



ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 5.2
IJAR 2017; 3(11): 188-194
www.allresearchjournal.com
Received: 18-09-2017
Accepted: 21-10-2017

Rashmi MR
Assistant Professor
Department of Economics
Maharani Women's Arts,
Commerce and Management
College, Seshadri Road
Bengaluru, Karnataka, India

A conceptual study on self-help groups in India

Rashmi MR

Abstract

Self-Help Groups have been a panacea for the exploitation, social backwardness, lack of information and upliftment of the rural masses. The bottom of the pyramid needs to be supplemented with the economic resources, information, financial and banking services and the like. SHGs have played a very crucial role in meeting the credit needs of the rural masses especially the women. The SHGs have brought about paradigm shift in the democratic, economic, social and cultural aspects of the rural areas. The present study is a conceptual framework of the SHGs in the Indian context.

Keywords: SHGs, economic resources, beneficiaries

Introduction

Self help groups (SHGs) have appeared as popular method of working in the company of people in recent years. This movement comes from the people's desires to meet their needs and determine their own destiny through the principle "by the people, for the people and of the people"

All women in India are given chance to join any one of SHGs for training and development, so as to be prospective entrepreneur and skilled worker. The SHGs are promoted by the Government as if women in India may not be resourceful enough to be entrepreneurs. When the SHGs arrange training facilities to carry out certain kind of work which are suitable for women in India, bank must arrange financial assistance to carry out manufacturing and trading activities, arranging marketing facilities while the Governments will procure the product of SHGs, arrange for enhancing the capacity of women in terms of leadership quality and arranging for the management of SHGs by themselves so as to have administrative capacity^[1].

The bank linkage strategy is a time consuming process. Achieving regional balance is not going to be easy. Some of the states – particularly in the north, east and north-eastern regions have a chequered history of dealing with formal credit. It therefore, calls for significant preparatory work to put an alternative credit mechanism in place. This process of capability building and social mobilization cannot be easily accelerated. The reason for success of the SHG-Bank linkage programme in states like AP is attributed to the existence of strong institutions involved in social intermediation and helping in formation of SHGs^[2].

Origin of Microfinance in India

The origin of microfinance is quite absorbing. Microfinance combines the strengths of both formal and informal systems of purveying credit. Availability of hassle free credit in a systematic manner is the unique feature of microfinance system. Microfinance in informal system was in vogue in India in the form of chit funds, etc., since time immemorial. It came into existence under formal system with the advent of cooperative movement in India in the beginning of the last century. The microfinance is primarily based on the principles of co-operation namely, mutual help, democratic functioning etc. Though, the co-operative movement was initially envisaged with unlimited liability and small size of societies consisting of homogenous groups, over the years in the quest for improving the viability of co-operatives, large societies with limited liabilities were organized.

Correspondence
Rashmi MR
Assistant Professor
Department of Economics
Maharani Women's Arts,
Commerce and Management
College, Seshadri Road
Bengaluru, Karnataka, India

¹Sushil Kumar Mehta *et al.* (2011) International Conference on Economics and Finance Research IPEDR Volume 4 IACSIT Press, Singapore

² M.S.Sriram (2003) Microfinance and the State: Exploring areas and structures of collaboration

This apart, the evolution of State partnership in co-operatives with entrenched bureaucracy etc., distanced co-

operative movement from the spirit of microfinance movement.

Characteristics and Features of Microfinance

Characteristics	Distinguishing Features
Type of client	<ul style="list-style-type: none"> o Low Income o Employment in informal sector; low wage bracket o Lack of physical collateral o Closely interlinked household/business activities
Lending Technology	<ul style="list-style-type: none"> o Prompt approval and disbursement of micro loans o Lack of extensive loan records o Collateral substitutes; group-based guarantees o Conditional access to further micro-credits o Information-intensive character-based lending linked to cash flow analysis and group-based borrower selection
Loan Portfolio	<ul style="list-style-type: none"> o Highly volatile o Risk heavily dependent on portfolio management skills
Organizational Ideology	<ul style="list-style-type: none"> o Remote from/non-dependent on government o Cost recovery objective vs. profit maximizing
Institutional Structure	<ul style="list-style-type: none"> o Decentralized o Insufficient external control and regulation o Capital base is quasi-equity (grants, soft loans)

