



EMPOWERING WOMEN THROUGH MICROFINANCE: AN ESSENTIALS PERSPECTIVE ON THE BANK LINKAGE PROGRAMME FOR THE SELF-HELP GROUP

Ramya L P

Research Scholar, Institute of Social Science and Humanities, Srinivas University, Mangalore, Karnataka, India

Dr. Shripathi Kalluraya P

Professor, Institute of Social Science and Humanities, Srinivas University, Mangalore, Karnataka, India

ABSTRACT

The empowerment of women is a major issue in India's development. Increasing women's power and establishing their dominance in the spheres of social, political, legal, financial, and economic spheres are the aims of empowerment. It also suggests that women's equal rights are guaranteed. This study paper examines the impact of microfinance on women's empowerment, with a particular focus on the Self-Help Group (SHG) Bank Linkage Programme in India. This study evaluates how well the program raises women's socioeconomic standing, decision-making ability, and sense of overall empowerment through a review of secondary data from several reports, publications, and body of current literature. The article lists achievements, identifies issues, and makes policy recommendations to improve the program's sustainability and impact.

This study uses secondary data to empirically investigate the significant role microfinance plays in women's empowerment, with a focus on the Self-Help Group Bank Linkage Program (SHG-BLP).

KEY WORDS: Microfinance, SHGs – Bank Linkage Program, Women empowerment.

INTRODUCTION

The social and economic empowerment of women is a symbol of transformation. Over the past few decades, the social and economic empowerment of underprivileged women has become increasingly important on a global scale. In developing countries like India, economic development presents a major chance to step up the goal of women's empowerment. The concept of women's empowerment refers to the various means by which a woman might be equipped to achieve economic independence, self-sufficiency, and self-assurance. They can grow in their ability to make independent decisions and become more robust in difficult situations as a result. When one looks more closely, one finds that women have a major role in the social and economic progress of a country. Therefore, a strong nation is required to empower them and guarantee their equality.

Microfinance has developed into a powerful tool for reducing poverty and promoting socioeconomic growth, particularly for women residing in rural areas. In order to integrate informal SHGs with conventional banking institutions, the National Bank for Agriculture and Rural Development (NABARD) launched the Self-Help Group (SHG) Bank Linkage Programme in 1992. This program has made a substantial contribution to the advancement of financial inclusion and women's empowerment by providing women with access to credit, savings accounts, and other financial services.

OBJECTIVE OF THE STUDY

1. To study the impact of microfinance on women empowerment.
2. To evaluate how the SHG-Bank Linkage Programme has influenced the economic status of women participants.

RESEARCH METHODOLOGY

This research paper is conceptual in nature. This study utilizes secondary data sources, including NABARD reports, government publications, academic articles, and data from NGOs involved in the SHG-Bank Linkage Programme. The data is analyzed to assess the program's impact on women's empowerment, focusing on economic, social, and decision-making aspects.

SCOPE OF THE STUDY

The study will examine the SHG-Bank Linkage Programme across various states in India, with a specific emphasis on regions where the programme has been extensively implemented.

REVIEW OF LIRERATURE

Vetrivel S.C3 Advances in Management. Jun2010 studied that In India, the emergence of liberalization and globalization in early 1990's aggravated the problem of women workers in unorganized sectors from bad to worse as most of the women who were engaged in various self-employment activities have lost their livelihood.

Microfinance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, Microfinance scene is dominated by Self Help Group (SHGs) - Bank Linkage Programme as a cost-effective mechanism for providing financial services to the "Unreached Poor" which has been successful not only in meeting financial needs of the rural poor women but also in strengthening collective self-help capacities of the poor leading to their empowerment.

K., Geetamma Bulla, B.5 Golden Research Thoughts. Jul2013. Studied that the Micro finance through **Self Help Group** (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty creating awareness which finally results in sustainable development of the nation.

Nasir Sibghatulla (2013) focused on the microfinance issues and challenges in India. The study encompasses that important role has been played by MFIs in the area of poverty mitigation and increase standard of living of poor people. Further, it states that regulatory issues, regional imbalance, proper management and language barriers should be attended on high priority by MFIs. If these issues are solved, it will be a milestone for enhancing the living standards of thousands of poor people.

