



# FINANCIAL PERFORMANCE OF NABARDS IN THE PROGRESS OF SHG-BLP MICRO CREDIT PROGRAMME

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**Abstract:** NABARD is the institutions which organize rural and agricultural credit for rural and agriculture development. In the year 1992, NABARD launched innovative poverty alleviation + Financial Inclusion + Women Empowerment programme popularly known as Self-Help Groups – Bank Linkage Programme (SHG-BLP). SHG-BLP significantly performs in the development of poor especially women who were most deprived class in the society. This paper focus the financial performance of NABARDS in SHG-BLP. It includes saving, loan disbursement, o/s loan and NPA of SHG-BLP. Results shows the significant performance of NABARDS in the SHG-BLP saving and credit function is satisfactory. It is suggested that, credit under SHG-BLP must be channelize towards income generating activities which is necessary for economic development of poor women and their families.

**Key Worlds :** NABARDS, SHG-BLP, Micro Credit, Saving, Credit, NPA

## Introduction:

Economic development is an important objective of Govt. of India. Govt. of India and RBI have taken lots of initiatives for economic development. But same time there are number of challenges in front of government for economic development like poverty, agriculture development and rural development. Because economic development should be sustainable development. Under sustainable development, it is necessary to look after last elements of the nation. So, without development of poor or poverty reduction, economic development is one side development. (Shah & Soni, 2022) stated that NABARD plying important role in the development of rural India. Rural India is important segment for Govt. of India. Considering all these things Govt. of India and RBI set up NABARD institution for rural and agricultural development in the year 1982. NABARD playing significant role in the development of rural India and agriculture India. Poverty reduction is one of the challenging phenomena in front of Govt. of India. For this purpose, NABARD launched one innovative poverty alleviation through financial inclusion programme in 1983 i.e. Self-Help Group – Bank Linkage Programme (SHG-BLP). SHG-BLP is the world largest micro credit programme which significantly impact on financial inclusion, women empowerment, poverty alleviation in India. (NABARD, 2020) stated that, “It covered near about 12 crores household with 102 lakhs SHGs”. NABARD provide financial support and facilitator of SHG-BLP. Present paper is focused on financial performance of NABARD in the progress of micro credit programme in India.

**Statement of Problem:**

SHG-BLP is the important micro credit programme of NABARD which playing important role in poverty alleviation, financial inclusion and women empowerment. SHG-BLP is important weapon for the development of poorest of the poor through providing financial services. SHG-BLP helps in increase the living standards, social participation, income generating activities and sustainable development. NABARD provide refinance to SHG-BLP through partner's channel. Partner channel include public sector banks, private sector banks, cooperative banks and regional rural banks and other micro finance institutions. It is necessary to analysis that NABARD has provide refinance to SHG-BLP and what quantum. Considering these things, it is necessary to check out performance of NABARD in the progress of SHG-BLP.

**Scope of the Study:** (Shah & Soni, 2022) stated the that, "the role of financial institutions and banks are vital but our formal banking system ignore the poorer from financial services. NABARD has made available finance to those section of the society who were financial excluded from formal banking sector". So, this is the scope of present study that how NABARD perform vital role in providing finance to the poor people especially women who are 50% of the population but most deprived section of the society. Apart form these NABARD provide finance to various schemes for rural development, various schemes for agricultural development and many more developmental activities. But present study is only focused on finance provided for SHG-BLP under micro credit programme. Other finance provided by NABARD is not considered in this study. The period of study is limited for 2011-12 to 2018-19 only. Other period is ignored for study. So, this the scope of present study under consideration.

**Objectives:**

1. To study the savings under SHG-BLP of women SHGs.
2. To study the Loan distribution under SHG-BLP.
3. To study the O/s Loan under SHG-BLP.
4. To study the NPA under SHG-BLP

**Research Methodology:**

Present study is based on analysis of data. So, Analytical methodology has been used for present study. Data for research were collected from secondary method. Secondary data were collected from official websites of NABARD. Also, various reports and journal articles were used for presentation of data. Data were analysed by using graphs with the help of Microsoft excels.

