

ENHANCING FINANCIAL INCLUSION THROUGH SHG- BANK LINKAGE PROGRAM IN INDIA: AN EVALUATION

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ABSTRACT

The concept of SHGs originated in the 1970s in India, as a way to address poverty and empower women in rural areas. Since then, SHGs have spread to other countries and have been used in a variety of contexts, including community development, health care, and education. The basic idea behind SHGs is that by coming together and pooling their resources, individuals can accomplish more than they could on their own. Members of an SHG typically contribute a small amount of money to a common fund, which is then used to provide loans to members who need them. In addition to financial support, SHGs provide social support and encourage members to take on leadership roles and participate in community activities. The paper is a modest attempt to analyse the growth and progress of SHG- Bank linkage program in India. The paper will also highlight the government initiatives and participation of banks in this program along with issues and recommendations to interested stakeholders.

INTRODUCTION

Self-Help Groups (SHGs) are informal community-based organizations that have gained popularity over the years as a strategy for poverty reduction and women's empowerment. SHGs typically consist of a group of 10-20 individuals who come together to save small amounts of money regularly and make loans to members for income-generating activities.

SHGs are often formed around a specific issue or interest, such as microfinance, health care, or education. Members may receive training and education on the topic and work together to develop strategies and solutions that are tailored to their needs and circumstances. SHGs are seen as a way to promote social and economic development, empower marginalized groups, and build stronger communities. By providing a forum for mutual support and learning, SHGs can help individuals to overcome social isolation and build the skills and resources they need to achieve their goals.

SHGs have been implemented in both national and international contexts as a means of empowering individuals and promoting sustainable development. In the international context, SHGs have been implemented in various countries, including India, Bangladesh, and Uganda. In India, SHGs have been used as a strategy for poverty reduction and women's empowerment. According to a study by the International Journal of Business and Social Science, the formation of SHGs has led to significant improvements in the economic and social status of women in India (Nayak & Mohapatra, 2012). Similarly, a study by the United Nations Development Programme

(UNDP) found that SHGs in Bangladesh have contributed to increased income, improved access to healthcare, and greater political participation among women (UNDP, 2016).

On the national front, SHGs have been implemented in various states of India, including Kerala, Tamil Nadu, and Andhra Pradesh. In Kerala, SHGs have been used as a strategy for poverty reduction and women's empowerment. According to a study by the International Journal of Research and Development, SHGs in Kerala have contributed to the empowerment of women by providing them with access to credit and promoting income-generating activities (Sulaiman, 2014). Similarly, a study by the International Journal of Community Medicine and Public Health found that SHGs in Tamil Nadu have contributed to improved maternal and child health outcomes (Chandra & Deepthi, 2016).

Thus, SHGs have been implemented in both national and international contexts as a means of empowering individuals and promoting sustainable development. The evidence suggests that SHGs have had a positive impact on the economic and social status of women, as well as on health outcomes and political participation.

REVIEW OF LITERATURE

Self-Help Groups (SHGs) have gained a lot of attention over the past few decades as a powerful tool for empowering women and promoting socio-economic development in rural and urban areas of many developing countries. Several studies have investigated the impact of SHGs on various aspects of socio-economic development, including poverty reduction, income generation, women's empowerment, and community development. Here are some key findings from the literature:

SHGs have been found to be effective in reducing poverty and improving household incomes. A study by Narayan et al. (2009) found that SHG members in India experienced a significant increase in income, as well as improvements in food security and asset ownership.

SHGs have also been found to promote women's empowerment, by providing them with access to credit and financial resources, as well as social support and a platform for collective action. Studies by Kabeer (2001) and Agarwal (2010) found that SHGs in India contributed to increased decision-making power and bargaining capacity for women. SHGs have been found to have a positive impact on community development, by promoting social capital, trust, and cooperation among members. A study by Chakrabarty and Rahman (2014) found that SHGs in Bangladesh played an important role in promoting social cohesion and community development.