Dey Sanjeeb Kumar (2015) emphasized on the MFIs issues and challenges. It also focused on the present context as well as the need of sustainable development through microfinance. The study suggests various measures to MFIs for solving the problems. These measures include field supervision, proper regulation, alternative source of funds and transparency of interest rates. This measure can result into development, growth and diversification of rural economy.

Mahajan Ruchika (2017) explained the microfinance institutions and challenges they face. This study also focused on strategy implementation for overcoming various challenges. These challenges are inability to generate funds, financial illiteracy, lack of information, and weak governance. Working on these strategies can surely give the positive results and will help the society for accessing the finance.

SELF-HELP GROUP BANK LINKAGE PROGRAM (SHG – BLP) IN INDIA

The SHG Bank Linkage Programme (SHG-BLP), which covers 112.23 lakh SHGs and over 138 million families, has grown to be a significant tool for financial inclusion and has empowered the social, economic, and financial spheres of the rural poor, particularly women. Through the Self-Help Group-Bank Linkage Programme (SHG-BLP), which allows them to become group members and subsequently connect them with banks, Self-Help Groups have been instrumental in helping unbanked women become part of society.

Year after year, the initiative has advanced steadily as new groups are formed and links to banks are established. A substantial 9.8 lakh savings-linked SHGs were added in 2020–21, representing an increase of 9.57%. States such as Andhra Pradesh, Bihar, Chhattisgarh, Haryana, Jammu & Kashmir, Madhya Pradesh, Maharashtra, Nagaland, Odisha, Punjab, and so on have had growth this year that has above the national average. This suggests that SHG-BLP should be used to link low-income households in states where poverty is the norm with the development process. In certain states, the number of newly formed SHGs has been decreasing annually due to factors such data sanitization by banks, saturation in locations that may host new SHGs, and limitations on the ability of Self-Help Promoting Institutions (SHPIs) to organize SHGs following the implementation of DAY-NRLM.

Currently, the Ministry of Rural Development, Government of India, is leading the charge in the establishment and capacity building of Self-Help Groups (SHGs) in rural areas of the country under the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM). With a net addition of 6.89 lakh SHGs, NRLM now included 64.78 lakh SHGs, representing an 11.9% rise over the year. 86.65% of SHGs are made up of women, indicating that women are the primary focus of these organizations. As a result, SHG-BLP is the nation's best program for empowering impoverished rural women. The Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM), a division of the Indian government's Ministry of Housing and Urban Affairs, is concurrently focusing on SHG establishment and connection in urban areas. Under NULM, there are 5.29 lakh SHGs. SHG Bank linkage programme is a strong intervention in economic enablement and financial inclusion for 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 programme for promotion of livelihoods and poverty alleviation. Over the past few years, there has been positive growth in all important criteria, including the number of SHGs with savings bank accounts, the amount of credit given throughout the year, the amount of bank loans outstanding, and the amount of savings outstanding.

The number of Self-Help Groups (SHGs) receiving bank loans and the total amount of institutional credit awarded to SHGs have been increasing annually, however there was a little decrease in 2020–21 owing to Covid-19-related restrictions. It follows naturally that as group members advance, they will look for better prospects for a living by obtaining credit from financial organizations.

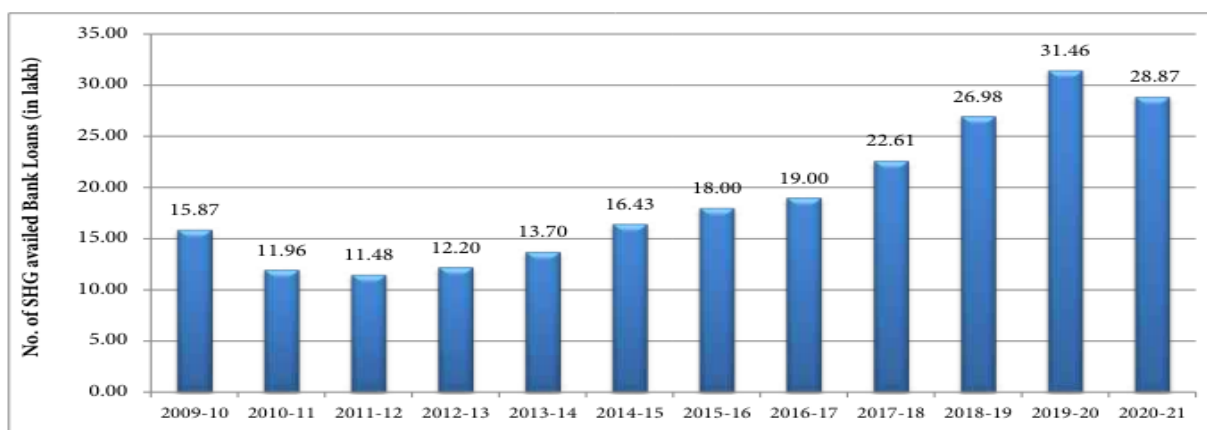
Key Statistics under SHG-BLP as of March 2021

