



Progress of Self-Help Groups-Bank Linkage Programme with the respect of Public Sector Commercial Banks: A Comparative Study of SBI and PNB.

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ABSTRACT

NBFCs and RRBs are the primary players in this industry, with prominent approaches including SHGs (Self Help Groups) and SBLP, among others. Microfinance is an economic activity that deals with small scale financial services such as issuing loans and collecting funds for small size industries. This study looks at total micro financial intermediaries in India on a regional level, such as the south, west, and east, with a focus on two public sector commercial banks SBI and PNB . Microfinance is a well-established financial system in India that functions as a disbursement and collection method for small-scale funding. Due to a lack of banking channels in rural and isolated areas, a huge number of informal financial intermediaries, particularly Microfinance, have sprung up to operate as a bank's proxy. It focuses on the rural economy and serves as a means of bringing people from the poorest sections of society into the legitimate financial system by making comparative study of SBI and PNB, reducing the spread of spurious financial services. SHGs are being promoted by banks through the SHGs-BANK linkage PROGRAMME and the DRDA under the NRLM. The research was carried out utilising an exploratory research method and data gathered over a five-year period from diverse secondary sources.

Keywords: MFIs, Self Help Groups, Saving of Bank- Linked SHGs, Loan Disbursement to SHGs and Loan Outstanding against SHGs.

Introduction

The concept of "SHG-BLP" has developed as a cost-effective mechanism for providing financial services to the unreachable and underserved poor households based on the findings of numerous research studies and an action research project conducted by NABARD. In terms of clientele and reach, what began as a trial initiative in 1992–1993 to connect 500 SHGs of the underprivileged with official financial institutions has grown into the biggest microfinance programme in the world. The SHGs that adhere to the "Panchsutras," which include holding regular meetings, saving regularly, internal lending depending on member demand, repaying loans on time, and maintaining accurate books of accounts, are thought to be of high calibre and have proven themselves over time.(Source: NABARD). A significant part of the NGO sector's activities as a Self Help Group Promoting Institution (SHPI) has been organising, supporting, and facilitating SHGs' credit linkages with banks. Later, NABARD adopted several more organisations as SHPIs, including Farmers' Clubs (FCs), SHG Federations, Individual Rural Volunteers (IRVs), and rural financial institutions (RRBs),

DCCBs, PACS). Through the use of promotional funding assistance from NABARD, these stakeholders were encouraged to take up the promotion of SHGs. With nearly 100 million households in the nation being served, this savings-led microfinance approach has now grown to become the world's largest coordinated financial inclusion programme. With more than 84 percent of the groups consisting solely of women, the programme has given the country's women the much-needed boost toward empowerment.(Source: nabard.org) .India created the SHG-Bank Linkage Model (SHG-BLM) to deliver microloans through the extensive rural banking network. According to this paradigm, informal SHGs have credit relationships with established financial institutions. In terms of the quantity of borrowers and loans outstanding, the SHG-BLM has emerged as a dominating model. The SHG-BLM is extremely appropriate for the Indian setting because of the extensive rural bank branch network. To help lower transaction costs for both the banks and the rural clients, the programme uses SHGs as an intermediary between them and the needy in rural areas.

The current research makes an attempt to evaluate the state of microfinance in this setting by trend-analyzing the three criteria of saving amount, loan amount, and outstanding amount.(Harika and Ramakrishna,2017). The SBL delivery mechanism, which was developed and launched by NABARD in 1996, is exclusive to India. In terms of coverage, the SBL programme is regarded as the largest microfinance programme in the world (RBI, 2009). An SHG typically has 12–15 members, according to NABARD. They are basically a homogenous socioeconomic group and are prepared to solve their shared issues. Small, collective savings are loaned out among the group members on a rotating basis. They maintain track of these transactions, and if they are certain that they can manage higher amounts of credit, they approach banks to request a sizable loan. An SHG is thus in fact "connected" to the banks and, in turn, to the primary credit market(Sarkar, S., & Chattopadhyay, S. (2021)). SBL programme covers around 113 million families with a total number of 8.744 million SHGs. The gross loan outstanding is `755,980 million and the total loan disbursed is `471,860 million. The average loan outstanding and loan disbursed per SHG is thus `150,584 and `208,683 respectively. 4.184 million SHGs have been linked to banks through NRLM and 2.793 million NRLM groups had credit outstanding of 382,253 million till 2018(Sa-Dhan ,2018).

