

MICRO FINANCE AND SELF HELP GROUPS: A STUDY OF RANCHI DISTRICT OF JHARKHAND

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Abstract

Micro Finance is an outcome of NABARD's work of promoting 255 SHGs through an initial pilot project which started in 1992. The results of this pilot study were promising and gained acceptance. As a result RBI encouraged this positive initiative by issuing instruction to banks in 1996 to cover SHG financing as a mainstream activity under their priority-sector – lending portfolio. The Indian central government made SHG-Bank Linkage a national priority from 1999 onwards through its periodic policy and budget announcement. Micro Credit Programme is growing at a pace of 2.5 million household annually and is the largest and the fastest growing programme in terms of its outreach and sustainability. Till date NABARD continues to mature the outreach of the programme by providing umbrella support to the stakeholders. The present study is concerned to explore the micro credit programme and to analyze its progress.

Keywords:

Micro Finance- Micro finance is an economic development approach that involves providing financial devices through institutions to low income clients.

Self-Help-Group (SHG)- A Self Help Group is a small, economically homogeneous and affinity group of 10-20 poor persons.

Linkage Banking- It is a programme that helps to promote financial transactions between the formal rural banking system in India comprising of public and private sector Commercial Banks, RRBs, and Co-operative Banks with Informal SHGs as clients.

Introduction

The experts of economic development were of the view that the basic ingredient of development was stimulation of food cultivation, rural development, rural income and rural employment. The economic development programs should be designed to encourage the adoption of new agricultural strategy which will boost agricultural production and productivity. To enhance the economic growth in the rural areas the farmers need finance to attain production inputs. The farmers either lack capital or do not have any access to financial sources or if any very high interest rate is charged. What the farmers really need is better access to the timely and adequate

availability of credit rather than cheap and subsidized credit. In numerous developing countries rural financial institutions have succeeded in disbursing credit to the target groups but it failed to achieve the objective to serve the rural poor.

Post nationalization era viewed credit as an integral part of socio-economic development effort in rural areas. This period witnessed a spectacular expansion of banking network in India. Despite having a vast network it was not able to benefit the indebted rural households. On institutional front, the policy makers recognized the role of people in development process. To ensure people's participation the government intensified banking activities secondly, it set up and strengthened Panchayati Raj Institution through 73rd and 74th Amendment of the Indian Constitution and finally, launched Integrated Rural Development Programme (IRDP) in 1979-80 with an aim to reach the people living below poverty line in rural area through subsidized credit for asset creation.

Approximately 400 million people in India are living below poverty line could be roughly around 75 million household out of which 60 million are rural households. Poverty is predominantly rural in character. Rural poverty arises due to lack of capital. The rural poor is perpetuating poverty.

Credit is the major policy thrust for rural poverty alleviation. The established policy prescription tries to break the vicious cycle of poverty through infusion of credit. There are three major component of all institutional rural credit system since 1950s. These are:

- Institutionalize credit
- Enlarge coverage
- Provide timely and adequate credit

United Nation Report of 2002 states that 1/5th of the world population was living in extreme poverty, earning less than \$1 a day. Dr. Mohammad Yunus, Nobel Laureate, the founder of micro credit in Bangladesh suggested micro-finance as an instrument for alleviating poverty. Micro-Finance Programme has been introduced during the last ten years in many developing countries and has been adopted in India after the economic reforms. This sector has been growing rapidly over the last decades in India.

Concept Of Micro Finance

Microfinance is the provision of loans and other financial services to the poor. The microfinance has evolved due to the efforts of committed individuals and financial agencies to promote self employment and contribute to poverty alleviation and provision of social security. India has been able to develop its own model of microfinance organizations in the form of savings and credit groups known as the Self Help Group (SHGs), which are bank-linked. These SHGs are mainly formed and managed by women and this has become an instrument, which has led to women's empowerment and social change. Most of the microfinance institutions in India attempt to go beyond savings and credit groups to provide microfinance services in the form of savings and insurance.

Microfinance provides financial services to those whose income is small and unstable. These people are in need of credit facilities for several reasons (1) their needs are small and arise suddenly (2) the institutional providers of finance namely the banks demand collateral security which they cannot provide (3) most of the time, they are in needs of funds to meet their consumption demands, for example, to meet expenses related to education, illness, funerals, weddings for which it is difficult to obtain institution finance (4) for purpose of investment in income generating activities.

