loan disbursed in ₹ Lakh; Average loan disbursed in ₹/ SHG)

Regions	2014-15			2015-16			2016-17		
	No. of SHGs	Total loans disbursed	Average loan disbursed	No. of SHGs	Total loans disbursed	Average loan disbursed	No. of SHGs	Total loans disbursed	Average loan disbursed
North Eastern	18791	15795	84056	26037	21969	84375	28961	28421	98134
Northern	43848	42873	97777	38106	48298	126746	46567	57414	123294
Central	109231	110909	101536	84282	119067	141272	82012	67958	82864
Western	97341	117080	120279	112525	188632	167636	106825	148819	139311
Eastern	351800	329602	93690	412576	349489	84709	497063	473172	95194
Southern	1005227	2141972	213083	1158797	3001235	258996	1136692	3102332	272926
All India	1626238	2758231	169608	1832323	3728690	203495	1898120	3878116	204314

REGION-WISE STATUS OF BANK LOAN OUTSTANDING TO SHGs DURING PAST THREE YEARS

(Total Loan O/s in ₹ Lakh; Average Loan O/s in ₹/ SHG)

Regions	2014-15			2015-16			2016-17		
	No. of SHGs	Total loans outstanding	Average loan outstanding	No. of SHGs	Total loans outstanding	Average loan outstanding	No. of SHGs	Total loans outstanding	Average loan outstanding
North Eastern	176904	153970	87036	150860	88473	58646	143222	83160	58064
Northern	123041	72209	58687	154724	115907	74912	143905	91167	63352
Central	438216	248614	56733	434797	289590	66604	398411	221368	55563
Western	270718	198739	73412	258119	203462	78825	278097	208907	75120
Eastern	1069329	617046	57704	1130902	703767	62231	1343296	888561	66148
Southern	2389972	3863969	161674	2543219	4310725	169499	2541356	4664964	183562
All India	4468180	5154546	115361	4672621	5711923	122242	4848287	61581306	127017

NB: O/s = Outstanding as on 31 March of the financial year.

PROGRESS OF CREDIT LINKAGE TO SHGs IN INDIA, 31 MARCH

Year	No. of SHGs Credit linked (‘000)	Bank Loan Outstanding to SHGs		Year	No. of SHGs Credit linked (‘000)	Bank Loan Outstanding to SHGs	
		Total (₹ billion)	Average per SHG (₹ ‘000)			Total (₹ billion)	Average per SHG (₹ ‘000)
1993	0.3	0.00	11	2005	1618	68.99	43
1994	0.6	0.01	10	2006	2239	113.98	51
1995	2.1	0.02	11	2007	2895	123.67	43
1996	4.8	0.06	13	2008	3626	170.00	47
1997	8.6	0.12	14	2009	4224	226.80	54
1998	14.3	0.24	17	2010	4851	280.38	58
1999	33	0.57	17	2011	4787	312.21	65
2000	115	1.93	17	2012	4354	363.40	83
2001	264	4.81	18	2013	4451	393.75	88
2002	503	10.26	20	2014	4197	429.28	102
2003	717	20.49	29	2015	4468	515.46	115
2004	1079	39.04	36	2016	4673	571.19	122
CAGR (%) (1999 - 2016)					27.22	43.44	12.78

Source: Progress of SHG-Bank Linkage in India, NABARD, various issues;
and Status of Microfinance in India, NABARD, various issues.

Conclusion/Suggestions

Self-help groups are the micro finance initiative by government of the India. It is great step for the upliftment of the rural India. The government is providing its assistance for their proper functioning and bring transparency in these programmes. Bank linkage programme and digitization of these groups is a great initiative to way forward. Presently the system is working smoothly and shown great progress over the years. The number of self-help groups are increasing with the amount of their savings. The loan reimbursement amount have also shown a great increment but on the other hand the outstanding amount have also increased. Therefore it is suggested that these groups should work under proper regulatory framework to achieve great success and development of the rural India.

References

1. <http://www.cgap.org/blog/revitalizing-self-help-group-movement-india>
2. <http://pib.nic.in/newsite/PrintRelease.aspx?relid=92600>
3. <http://www.yourarticlelibrary.com/india-2/self-help-group/self-help-group-shg-of-india-meaning-need-and-objectives/66718>
4. <http://www.apsabangalore.org/project/self-help-group-shg/>
5. <https://www.nabard.org/auth/writereaddata/tender/1307174808Status%20of%20Microfinance%20in%20India%202016-17.pdf>
6. <https://www.elkjournals.com/microadmin/UploadFolder/962515.CHALLENGES-ISSUES-FOR-MICRO-FINANCE-IN-INDIA.pdf>