



## Progress in savings linked and credit Linked SHG under NRLM in West Bengal

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### ABSTRACT

In this study we may basically focus on the SHGs and the bank linkages in West Bengal. An SHG is a group of 10-20 individuals, voluntarily formed and related by affinity for a specific purpose. It is a group whose members use saving, credit and social involvements as instruments of empowerment. The group opens a savings account in a nearby bank branch. The group will keep a minimum balance for meeting any crisis needs and deposit the rest in a bank. The leaders jointly operate the bank account. While the leaders withdraw the cash from the bank, members are expected to deposit the cash by rotation. Such a system will help familiarize the bank to the members. A system will be developed to ensure accountability for cash in hand and to minimize the risk of fraud-usually the cash will be kept in a locked box and in the custody of one leader while the will be with another leader. The groups will maintain simple records and books of accounts to document the SHG operations and transactions. The documentation related to the operations of the SHG such as meeting proceeding, resolutions passed, attendance of the members etc., will be recorded in the minutes book and attendance register. The financial transactions related to saving, loan, income and expenditure would be recorded in the books of accounts. The members are also provided with a passbook, where in their transactions with the SHG are recorded in detail. This paper studies the consolidated data obtained from the banks along with preliminary analysis of the trends and progress under microfinance sector under the Bank Linkage model. The data furnished by the banks have been analyzed on year wise and bank wise under NRLM. Considering all the pros and cons we may be able to prescribe a suitable policy regarding the matter.

### KEYWORDS

SHG, NABARD, NGO, NRLM.

### Introduction:

SHG banking, or linking banks and self help groups, in West Bengal is the largest and fastest growing microfinance program in the developing world. Microfinance in the past eighteen years has become a well known tool for bankers, developmental agencies and even for corporate houses. Implemented since 1996 on a national scale, it has reached 1.43 million groups with 21 million members covering over 100 million people from the lowest strata of the rural population (as of March 2005). It is a flexible approach adapted to local conditions by the participating agencies as autonomous business partners. The enormous growth in outreach has been made possible by drawing on a wide array of institutional resources-India's social capital. This includes the National Bank for Agriculture and Rural Development (NABARD) as the prime mover and refinancing agencies; some 36000 bank branches and primary co operatives providing deposit services and credit; some 3100 governmental agencies with experience in group development as facilitators of previously existing or newly established SHGs; the National Reserve Bank of India which has adjusted the policy framework for banking relations with informal group; and the political leadership at various state and union levels, the political will. NABARD has been compiling and analyzing the data on progress made in microfinance sector, based on the returns furnished by Commercial Banks (CBs), Regional Rural Banks (RRBs) and Cooperative Banks operating in the country. The banks operating, presently, in the formal financial system comprises are Public Sector CBs (27), Private Sector CBs (22), RRBs (82), State Cooperative Banks (31) and District Central Cooperative Banks (370). Most of the banks participating in the process of microfinance have reported the progress made under the programme.

National Rural Livelihoods Mission (NRLM) was launched by the Ministry of Rural Development (MoRD), Government of India in June 2011. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancement and improved access to financial services. NRLM has set out with an agenda to cover 7 Crore rural poor households, across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats and 6 lakh

villages in the country through self managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment. NRLM believes in harnessing the innate capabilities of the poor and complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to participate in the growing economy of the country.

### Literature Review:

James Parker (2013) in his article "Empowering Women Through Microfinance in India" stated that EBG6NYSM4VCJ across the globe, but especially in Asia, and particularly in areas where rural population density is relatively high, microfinance can be an extremely effective poverty reduction tool.

Dr. Kaushal A. Bhatt and Mr. Amit A. Rajdev (2012) in their study "An Analysis of Factors Empowering Women Through Microfinance" stated that SHGs have provided social opportunities to make them aware about these rights, entitlements and development programmes.

Dr.DhirajJain and MsBhagayashree Jain (2012) in their study "Does Microfinance Empower Rural Women?-A Empirical Study in Udaipur District, Rajasthan" revealed that Microfinance program like the SHGS in India have been promoted for their positive economic impact and the belief that they empower women.

Rajendran and Dr. R.P.Raja (2011) in their study "Does Micro Finance Empower Rural Women?-A study in Vellore District, TamilNadu" revealed that there is an appreciable empowerment in the political space than economic empowerment and there was negligible social empowerment as a result of participating in microfinance through the SHG programme.

### Objectives:

- (1) Mobilizing small savings among poor rural women.
- (2) Creating healthy relations between SHG members and the linking agencies.