REVIEW OF LITERATURE

Many authors have explained microfinance and its related issues in various journals, publications, and research papers (Apana Ramalingam, 2015; Namrata Acharya, 2014; Ignacio Mas et al., 2012; APEC, 2011; Kenny Kline & Santadarshan Sadhu, 2011; Manoj K. Sharma, 2011; John D Conroy, 2003). The majority of the authors discussed theoretical aspects of microfinance, as well as their products and services, SHG-based Microfinance models, and so on. There have been numerous literature studies on microfinance, particularly in the Indian context. Some of the most important studies are specifically explaining here based on the objectivity of the study to justify the relevance of this topic, followed by research gaps and questions.

Rangarajan, C (2008) SHGs, SBLPs, BCs, RRBs, Local Area Banks, MF-NBFCs, Use of PACS and other Primary Cooperatives as Business Correspondents, Technological Applications in the Field of FI, Micro-Insurance, and other financial inclusion initiatives were examined in terms of their theoretical and overall success. The report looked at household indebtedness and non-indebtedness by region. The committee advised that product innovation in areas such as savings, credit, and insurance, as well as the creation of a Financial Inclusion Promotion and Development Fund and expanding the reach of the microfinance programme, be used to reach out to the underserved. There is a need for more microfinance initiatives to be deepened and scaled up. Credit, savings, insurance, and payment & remittance services are among the different financial services available.

Vishal Vivek Jacob (2011) Through an online survey and field visits, we surveyed all MFIs in the state of Uttar Pradesh. According to the poll, microfinance is not merely an institutional system for giving microcredit to the

poor; it is also an economic growth tool whose ultimate goal is to help the poor and needy get out of poverty. It comprises financial services such as savings, insurance, credit, and remittance, as well as non-financial services such as training, agency services, and counselling. Commercial banks, regional rural banks (RRBs), cooperative societies, and other institutional lenders have recently played an important role in providing loans and refinancing to Micro Finance Institutions..

Report (2014) conducted a detailed study on SHGs and discovered that over 74 lakh SHGs accounted for Rs.9,897 crore in savings deposits with the bank (as on 31 March 2014). During 2013-14, the number of savings-linked SHGs increased by 1.5 percent (1.12 lakh) over the previous year. During the same period, bank savings deposits increased by 20.4 percent (Rs.1,680 crore). It takes on even more significance when you consider that SHGs spend about 70% of the savings they collect from members for internal loans. In comparison to the previous year, loan disbursement to SHGs increased by Rs. 3,432 crore (16%) in 2013-14. During 2013-14, south region itself has 8.75 Lakh SHGs financed by Banks whereas the overall SHGs account for 13.66 lakh across the Indian regions.

Sa-Dhan. (2015) The Indian microfinance sector is highly active, with exponential growth, and is claiming its rightful role in financial inclusion, according to the report. It was demonstrated by the fact that eight MFIs gained RBI approval for Small Finance Banks, with one MFI currently operating as a universal bank. On a policy level, in 2015, the Union Finance Minister announced a lending bank called Micro Units Development Refinance Agency (MUDRA), which would be a refinancing and regulating agency for micro-enterprise funding. The sector would be strengthened and stabilised as a result of this. In addition, this study examined MFIs and SHG programmes in depth.