- Total number of SHGs saving-linked with banks: 112.23 lakh
- Total saving amount of SHGs linked with banks: 37,478 crores
- Total number of SHGs with loan outstanding: 57.80 lakh
- Total loan amount outstanding: 1,03,290 crores
- Total No. of SHGs credit linked during 2020-21: 28.87 lakh
- Total Amount disbursed during 2020-21: 58,071 crores

No of SHGs Availing Bank Loan during 2020-21

As Figure 5.6 shows, there was an 8.23% drop in the number of SHGs obtaining bank loans in 2020–21. When compared with the growth of 16.6% in the prior year, this is an adverse backdrop.

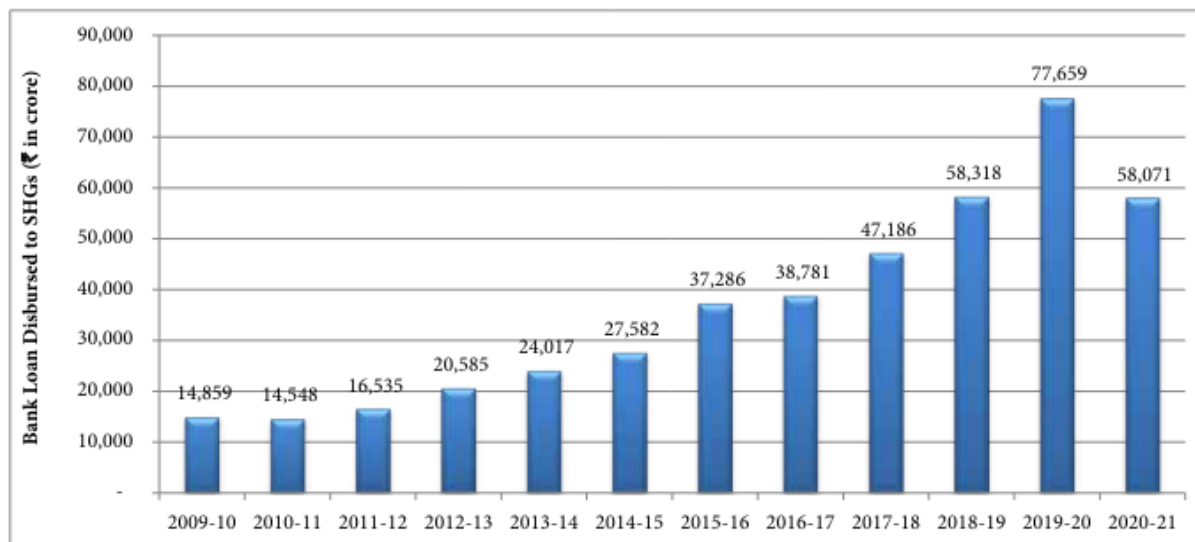
Figure 5.6: No. of SHGs availing Bank Loan during 2020-21 from the Banking System



SOURCE: Bharat Microfinance Report 2021

The total loan amount disbursed to Self-Help Groups (SHGs) across India in the current year was `58,071 crore, down from `77,659 crore in the previous year. This is a fall of 25.22% compared to a significant increase of 33.16% in the previous year.

