ABSTRACT

This paper analyses the performance of the SHG-Bank linkage programme in India since its inception. It is found out that the implementation of the SHG-Bank linkage programme in India helped to bring 32.98 million poor families within the fold of formal banking services. The share of the women self-help groups in the cumulative number of the SHG linked with banks as on March 2006 constitutes 90 per cent. The SHGs concentrated in five states, namely, Andhra Pradesh, Tamil Nadu, Karnataka, Orissa, and Uttar Pradesh dominate the SHG-Bank linkage programme both in terms of number of the SHGs linked and the bank loan availed. The region wise analysis clearly shows that the Southern region alone accounted for 54.32 per cent and 75 per cent of the SHGs linked and the bank loan disbursed respectively. Of the different banking groups involved in the SHG-Bank linkage programme, the Commercial Banks occupy the leading position and it account for more than 50 per cent of the loan amount disbursed to the SHGs followed by the Regional Rural Banks (RRBs) and Co-operative Banks.

Introduction

After the independence, the institutional credit mainly to the rural poor and the agriculture sector was considered to be a powerful instrument of enhancing production and for alleviating poverty. The Co-operative was chosen as the vehicle for providing credit to the farmers and the rural poor. The cooperatives which were perceived as the sole vehicle for rural credit failed to produce desired results and therefore in 1969 major commercial banks were nationalised to shift their focus from the urban areas to rural areas. After the nationalisation of major commercial banks in 1969 and 1980 there has been an aggregate programme for improving the access of the rural poor to formal credit system. At the same time, it has been the experience of many developing countries including India that the formal credit institutions have not been able to reach the rural poor because of several factors including viability and lending risk (Dodkey 1999).

The access to credit for the poor from conventional banking is often constrained by lack of collaterals, information asymmetry and high transportation costs associated with small borrowal accounts. Besides, cumbersome procedures and risk perceptions of banks left a gap in serving the credit needs of the rural poor. This led to a search for alternative policies, systems and procedures, saving and loan products, other complementary services and new delivery mechanisms that would fulfil the requirements of the poor. It is in this context that microfinance has emerged as the most suitable and practical alternative to the conventional banking in reaching the hitherto unreached poor population.

In India efforts are made to promote microfinance in a sustainable manner. An important vehicle for this has been the SHGs and their linkage with banks. In India there have been many significant state initiatives in the major institutional and policy spheres since the early 1990s to promote the SHGs and their microfinance activities.

The major form of microfinance in India is based on women’s self help groups (SHGs). The self-help group is an association of people who have common problems that cannot be solved individually but only through joint action (Anant Kumar 2006). The SHGs meet the smaller and emerging needs of their members from their own savings and common fund generated. The funds generated by the SHGs are not adequate to undertake some income generating activities. In this situation, it requires financial support from the financial institutions. In order to meet the growing needs of the SHGs, the SHGs were linked with the formal banking system in India. The SHG-Bank linkage programme has now emerged as the major microfinance programme in the country and is being implemented by Commercial Banks, Regional Rural Banks and Co-operative Banks. In this context, an attempt has been made to analyze the performance of the SHG-Bank linkage programme in India since its inception in 1992.

Objectives of the Study

The major objectives of the study are as follows;
1. To analyze the trends in the number of the SHGs linked and the bank loan disbursed under the SHG-Bank linkage programme.
2. To analyse the progress of SHG-Bank linkage programme in the various states of India.

Methodology

This study is mainly based on the secondary data. The necessary data were collected and compiled from various sources which include the RBI Annual Report, Report on Trend and Progress of Banking in India, and RBI Bulletins. The other sources include journals, magazines, newspapers and websites.

One of the major objectives of the study is to analyse the growth and trends in the number of the SHGs linked and the bank loan disbursed during the study period. For this purpose two popular forms of
trend analysis, namely, the linear trend model and the semi-log trend model were used. The percentage analysis was used to measure the share of each region and each bank group in the number of the SHGs formed and the bank loan disbursed during the study period.

