



MICROFINANCE AND FINANCIAL INCLUSION OF POOR : A NER PERSPECTIVE

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Abstract:

Microfinance has passed a long way from micro-saving to micro-credit and this journey has created an unforgettable history of developing not only the rural people but also the urban poor too especially women. Though the concept "Microfinance" refers to small financial activities like saving, credit, insurance, payment remittances etc. but have covered a wider dimension and shown a greater impact in improving socio-economic life of poor people by providing a channel through which they are getting involvement into the financial system of a country. The poor people especially women have been always excluded from the formal financial system basically either due to social background or economic backwardness and even sometimes both. Therefore in order to overcome the challenging issues like poverty, unemployment, malnutrition, lack of formal credit support, improvement in socio-economic status, the government of India in association with NABARD and RBI introduced the concept of Self Help Groups. This paper will try to highlight the growth and progress of SHGs over different period of time, loan disbursed and repayment status with special reference to NER.

KEYWORDS:

Microfinance, SHGs, Microcredit, micro-savings.

1.INTRODUCTION

India is a home of largest banking financial system. In spite of having wide spread network of Commercial, Co-operatives, RRBs and Post-offices, India's half of the population don't have basic access to financial services. According to RBI report only 55 percent of the population have deposit account and 9 percent have credit account with banks. The non-included group or the persons not having any account with banks are mostly from poor and vulnerable sections of society constituting farmers, daily labour, self employed and women's. The UN secretary-general Kofi Annan stated "the stark reality is that most poor people in the world still lack access to sustainable financial services, whether it is saving credit, or insurance. The great challenge before us is to address the constraint that excludes people for full participation in financial sector. Together we can must build inclusive financial sector that help people improve their life." According to United Nations the main goals of inclusive finance are as follows:

- i. Access at reasonable cost of all households and enterprises to the range of financial services for which they are "bankable", including savings, short and long term credit, leasing and factoring, mortgages, insurance, pension, payments, local money transfers and international remittances.
- ii. Sound institution, guided by appropriate internal management system, industry performance standards and performance monitoring by market, as well as by sound prudential regulation where required.
- iii. Financial and institutional sustainability as a means of providing access to financial services

Title: MICROFINANCE AND FINANCIAL INCLUSION OF POOR : A NER PERSPECTIVE.
Source: Review of Research [2249-894X] NAVIN KUMAR RAJPAL AND A.K. AGARWAL yr:2013 vol:2 iss:8

overtime.

iv. Multiple providers of financial services, wherever feasible, so as to bring cost-effective and a wide variety of alternatives to customers (which could include any number of combinations of sound private, non-profit, and public providers).

The lack of access to basic financial services like affordable credit, saving, insurance, remittances and repayment, and financial advice stand major cause behind backwardness of individual as well as of enterprises. The NSSO in its 59th round of survey stated the extent of financial exclusion in India as follows;

a)General:

51.4 percent of farmer households are financially excluded both from formal/ informal sources. Of the total farmer households, only 27 percent access formal source of credit, one third of the group also borrows from non-formal sources. Overall, 73 percent of farmer households have no access to formal source of credit.

b)Region wise:

Exclusion is most acute in Central, Eastern and North-Eastern regions – having a concentration of 64 percent of all financially excluded farmer households in the country. Overall indebtedness to formal sources of finance alone is only 19.66 percent in these three regions.

c)Occupational groups:

Marginal farmer households constitute 66 percent of the total farm households. Only 45 percent of these households are indebted to either formal or non- formal source of finance. About 20 percent of indebted marginal farmer households have access to formal source of credit. Among Non-cultivators households nearly 80 percent do not access credit from any source.

d)Social group:

Only 36 percent of the ST Farmer households are indebted (SC and OBC –51 percent) mostly to informal sources.

OBJECTIVES OF THE STUDY:

- i. To study the concept, values and role of Microfinance in bringing the poor into the gamut of formal financial system.
- ii. To examine the growth and performance of SHGs in India with special reference to NER.

