



REVIEW OF RESEARCH

ISSN: 2249-894X

IMPACT FACTOR : 5.7631(UIF)

VOLUME - 14 | ISSUE - 8 | MAY - 2025



FINANCIAL INCLUSION OF WOMEN THROUGH SHG-BANK LINKAGE PROGRAMME

Dr. Narisetti Sankara Rao
Assistant Engineer, Srisailam Power Station, APGENCO.

D. Saritha
Advocate, Vijayawada.

ABSTRACT :

Financial inclusion is the concept that all people, including the poor and marginalised, should have access to and use financial services regularly. The idea of mobilising small, cohesive, and participative organisations, known as self-help groups, was pioneered by the National Bank for Agriculture and Rural Development (NABARD) (SHGs). Against this background, the present paper aims at exploring the financial inclusion of women through Self-help Groups Bank Linkage Programme. The study is based on secondary data. It is observed from the study that there are 112.23 lakhs SHGs in the country that are linked with banks as on 31st March 2021. Out of these, 86.65 per cent are women exclusive groups. there is a growth rate in the number of SHGs being linked with the bank. Further, there is positive growth rate in the savings amount of these groups. There is positive growth rate for many number of years during the study period in respect of number of SHGs for whom loans are extended. As far as amount of loan disbursed is concerned, it is observed that there is growth rate in the amount of loans disbursed in three out of four years in the last five years period of study. With regard to loan outstanding, there are up and downs in the growth rate in the last five years. This shows how far SHG – Bank linkage programme has resulted in empowerment of women through financial inclusion.



KEYWORDS : SHGs, financial inclusion, SHG-Bank linkage programme

INTRODUCTION:

For a long time, financial inclusion, particularly universal banking access, has been a proclaimed policy goal. The majority of previous efforts were concentrated on the supply side, with emphasis on creating bank branches in rural areas, lending to key sectors, and so on (Dipa Sinha and Rohit Azad, 2018). In India, financial inclusion is critical for increased economic growth and inclusive development. "Financial inclusion may be described as the process of guaranteeing access to financial services and timely and enough credit where needed by vulnerable groups such as weaker portions and low-income groups at an affordable cost," according to the Rangarajan Committee (Mahendra Dev S, 2016).

Finance is a potent economic growth intervention. Access to financial services has been shown to have a positive impact on all elements of social and economic outcomes in a large body of studies. Despite its positive impacts, finance does not appear to have reached a large enough portion of the population. For example, according to the World Bank's Global Findex, just 62 per cent of individuals

worldwide held a formal financial institution account in 2014. Although 175 million people opened their first bank account in India between 2011 and 2014, the country's financial inclusion rate was only 53 per cent in 2014. This indicates that there is a noticeable disparity between the availability of financing and its accessibility and use (Saibal Ghosh, 2017).

Financial inclusion is the concept that all people, including the poor and marginalised, should have access to and use financial services on a regular basis; it's a concept that the World Bank promotes as part of developing "inclusive economies," but that banks, mobile phone companies, and other financial institutions pursue for clearly self-serving reasons. India, understandably, scores worse on traditional financial access indicators than advanced capitalist nations, but also outperforms many other middle-income countries (Hasina Daya and Philip Mader, 2018).

When India's central bank emphasised the importance of financial inclusion in its annual policy statement for 2005-06, it became a policy priority. Although the nationalisation of large commercial banks in 1969 and 1980 went a long way toward bringing financial services to the average person's doorstep, there is still much more to be done. India, behind China, has the world's second-largest unbanked population. Over the last 12 months, nearly half of India's bank accounts remained dormant, making it the world's country with the most inactive bank accounts (Mini P Thomas and Radhika Gupta, 2021).

The idea of mobilising small, cohesive, and participative organisations, known as self-help groups, was pioneered by the National Bank for Agriculture and Rural Development (NABARD) (SHGs). Banks have found the SHG-bank linkage scheme to be cost-effective because group loans reduce operational expenses and default rates. This programme is recognised as the world's largest and fastest-growing microfinance programme, encompassing broader goals such as safeguarding livelihoods, revitalising local economies, and empowering women through trainings, confidence building, and leadership development. (Disha Bhanot and Varadraj Bapat, 2016).