SHGs have been found to have a positive impact on education outcomes for members and their families. A study by Beaman et al. (2012) found that women who participated in SHGs in India were more likely to send their children to school and to invest in their education. SHGs have also been found to promote health and nutrition outcomes. A study by Ahmed et al. (2011) found that women who participated in SHGs in Bangladesh were more likely to seek prenatal care and to have healthier babies.

SHGs have been found to be effective in promoting entrepreneurship and small business development. A study by Arulampalam et al. (2010) found that SHG membership in Sri Lanka led to increased entrepreneurship and business creation, particularly for women. SHGs have been found to be effective in promoting financial inclusion and reducing vulnerability to financial shocks. A study by Fletschner et al. (2016) found that SHG membership in Nepal led to increased

financial resilience and reduced vulnerability to shocks such as illness or crop failure.

SHGs can play an important role in promoting environmental sustainability and natural resource management. A study by Banerjee et al. (2016) found that SHGs in India were effective in promoting sustainable farming practices and natural resource conservation. SHGs can also serve as a platform for social mobilization and advocacy. A study by Ranasinghe et al. (2014) found that SHGs in Sri Lanka played an important role in promoting awareness and action on issues such as domestic violence and environmental conservation.

Digital technology can be a powerful tool for enhancing the effectiveness and scalability of SHGs. A study by Jain et al. (2018) found that a mobile-based platform for SHGs in India led to improved financial management and increased access to credit. However, the effectiveness of SHGs can be limited by external factors such as macroeconomic conditions and government policies. A study by Rizvi et al. (2014) found that macroeconomic conditions in India, such as high inflation and interest rates, can negatively impact the financial sustainability of SHGs. SHGs can also have positive spillover effects on non-members in the community. A study by Pitt and Khandker (1998) found that access to microcredit through SHGs in Bangladesh led to improved economic outcomes not only for the borrowers, but also for their households and neighbors.

However, some studies have also identified challenges and limitations associated with SHGs. These include issues related to sustainability, financial viability, and group dynamics. For example, a study by Karlan and Savonitto (2017) found that many SHGs in India struggle to maintain their financial sustainability and often face challenges in recovering loans from their members. A study by Sinha and Matin (2017) found that SHGs in Bangladesh faced challenges in maintaining their financial sustainability, due in part to high transaction.

Thus, the literature suggests that SHGs can have a range of positive impacts on financial inclusion, environmental sustainability, social mobilization, and digital innovation. However, external factors and challenges related to sustainability and scalability must be addressed to ensure the long-term effectiveness of SHGs.

OBJECTIVE OF THE PAPER

The overall objective of the paper is to study the growth and progress of SHG-bank linkage program in India. Specifically, the paper aims:

- i. To gauge the growth and progress of SHG-bank model in India
- ii. To analyze the participation of public sector banks, private sector banks and cooperative banks in SHG-Bank linkage program and a comparison thereof.
- iii. To study the state wise performance of SHG-bank linkage program.
- iv. To look upon the various initiatives taken by Government of India to promote SHG-Bank linkage
- v. To highlight the key issues involved in successful implementation of SHG0banklinkage program and make some suitable recommendation in this regard.

DATA SOURCES AND RESEARCH METHODOLOGY

The study is based upon the secondary data available through literature and reports of Government and Non-Government organizations such as NABARD, RBI, Government of India, SEWA etc. The study is a descriptive study based on the literature and Govt. reports.

SHGs BANK LINKAGE PROGRAM IN INDIA

The SHGs Bank Linkage Program in India is a government-sponsored initiative that aims to provide financial services to members of self-help groups (SHGs) in rural and semi-urban areas. The program was launched in 1992 as a collaboration between the National Bank for Agriculture and Rural Development (NABARD) and various commercial banks. Under the program, SHGs are encouraged to form groups of 10-20 members and register with a local bank. Once registered, the SHG can open a savings account with the bank and begin to accumulate funds through regular contributions from its members. The bank also provides training and capacity-building support to the SHG members on financial literacy, record keeping, and basic banking services. Once the SHG has accumulated a certain amount of savings, it becomes eligible for a loan from the bank. These loans are typically small and are used to support income-generating activities, such as agriculture, livestock rearing, handicrafts, or small businesses. The loans are provided at a low interest rate and with flexible repayment terms.