(Source: Prasanna Kumar (2014). Implementation of various Micro Finance Schemes in Karnataka state; International Journal of Emerging Research in Management & Technology ISSN: 2278-9359 (Volume-3, Issue-4))

Microfinance Models / Approaches in India

The following generic approaches to microfinance are commonly prevalent in India:

- i. The basic SHG model with Commercial Bank linkage programme.
- ii. The Federated SHG approach.
- iii. The Rural Industries Promotion (SHG) Framework.
- iv. The GRAMEEN Replicator Approach
- v. The Urban Co-operative Banking Model
- vi. The Multi-State Co-operative Solidarity Group Model
- vii. The Enabling Co-operative Networking Framework
- viii. The Co-operative - Grameen Hybrid Model
- ix. The NBFC Approach

Challenges of Microfinance in India

The institutional challenges in micro financing are three fold:

- i. How to support existing leading and social entrepreneurs and nurture new ones; at least one million SHG's will be require support;
- ii. How to ensure the SHG's remained autonomous and are not captured by political and bureaucratic interests pursuing votes or targets? Will the emerging movement of SHG's be any better at preventing this than previous movements, such as cooperatives?
- iii. How to support the SHG's movement so that it can go beyond financial service provision to support the development of a large number of livelihoods among SHG members? Some would argue, this is inappropriate for such small organizations. Other, would say it is essential given the livelihood India needs to generate, not the least for women?

Meaning of SHG

Self Help Group is a group of 12 to 20 members of women who come forward voluntarily to work together for their socio-economic upliftment. According to Nazrul Choudhry (Micro Credit Consultant, Foundation ICO, Spain)* “ A group is a number of individual people who are like minded are in similar economic and social condition develop and enjoy mutual trust and confidence before or after joining the

programme. In this system, the group creates social capital, self esteem and dignity among its members. It creates a sense of discipline, responsibility, solidarity, cooperation and above all a strong mutual trust and human relations that allows its members to take advantage from each other and from the services(credit or noncredit) provided by the programme”.

According to the Planning Commission of India, a Self-Help Group (SHG) is

- i. A self-governed, peer-controlled, small and informal association of the poor, with an average size of 15/20 people, usually from socio-economically homogeneous families, organized around savings and credit activities.
- ii. Members of the SHGs meet weekly or monthly to discuss their common problems and share information to arrive at a solution.
- iii. Group members make efforts to rectify their economic and social problems through mutual assistance and encouraged to make voluntary monetary contributions on a regular basis.

Micro Finance and Government Initiatives ^[3]

In the past decade, the state has seen microfinance as a tool to meet the financial service requirements of the poor. It has framed policies that enable the increased access to financial services for the poor. The pronouncements made in the annual budgets have been translated through a series of follow up measures by other institutions that are run/influenced by the state. The following have been the significant initiatives:

- Setting up of the Rashtriya Mahila Kosh to re-finance microfinance activities of NGOs
- Encouraging National Bank for Agriculture and Rural Development (NABARD) to set targets for the self-help group (SHG) – Bank linkage programme
- Emergence of Sidbi Foundation for Micro-Credit as a financier of microfinance institutions (MFIs)

³ M.S. Sriram (2003) Microfinance and the State: Exploring areas and structures of collaboration

- The pronouncements of the Reserve Bank of India (RBI) from time to time –such as including lending to SHGs as a part of priority sector targets exempting non-profit companies doing microfinance from registering as NBFC
- Permitting the establishment of local area banks (now withdrawn)
- Routing some poverty oriented schemes such as the Swarnajayanti Gram Swarozgar Yojana (SGSY) through SHGs
- The close linkage built by DWCRA schemes
- The initiatives of various state governments in promoting schemes such as Swa- Shakti (Gujarat), Velugu (Andhra Pradesh)
- The state has built linkages with NGOs in order to reach the poor.