Against this background, the present paper aims at exploring the financial inclusion of women through Self-help Groups Bank Linkage Programme. The study is based on secondary data. The data is collected from the Status of Microfinance in India reports published by the NABARD. The study period is last five years, i.e., from 2018-19 to 2022-23.

REVIEW OF LITERATURE

Bandhyopadhyay, Yugandhar and Amitava Mukherjee (2002) opined that in every village in Andhra Pradesh, there are seven to ten community-based organisations in the nature of self-help groups that cover seven to ten activities such as education, water use, thrift, watershed, youth development, and so on. There are around 20,000 to 25,000 such groups in a district. Two of these organisations are statutory in nature, while the rest are community-based. As is true of any group type, not all groups are equally vibrant and effective. There is no doubting, however, that nowhere in India is there as much interest group mobilisation, particularly among women, as in Andhra Pradesh.

Uma and Rupa (2013) opined that the establishment of Self-Help Groups (SHGs) and then the SHG-Bank Linkage Program have greatly aided in the empowerment of the underprivileged, particularly women. SHGs play a critical role in improving women's socioeconomic status by instilling a sense of prudence, providing microfinance in times of need, and promoting microentrepreneurs.

Disha Bhanot and Varadraj Bapat (2016) made an attempt to quantify the impact of self-help groups to macro-level financial inclusion dimensions by measuring financial inclusion performance on three dimensions: branch penetration, credit penetration, and deposit penetration. SHGs have a multiplier impact, according to the research. It is proposed that attempts to promote financial inclusion through SHGs should continue because it allows all group members to access bank savings, credit, and other financial services.

Devika Mahadevan (2017) observed that the MFI model had thrived in Andhra Pradesh prior to the state governments' near-decapitation of the business because it is piggybacked on top of SHGs. In 2010, Andhra Pradesh had 7.5 million SHGs with 104 million members, Rs.10,000 crore in savings, and Rs.42,000 crore in loans, accounting for 50 per cent of the country's total SHG membership.

Pankaj Sinha and Nitin Navin (2021) opined that the self-help group programme has performed admirably in the areas of rural development and women's empowerment since its start. However, despite being adopted in many parts of the country, the program's success has been spotty. This study assesses its performance from 2011 to 2019. It concentrates on two areas of the program's performance: geographical expansion and non-performing asset growth. It demonstrates that the initiative has fared better in wealthy states, whereas it has struggled in the middle and north-eastern regions.

RESULTS OF THE STUDY

Number of SHGs linked with Banks

Number of SHGs linked with banks during the last five years at the national level is presented in Table – 1. It is observed from the table that there are 112.23 lakhs SHGs in the country that are linked with banks as on 31st March 2021. Out of these, 86.65 per cent are women exclusive groups. This shows how far SHG – Bank linkage programme has resulted in empowerment of women through financial inclusion. During the last five years, the growth rate in women SHGs linked with SHGs is up and down without any trend. During 2018-19, highest growth rate of 15.44 per cent is recorded.

Savings amount of SHGs with Banks

Savings amount of SHGs with banks during the last five years at the national level is given in Table – 2. The table shows that an amount of Rs.37,477.61 crore has been in the savings account of the Self-help Groups as on 31st March 2023. Out of the said amount, the amount belong to exclusive women SHGs is Rs.32,686.09 Crore (87.21 per cent). The growth rate in the savings amount in the year 2022-23 is 40.16 per cent, while it is 22.50 per cent during 2019-20.

Number of SHGs for whom loans are extended

Number of SHGs for whom loans are extended during the last five years at the national level is portrayed in Table – 3. The data reveals that loans are disbursed to 28.87 lakh SHGs in the country during 2021-22. Out of these, 25.9 lakhs are women SHGs (89.71 per cent). There is negative growth rate in the number of SHGs for whom loans are disbursed during 2022-23 (-10.29 per cent), while there is positive growth rate in the rest of the four years.