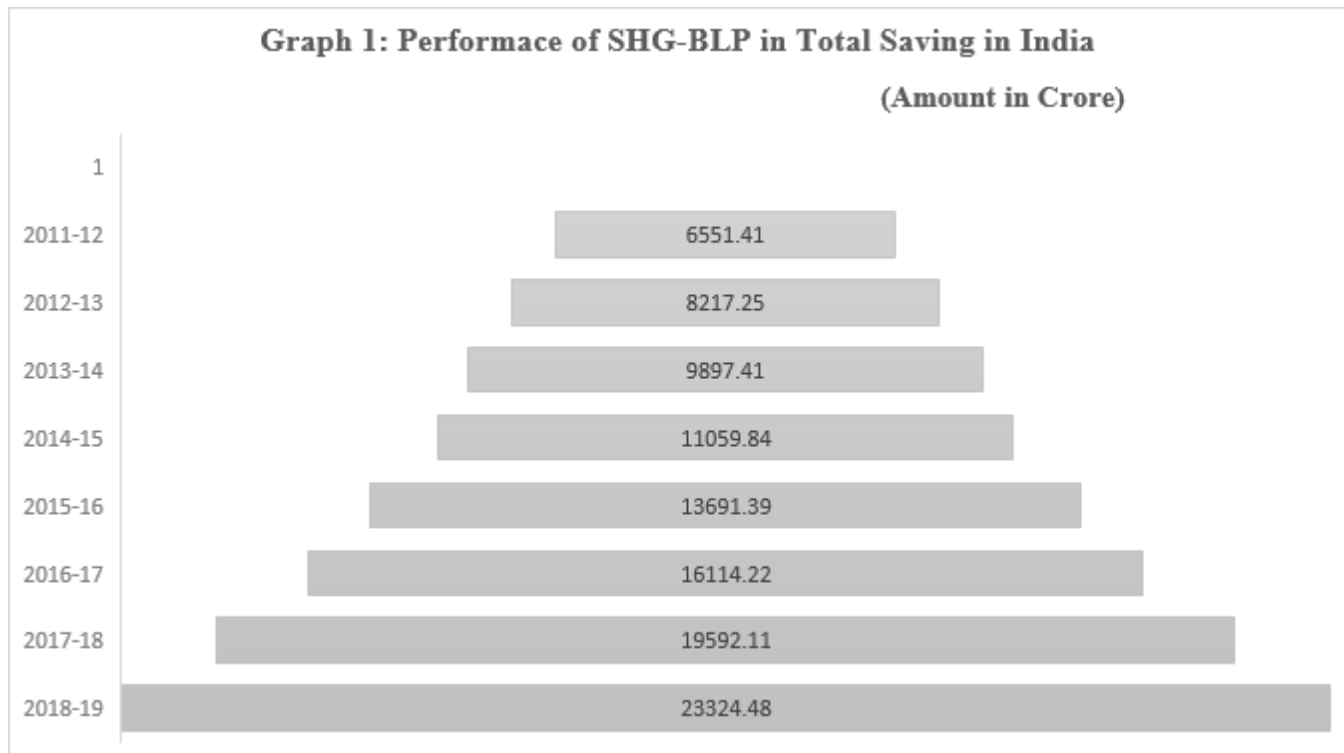
**Review of Literature:**

(Shah & Soni, 2022) have stated in their study that, "NABARD provides credit for various sector including rural development, agricultural development, allied services, micro and medium business enterprises, SHGs. NABARD always look that rural finance as priority sector for sustainable development. Also stated that SHG should focus on specific income generating activities". (Bishnoi, 2018) stated in his study that "NABARDs role in rural development is very wide and it helps in improve the quality of life of rural poor people. Awareness programme should be conduct for know more about NABARDs schemes and programme to the public and beneficiaries". (MISHRA, 2015) stated in her study that, "India is the country of village and most of the population live in rural India. NABARD has significantly provided credit in rural area for priority sector for rural development and suggested that NABARD should make more provision for rural credit for the development". (Dr.K.V.S.Prasad, 