



ROLE OF NABARD IN SELF HELP GROUP - BANK LINKAGE PROGRAMME

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Abstract –

The SHG-Bank Linkage Programme in India has been a flag-ship Programme of National Bank for Agriculture and rural Development (NABARD), with the objective of enabling the poorest of the poor to access financial resources to increase household income and to achieve sustained livelihood. Poverty in India is widespread with the nation estimated to have a third of the world's poor (Report of world Bank -2005). Poverty and unemployment are the twin Problems faced by the developing country. Self Help Group are effective in reducing poverty. Empowering women and creating awareness which finally result in sustainable development of the nation. SHG movement reprints a unique approach to financial intermediation.

Keyword - NABARD, SHGs, SHG-Bank Linkage Programme

Introduction –

The concept of Self Help Group serves to underline the principle “for the people by the people and of the people”. SHG as a small, economically, homogeneous affinity group of rural poor, voluntarily formed to save and contribute to a common fund to be lent to its members as peer group decision and for working together for social and economic upliftment of their Families and community. The origin of the concept of Self Help Group started and form 1975 and is brainchild of Grameen Bank of Bangladesh which was founded by Mohammed Yunus. In India it was initiated by NABARD in 1986-87 but the real efforts was taken place after 1991-92. Thus the most notable among recent approaches to improve access to finance for the rural poor is the SHG- Bank Linkage Programme Championed by the NABARD. The Indian rural sector is an important segment of the economy and the basic reason for the slow economic development in our country is due to the neglect of this sector. NABARD is an apex development bank primarily involved in providing different types of refinance to the eligible institutions and also performs developmental and regulatory functions. The SHG concept is a amazing success in India and has become one of the most successful programmes run by NABARD.

Objectives of the study:-

1. To study the conceptual framework of Self Help Group movement.
2. To study the Model of Self Help Group- Bank Linkage Programme run by NABARD.
3. To study the overall role and performance of SBLP in India.

Methodology of the study :-

The Present study is mainly based on secondary data and are collected from various sources like status of microfinance in India, reference books, Annual reports of NABARD, Journals.

NABARD An Overview:-

National Bank of Agriculture and Rural Development (NABARD) is A apex development bank in India having headquarters based in Mumbai (Maharashtra) and other branches are all over the country. NABARD was established on the recommendation of B. Shivaraman committee, (by Act 61,1981 of Parliament) on 12th July 1982 to implement the National Bank for Agriculture and Rural Development Act 1981.It is one of the Premier agencies providing development credit in rural areas. Its main focus was to uplift rural India by increasing the credit flow for elevation of agriculture and rural non farm sector and completed its 34 years on 12th July 2016.The initial capital of NABARD was Rs. 100 crores. Consequent to the revision in the composition of share capital between Government of India and RBI, the Paid up capital as on 31st march 2015, stood at Rs.5000 crore with Government of India holding Rs. 4980 crore (99.60%) and Reserve Bank of India Rs.20.00 crore (0.40%).It has been accredited with matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural area in India. NABARD is active in developing financial inclusion policy and is a member of the alliance for financial inclusion. It’s also reaches out to allied economies and supports and promotes integrated development. NABARD also operates a bulk lending scheme for supporting NGO initiatives alternatives credit delivery mechanism.

Mission:-

Promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives.

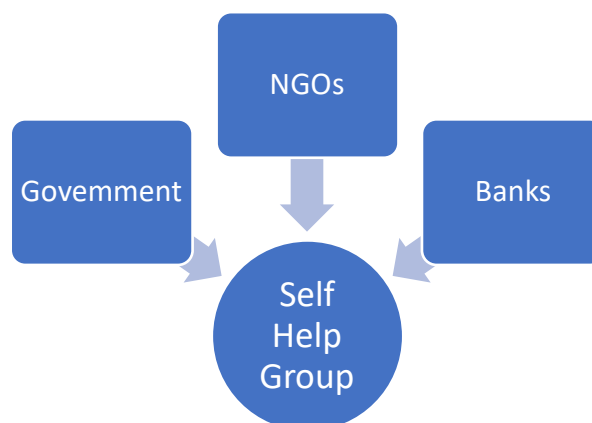
Model of SHG- Bank linkage Programme (SBLP) in India:-