For the purpose of analysis, this study takes into account only the self-help groups, which are linked with Commercial Banks, Regional Rural Banks and Co-operative Banks. Moreover, it focusses only on the loan amount disbursed to the SHGs by these three banking units. It excludes other banking units involved in the SHG-bank linkage programme apart from the three major banking groups, namely, Commercial Banks, Regional Rural Banks and Co-operative Banks.

**Period of the Study**

This study covers a period of fourteen years, that is, from 1992-93 to 2005-06.

**Progress of SHG-Bank Linkage Programme in India**

Microfinance emerged in the 1970s as social innovation began to offer financial services to the working poor who were previously considered unbankables because of their lack of collateral. Microfinance has emerged as a viable alternative to reach the hitherto unreached because their social and financial intermediation. Microfinance could be referred to as “an institutional mechanism of providing credit support in small amounts which is usually linked with small groups along with other complementary support such as training and other related services to people with poor resources and skills to enable them to take up economic activities” (Sarkar and Singh 2006).

The common micro finance product is micro credit. Micro credit is a part of micro finance, which is the provision of financial services to the poor; apart from loans, it includes savings, microinsurance and other financial innovations. Microcredit was defined in the Micro Credit Summit held in February 1997 as “programmes that provide credit for self employment and other financial and business services to very poor persons” (Raheem and Raman 2005).

In the context of designing programmes for the poor, micro finance is recognised and accepted as one of the new development paradigms for alleviating poverty through social and economic empowerment of women. Microfinance services are generally routed through the conduit of self-help groups. The SHGs form the basic constituent unit of the microfinance movement in India. The progress achieved under the SHG-Bank linkage programme as on March 2006 has been presented in Table I.

Table I reveals that the number of the SHGs linked with banks aggregated to 2238565 as on March 2006. The implementation of the SHG-Bank linkage programme in India helped to bring 32.98 million poor families within the fold of formal banking services as on March 2006. The share of the women self help groups in the cumulative number of the SHGs linked with banks constituted 90 per cent. The cumulative disbursement of bank loan to these SHGs stood at Rs.113.98 billion as on March 2006 with an average loan of Rs.50917 per SHG. With regard to the modelwise linkage, Model I, that is the bank themselves assume the role of Self Help Promoting Institutions (SHPIs) by promoting formation of SHGs and extending loans to them accounted for 20 per cent, while Model II, that is, banks directly extending loans to the SHGs with facilitation by the NGOs and other formal agencies amounted to 74 per cent and Model III, that is, the NGOs are acting both SHPIs and financial intermediaries for channelising credit from banks to the SHGs accounted for the remaining six per cent.

The States and Union Territories (UTs) and Districts covered under the SHG-Bank linkage programme amounted to 31 and 583 respectively as on March 2006. The total number of participating banks in the SHG-Bank linkage programme amounted to 545. Of this, 47 banks were Commercial Banks, 158 were Regional Rural Banks, and the remaining 340 were Co-operative Banks.

**Trends in SHGs Formed and Bank Loan Disbursed**

The micro credit programme in India is now the largest in the world. The Indian micro finance is the dominated by the SHGs and their linkages to banks. The SHG-Bank linkage approach was introduced by the National Bank for Agriculture and Rural Development (NABARD) in February 1992 as a pilot project to cover just 500 SHGs to test the efficacy of the rural poor people’s approach to a participatory process of development. The SHG-Bank linkage programme is now considered by the banking system to be a commercial proposition with advantages of lower transaction cost, near zero non-performing assets and coverage of maximum number of the rural clientele by the bank branches. The trends in the number of the SHGs linked with banks and the amount of bank loan disbursed by the banks is presented in Table II.