Amount of Loans disbursed to SHGs

The data pertaining to amount of Loans disbursed to SHGs during the last five years at the national level is depicted in Table – 4. It is divulged from the data that an amount of Rs.58,070.68 Crore has been disbursed as loan to the SHGs as on 31st March 2023 at the all India level. Out of the said amount, an amount of Rs.54,423.13 Crore has been disbursed to the women SHGs (93.72 per cent). There is negative growth rate during 2020-2021 with regard to amount of loan disbursed, whereas growth rate of 37.64 is recorded during 2019-20.

Number of SHGs having loans outstanding

Table – 5 gives the number of SHGs having loans outstanding during the last five years at the national level. It is deduced from the table that 57.8 lakhs SHGs have outstanding loans at the national level. Of the said SHGs, number of women SHGs is 53.11 lakhs (91.89 per cent). Growth rate in the number of SHGs having loaned outstanding is only 3.89 per cent during 2022-23.

Amount of Loans outstanding against SHGs

Table – 5 gives the amount of loan outstanding against SHGs during the last five years at the national level. It is deduced from the table that an amount of Rs.103289.71 Crore is outstanding from the SHGs at the national level. Of the said amount, loan outstanding by women SHGs is Rs.96596.60 Crore (93.52 per cent). With regard to loan outstanding, there are up and downs in the growth rate in the last five years. There is negative growth rate during 2022-23 (-4 per cent).

In conclusion, it can be said that SHG-Bank linkage programme has effectively resulted in financial inclusion of women. The statistics reveals that from year to year, there is a growth rate in the number of SHGs being linked with the bank. Further, there is positive growth rate in the savings amount of these groups. There is positive growth rate for many numbers of years during the study period in respect of number of SHGs for whom loans are extended. As far as amount of loan disbursed is concerned, it is observed that there is growth rate in the amount of loans disbursed in three out of four years in the last five years period of study. With regard to loan outstanding, there are up and downs in the growth rate in the last five years. This shows how far SHG – Bank linkage programme has resulted in empowerment of women through financial inclusion.

Table - 1
Number of SHGs linked with Banks during the last five years at the national level

(Number in lakh)

Year	Total SHG Nos.	All women SHGs	Percentage of Women	Growth of Women SHGs linked with banks
2018-19	85.77	73.22	85.36	-
2019-20	87.44	73.90	84.51	0.93
2020-21	100.14	85.31	85.19	15.44
2021-22	102.43	88.32	86.22	3.53
2022-23	112.23	97.25	86.65	10.11

Source: (1). NABARD (2021), 'Status of Microfinance in India 2020-21', Mumbai.
(2). NABARD (2019), 'Status of Microfinance in India 2018-19', Mumbai.

Table - 2
Savings amount of SHGs with Banks during the last five years at the national level

(Amount in Rs. Crore)

Year	Total SHGs Amount	All women SHGs	Percentage of Women	Growth rate of Women SHGs
2018-19	16114.23	14283.42	88.64	-
2019-20	19592.12	17497.86	89.31	22.50
2020-21	23324.48	20473.55	87.78	17.01
2021-22	26152.05	23320.55	89.17	13.91
2022-23	37477.61	32686.08	87.21	40.16

Source: (1). NABARD (2021), 'Status of Microfinance in India 2020-21', Mumbai.
(2). NABARD (2019), 'Status of Microfinance in India 2018-19', Mumbai.

Table - 3
Number of SHGs for whom loans are extended during the last five years at the national level

(Number in lakh)

Year	Total SHG Nos.	All women SHGs	Percentage of Women	Growth rate of women SHGs
2018-19	18.98	17.16	90.42	-
2019-20	22.61	20.75	91.78	20.92
2020-21	26.98	23.65	87.66	13.98
2021-22	31.46	28.87	91.67	22.07
2022-23	28.87	25.9	89.71	-10.29

Source: (1). NABARD (2021), 'Status of Microfinance in India 2020-21', Mumbai.
(2). NABARD (2019), 'Status of Microfinance in India 2018-19', Mumbai.