Nikodemus Herger et al. (2016) conducted a comprehensive study in 2016 on the qualitative and quantitative image of the microfinance sector, including qualitative interviews, macroeconomic forecasting, and quantitative extrapolation. Microfinance is envisioned as a highly dependable financial service for those who do not have access to official financial services. India, Bolivia, Cambodia, Kenya, Ghana, Costa Rica, Azerbaijan, Mongolia, Paraguay, Armenia, Tajikistan, Peru, Ecuador, Kyrgyzstan, and Georgia have the world's largest microfinance markets. With a forecasted rise of 30% in 2016, Asia Pacific remains the world's fastest-growing microfinance hub. There are an estimated 10,000 microfinance institutions (MFIs) in the globe, but only around 500 MFIs would meet the eligibility criteria in terms of their business model's long-term viability. In India, microfinance accounts for 7.5 percent of GDP.in 2016.

NABARD report (2018-22) gathered statistics on microfinance from progress reports filed by Commercial Banks, Regional Rural Banks, and Cooperative Banks, as well as NABARD Regional Offices and other stakeholders. The report includes detailed information on the SHG-Bank Linkage Program, including the number of SHGs that are savings/credit linked, loans disbursed/ outstanding, recovery performance/ NPA position, progress in JLG financing, bank loans to MFIs, and a summary of NABARD's various initiatives for the sector's overall development. The paper also details NABARD's support for land leasing projects led by small groups of women in Joint Liability Groups (JLGs), including initiatives such as the Kerala government's "Kudumbashree."

OBJECTIVE

1. To analyse the reach of India's Bank Linkage with SHGs
2. To assess the SHG-Bank Linkages Program's progress with the respect of saving of SHGs linked with banks , Loan Disbursement to SHGs and Loan Outstanding against SHGs.

RESEARCH METHODOLOGY

Research methodology is a way to solve the problem comprehensively. It is a arrangement for conducting research. In this we describe various steps that are grasped by the researcher.

“All progress is build-in of inquiry. Doubt is often better than overconfidence, for it leads to inquiry and inquiry leads to invention.”

The current research is based on secondary data, and the study's time frame is 2018-19 to 2021-22. Secondary data was gathered through NABARD (status of micro finance in INDIA)reports, books, journals, newspapers,

published literature, websites, and yearly reports, among other sources. Ratio analyses, percentages, and compound growth were used to tabulate and analyse the data.. All of the variables in inferential testing are metric.

Period of the study

For assessing the growth and progress of SBLP, Data is collected from 2018-2022 and analyzed. For assessing the impact SBLP on SHG- member households, secondary data is collected with help of annual report of NABARD Related to Microfinance growth and SHGs-Bank Linkage Programme during 2018-19,2019-20,2020-21 and upcoming 2021-22(established).

Data Analysis And Result Discussion

The overall number of Self Help Groups in India has been assessed using several metrics. The following table lists the savings accounts, quantity of savings, loan outstanding accounts, amount of loan outstanding, loan accounts, and amount of loan disbursed by various agencies.

TABLE 1.1 discusses the saving linked shgs with banks(i.e. SBI and PNB) including no. of SHGs and SAVING Amount, Firstly which is categorized with using the hierarchy total to exclusive Women SHGs and out of total-under NRLM/SGSY scheme and under NULM/SJSRY Scheme.**FIGURE “A”** Shows its graphically representation of SHGs distribution among total to specific Scheme. As it can easily be seen SHGs saving linked with banks with SBI is more than the PNB banks comparatively. If it is noticed yearwise firstly from year 2018-19 to 2019-20 it declines then increase highly increases in 2020-21 and then again increases in 2021-22.Same in the case of PNB also.