Figure 5.7: All India Trend in Bank Loan Amount Disbursed to SHGs

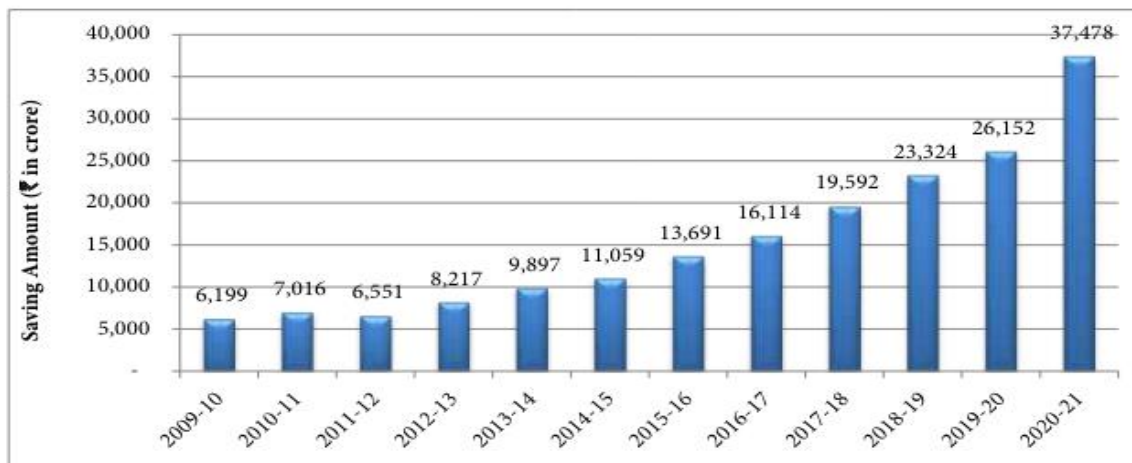


SOURCE: Bharat Microfinance Report 2021

Savings Performance of SHG-BLP

Banks' holdings of SHG savings have been increasing (Figure 5.2), with the exception of a slight decrease in 2011–12. After that, the growth was constant. The amount of SHG savings held by the banking system as of March 2021 was ₹37,478 crore, a notable increase of 43.3% over the previous year's growth of 12.12%.

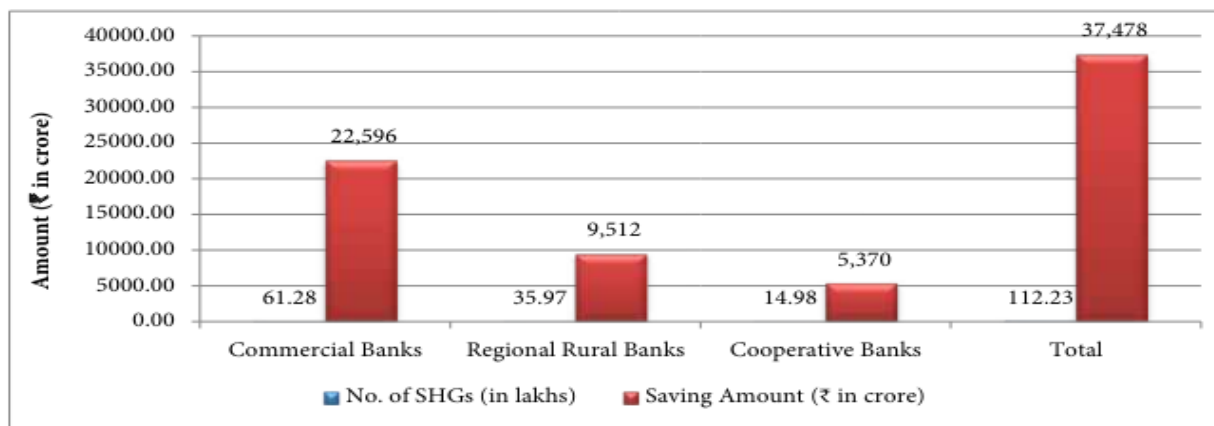
Figure 5.2: All India Trend in SHG Savings Amount Held in the Indian Banking System



SOURCE: Bharat Microfinance Report 2021

SHG savings as of March 31, 2021, with a variety of banks, including cooperative, commercial, and regional rural banks. Commercial banks maintain their prominent position in the financial sector, catering to 54.6% of all SHGs and 60.3% of all SHG savings. Second place goes to RRBs, which support 32.1% of all SHGs and contribute 25.4% of all SHG savings. Cooperative banks, on the other hand, support 13.3% of all SHGs and contribute 14.3% of all savings.

