



MICROFINANCE AND SHG BANK LINKAGE PROGRAMME FOR WOMEN EMPOWERMENT

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This paper is an attempt to identify the role of Microfinance on women empowerment. Microfinance programmes are promoted as a key strategy for simultaneously addressing both women empowerment and poverty alleviation. Economic development of any country can be achieved by social development. SHG changes the rural and urban scenario of the poor in the society by encouraging the self employment and helps in reducing poverty. To improve the socio-economic condition of women, it has become important to empower women by enhancing and ensuring their role to the optimum level. Microfinance programs like the SHG Bank Linkage Program has been increasing positive impact of women empowerment. Economic and social uplifting of the weaker section is the main goal of microfinance by providing them easy credit access in the form of loans.

Keywords: Self employment

INTRODUCTION

SHG is a group based financial intermediary program which has proven that it is a relevant step for the poverty eradication program in rural and semi urban areas. The members of SHGs are actively engaged in income generating activities, saving and credit management, nutrition food, child education and child care etc. Economic development of any country can be achieved by social development, the concept of women empowerment arises as there are several types of unfairness present in the society and these discriminations are the major obstacle for the social and economic development. Women empowerment is closely linked to financial inclusion, this programme could motivate women to step out their home if they are not financially independent. To improve the socio-economic condition of women, it has become important to empower women by enhancing and ensuring their role to the optimum level. SHG changes the rural and urban scenario of by encouraging the self employment and helps in poverty alleviation among the people of weaker segment of the society, participation in SHGs can bring effective changes and enhance the living condition of poor women. It is realized that micro finance become smooth consumption, reduces the vulnerability of the poor and leads to increase in their income. Micro finance can help to break the vicious cycle of poverty. (Maheswaranathan & Kennedy, 2010).

Self Help Groups (SHGs)

Self Help Group (SHG) is a small voluntary, formal association from similar economic status of the group members and consists of maximum 20 members. Self-help groups (SHGs) movement has triggered off a silent revolution in the rural credit delivery system in India. SHG is a special and unique model for banking intermediation; this idea combines access to low cost banking services with a process of self management and development of SHG group

members. SHGs are considered by the state to be the building pillars of women empowerment and reducing poverty in rural and semi urban areas. In this era around the world the SHG is gaining increasing importance in the development scenario, through SHG women are improving their status in the society, they themselves take part in decision making, get freedom to participate in community programs, starting their own small businesses as well. SHG is a viable organized set up to disburse micro credit to the rural women and encouraging them together into entrepreneurial activities. (Abdul, 2007). To alleviate the poverty and to empower the women, the micro-finance, Self-Help Groups (SHGs) and credit management groups have also started in India. SHGs have proved as a successful means for providing credit to the poor for their socio-economic accreditation. Self Help Group (SHG) one of the approach of micro financing is a unique innovation of credit delivery technique to enhance income-generating activities. The programme provides small loans to poor people for self-employment activities, thus, allowing the clients to achieve a better quality of life (Rahman, 1995; Hussain, 1998; and Morduch, 2000).

MICROFINANCE

Prof. Mohammed Yunus was the founder of the approach of SHGs in Bangladesh 1975, who tried to provide rural credit to the poor through Grameen Bank of Bangladesh without any collateral. The rural poor, semi urban poor and marginalized section of the society almost excluded from the formal financial system because they have no collateral and they were considered as a credit worthy. The National Bank for Agriculture and Rural Development (NABARD) introduced a pilot project commonly known as SHG linkage project in 1992, with the active participation of Government, Banks, development agencies and NGOs has made the SHG movement as the world's largest microfinance program. Microfinance programmes are promoted as a key strategy for simultaneously addressing both women empowerment and poverty alleviation. Swarnjayanti Gram Swarozgar Yojana (SGSY) was started on 15th April 1999 by the Govt. of India, in which self help groups were established for the development of rural area by creating self employment to solve the finance problem of the women. Woman has improved the ability of decision making in income generation and control over it. The micro credit has significant positive impact on their family's quality of life (Kavitha, 2014).

Microfinance Institution helps in -

- Empowering the poor by enhancing their access to the banking credit system by many microfinance innovations in a cost effective and sustainable manner which uplift their income level and improve their standard to living.
- It makes scope for self employment and helps in reducing poverty level.
- By increasing income level they have influence over the economic resources of households and can take decision about the money matter, child education, health and general welfare of the households etc.