Table II reveals that the number of the SHGs linked with banks have stood at 0.26 million in 1992-93. From 1992-93 it gradually increased and reached the peak level of 620.50 million in 2005-06. The positive growth rates achieved in the number of SHGs linked with banks year after year ranged between 15.04 per cent and 337.79 per cent during the period from 1992-93 to 2005-06. The loan amount disbursed during 1992-93 amounted to Rs.0.21 crore. Thereafter, it gradually increased and finally reached the level of Rs.4499 crore in 2005-06. The growth rate achieved for the loan disbursement to the SHGs ranged between 50.27 per cent and 312.12 per cent.

The comparison between the growth rates for the SHGs linked with banks and the amount of bank loan disbursed to the SHGs clearly reveals that there was a higher level of growth rate in the bank loan.
<table>
<thead>
<tr>
<th>Particulars</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of SHGs Linked #</td>
<td>2238565</td>
</tr>
<tr>
<td>Percentage of Women Groups</td>
<td>90</td>
</tr>
<tr>
<td>Number of Participating Banks</td>
<td>545</td>
</tr>
<tr>
<td>1. Commercial Banks</td>
<td>47</td>
</tr>
<tr>
<td>2. Regional Rural Banks</td>
<td>158</td>
</tr>
<tr>
<td>3. Co-operative Banks</td>
<td>340</td>
</tr>
<tr>
<td>Bank Branches Participating</td>
<td>44362</td>
</tr>
<tr>
<td>Number of States/Union Territories</td>
<td>31</td>
</tr>
<tr>
<td>Number of Districts covered</td>
<td>583</td>
</tr>
<tr>
<td>Number of Partners</td>
<td>4896</td>
</tr>
<tr>
<td>Bank loan (Rs. in billion) #</td>
<td>113.98</td>
</tr>
<tr>
<td>Refinance (Rs. in billion)</td>
<td>41.60</td>
</tr>
<tr>
<td>Number of poor households assisted (in million)</td>
<td>32.98</td>
</tr>
<tr>
<td>Average Loan per SHG (in Rs.)</td>
<td>50917</td>
</tr>
<tr>
<td><strong>Model Wise Linkage (in percentage)</strong></td>
<td></td>
</tr>
<tr>
<td>1. SHGs formed and financed by Banks</td>
<td>20</td>
</tr>
<tr>
<td>2. SHGs formed by other agencies but directly financed by banks</td>
<td>74</td>
</tr>
<tr>
<td>3. SHGs financed by banks using financial intermediaries</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: www.nabard.org