Table 1: Comparative Analysis of Micro-finance Services offered to the poor

Parameter	Money Lender	Commercial Banks	Govt. Sponsored Programs	Financial products of MFIs
Ease of Access	High	Low	Low	High
Transaction cost of Access	Low	Very High	Very High	Low – Medium
Lead time for Loans	Very Short	Extremely Long	Extremely long	Short
Repayment Terms	Fixed and Rigid	Fixed and Easy	Fixed and Easy	Flexible
Interest Rates	Exorbitantly High	Low and very Affordable	Low, Affordable and Subsidised	Reasonable and Affordable
Incentives	None	None	None	Repeat and larger loans, Interest Rebates
Repeat Borrowing	Possible	Possible but not likely	Possible but not Likely	Stream of credit is assured
Loan Access Procedures	Very Quick	Extremely Time Consuming and complicated	Extremely Time Consuming and complicated	Simple and Quick
Loan Application Procedures	Informal but exploitative	Exhaustive and Complex	Exhaustive and Complex	Simple and Informal
Collateral and Demand Promissory Note	Mandatory	Required but hypothecation of asset may suffice	Not required although a charge on the asset becomes automatic	Not required – social collateral is used for physical collateral

(Source: R. Arunachalam - Alternative Technologies in the Indian Micro- finance Industry)

Development of SHG- Bank Linkage Program

Indian banking system is more than 150 years old. However after the post independence the main focus of government is to establish a banking system that could improve the economic development of the nation by assembling savings and give financial help to the productive sectors. Therefore banks were believed to be a powerful change agent and the policies of the government helped in the productive usage of the banking system. After this banks got nationalized in 1969. Large numbers of financial institutions were developed over the number of years that included Commercial Banks, Regional Rural Banks (RRBs), urban Co-operative Banks (UCBs), primary agricultural credit societies (PACs) and post offices. Whereas MFIs and SHGs provided financial services to the poor in the rural areas.

Before 1990 various initiatives were taken like nationalization of private sector banks, lead bank scheme, licensing guidelines for banks, establishment of priority sector lending norms with main concentration on rural/semi urban branches, capping on interest rates for credit to the lower sections of the society and formation of specialized financial institutions for helping the poor to fulfill their agricultural requirements. RRBs were developed in 1975 and NABARD in 1982 to help the people in rural areas for fulfilling their agricultural related financial requirements. As per the annual report of NABARD in 2013-2014, it issued its first guidelines for connecting SHGs to banks in 1992. After that more than 73.18 lakh saving-linked SHGs with the banks are covering more than 9.50 crore poor families with a total saving of 8217.25 crore. As on 31 March 2013 the credit linked SHGs stood at 44.51 lakh with a complete outstanding credit of 39,375.08 crore ^[4].

Major Achievements in the Financial Inclusion in India

1969:	Nationalization of Banks
1971:	Development of priority sector lending banks
1975:	Development of Regional Rural Banks
1982:	Development of NABARD
1992:	Introduction of the Self Groups Bank Linkage Program
1998:	NABARD forms an objective for linkage one million SHGs by 2008
2000:	Development of SIDBI foundation for Micro Credit
2005:	One million SHG linkage target was attained three years ahead of date
2006:	Committee on Financial Inclusion
2007:	Introduced bill on Microfinance Regulation in parliament
2008:	Committee submitted its final report to the Union Finance Minister in January
2012:	SHG-2 guidelines issued by NABARD

The SHG-bank Linkage Programme has its origins in a GTZ-sponsored project in Indonesia. Launched in 1992 in India, early results achieved by SHGs promoted by NGOs such as MYRADA, prompted NABARD to offer refinance to banks for collateral-free loans to groups, progressively up to four times the level of the group's savings deposits. SHGs thus "linked" became micro-banks able to access funds from the formal banking system. The linkage permitted the reduction of transaction costs of banks through the externalisation of costs of servicing individual loans and also ensuring their repayment through the peer pressure mechanism.

SHGs-banks linkage programme, aimed at providing a cost effective mechanism for providing financial services to "self-help groups". It impacted the lives of millions of poor women's positively; SHG-Bank linkage programme (SBLP) started as pilot project 1992.on the basis of the recommendation of S K Kalia Committee. National Bank for Agriculture and Rural Development (NABARD) sponsored SHG-Bank linkage programme is growing briskly

⁴ Palak Mehta (2015). The Role of Self Help Groups- Bank Linkage Programme in Financial Inclusion; International Journal of Engineering Technology, Management and Applied Sciences May 2015, Volume 3, Issue 5

as a micro finance programme in the world covering 98 million poor households.