2017) stated in his studies that, "SHG-BLP covered rural poor especially women through financial inclusion. This programme is mostly participated widely programme for providing micro credit". (Radhaakrishnan, & Dr. Shenbagaraman, 2017) stated in their studies that "NABARD played important role in capacity building and refinance through various banks for priority sector and SHG-BLP. It widely spreading the micro finance activities in India". (Vijeta, 2019) stated in her studies that, "Micro finance is mostly distributed by two models i.e. SHG-BLP and MFI-BLP. SHG-BLP associated with saving credit function by members of SHGs. SHG-BLP is biggest programme because it touches the boundaries of most of poor and women". (Patgiri, Deka, & Sonowal, 2022) stated in their studies that "NABARDs SHG-BLP model

finance to weaker section of the society. In Assam saving and loan impact on more income activities but also negatively impact on increase in NPA”.

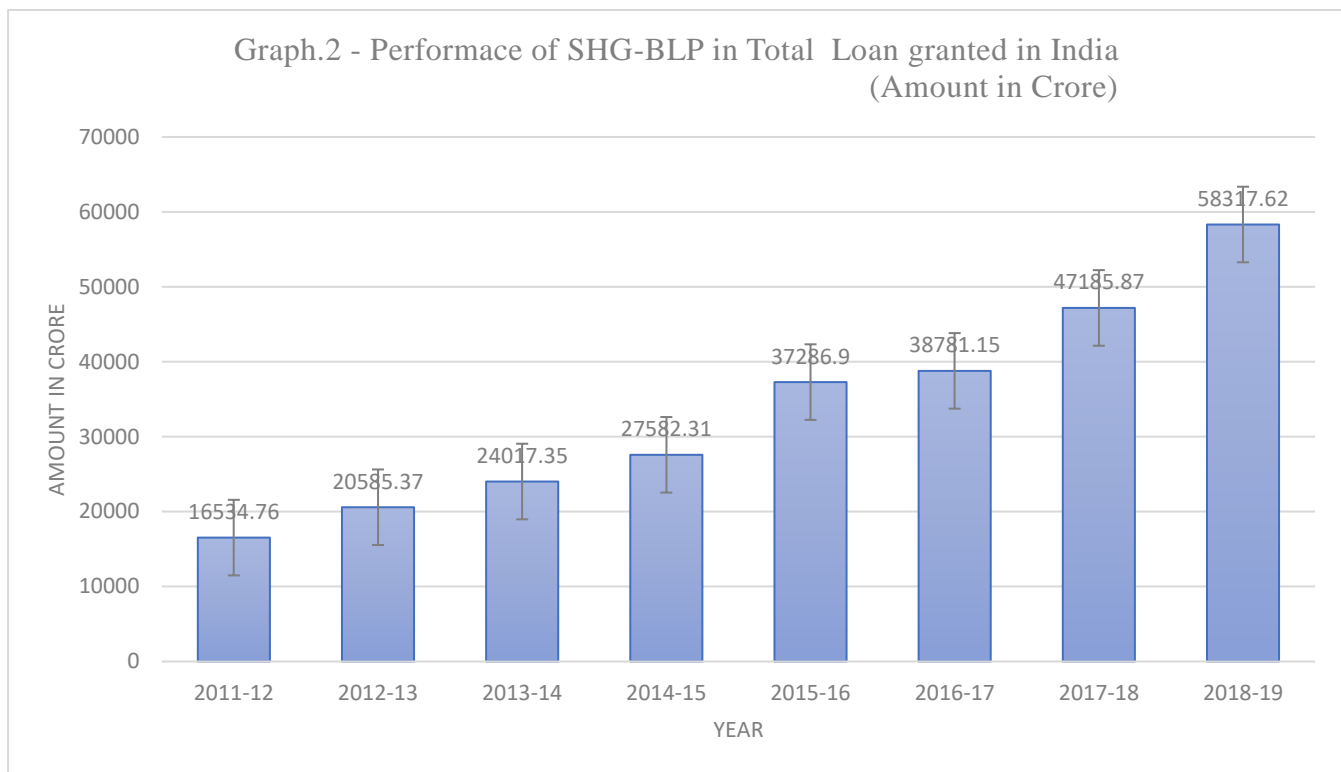
### Results and Discussion:

