



# Progress Of Shg Bank Linkage Programme In India

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## ABSTRACT

Inadequacies in access to formal finance has led to the growth of microfinance in India. In India microfinance operates through two main channels viz. a) banking system through the SHGs under SHG-Bank Linkage Programme (SHG-BLP) and JLG bank lending programme and b) through Micro Finance Institutions (MFIs) lending through individual and group approach. SHG Bank linkage programme through microfinance in India is the world's largest microfinance programme in terms of its reach and scale of finance. Started as a pilot project in the year 1992 with the initiation of NABARD, now it has spread all over India covering 31 states and union territories and 641 districts by 31<sup>st</sup> March 2023. The objective of the research paper is to examine the progress of SHGBLP in terms of number of SHGs with savings and amount of savings, no. of SHGs availed loans (credit linked) and amount of loan disbursed and no. of SHGs with loan outstanding and amount of loan during 2013-14 to 2022-23. It also aims to explore the region wise progress of SHGBLP in terms of the amount of loan disbursed to SHG during the past ten years. It is found that SBLP has witnessed a significant progress during this time and brought considerable changes in the socio economic conditions of SHG members. It also found that the progress of SHG bank linkage programme is uneven across the regions in India.

**Key words:** Microfinance, SHGBLP, NABARD, Bank Linkage, India

## 1. Introduction

Inadequacies in access to formal finance has led to the growth of microfinance in India. In India microfinance operates through two main channels viz. a) banking system through the SHGs under SHG-Bank Linkage Programme (SHG-BLP) and JLG bank lending programme and b) through Micro Finance Institutions (MFIs) lending through individual and group approach. SHG-BLP is a strong intervention in financial inclusion for the bottom of pyramid. A proven platform initially conceived for increasing the outreach of banking services amongst the poor it has since graduated to a programme for promotion of livelihoods and poverty alleviation.

## 2. Progress of SHG Bank linkage programme in India

SHG Bank linkage programme through microfinance in India is the world's largest microfinance programme in terms of its reach and scale of finance. Started as a pilot project in the year 1992 with the initiation of NABARD, now it has spread all over India covering 31 states and union territories and 641 districts by 31<sup>st</sup> March 2023, . SBLP has witnessed a significant progress during this time and brought considerable changes in the socio economic conditions of SHG members. As on 31 March 2023, 16.19 crore rural households were covered under the SHGBLP. A total of 134.03 lakh SHGs were savings linked to the banking sector with savings of Rs. 58,892.67 crore. Of these, 112.92 lakh were all women SHGs with savings of Rs. 52,455.48 crore accounting for 84% and 89% of total SHGs and savings, respectively.

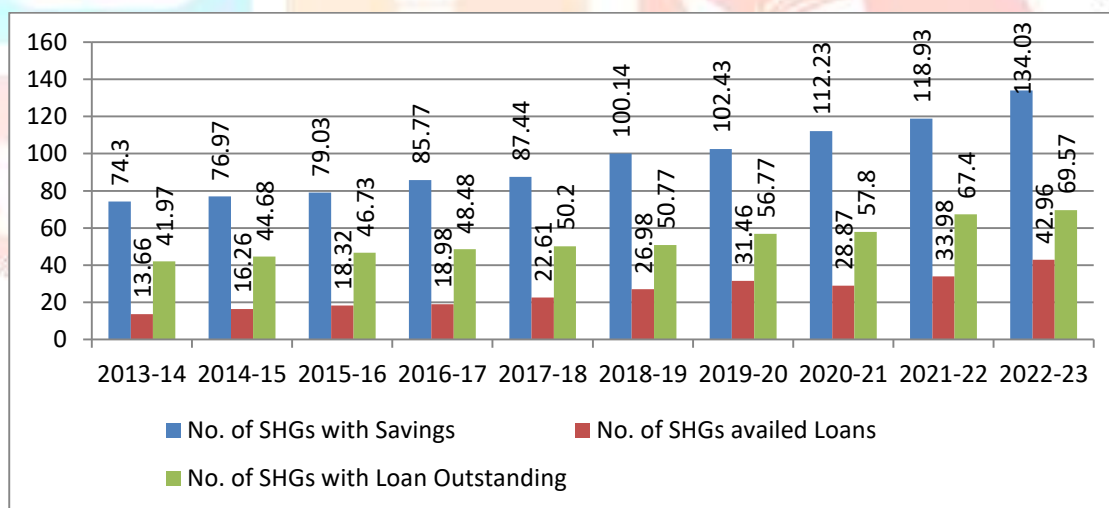
### 2.1. Overall Progress of SHG Bank Linkage Programme in India