The programme encompasses three broad models of linkage

Model I: Bank - SHG - Members

In this model the bank itself promotes and nurtures the self-help groups until they reach maturity. It accounted for 16% of cumulative bank loan provided till the end of March 2002.

Model II: Bank - Facilitating Agency - SHG - Members

Here groups are formed and supported by NGOs or government agencies. The dominant model, it accounted for 75% of cumulative loans of banks by March 2002.

Model III: Bank - NGO-MFI - SHG - Members

In this model NGOs act as both facilitators and MF intermediaries, and often federate SHGs into apex organisations to facilitate inter-group lending and larger access to funds. Cumulative bank loans through this channel were 9% of total by March 2002.

Another model has been piloted recently by NABARD for facilitating the formation of SHGs for bank linkage in areas where there are no NGOs. This involves using the services of committed individual volunteers identified by bank branches ^[5].

Review of Literature

Sushil Kumar Mehta *et al.* (2011) contend that the Self Help Groups are voluntary gatherings of persons who share needs or problems that are not being addressed by existing organizations, institutions, or other types of groups. The broad goals of a self – help group are to bring about personal and social – economic change for its members and society. All of those groups emphasis face to face interaction among members and stress a set of values or ideology that enhances a member’s personal sense of identity.

Sarita Thakur (2016) ^[6] opines that Micro Finance is an important element through which the welfare of the poor can be improved. In addition, some poor people use borrowing in order to embark on entrepreneurship, and thus extricate themselves from poverty. A main conclusion of this paper is that microfinance can contribute to poverty alleviation programmes. Micro-finance interventions through SHGs programmes are well-recognized world over as an effective tool for poverty alleviation and improving socioeconomic status of rural poor in India.

Arul Paramanandam *et al.* (2013) ^[7] focuses on the Role of NGOs in promoting Self Help Groups in Kanchipuram District, of Tamil Nadu. NGOs (Non-Government Organisations) are Self Help Promotion Institutions (SHPI) with a special task of promoting, nurturing, strengthening and monitoring the SHGs. Many studies reveal that the

groups promoted by NGOs are relatively performed better than other Agencies. NGOs conduct periodical trainings to its SHG members to promote leadership qualities and income generating activities. SHGs that are getting trainings from NGOs are performing better than others. NGOs are facilitating intermediaries and they could play a significant role in initiating a right enterprise and technical skills to SHGs. Women should be imparted technical knowledge, skill- training and marketing techniques in the process of establishing on an enterprise by them for more sustainability.

Palak Mehta (2015) ^[8] highlights the concept of financial inclusion and concentrates on the performance and progress of the SHG- Bank Linkage Program. Financial Inclusion Program is an effort made by the Government of India for empowering the excluded part of the population and low-income groups to access the different financial services and products at an economical price. Various government agencies like RBI and NABARD supervise this program. So far different models have been used for the implementation of this program, still, Self Help Groups- Bank Linkage Programme is considered as the most profitable and widely accepted model in India. NABARD introduced this program in 1992 to combine informal saving and credit groups with the prevailing banking system to boost social stability by combining financial education, access to finance and connecting these groups to the banking sector.

Amarender Reddy *et al.* (2011) ^[9] observes that Microfinance has made tremendous strides in India over the years and it has become a household name in view of the multi-pronged benefits from microfinance services to the poor in our country. Self Help Groups (SHGs) have become the common vehicle of development process including microfinance. SHG-Bank Linkage Programme (SBLP) launched by NABARD way back in 1992 envisaging synthesis of formal financial system and informal sector has become a movement throughout the country. With this, the formal financial institutions in India have ventured into microfinance in a massive way. It is considered as the largest community based microfinance programme in terms of outreach in the world and many other countries are keen to replicate this model. This is also recognized as a part of priority sector lending and normal banking business by the Reserve Bank of India.