For the purpose of execution of result, statistical data is collected from annual reports on Micro Credit Status of NABARD from 2011-12 to 2018-19 as follows.



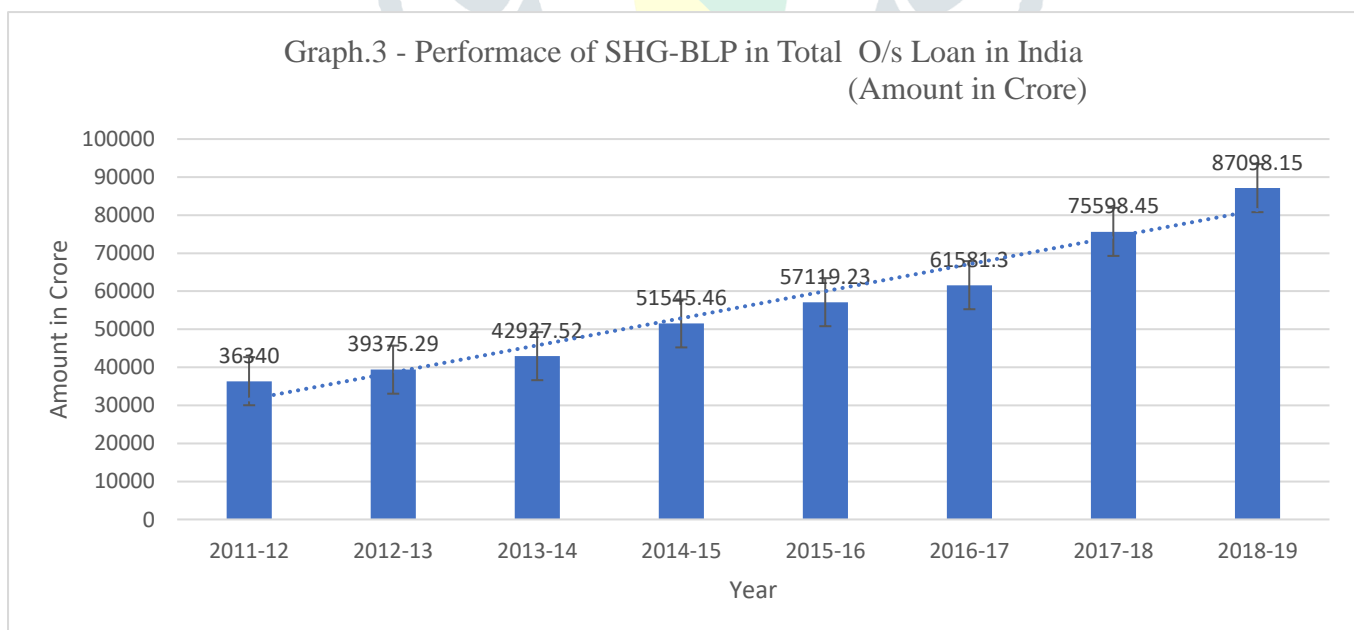
*Data Source: Annual reports of NABARDs on Micro Credit Status during 2011-12 to 2018-19*

Above **Graph.1** about performance of SHG-BLP in total saving deposited with SHGs from its members in bank accounts during 2011-12 to 2018-19 showed the increasing trends significantly. In the 2011-12 total saving of NABARDs SHG-BLP has ₹.6551.41 crores which is increased up to ₹.8217.25 crores in the year 2012-12. The increasing rate was increased by 25.42%. Similar trends showing during whole period. It has increased up to ₹.23324.48 Crores in the year 2018-19 which was increased near about four time more than 2011-12. The above results showed the savings are rapidly increased under SHG-BLP and showing positive sign in each year.