Microfinance- Introduction, Concepts and values

Microfinance is a provision of broad range of financial services such as deposits, loans, payment services, money transfer, insurance to poor and low income households and their microenterprises. In a development paradigm, microfinance has evolved a need based policy and programme to cater the need of neglected group of society especially women, poor, rural and deprived etc. The basic idea of microfinance is to provide access to financial services including credit which enables the poor entrepreneurs to starts its own microenterprise through which they moves from the clutches of poverty and unemployment. Many developed and underdeveloped countries having lacks of resources, capital, skill, and knowledge, Microfinance helps not only by providing a platform for individual development through capacity building but also helps in generating the income and growth of nation.

Microfinance is not a recent development it is as old as our communities. It has been observed to be present in every society or country but through different names and mostly through informal sector. Saving and credit groups have been operated for centuries includes “Susas” of Ghana, “Chitfund” in India, “Tandas” in Mexico, “Arisan” in Indonesia, “Cheetu” in Srilanka, as well as numerous savings clubs and burial societies found all over the world. Prof. Mohammed Yunus was popularly known as the father of micro-credit system for his research project in 1979, when Bangladesh was badly affected by famine. He extended a small loan of US \$ 27 to 42 poor women. The women's cleared all loans borrowed from money

lenders and this leads a simple journey of Yunus and Bangladesh Grameen Bank.

In India, the microfinance activities started with the initiatives of NABARD through linking 225 Self Help Groups (SHGs) with Bank in 1992. A Self Help Groups is a homogeneous group of poor, women, and users etc. which are voluntarily and are formed for the common interest of their development. The SHGs has average size of 15 members class but not more than 20 members (NABARD, Mumbai). The group members meet together for addressing their common problems and make voluntary thrift on regular basis. Further this reported money is pooled to make small interest bearing loans to their members. Once the group learns to handle resources of size much beyond their capacity, banks are encouraged to advance loans in certain multiple of their accumulated saving

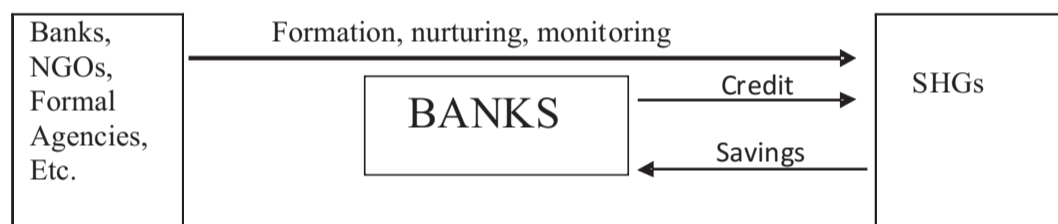
SHG-BANK LINKAGE: AN OVERVIEW

SHG- Bank linkage means linking the SHG with banks for higher credit needs. In this regard, several models have been developed depending upon modes of formation, operation, nurturing and credit linkages. Since 2007, NABARD made changes in the credit delivering models and the existing models are

- i. SHG-Bank linkage model
- ii. MFI-Bank linkage model

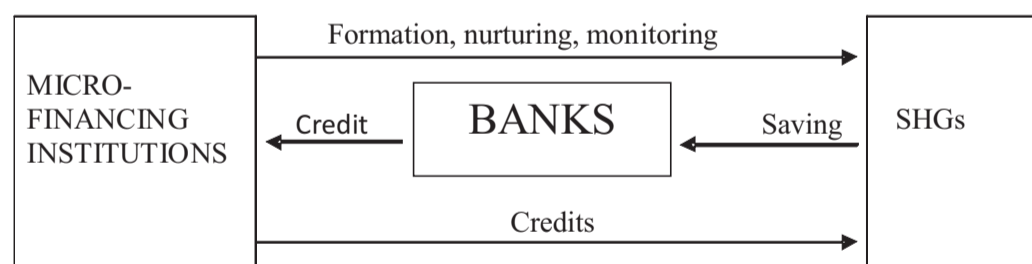
SHG-Bank linkage model:

Under this model, the SHGs are formed by the authorities like Banks, formal agencies, NGOs etc. but are directly financed by bank viz. CBs, RRBs and Cooperatives. The promoting agency facilitates organization, promotion, nurturing, management, training and maintenance of records etc.



MFI- Bank linkage model:

This model covers financing of MFIs by banking agencies for on-lending to SHGs and other small borrowers. The MFIs undertake the responsibility of formation, credit, nurturing, training, maintenance and promotion of SHGs.