Madhusudan Ghosh (2012) ^[10] reviews the progress of SHG-Bank linkage programme at the national and regional levels, and examines its impact on the socio-economic conditions of SHG member households. The programme has grown at a tremendous pace during last two decades and emerged as the most prominent means of delivering micro-finance services in India. Though the regional spread of the programme is highly skewed with highest concentration in the southern region, it has started picking up pace in other regions. The average annual net income, assets and savings of SHG member households increased significantly in the

⁵ Ajay Tankha (2002). Self-help Groups as Financial Intermediaries in India: Cost of Promotion, Sustainability and Impact; ICCO and Cordaid, The Netherlands Study

⁶ Sarita Thakur (2016). Microfinance through Self Helps Groups (SHGs): A Key Driver for Sustainable Growth in India IOSR Journal of Business and Management (IOSR-JBM) Volume 18, Issue 2 .Ver. I

⁷ Arul Paramanandam (2013). The Role of NGOs in Promoting Self Help Groups in Kanchipuram District IOSR Journal of Business and Management Volume 7, Issue 2 (Jan. - Feb. 2013), PP 41-46

⁸ Palak Mehta (2015). The Role of Self Help Groups- Bank Linkage Programme in Financial Inclusion; International Journal of Engineering Technology, Management and Applied Sciences May 2015, Volume 3, Issue 5

⁹A. Amarender Reddy and Dharm Pal Malik (2011). A Review of SHG- Bank Linkage Programme in India; Indian Journal of Industrial Economics and Development Volume 7 No. 2 (2011): 1-10.

¹⁰ Madhusudan Ghosh (2012). Micro-Finance And Rural Poverty in India SHG-Bank Linkage Programme Journal of Rural Development, Vol. 31, No. 3, July - September : 2012

post-SHG situation. The average amount of loans and the regularity in repayment of loans increased, and the dependence on moneylenders decreased remarkably. The percentage of loans used for productive purposes and employment per household increased, the incidence of poverty among SHG members declined, and the social empowerment of women improved significantly.

Sudarsana Murthy *et al.* (2014) ^[11] propounds that the Micro finance is a powerful tool for fighting against poverty. It means building a financial system that serves poor. In most developing countries, poor people are majority of the population; to achieve full-fledged economic growth poverty should be reduced. Micro finance is such a concept which helps government to support poor people. Understanding such a concept and analyzing the changes that takes place in micro finance is necessary for the better utilization of it and for better results the awareness among the people belong to weaker sections is still limited. Restrictive loan policies of the bank are also one of the problems in developing the Micro Finance.

Ramakrishna *et al.* (2013) ^[12] propagates that Self-Help Groups (SHGs) are the thrift and credit groups formed informal way whose members pool savings and relend within the group on rotational or needs basis. These groups have operated on co-operative principles and do collective actions. They succeeded in performing/providing banking services to their members door steps without any defaults. They are formed for addressing their common problems. They make regular savings habit and use the pooled savings for the benefit of their members through a structured process of essential financial intermediation like prioritization of needs, setting self-determined terms for repayment and keeping records. It builds financial discipline and credit history that then encourages banks to lend to them in certain multiples of their own savings and without any demand for collateral security.

O. Mohammad Rafee (2015) ^[13] make an attempt to analyze micro finance through SHG-Bank linkage programme, a study of select commercial banks (syndicate bank, state bank of India) in YSR kadapa district, Andhra Pradesh. Government of India select micro finance is powerful tool to reduce poverty and improve the women empowerment. Micro finance is a very small amount, but it helps the poor people meet their needs and to raise their income levels and improve their living standards. Social and economical backward women have formed in to a group on the bases of "self-help" members voluntarily coming together to save small amount regularly, establishing linkage with banks for the delivery of financial services their members, delivery of credit to the needy members.

Nagaraj *et al* (2009) ^[14] finds the crucial variables influencing the economic performance of SHGs is education

(years of schooling) and 'training' received as *social capital* variables and dairying as *economic capital variable*. Thus, the SHGs can be empowered and strengthened to offer training to its members, provide opportunities for education and facilitate adoption of dairy, in order to enhance their economic performance. The policy thus can concentrate on two factors which promote social capital such as education and training of SHG members and the factor which promotes economic capital such as dairying. Having appreciated the economic contribution of the loan amount from SHG, formal financial institutions need to further expand the credit network through SHGs thus improving and increasing the access to credit for small and marginal farmers.