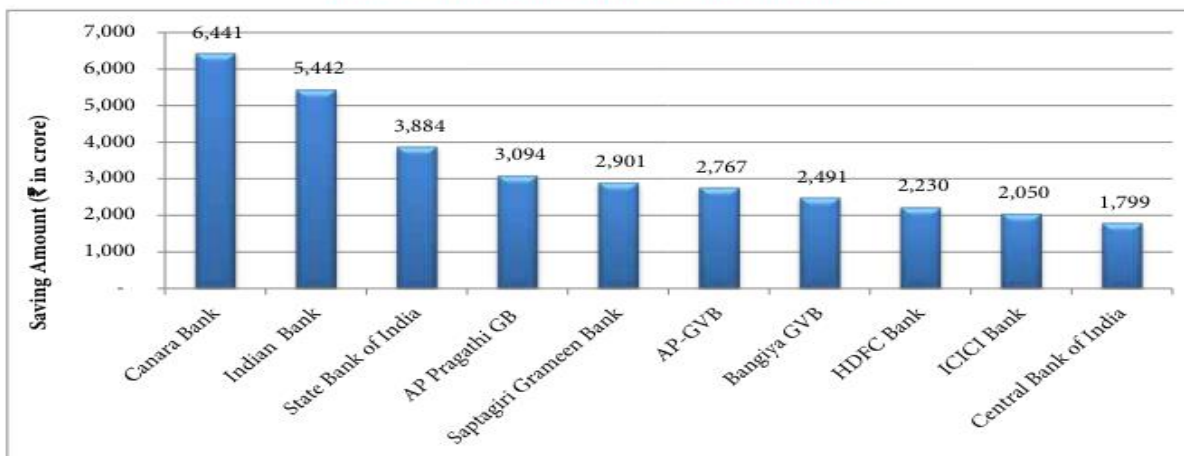
Figure 5.4: Savings of SHGs with Banks as on 31 March 2021



SOURCE: Bharat Microfinance Report 2021

Whereas State Bank of India has ~3,884 crores, and Indian Bank has ₹5,442 crores, Canara Bank leads the top 10 banks in terms of money dispensed with ₹6,441 crores. SBI's disbursements have decreased significantly from the ~18,305 crores they were at the end of last year. Andhra Pradesh Pragathi Grameena Bank, an RRB, comes in fourth place with ₹3,094 crores.