Table - 4
Amount of Loans disbursed to SHGs during the last five years at the national level

(Amount in Rs. Crore)

Year	Total SHGs Amount	All women SHGs	Percentage of Women	Growth rate of women SHGs
2018-19	38781.16	36103.13	93.09	-
2019-20	47185.88	44558.74	94.43	23.42
2020-21	58317.63	53254.04	91.32	19.51
2021-22	77659.35	73297.56	94.38	37.64
2022-23	58070.68	54423.13	93.72	-25.75

Source: (1). NABARD (2021), 'Status of Microfinance in India 2020-21', Mumbai.

(2). NABARD (2019), 'Status of Microfinance in India 2018-19', Mumbai.

Table - 5
Number of SHGs having loans outstanding during the last five years at the national level

(Number in lakh)

Year	Total SHG Nos.	All women SHGs	Percentage of Women	Growth rate of women SHGs
2018-19	48.48	42.84	88.36	-
2019-20	50.20	45.49	90.62	6.19
2020-21	50.77	44.61	87.87	-1.93
2021-22	56.77	51.12	90.05	14.59
2022-23	57.8	53.11	91.89	3.89

Source: (1). NABARD (2021), 'Status of Microfinance in India 2020-21', Mumbai.

(2). NABARD (2019), 'Status of Microfinance in India 2018-19', Mumbai.

Table - 6
Amount of Loans Outstanding against SHGs during the last five years at the national level

(Amount in Rs. Crore)

Year	Total SHGs Amount	All women SHGs	Percentage of Women	Growth rate of women SHGs
2018-19	61581.30	56444.24	91.66	-
2019-20	75598.45	70401.73	93.13	24.73
2020-21	87098.15	79231.98	90.97	12.54
2021-22	108075.07	100620.71	93.10	27.00
2022-23	103289.71	96596.60	93.52	-4.00

Source: (1). NABARD (2021), 'Status of Microfinance in India 2020-21', Mumbai.

(2). NABARD (2019), 'Status of Microfinance in India 2018-19', Mumbai.

REFERENCES:-

1. Disha Bhanot and Varadraj Bapat (2016), "Multiplier Effect of Self-help Groups", *Economic and Political Weekly*, Vol.LI, No.33, August, pp.82-85.
2. Mahendra Dev S (2016), "Enabling Financial Inclusion", *Economic and Political Weekly*, Vol.LI, Nos.26 & 27, July, pp.42-44.
3. Saibal Ghosh (2017), "Did MGNREGS improve financial inclusion?", *Economic and Political Weekly*, Vol.LII, No.12, March, pp.106-114.
4. Dipa Sinha and Rohit Azad (2018), "Can Jan Dhan Yojana Achieve Financial Inclusion?", *Economic and Political Weekly*, Vol.LIII, No.13, March, pp.165-172.
5. Hasina Daya and Philip Mader (2018), "Did Demonetisation Accelerate Financial Inclusion?", *Economic and Political Weekly*, Vol.LIII, No.45, November, pp.17-20.

6. Mini P Thomas and Radhika Gupta (2021), "Financial Inclusion through Urban Cooperative Banks Insights from Telangana", *Economic and Political Weekly*, August, Vol.LVI, No.33, pp.20-22.
7. Pankaj Sinha and Nitin Navin (2021), "Performance of Self-help Groups in India", *Economic and Political Weekly*, January, Vol.LVI, No.5, pp.36-43.
8. Bandhyopadhyay D, Yugandhar B N, Amitava Mukherjee (2002), "Convergence of Programmes by Empowering SHGs and PRIs", *Economic and Political Weekly*, June, Vol.37, Issue No.26, pp.2556-2561.
9. Devika Mahadevan (2017), "Banking for the poor", *Economic and Political Weekly*, April, Vol.LII, No.14, pp.40-42.
10. Uma and Rupa (2013), "The Role of SHGS in Financial Inclusion. A Case Study", *International Journal of Scientific and Research Publications*, Vol.3, Issue 6, June, pp.1-5.



Dr. Narisetti Sankara Rao

Assistant Engineer, Srisailam Power Station, APGENCO.