Amount in lakhs

Particulars	Saving								
	No. Of Shgs	2018-19		2019-20		2020-21		2021-22	
		SBI	PNB	SBI	PNB	SBI	PNB	SBI	PNB
Details of SHGs Saving linked with banks	No. Of Shgs	1124105	207492	1068931	239310	1295584	580836	1404295	654381
	Amount	278137	44825.71	339463	60564.87	14268	125737.7	507309	267454.7
Out of Total SHGs Exclusive Women SHGs	No. Of Shgs	996951	64744	951019	233767	76062	557793	1251952	645794
	Amount	255449	15144.12	313013	58962.38	11701	122837.2	464612	266385.7
Out of Total SHGs - Under NRLM/ SGSY Scheme	No. Of Shgs	685703	962	823047	1027	71424	299294	1132603	533555
	Amount	166882	285.2	310964	392.32	11700	59305.66	458274	224227
Out of Total SHGs - Under NULM/SJSRY Scheme	No. Of Shgs	89089	4	74077	67			97392	36929
	Amount	22069	0.62	14247	18.37			24046	10988

TABLE 1.1

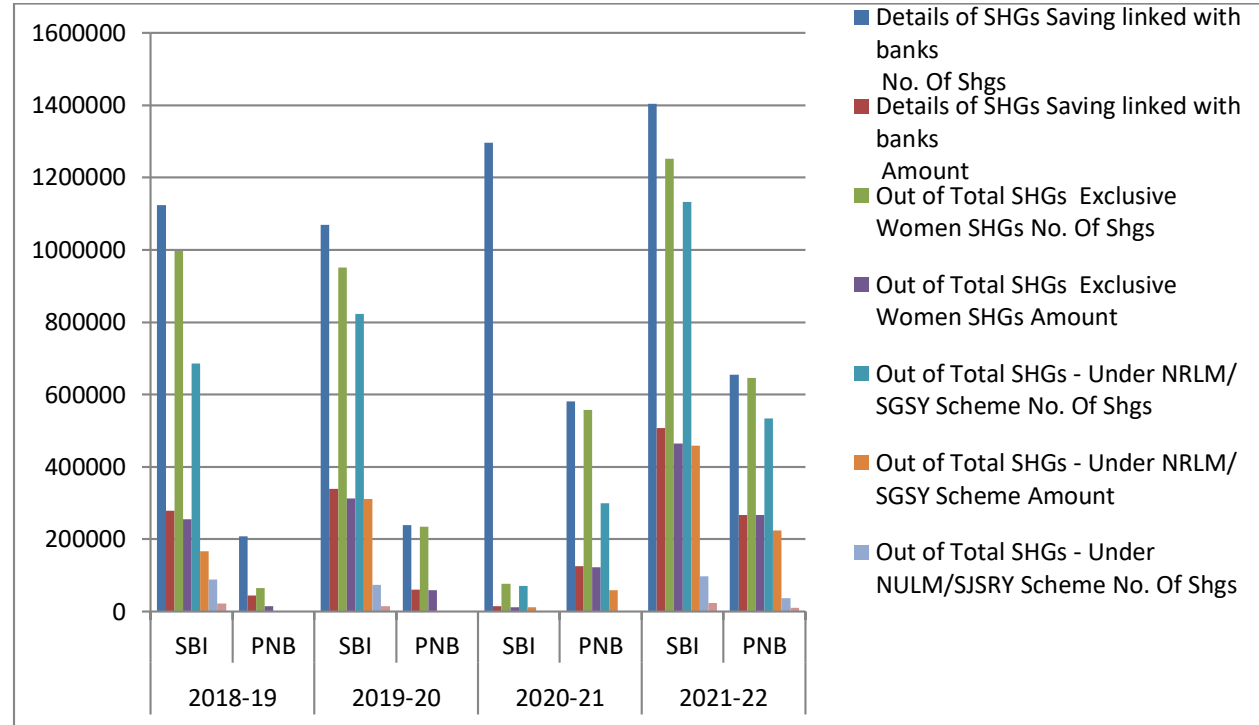


FIG.A

TABLE 1.2 Shows the Loan Disbursement of SBI and PNB Firstly which is categorized with using the hierarchy total to exclusive Women SHGs and out of total- under NRLM/SGSY scheme and under NULM/SJSRY Scheme. Fig. “B” discuss it graphically loan credited to the members is comparatively very high in the 2019-20 during COVID pandemic period in SBI BANK, Then slightly less in 2021-22 , then 2018-19,and comparatively very less loan distribution in the year2020-21 in case of SBI. If we discuss about the PNB very high in 2021-22, then slightly less in 2020-21, then in 2019-20 and least in the year 2018-19.