- (3) Provision of supplementary credit to SHGs.
- (4) Reduction in transaction cost for both the banks as well as SHGs by reducing paper work.
- (5) Building mutual trust and confidence between banks, NGOs and rural poor.
- (6) Constant supervision and monitoring by banks through NGO.

Research Methodology:

The study will be based on both primary and secondary data. For the secondary data we may consult different published reports and bulletins published by different agencies such as RBI bulletins, NSSO report etc. In the case of primary data we have to collect data by sample survey method. We have to collect data from the SHG households as well as the bank officials with the help of suitably questionnaire.

Progress in Savings linked and Credit linked SHG under National Rural Livelihoods Mission (NRLM) During the year 2014-15  
The positions of Saving and Credit Linked SHGs(NRLM) for the State of West Bengal for 6 years and as on March 2015 are given below:-

Table no. 1

Year	Target No. Deposit Link	Target No. Credit link	Achievem ent Deposit Linked No.	Achievem ent- Credit Linked No.	Amt. Rs. In Crore
2009-2010	150000	150000	117372	152067	615.13
2010-2011	150000	150000	103732	114255	530.72
2011-2012	150000	100000	86839	93425	553.35
2012-2013	150000	150000	126398	108924	674.41
2013-2014	150000	150000	137222	129333	925.91
2014-2015	150000	158000	63384	114041	1026.03

All Banks in the State, Saving linked to 63384 Groups during the year ended March 2015.

All Banks in the State Credit linked to 114041 Groups during last financial year.

Position of SHG Bank (Savings and Credit ) Linked Programme (Bank-wise position from 01.04.2014 to 31.03.2015) 2014-15 NRLM

Table no. 2

SL. No.	Name of the Bank	Target No. Saving linked	Target No. Credit linked	Savings Linked No.	Credit Linked No.	Amt.(Rs. In lac)
1	AB	9150	14287	3458	6115	5455.29
2	AND.BK	30	114	13	5	1.19
3	BOB	1550	2236	305	139	99.28
4	BOI	4170	6142	3867	2777	1239.00
5	BOM					
6	CB	1600	1456	2044	369	304.30
7	CBI	6200	10365	5844	7823	5941.56
8	CORP.BK				1	5.00
9	DB	400	340	18	18	5.00
10	IB	390	906	2122	1564	1755.50
11	IOB	730	1162		202	202.62
12	OBC	500	437		4	2.00
13	PNB	4400	5497	3392	3034	9187.00
14	P & SB					
15	SB	600	1269	545	512	364.00
16	SBI	13230	25000	3732	12909	9321.00
17	UB	1140	1790	1089	2069	1763.54
18	UBI	12250	22654	9241	7642	7126.00
19	UCO	5800	8162	1082	4677	3842.15
20	VB	60	179	77	77	31.55

21	SBoI					
22	SBoS					
23	SBoP					
24	SBoM					
25	SBBJ					
26	BGVB(UBI)	24330	23217	6099	5949	6524.9.
27	PBGB(UCO)	9770	12321	2928	2697	2932.00
28	UBKGB(CBI)	3700	3526	2183	13902	10024.00
29	WBSCARD B			2880	2880	1012.43
30	W.B. Co-op Bank	50000	16940	12465	11988	6514.43
Total		150000	158000	63348	87353	73653.74

Findings:

- 1. Majority of respondent said that the reasons for the formation of SHG was to empower themselves.
- 2. Majority of the group were implemented by the NGO's.
- 3. Most of the respondent has got their financial assistance from various banks.
- 4. Majority of the respondent have borrowed term loans because of the easy terms and conditions.
- 5. All the respondents were satisfied with co-operation of their family member.

Suggestions:

- 1. Procedures in bank should be minimised.
- 2. Government should support and strengthen then the opportunities for marking of SHGs product.
- 3. More awareness program about in the minds of rural poor women.
- 4. Insurance scheme to SHG member must be introduced.

Conclusion:

In this context SHGs have emerged as community Institutions through which formal sector building system reaches the rural households which are earlier considered as unworthy of the bank lending SHG-bank linkage offers triple benefits to banks, SHGs/NGOs/other facilitators of three emerging models, Bank facilitator agency-SHG Members Model is a dominant model in West Bengal with regard to regional spread of SHG-bank linkage, south region dominates in SHGs linked and bank loans to SHGs. SHGs should not be just about finance; there is a need to encourage groups to form producer collectives-to organize livelihoods. Financing of SHGS should be an integral part of the co-operative banks reform programme. Goal oriented savings products needs to be introduced for members of SHGs. Banks should facilitate opening of individual accounts by SHG members, to park their savings. Technologies door step banking should be used to tap saving.

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