Concept of Self Help Group (SHGs) is the most exciting discovery in the context of microfinance. The Indian microfinance scene is dominated by SHGs and their linkage with Banks. Owing to the importance of microfinance and self help groups in the eradication of poverty and in the empowerment of women.

NABARD has defined microfinance as "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban and urban provided to customers to meet their financial needs; with only qualification that

- transactions value is small and
- customers are poor.

In essence, therefore, microfinance could be referred to as an institutional mechanism of providing credit support in small amount and usually linked with small groups along with other complementary support such as training and other related services to the people with poor resources and skills for enabling them to take up economic activities. In the November 1995 Microcredit Summit, U.S. first lady Hillary Clinton wrote; "Microenterprise is the heart of development because microenterprise programmes work - they lift women and families out of poverty. It is called micro but its impact on people is macro, we have seen that it takes just a few dollars, often as little it takes as dollar 10, to help a woman gain self employment, lift her and her family out of poverty. It is not a hand out; it is a helping hand."

Types Of Micro Finance

Micro finance includes the following products:

- **Micro Loans-** Micro Finance loans are significant as these are provided to borrowers with no collateral. The end result of micro loans should be to have its recipients outgrow smaller loans and be ready for traditional bank loans.
- **Micro Savings-** Micro savings accounts allow entrepreneurs operate savings accounts with no minimum balance. These accounts help users inculcate financial discipline and develop an interest in saving for the future.
- **Micro insurance-** Micro insurance is a type of coverage provided to borrowers of micro loans. These insurance plans have lower premiums than traditional insurance policies.

Evolution and Scale of Micro Finance In India

Micro Credit is an outcome of NABARD's work of promoting 255 SHGs through an initial pilot project which started in 1992. The results of this pilot study were promising and gained

acceptance. As a result RBI encouraged this positive initiative by issuing instruction to banks in 1996 to cover SHG financing as a mainstream activity under their priority sector – lending portfolio. The Indian central government made SHG-Bank Linkage a national priority from 1999 onwards through its periodic policy and budget announcement. Micro Finance Programme is growing at a pace of 2.5 million household annually and is the largest and the fastest growing programme in terms of its outreach and sustainability. Till date NABARD continues to mature the outreach of the programme by providing umbrella support to the stakeholders.

The scale of micro credit in India is growing in euphoric terms. The leading national financial institutions like SIDBI, NABARD, Rashtriya Mahila Kosh (RMK) have played a significant role in promoting micro- credit. SIDBI an apex bank for promoting, developing and financing small scale industries in India has launched a project called SIDBI Foundation for Micro Credit (SFMC) for facilitating accelerated and orderly growth of micro- finance sector in India. Over 1200 lakh poor household accessing banking services including micro- credit through their 100.14 lakh SHGs. SHG-Bank Linkage Programme led by NABARD claims to be the fastest and largest growing Micro Finance Programme of the world. Over 2800 NGOs and 30,000 branches of 500 banks are associated with the programme.

Salient Features Of Micro Finance

Micro credit operations are loans given to poor households in rural and urban areas for income generation through self-employment. Some basic characteristics of micro-Finance are:

- Borrowers are from the low income group.
- Loans are of small amount- micro loans.
- Short duration loans
- Loans are offered without collaterals
- High frequency of repayment
- Loans are generally taken for income generation purpose.

Models of Micro Finance Practices

The following are the variety of delivery models of microfinance in India.

a) The SHG-Bank Linkage Model :-

The predominant model in the India microfinance context continues to be the SHG linkage model that accounts for nearly 20 million clients. It started as an Action Research Project in 1989. Under this model, self help promotion institution usually a NGO, helps groups of 15-20 individuals through an incubation period after which time they are linked to banks. The SHG had proved their efficacy overtime but they suffer from a meager resource base which handicapped their capacity to expand the economic activities of their members. The factors received by the SHG members were the lack of information, time-consuming and expensive procedures for obtaining bank loans, rigid lending policies of the banks in respect of unit costs, unit sizes and group guarantee for loans. There are three linking model in the country:

Model - I : SHGs formed and financed by banks. Banks themselves take up initiatives to form & nurture the groups, open savings accounts and provide them loans.

Model - II : SHGs formed by formal agencies other than banks (NGOs and other) but directly financed by banks. NGOs & formal agencies in the field of Micro- finance act as facilitators. They facilitate organizing, forming & nurturing of groups and train them in thrift & credit management. Banks directly give loans to groups.