Prasanna Kumar (2014) ^[15] opines that Microfinance refers to a variety of financial services that target low-income clients, particularly women. Since the clients of microfinance institutions (MFIs) have lower incomes and often have limited access to other financial services, microfinance products tend to be for smaller monetary amounts than traditional financial services. These services include loans, savings, insurance, and remittances. Microloans are given for a variety of purposes, frequently for microenterprise development. The diversity of products and services offered reflects the fact that the financial needs of individuals, households, and enterprises can change significantly over time, especially for those who live in poverty. Because of these varied needs, and because of the industry's focus on the poor, microfinance institutions often use non-traditional methodologies, such as group lending or other forms of collateral not employed by the formal financial sector.

Issues and Challenges of SHGs

1. Livelihood Promotion

The basic problem in the rural poor is low level of standard of living especially in developing countries like India. After the intervention of SBLP, the standard of living of the rural poor has been increased and they can also get nutritious food for their lives.

2. Monitoring System

Under SBLP, the keen monitoring has been set up like involvement of bank officials, NGOs, Municipal Corporation, etc. to strengthen and make more strong the SBLP system. This resulted into the effective utilization of economic resources for the beneficial activities.

3. Capacity Building

Under bank linkages, both the SHG members and bank officials have to undergone with the capacity building process organized by the Government and the NABARD. It makes more efficient in operation and management of the system.

4. Low Rate Bank Loans

Under the SBLP, the intension is to provide the formal financial services to the rural poor at a affordable rate of interest. Simultaneously, with the involvement of the NABARD and the RBI this objective has been achieved and

¹¹ Sudarsana Murthy *et al.* (2014). Performance Evaluation of Micro Finance And Self Help Groups – A Role Played By Indian Banks; MITS International Journal of Business Research Vol. 1 / Issue 1/ January-June 2014

¹² Ramakrishna *et al.* (2013). Performance Of Self Help Group-Bank Linkage Programme (SBLP) in India – An Analytical Study. Tactful Management Research Journal Vol. 1 , Issue. 10 , July 2013

¹³ O. Mohammad Rafee (2015). Performance Of Micro Finance Shgs Bank-Linkage Programme: A Study of Select Commercial Banks YSR Kadapa District, A.P; International Journal of Marketing, Financial Services & Management Research Vol.4 (4), APRIL (2015), pp. 17-28

¹⁴ N. Nagaraj *et al.* (2009). Economic Performance of Self Help Groups in Karnataka with Special Reference to Venkatanahalli in South India; Indian Journal of Agricultural Economics Vol.64, No.4 Oct-Dec. 2009

¹⁵ Prasanna Kumar (2014). Implementation of various Micro Finance Schemes in Karnataka state; International Journal of Emerging Research in Management & Technology ISSN: 2278-9359 (Volume-3, Issue-4)

resulted into many families become economically strong to access the modern services.

5. Micro Insurance Products

After succession in the micro savings and micro credit, the system laid the foundation for micro insurance products. As the time passes and with the social requirement, the system introduced the micro insurance scheme to the members of SHGs for their beneficiary.

6. Emergence of Federations

Some of the matured and urban based SHGs have made some federations to get maximum benefits from the Government as well as financial institutions. Similarly, the NGOs and other institutions are putting efforts to form the federations involving rural and very poor SHGs.

7. Technology for Financial Inclusion

Due to the awareness of formal banking services among the members, the technological financial innovations are laid the foundation to make financial inclusion among the SHGs families. This resulted in bringing of members into the mainstream.

8. Functioning

The SHGs are functioning with new looks like they have inculcated time management and heavy practice of cooperative principles etc made the healthier competition in the economy.

9. Sustainability

The SHGs are formed not only for a purpose or achieving any specified objectives. Therefore, they are established to sustain in the society for a long run in order to get maximum benefits for the empowerment and self reliance.

Suggestions for Strengthening SHG-Bank Linkage Program

1. Encouraging SHGs in Excluded Regions

The spread of SHGs in North, Eastern and North-Eastern Region is poor. One of the reasons for this is the weak banking network and social backwardness and less NGO activity. There is a need to evolve SHG models suited to the local context.

