

SHG-BANK LINKAGE PROGRAMME IN ASSAM WITH SPECIAL REFERENCE TO LAKHIMPUR DISTRICT.

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Abstract

SHG-Bank Linkage programme of NABARD, which began in 1992 with formation of 500 Self Help Groups (SHGs), has emerged as the largest micro-finance programme in the world. In Assam the SHG-Bank-Linkage Programme has got momentum a little latter than other parts of the country, it has picked up its importance and has gathered momentum from the year 2001-02 onwards. The Lakhimpur district is one of the backward districts of Assam and therefore SHGs-bank linkage Programme is one of the viable options of the socio-economic development of the people. This paper is an attempt to study the progress of SHGs-bank linkage Programme in Assam as well as Lakhimpur district. The study is mainly based on secondary sources of data. The study analysed the progress of SHGs-bank linkage Programme in Assam as well as Lakhimpur district. But it is found that banking network in Assam is still not up to the required level. Moreover, the performance of RRB has been found better in the Lakhimpur district.

Keywords: SHG-Bank Linkage programme, micro-finance, socio-economic.

Introduction

SHG-Bank Linkage programme of NABARD, which began in 1992 with formation of 500 Self Help Groups (SHGs), has emerged as the largest micro-finance programme in the world. This programme - the main micro-finance model and institutional finance mechanism to provide financial credit support to the rural poor - has been proved as effective credit delivery system in Assam also (GoA, 2010-11). Though the SHG-Bank-Linkage Programme has got momentum in Assam a little latter than other parts of the country, it has picked up its importance and has gathered momentum from the year 2001-02 onwards (Chakraborty & Dey, 2013:40). The Banking network available has a relation with the growth of SHG-Bank linkage programme. But unfortunately the network in Assam is still not up to the required level. According to State Level Bankers Committee on 31st march 2012, there are 1181 branches of Commercial Banks, 419 branches of Regional Rural Banks and 68 branches of Co-operative Banks in Assam. As per the Status of Microfinance by NABARD, on 31st March 2012, total 276560 SHGs were having savings bank accounts in Assam with different banking agencies with saving amounts of ₹9845.71 lakhs.

As Lakhimpur district is one of the economically backward and flood affected districts of Assam, the SHGs-bank linkage Programme has to play an important role on improving the socio

economic conditions of the poor. The in-depth study has thrown light on microfinance-SHG-bank linkage in poverty alleviation programmes. Obviously, the study has identified strength and weakness of microfinance, working of SHGs and SHG-bank linkage programme. But nevertheless no investigation was undertaken growth of SHGs-bank linkage Programme in the study district.

Objectives

The main objectives of the study are:

- i. to study the growth and development of SHG-bank linkage programmes in Assam.
- ii. to study the growth of SHG-bank linkage programme and role of available banking agencies on growth of SHG-bank linkage programmes in Lakhimpur district

Methodology

The study is mainly based on secondary sources of data. The secondary source included various books, journals, relevant documents, brochures, reports, magazines and newspapers. Moreover, the records of NABARD, Lead Bank of the district, banks, NGOs, and SHGs etc. were consulted.

Progress of SHG-Bank Linkage programme in Assam

The progress of SHG-bank linkage programme in Assam can be understood by analysing the saving bank position of SHGs and bank loans disbursed to SHGs during the financial year 2007-08 to 2011-12.

Table No.1.1 shows that in the financial year 2007-08 a total number of 149719 SHGs were having savings bank accounts under different banking agencies with a savings amount of ₹5800.06 lakhs. On the other hand, in the financial year 2008-09, total 180996 SHGs were having savings bank accounts with a savings amount of ₹6296.92 lakhs. The growth rate of SHGs and savings amount during the year 2008-09 over the year 2007-08 were 17.28 per cent and 7.89 per cent respectively. Again, in the year 2009-10 totals of 218352 SHGs were found having saving links with different banks with saving bank amounts of ₹7359.94 lakhs and in comparison with 2008-09 there was a growth rate of 20.64 per cent and 16.88 per cent respectively. Such as, in the year 2010-11 total of 245120 SHGs having saving links with banks with saving bank accounts of ₹ 8169.60 lakhs and in comparison with 2009-10, it registered growth rate of 12.26 per cent and 11per cent respectively. Likewise in the year 2011-12 total of 276560 SHGs having saving links with banks with saving bank amount of ₹ 9845.71 lakhs and in comparison with 2010-11, it registered growth rate is 12.82 per

cent and 20.51 per cent respectively. This growth is registered due to the initiatives taken by NABARD and Rural Development Department of state government.