Amount in lakhs

Particulars	Loan Disbursed								
		2018-19		2019-20		2020-21		2021-22	
		SBI	PNB	SBI	PNB	SBI	PNB	SBI	PNB
Details of SHGs Saving linked with banks	No. Of Shgs	173544	75897	507802	84363	178202	130053	187005	259710
	Amount	503212	67498.88	1830551	89310.68	388375	145681.2	812308	359695.3
Out of Total SHGs Exclusive Women SHGs	No. Of Shgs	169649	34080	497064	82917	174624	127070	183342	259710
	Amount	491627	28273.48	1791168	88010.75	380069	143405.1	795595	359695.3
Out of Total SHGs - Under NRLM/SGSY Scheme	No. Of Shgs	147629	48906	439210	55769	135859	21283	143912	185168
	Amount	345543	42971.33	1791077	58509.97	271411	44213.26	639837	257678
Out of Total SHGs - Under NULM/SJSRY Scheme	No. Of Shgs	966	439	1502	4742	875	2517	1248	14366
	Amount	3557	432.41	1782	6121.18	799	4414.2	1204	19402.56

TABLE 1.2

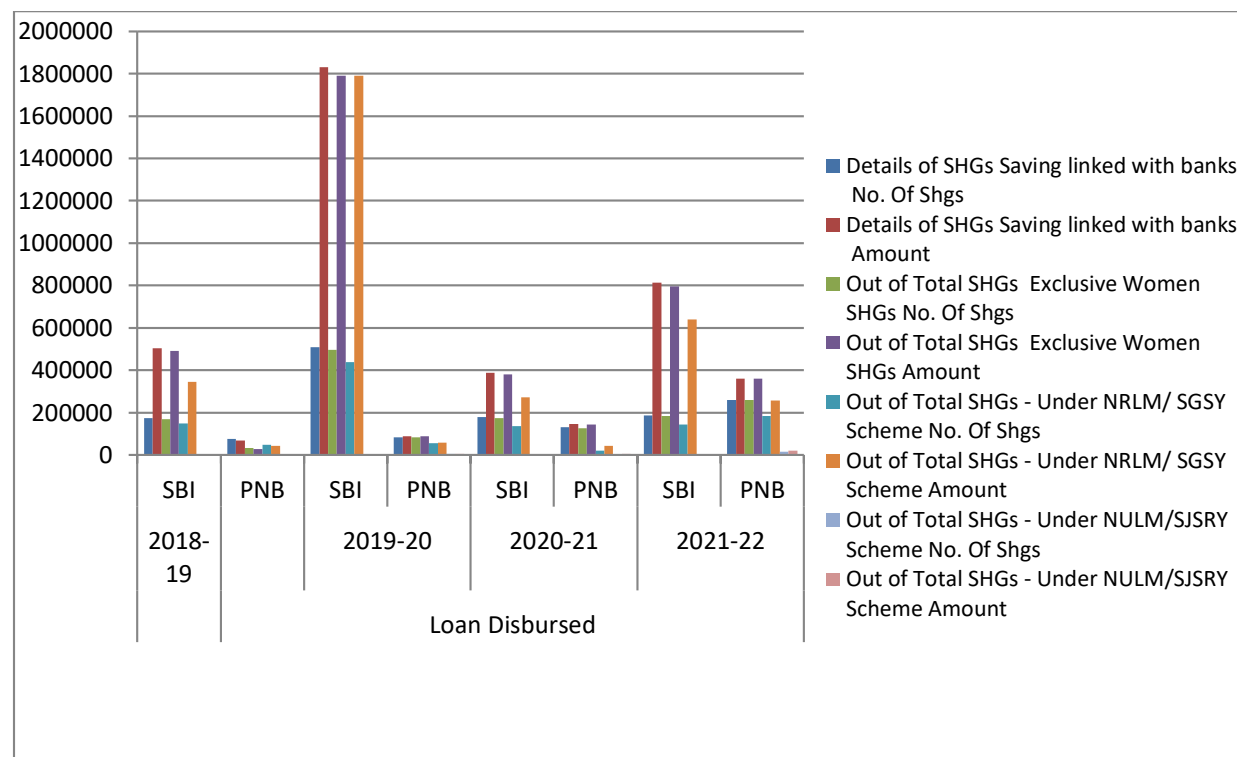


FIG.B.

Table 1.3 shows the details about loan outstanding of no of SHGs members and their loan amount from 2018-19 to 2021-22. Fig. “C” discuss the graphically representation of Credit outstanding of SHGs. In