



MICRO CREDIT AND SELF HELP GROUPS: A STUDY OF RANCHI DISTRICT OF JHARKHAND

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Micro Credit is an outcome of NABARD's work of promoting 255 SHGs through an initial pilot project which started in 1992. The results of this pilot study were promising and gained acceptance. As a result RBI encouraged this positive initiative by issuing instruction to banks in 1996 to cover SHG financing as a mainstream activity under their priority-sector – lending portfolio. The Indian central government made SHG-Bank Linkage a national priority from 1999 onwards through its periodic policy and budget announcement. Micro Credit Programme is growing at a pace of 2.5 million household annually and is the largest and the fastest growing programme in terms of its outreach and sustainability. Till date NABARD continues to mature the outreach of the programme by providing umbrella support to the stakeholders. The present study is concerned to explore the micro credit programme and to analyze its progress.

Introduction

The basic ingredient of development strategy according to the experts of economic development was stimulation of food cultivation, rural development, rural income and rural employment. The economic development programs should be designed to encourage the adoption of new agricultural strategy which will boost agricultural production and productivity. To enhance the economic growth in the rural areas the farmers need credit to attain production inputs. The farmers either lack capital or do not have any access to financial sources or if any very high interest rate is charged. What the farmers really need is better access to the timely and adequate availability of credit rather than cheap and subsidized credit. In numerous developing countries rural financial institutions have succeeded in disbursing credit to the target groups but it failed to achieve the objective to serve the rural poor.

Post nationalization era viewed credit as an integral part of socio-economic development effort in rural areas. This period witnessed a spectacular expansion of banking network in India. Despite having a vast network it was not able to benefit the indebted rural households. On institutional front, the policy makers recognized the role of people in development process. To ensure people's participation the government intensified banking activities secondly, it set up and strengthened Panchayati Raj Institution through 73rd and 74th Amendment of the Indian Constitution and finally, launched Integrated Rural Development Programme (IRDP) in 1979-80 with an aim to reach the people living below poverty line in rural area through subsidized credit for asset creation.

Approximately 400 million people in India are living below poverty line could be roughly around 75 million household out of which 60 million are rural households. Poverty is predominantly rural in character. Rural poverty arises due to lack of capital. The rural poor is perpetuating poverty.

Credit is the major policy thrust for rural poverty alleviation. The established policy

prescription tries to break the vicious cycle of poverty through infusion of credit. There are three major component of all institutional rural credit system since 1950s. These are:

- Institutionalize credit
- Enlarge coverage
- Provide timely and adequate credit

United Nation Report of 2002 states that 1/5th of the world population was living in extreme poverty, earning less than \$1 a day. Dr. Mohammad Yunus, Nobel Laureate, the promoter of micro credit in Bangladesh suggested micro-finance as an instrument for alleviating poverty. Micro-Finance Programme has been introduced during the last ten years in many developing countries and has been adopted in India after the economic reforms. This sector has been growing rapidly over the last decades in India.

Concept Of Micro Credit

Micro Credit is defined as a provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban and urban areas. Micro-finance enables to raise the income level and improve living standard. Micro Finance Services Regulation Bill defines it as providing financial assistance to an individual or an eligible group of clients either directly or through group mechanism. Micro Credit is an alternative and a financially viable alternative to the previously existing methods of addressing poverty especially in the perspective of gender through the provision of credit. Micro Credit for SHG is fast emerging as a promising tool of promoting income generating enterprises for reaching the 'unreached' for credit delivery mechanism in rural areas particularly women who are considered to have very low worth for availing themselves of any traditional credit facilities from formal financial institutions.

Evolution and Scale of Micro Credit In India

Micro Credit is an outcome of NABARD's work of promoting 255 SHGs through an initial pilot project which started in 1992. The results of this pilot study were promising and gained acceptance. As a result RBI encouraged this positive initiative by issuing instruction to banks in 1996 to cover SHG financing as a mainstream activity under their priority-sector – lending portfolio. The Indian central government made SHG-Bank Linkage a national priority from 1999 onwards through its periodic policy and budget announcement. Micro Credit Programme is growing at a pace of 2.5 million household annually and is the largest and the fastest growing programme in terms of its outreach and sustainability. Till date NABARD continues to mature the outreach of the programme by providing umbrella support to the stakeholders.