Note: # Includes the SHGs linked with and the loan disbursed by the other banking institutions besides Commercial Banks, Regional Rural Banks and Co-operative Banks.
### TABLE II
TRENDS IN NUMBER OF SHGs LINKED AND BANK LOAN DISBURSED (Rs. in Crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>No.of SHGs Linked (Nos.in '000)</th>
<th>Annual Growth Rate</th>
<th>Trend Values</th>
<th>Amount of Bank Loan</th>
<th>Annual Growth Rate</th>
<th>Trend Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-93</td>
<td>0.26</td>
<td>--</td>
<td>-132.49</td>
<td>0.21</td>
<td>--</td>
<td>-883.88</td>
</tr>
<tr>
<td>1993-94</td>
<td>0.37</td>
<td>42.31</td>
<td>-87.50</td>
<td>0.44</td>
<td>109.52</td>
<td>-622.65</td>
</tr>
<tr>
<td>1994-95</td>
<td>1.50</td>
<td>305.41</td>
<td>-42.52</td>
<td>1.79</td>
<td>306.82</td>
<td>-361.43</td>
</tr>
<tr>
<td>1995-96</td>
<td>2.64</td>
<td>76.00</td>
<td>2.47</td>
<td>3.62</td>
<td>102.23</td>
<td>-100.21</td>
</tr>
<tr>
<td>1996-97</td>
<td>3.84</td>
<td>45.45</td>
<td>47.46</td>
<td>5.94</td>
<td>64.09</td>
<td>161.01</td>
</tr>
<tr>
<td>1997-98</td>
<td>5.72</td>
<td>48.96</td>
<td>92.45</td>
<td>12.00</td>
<td>102.02</td>
<td>422.24</td>
</tr>
<tr>
<td>1998-99</td>
<td>18.68</td>
<td>226.57</td>
<td>137.44</td>
<td>33.00</td>
<td>175.00</td>
<td>683.46</td>
</tr>
<tr>
<td>1999-00</td>
<td>81.78</td>
<td>337.79</td>
<td>182.42</td>
<td>136.00</td>
<td>312.12</td>
<td>944.68</td>
</tr>
<tr>
<td>2000-01</td>
<td>149.05</td>
<td>82.26</td>
<td>227.41</td>
<td>288.00</td>
<td>111.76</td>
<td>1205.91</td>
</tr>
<tr>
<td>2001-02</td>
<td>197.65</td>
<td>32.61</td>
<td>272.40</td>
<td>545.00</td>
<td>89.24</td>
<td>1467.13</td>
</tr>
<tr>
<td>2002-03</td>
<td>255.88</td>
<td>29.46</td>
<td>317.39</td>
<td>1022.00</td>
<td>87.52</td>
<td>1728.35</td>
</tr>
<tr>
<td>2003-04</td>
<td>361.73</td>
<td>41.37</td>
<td>362.37</td>
<td>1856.00</td>
<td>81.60</td>
<td>1989.57</td>
</tr>
<tr>
<td>2004-05</td>
<td>539.39</td>
<td>49.11</td>
<td>407.36</td>
<td>2994.00</td>
<td>61.31</td>
<td>2250.80</td>
</tr>
<tr>
<td>2005-06</td>
<td>620.52</td>
<td>15.04</td>
<td>452.35</td>
<td>4499.00</td>
<td>50.27</td>
<td>2512.02</td>
</tr>
<tr>
<td>Total</td>
<td>2239.01</td>
<td>--</td>
<td>--</td>
<td>11397.00</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>CGR</td>
<td>90.65</td>
<td>--</td>
<td>--</td>
<td>121.70</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: Report on Trend and Progress of Banking in India—Various Issues
### TABLE III
PROGRESS OF SHG-BANK LINKAGE PROGRAMME IN DIFFERENT STATES
AS ON MARCH 2006 (Rs. Million)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>States</th>
<th>No.of SHGs Provided with Bank Loan</th>
<th>Percentage Share</th>
<th>Bank Loan Disbursed#</th>
<th>Percentage Share</th>
<th>Average Loan Per SHG</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Andhra Pradesh</td>
<td>587238</td>
<td>26.27</td>
<td>43455.18</td>
<td>38.15</td>
<td>0.07</td>
</tr>
<tr>
<td>2.</td>
<td>Tamil Nadu</td>
<td>312778</td>
<td>13.99</td>
<td>27121.87</td>
<td>23.81</td>
<td>0.09</td>
</tr>
<tr>
<td>3.</td>
<td>Karnataka</td>
<td>224928</td>
<td>10.06</td>
<td>9927.53</td>
<td>8.72</td>
<td>0.04</td>
</tr>
<tr>
<td>4.</td>
<td>Orissa</td>
<td>180896</td>
<td>8.09</td>
<td>4754.65</td>
<td>4.17</td>
<td>0.03</td>