The SHG Bank Linkage Program has been successful in providing financial access to a large number of rural women, who make up the majority of SHG members. By pooling their resources and accessing credit through the program, SHGs have been able to improve their livelihoods and increase their incomes. Additionally, the program has helped to promote financial inclusion and reduce poverty in rural and semi-urban areas. Over the years, the program has expanded to cover more regions and more banks, and today it is seen as a model for microfinance programs around the world. However, the program also faces some challenges, such as ensuring sustainability, ensuring timely repayment of loans, and addressing issues of gender and social equity. Nevertheless, it continues to be an important tool for promoting financial inclusion and rural development in India.

SHG-BANK LINKAGE MODELS IN INDIA

The SHG-Bank Linkage model in India is a financial inclusion initiative that aims to provide financial services to the unbanked and under-banked population, especially in rural and semi-urban areas. There are several models of SHG-Bank Linkage in India, and some of the prominent ones are explained below.

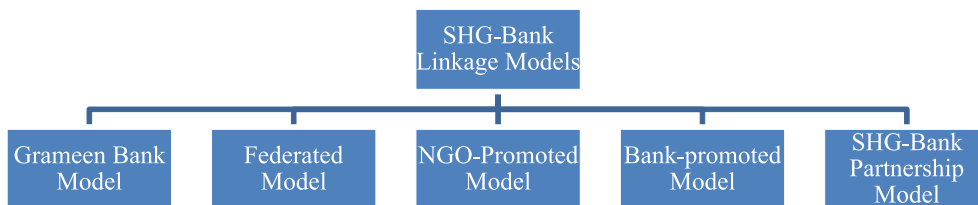


Figure 1. SHG-Bank Linkage Models

- **Grameen Bank Model:** This model was introduced in India by the Grameen Bank of Bangladesh, which pioneered the concept of microfinance. Under this model, SHGs are formed with 10-20 members, who save regularly and access credit from the bank.
- **Federated Model:** Under this model, SHGs are organized into larger groups known as federations. The federations act as intermediaries between SHGs and the bank, and provide various services such as capacity building, monitoring, and support for income-generating activities.
- **NGO-promoted Model:** This model involves NGOs or other non-profit organizations promoting and supporting the formation of SHGs and linking them with banks. The NGOs provide training and capacity building support to the SHG members and act as intermediaries between the SHGs and the bank.
- **Bank-promoted Model:** In this model, banks take the lead in promoting and supporting the formation of SHGs. The bank provides training and capacity building support to the SHG members and links them with other financial products and services such as insurance and pensions.
- **SHG-Bank Partnership Model:** This model involves a partnership between the SHGs and the bank, where the bank provides financial support and the SHG provides social capital and ensures timely repayment of loans.

The SHG-Bank Linkage model has been successful in promoting financial inclusion and empowering marginalized sections of society, especially women. It has provided access to formal financial services, improved the living standards of the poor, and contributed to the economic development of the country. However, challenges remain, such as the need to improve the financial literacy of SHG members and strengthen the credit delivery system to ensure timely and adequate credit.

GROWTH AND PROGRESS OF SHG-BANK LINKAGE PROGRAM

The SHG-Bank linkage program in India has grown significantly in the last 10 years. Here are some statistics that highlight the progress of the program:

Table No. 1 Growth of SHG- Bank Linkage in India

Particulars	Year 2011 - 12	Year 2020-21	Growth rate
Number of SHGs linked with banks	48.44 lakh	99.67 lakh	106%
Amount of outstanding credit to SHGs	Rs. 27,397 crore	Rs. 92,391 crore	236%

Source: NABARD, 2021

The above table shows that the number of SHGs linked with banks has increased from 48.44 lakhs (4.844 million) in 2011-12 to 99.67 lakhs (9.967 million) in 2020-21, a growth of over 106%. Whereas, the amount of outstanding credit to SHGs has increased from (\$3.7 billion USD) in 2011-12 to (\$12.6 billion USD) in 2020-21, a growth of over 236%.