The scale of micro credit in India is growing in euphoric terms. The leading national financial institutions like SIDBI, NABARD, Rashtriya Mahila Kosh (RMK) have played a significant role in promoting micro- credit. SIDBI an apex bank for promoting, developing and financing small scale industries in India has launched a project called SIDBI Foundation for Micro Credit (SFMC) for facilitating accelerated and orderly growth of micro- finance sector in India. Over 11 million poor household accessing banking services including micro- credit through their

7,00,000 SHGs. SHG-Bank Linkage Programme led by NABARD claims to be the fastest and largest growing Micro Finance Programme of the world. Over 2800 NGOs and 30,000 branches of 500 banks are associated with the programme.

Characteristics Of Micro Credit

Micro credit operations are loans given to poor households in rural and urban areas for income generation through self-employment. Some basic characteristics of micro-credit are:

- Micro credit involves loan without collateral.
- NGO- controlled micro-credit loans are generally advanced to individuals who are members of groups. The group is, in fact, viewed as standing in the place of collateral. The formation of groups has the double advantage of lowering transaction costs and improving repayment.
- Micro-credit is viewed as a way of promoting market-led growth.
- The main target group of micro credit project are those living below poverty line.
- Micro-credit has provision of small loans, but the scale of smallness of loans varies and has to be identified.

Modes Of Delivery Of Micro Credit

Micro Financial Institutions (MFIs) around the world follow a variety of different methodology. The following are major methodology employed by MFIs for delivery of financial services to low income families.

- SHG is the dominant micro finance methods in India. SHG is a registered or unregistered group of micro entrepreneurs having homogeneous social and economic background voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. The group members use collective wisdom and peer pressure to ensure proper use of credit and timely repayment.
- Individual Banking Programmes (IBPS) - In this mode there is a provision by Micro Financial Institutions for lending to individual clients though they may sometimes be organized into joint liability groups, credit and saving co-operatives.
- Grameen Model is pioneered by Dr. Mohammad Yunus of Grameen Bank of Bangladesh. In this model the groups are formed voluntarily consisting of five borrowers each. The lending is made first to two then to the next two and then to the fifth. These groups of five meet weekly with seven other groups. Loan is made to individual but the group is responsible for repayment.
- Mixed Model – They are a mix of SHGs and Grameen model.

Models Of Micro Credit

The main models of micro credit in India are of three types. They are as follows:

- The SHG model under SHG-Bank Linkage Programme (SHG-BLP). The model

involves the SHGs financed directly by the Commercial banks (public & private sector), RRBs and Co-operative Banks.

- The Micro Financial Institutions-Bank Linkage Model. This model covers financing of MFIs by banking agencies for onward lending to SHGs and other small borrowers.
- NGO- Bank Lineage Model. Under this model NGOs promote the linkage between banks and SHGs for savings and credit.

Review Of Literature

Research work on Micro Credit, SHGs and related issues has been done by numerous researchers and academicians. Researchers have developed various literatures to evaluate the progress of Micro Credit and SHGs. The efforts of various researchers has be presented here.

Jayaraman (2000 &2002) mentioned in his paper about the role and performance of fisherwomen SHGs in India. He found that the fisherwomen SHGs are performing well in availing themselves of micro credit, utilizing it and repaying it in time and he concluded that the micro credit programme run by these SHGs contributed to the socio-economic welfare and empowerment of the fisherwomen.

Zaman(2001) reported that SHGs have shown to have positive effect on women. In his study he found that SHGs have played a valuable role in reducing poverty through asset creation, the provision of emergency assistance and empowering women by giving them control over assets and increasing their self-esteem and knowledge.

The study conducted by Lalitha and Nagarajan (2002) found that in India micro credit studies done on SHGs dealing with dairy farming have noted positive profit levels and short payback periods for loans.

Sabyasachi Das (2003) in his study reported the functions of SHGs and micro credit including socio-economic, political and spiritual development of poorer section of society. In addition to this NGOs provided training to SHGs for building awareness of entrepreneurship and business skills training.

In order to run income generating activities successfully the SHGs needed to get the help of NGOs. This has been reported in the study conducted by Manimekalai (2004). He also studied that formation of SHGs has boosted the self-image and confidence of rural women. In the study he suggested that the bank officials could counsel and guide women in selecting and implementing profitable income generating activities.

Sahu and Tripathy (2005) in their edited book expressed the view that 70% of the world's poor are women. Access for the poor to banking services is important not only for poverty alleviation but also for optimising their contribution to the growth of regional as well as national economy. SHGs have emerged as the most vital instrument in the process of participatory development and women's empowerment.