The SHG- Bank linkage programme from the past twenty one years have become a widely accepted tool for Bankers, Government agencies, Developmental agencies etc. in changing the condition of poor, deprived and backward section of society. In India, the formation and growth of the SHGs have created history with due effort of NABARD and various promoting agencies as it serves as an important tool for alleviation of poverty and unemployment at grass root level. The year-wise growth and financial

assistance to the SHGs is explained in table 1.

Table-1
Progress status of All India SHG – Bank Linkage Programme (Amount Rs. in Crores)

Year	Particulars	Saving of the SHGs with Banks	Loan disbursed to SHGs during the year	Bank loan outstanding with SHGs
2006-07	No. of SHGs	4160584	1105749	2894505
	Amount	3512.71	6570.39	12366.49
2007-08	No. of SHGs	5009794	1227770	3625941
	Amount	3785.38	8849.26	16999.91
Growth rate 2007-08 (In %)	No. of SHGs	20.41	11.04	25.27
	Amount	7.76	34.68	37.47
2008-09	No. of SHGs	6121147	1609586	4224338
	Amount	5545.61	12253.51	22679.84
Growth rate 2008-09 (In %)	No. of SHGs	22.18	31.10	16.50
	Amount	46.50	38.47	33.41
2009-10	No. of SHGs	6953250	1586822	4851356
	Amount	6198.70	14453.30	28038.28
Growth rate 2009-10 (In %)	No. of SHGs	13.59	-1.41	14.84
	Amount	11.78	17.95	23.63
2010-11	No. of SHGs	7461946	1196134	4786763
	Amount	7016.30	14547.73	31221.17
Growth rate 2010-11 (In %)	No. of SHGs	7.31	-24.6	-1.3
	Amount	13.2	0.01	11.4
2011-12	No. of SHGs	7960394	1147878	4354442
	Amount	6551.41	16534.76	36340.00
Growth rate 2011-12 (In %)	No. of SHGs	6.7	-4.01	-9.0
	Amount	-6.7	13.7	16.4

Source: NABARD, status of microfinance in India, 07,08,09,10,11,12

Growth and performance of SHGs – Bank linkages (All India)

Table 1 indicates the growth and performance of SHG-Bank linkage programme especially highlighting the saving of 41.60 lakh SHGs with banks of Rs. 3512.71 Crores till 31 March 2007. During 2007-08, both the number of SHGs and saving amount has increased by 20.41 percent and 7.76 percent respectively. The major growth has been observed during the year 2008-09 in which the number of SHGs has increased by 22.18 percent and the amount of saving by 46.50 percent comparing to 2007-08. During

the year 2011-12 Rs. 79.60 lakh SHGs were having saving bank account registering 6.7 percent growth but the amount of saving has declined by 6.7 percent having Rs. 6551.41 crores.

As a matter of credit linkage and credit amount to SHGs concern table 1 show during the year 2006-07, 11.05 lakh SHGs were provided credit linkage facility by various banks amounting Rs. 6570.39 crore registering average loan per SHG of Rs. 59420.26. The credit linkage facility to SHGs along with credit amount was increased by 11.04 percent and 34.68 percent respectively in the year 2007-08. During the year 2008-09, the bank loan facility to SHGs and the loan amount have shown significant improvement of providing credit linkage to 16.09 lakh SHGs and loan amount of Rs. 12253.51 crore registering growth rate of 31.10 percent and 38.47 percent respectively. The average loan per SHG was Rs. 76120.33 in 2008-09. In the year 2009-10, the growth of SHG- credit linkage declined by 1.41 percent but the credit amount was registered increase of 17.95 percent having average loan per SHG of Rs. 91083.30. During the year 2010-11, the growth of SHG credit linkage again declined by 24.6 percent. Moreover the credit amount has also not shown any significant improvement and the growth was only 0.01 percent. Further, the SHGs credit linkage again shown declining trend registering 4.01 percent compared to 2010-11 but the credit amount shown improvement registering 13.7 percent growth with average loan per SHG of Rs. 144046.31.