</tr>
<tr>
<td>5.</td>
<td>Uttar Pradesh</td>
<td>161911</td>
<td>7.24</td>
<td>5153.54</td>
<td>4.52</td>
<td>0.03</td>
</tr>
<tr>
<td>6.</td>
<td>West Bengal</td>
<td>136251</td>
<td>6.09</td>
<td>2424.52</td>
<td>2.13</td>
<td>0.02</td>
</tr>
<tr>
<td>7.</td>
<td>Maharashtra</td>
<td>129905</td>
<td>5.81</td>
<td>3920.11</td>
<td>3.44</td>
<td>0.03</td>
</tr>
<tr>
<td>8.</td>
<td>Rajasthan</td>
<td>98171</td>
<td>4.39</td>
<td>2447.94</td>
<td>2.15</td>
<td>0.03</td>
</tr>
<tr>
<td>9.</td>
<td>Kerala</td>
<td>86988</td>
<td>3.89</td>
<td>4821.48</td>
<td>4.23</td>
<td>0.06</td>
</tr>
<tr>
<td>10.</td>
<td>Madhya Pradesh</td>
<td>57125</td>
<td>2.56</td>
<td>1666.86</td>
<td>1.46</td>
<td>0.03</td>
</tr>
<tr>
<td>11.</td>
<td>Assam</td>
<td>56449</td>
<td>2.52</td>
<td>1423.98</td>
<td>1.25</td>
<td>0.03</td>
</tr>
<tr>
<td>12.</td>
<td>Bihar</td>
<td>45950</td>
<td>2.06</td>
<td>1047.02</td>
<td>0.92</td>
<td>0.03</td>
</tr>
<tr>
<td>13.</td>
<td>Gujarat</td>
<td>33038</td>
<td>1.48</td>
<td>1199.57</td>
<td>1.05</td>
<td>0.04</td>
</tr>
<tr>
<td>14.</td>
<td>Chhattisgarh</td>
<td>31291</td>
<td>1.40</td>
<td>337.81</td>
<td>0.30</td>
<td>0.01</td>
</tr>
<tr>
<td>15.</td>
<td>Jharkhand</td>
<td>30819</td>
<td>1.38</td>
<td>1114.60</td>
<td>0.98</td>
<td>0.04</td>
</tr>
<tr>
<td>16.</td>
<td>Himachal Pradesh</td>
<td>22920</td>
<td>1.03</td>
<td>863.98</td>
<td>0.76</td>
<td>0.04</td>
</tr>
<tr>
<td>17.</td>
<td>Uttarakhand</td>
<td>17588</td>
<td>0.78</td>
<td>891.86</td>
<td>0.78</td>
<td>0.05</td>
</tr>
<tr>
<td>18.</td>
<td>Haryana</td>
<td>4867</td>
<td>0.22</td>
<td>316.01</td>
<td>0.28</td>
<td>0.06</td>
</tr>
<tr>
<td>19.</td>
<td>Punjab</td>
<td>4561</td>
<td>0.20</td>
<td>238.86</td>
<td>0.21</td>
<td>0.05</td>
</tr>
<tr>
<td>20.</td>
<td>UT of Pondicherry</td>
<td>2499</td>
<td>0.11</td>
<td>350.86</td>
<td>0.31</td>
<td>0.02</td>
</tr>
<tr>
<td>21.</td>
<td>Jammu &amp; Kashmir</td>
<td>2354</td>
<td>0.10</td>
<td>100.48</td>
<td>0.09</td>
<td>0.04</td>
</tr>
<tr>
<td>22.</td>
<td>Tripura</td>
<td>1996</td>
<td>0.09</td>
<td>31.12</td>
<td>0.03</td>
<td>0.02</td>
</tr>
<tr>
<td>23.</td>
<td>Manipur</td>
<td>1468</td>
<td>0.07</td>
<td>71.85</td>
<td>0.06</td>
<td>0.05</td>
</tr>
<tr>
<td>24.</td>
<td>Mizoram</td>
<td>974</td>
<td>0.04</td>
<td>64.14</td>
<td>0.06</td>
<td>0.07</td>
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<tr>
<td>25.</td>
<td>Meghalaya</td>
<td>735</td>
<td>0.03</td>
<td>16.19</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>26.</td>
<td>Goa</td>
<td>624</td>
<td>0.03</td>
<td>55.21</td>
<td>0.05</td>
<td>0.09</td>
</tr>
<tr>
<td>27.</td>
<td>Nagaland</td>
<td>422</td>
<td>0.02</td>
<td>34.38</td>
<td>0.03</td>
<td>0.08</td>
</tr>
<tr>
<td>28.</td>
<td>Arunachal Pradesh</td>
<td>346</td>
<td>0.02</td>
<td>13.49</td>
<td>0.01</td>
<td>0.04</td>
</tr>
<tr>
<td>29.</td>
<td>New Delhi</td>
<td>224</td>
<td>0.01</td>
<td>18.58</td>
<td>0.02</td>
<td>0.08</td>
</tr>
<tr>
<td>30.</td>
<td>UT of A &amp; N Islands</td>
<td>164</td>
<td>0.01</td>
<td>8.23</td>
<td>0.01</td>
<td>0.05</td>
</tr>
<tr>
<td>31.</td>
<td>Sikkim</td>
<td>127</td>
<td>0.01</td>
<td>1.86</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2235607</td>
<td>100</td>
<td>113893.76</td>
<td>100</td>
<td>0.05*</td>
</tr>
</tbody>
</table>