Das Gupta (2005) emphasized that a paradigm shift is required from "financial sector reform" to "micro-finance reform".

P S R Murthy (2009) in his study found that the rural women with the assistance from NGOs have demonstrated their potential for SHGs to secure economic and financial strength. The SHGs have enhanced the economic condition of the members in good number of families living below poverty line and also the rural women have gained respect in family as well as in society after joining SHGs.

Laxmi Murthy(2009) in her study concluded that the micro lending organizations have increased dramatically during 1990s spurred by the notion of self-help.

The development and growth of SHGs in North Eastern India has been studied by Dilip Sarma(2010). He states that though the growth of SHGs has been phenomenal still there is large unmet demand. The voluntary sector intervention of Rashtriya Grameen Vikas Nidhi is the largest voluntary sector intervention in North- East in credit and saving programme.

The study conducted by Kalaiselvi and Muruganandam(2010) studied micro credit programme run by SHGs in Tamil Nadu. The study concluded that micro credit programme plays an important role in the potential for poverty alleviation and empowerment of women in particular. SHGs both from rural and urban areas were satisfied with micro credit facility but suggested improvement in education level, initiating marketing awareness programme to increase the effective utilization of micro credit.

Mohanan and Alagupandian (2012) studied micro credit of SHGs in Bodinayakanur taluk and found that the number of SHGs and amount of bank loans disbursement has increased. It was found that though the commercial banks were reluctant initially in financing the rural women entrepreneur they were liberal in sanctioning loans to establish micro enterprises in the rural areas and in return increased the status of women in their homes and in the society.

Objectives Of The Study

The present study is concerned to explore the micro credit programme and to analyze its progress. The paper proposes:

1. To evaluate the role and importance of Micro Credit and SHGs in rural credit.
2. To analyze the progress of SHGs in the field of rural credit.
3. To study the growth of SHGs under Ranchi district of Jharkhand.

Methodology

The study is based on secondary data. The information has been collected from the Annual Reports of NABARD and District Credit Plan of Bank of India for the stipulated period of seven years also the data from Status of Micro Finance in India NABARD Report for the year 2013-2014 has been analyzed.

Analysis

Microfinance has made tremendous strides in India. It has become a household name in view of the variety of benefits reaped by the poor from microfinance services. SHGs have become the vehicles of development process, converging all development programmes. SHG-Bank Linkage Programme launched by NABARD way back in 1992 synthesising formal financial system and informal sector. NABARD's SHG-BLP has passed through various phases:

- Pilot testing (1992-95)
- Mainstreaming (1996-98)
- Growth and Expansion(1998 onwards)

Since then the microfinance has become a movement throughout the country. It is considered as the largest microfinance programme in terms of outreach in the world and many countries are keen to replicate this model. At present large number of SHGs and MFIs are pursuing this programme for the upliftment of the poor. RBI recognised this as a part of priority sector lending and normal banking business. It has even removed the interest rate cap for the final beneficiaries under microfinance investment. The programme is also the main contributor towards financial inclusion in the country. The importance of this programme has been internationally acclaimed such that the United Nation designated 2005 as the “International Year of Micro Credit”. It has invited government, NGOs and the private sector to help capacity building in microfinance and create more awareness on the subject.

Progress of Micro Credit In India

The SHGs are biggest micro finance programme in terms of outreach linking 69.5 lakh saving linked SHGs and 48.5 lakh credit linked SHGs group disbursing the loan of Rs 53596.51 crore by March 2010.

Table 1 : SHG Programme Since 1992.

Y e a r (ending March)	No. of SHGs	Growth %	Cumulative no. Of SHGs linked	Bank Loan	Growth %	Cumulative Bank Loan
1992-93	255	-	255	0.29	-	0.29
1993-94	365	43.1	620	0.36	24.1	0.65
1994-95	1502	311.5	2122	1.79	397.0	2.44
1995-96	2635	75.4	4757	3.62	102.0	6.06
1996-97	3841	45.8	8598	5.78	60.0	11.84
1997-98	5719	48.9	14317	11.92	106.0	23.76
1998-99	18678	226.6	32995	33.31	140.0	57.07
1999-00	81780	337.8	114775	135.91	238.0	192.98
2000-01	149050	82.0	263825	287.89	112.0	480.87
2001-02	197653	33.0	461478	545.47	89.0	1026.34
2002-03	255882	29.0	717360	1022.34	87.0	2048.67
2003-04	361731	41.0	1089091	1855.53	81.0	3904.20
2004-05	539365	49.0	1618456	2994.25	62.0	6898.46
2005-06	620109	15.0	2238565	4499.09	50.0	11397.55
2006-07	684408	10.4	2924973	6643.19	47.7	18040.74
2007-08	2084821	204.5	5009794	8849.26	33.2	26890.00
2008-09	1111353	-46.7	6121147	12253.51	38.5	39143.51
2009-10	832103	25.1	6953250	14453.30	18.0	53596.81