The SHG-Bank Linkage Programme is a major plank of the strategy for delivering financial services to the poor in a sustainable manner. The Self Help Group was started as an action research project in 1989. Which was the offshoot of a NABARD initiative during 1987 through sanctioning Rs 10 lakh to MYRADA as seed money assistance for experimenting credit management Groups. In the same year, the ministry of rural Development provided PRADAN with support to establish Self Help Group in Rajasthan. The experiences of these early efforts led to the approval of a pilot project by NABARD in 1992. The Pilot Project was designed as a partnership model between three agencies viz, the SHG, Banks and NGOs:-

Model I – The most common linkage model in India where the banks deal with individual SHG's in case of most of these SHG's. SHPI had provide the initial training guidance to rural poor in organizing themselves into thrift and credit groups. The SHPI also keeps a watch and ensure satisfactory functioning of the SHG even after the linkage. While linkage of the banks is direct with the SHG's. The SHPI has an vital role in pre as well as post linkage stages.

Model II – A slight variant to model –I is where banks have provided financial support to SHG's which has grown almost spontaneously without any intervention of any SHPI. The SHGs were initially organized on the basis of common activity, problem and took up Thrift and credit activities. The use of such linkage is of course not very common.

Model III - In this model the SHPI have taken the roel of a financial intermediary between the banks and a member of SHG. Again, the SHPI take up such responsibilities only in respect of the groups promoted nurtured by them and not for repayment of the loan to the bank. In this respect, It is indirect linkage support to the SHGs. This model is quite common.



The SBLP which commenced as a pilot project during 1992 to link SHGs with banks has grown exponentially during the last two decades. RBI and NABARD has laid out certain guidelines in 2006-07

for the commercial banks, RRBs and co-operative banks to provide the data RBI and data regarding loans given by banks.

NABARD extended grant support to NGOS, Federation of SHGs, RRBs central cooperative banks, primary agriculture credit societies, farmers clubs and Individual Rural Volunteers (IRVs) for promotion, nurturing and credit linkage of SHGs with banks since the beginning of the movement. The financial support sanctioned by NABARD to various SHPIs till 31 March 2016 was to the tune of Rs. 330.79 crore after including grant support for WSHG scheme it works out to Rs. 535.77 crore.

Major Challenges and Issues faced by NABARD in Implementing SHG- Bank Linkage Programme :-

1. Providing policy framework
2. Re- financing support
3. Revolving fund assistance for SHG linkage.
4. Grant assistant to self help groups promoting institutions for promotion and linkage of SHG.
5. Resources support for partners agencies.
6. Training supplements in the form of handbooks, CD Rom.
7. Training consultations.
8. Introducing other models of microcredit innovations.
9. Grant assistance for capacity building of partner agencies.

Performance of SHG - Bank Linkage Programme (SBLP) in India:-

The Self Help Group movement in India is a savings first programme with credit being its logical corollary. NABARD Led SHG Bank Linkage Programme witnessed a significant progress in the recent past. The introduction of SBLP is to discard the general perception of banks that customers with no formal education or source of income are no use to the bank and thus are not welcome. NABARD introduced an effective SBLP in order to provide credit to very small borrowers. It is considered a prosing approach to reach the poor and has since its inception made rapid strides exhibiting considerable democratic functioning and group dynamism. Detailed analysis of the SBLP across the country and by financing agencies is being presented in this section. The analysis covers various components of the programme, namely inclusive growth, savings, loans and recovery performance. Table shows the overall performance of SHG-Bank Linkage Programme.