Source: www.nabard.org

# Includes an amount of Rs.21686.31 million provided to 344502 existing SHGs.
* National average

Note: Excludes the number of SHGs formed and loan issued by other financial Institutions apart from Commercial Banks, Regional Rural Banks and Co-operative Banks.

### TABLE IV
REGION WISE LINKAGE OF SHGs WITH BANKS

<table>
<thead>
<tr>
<th>Regions</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Co-operative Banks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Region</td>
<td>61531 (5.18)</td>
<td>45772 (6.19)</td>
<td>25794 (8.39)</td>
<td>133097 (5.95)</td>
</tr>
<tr>
<td>North-Eastern</td>
<td>23866 (2.01)</td>
<td>35108 (4.74)</td>
<td>3543 (1.15)</td>
<td>62517 (2.80)</td>
</tr>
<tr>
<td>Region</td>
<td>156793 (13.20)</td>
<td>159652 (21.57)</td>
<td>77635 (25.24)</td>
<td>394080 (17.63)</td>
</tr>
<tr>
<td>Eastern Region</td>
<td>119519 (10.06)</td>
<td>128390 (17.35)</td>
<td>20006 (6.51)</td>
<td>267915 (11.98)</td>
</tr>
<tr>
<td>Central Region</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table IV reveals that the total number of the SHGs linked with banks as on 31 March 2006 amounted to 2235607. Of this, Southern Region alone accounted for 54.32 per cent (1214431), followed by Eastern Region with 17.63 per cent (394080), Central Region with 11.98 per cent (163567) Northern Region with 5.97 per cent (133097) and North-Eastern region with 2.80 per cent (62517).

The bank wise linkage of the SHGs shows that out of the total number of the SHGs linked with banks, the Commercial Banks top the list with 1188040 (53.14 per cent) SHGs, followed by the Regional Rural Banks with 740024 (33.10 per cent) SHGs, and the Co-operative Banks with 307543 (13.76 per cent) SHGs as on 31 March 2006.

Further, it is understood that the Southern Region tops the list in terms of the number of the SHGs linked with all the banking groups, namely, Commercial Banks, Regional Rural Banks and Co-operative Banks. It accounted for 61.94 per cent (735979) of the SHGs linked with Commercial Banks, 45.50 per cent (336678) of the SHGs linked with Regional Rural Banks and 46.10 per cent (141774) of the SHGs linked with the Co-operative banks.

**Region and Bankwise Loan Disbursement**

The SHG-Bank linkage programme is now considered by the banking system as a commercial proposition, with the advantages of lower transaction cost, near zero NPA and coverage of maximum number of the rural clientele by the bank branches. It has also led to other quantifiable benefits in business expansion (RBI 2004-05). The three basic groups of banks, which are involved in SHG linkage with banks, are the Commercial Banks, the Regional Rural Banks and the Co-operative Banks. At present, 47 Commercial Banks, 158 Regional Rural Banks and 340 Co-operative Banks are associated with SHG and Bank linkage programme in India. This programme is in operation in 583 districts across the nation (NABARD). The region wise disbursement of cumulative loan to the SHGs by different banking groups as on March 2006 is presented in Table V.