Table 1.1

Savings of SHGs with bank in Assam (agency wise position) (Amount in lakh)

Year	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
	No.of SHGs	Savings amounts	No.of SHGs	Savings amounts	No.of SHGs	Savings amounts	No.of SHGs	Savings amounts
2007-08	51628	2812.51	85941	2177.75	12096	809.80	149719	5800.06
2008-09	64122	3634.35	101239	2363.94	15635	298.63	180996	6296.92
2009-10	77036	3662.24	121298	2637.95	20018	1059.75	218352	7359.94
2010-11	84597	4573.76	136642	2853.01	23881	769.83	245120	8169.60
2011-12	102759	5991.26	149291	3039.10	24510	815.35	276560	9845.71

Source: Status of Microfinance by NABARD

The bank loans disbursed to SHGs by various banking agencies in Assam also indicates expansion of SHG-Bank Linkage Programme in the state. The table 1.2 shows the bank loan disbursed to SHGs in Assam by different banking agencies.

Table-1.2

Bank Loan disbursed to SHGs in Assam by Banks (Banking agency wise) (Amount in Lakh)

Year	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
	No.of SHGs	Amounts	No.of SHGs	Amounts	No.of SHGs	Amounts	No.of SHGs	Amounts
2007-08	8443	3958.45	11327	4068.33	548	841.82	20318	8869.10
2008-09	11775	8300.78	13417	5647.83	1256	1747.59	26448	15696.20
2009-10	11760	9075.23	17486	6635.28	9812	3863.10	39058	19573.61
2010-11	8042	9631.52	18809	9823.59	2243	3260.50	29094	22175.61
2011-12	10068	8225.89	16279	8691.61	1661	1827.28	28008	18744.78

Source: Status of Microfinance by NABARD

From the table 1.2 it is clear that various banking agencies such as Commercial Banks, Regional Rural Banks and Cooperative Banks are operating in Assam which is engaged in continuous bank loans to the SHGs for their economic activities. In the year 2007-08 banking agencies financed total 20318 SHGs with the bank loan of ₹8869.10 lakhs. Such as in the year 2008-09 bank financed total 26448 SHGs with the bank loan of ₹15696.20 lakhs. The growth rate of financing to SHGs and loan amount on 2008-09 over 2007-08 were 30.17 per cent and 43.41 per cent respectively. Thus there were also satisfactory growth rate of SHGs financed and loan disbursed in the year 2009-10 over 2008-09 with 47.49 per cent and 24.70 per cent respectively. Like that in the financial year 2010-11 bank financed total 29094 SHGs with the bank loan of ₹22175.61 lakhs. Again in the year 2011-12 also bank financed 28008 SHGs with the loan amount of ₹18744.78 lakhs. From the above analysis it is clear that there is a continuous flow of finance to the SHGs of Assam. The trend of continuous flow of finance could be attributed to special initiatives taken by Commercial Banks and Regional Rural Banks as per guidance of NABARD.

Progress of SHG-Bank Linkage programme in Lakhimpur District

The progress of SHG-Bank Linkage programme in the district can be understood by analysing the SHG savings as well as SHG credit linkage of commercial banks, regional rural bank and cooperative bank of the district. Table 1.3 shows the SHG savings with different banking agencies in the study district. The saving linkage with different banking agencies shows the growth of SHG savings in the district. In the year 2007-08 total 6315 SHGs were saving linked with the amount of ₹242.62 lakhs. Such as in the year 2008-09 total 3583 SHGs opened their savings account with ₹268.77. There was an increase of saving amount of ₹26.15 lakhs in the year 2008-09 over the year 2007-08. Thus, in the year 2009-10 total 9223 SHGs were savings linked with the savings of ₹311.06 lakhs which was also increase of ₹42.29 over the year 2008-09. In the year 2010-11 total savings linked SHGs were 10405 and total saving amount was ₹345.05 which was ₹33.98 Lakhs more than the year 2009-10. Again in the year 2011-12 total saving linked SHGs were 11840 with the savings amount of ₹410.78 lakhs which is ₹65.74 lakhs more than the year 2010-11.