Overall Performance of SHG - Bank Linkage Programme

(Number is lakh/Amount is Crore)

Year	Particulars	Savings of SHGs with Bank		Bank Loans Disbursed to SHGs		Bank Loans Outstanding with SHGs	
			%		%		%
2006-07	No.of SHGs	41.61		11.05		28.95	
	Amount	3512.71		6570.39		12366.49	
2007-08	No.of SHGs	50.09	20.38	12.28	11.13	36.25	25.22
	Amount	3785.4	7.76	8849.3	34.69	16999.9	37.47
2008-09	No.of SHGs	61.21	22.21	16.09	31.1	42.24	16.5
	Amount	5545.62	46.5	12253.5	38.5	22679.8	33.4
2009-10	No.of SHGs	69.53	13.6	15.86	-1.4	48.51	14.8
	Amount	6198.71	11.8	14453.3	17.9	28038.3	23.6
2010-11	No.of SHGs	74.62	7.3	11.96	-24.6	47.87	-1.3
	Amount	7016.3	13.2	14543.3	0.01	31221.17	11.4
2011-12	No.of SHGs	79.60	6.7	11.48	-4	43.54	-9
	Amount	6551.41	-6.7	16534.77	13.7	36340.00	16.4
2012-13	No.of SHGs	73.18	-8.1	12.20	6.3	44.51	2.2
	Amount	8217.25	25.4	20585.36	24.5	39375	8.4
2013-14	No.of SHGs	74.30	1.53	13.66	12.09	41.97	-5.71
	Amount	9897.42	20.45	24017.36	16.67	42927.52	9.02
2014-15	No.of SHGs	76.97	3.59	16.26	19.03	44.68	6.46
	Amount	11059.84	11.74	27582.31	14.84	51545.46	20.06

2015-16	No.of SHGs	79.03	2.68	18.32	12.67	46.73	4.59
	Amount	13691.39	23.79	37286.90	35.18	57119.23	10.81
2016-17	No.of SHGs	85.77	8.53	18.98	3.60	48.48	3.74
	Amount	16114.23	17.69	38781.16	4.01	61581.30	7.81
2017-18	No.of SHGs	87.44	1.95	22.61	19.13	50.20	3.55
	Amount	19592.23	21.59	47185.88	21.67	75598.45	22.76

Table gives the growth of SHGs savings as well as credit linked for the last 10 years, Separately for all groups. Its shows that, though savings of number of SHGs with the bank is increasing over the years, the growth rate of SHGs in percentage terms is declining from 22.21 in 2008-09 to -8.1 in 2012-13 and show an increasing trend thereafter. Regarding the amount of savings it has a significant growth in 2008-09 (46.5%) but after that it declined and shows a steady increase from 2012-13. With regard to bank loan disbursement to SHGs it shows a declining trend and in terms of number of SHGs became negative in 2011-12 and started to increase from 2012-13.

During this period the number of SHG linked to banks has gone up from 11.05 in 2006-07 to 18.61 in 2017-18 The high growth of SHGs has led to increase in the amount of credit from 6570.00 crore in 2006-07 to Rs. 47185.88 in 2017-18. The fastest growth in bank loans to SHGs has led to last five years, there is an impressive growth of the programme, both the terms of SHGs linked with the bank and their financial programme. The cause may be non-repayment of loan Bank loan outstanding the growth in amount is declining, which is a good sign of indication. The provision of credit through SHGs Bank Linkage Programme initiated by NABARD is considered as the fastest and largest network in providing formal financial service in rural areas.

Conclusion:-

Self Help Group Linkage with NABARD is playing a vital role. They are playing a Catalytic as well as enabling role is providing very efficient service at the grass root level. Self Help Group- Bank Linkage Programme has been successful in triggering a virtuous cycle of growth and development of the poor. By this programme the poor can get an opportunity for getting sufficient amount of credit easily to start any income generating activity. With the help of NABARD SHG- Bank linkage Programme has provided the most significant environment to increase India's potentials for greater growth with empowerment. By this programme women are providing their best contribution to build assets and it is also providing a better control over their decision that asset their lives. With the help of NABARD Self Help Group – Bank Linkage Programme is providing a large of employment in India which is very helpful to reduce the unemployment rate in India. The wise exploitation and utilization of the opportunities provided by NABARD enabled its members to become empowered women to a great extent. With the help of NABARD the formation of quality SHGs are happening in the country. The

impressive performance under development agencies like the government departments to depend heaving on such groups to take the development efforts forward.

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