

PERFORMANCE OF SHGS BANK LINKAGE PROGRAMME IN GULBARGA DISTRICT OF KARNATAKA

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Abstract:

Micro credit has its encouraging history and it was first start in Bangladesh by Dr. Mohammad Yunus through Grammen Bank which was first established in 1976. Due to huge spread of the rural bank branches this programme is more suitable for Indian context. SHG – Bank linkage programme was formally launched in India in the year 1992 as a pilot project in 150 district linking with 500 SHGs, 75 percent would be funded by the central Government and rest of the cost would be state Government as a flagship programme by NABARD and aptly supported by RBI through its policy support. Today, SBLP is considered as one of the biggest Micro finance programmes in India. In the present paper the effort has been made to evaluate the SHGs Bank Linkage programme in Gulbarga District and also to know the performance of different financial institutions in SBLP in Gulbarga. The present study is analytical and based on the secondary data which has been collected from different NABARD reports, books and articles.

KEYWORDS:

Bank lineage, Micro finance, NABARD, Self Help Group, Performance .

INTRODUCTION:

Indian economy is the second fastest growing economy in the world that is 6.5% in 2011-12 and in the same way Indian population is also growing 1.22 billion out of which 70% of the people are living in rural areas. Therefore, empowerment of rural people is much needed for developing country like India.

Credit is alternative source for development. As per the RBI report over 40% of the people do not have a single bank account. The National Sample Survey 59th round (2003) given some fact and figures that the total Cultivator household, only 27% have credit linked with formal sources and 22% from informal sources remaining 51% of the marginal farmers have no credit linkage.

After independence several financial policies are implemented by the government and formal institutions but those policies are not successfully meet the needs of rural people. However, the rapid growth of banking network over the years, the rural people continue to depend on informal sources of credit and excluded from the formal financial system.

From the above backdrop, the National Bank for Agricultural and Rural Development (NABARD) initiated for search of alternative credit delivery systems, reshaped the policies, reconstructed the processors, introduced the innovative products and conventional banking channels that could fulfill the requirement of the poor's. Small and timely credit with regular savings in the form of Microfinance is the chronic for financial inclusion in a cost effective and sustainable manner. So, Microfinance through Self Help Group (SHGs) is considered as a supplementary credit delivery mechanism for the poor.

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Microfinance is envisaged providing credit to poor and near- poor household basically residing in rural and semi-urban areas at a reasonable rate of interest through public and government financial institutions. Several features are included in Microfinance quick disbursement of small and short loans both for utilization and production, focus on high recovery rates through motivating for savings and timely repayment of loans.

CONCEPT OF MICROFINANCE AND MICRO CREDIT

The terms of Microfinance and Micro-credit are often used in different manner and treated as synonymous but Microfinance is wider scope that financial services of small amount provided by financial institutions like banks, NGOs, etc to the poor. These financial services may include savings, credit, insurance, leasing, money transfer, equity transfer etc, Micro credit is with limited savings and credit but not included all these services. Moreover it is also defined as provision of thrift, credit and financial services to the poor although delivery mechanisms and channels of very small amount to poor in rural and semi urban areas for enabling them to empower them economically and socially.

MODELS OF SHG BANK LINKAGE PROGRAMME

There are three different Microfinance models actively working in India viz,

Model I: In this model, SHGs are formed or promoted, guided and financed by banks directly.

Model II (SHG- Bank linkage Model): In this model SHGs are borrowed from banks such as Commercial bank (CBs), i.e public and private, Regional Rural banks and Co-operative banks, NGOs and government agencies.

Model III (MFI- Bank Linkage Model): Under this model Microfinance Institutes (MFIs) borrow the loans from different banks for lending to SHGs and other small borrowers.

NEED FOR MICROFINANCE:

In India about 65000 Commercial Banks, 15000 branches of Regional Rural Bank, and about 1,20,000 Co-operative bank branches actively working and it shows tremendous banking network established across the country. Apart from this banking, 75 million households depend upon moneylenders. However, around 350 million peoples are living below poverty line. It is further estimated that 56% people still borrow from informal sources and 90 millions of people are away from deposit account due to lack of knowledge and high transactions cost. Hence, there is a need for search of alternative source to cover the credit requirement of rural poor. Timely availability of financial services at reasonable cost is much needed for upliftment of the poor. Therefore, Microfinance is considered as a most effective strategy to fulfill the gap between bank and rural poor. Micro credit lending institutions are currently reaching around two million of households in India.

PROFILE OF GULBARGA DISTRICT

The Gulbarga district is located in the northern part of Karnataka, the main component of Hyderabad Karnataka region, which is the most backward district in Karnataka. The Gulbarga district was bifurcated into two districts one is called Gulbarga with 7 taluks viz., Afzalpur, Aland, Chincholi, Chittapur, Gulbarga, Jewargi and Sedam and another one is yadagiri district with 3 taluks viz., Shahapur, Shorapur and Yadgiri with effect from 30 December 2009. The source of income is mainly agriculture which provides livelihood of the people. 73% of the total population of the Gulbarga District depends upon agriculture and it contributes about 32% to district income.