Table 1.3

Savings of SHGs with banks in Lakhimpur district (agency wise position)

(Amount in lakh)

Year	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
	No. of SHGs	Savings amounts	No. of SHGs	Savings amounts	No. of SHGs	Savings amounts	No. of SHGs	Savings amounts
2007-08	2065	112.50	3726	94.42	524	35.72	6315	242.62
2008-09	2671	151.43	4390	103.60	690	13.74	7751	268.77
2009-10	3082	147.48	5257	116.12	884	47.46	9223	311.06
2010-11	3525	183.95	5826	126.13	1054	34.96	10405	345.04
2011-12	4281	239.66	6478	135.14	1081	35.98	11840	410.78

Source: District Lead Bank, Lakhimpur

Table 1.4 shows the credit linkage of SHGs with different banking agencies of the study district. All the banking agencies available in the district (Except four newly opened private sector banks) providing more or less credit facilities to SHGs of the district.

From the table 1.4, the growth of SHG credit linkage with the banks can be analyzed. In the year 2007-08 total 1168 SHGs were credit linked with the banking agencies and credit disbursed ₹ 491.22 lakhs. Such as in the year 2008-09 total 1295 credit linked SHGs were credit linked and disbursement of credit was ₹960.99 lakhs. The loan amount in the year 2008-09 was ₹469.77 lakhs more than the year 2007-08. Thus, in the year 2009-10 total credit linked SHG were 1800 and the amount sanctioned as loan was ₹1008.72 lakhs and loan amount in the year 2009-10 was ₹ 47.43 lakh more than the year 2008-09. In the year 2010-11 total 1742 SHGs were credit linked with the loan amount of ₹1470.14 lakhs which was ₹461.42 lakhs more than the year 2009-10. Again, in the year 2011-12 total 1732 SHGs were credit linked with the loan amount of ₹1021.96 lakhs. The growth of SHG-bank linkage programme in the study district also presented graphically in figure 1.1.

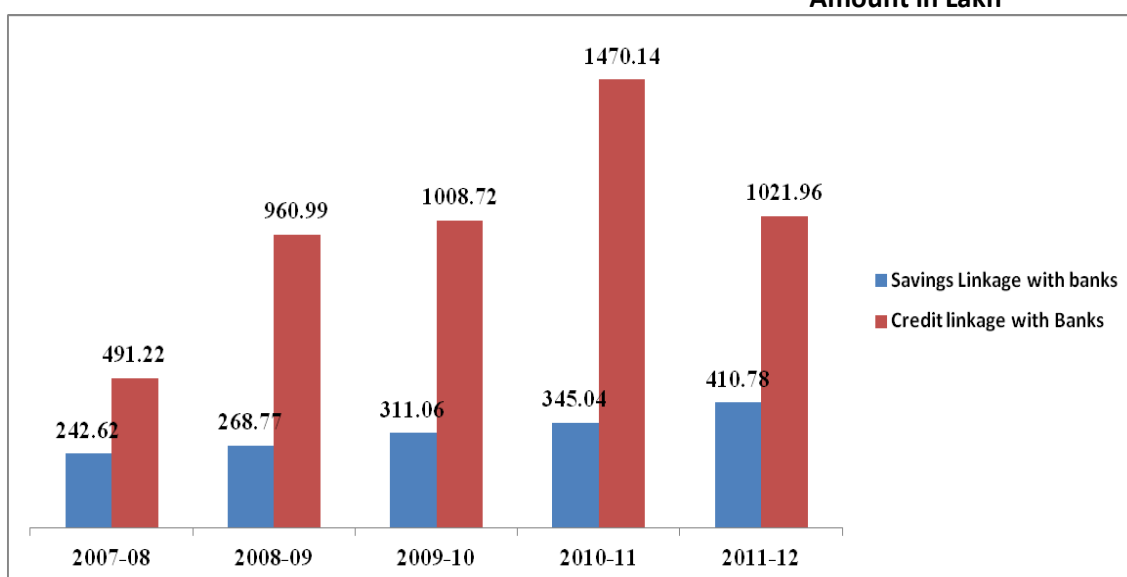
Table1.4
Bank Loan disbursed to SHGs in Lakhimpur district (agency wise position)
(Amount in lakh)