As of March 2021, the state with the highest number of SHGs linked with banks was Tamil Nadu, with 16.11 lakhs (1.611 million) SHGs. The SHG-Bank linkage program has a strong focus on women's empowerment, and as of March 2021, 78.2% of the SHGs linked with banks were women's groups. The SHG-Bank linkage program has also expanded to cover more regions and more banks, with more than 230 banks currently participating in the program.

These statistics indicate that the SHG-Bank linkage program in India has made significant progress in the last 10 years. The program has helped to promote financial inclusion, improve access to credit, and empower women in rural and semi-urban areas. However, there is still a long way to go in terms of achieving universal financial inclusion and ensuring the sustainability of the program.

Banks finance a variety of economic and non-economic activities of SHGs in India. Here are some of the types of activities financed by banks:

Agriculture and allied activities: Many SHGs in India are involved in agriculture and allied activities such as crop cultivation, livestock rearing, and fishery. Banks finance these activities by providing credit for the purchase of seeds, fertilizers, livestock, and other inputs.

Handicrafts and handlooms: SHGs involved in handicrafts and handloom activities are often provided credit for raw materials, equipment, and working capital. Banks also help in marketing the products of these SHGs.

Small businesses: Banks provide credit to SHGs for starting small businesses such as retail shops, tailoring units, and food stalls. These businesses generate employment and provide a livelihood to SHG members.

Education and healthcare: Banks also finance non-economic activities of SHGs such as education and healthcare. They provide credit to SHGs for the education of their children and for meeting healthcare expenses.

Housing and sanitation: Banks provide credit to SHGs for constructing houses and for installing toilets in their homes. This helps in improving the living conditions of the SHG members.

These are some of the types of economic and non-economic activities financed by banks to SHGs in India. It's worth noting that banks have been playing a significant role in promoting the SHG movement in India by providing financial and other support to SHGs.

**Table no. 2. Progress of the SHG-Bank linkage program of Public Sector Banks (PSBs)
(as of March 2021)**

	Name of the Bank	No. of SHG linked (Rs. lakhs)	Outstanding credit (Rs. crores)
1	State Bank of India (SBI)	26.28	26,890
2	Punjab National Bank (PNB)	6.75	6677
3	Bank of Baroda	6.58	6698
4	Canara Bank	5.91	5982
5	Union Bank of India	4.33	4239
6	Bank of India	3.97	3703
7	Central Bank of India	3.33	2839
8	Indian Overseas Bank	2.97	3064
9	Oriental Bank of Commerce	2.54	2273
10	Bank of Maharashtra	1.95	1727

Source: NABARD, 2021, GOI, 2021; RBI, 2020

SBI is the largest PSB in India and has the highest number of SHGs linked with banks. As of March 2021, SBI had linked 26.28 lakh SHGs, with an outstanding credit of Rs.26890 crore. Punjab National Bank (PNB) is the second-largest PSB in India and has linked 6.75 lakhs SHGs, with an outstanding credit of Rs. 6,677 crore. This is followed by Bank of Baroda (BOB), Union Bank of India, Bank of India and some other banks.

Private sector banks in India have also made significant progress in the SHG-Bank linkage program. Here is the bank-wise progress of the SHG-Bank linkage program of some major private sector banks in India as of March 2021:

Table no. 3 Growth and progress of SHG-Bank linkage program of private sector banks

Sr. no.	Name of the bank	SHGs linked (in lakhs)	Outstanding credit (In Rs. crore)
1	HDFC Bank	4.69	4620
2	ICICI Bank	4.42	3727
3	Axis Bank	1.57	1527
4	Kotak Mahindra Bank	1.09	927
5	IDFC First Bank	0.63	672

Source: NABARD, 2021, GOI, 2021; RBI, 2020

HDFC Bank is the largest private sector bank in India and has linked 4.69 lakhs (0.469 million) SHGs, with an outstanding credit of Rs. 4,620 crore followed by ICICI Bank, Axis Bank, Kotak Mahindra Bank and IDFC First Bank.