Model - III : SHGs financed by banks using NGOs and other agencies as financial Intermediaries. NGOs assume additional role of financial intermediaries. In areas where the formal banking system faces constraints the NGOS are encouraged to approach suitable bank for bulk loan assistance. This bulk loan in turn is used by the NGOs for on- lending to SHGs. In areas where a very large no. of SHGs have been financed by banks branches, intermediation agencies like federations of SHGs are coming up as links between bank's branch & member-SHGs. These federations are financed by banks, which, in turn finance their member-SHGs.

b) Grameen Model :-

Potential clients are asked by the MFO to organize themselves into 'groups' of five members which are in turn organized into centers of around five to seven such groups. The loans for productive purposes are provided by the MFO directly to the members of small groups on the strength of group insurance. Grameen model is being followed by India by Association for Sarva Seva Farms (ASSEFA), Activities for Social Alternatives (ASA) and other financial and technical services limited.

c) Cooperative Model :-

This has been initiated by Cooperative Development Forum, Hyderabad which has relied upon a 'credit union' involving the saving first strategy. It has built up a network of Women Thrift Groups (WTGs) and Men Thrift Groups (MTGs). They are registered under Mutually Aided Cooperated Society Act (MACs) and mobilize savings resources from the members and access outside/supplementary resources from the individual system.

d) Partnership Model :-

The partnership model pioneered by ICICI Bank attempted to address the following key gaps :-

- To separate the risk of the MFI from the risk inherent in the microfinance portfolio.
- To provide a mechanism for banks to incentivize partner. MFIs continually, especially in a scenario when the borrower entered into a contact directly with the bank and role of the MFI was closer to that of an agent.
- To deal with the inability of MFIs to provide risk capital in large amounts, this limits the advances from banks, despite a greater ability of the later to provide implicit capital. In this model, the MFI collect a service charge from the borrowers to cover it transaction

costs and margins. The lower the defaults, the better the earnings of the MFI as it will not incur any penalty charges vis-a-vis the guarantee it.

Review Of Literature

Research work on Micro Credit, SHGs and related issues has been done by numerous researchers and academicians. Researchers have developed various literatures to evaluate the progress of Micro Credit and SHGs. The efforts of various researchers has be presented here.

- Jayaraman (2000 &2002) mentioned in his paper about the role and performance of fisherwomen SHGs in India. He found that the fisherwomen SHGs are performing well in availing themselves of micro credit, utilizing it and repaying it in time and he concluded that the micro credit programme run by these SHGs contributed to the socio-economic welfare and empowerment of the fisherwomen.
- Zaman(2001) reported that SHGs have shown to have positive effect on women. In his study he found that SHGs have played a valuable role in reducing poverty through asset creation, the provision of emergency assistance and empowering women by giving them control over assets and increasing their self-esteem and knowledge.
- The study conducted by Lalitha and Nagarajan (2002) found that in India micro credit studies done on SHGs dealing with dairy farming have noted positive profit levels and short payback periods for loans.
- Sabyasachi Das (2003) in his study reported the functions of SHGs and micro credit including socio-economic, political and spiritual development of poorer section of society. In addition to this NGOs provided training to SHGs for building awareness of entrepreneurship and business skills training.
- In order to run income generating activities successfully the SHGs needed to get the help of NGOs. This has been reported in the study conducted by Manimekalai (2004). He also studied that formation of SHGs has boosted the self-image and confidence of rural women. In the study he suggested that the bank officials could counsel and guide women in selecting and implementing profitable income generating activities.
- Sahu and Tripathy (2005) in their edited book expressed the view that 70% of the world's poor are women. Access for the poor to banking services is important not only for poverty alleviation but also for optimising their contribution to the growth of regional as well as national economy. SHGs have emerged as the most vital instrument in the process of participatory development and women's empowerment.
- Das Gupta (2005) emphasized that a paradigm shift is required from "financial sector reform" to "micro-finance reform".
- P S R Murthy (2009) in his study found that the rural women with the assistance from NGOs have demonstrated their potential for SHGs to secure economic and financial strength. The SHGs have enhanced the economic condition of the members in good number of families living below poverty line and also the rural women have gained respect in family as well as in society after joining SHGs.