The table 1 shows that in the progress SBLP in terms of number of SHGs with savings and amount of savings, no. of SHGs availed loans (credit linked) and amount of loan disbursed and no. of SHGs with loan outstanding and amount of loan during 2013-14 to 2022-23. It can be observed from the data that the SBLP has achieved a considerable progress during the past 10 years. The number of SHGs with savings have been increased from 74.30 lakhs with an amount of savings of Rs. 9897.42 crore in 2013-14 to 134.03 lakh with an amount of savings of Rs.58892.68 crore in 2022-23. Similarly the number of SHGs availed loans increased from 13.66 lakhs with the disbursed amount of Rs. 24017.36 crore in 2013-14 to 42.96 lakhs with the disbursed amount of Rs. 145200.23 in 2022-23. Further it can be observed that the number of SHGs with loan outstanding has been increased from 41.97 lakh with an outstanding loan amount of Rs. 42927.52 crore to 69.57 lakh SHGs with an outstanding loan amount of Rs. 188078.80 crore.

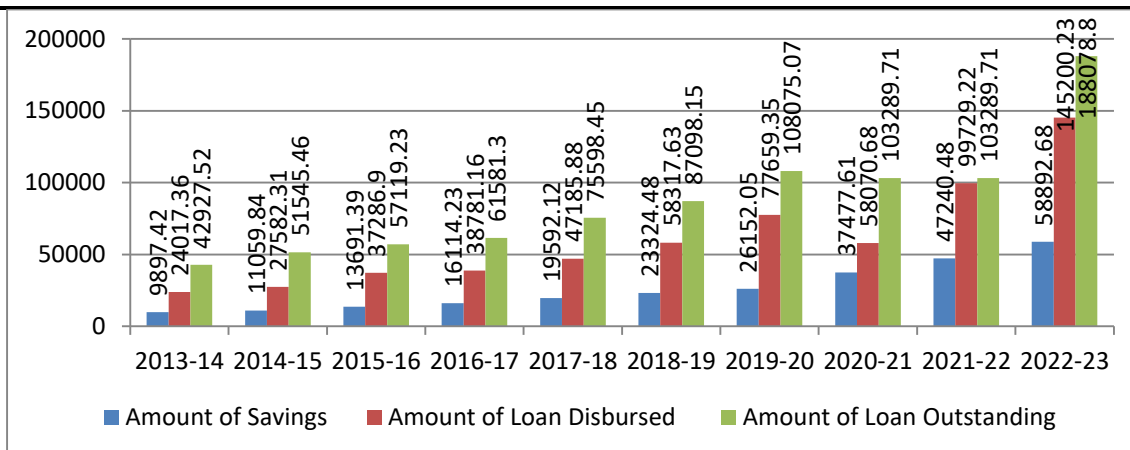
**Table 1: Progress of SHG Bank Linkage Programme during 2013-14 to 2022-23**

Year	No. of SHGs with savings (in Lakh)	Amount of Savings (in Crore)	No. of SHGs availed loans (in Lakh)	Amount of loan disbursed (in Crore)	No. of SHGs with loan outstanding (in Lakh)	Amount of Loan outstanding (in Crore)
2013-14	74.30	9897.42	13.66	24017.36	41.97	42927.52
2014-15	76.97	11059.84	16.26	27582.31	44.68	51545.46
2015-16	79.03	13691.39	18.32	37286.90	46.73	57119.23
2016-17	85.77	16114.23	18.98	38781.16	48.48	61581.30
2017-18	87.44	19592.12	22.61	47185.88	50.2	75598.45
2018-19	100.14	23324.48	26.98	58317.63	50.77	87098.15
2019-20	102.43	26152.05	31.46	77659.35	56.77	108075.07
2020-21	112.23	37477.61	28.87	58070.68	57.8	103289.71
2021-22	118.93	47240.48	33.98	99729.22	67.40	103289.71
2022-23	134.03	58892.68	42.96	145200.23	69.57	188078.80