It's worth noting that cooperative banks have played a significant role in the SHG-Bank linkage program, particularly in rural areas of India. In fact, the National Bank for Agriculture and Rural Development (NABARD), the apex development bank in India for the rural sector, has been actively involved in promoting the SHG-Bank linkage program with cooperative banks. The following table shows the growth of SHG-bank linkage with Co-operative banks:

Table no. 4. Progress of SHG-bank linkage program by cooperative banks (As on March 2021)

Sr. no.	Name of the Bank	SHGs linked (in Lakhs)	Outstanding Credit (in Rs. Crore)
1	State Cooperative Banks (SCBs)	9.92	7747
2	District Central Cooperative Banks (DCCBs)	21.62	17,561
3	Urban Cooperative Banks (UCBs)	2.05	1911

Source: NABARD, 2021, GOI, 2021; RBI, 2020

District Central Cooperative Banks (DCCBs) had linked 21.62 lakhs (2.162 million) SHGs, with an outstanding credit of Rs. 17,561 crore followed by Urban Cooperative Banks and State Cooperative Banks.

COMPARATIVE ANALYSIS OF SHG-BANK LINKAGE PROGRAM

The SHG-Bank linkage program has been implemented by public sector banks, private sector banks, and cooperative banks in India. Here is a comparative analysis of the SHG-Bank linkage program of these banks in India:

**Table 5. Comparative growth of SHG bank linkage program
 (As on March 2021)**

Particulars	Public sector banks	Private sector banks	Co-operative banks
No. of SHG linked	106.96 lakh	12.7 lakh	33.59 lakh
Outstanding Credit	94,711 crore	11,373 crore	26,219 crore

Source: NABARD, 2021, GOI, 2021; RBI, 2020

Public sector banks have been instrumental in the success of the SHG-Bank linkage program in India, accounting for more than 80% of the total SHGs linked and the outstanding credit provided. As of March 2021, PSBs had linked 106.96 lakhs SHGs, with an outstanding credit of Rs. 94,711 crore.

Private sector banks have also made significant progress in the SHG-Bank linkage program. As of March 2021, PVs had linked 12.7 lakhs SHGs, with an outstanding credit of Rs. 11,373 crore. HDFC Bank and ICICI Bank have been the major players in this segment.

Cooperative banks have played a crucial role in the SHG-Bank linkage program, especially in rural areas of India. As of March 2021, cooperative banks had linked 33.59 lakhs SHGs, with an outstanding credit of Rs. 26,219 crore. DCCBs have been the major players in this segment.

Overall, the SHG-Bank linkage program has been successful in promoting financial inclusion, empowering women, and reducing poverty in India. SHG-Bank linkage program has made significant progress in various states of India. Even the growth of SHG-Bank linkage program has been uneven across different states of the county. Following table provides some state-wise details of the program:

**Table no. 6. State wise progress of SHG- Bank linkage program in India
 (As on March 2021)**

Sr. no.	Name of the state	No. of SHGs-bank linked (in lakhs)	Outstanding credit (Rs. crore)
1	Tamil Nadu	21.29	15,032
2	Andhra Pradesh	17.43	20,205
3	Uttar Pradesh	12.59	8,579
4	Bihar	9.54	5,196
5	Karnataka	9.45	7,822
6	Punjab	1.56	1,378

Source: NABARD, 2021

Tamil Nadu has been a frontrunner in the SHG-Bank linkage program. As of March 2021, the state had 21.29 lakh SHGs linked with banks, with an outstanding credit of Rs. 15,032 crore. Andhra Pradesh is another state that has shown significant progress in the SHG-Bank linkage program. Uttar Pradesh, which has a large population, has also made progress in the SHG-Bank linkage program. As of March 2021, the state had 12.59 lakh SHGs linked with banks, with an outstanding credit of Rs. 8,579 crore. Even Bihar, another populous state, has also made progress in the SHG-Bank linkage program with 9.54 lakh SHGs linked and outstanding credit being of Rs. 5,196 crore. Karnataka has also made progress in the SHG-Bank linkage program. But when we

look at Punjab, there has been very less growth of SHGs-Bank linkage program as compared to other states with only 1.56 lakh SHGs linked to bank having an outstanding credit of Rs. 1,378 crores as on March, 2021.