WOMEN EMPOWERMENT

Women's empowerment is all about equipping and allowing women to make life-determining decisions through the different problems in society. Empowerment is a process or transformation through individual or group increase their power in access to knowledge and resources, raising awareness, literacy, training, freedom of choice and action, mobility, self-control, self-strength, increased well being and more autonomy in decision making of their daily life etc. Women empowerment is a global issue; it was introduced at the international women conference at NAROIBI in 1985. Poor women can be financially empowered through micro credit based on SHGs. SHGs have been appeared as a powerful tool to reducing poverty and providing self employment through micro credit in rural and semi urban area in the economy, it is an effective approach to women empowerment.

SHG - Bank Linkage Program (SHG-BLP)

The SHG Bank Linkage Program (SHG-BLP) was launched in 1992 in India by NABARD. This project has grown in reach and fold to become the worlds' largest community based micro finance program covering nearly 12.40 crore households as on 31 March 2020, providing social, economic and financial empowerment to the rural poor especially the women. Economic and social uplifting is the main objective of microfinance program for the poor. They mostly faced the difficulties in formal financial sector due to less information and less education among them so they take credit with high interest rate from the local money lenders. Poor people want access to credit rather than subsidies. For promoting financial inclusion to the weaker segment of the society, SHGs bank linking programmed is essential. Microfinance programs like the SHG Bank Linkage Program have been increasing and it has positive impact on women empowerment.

LITERATURE REVIEW

There have been several studies done by many authors to examine the relationship among SHGs, microfinance and women empowerment.

Kulshrestha (2000) identified that lack of capital was a serious constraint to development of women micro entrepreneurs in rural areas.

A study by Cheston-Kuhn (2002) states that through microfinance does not address all barriers to women empowerment; it has shown a positive impact on some of the indicators such as increased self-confidence and self -esteem and participation in decision making in girl's education, family planning, improved status and gender relations in their houses etc.

National Council of Applied Economics Research (2008) conducted a study on the impact of SHGs on social and economic inclusion of women beneficiaries in India and the finding was that in all spheres of the social empowerment of women had increased after joined the SHG over a period of time.

In the aspects of Income, Saving and Assets Creation many studies reported that primary

benefits of participation in SHG is the opportunity to save regularly, access formal savings institutions and participate in the management of these savings (Dasgupta, 2001; Puhazhendi and Badatya, 2002; Nath Sarmah et al., 2012).

The implementation of SHG has generated self-employment opportunities by establishing own income-generating units. The programme helped many participants in improving their economic conditions (Manimekali and Rajeswari, 2001; Samanta, 2009).

The micro financing to women through SHGs has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization (Manimekali and Rajeswari, 2001).

SHG approach is not a panacea to eradicate poverty from rural area, but may be a strongest social weapon for socio-economic transformation of millions of rural masses throughout the world (Garai et al., 2012).

METHODOLOGY

The study is based on secondary data which is collected from various reports of the government, NGOs, NABARD.

SHG- Bank Linkage Program

Microfinance initiatives have played a major role in making credit accessible to the unbanked rural women. The banks have reported an addition of 2.3 lakh savings linked SHGs at all India level registering a marginal growth of 2.3 per cent during the year 2019- 20 compared to 14.5 in 2018-19. SHG Bank Linkage program an effective intervention in economic upliftment and financial inclusion for those at the bottom of the pyramid. A proven platform initially conceived for increasing the outreach of banking services among the poor has since graduated to a program for promotion of livelihoods and poverty alleviation. All major parameters viz. the number of SHGs with savings bank accounts, amount of credit disbursed during the year, the bank loans outstanding as well as the quantum of savings outstanding has shown positive growth during the past three years. Overall Progress under SHG- Bank Linkage Program (2017-2020) has shown below in the tables.

Table 1 gives an account of savings of total SHGs as well as under NRLM and NULM during last three years i.e. 2017-18 to 2019-20. The savings outstanding of SHGs as on 31 March 2020 reached an all-time high of Rs.26152 crore, registering a growth of 12.1 per cent over the year 2018-19. The average savings per SHG also increased by 9.6 per cent during 2019-20 from R23,291 in the year 2018-19 to R25,531 indicating an improvement by almost 6 percentage points.