OBJECTIVES OF THE STUDY:

The major objectives of the Study are as follows:

1. To evaluate the of SHG-Bank Linkage Programme in Gulbarga District
2. To know the performance of different financial agencies in SBLP

PERFORMANCE OF SHGS BANK LINKAGE PROGRAMME IN GULBARGA DISTRICT OF KARNATAKA

METHODOLOGY

The present study is undertaken on SHG Bank Linkage Programme in Gulbarga District of Karnataka. To accomplish the objectives of the study the secondary data were used. The data were collected from annual reports of NABARD, potential Linked Credit plan Reports, Gulbarga District at a Glance.

MICROFINANCE IN GULBARGA DISTRICT

Gulbarga District has been in the forefront in the adoption of Micro finance operations. Micro finance created a fruitful atmosphere in Gulbarga district. Various NGOs/SHPIs have working actively. Financial institution viz., Commercial Banks, Regional Rural Banks and Gulbarga District Central Co-operative Bank are also playing the key role of "Credit Purveyor" to SHGs.

Government sectors of WCDD are promoting "Stree Shakti" Groups on the basis of sources available about 62% of the households eligible to be covered under SHG. There are about 65,763 Marginal farmers and 130271 small farmers' families in the district. The district has in all 47 NGOs in of which 16 are actively involved in promotion/Nurturing of SHGs. There are six major MFIs operating actively in the district by providing credit to rural people.

**Table 1
Micro Finance Profile in Gulbarga District**

Sl. No	Particulars	Numbers
1.	Total No. of blocks in the district	07
2.	Total No. of blocks where SHGs exist	07
3.	No of blocks where SHGs are credit linked	07
4.	No of NGOs in the district	47
5.	No of NGOs participating in credit linkage programme	41
6.	No. of NGOs who can be roped in during the year	07
7.	Total No. of Bank branches in the district	CBs RRBs LAB Coops 101 60 04 8+160PACS
8.	No. of branches participating in linkage programme	CBs RRBs LAB Coops 101 60 04 8+160 PACS
9.	No. of Government/other agencies participating	07
10.	No. of agencies acting as SHPIs	2 (Gulbarga CCB &KGB)
11.	No. of Govt./other agencies likely to participate	One PACS as SHPI and DCCB

Source: Potential Linked Credit Plan 2010-11

The above table shows the Microfinance profile in Gulbarga district. There are 07 blocks and 7 centers involved in Micro finance programme. 47 Non-Governmental Organizations (NGOs) are participated in the forming of groups. There are 333 bank branches working in SHGs bank linkage programme. DCC Bank (District Central Cooperative Bank) and KGB (Kirshna Grameen Bank) worked as SHPI (Self Help Promoting Institutions)

The SHGs movement has achieved a remarkable progress in the Gulbarga district and its aim of potential to empowerment of women under SHG Bank Linkage Programme. Table 2 shows that the positive growth pattern of SHG Bank Linkage.

**Table No: 2
Growth pattern SHG Bank Linkage Programme in Gulbarga Distract**

Year	No. of SHGs Promoted	% of Growth	No of SHGs linked with Bank	% of Growth
2008	25,443		17,567	
2009	28,798	13.18	21,598	22.94
2010	32,405	12.52	22,960	6.30
2011	33,841	4.43	25,443	10.84
2012	34,448	1.80	27,950	9.53
Total	1,54,935		1,15,518	

Source: Potential Linked Credit Plan 2010-11,

PERFORMANCE OF SHGS BANK LINKAGE PROGRAMME IN GULBARGA DISTRICT OF KARNATAKA

The above table No. 2 shows that the growth pattern of SHG Bank Linkage programme. As on 31st March 2008, 25443 new SHGs were promoted out of which 17567 SHGs linked with banks. A substantial growth rate continued to be achieved is SHG members and linkage with bank. Similarly, during the year 2010 there was a tremendous growth in promotion of SHGs i.e 32405 out of which 22960 SHGs actively participated in bank linkage programme.

Agency Wise SHGs Bank Linkage Programme

From several years various agencies are involved in SHG-Bank Linkage programme promotion and nurture of SHGs. Grameena Banks and Rural Bank, NGOs provided fund to SHGs and also operate their accounts. Micro finance institution is an organization that offers financial services to SHGs development agencies/ Nodal Agencies in India linking NABARD, SIDBI and RMK provides funds, guidelines and training materials to help MFOs to implement Micro credit activities covered under their purview.

RRB is one of the key financial institutions working in the field of SHG-BLP movement in building the capacities of SHGs and inculcating financial discipline. The following table shows the coverage of Savings of SHGs with RRBs, and RRBs credit flow.