Source: NABARD Annual Report

**Table 2 : Progress of Micro-Credit Programme from 2007-2013
in case of SHGs**

(Amount in Rs.crore)

S I No	Particulars	2007		2008		2009		2010		2011		2012		2013	
		No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
1	Loans Disbursed	11.05	6,570.39	12.27	8,849.26	16.09	12,253.51	15.86	14,453.30	11.96	14,547.73	11.48	16,534.77	12.20	20,585.36
2	Loans Outstanding	(1.88)	(1,411.02)	(2.46)	(1,857.74)	(2.64)	(2,015.22)	(2.67)	(2,198.00)	(2.40)	(2,480.37)	(2.09)	(2,643.56)	(1.81)	(2,207.47)
		28.94	12,366.49	36.25	16,999.90	42.24	22,679.84	48.51	28,038.28	47.86	31,2216.16	43.54	36,340.00	44.51	39,375.30
		(6.87)	(3,273.03)	(9.16)	(4,816.87)	(9.76)	(5,861.73)	(12.45)	(6,251.08)	(12.85)	(7,829.38)	(12.16)	(8,054.83)	(11.93)	(8,597.08)
3	Saving a/c with banks	41.60	3,512.71	50.09	3,785.39	61.21	5,545.62	69.53	6,198.71	74.61	7016.30	79.60	6,551.41	73.18	8,217.25
		(9.56)	(757.50)	(12.03)	(809.51)	(15.05)	(1,563.39)	(16.93)	(1,292.62)	(20.22)	(1817.12)	(21.23)	(1,395.25)	(20.48)	(1,821.25)

Source: NABARD Annual Report
Figures in parentheses indicate the share of SHGs covered SGSY.

The table shows the pilot project started in 1992 with only 255 SHGs; got substantial boost from 1998-99 i.e. the expansion phase. In fact the number of SHGs linked with the programme has continuously increased year after year reaching a record number of 20.8 lakh in 2007-08. As a result cumulative number of SHGs stood at 69.5 lakh by March 31, 2010. Similarly, the amount of bank loans disbursed increased from a meagre amount of 0.29 crore in 1992-93 to 14453.30 crore during 2009-10 leading to a cumulative disbursement of Rs 53596.87 crore by March 31, 2010. SHG-Bank Linkage Programme of NABARD has emerged as the primary model for providing micro-credit in the country. Encouraged by the success of the programme NABARD promoted the linkage of MFIs with the banking sector. The MFI-Bank Linkage Model has assumed importance on account of credit support extended by banks for on-lending to clients by MFIs.

The above table shows the data related to loans disbursed, loans outstanding and savings maintained by the SHGs over a period of seven years i.e. 2007-2013. On March 31, 2007 41.60 lakh SHGs maintained savings and had saving of Rs.3,512.71 crore outstanding with banks. Bank credit of Rs. 6,570.39 crore was disbursed to 11.05 SHGs including 1.88 lakh SHGs under SGSY. In the year 2008 loan disbursed by 12.27 lakh SHGs was Rs.8,849.26 crore, loan outstanding by 36.25 lakh SHGs was Rs. 16,999.90 crore and 50.09 lakh SHGs maintained saving of Rs.3,785.39 crore. Loan disbursed by 16.09 lakh SHGs was Rs.12,253.51 crore and loan outstanding by 42.24 lakh SHGs was Rs.22,679.84 crore and savings made 61.21 lakh SHGs was Rs.5,545.62 crore in the year 2009. Bank credit of Rs. 14,453.30 crore, Rs.14,547.73 crore, Rs. 16,543.77 crore, Rs.20585.36 crore was disbursed to the SHGs in the year 2010, 2011, 2012, 2013 respectively. Loan outstanding to the SHGs was Rs.28,038.28 crore, Rs.31221.16 crore, Rs.36,340.00 crore and Rs.39,375.30 crore in the year 2010, 2011, 2012, 2013 respectively and saving maintained by the SHGs in the year 2010, 2011, 2012, 2013 was Rs.6,198.71 crore, Rs.7016.30 crore, Rs.6,551.41 crore and Rs.8,217.25 crore respectively.