A robust savings outstanding of an SHG is its strength as it can meet exigencies of its members

**Table1. Progress of Saving Linked SHGs with Bank (2017-18 to 2019-20)
(No. in lakhs / Amt. in crore)**

	Particular	2017-18		2018-19		2019-20		% growth 2018-19		% growth 2019-20	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No.	Amount	No.	Amount
savings of SHGs with banks	Total SHG	87.44	19592.12	100.14	23324.48	102.43	26152.05	14.52%	19.05%	2.29%	12.12%
	All women	73.9	17497.86	85.31	20473.55	88.32	23320.55	15.44%	17.01%	3.53%	13.91%
	% of women in total SHG	84.51	89.31	85.19	87.78	86.22	89.17	-	-		
	Of which NRLM/SGSY	41.84	10434.03	55.8	12867.18	57.89	14312.7	33.37%	23.32%	3.75%	11.23%
	Of Which NULM/SJSRY	4.25	1350.8	4.39	1614.42	4.69	1523.57	3.29%	19.52%	6.83%	-5.63%

Source: *Status of MICROFINANCE IN INDIA 2019-2020, NABARD*

through internal lending as well as can source a bank loan for a suitable investment plan. The number of new SHGs added every year has been declining in some states mainly for reasons such as saturation in potential areas for formation of new SHGs, data sanitization by banks, and restricted operations of Self Help Promoting Institutions (SHPIs) to form SHGs after introduction of NRLM/SRLM. NRLM, taking the lead in formation and capacity building of SHGs in rural India, accounted for 57.89 lakhs SHGs, a jump of 3.75 per cent during the year with a net addition of 2.09 lakhs SHGs under its fold. The domain of SHGs consists of 86.2 per cent women groups and is the mainstay program for empowerment of the poor rural women in the country.

**Table 2 Credit Disbursement of SHGs (2017-18 to 2019-20)
(No. in lakhs / Amount in crore)**

Loan Disbursed to SHGs	Particular	2017-18		2018-19		2019-20		% growth 2018-19		% growth 2019-20	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No.	Amount	No.	Amount
Loan Disbursed to SHGs	Total No. of SHGs extended loans	22.61	47185.88	26.98	58317.63	31.46	77659.35	19.33%	23.59%	16.60%	33.17%
	All women	20.75	44558.74	23.65	53254.04	28.84	73297.56	13.98%	19.51%	21.95%	37.64%

Source: *Status of MICROFINANCE IN INDIA 2019-20, NABARD*

Table 2 represents an account of credit disbursement of total SHGs from 2017-18 to 2019-20. The growth in number of SHGs availing bank loan and amount of institutional credit disbursed to SHGs was 16.6 per cent and 33.2 per cent respectively during 2019-20. During 2019-20, 30.7% of the total SHGs, the highest number of SHGs ever, were provided with institutional credit in a single year. On the whole, Banks disbursed R77,659 crore loans to 31.46 Lakh SHGs during the year, as compared to R58317crore loans to 26.98 lakh SHGs during 2018-19. The average loan disbursement per SHG during 2019-20 was higher at R2.47 lakh as against the average SHG loan of R2.16 lakh during 2018-19 registering a growth of 14.35%.

Table 3 gives an account of credit outstanding of total SHGs from 2017-18 to 2019-20. The

Table-3, Credit Outstanding of SHGs (2017-18 to 2019-20)
(No. in lakhs / Amt. in crore)

Loan Outstanding against SHG	Particular	2017-18		2018-19		2019-20		% growth 2018-19		% growth 2019-20	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No.	Amount	No.	Amount
	Total No. of SHGs linked	50.2	75598.45	50.77	87098.15	56.77	87098.15	1.14%	15.21%	11.82%	24.08%
	All women	45.49	70401	44.61	79231.98	51.12	79231.98	-1.93	12.54	14.59	27

Source: Status of MICROFINANCE IN INDIA 2019-2020, NABARD

year 2019-20 also saw a marked improvement in the number of SHGs having loan amount outstanding registering a growth of 11.8 % as against 1.14% in 2018-19. As of 31 March 2020, 56.77 lakh SHGs (55.4% of total SHGs) were having credit outstanding of Rs.1,08,075 crore as against 50.77 lakh SHGs (50.7%) with credit outstanding of R87,098 crore during 2018-19, recording a modest 11.8% increase in number of SHGs and 24% increase in the amount of loan outstanding during the year (Table 3). The rise in the amount of loan outstanding with SHGs is mainly due to increased credit disbursement during the year. As compared to the previous year, there is considerable increase in the overall number of SHGs having bank loan outstanding at the end of March 2020.

Table 4 reveals the progress of women SHGs during the year 2017-18, 2018-19 and 2019-20.