The bank loan outstanding with 28.94 lakh SHGs as on 31 March 2007 was Rs. 12366.49 crore with average loan outstanding per SHG of Rs. 42724.02. During the year 2007-08 substantial growth has been observed both in the bank loan outstanding with number of SHGs as well as the outstanding amount registering 25.27 percent and 37.47 percent respectively. In the year 2008-09 the loan outstanding with the SHGs and outstanding amount both have increased but lower than previous year. During 2009-10 again the same picture has been observed the

Table. 2: Region-wise progress of Microfinance (Amount in Rs.)

Year	Regions	Northern	North-Eastern (NE)	Eastern	Central	Western	Southern
	Particulars						
2007-08	Average saving per SHG	6133.41	4251.85	7504.32	5199.44	6994.04	4190.67
	Average loan per SHG	56848.45	51070.22	46494.94	67077.13	46803.05	84340.73
	Average loan outstanding per SHG	41980.67	34385.74	35571.21	59230.45	26056.63	28408.55
2008-09	Average saving per SHG	7300.34 (19.02)	4252.58 (0.01)	12944.51 (72.49)	5425.49 (4.34)	8342.53 (19.28)	9084.89 (116.78)
	Average loan per SHG	70847.17 (24.62)	69401.76 (35.89)	52268.74 (12.41)	77321.20 (15.27)	46649.71 (-0.32)	85192.02 (1.01)
	Average loan outstanding per SHG	40773.26 (-2.87)	39835.10 (15.84)	32383.91 (-8.96)	61584.84 (3.97)	39419.34 (51.28)	65377.98 (130.13)
2009-10	Average saving per SHG	9723.48 (33.19)	4164.13 (-2.07)	8151.00 (-37.03)	6705.73 (23.59)	9799.65 (17.46)	9848.21 (8.40)
	Average loan per SHG	81962.08 (15.68)	58241.20 (-16.08)	55513.01 (6.20)	81198.62 (5.01)	43383.31 (-7.00)	110880.18 (30.15)
	Average loan outstanding per SHG	53454.51 (31.10)	50340.31 (26.37)	35957.73 (11.03)	49453.44 (-19.69)	29935.66 (-24.05)	73671.78 (12.68)
2010-11	Average saving per SHG	8814.27 (-9.35)	4035.42 (-3.09)	9219.42 (13.10)	7672.33 (14.41)	8627.25 (-11.96)	10648.97 (8.13)
	Average loan per SHG	88843.12 (8.39)	81653.77 (40.19)	65401.73 (17.81)	124666.72 (53.53)	68068.16 (56.89)	151459.39 (36.59)
	Average loan outstanding per SHG	60569.80 (13.31)	46343.57 (-7.93)	65401.73 (81.88)	65911.94 (31.40)	39335.47 (31.40)	80581.31 (9.37)
2011-12	Average saving per SHG	6175.24 (-29.94)	4158.98 (3.06)	5826.74 (-36.79)	7549.30 (-1.6)	8209.65 (-4.84)	10080.38 (-5.33)
	Average loan per SHG	109080.02 (22.77)	88482.52 (8.36)	80718.36 (23.41)	121342.50 (-2.66)	74507.82 (9.46)	179492.79 (18.50)
	Average loan outstanding per SHG	55568.27 (-8.25)	62306.68 (34.45)	46987.33 (-28.15)	78884.25 (19.68)	47112.77 (19.77)	107799.12 (33.77)

Source : NABARD (status of Microfinance in India 2007,08,09,10,11,12)

Fig. in bracket represents percentage growth.

Northern region includes Haryana, Himachal Pradesh, Punjab, Jammu and Kashmir, Rajasthan and New Delhi.

North-Eastern (NE) includes Assam, Meghalaya, Manipur, Mizoram, Nagaland, Tripura, Sikkim and Arunachal Pradesh.

Eastern region includes Bihar, Jharkhand, Orissa, West Bengal and A & N Islands.

Central region includes Chhattisgarh, Madhya Pradesh, Uttarakhand and Uttar Pradesh.