**Table No: 2
Progress of SHGs Bank Linkage Programme with RRB
Under Savings in Gulbarga Distract**

year	No. of SHGs	% of Growth	Amount of Savings (lakhs)	% of Growth
2008-09	16654	---	242.58	---
2009-10	19382	16.3	286.83	18.2
2010-11	21186	9.3	396.78	59.5
2011-12	20286	-4.2	178.40	-54.9
2012-13	21783	7.37	173.52	-2.7

Source: NABARD, Microfinance Status From 2008-09 to 2012-13

From the above table it is evident that progress of SHGs Bank Linkage programme with RRB under savings in Gulbarga District. As on 2008-09 a total of 16654 SHGs were having savings account with a savings of Rs. 242.58 lakhs. The number of SHGs have gone up by 27.2% in between 2008-09 to 2010-11 and an amount of savings with RRBs has marked an increased 68.56% in the same period. Further, the number of SHGs and amount of Savings declined 4.2% and 54.9 substantially during 2011-12. In the last year the No. of SHGs savings accounts have gone upto 7.37% but the amount of savings continued to declined 2.7% when compared to previous year. This is due to the formation of new district yadgire which is carved out of Gulbarga district.

**Table: 3
Progress of SHGs Bank Linkage Programme under the Loan
Disbursement with RRBs in Gulbarga**

Year	No. of SHGs	% of Growth	Amount of Loan (lakhs)	% of Growth
2008-09	5483	--	3176.82	--
2009-10	2660	-51.5	2118.76	-33.3
2010-11	2874	8.0	2340.32	10.4
2011-12	2998	4.3	3002.50	28.3
2012-13	3674	22.5	3855.89	28.4

Source: NABARD, Microfinance Status from 2008-09 to 2012-13

The above table reveals that the RRBs have financed 5483 SHGs including repeated loan to existing SHGs by RRBs amount to Rs 3176.52 lakh for the year 2008-09. During the year 2009-10 there was a reduction of both number of SHGs and loan disbursement i.e 51.5% and 33.3% due to the formation

PERFORMANCE OF SHGS BANK LINKAGE PROGRAMME IN GULBARGA DISTRICT OF KARNATAKA

of yadgir district. However, in the subsequent year, total numbers of SHGs have gone up from 2874 in 2010-11 to 3674 in 2012-13. Similarly, the amount of loan disbursement rapidly increased from 2340.32 lakh to 3855.89 lakh for the year 2010-11 to 2012-13, representing a growth of 22.5 % in Number of SHGs and 28.4% in amount of bank loan by RRBs.

PERFORMANCE OF CO-OPERATIVE UNDER SBLPIN GULBARGA DISTRICT

Co-operative Institutions such as District Central Co-Operative Banks and Primary Agricultural Co-Operative Credit Societies have been actively involved in promotion of SHGs and Bank Linkage Programme.

Table: 4
Progress of SHGs Bank Linkage Programme with DCC Bank
Under Savings in Gulbarga Distract
(Amount in lakhs)

year	No. of SHGs	% of Growth	Amount of Savings	% of Growth
2008-09	4940	—	741.00	—
2009-10	5393	9.2	805.49	8.7
2010-11	5590	3.6	872.04	8.2
2011-12	5940	6.2	890.05	2.0
2012-13	6020	1.3	920.50	3.4

Source: NABARD, Microfinance Status from 2008-09 to 2012-13

The above table reveals that the number of SHGs savings accounts with DCCB increased substantially from a little over 4940 to 6020 from March 2009 to March 2013. Similarly, total SHG savings with DCC bank increased from 741.00 lakh as on 31 March 2009 to nearly Rs. 890.05 lakh as on 31 March 2012. During 2012-13, total savings of SHGs with DCC Bank increased to 920.50 lakh an increase of 3.42 % over the previous year figure. Hence, the performance of Savings with DCC Bank continued to grow year on year. This is mainly as a result of the regular savings is much needed to get financial assistance from the bank.

Table: 4
Progress of SHGs Bank Linkage Programme with DCC Bank
Under Loan Disbursed in Gulbarga Distract

Year	No. of SGHs	% of Growth	Amount of Loan (in lakh)	% of Growth
2008-09	241	—	99.30	—
2009-10	410	70.1	138.10	39.1
2010-11	566	38.0	254.30	84.1
2011-12	574	1.4	333.25	31.0
2012-13	657	14.4	459.40	37.85

Source: NABARD, Microfinance status from 2008-09 to 2012-13

With regard to loans disbursed, it is found from the table No. 4 that during the year 2008-09 DCC Bank extended fresh loans to the extent of Rs. 99.30 lakh to 241 SHGs. In fact the number of SHGs credit linked with DCC bank has continuously increased year after year reaching a number of 657 SHGs during the year 2012-13. Similarly, the amount of bank loans disbursed increased to Rs.459.40 lakh for the year 2012-13.

It is clear from the table. 4 that there is an increased number of SHGs linked to bank in various years. The amount of bank loan also increased to a great extent.

CONCLUSION:

SHGs Bank Linkage Programme has emerged as more effective Micro-finance Programme in Gulbarga district. Under this programme for every 1000 households 83 houses involved and utilizing the Microfinance facilities from the formal banking system. In this context, RRB is played a pivotal role in the development of SHGs Bank Linkage Programme and stood in the first place in the performance. RRB of Chittapur and Krishna Grammena Bank of Gulbarga Branch are the leading award winners in Gulbarga District in the year 2007-08. Thus, it can be concluded that SBLP programme contributes substantially in pushing the conditions of the 'unreached poor' up and through that chip in poverty eradication well in Gulbarga District.

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