



MICRO FINANCE AND SHG – BLP

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ABSTRACT Microfinance has a significant role in bridging the gap between the formal financial institutions and the rural poor SHG Bank Linkage programme (SHG –BLP) which started its Journey as pilot project in 1992 has become the mainstay for the 100.14 lakh SHGs as on 31 march 2019 covering more than 1200 lakh house holds for social, economic and financial empowerment of the rural poor especially the women. The growth in number of SHGs, availing bank loan amount of institutional credit disbursed to SHGs was 19.33 percent and 23.6 percent respectively during 2018-19. In this present study an attempt is made to explain about concept of microfinance, Progress of SBLP and Agency wise status of SHG –BLP

KEYWORDS : Microfinance, SHG, SBLP

INTRODUCTION

Micro finance is a form of financial services for entrepreneurs and small business lacking access to banking and related services. The two mechanisms for the delivery of financial services to such client are-

1. Relationship based Banking for individual entrepreneurs and small Business.
2. Group based models where several entrepreneurs come together to apply for loans and other services as a group.

In India the beginning of microfinance investment could be traced to self help group (SHG), Bank linkage programme (SBLP) started as a pilot project in 1992 by NABARD. This programme proved to be very successful and has also developed as the most popular model of MF in India Micro finance is provided by commercial banks, Regional Rural Banks (RRBS), the self Help groups (SHGS) Co-operative societies and Institutions (MFIS) that take various forms including those of NGOs and Non Banking Financial Institutions (NBFIS) Banks and Non Banking Financial Institutions are Governed by the RBI, SHGs are regulated by NABAD and the Co-operative are governed by Registrar of Co-operative societies (RCS)

Objectives

The following are the objectives of the present study.

- To understand the concept of micro finance
- To Examine progress of SHG – BLP (SBLP)
- To Discuss agency wise status of SHG –BLP.

Concept of micro Finance

Micro Finance is derived as financially services such as savings A/C, Insurance Funds and credit provided to poor and low income clients so as to help them increase their income their by improving their standard

Table 1.1 progress of SBLP

Particulars	2017-18		2018-19		Change %	
	Number of SHG (LAKH)	Amount (K Crore)	Number of SHGs (LAKH)	Amount (K Crore)	Number of SHGs (LAKH)	Amount (K Crore)
Loans Disbursed	22.61	47,186	26.98	58,318	19.33	23.59
Loans outstanding	50.20	75,598	50.77	87,098	1.13	15.21
Savings with Banks	87.44	19,592	100.14	23,325	14.52	19.05
NPA Level (%)	6.12		5.19		(-) 15.20	
Average loan Disabused per SHG	K 2.09 lakh		K 2.16 lakh		3.35	

Source – Annual Report of NABARD – 2018-19

The above table shows that credit disbursement during the year increased by 23.6% over the previous year, the outstanding of institutional credit to SHGS as on 31 march 2019 increased by 15.2% over the year and SHGS saving balance with banks went up from K 19592 crore as on 31 march 2018 to K 23324 crore as on 31 march 2019. The NPAS dropped to 5.19% in 2018-19 from 6.12% in 2017-18

Agency – wise distribution of SHG Bank linkage programme

Recognising the importance financial inclusion in overall economic development of the people, the banking sector has been proactive for expanding micro finance through expansion of savings and credit linkage of SHGS. Agency wise status of SHG – BLP in 2018-19 is shown in the following table

Table 1.2 Agency wise status of SHG – BLP in 2018-19

(Amount K Lakh)				
Category of Agency	Total savings of SHGS on with Banks as on 31 march 2019	Loans disbursed to SHGS By Banks during 2018-19	Total outstanding Bank loans against SHGS as on 31.03.2019	NPAS as on 31-3-19

	No of SHGS	Savings Amount	No of SHGS	Loans Disbursed	No of SHGS	Loan outstanding	Amt of Gross NPA	NPA Percent
Commercial Banks	5476914	1324023.23	1512907	3449246.74	2901209	5564111.05	289739.17	5.21
% Share	54.69	56.77	56.07	59.15	57.14	63.88	64.04	
Regional Rural Banks	3078473	769201.27	940818	1955264.43	1695534	2619598.85	127482.92	4.87
% Share	30.74	32.98	34.87	33.53	33.39	30.08	28.18	
Co- Operative Banks	1458856	239223.65	244675	427251.71	480589	526105.53	35178.93	6.69
% Share	14.57	10.25	9.07	7.32	9.47	6.04	7.78	
Total	10014243	2332448.15	2698400	5831762.88	5077332	8709815.43	4524015.05	5.19

Source NABARD – Status of Micro Finance in India 2018-19

The above table shows that, the share of commercial Banks in terms of saving linked SHGS is increased marginally from 53 percent to 54.7 percent and it accounted for 56.8 per cent of the savings outstanding of SHGS. On the other hand 30.8 (31 percent) SHGS maintain their savings bank account with RRBS. SHGS associated with RRBS have savings outstanding of 7692 crore being 33 percent of the total savings outstanding under SHG – BLP. RRBS recorded 20.8 percent increase in their average savings outstanding per SHG during 2018-19. The Co – Operatives continued with their subdued performance under SHG –BLP with 14.6 percent SHGs and 10.2 percent of savings outstanding. Commercial Bank have a robust share in the credit flow to SHGs as well, with disbursement of K 34492 crore to 15% lakh SHGs. During the year loan disbursement by commercial Banks increased from K 28707.62 crore to K 34492.46 crore registering a growth of 20% percent and 18.8 percent more number of SHGs as compared to the year 2017-18. RRBS have registered a big Jump from 28.07 lakh to 30.78 lakh of SHGS registering a growth of 9.6 percent in number of SHGS and 29.3 percent in quantum of loan disbursed to SHGS during 2018-19. Co- Operative Banks have extended credit of K 4272 crore to 2.45 lakh SHGS during this period. The Co-Operatives could extend credit to 19percent more number of SHGS as compared to the year 2017-18. There is an increase of 27 percent in the quantum of credit disbursed during the year. Commercial banks have 63.8 percent of total banks loan outstanding by SHG as on 31 march 2019. RRBS and Co-Operative banks have 30 percent and 6 percent share respectively. The overall NPA rate in bank loan to SHGS was 5.19 percent as on 31.03.2019 registering a fall of 93 basis points from the previous level of 6.12 percent. All categories of banks have reduced their NPA level during 2018-19. The RRBS have reduced their NPA level from 5.35 percent in 2017-18 to 4.87 percent in 2018-19 similarly Co-Operatives have reduced their NPA level from 7.56 percent in 2017-18 to 6.69 percent in 2018-19. Out of the total NPA amounted K 4524 crore, the commercial banks with K 2897 crore accounted for two third of it and there has been a decline of 6.6 percent in it over the previous year.

The absolute level of NPA in case of RRBS was K 1274 crore in 2018-19 as against K 1216 crore in 2017-18 commercial Banks however succeeded in lowering the absolute NPA amount from K 3101 crore in 2017-18 to K 2897 crore in 2018-19.

CONCLUSION

Micro Finance is increasingly being considered as one of the most effective tools of reducing poverty micro finance has a crucial role to play in development of Indian economy through enhancing credit access for these rural households. The growth in number of SHGS availing bank loan and amount of in situational credit disbursed to SHGS was 26.98 lakh and K 58317.63 crore respectively during 2018-19.

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