The table shows loans disbursed, loans outstanding and savings maintained by MFIs with banks. Loans disbursed by MFIs amounted to Rs. 1,151.56 crore, Rs. 1970.15 crore, Rs.3,732.33 crore, Rs.10,728.49 crore, Rs.8,448.96 crore, Rs.5,205.28 crore, Rs.7,839.51 crore in the year 2007, 2008, 2009, 2010, 2011, 2012, 2013 respectively. Loans outstanding by MFIs in the year 2007, 2008, 2009, 2010, 2011, 2012, 2013 was Rs.1,584.48 crore, Rs.2,748.84 crore, Rs.5,009.09 crore, Rs.13,955.74 crore, Rs.13,730.62 crore, Rs.11,450.35 crore and Rs.14,425.84 crore respectively. Savings maintained by MFIs with banks was nil. The amount related to loans disbursed and loans outstanding has increased over the years.

Progress of Micro Credit In Ranchi District of Jharkhand

The Micro credit programme of the government has shown remarkable progress in Ranchi district of Jharkhand in terms of number of SHGs formed and linked with the bank.

**Progress Of Micro-Credit Programme From 2007-2013
In Case Of Mfis.**

(Amount in Rs. Crore)

S L No.	Particulars	2007		2008		2009		2010		2011		2012		2013	
		No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
1.	Loans Disbursed	334	1,151.56	518	1,970.15	581	3,732.33	779	10,728.49	469	8,448.96	465	5,205.28	426	7,839.51
								(88)	(2,665.75)	(2)	(843.77)	(12)	(239.42)	(41)	(408.27)
2.	Loans Outstanding	550	1,584.48	1109	2,748.84	1915	5,009.09	1659	13,955.74	2315	13,730.62	1960	11,450.35	2042	14,425.84
								(146)	(3808.20)	(139)	(3041.76)	(129)	(1,597.11)	(102)	(1,880.63)
3.	Saving a/c with Banks	--	--	--	--	--	--	--	--	--	--	--	--	--	--
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Source: NABARD Annual Report
Figures in parentheses indicate the share of SHGs covered under SGSY.

Table 4 : Bank-wise Achievement under SHG in Terms of no. of SHG Formed & SB A/C opened during the year 2007-2011.

Sl.No	Banks	2007	2008	2009	2010	2011
1	Boi	1407	80	675	839	467
2	Sbi	302	-	146	368	213
3	Allahabad	53	48	62	317	106
4	United	71	160	170	182	146
5	Union	97	13	910	161	93
6	Canara	43	10	36	85	63
7	Cbi	950	74	35	36	18
8	Uco	-	-	43	53	16
9	Pnb	27	30	50	76	23
10	Iob	-	-	48	45	54
11	Indian	07	10	-	03	-
12	Bob	-	-	45	45	15
13	Andhra	-	-	-	-	-
14	Obc	-	-	-	-	-
15	P&Sb	-	01	-	-	-
16	JGB	372	61	225	824	547
17	Rkcc	-	-	-	-	-
18	Ldb	-	-	-	-	-
19	Fscs	-	-	-	-	-
	Total	3329	487	2445	3034	1789

Source: District Credit Plan, Bank Of India (Ranchi District).

The data shows that the Public sector commercial banks have worked towards the formation of SHGs and opening of the saving accounts from the year 2007 to 2011.

Bank of India opened 1407 saving account in the year 2007 but it showed a downward trend in the rest four years. Number of SHGs formed and saving account opened by Public sector commercial banks were 2957 in 2007, followed by 426 SHGs in 2008, 2220 SHGs in 2009, 2210 SHGs in 2010 and 1222 SHGs in 2011. The contribution of Private sector commercial banks and co-operative banks towards the formation of SHGs and creation of accounts is totally nil. Only Jharkhand Grameen Bank has worked towards the formation of SHGs in RRB category. Its contribution has been significant. It has more or less succeeded in penetrating the rural poor in terms of outreach. Contribution made by JGB in the year 2010 was remarkable when it formed maximum number of SHGs i.e. 824 SHGs since 2007.

Table 5 : Bank-wise Achievement under SHG in terms of Linkage of SHGs with Banks During the year 2007-2011.