**Table V**

<table>
<thead>
<tr>
<th>Regions</th>
<th>Commercial Banks</th>
<th>Regional Rural Banks</th>
<th>Co-operative Banks</th>
<th>Total</th>
<th>Average Loan per SHG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Region</td>
<td>1879.97 (2.69)</td>
<td>1256.41 (3.78)</td>
<td>849.47 (7.87)</td>
<td>3985.85 (3.50)</td>
<td>0.03</td>
</tr>
<tr>
<td>North-Eastern Region</td>
<td>1021.51 (1.46)</td>
<td>570.88 (1.72)</td>
<td>64.62 (0.60)</td>
<td>1657.01 (1.45)</td>
<td>0.03</td>
</tr>
<tr>
<td>Eastern Region</td>
<td>4320.85 (6.18)</td>
<td>3677.25 (11.07)</td>
<td>1350.92 (12.51)</td>
<td>9349.02 (8.21)</td>
<td>0.02</td>
</tr>
<tr>
<td>Central Region</td>
<td>4063.96 (5.82)</td>
<td>3521.42 (10.60)</td>
<td>464.69 (4.30)</td>
<td>8050.07 (7.07)</td>
<td>0.03</td>
</tr>
<tr>
<td>Western Region</td>
<td>3172.23 (4.54)</td>
<td>1161.08 (3.49)</td>
<td>841.58 (7.79)</td>
<td>5174.89 (4.54)</td>
<td>0.03</td>
</tr>
<tr>
<td>Southern Region</td>
<td>55415.97 (79.31)</td>
<td>23034.43 (69.34)</td>
<td>7226.52 (66.93)</td>
<td>85676.92 (75.22)</td>
<td>0.07</td>
</tr>
<tr>
<td>Total</td>
<td>69874.49 (100)</td>
<td>33221.47 (100)</td>
<td>10797.80 (100)</td>
<td>113893.76 (100)</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Source: www.nabard.org. Figures in brackets indicate percentages to total.

Table V shows that the total amount of bank loan disbursed under the SHG-Bank linkage programme amounted to Rs. 113893.76 million as on March 2006. The SHGs functioning in the Southern Region have accounted for Rs.85676.92 million, in percentage term it stood at 75 per cent, followed by the Eastern Region with Rs.9349.02 million (8.21 per cent), Central Region with Rs.8050.07 million (7.07 per cent), Western Region with Rs.5174.59 million (4.54 per cent), Northern Region with Rs.3985.85 million (3.50 per cent) and North-Eastern Region with Rs.1657.01 million (1.45 per cent) as on 31, March 2006.

The aggregate amount of bank loan disbursed to the SHGs as on 31 March 2006 amounted to Rs.113893.76 million. Of this, the Commercial Banks
alone accounted for Rs.69874.49 million (61.35 per cent) followed by the Regional Rural Banks with Rs.33221.47 million (29.17 per cent) and Co-operative Banks with Rs.10797.80 million (9.48 per cent). The SHGs functioning in Southern Region alone accounted for 79.31 per cent of the loan disbursed by the Commercial Banks, 69.34 per cent of the loan disbursed by the Regional Rural Banks and 66.93 per cent of the loan disbursed by the Co-operative Banks.

Major Findings

The States and Union Territories (UTs) and Districts covered under the SHG-Bank linkage programme amounted to 31 and 583 respectively as on March 2006.

The total number of participating banks in SHG-Bank linkage programme amounted to 545. Of this, 47 banks were Commercial Banks, 158 were Regional Rural Banks and the remaining 340 were Co-operative Banks.

The implementation of the SHG-Bank linkage programme in India helped to bring 32.98 million poor families within the fold of formal banking services as on March 2006.