2. Capacity building of Government functionaries

There is a need for sufficient training for *Suvida Dhata* and local NGOS/bank staff on SHG concept

3. Check on corruption/commission while sanctioning and upgrading the loan

The commission and corruption at grass root level leads to selection of wrong people for loan, higher defaults, misutilisation of loans (like revolving loan for money lending, luxurious consumption).

4. Maintenance of participatory character of SHG movement

SHG movement retains its participatory and self-help character.

5. Identification of poor by the NABARD

NABARD has already identified 16 States with large population of the poor, but exhibiting low performance in

implementation of the programme. The ongoing efforts of NABARD to upscale the programme in the identified States need to be given a fresh impetus.

6. Incentive package for NGOs

Incentives to be provided to honest and result oriented NGOs and *Suvida Dhata*

7. Avoid 'ever-greening' of loans

A certain element of "evergreening" of loans is reportedly taking place among credit linked SHGs. NABARD may expeditiously study this aspect and come out with suggestions for reversing this unsettling trend.

8. Transparency in maintenance of records

Banks, with the help of NABARD, should evolve a common checklist for all SHGs with very simple record keeping.

9. SHGs to evolve norms for distribution of surplus

There is a need to evolve norms for distribution of surplus (akin to dividend) especially at the time when a member drops out of the group.

10. Need to restructure design & direction of SGSY subsidy

All subsidy component of SGSY should be used for income generating activities.

11. Resource Centres

Resource Centres on the lines of the Andhra Pradesh Mahila Abhivruddhi Society (APMAS) can be set up in different parts of the country.

12. Identification of income/employment generating activities

The present challenge is to induce SHGs and their members to graduate into matured levels of enterprise, factor in livelihood diversification. Separate cell in each bank branch to be established to address this aspect.

13. Federations

Federations, if they emerge voluntarily from amongst SHGs, can be encouraged.

14. ICT technology and product innovation

In the ever changing technology there is good scope for ICT tools to reduce cost of financial inclusion. This needs to be sufficiently explored for the benefit of both banks and rural SHG members.

Conclusion

Micro-finance through the network of cooperatives, commercial banks, regional rural banks, NABARD and NGO's has been largely a supply driven recent approach. 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. Pro-activeness of the rural folk and artisans is need of the Hour.

References

1. Sushil Kumar Mehta *et al.* International Conference on Economics and Finance Research IPEDR Volume 4 IACSIT Press, Singapore, 2011.
2. Sriram MS. Microfinance and the State: Exploring areas and structures of collaboration, 2003.
3. Ibid.
4. Palak Mehta. The Role of Self Help Groups- Bank Linkage Programme in Financial Inclusion; International Journal of Engineering Technology, Management and Applied Sciences, 2015, 3(5).
5. Sarita Thakur. Microfinance through Self Helps Groups (SHGs): A Key Driver for Sustainable Growth in India IOSR Journal of Business and Management (IOSR-JBM) Ver. I. 2016, 18(2).
6. Arul Paramanandam. The Role of NGOs in Promoting Self Help Groups in Kanchipuram District IOSR Journal of Business and Management 2013;7(2):41-46
7. Ibid.
8. Amarender Reddy, Dharm Pal Malik. A Review of SHG-Bank Linkage Programme in India; Indian Journal of Industrial Economics and Development 2011;7(2):1-10.
9. Madhusudan Ghosh. Micro-Finance and Rural Poverty in India SHG-Bank Linkage Programme Journal of Rural Development. 2012; 31(3).
10. Sudarsana Murthy *et al.* Performance Evaluation of Micro Finance and Self Help Groups – A Role Played By Indian Banks; MITS International Journal of Business Research. 2014, 1(1)
11. Ramakrishna *et al.* Performance of Self Help Group-Bank Linkage Programme (SBLP) in India – An Analytical Study. Tactful Management Research Journal, 2013, 1(10).
12. Mohammad Rafee O. Performance of Micro Finance Shgs Bank-Linkage Programme: A Study of Select Commercial Banks Ysr Kadapa District, A.P; International Journal of Marketing, Financial Services & Management Research. 2015;4(4):17-28
13. Nagaraj N. Economic Performance of Self Help Groups in Karnataka with Special Reference to Venkatenahalli in South India; Indian Journal of Agricultural Economics *et al.* 2009; 64(4).