- Laxmi Murthy(2009) in her study concluded that the micro lending organizations have increased dramatically during 1990s spurred by the notion of self-help.
- The development and growth of SHGs in North Eastern India has been studied by Dilip Sarma(2010). He states that though the growth of SHGs has been phenomenal still there is large unmet demand. The voluntary sector intervention of Rashtriya Grameen Vikas Nidhi is the largest voluntary sector intervention in North- East in credit and saving programme.
- The study conducted by Kalaiselvi and Muruganandam(2010) studied micro credit programme run by SHGs in Tamil Nadu. The study concluded that micro credit programme plays an important role in the potential for poverty alleviation and empowerment of women in particular. SHGs both from rural and urban areas were satisfied with micro credit facility but suggested improvement in education level, initiating marketing awareness programme to increase the effective utilization of micro credit.
- Mohanan and Alagupandian (2012) studied micro credit of SHGs in Bodinayakanur taluk and found that the number of SHGs and amount of bank loans disbursement has increased. It was found that though the commercial banks were reluctant initially in financing the rural women entrepreneur they were liberal in sanctioning loans to establish micro enterprises in the rural areas and in return increased the status of women in their homes and in the society.

Objectives

The present study is concerned to explore the micro finance programme and to analyze its progress. The paper proposes:

- To evaluate the role and importance of Micro Credit and SHGs in rural finance.
- To analyze the progress of SHGs in the field of rural finance.
- To study the growth of SHGs under Ranchi district of Jharkhand.

Methodology

The study is based on secondary data. The information has been collected from the Annual Reports of NABARD and also the data from Status of Micro Finance in India NABARD Report for the year 2018-2019 has been analyzed.

Analysis

Microfinance has made tremendous strides in India. It has become a household name in view of the variety of benefits reaped by the poor from microfinance services. SHGs have become the vehicles of development process, converging all development programmes. SHG-Bank Linkage Programme launched by NABARD way back in 1992 synthesising formal financial system and informal sector. NABARD's SHG-BLP has passed through various phases:

- Pilot testing (1992-95)
- Mainstreaming (1996-98)
- Growth and Expansion(1998 onwards)

Since then the microfinance has become a movement throughout the country. It is considered as the largest microfinance programme in terms of outreach in the world and many countries are keen to replicate this model. At present large number of SHGs and MFIs are pursuing this programme for the upliftment of the poor. RBI recognised this as a part of priority sector lending and normal banking business. It has even removed the interest rate cap for the final beneficiaries under microfinance investment. The programme is also the main contributor towards financial inclusion in the country. The importance of this programme has been internationally acclaimed such that the United Nation designated 2005 as the “International Year of Micro Credit”. It has invited government, NGOs and the private sector to help capacity building in microfinance and create more awareness on the subject.

Progress of SHG-BLP

SHG Bank Linkage Programme (SHG-BLP), which started its journey as a pilot project in 1992 has become the mainstay for the 100.14 lakh SHGs as on 31 March 2019 covering more than 1200 lakh households for social, economic and financial empowerment of the rural poor, especially the women. As per the Global Findex Database 2017 of World Bank, India’s gender gap in access to financial service has come down to 6 percent. Microfinance initiatives have a major stake in bringing the unbanked women to the mainstream by bringing them into the domain of SHG-BLP on a continuous basis. In 2018-19 too there was a net addition of 12.7 lakh savings linked SHGs. A sizeable number of SHGs have been added during the year in states like Assam, Bihar, Chhattisgarh, Jharkhand, Odisha, Rajasthan, Uttar Pradesh, etc. This signifies the urge for connecting the poor households in poverty dominated & underserved states with the development process through SHG-BLP. The number of new SHGs added every year has been receding in some states mainly for reasons like saturation in potential areas for formation of new SHGs and data sanitization by banks. NRLM, taking the lead in formation and capacity building of SHGs in rural India, accounted for 55.80 lakh SHGs, a jump of 33 percent during the year with a net addition of 13.96 lakh SHGs under its fold. This lead had been mainly due to absorption of non NRLM groups into NRLM fold and formation of new groups. The domain of SHGs consists of 85.2 percent women groups and is the mainstay programme for empowerment of the poor rural women in the country. Table 4.1 gives an account of savings, credit disbursement and credit outstanding of total SHGs and under NRLM and NULM during past three years i.e. 2016-17 to 2018-19. Rising of NPAs in SHG loans, from a 2.1 percent in 2008 to 7.4 percent in 2015 was a concern in the sector. Thereafter, the NPAs started declining from 7.4 percent (in 2015-16) to 6.12 percent in 2017-18 which further declined to 5.19 percent in 2018-19. There has been decline in absolute NPAs implying improvement in quality of loan assets in the sector.