Western region includes Goa, Gujarat and Maharashtra

Southern region includes Andhra Pradesh, Tamil Nadu, Karnataka, Kerala, and Puducherry.

outstanding loan with the SHGs and outstanding amount was recorded 14.84 percent and 23.63 percent respectively with the average outstanding amount per SHG of Rs. 57794.72. During 2010-11 and 2011-12, the loan outstanding with the number of SHGs have declined by 1.3 percent and 9.0 percent respectively, but the outstanding amount has increased by 11.4 percent and 16.4 percent with average outstanding amount per SHG of Rs. 65223.97 and Rs. 83455.00 respectively.

Region –wise saving details of SHGs

Table 2 tries to highlight the region-wise progress of microfinance in India with special reference to NE region. The study found in the year 2007-08, the average saving per group was higher in Eastern region (Rs. 7504.32) while the Southern (Rs. 4190.68) and North-Eastern (Rs. 4251.85) region have shown lowest saving per SHG. During the year 2008-09, again Eastern region was having highest saving per SHG (Rs. 12944.51) followed by Southern (Rs. 9084.89) registering 72.49 percent and 116.78 percent growth, but the average saving of the SHGs of NE region was still lowest with 0.01 percent growth. In the year 2009-10, the saving per SHG was highest in Southern region (Rs. 9848.21) followed by Northern and Western region. The saving per SHG has declined by 2.07 percent in the NE region and still stands lowest among all regions. During the year 2010-11, again southern region has shown highest saving per SHG (Rs. 10648.97) followed by Eastern and Northern regions, but the condition of the saving per SHG of NE region still lacking behind with decline of 3.09 percent. In the year 2011-12, the average saving per SHG in every region has declined except NE region which has shown 3.06 percent growth but still rank lowest in average saving per SHG as compared to all regions.

Region – wise Loan disbursed to SHGs:

During the year 2007-08, the average loan per SHG at all India level was Rs. 58772.42 among which the Southern and Central region has shown highest loan per SHG of Rs. 84340.73 and Rs. 67077.13, while rest regions stands far behind the national average. In the year 2008-09, NE region has visualized highest growth of 35.89 percent in average loan per SHG followed by Northern and Central regions whereas the average loan per SHG declined by 0.32 percent in Western region. Being having growth of only 1.01 percent Southern region still rank 1st with highest loan per SHG of Rs. 85192.02. During the year 2009-10, the average loan per SHG in NE region has declined by 16.08 percent followed by Western region (7.00 percent), whereas the Southern region have shown significant growth of 30.15 percent with average loan per SHG of Rs. 110880.18. In the year 2010-11, the average loan per SHG has increased in every region among which Western region has visualized highest growth of 56.89 percent followed by Central (53.53 percent) and NE region (40.19 percent), whereas Northern region has visualized lowest growth of 8.39 percent. During 2011-12, the eastern region has visualized highest growth in average loan per SHG with 23.41 percent but the average loan per SHG amount was still highest in Southern region with Rs. 179492.79 followed by Central (Rs. 121342.50) and Northern (Rs. 109080.02). The National average loan per SHG was Rs. 108937.33, among which the NE, Eastern and Western region was lacking far behind.

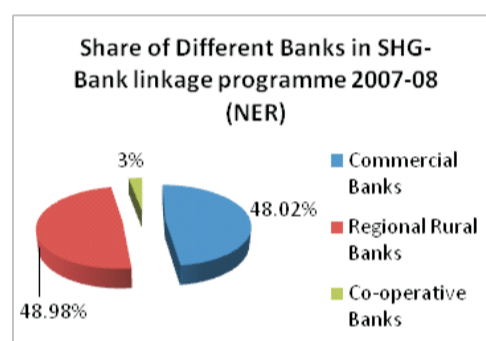
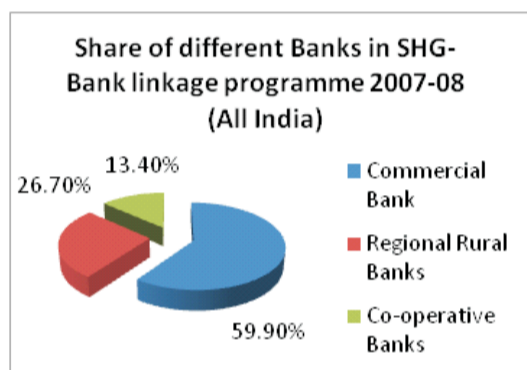
Region-wise loan outstanding with SHGs:

The region-wise loan outstanding per SHG in 2007-08 was highest in Central region (Rs. 59230.45) followed by Northern (Rs. 41980.67), Eastern (Rs. 35571.21) and NE region (Rs. 41980.67). During 2008-09, the average loan outstanding per SHG has shown significant growth in Southern region with 130.13 percent followed by Western and NE region, whereas the outstanding loan per SHG in Eastern and Northern region has declined by 8.96 percent and 2.87 percent. In the year 2009-10, the growth in average loan outstanding per SHG has been recorded highest in Northern region (31.10 percent) followed

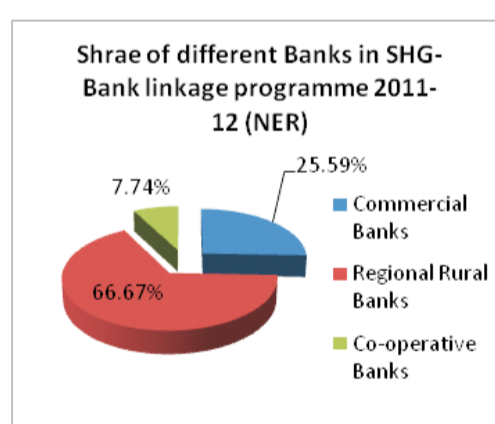
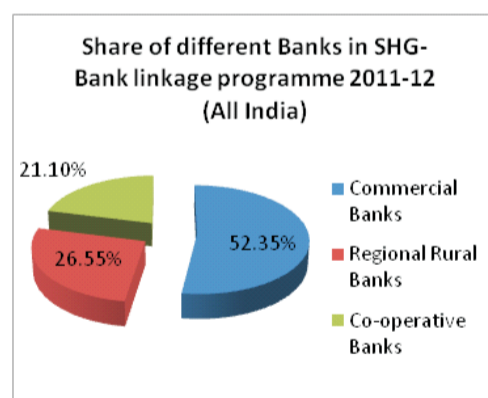
by NE (26.37 percent), but still the Southern region shows highest loan outstanding per SHG of Rs. 73671.78. During 2011-12, there is growth in loan outstanding per SHG in every region except NE which has shown decline of 7.93 percent. In 2011-12, the loan outstanding per SHG was recorded highest in NE region (34.45 percent) growth followed by Southern (33.77 percent). The outstanding loan amount was still highest in Southern region with Rs. 107799.12 followed by Central (Rs. 78884.28) and NE region (Rs. 62306.68).

Share of Different Banking agencies in SHG- Bank linkage programme:

The SHG-Bank linkage programme in India is carried out basically through the formal financial system which includes Commercial Banks (public and private), Regional Rural Banks (RRBs) and Co-operative Banks. The share of different banking agencies in SHG-Bank linkage programme is shown table 3. As on 31 March 2008, the Commercial Bank leads in providing credit to SHGs with sharing 59.9 percent of all India total Bank linkage programme followed by RRBs (26.7 percent) and Co-operative Banks (13.4 percent). While as the Bank-linkage programme in NER concern the Regional Rural Banks leads with 48.98 percent followed by Commercial Banks (48.02 percent) and Co-operative Banks (3.00 percent). During the year



2011-12, the share of the Commercial Banks in SHG-Bank linkage programme (All India) is highest with 52.35 percent followed by RRBs 26.55 percent and Co-operative Banks (21.10 percent). During the last 5 years the share of Commercial has declined and the share of Co-operatives in providing bank linkage facility to SHGs has increased. As the matter of North-Eastern Region (NER) concern the share of Commercial Bank has declined to 25.59 percent. Moreover, the share of RRBs and Co-operative Banks has increased to 66.67 percent and 7.74 percent respectively.



Source: NABARD

Growth of SHG-Bank linkage in different regions:

The year –wise growth of SHG-Bank linkage programme in different region has been shown in table 3. The share of growth of SHG-Bank linkage programme in every year was mostly confined to Southern region of India (more than 60 percent). The other regions share only rest 33-39 percent (approx) only every year. As per the status of NE region concern the share is almost lowest every year. During 2007-08 the NE region shares only 2.37 percent of total Bank-linkage. Further in 2008-09, the share has reduced to 2.20 percent and stands again lowest among all regions. After 2009 almost in every year the share of Bank linkage in NE region has increased but the growth was not so much impressive.