**Data Source:** Annual reports of NABARDs on Micro Credit Status during 2011-12 to 2018-19

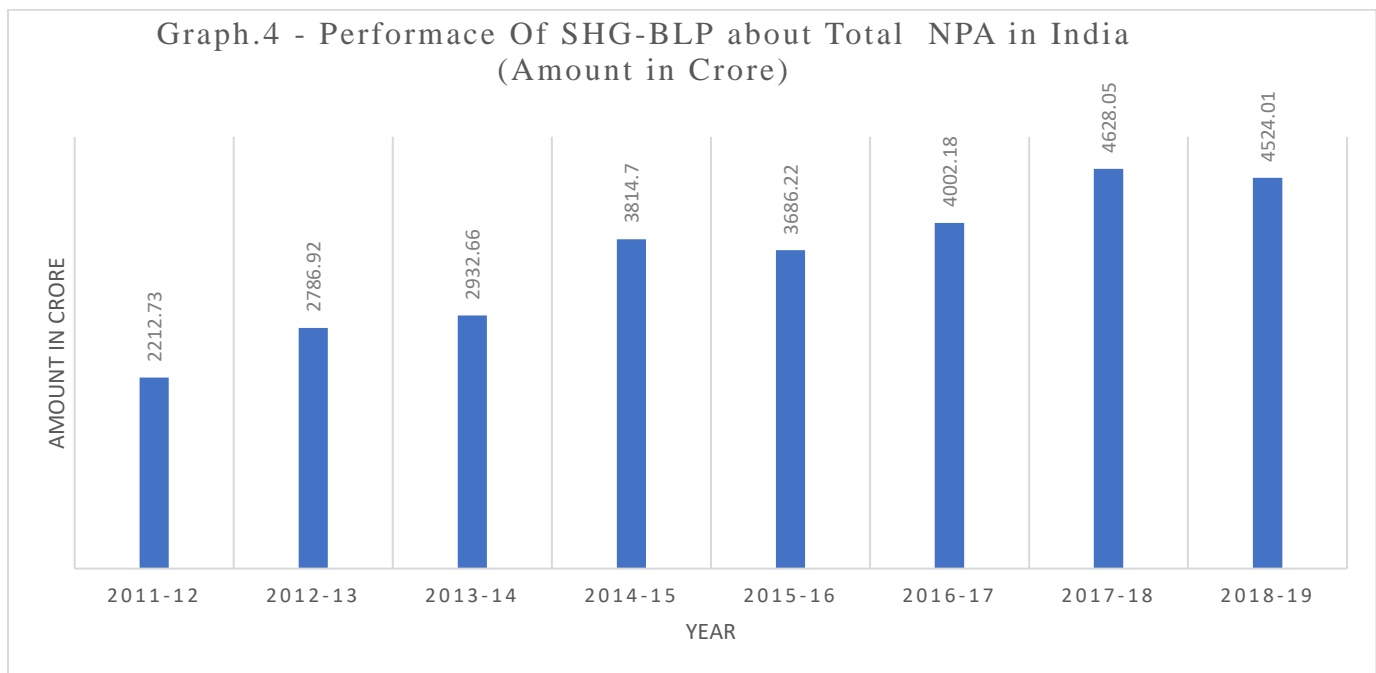
Above **Graph.2** showed result about performance of NABARDs SHG-BLP in total loan granted in India to SHGs during 2011-12 to 2018-19. It is observed that performance showing increasing trends in loan distribution by NABARD under SHG-BLP. In the year 2011-12 total loan refinanced by NABARDs of ₹.16534.76 Crores which was increased up to ₹.20585.37 Crores in next year i.e., in 2012-13. It was increased by 24.49% in 2012-13 as compared to 2011-12. Similarly in each year it showing consistently increasing trends. In the year 2018-19, it was increased up to ₹.58317.62 Crores which showing highly increased by 3.52 times more than 2011-12. So, overall results in case of loan distributed under SHG-BLP has significantly increased year after year which is useful to group members for consumption as well as productive purpose by starting income generating activities.