case of SBI loan outstanding is maximum in 2021-22, then 2019-20, then 2020-21 and minimum in 2018-19. On the other hand credit outstanding is continuously increasing from 2018-19 to 2021-22.i.e. max. in 2021-22 and minimum in 2018-19

Amount in lakhs

Particulars		Loan Outstanding							
		2018-19		2019-20		2020-21		2021-22	
		SBI	PNB	SBI	PNB	SBI	PNB	SBI	PNB
Details of SHGs Saving linked with banks	No. Of Shgs	609335	101121	707958	109998	783339	382442	856955	366461
	Amount	1264124	101776.8	2263809	126754.8	1766220	341157.7	2396858	487478.1
Out of Total SHGs Exclusive Women SHGs	No. Of Shgs	552322	44136	692384	107874	765926	372976	838864	366461
	Amount	1140331	44157.26	2213368	124366.8	1727338	332338.1	2344954	487478.1
Out of Total SHGs - Under NRLM/SGSY Scheme	No. Of Shgs	507849	54184	595553	63727	698349	61800	787459	255615
	Amount	1063540	53770.86	1921020	72819.23	1532209	57928.63	2089009	350092.6
Out of Total SHGs - Under NULM/SJSRY Scheme	No. Of Shgs	18268	477	20668	5127	22875	7641	10460	22291
	Amount	43795	600.15	76557	6971.05	60331	10935.52	32618	27796.54