The Punjab state government has taken various initiatives to promote the SHG-Bank linkage program in the state. For instance, the state government has launched a scheme called "Punjab State Rural Livelihood Mission" to promote women empowerment and reduce poverty in rural areas. The scheme aims to mobilize women into SHGs and link them with banks for credit facilities.

Furthermore, the state government has signed an MoU with NABARD to promote the SHG-Bank linkage program. Under the MoU, the state government aims to promote the formation of SHGs and link them with banks, provide training to SHGs, and encourage banks to lend to SHGs. Although efforts are being made in right direction to promote the growth of SHG-Bank linkage program, still there is a long way to go and Punjab has to learn from the successful implementation of this model in its counterparts.

Following are some of the case studies of successful SHGs in India:

Self-Employed Women's Association (SEWA) - SEWA is a trade union based in Ahmedabad, Gujarat, that was founded in 1972 by Ela Bhatt to organize women working in the informal economy. It has since grown into a nationwide organization with over 2 million members. SEWA Bank, which was established in 1974, is the first bank in India to be run and owned by women. It provides financial services to poor women, especially those in the informal sector. As of 2021, the bank has over 200,000 depositors and a loan portfolio of over INR 2.2 billion.

Mahila Arthik Vikas Mahamandal (MAVIM) - MAVIM is a women's development corporation established by the government of Maharashtra in 1997. Its aim is to empower women and promote their economic and social development. MAVIM provides financial assistance and training to women's groups and helps them to set up income-generating activities. As of 2021, MAVIM has formed over 60,000 women's groups and has provided financial assistance to over 1.5 million women.

Tamil Nadu Corporation for Development of Women (TNCDW) - TNCDW is a state government agency in Tamil Nadu that was established in 1983 to promote women's empowerment and development. It provides financial assistance, training, and support to women's groups in the state. As of 2021, TNCDW has formed over 1 million women's self-help groups with over 10 million members. These groups have been involved in a range of activities, including microfinance, livelihoods, and health and education programs.

Andhra Pradesh State Rural Livelihoods Mission (APRLM) - APRLM is a government agency in Andhra Pradesh that was established in 2012 to promote the social and economic empowerment of rural poor households. It works with women's self-help groups to provide them with financial assistance, training, and support for livelihood activities. As of 2019, APRLM had formed over 1.1 million women's self-help groups with over 11 million members. These groups have been involved in a range of activities, including microfinance, agriculture, and livestock rearing.

The Velugu Program: The Velugu program in the state of Andhra Pradesh is a successful example of the SHG bank linkage model. The program was launched in 1999 with the aim of empowering women

in rural areas by promoting savings and credit activities through SHGs. Under the program, the state government provided training and support to women to form SHGs, and then linked these groups with formal financial institutions. The program focused on building the capacity of SHGs to manage their own savings and credit activities, as well as on improving the linkages between SHGs and banks.

The results of the Velugu program have been impressive. By 2006, the program had established more than 700,000 SHGs, with a total membership of over 9 million women. These SHGs had mobilized more than \$1.5 billion in savings, and had accessed loans worth more than \$4 billion from banks. A study conducted by the World Bank found that the Velugu program had a number of positive impacts on the lives of women in Andhra Pradesh. Women who participated in the program reported increased incomes, improved health and nutrition, and greater participation in decision-making within their households. The program was also found to have contributed to improved social capital and community development in the state.

These programs demonstrate the potential of the SHG bank linkage model to promote financial inclusion and empower women in India. The success of these programs is due to a combination of strong government and bank support, effective capacity building for SHGs, and effective linkages between SHGs and formal financial institutions.