Table 3: share of different region in growth of SHG-Bank linkage programme

Year →	2007-08	2008-09	2009-10	2010-11	2011-12
↓ Regions					
Northern	33680 (2.75)	42688 (2.65)	37375 (2.36)	42493 (3.55)	30751 (2.67)
North-Eastern (NE)	29119 (2.37)	35506 (2.20)	49307 (3.11)	39307 (3.28)	51003 (4.44)
Eastern	224937 (18.32)	236789 (14.71)	277446 (17.48)	247624 (20.71)	201201 (17.53)
Central	72747 (5.92)	101060 (6.28)	77846 (4.91)	48734 (4.08)	58460 (5.09)
Western	90441 (7.36)	125173 (7.78)	149130 (9.39)	91954 (7.69)	101044 (8.81)
Southern	776847 (63.27)	1068370 (66.38)	995718 (62.76)	726022 (60.69)	705419 (61.46)
Total	1227770 (100)	1609586 (100)	1586822 (100)	1196134 (100)	1147878 (100)

Source: NABARD report on status of microfinance in India 07-08, 09, 10, 11, 12

SHG-Bank linkage programme and NER:

The North-Eastern Region (NER) basically comprises of eight states namely Assam, Meghalaya, Tripura, Nagaland, Mizoram, Manipur, Sikkim and Arunachal Pradesh. The region consist highest number of states as compared to all other region distributed by NABARD. Every state differs in term of geographical position, culture, status, custom, tradition and occupational structure from each other. Almost 98 percent of the total land area in this region shares international border with Bhutan, Bangladesh, Myanmar and China. Almost 70 percent of total region comprised of high hills and more than 65 percent under dense forest. The major occupation of the people of this region is agriculture and forest based. Further no major secondary sector employment opportunities are available due to geographical limitations of the region. Most other economic activities are small and cottage industries and heavily dependent on traditional skills. The SHG-Bank linkage programme has not shown any significant improvement over last five years in this region. The study found during 2007-08, Assam and Tripura leads not only in SHG-Bank linkage facility but also in linkage amount. Nagaland and Manipur shares least in SHG- Bank linkage programme. Further the loan amount per SHG was high in Mizoram (Rs. 115225.80) and least in Assam (Rs. 43650.94). During 2008-09, the growth rate of SHG-Bank linkage programme was highest is Tripura (101.52 percent) whereas in Nagaland the SHG-Bank linkage has declined by 82.68 percent, but the average loan per SHG in Nagaland was recorded highest with Rs. 212765.95 while it is lowest again in Manipur (Rs. 53820.59).

In the year 2009-10, the growth rate of proving Bank linkage to SHG was highest in Nagaland with 541.48 percent whereas again the programme has shown negative trend in Mizoram (-54.62 percent) and Manipur (-40.42 percent). The average loan per SHG was highest in Nagaland (Rs. 105638.47) while lowest in Assam (Rs. 50112.65). During 2010-11, the growth rate of SHG-Bank linkage programme was highest in Manipur (34.01 percent) while it has shown decline in Sikkim (-63.46 percent). The average loan per SHG was highest in Tripura (Rs. 113632.58) while lowest in Arunachal Pradesh (Rs. 47280.33) and again in Manipur (Rs. 48682.38). During 2011-12, again Tripura has occupied prominent position in SHG-Bank linkage programme with 216.35 percent growth while in Arunachal Pradesh the linkage to SHGs declined by 86.40 percent as compared to previous year. The average loan per SHG was highest in Tripura (Rs. 121609.12) while lowest in Manipur (Rs. 65519.87).