Figure 5.9: Top 10 Banks in terms of Disbursement

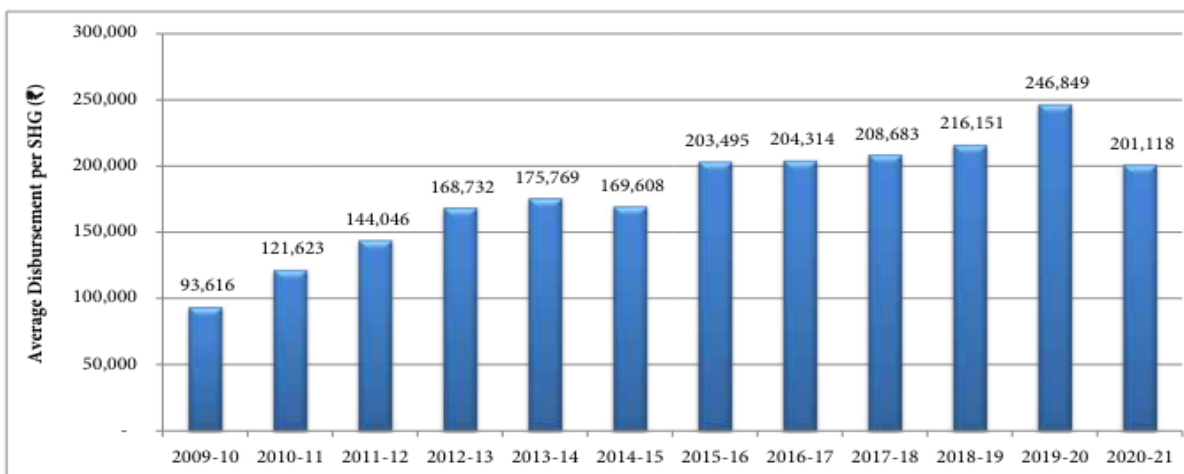


SOURCE: Bharat Microfinance Report 2021

Average Loan Disbursement per SHG

Following demonetization in 2016–17, there was a little decline in the average loan amount disbursed per SHG; however, this has since increased. Nevertheless, it decreased from ~2,46,849 in 2019–20 to ~2,01,118 in 2020–21. By comparison, the growth of 14.2 % in the previous year is hardly noticeable with the decline of 18.53%.

Figure 5.10: All India Trend in Average Bank Loan Amount Disbursed per SHG

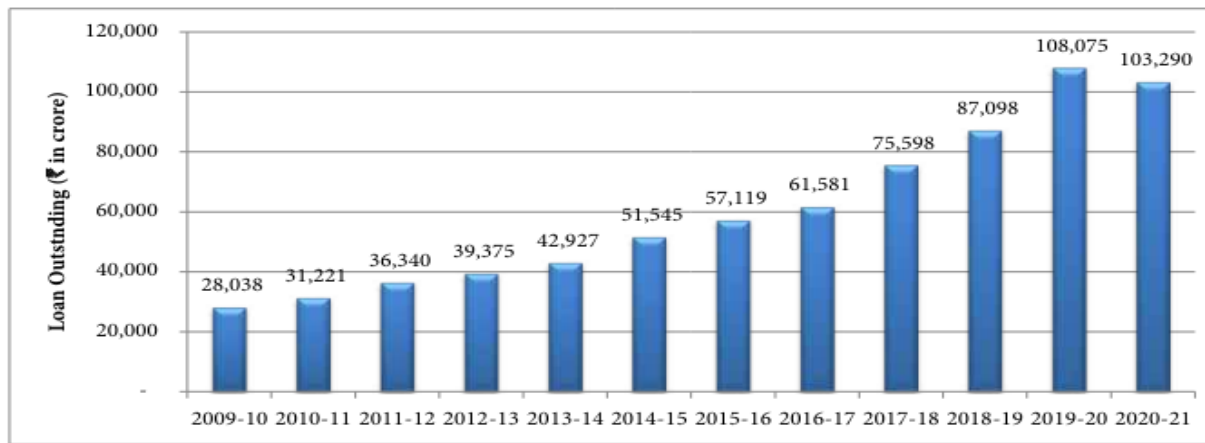


SOURCE: Bharat Microfinance Report 2021

Loan Outstanding with SHGs

For many years, the number of outstanding loans has been rising, indicating that SHG lending in this region is a profitable business for banks (Figure 5.11). On a pan-Indian scale, however, the total amount of outstanding loans in 2020–21 has dropped by 4.43% from `1,08,075 crores to `1,03,290 crores. With a growth rate of 24.08% from the previous year, the compares poorly. This is a mirror image of the downward trend in payouts as well.

Figure 5.11: All India Trend in SHG Loan Outstanding in the Books of Banking System



SOURCE: Bharat Microfinance Report 2021

Evolution of Microfinance in India

In India, the microfinance movement began with the formation of self-help groups (SHGs) in the 1980s. The SHG-Bank Linkage Programme was subsequently introduced by the National Bank for Agriculture and Rural Development (NABARD) in 1992. The goal of this initiative was to link informal SHGs with regular banking institutions so that the former might receive financial services. The sector underwent significant expansion in the 2000s with the implementation of multiple regulatory frameworks and the emergence of specialized MFIs. The Microfinance Institutions (Development and Regulation) Act, 2012 attempted to protect borrowers' interests and promote transparency by providing a legislative framework for the sector.

Microfinance has been having a transformative effect on financial inclusion, poverty alleviation, and socioeconomic development in India. Even though the sector has come a long way, more work and innovative solutions are still needed to assure sustainability and solve the difficulties. By strengthening the regulatory framework, promoting financial literacy, enhancing digital financial services, and expanding market accessibility, the microfinance sector may increase its impact and support the inclusive growth of the country.