TABLE1.3

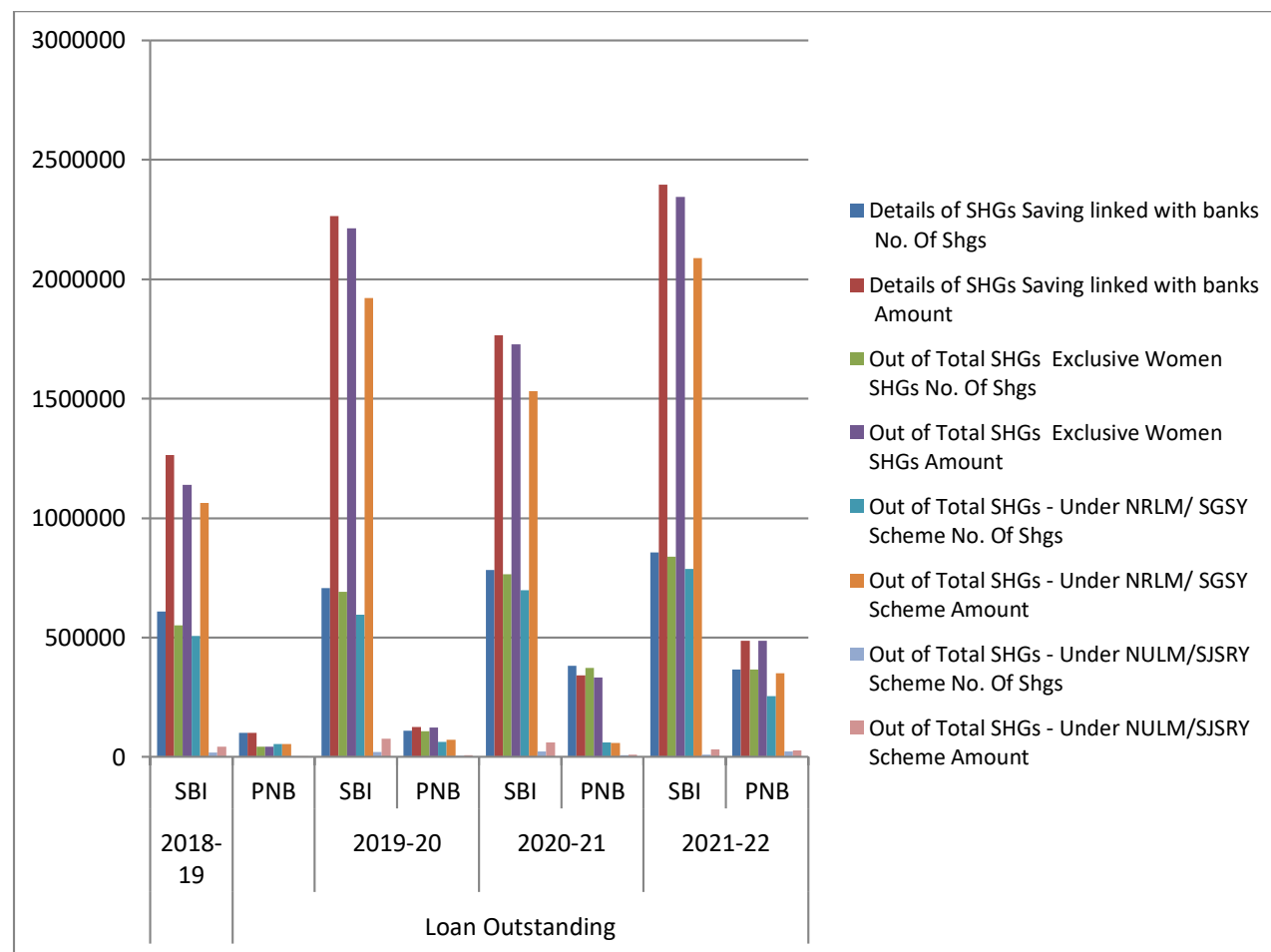


FIG. C.

CONCLUSION

In India several banking and non-banking entities have been tasked with providing the necessary loans to the rural poor on a regular basis. In India, commercial banks, regional rural banks (RRBs), cooperative banks, and other large lenders have all played a key role in providing SHGs with refinancing options. Commercial(Public) banks play an essential role in the creation and growth of SHGs in India, according to the report. The study discusses the record SBI and PNB regarding saving, loan distribution to SHGs Members and their loan outstanding. It was discovered that saving linkage with banks is minimum in 2019-20 i.e. COVID Pandemic Period and maximum in 2021-22 in both cases.If we talk about laon disbursement SBI has issued loan maximum in 2019-20 and minmum in 2020-21, PNB issued loan to SHGs maximum in 2021-22 and minmum in 2018-19.If it is discussed about the loan outstanding then maximum in 2021-22 and minimum in 2018-19 in both cases SBI and PNB.

Microfinance is widely regarded as one of the most important mechanisms for financial inclusion and as a flagship programme for poverty reduction. Apart from traditional SHG and JLG programmes, new paths have opened up in the Microfinance sector as a result of banking initiatives, such as Business correspondent programmes, SHG-Bank linkage programmes, and so on. Furthermore, the federal and state governments played important roles in establishing refinancing and regulatory authorities like as MUDRA to ensure the sector's validity and credibility.

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