Table 2
Bank loan disbursed to SHGs – NER (Amount in Crores)

States → Year	Particulars	Assam	Meghalaya	Nagaland	Tripura	Arunachal Pradesh	Mizoram	Manipur	Sikkim
2007-08	No. of SHGs	20318	2143	543	2365	1459	775	578	668
	Amount	88.69	13.62	3.87	16.66	10.04	8.93	2.47	4.39
	Loan Per SHGs (in Rs)	43650.94	63555.76	71270.71	70443.97	68814.25	115225.80	42733.56	65718.56
2008-09	No. of SHGs	26448	1003	94	4766	391	919	903	982
	Amount	156.96	5.09	2.00	54.28	2.29	8.38	4.86	12.52
	Loan Per SHGs (in Rs)	59346.64	50747.75	212765.95	113890.05	58567.77	91186.07	53820.59	127494.90
Growth rate (In %)	No. of SHGs	30.17	-53.19	-82.68	101.52	-73.20	18.58	56.22	47.00
	Amount	76.97	-62.62	-48.32	225.81	-77.19	-6.15	96.76	185.19
	Loan Per SHGs (in %)	35.95	-20.15	198.53	61.67	-14.89	-20.86	25.94	94.00
2009-10	No. of SHGs	39058	1895	603	5424	919	417	538	906
	Amount	195.73	8.84	6.37	62.70	3.18	4.66	3.01	5.29
	Loan Per SHGs (in Rs)	50112.65	46649.07	105638.47	115597.34	34602.82	111750.59	55947.95	58388.52
Growth rate (In %)	No. of SHGs	47.67	88.93	541.48	13.80	135.03	-54.62	-40.42	-7.73
	Amount	24.70	73.67	218.5	15.51	38.86	-44.39	-38.06	-57.74
	Loan Per SHGs (in %)	-15.55	-8.07	-50.34	14.99	-40.91	22.55	3.95	-54.20
2010-11	No. of SHGs	29094	1113	657	6015	956	420	721	331
	Amount	227.15	7.58	5.19	68.35	4.52	2.86	3.51	1.74
	Loan Per SHGs (in Rs)	78074.5	68104.22	78995.43	113632.58	47280.33	68095.23	48682.38	52567.97
Growth rate (In %)	No. of SHGs	-25.51	-41.26	8.95	10.89	4.02	0.71	34.01	-63.46
	Amount	16.05	-14.25	-18.52	9.01	42.13	-38.62	16.61	-67.10
	Loan Per SHGs (in %)	55.79	45.99	-25.22	-1.69	36.63	-39.06	-12.98	-9.96
2011-12	No. of SHGs	28012	691	862	19029	130	575	1308	396
	Amount	187.46	4.89	6.21	231.41	1.57	6.90	8.57	4.23
	Loan Per SHGs (in Rs)	66921.31	70767.00	72041.76	121609.12	120769.23	120000.00	65519.87	106818.18
Growth rate (In %)	No. of SHGs	-3.71	-37.91	31.20	216.35	-86.40	36.90	81.41	19.63
	Amount	-17.47	-35.48	19.65	238.56	-65.26	141.25	144.15	143.10
	Loan Per SHGs (in %)	-14.28	3.90	-8.80	7.01	154.79	76.22	34.58	103.20

Source: NABARD

MAJOR FINDING OF THE STUDY:

The average saving per SHG in North-Eastern region have not shown any significant improvement over the years. Moreover, it stands lowest in term of average saving per SHG compared to

other regions.

During 2011-12, the average loan per SHG at national level was Rs. 108937.33, among which NER is having the average loan per SHG of Rs. 88482.52 while in southern region the average loan per SHG was Rs. 179492.79.

Both during 2007-08 and 2011-12, the RRBs play a leading role in providing Bank linkage facility to SHGs in NER.

During the last five year the NER shares only 2-5 percent of all India total SHG-Bank linkage programmes. The average loan per SHG in most of the year was highest in Tripura and Nagaland while it was lowest in Manipur.

The Bank linkage facility to SHGs in most of the years was highest in Tripura and Assam while lowest in Manipur and Sikkim.

CONCLUSION:

The SHG-Bank linkage programme in North –Eastern region has not shown any noticeable progress even after 21 years of implementation. Therefore in order to remove the major bottlenecks like poverty, unemployment and backwardness of this region, growth of SHG-Bank linkage programme is necessary, which can be achieved through formation of more SHGs and increasing the saving amount of the SHGs of individual member. Further, the government should take necessary step to include the states of the NER in priority region of microfinance and the Commercial banks and Co-operative Banks should expand their branches and credit support so that greater number of SHGs can avail higher credit facility.

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