Government initiatives and programs to promote SHG- bank linkage program in India

The Indian government has taken several initiatives and launched various programs to promote the SHG-Bank linkage program in the country. Here are some of the major initiatives and programs along with relevant statistics:

National Rural Livelihood Mission (NRLM): The NRLM was launched in 2011 to promote women self-help groups (SHGs) and link them with banks for credit facilities. As of March 2020, around 67 lakh (6.7 million) SHGs were formed under the NRLM, and 2.48 crore (24.8 million) households were brought under the program. The SHGs have been provided with a total bank credit of Rs. 1,32,048 crore (\$17.8 billion USD) as of March 2020.

Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM): The DAY-NULM was launched in 2013 to provide skill development, livelihoods, and financial assistance to the urban poor. As of March 2020, around 2.49 lakh (249,000) SHGs were formed under the program, and the SHGs were provided with a total bank credit of Rs. 2,889 crore (\$390 million USD) as of March 2020.

Pradhan Mantri Jan Dhan Yojana (PMJDY): The PMJDY was launched in 2014 to promote financial inclusion and provide banking services to the unbanked population. As of March 2021, around 43.04 crore (430.4 million) accounts were opened under the PMJDY, and the total balance in these accounts was Rs. 1,37,794 crore (\$18.6 billion USD).

Digital India: The Digital India program was launched in 2015 to promote the use of digital technology in various sectors, including banking. As of March 2020, around 8.66 lakh (866,000) Common Service Centers (CSCs) were established across the country, which provide banking and other services to the rural population.

Stand-Up India: The Stand-Up India program was launched in 2016 to promote entrepreneurship

among women and the marginalized sections of society. As of March 2021, around 1.87 lakh (187,000) loans were sanctioned under the program, with a total amount of Rs. 26,346 crore (\$3.6 billion USD).

Thus, the Indian government has launched various initiatives and programs to promote the SHG-Bank linkage program in the country. These programs have helped in the formation of a large number of SHGs and provided them with credit facilities. The PMJDY and Digital India programs have also helped in promoting financial inclusion and the use of digital technology in banking.

Banks initiatives and program to make SHG-bank linkage model successful:

Banks in India have taken various initiatives and launched programs to make the SHG-Bank linkage model successful. These initiatives include specialized SHG cells, financial literacy and awareness programs, capacity building programs, product customization, technology adoption, and collaboration with other stakeholders. Successful examples of these initiatives include SBI's outreach, HDFC Bank's customized loans, and ICICI Bank's collaborations and technology adoption. Here are some of the major initiatives and programs:

- State Bank of India (SBI) has set up specialized SHG cells across its branches to cater to the credit needs of SHGs. The bank also provides financial literacy and capacity building programs to SHGs.
- HDFC Bank has customized its loan products to cater to the needs of SHGs. The bank offers loans for activities such as agriculture, animal husbandry, and small businesses.
- ICICI Bank has collaborated with various SHG federations and NGOs to promote the SHG-Bank linkage model. The bank has also adopted digital technology to improve the efficiency of loan disbursement and other services to SHGs.

Key issues and challenges in the growth and progress of SHG- Bank linkage program:

Self Help Group (SHG) bank linkage program has been one of the most successful financial inclusion programs in India. However, the growth of the program has been uneven across different states and regions, and there are several challenges that need to be addressed for the program to reach its full potential. Some of the key issues and challenges in the growth of the SHG bank linkage program in India are as follows:

Limited access to formal financial services: Despite the success of the SHG bank linkage program, a large section of the population still does not have access to formal financial services. According to a study by the National Bank for Agriculture and Rural Development (NABARD, 2019), only 43% of the rural population in India has access to formal financial services. This highlights the need to expand the reach of the SHG bank linkage program to more remote and under banked areas.

Lack of awareness and financial literacy: Another major challenge is the lack of awareness and financial literacy among the target population. Many SHG members are illiterate or have limited education, which makes it difficult for them to understand financial concepts and manage their finances effectively. This is highlighted by a study by the Reserve Bank of India (RBI, 2019), which found that only 39% of SHG members have a basic understanding of financial concepts.