The total number of the SHGs linked with the banks amounted to 2235607 as on March 2006. Of this, Andhra Pradesh accounted for 26.27 per cent, Tamil Nadu for 13.99 per cent, Karnataka for 10.06 per cent, Orissa for 8.09 per cent and Uttar Pradesh for 7.24 per cent. These five states together accounted for 65.65 per cent of the total SHGs linked with banks.

As far as the disbursement of bank loans to the SHGs is concerned, the SHGs concentrated in five states such as Andhra Pradesh, Tamil Nadu, Karnataka, Orissa, and Uttar Pradesh jointly accounted for 79.37 per cent (Rs.90412.77 million) of the total loan disbursed as on March 2006.

The national average loan per SHG amounted to Rs.0.05 million as on March 2006. The average loan per SHG concentrated in different states of the country ranged between Rs.0.01 million and Rs.0.09 million. The SHGs located in Tamil Nadu and Goa have topped the list with Rs.0.09 million each, followed by Nagaland and New Delhi with Rs.0.08 million each, Andhra Pradesh and Mizoram with Rs.0.07 each and Kerala and Haryana with Rs.0.06 million each.

The states like Haryana, Mizoram, Goa, Nagaland and New Delhi accounted for less than one per cent of the total SHGs linked with banks as on March 2006. However, their share in the total loan disbursed under the SHG-Bank linkage programme represented more than the average loan disbursed throughout the country.

The southern region alone accounted for 54.32 per cent of the total number of the SHGs linked with banks as on March 2006. The eastern region accounted for 17.63 per cent, the central region for 11.98 per cent, the Western Region for 7.32 per cent, the Northern Region for 5.97 per cent and the North-eastern region for 2.80 per cent.

Of the total number of 2235607 SHGs linked with banks as on March 2006, the Commercial Banks topped the list with 1188040 (53.14 per cent), followed by the Regional Rural Banks with 740024 (33.10 per cent) and the Co-operative Banks with 307543 (13.76 per cent).

The southern region tops the list in terms of the number of the SHGs linked with all banking groups. It accounted for 61.94 per cent (735979) of the SHGs linked with Commercial Banks, 45.50 per cent (336678) of the SHGs linked with Regional Rural Banks and 46.10 per cent (141774) of the SHGs linked with the Co-operative Banks.

The total amount of loan disbursed under the SHG-Bank linkage programme amounted to Rs.113893.76 million as on March 2006. Of this, the southern region alone accounted for 75 per cent, followed by the eastern region for 8.21 per cent, the central region for 7.07 per cent, the Western Region for 4.54 per cent, the northern region for 3.50 per cent and the north-eastern region for 1.45 per cent.

Of the total amount disbursed as loan to the SHGs, the Commercial Banks alone accounted for 61.35 per cent, the Regional Rural Banks and the Co-operative Banks accounted for 29.17 per cent and 9.48 per cent respectively as on March 2006.

Conclusion

Micro finance has emerged as a viable alternative to reach the hitherto unreached for their social and economic empowerment through social and financial intermediation. The SHG-Bank linkage is the major micro finance programme in the country. It helped to bring 32.98 million poor families within the fold of formal banking services. The share of the women self-help groups in the cumulative number of SHG linked with the banks as on March 2006 constitutes 90 per cent. The SHGs concentrated in five states, namely, Andhra Pradesh, Tamil Nadu, Karnataka, Orissa, and Uttar Pradesh are dominating the SHG-Bank linkage programme both in terms of the number of the SHGs linked and bank loan availed. The region wise analysis clearly shows that the Southern Region alone accounted for 54.32 per cent and 75 per cent of the SHGs linked and the bank loan disbursed respectively. Of the different banking groups involved in the SHG-Bank linkage programme, the Commercial Banks occupy the leading position and it accounts for more than 50 per cent of the loan amount disbursed to the SHGs followed by the Regional Rural Banks (RRBs) and Co-operative Banks.
References


[www.nabard.org](http://www.nabard.org)

[www.rbi.org](http://www.rbi.org)