SHG Bank Linkage programme is an effective intervention in economic upliftment and financial inclusion for the bottom of the pyramid. A proven platform initially conceived for increasing the outreach of banking services among the poor has since graduated to a programme for promotion of livelihoods and poverty alleviation. All major parameters viz. the number of SHGs with savings bank accounts, amount of credit disbursed during the year, the bank loans outstanding as well as the quantum of savings outstanding had shown positive growth during the past three years (Figure 1). The growth in number of SHGs availing bank loan and amount of institutional credit disbursed to SHGs was 19.33 percent and 23.6 percent respectively during 2018-19.

Table 1: Overall Progress under SHG-Bank Linkage Programme(2016-17 to 2018-19)

(Numbers in lakhs\Amounts in Crores)

	PARTICULARS	2016-17		2017-18		2018-19	
		NO. OF SHGs	AMOUNT	NO. OF SHGs	AMOUNT	NO. OF SHGs	AMOUNT
SHG Savings with Banks as on 31st March	Total No. of SHGs	85.77 (8.53%)	16114.23 (17.69%)	79.03 (2.68%)	13691.39 (23.79%)	85.77 (8.53%)	16114.23 (17.69%)
	Of Total, All Women SHGs	73.22 (8.26%)	14283.42 (18.67%)	67.63 (1.68%)	12035.78 (29.92%)	73.22 (8.26%)	14283.42 (18.67%)
	% of Women Groups to Total	85.36	88.64	84.51	89.31	85.19	87.78
	Of Total, NRLM/SGSY Groups	37.44 (8.30%)	7552.70 (20.94%)	41.84 (11.76%)	10434.03 (38.15%)	55.80 (33.37%)	12867.18 (23.32%)
	% of NRLM/SGSY Groups to Total	43.65	46.87	47.85	53.26	55.72	55.17
	Of Total, NULM/SJSRY Groups	5.46 (22.42%)	1126.86 (11.99%)	4.25 (-22.10%)	1350.80(19.87%)	4.39 (3.29%)	1614.42 (19.52%)
	% of NULM/SJSRY Groups to Total	6.36	6.99	4.86	6.89	4.38	6.92
Loans Disbursed to SHGs during the year	Total No. of SHGs	18.98 (3.60%)	38781.16 (4.01%)	22.61 (19.13%)	47185.88 (21.67%)	26.98 (19.33%)	58317.63 (23.59%)
	Of Total, All Women SHGs	17.16 (5.34%)	36103.13 (4.92%)	20.75 (20.92%)	44558.74 (23.42%)	23.65 (13.98%)	58317.63 (23.59%)
	% of Women Groups to Total	90.42	93.09	91.78	94.43	87.66	91.32
	Of Total, NRLM/SGSY Groups	8.86 (8.58%)	17336.26 (3.28%)	12.70 (43.41%)	25055.18 (44.52%)	16.49 (29.84%)	33398.93 (33.30%)
	% of NRLM/SGSY Groups to Total	46.69	44.7	56.2	53.1	61.12	57.27
	Of Total, NULM/SJSRY Groups	1.06 (-4.5%)	2675.77 (2.12%)	1.06 (0.17%)	2424.07 (-9.41%)	1.29 (21.70%)	3419.58 (41.07%)
	% of NULM/SJSRY Groups to Total	5.6	6.9	4.71	5.14	4.78	5.86
Loans Outstanding against SHGs as on 31st March	Total No. of SHGs	48.48 (3.74%)	61581.30 (7.81%)	50.20 (3.55%)	75598.45 (22.76%)	50.77 (1.14%)	87098.15 (15.21%)
	Of Total, All Women SHGs	42.84 (6.14%)	56444.24(9.75%)	45.49 (6.20%)	70401.73 (24.73%)	44.61 (-1.93%)	79231.98 (12.54%)
	% of Women Groups to Total	88.36	91.66	90.62	93.13	87.87	90.97
	Of Total, NRLM/SGSY Groups	24.91 (13.69%)	29994.43 (12.72%)	27.93 (12.13%)	38225.29 (27.44%)	32.85 (17.62%)	54320.91 (42.11%)
	% of NRLM/SGSY Groups to Total	51.37	48.71	55.63	50.56	64.7	62.37
	Of Total, NULM/SJSRY Groups	3.18 (1.60%)	4133.29 (3.86%)	2.90 (-8.58%)	5350.63 (29.45%)	2.25 (-22.41%)	4110.73 (-23.17%)
	% of NULM/SJSRY Groups to Total	6.55	6.71	5.79	7.08	4.43	4.72

Progress of Micro Finance In Ranchi District of Jharkhand

The Micro Finances programme of the government has shown remarkable progress in Ranchi district of Jharkhand in terms of number of SHGs formed and linked with the bank.