Sl.No	BANKS	2007		2008		2009		2010		2011	
		A/C	AMT	A/C	AMT	A/C	AMT	A/C	AMT	A/C	AMT
1	BOI	2324	67,396	287	14,192	184	31,150	643	34,601	417	32,214
2	SBI	290	10,896	129	3962	128	4816	269	11,407	190	10,209
3	ALLAHABAD	12	300	18	2260	12	1125	50	2325	76	4059
4	UNITED	39	2438	24	1005	68	2500	127	5871	87	3725
5	UNION	76	2300	13	370	21	1425	117	4999	38	2575
6	CANARA	43	620	01	25	15	375	65	2980	40	4250
7	CENTRAL	36	980	-	-	09	867	14	1970	16	675
8	UCO	-	-	-	-	02	744	44	1980	10	250
9	PNB	03	1395	03	150	29	2011	27	3225	23	575
10	IOB	-	-	-	-	28	2000	31	1505	24	1675
11	INDIAN	04	550	10	20	-	-	01	550	-	-
12	BOB	-	-	-	-	15	375	33	2215	15	1025
13	ANDHRA	-	-	-	-	-	-	-	-	-	-
14	OBC	-	-	-	-	-	-	-	-	-	-
15	P&SB	-	-	01	90	-	-	-	-	-	-
16	JGB	70	2050	65	3750	201	6629	731	23,339	442	21,954
17	RKCC	-	-	-	-	-	-	-	-	-	-
18	LDB	-	-	-	-	-	-	-	-	-	-
19	FSCS	-	-	-	-	-	-	-	-	-	-
	TOTAL	2897	88,925	551	25,824	712	54,017	2152	96,967	1378	83,186

Source: District Credit Plan, Bank of India (Ranchi District).

The data above shows that Public sector commercial banks have shown remarkable progress with to respect to linkage of SHGs with banks in terms of both account and amount. The contribution of Public sector commercial banks in terms of accounts was 2827 in 2007, 486 A/c in 2008, 511 A/c in 2009, 1421 A/c in 2010 and 936 A/c in 2011. The amount in the accounts linked with banks were Rs.86,875, Rs. 22,074, Rs. 47,388, Rs.73,628 and Rs. 61,232 in the year 2007, 2008, 2009, 2010 and 2011 respectively. The contribution of Public sector commercial banks in the year 2010 was magnificent. Among the Public sector commercial banks the contribution of Bank of India in terms of linkage of SHGs with banks was significant. Banks like Andhra Bank, Oriental Bank of Commerce, Punjab & Sindh Bank made negligible contribution. In this regard the contribution of Private sector commercial banks and co-operative banks was absolute nil. The effort made by Jharkhand Grameen Bank (JGB) in this regard was remarkable.

Conclusion

The Micro-Credit Programme which started in 1992 has become a vehicle for development

process. It has been proved from the study that it is one of the most important instrument for financial inclusion of rural, semi – urban and urban poor in the mainstream banking activity. The SHG- Bank Linkage Programme has been successful in making inroads into resource poor regions of the country. Over the years, since the inception of the programme in 1992 there has been an all-round growth of the programme in many states of the country. The SHGs has to a great extent been a major thrust for rural poverty alleviation. SHGs have emerged as the most vital instrument in the process of participatory development and women empowerment by giving them control over assets. SHGs have increased the income level of the people especially of women folk. It has boosted the self- image and confidence of rural women. The programme has brought in a lot of encouraging and positive features like increase in loan volume to SHGs, definite shift in the loan utilization pattern of SHG members, gradual increase in the income level of SHG members, significant reduction in the transaction costs for the banks and the borrowers. The study shows that there has been an incredible growth in the formation of SHGs, linkage of SHGs and MFIs with banks, loan disbursed and loan outstanding during the period of 1992-2013. The growth in all these aspect was witnessed not only in India but also in Jharkhand especially in Ranchi district. Over these years there has been significant increase in saving-linked SHGs and credit- linked SHGs in the country as well as in Jharkhand. There has been spectacular progress in SHGs from the period of 1998 as it was the phase of expansion of the SHGs. Progress of SHGs from 2012 till date has been considerably high because of re-launching of the programme named SHG-2. Thus, it can be concluded that over the years the SHG-BLP has emerged as a viable model for financial inclusion of hitherto unreached poor households particularly in rural areas. This programme has proved to be a decentralised cost-effective and the fastest growing micro-credit initiative in the world.

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