**Data Source:** Annual reports of NABARDs on Micro Credit Status during 2011-12 to 2018-19

Above **Graph.3** about performance of SHG-BLP in total o/s loan with SHGs during 2011-12 to 2018-19. The result showed that in the year 2011-12 total cumulative outstanding loan amount with SHG members of ₹.36340 Crores which has increased up to ₹.39375.29 Crores. Outstanding amount is increased in each year is showing low repayment of loan by SHG members but same time it was increased due to increased loan granted amount by NABARDs under SHG-BLP. It was increased up to ₹.87098.15 Crores in the year 2018-

19 which is more than double of 2011-12. It is necessary to make control over outstanding loan amount because it directly impacted on NPA amount.



*Data Source: Annual reports of NABARDs on Micro Credit Status during 2011-12 to 2018-19*

**Graph. 4** about performance of SHG-BLP about total non-performance assets in India during 2011-12 to 2018-19. The result showed that, NPA has increased from ₹.2212.73 in 2011-12 up to ₹.4524.01 in 2018-19. It is increased but it was increased due to increased in outstanding loan. O/s loan amount also increased due to increasing trends in loan granted is showing increasing in NPA due to increasing in loan granting.

#### Findings:

1. It is observed that, saving amount of members of SHGs has been increased significantly under SHG-BLP of NABARDs. Saving is increased more than 4 times in the year 2018-19 as compared to 2011-12. It indicates that, saving habits significantly increased among SHG members after joining SHG-BLP.
2. It is observed that, loan disbursement is also increased after joining SHG-BLP. In the year 2018-20 it was increased four times more than 2011-12. It indicates that, loan disbursement from NABARDs for SHG-BLP is satisfactory which leads to increase financial inclusion and financial services to the poor specially women who were mostly disadvantaged section of the society from banking services.
3. It is observed that, outstanding loan amount is also significantly increased after joining SHG-BLP. The main reason behind increase in outstanding loan amount is increasing loan amount and decreasing repayment of loan from SHG members. But as compare to other loan borrowers of the financial institution.
4. It is observed that, non-performing assets were increased year after year regarding SHG-BLP. The main reason in increasing NPA is to increasing loan disbursement and outstanding loan amount. As compared to other NPA of financial institutions, NPA in case of SHG-BLP is very low. It indicates significant result of SHG-BLP on controlling NPA. This is remarkable things that, loan disbursement to SHG members is collateral and without guarantee but even it shows better result.
5. Repayment performance of SHG-BLP is satisfactory.

#### Suggestions & Conclusion:

SHG-BLP is the innovative and powerful programme for financial inclusion, women empowerment and poverty alleviation. It became milestones in the development of poorest of poor especially women. It is suggested that, to make proper control over loan disbursement under SHG-BLP. It is necessary to keep in mind that, the loan should be mostly used for income generating activities rather than consumption purpose. Because after completion of 30 years of this programme still most of the SHGs perform only saving and loan disbursement functions rather than income generating activities. Loan should be diverted for the purpose if

income generating activities. It also necessary to make control over outstanding loan amount which directly impacted on increasing the NPA. Overall performance of NABARD in SHG-BLP in terms of saving, loan disbursement, outstanding loan amount and NPA is satisfactory.

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