Models of Microfinance in India

1. Self-Help Group (SHG)-Bank Linkage Programme

The largest and most effective microfinance program in India is the SHG-Bank Linkage Programme, which links formal banking institutions with informal SHGs to promote financial inclusion. Millions of women have gained access to credit, savings accounts, and other financial services because to this model.

2. Microfinance Institutions (MFIs)

MFIs provide microloans to individuals and Self-Help Groups (SHGs) utilizing a profit-oriented business strategy. With a variety of financial products and services catered to the need of low-income households, these banks have grown quickly. NGOs, cooperatives, and non-banking financial firms (NBFC-MFIs) are examples of MFIs.

3. Joint Liability Group (JLG) Model

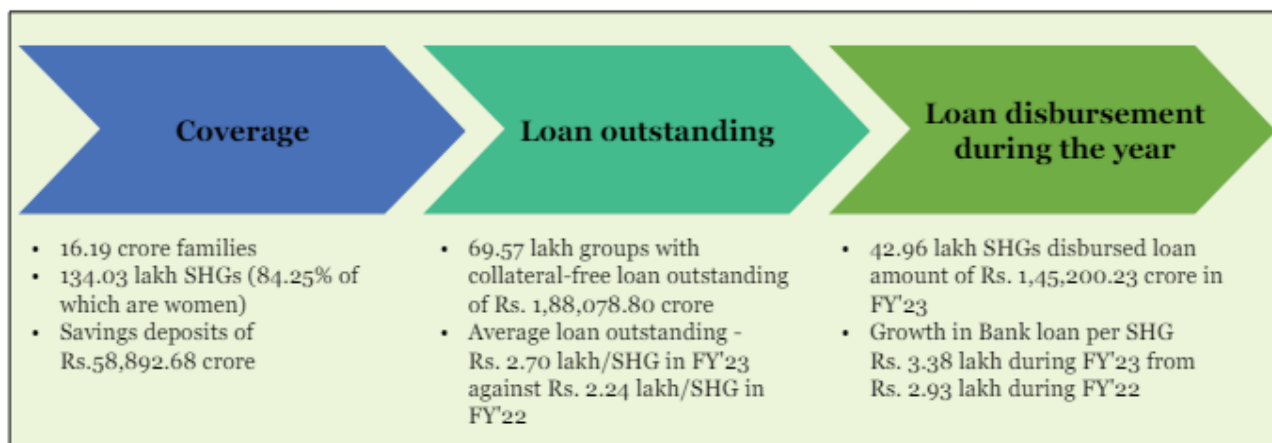
In the JLG model, small groups of people band together on the basis of mutual guarantees for obtaining loans. Due to its ability to lower lender risk and provide access to larger loans, this strategy is especially well-liked by small business owners and farmers in rural areas.

Sr. No.	Particulars	Total	
		Physical (No. in lakh)	Financial (₹ in crore)
1	Total number of SHGs savings linked with banks as on 31 March 2023	134.03	58892.68
(i)	Out of total SHGs - exclusive Women SHGs	112.92	52455.48
(ii)	Out of total SHGs- under NRLM/SGSY	82.01	37424.80
(iii)	Out of total SHGs -under NULM/SJSRY	7.39	3547.12
2	Total number of SHGs credit linked during the year 2022-23	42.96	145200.23
(i)	Out of total SHGs - exclusive Women SHGs	41.42	139315.69
(ii)	Out of total SHGs – under NRLM/SGSY	34.87	116479.07
(iii)	Out of total SHGs – under NULM/SJSRY	1.98	8627.25
3	Total number of SHGs having loans outstanding as on 31 March 2023	69.57	188078.80
(i)	Out of total SHGs - exclusive Women SHGs	65.15	179468.42
(ii)	Out of total SHGs - under NRLM/SGSY	55.45	150506.71
(iii)	Out of total SHGs - under NULM/SJSRY	3.42	11077.18

STATUS OF MICROFINANCE IN INDIA 2022-23

Over a period of almost three decades, microfinance has helped nearly a hundred million rural households achieve higher standards of living by increasing their incomes. Regulations and legislative interventions have guided the sector's progress, resulting in its expansion.