Year	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
	No. of SHGs	Amounts	No. of SHGs	Amounts	No. of SHGs	Amounts	No. of SHGs	Amounts
2007-08	442	198.01	689	252.12	37	41.09	1168	491.22
2008-09	588	415.12	642	449.82	65	96.05	1295	960.99
2009-10	575	454.50	702	340.12	523	214.10	1800	1008.72
2010-11	402	482.57	1182	816.00	140	171.57	1742	1470.14
2011-12	508	413.4	1126	508.44	98	100.12	1732	1021.96

Source: District Lead Bank, Lakhimpur

The position of SHG savings and SHG credit with the banking agencies in the study district are shown in the table 1.3 and table 1.4 where and include all SHGs financed under Swarna Jayanti Gram Swarojgar Yojana (SGSY) and directly financed by banks.

Fig 1.1
SHG- Bank Linkage highlight in Lakhimpur District from the year 2008-09 to 2011-12
Amount in Lakh



Regional Rural Bank (Assam Gramin Vikash Bank) is the leading performer as microfinance provider in the study district from the year 2007-08 to 2011-12 in comparison with Commercial Banks and Cooperative Banks. Maximum numbers of SHGs have been credit linked by the Regional Rural Bank during the period. Though the SHG savings amount of RRB is lower than the Commercial Banks but it is exceptionally higher than the Cooperative Bank. In case of credit linkage of SHGs, the performance of RRB is far better than Commercial Banks and Cooperative Bank of the district. Throughout the last five years the RRB has been providing more microcredit to the SHGs in the district both in terms of number of SHGs and microcredit provided to them as shown in the table 1.4.

Findings of the study

The growth rate of SHGs and savings amount from the year 2007-08 to 2011-12 is satisfactory. This growth is registered due to the initiatives taken by NABARD and Rural Development Department of state government

- Various banking agencies such as Commercial Banks, Regional Rural Banks and Cooperative Banks are operating in Assam which is engaged in continuous bank loans to the SHGs for their economic activities.
- SHGs-bank linkage programme in Lakhimpur district have made progress in terms of saving deposits. During 2011-12, a total of 11840 SHGs had savings to the tune of ₹411 lakh in different branches of commercial banks, regional rural banks and cooperative banks.
- The growth is also noticed in terms of credit linkage with the banking agencies. For the year 2011-12, an amount of ₹1022 lakh was recorded having been disbursed as bank loan to the SHGs in the district.
- However, the growth of SHG-bank linkage programme has not been uniform. There is a variation in the performance of different banking agencies. In case of credit linkage of SHGs, the performance of RRB has been found better than other two banking agencies.
- Assam Gramin Vikash Bank which has been providing microfinance services in the study district as Regional Rural Bank has total of 16 branches in the district. Most of the branches are situated in the rural areas of the district and therefore, microfinance activities in the rural areas got momentum in the district under Regional Rural Bank.
- On visits of researcher to Commercial Banks, Regional Rural Banks and Cooperative Bank branches of the district, it has found that Commercial Banks and Cooperative Banks preferred only government sponsored subsidy oriented microfinance programmes.

- Only Regional Rural Bank has preferred direct microcredit for income generating activities of SHGs along with government sponsored subsidy oriented microfinance programmes. Therefore, the growth rate of microfinance of Regional Rural Bank is better than the other banks.

Conclusion

From the above discussion, it is clear that both SHG-Bank Linkage programme has been proved as effective credit delivery system in Assam. The Savings and bank loans disbursed to SHGs by various banking agencies in Assam also indicate expansion of SHG-Bank Linkage Programme in the state. The trend of continuous flow of finance could be attributed to special initiatives taken by Commercial Banks and Regional Rural Banks as per guidance of NABARD. But banking network in Assam is still not up to the required level. From the study it is also clear that the growth of SHG-bank linkage programme has not been uniform in the study district. Though there is progress of SHG-Bank Linkage Programme in Lakhimpur district of Assam, the performance of different banking agencies are not equal. In case of credit linkage of SHGs, the performance of RRB has been found better than other two banking agencies. Therefore, various banking agencies should promote SHG-Bank Linkage Programme sincerely in the district.

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