Insufficient credit and capital: While the SHG bank linkage program has been successful in providing credit to the poor and unbanked, the amount of credit provided is often insufficient to meet their needs. This is due to the limited capital base of the SHGs, which often rely on their own savings and contributions from members. A study by the World Bank (2018) found that the average loan size for SHGs in India is only Rs. 17,000 (approximately \$230), which is often inadequate for income-generating activities.

Lack of coordination and monitoring: The SHG bank linkage program involves multiple stakeholders, including SHGs, banks, and government agencies. However, there is often a lack of coordination and monitoring between these stakeholders, which can lead to inefficiencies and delays in the delivery of financial services. A study by the International Journal of Scientific and Research Publications (2015) found that poor coordination and monitoring is a major challenge in the implementation of the SHG bank linkage program.

Limited institutional capacity: Another major challenge is the limited institutional capacity of SHGs and other local institutions involved in the program. Many SHGs are small and lack the resources and expertise to manage their finances effectively. This is highlighted by a study by the International Journal of Economics and Business Research (2016), which found that the institutional capacity of SHGs is a key determinant of their performance in the SHG bank linkage program.

Dependence on a single bank: Many SHGs are dependent on a single bank for credit, which can result in a lack of competition and limited access to credit.

Limited participation of private sector banks: Private sector banks have been slow to participate in the SHG-Bank linkage program, which has limited the growth and progress of the program.

Lack of product diversification: There is a need for banks to diversify their loan products for SHGs, as many SHGs have requirements beyond microfinance loans.

Although, SHG bank linkage program has been successful in providing financial services to the poor and unbanked in India, there are several challenges that need to be addressed for the program to reach its full potential. These include limited access to formal financial services, lack of awareness and financial literacy, insufficient credit and capital, lack of coordination and monitoring, and limited institutional capacity. Addressing these challenges will require a concerted effort from multiple stakeholders, including the government, banks, and local institutions.

RECOMMENDATIONS TO VARIOUS STAKEHOLDERS

To make the SHG-Bank linkage program more successful in India, the following recommendations can be made to various stakeholders:

Government:

- Provide adequate funding for the program to expand and scale-up.
- Increase investment in financial literacy and capacity building programs for SHGs.
- Encourage the participation of private sector banks and other financial institutions in the program.

Bankers:

- Streamline credit appraisal and monitoring systems to improve loan recovery and reduce non-performing assets.
- Offer diversified loan products that cater to the diverse financial requirements of SHGs.
- Provide customized financial literacy training to SHGs to improve financial inclusion and creditworthiness.

Customers (SHGs):

- Increase financial literacy and knowledge of the loan application and repayment process.
- Encourage group savings and promote discipline in loan repayment.

POLICYMAKERS

- Develop policies that promote the integration of SHGs into the formal financial system.
- Establish regulatory frameworks to ensure that SHG-Bank linkage programs operate with transparency and accountability.
- Develop appropriate incentive structures to encourage banks to increase their participation in the program.

CONCLUSION

Thus, the SHG-Bank linkage program in India has made significant progress over the years in terms of financial inclusion and women's empowerment. Studies have shown that the program has helped to improve the economic status and socio-economic conditions of women in rural and semi-urban areas of the country. It has provided them with access to finance, increased their savings, and improved their decision-making power within the household. The program has also contributed to the development of entrepreneurship, livelihoods, and community-based organizations.

However, despite its success, the program faces several challenges, such as lack of awareness, inadequate institutional support, and insufficient credit linkages. These challenges need to be addressed by the government, banks, and other stakeholders to make the program more effective and sustainable. To promote the SHG-Bank linkage program, the government has launched several initiatives, such as the National Rural Livelihoods Mission (NRLM) and the Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM), which aim to provide institutional and financial support to SHGs. Banks have also taken initiatives to promote the program, such as setting up special branches for rural and semi-urban areas, simplifying loan procedures, and offering financial literacy and capacity-building training to SHG members.

Undoubtedly, SHG-Bank linkage program in India has immense potential to contribute to financial inclusion and women's empowerment in the country. With continued efforts and support from the government, banks, and other stakeholders, it can become a sustainable model for poverty reduction and socio-economic development.

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