Source: Status of Microfinance Reports, NABARD from FY 2013-14 to 2022-23



**Fig1:No. of SHGs with Savings, Availed Loans and Loan Outstanding (in Lakhs)**



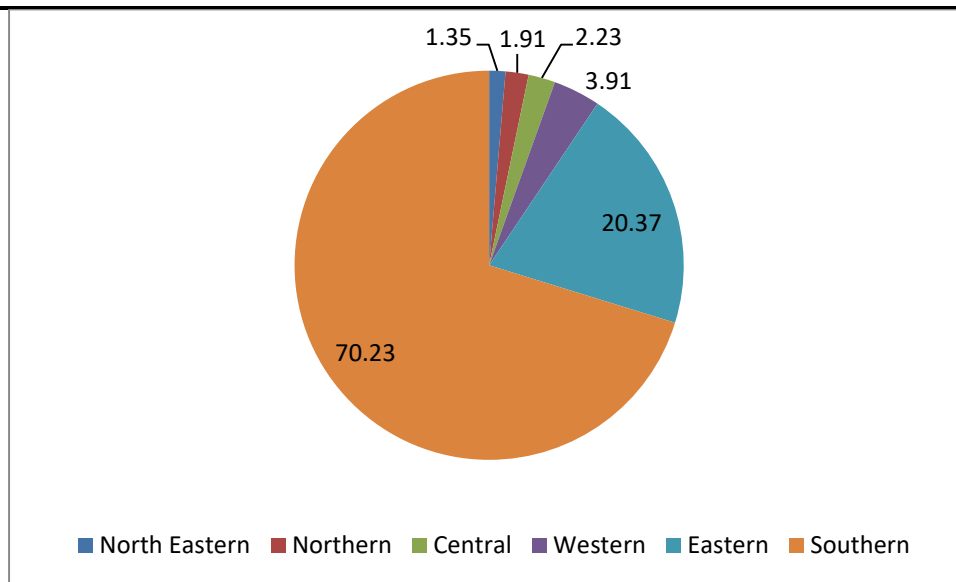
**Fig2: Amount of SHGs with Savings, Availed Loans and Loan Outstanding (Rs. in crore)**

## 2.2. Region wise progress of SHG Bank Linkage Programme in India

**Table 2: Region-wise status of Bank Loan disbursed to SHGs during the Past Ten Years  
(Total loan disbursed in Rs. Lakh)**

Year/Region	North Eastern	Northern	Central	Western	Eastern	Southern
2013-14	12819	28048	61807	86444	151067	2061551
2014-15	15795	428723	110909	117080	329602	2141972
2015-16	21969	48298	119067	188632	349489	3001235
2016-17	28421	57414	67958	148819	473172	3102332
2017-18	35721	54038	55943	155099	908950	3508834
2018-19	29001	62664	72199	184565	1197079	4286256
2019-20	57893	84694	104249	249327	1785075	5484696
2020-21	103651	94045	105428	230331	1487551	3786063
2021-22	184636	117102	216983	381363	2568978	6503860
2022-23	343764	206437	463673	675144	3338333	9522672
<b>Total</b>	833670 (1.35%)	1181463 (1.91%)	137821 6 (2.23%)	2416804 (3.91%)	1258921 6 (20.37%)	4339947 1 (70.23%)

**Source: Status of Microfinance Reports, NABARD from FY 2013-14 to 2022-23**



**Fig3:Region-wise status of bank loans disbursed to SHGs during past ten years (percentage)**

Table 2 presents the region wise status of SHG Bank Linkage programme in terms of total loans disbursed to SHGs during 2013-14 to 2022-23. It can be observed that the progress of SHG bank linkage programme is uneven across the regions in India. The penetration of SHGBLP is extensive in Southern states while it is less in Central and Northern India. The data indicates that the quantum of loans disbursed to SHGs in Southern region has increased from Rs 20,61,551 crore in 2013-14 to Rs. 95,22,672 in 2022-while in Northern region it is increased from Rs. 28048 crore to 2,06,437 crore in 2022-23. Figure 3 shows region wise cumulative status of bank loans disbursed to SHGs in terms percentage is during 2013-14 to 2022-23. It can be observed that the share of Southern states is 70 per cent followed by Eastern region (20.37%), Western region (3.91%), Central (2.23%) Northern (1.91%) and North Eastern (1.35%). The ANOVA results shows that the F statistic > F critical value so that the test is significant. The value of P is greater than 0.05 and it shows that statistically significant results between these groups at 5% significance level.

ANOVA single factor  
Total loan disbursed in lakhs

Groups	Count	Sum	Average	Variance
North Eastern	10	833670	83367	11186661042
Northern	10	1181463	118146.3	14425246063
Central	10	1378216	137821.6	15263080308
Western	10	2416804	241680.4	29934297811
Eastern	10	12589296	1258930	1.11456
Southern	10	43399471	4339947	5.24445



## ANOVA: Double factor

Source of Variation	SS	df	MS	F	P-value	F crit
Years	2.06924	9	2.2992	2.78303 5	0.011084044	2.095755
Regions	1.41532	5	2.8306	34.2636 9	2.83662	2.42208
Error	3.7176	45	8.2613			

### 3. Conclusion

Microfinance has emerged as an important programme to meet the heterogeneous needs of the poor. In India, microfinance in the formal sector has assumed the form of SHG-bank linkage program. The SHG bank linkage program in India is rapidly expanding its outreach under the pioneering initiative of NABARD, the monitoring and supervision of RBI, and the promotional policies of the government of India. At the grass root level the program is being implemented by the commercial banks, cooperatives, and regional rural banks, with government agencies like DRDA/DWDA acting as facilitators. As on 31<sup>st</sup> March 2023 about 16.19 crore families and about 112.92 SHG groups have been covered under SHG Bank Linkage programmes. The penetration of SHGBLP is very high in Southern states (accounting 70 per cent) and it is very less in northern and central regions.

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