Table 2: Bank Wise Achievements Under SHGs in terms of Linkage of SHGs with Banks in Jharkhand

(Amt. Rs. Lakhs)

S.No.	Name Of Banks	Details of SHGs Savings linked with banks			Out of Total SHGs- Exclusive Womens SHGs		Out of Total SHGs- under NRLM/S GSY Scheme		Out of total SHGs- under NULM/SG SRY	
		No. Of SHGs	No. of Members	Savings Amount	No. of SHGs	Savings Amount	No. Of SHGs	Savings Amount	No. of SHGs	Savings Amount
1	Bank of Baroda	6119	68411	1180.89	5093	1008	4618	902.2	15	6.15
2	BOI	44875	607242	2603	44743	2594	40974	1976	1658	221
3	Bank of Maharashtra	217	1085	13.67	20	0.83	0	0	0	0
4	Canara Bank	6692	99986	3332.99	6554	3281.94	5998	3305.63	383	8.97
5	Central Bank Of India	4080	80384	619.79	152	19.55	152	19.55	0	0
6	Corporation Bank	1	10	0.02	1	0.02	1	0.02	0	0
7	Dena Bank	516	6192	61.07	448	50.48	440	50.85	6	0.39
8	IDBI bank limited	2062	24744	315.54	1871	270.3	2062	315.54	0	0
9	Indian Bank	1188	15444	132	1164	129	992	89	112	12
10	Indian Overseas Bank	508	7112	54.05	508	54.05	508	54.05	0	0
11	Allahabad Bank	3112	37506	749.35	2605	577.4	1875	398.34	34	8.45
12	Andhra Bank	28	336	3.08	28	3.08	24	2.99	4	0.09
13	OBC	407	4070	44.38	74	2.82	0	0	0	0
14	Punjab & Sind Bank	186	1860	19.49	182	19.33	74	9.63	112	9.86
15	PNB	7971	79710	1733.51	1827	453.22	0	0	0	0
16	SBI	36729	454705	5636	32715	5020	22405	3382	2936	451
17	Syndicate Bank	677	6770	76	355	35	246	25	0	0
18	UCO	4558	63876	241.19	3914	224.33	3387	190.93	942	26.96
19	Union bank of India	10527	115797	1158	10065	1107.17	8600	946	27	3
20	UBI	4464	44275	382	4420	369.4	4138	335	84	12.4
21	Vijaya Bank	613	6721	80.5	519	76.28	566	78.39	0	0
	Total	135530	1726236	18436.52	117258	15296.2	97060	12081.12	6316	760.27

The data above shows that the Public sector commercial banks have worked towards the Linkage of SHGs with Banks in Terms of Both Amount And Accounts.

Conclusion

The Micro finance Programme which started in 1992 has become a vehicle for development process. It has been proved from the study that it is one of the most important instrument for financial inclusion of rural, semi – urban and urban poor in the mainstream banking activity. The SHG- Bank Linkage Programme has been successful in making inroads into resource poor regions of the country. Over the years, since the inception the inception of the programme in 1992 there has been an all-round growth of the programme in many states of the country. The SHGs has to a great extent been a major thrust for rural poverty alleviation. SHGs have emerged as the most vital instrument in the process of participatory development and women empowerment by giving them control over assets. SHGs have increased the income level of the people especially of women folk. It has boosted the self- image and confidence of rural women. The programme has brought in a lot of encouraging and positive features like increase in loan volume to SHGs, definite shift in the loan utilization pattern of SHG members, gradual increase in the income level of SHG members, significant reduction in the transaction costs for the banks and the borrowers. The study shows that there has been an incredible growth in the formation of SHGs, linkage of SHGs and MFIs with banks, loan disbursed and loan outstanding. The growth in all these aspect was witnessed not only in India but also in Jharkhand especially in Ranchi district. Over these years there has been significant increase in saving-linked SHGs and credit-linked SHGs in the country as well as in Jharkhand. There has been spectacular progress in SHGs from the period of 1998 as it was the phase of expansion of the SHGs. Progress of SHGs from 2016 till date has been considerably high. Thus, it can be concluded that over the years the SHG-BLP has emerged as a viable model for financial inclusion of hitherto unreached poor households particularly in rural areas. This programme has proved to be a decentralised cost-effective and the fastest growing micro-credit initiative in the world.

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