Similar to other economic sectors, the microfinance sector saw growth and stabilization in FY 2022–2023, the first full year following the COVID-19 pandemic. 16.19 crore rural households were covered by the SHG-BLP as of March 31, 2023. With savings of Rs. 58,892.67 crore, 134.03 lakh SHGs were associated with the banking industry; this represents a growth of 13% and 25% over the previous year. Among these, 112.92 lakh SHGs were run entirely by women, and their combined savings of Rs. 52,455.48 crore made up 84% and 89% of all SHGs and savings, respectively. Even though as of March 31, 2023, 69.57 lakh SHG had credit outstanding with banks of Rs. 188078.80 crore, the credit gap widened to 48.09% during FY 2023–24 from 43.33% during FY 2022–23.



FINDINGS

SHG-BLP has become a significant instrument for financial inclusion, with around 138 million households, predominately headed by women, being served by 112.23 lakh SHGs. The program has consistently grown, with a net addition of 9.8 lakh savings-linked SHGs in 2020–21, or an increase of 9.57%. Growth in several states—Andhra Pradesh, Bihar, and Odisha, for instance—has exceeded the national average, indicating successful regional implementation.

The Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) has been instrumental in the formation of Self-Help Groups (SHGs) and the enhancement of their capabilities in rural areas, with 64.78 lakh SHGs and an 11.9% growth rate. The Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) states that 5.29 lakh SHGs have been established and connected in urban areas.

SHGs saved ₹37,478 crores in total as of March 2021; yet, 57.80 lakh SHGs owed ₹1,03,290 crores in outstanding loans. ₹58,071 crores was the total amount disbursed in 2020–21. Major metrics including the quantity of credit disbursed, the number of SHGs with savings bank accounts, and the amount of outstanding loans have all demonstrated positive development despite the slight reduction brought on by COVID-19.

SUGGESTIONS

- Simplify loan application processes and reduce interest rates to make credit more accessible to SHG members.
- Develop financial products such as microinsurance and pension schemes tailored to the needs of SHG members.
- Implement ongoing training in advanced skills, business management, digital literacy, and financial planning.
- Create mentorship programs where experienced entrepreneurs and professionals can guide SHG members.
- Enhance the implementation and monitoring of policies supporting microfinance and women's empowerment.
- Develop partnerships between SHGs, NGOs, and financial institutions to provide comprehensive support and resources.
- Launch campaigns to change societal attitudes towards women's empowerment and encourage male support.
- Ensure regular monitoring and evaluation of SHGs to maintain effective functioning and goal achievement.
- Create systems for SHG members to voice concerns and suggestions, ensuring active participation in decision-making.
- Promote the use of digital platforms for banking and financial transactions to increase efficiency and reach.
- Develop online training modules to facilitate continuous learning and skill development for SHG members.

By focusing on these areas, the Self-Help Group Bank Linkage Programme can further enhance its impact on women's empowerment, leading to sustainable development and greater financial inclusion.

CONCLUSION

The Self-Help Group Bank Linkage Programme (SHG-BLP) has emerged as a transformative force in the realm of financial inclusion and women empowerment in India. By integrating nearly 138 million households through 112.23 lakh SHGs, this programme has significantly contributed to the socio-economic upliftment of rural and urban women. The steady year-on-year growth, even amid challenges such as the COVID-19 pandemic, underscores the resilience and success of the initiative.

Through SHG-BLP, women have gained access to vital financial services, enabling them to save, access credit, and invest in income-generating activities. This economic empowerment has translated into enhanced social status, improved decision-making within households, and increased participation in community and political

spheres. The robust support from initiatives like DAY-NRLM and DAY-NULM has been instrumental in driving this progress, with focused efforts on capacity building and resource provision.

However, the programme must address challenges such as regional saturation, data management issues, and the impact of external factors like pandemics. By implementing continuous training, fostering partnerships, leveraging technology, and enhancing policy support, SHG-BLP can further strengthen its impact. SHG-BLP stands as a beacon of hope and empowerment for millions of women across India. By continuing to evolve and adapt to the changing needs of its beneficiaries, the programme can ensure sustainable development and inclusive growth, ultimately contributing to the broader goal of poverty alleviation and gender equality.

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