**Table -4 Progress of Women SHGs- Bank linkage Programme (2017-18 to 2019-20)
(No. in lakhs / Amt. in crore)**

Particular	2017-18		2018-19		2019-20		% growth 2018-19		% growth 2019-20	
	No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount	No.	Amount	No.	Amount
Savings of SHGs with banks	73.9	17497.86	85.31	20473.55	88.32	23320.55	15.44	17.00	3.53	13.91
Loan Disbursed to SHGs	22.61	47185.88	26.98	58317.63	31.46	77659.35	19.35	23.59	16.60	33.17
Loan Outstanding against SHGs	50.2	75598.45	50.77	87098.15	56.77	108075.07	1.14	15.21	11.82	24.08

Source: Status of MICROFINANCE IN INDIA 2019-2020, NABARD

It indicates that the percentage growth of savings of SHGs with banks of women has declined in both no. of SHGs and amount by 3.53% and 13.91% respectively where as in loan amount disbursed to SHGs and loan amount outstanding against SHGs in both the parameters have increased by 33.17% and 24.08% respectively during 2019-20.

Figure 1 shows that the growth rate of no. of SHGs and the amount of savings of SHGs with

Progress of Women SHG-Bank Linkage Program

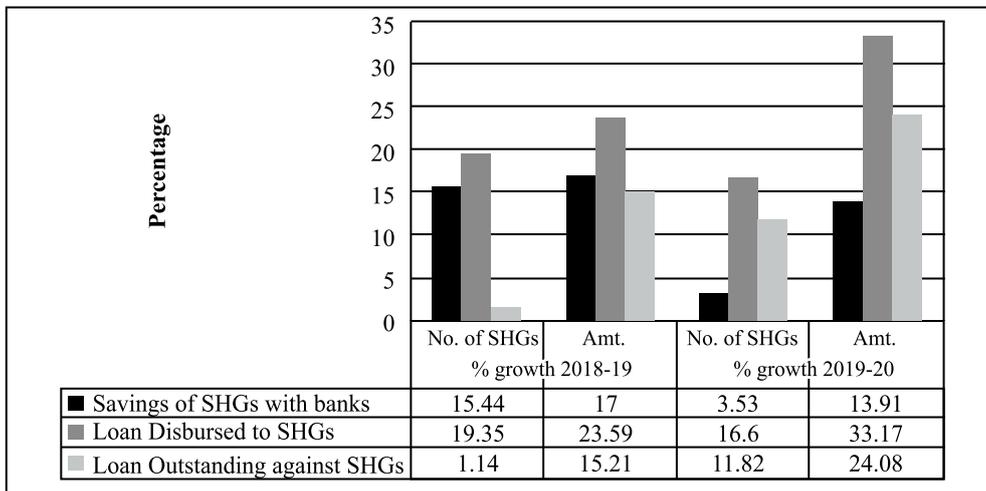


Figure 1

banks have declined in 2019-20 as compared to 2018-19, i.e., from 15.44% to 3.53% and 17% to 13.91% respectively. The decline in savings accounts of SHGs is mainly due to data sanitization, closure of dormant accounts, reporting errors, and change in the SHG Bank Linkage model for example SHGs shifting to linkage through Banking Correspondents.

CONCLUSION

SHG bank linkage scheme has an effective and successful way for supplying credit to the poor and needy group to encourage self employment throughout India. Impact of microfinance plan can be seen on several dimensions like encourage for self employment, reduction in poverty, developing entrepreneurship skill & enhancing empowerment, self-confidence & self esteem. SHGs have been identified as a way to alleviate poverty and women empowerment.

For creating SHG-BLP more user friendly environment and handling some emerging challenges and issues, NABARD recommended some change under SHG-2 by repeating force on saving with initiating of willingly saving habits, easy credit flow with sanction of cash credit limit to SHGs, enhancing risk reduction technique, holding next level organization like SHG Federation for support to the SHG, assisting JLGs out of SHG beneficiaries, strengthening the tracking device, etc. SHG-Bank Linkage Program is one of the most popular programme in India for credit financing to the poor than due to its widespread adoption by Scheduled Commercial Banks, Regional Rural Banks and Cooperative Banks. NABARD has continuously supported more than 5,000 partner agencies such as NGOs, RRBs, District Central Cooperative Banks and other SHPI partners for enhancing and nurturing SHGs.

The success of SHG-BLP also attracted the attention of State governments. Micro finance has become one of the most effective interventions for empowerment of the poor. Over the time many state governments have taken the initiatives through their department for the promotion of SHGs programmes. It is an alternative and best rural credit organization compared to other rural credit systems. In the development model, microfinance has developed as a need and demand based program for empowerment and alleviation of poverty to the weaker segment of the society. This program has a positive impact both on economic and social empowerment of women members of the SHGs along with reduction in poverty. The study concludes that by participating in SHG, group members are enhancing empowerment in savings, access to loan, training and participation in community with the decision making power.

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