

A Study Exploring the SHG - Bank Linkage Programme and Women Empowerment in the Southern Region of India

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Abstract

Microcredit is a great choice for rural women as it provides them the required economic and social skills to face challenging environments. The purpose of the paper was to review the self-help group-bank linkage programme (SBLP) in five southern states of India, namely Andhra Pradesh (undivided), Karnataka, Tamil Nadu, Kerala, and Puducherry for a period of 2012–2017. Commercial banks – public, private, regional rural banks, and cooperative banks – are involved in the linkage programme because of their mandatory disclosure with the SBLP. The self-help groups' (SHGs) loans disbursement in the selected states was found to be high among the cooperative banks. It was observed through the analysis that the cooperative banks played an important role in Karnataka and Tamil Nadu. The private sector banks also played a significant role in the linkage programme, if the state strongly intervenes. The research study led to the inference that though the number of women SHGs was increasing every year, the SHGs managed to save and repay the loans within the stipulated period. It was observed from the study that the savings - bank linkages varied across the states, and the linkages depended on various parameters.

Keywords : loan disbursement, savings, SBLP, SHGs, Southern region, women empowerment

JEL Classification : F65, O12, R11

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Over the years, in India, the financial system has undergone a significant change in terms of size, diversity, sophistication, and innovation. Today, India has a well-developed financial system with a variety of financial institutions, markets, and instruments. The informal financial system coexists, providing about 40% of the total credit to different household occupants and vulnerable groups in the country.

India's Financial System

The informal credit market in India is not a homogeneous entity. However, in recent years, the traditional landlords and moneylenders are fading away and, over the time, a new class of lenders, who are the dealers of working capital, has emerged (Deb, 2003 ; Deb & Rajeev, 2007). These informal lenders have local knowledge

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and information, and hence, do lend to the risky borrowers. In recent times, self-help groups (SHGs)¹ are emerging as self-financers. This emergence gained strength with the coming age of the microfinance movement pioneered by Prof. Muhammad Yunus, the Managing Director of the Grameen Bank in Bangladesh. Microfinance² has emerged as a poverty alleviation tool in the developing as well as the developed nations. It is considered to be one of the most important tools for bridging the credit gap in the rural credit market. The success of microfinance programmes lies in joint liability group lending, which largely depends on peer monitoring and social sanction. Like other developing countries, India started the microfinance movement in the 1970s. The first microfinance institution in India is SEWA (Self-Employed Women Association) Bank (Menon & Gupta, 1999). In 1992, the National Bank for Rural and Agricultural Development (NABARD) initiated a pilot project linking SHGs to the formal banks under the self-help group-bank linkage programme (SBLP) considering the major outcomes. It was observed that for more than 22 years, both public and private banks tried to replicate the same that was in 1995, with various commercial banks, regional rural banks, cooperative banks, non-governmental organizations (NGOs), and government organizations adopting various models. The SBLP aims at enabling the formal institutions to reach out to the unreached through the mechanism of informal groups. In fact, the formal banking sector and SHGs represent two ends of the spectrum of credit intervention, that is, saving and credit groups, which have the ability to reach to the poorest of the poor with skills in efficient delivery of credit. A partnership between these two would seek to make optimal use of the strengths of each in sustaining the collaborative effort (Menon & Gupta, 1999). Dr. Rangarajan opined that the linkage programme would be supplementing the existing formal banking institutions. Thus, we observed that the SBLP has grown over time, though at a different pace in different regions of the country. The important question that arises at this juncture is that after more than two decades of operations, what is the status of the linkage programme?

About the SBLP

The major objective of the SBLP is to improve the outreach of credit to the vulnerable sections. According to NABARD guidelines, the SHGs should be six months old and they should involve themselves in credit and saving activities for linkage. The SHGs as a financial intermediary have the following advantages: they can act/work as moneylenders, as development bankers, as cooperatives, and as voluntary agencies.

The SHG movement continued to grow in 2015–2016 largely due to the push given by the government programme of the National Rural Livelihood Mission (NRLM). With the launch of NRLM (replacing Swarnjayanti Gram Swarozgar Yojana [SGSY]), the thrust has moved from providing access to finance to a livelihoods approach. The linking of the government schemes under the SBLP is increasing. Although the actual number of new SHGs was growing at 1.53%, 3.59%, and 2.68% in the past few years, the amounts saved and the loans availed by these groups have been increasing. However, this growth is due to the governmental schemes, particularly the NRLM. This paper reviews the SBLP programme in five southern states of India, namely Andhra Pradesh (undivided), Karnataka, Tamil Nadu, Kerala, and Puducherry.

Literature Review

This paper is devoted to empirical and theoretical investigations of rural credit markets in the framework of the

¹ SHG is defined as an informal, homogenous group of 20 or less members that is formed voluntarily for accessing socioeconomic benefits based on joint responsibility, solidarity, and affinity.

² Microfinance has now been referred to as small-scale financial services (including savings, credit, insurance, business services, and technical assistance) provided to people who are engaged in agriculture, fishing, and herding; who operate micro-enterprises and provide services; who work for wages or commission; and other individuals and groups working at local levels.

asymmetric information paradigm. Previous studies from different countries have extensively operated on the conceptual and empirical dimensions of microcredit and SHGs. They also emphasized on the correlation between society, micro studies, and domestic empowerment of rural women. The causes of failure of formal rural banking sector in India and the extended credit facilities have gone mainly in favor of the rural rich in India. The credit groups are referred to as SHGs, which consist of 10–15 women who come together from a similar socioeconomic background. Group formation is facilitated by NGOs, but the primary focus of the schemes is credit, with minute attempt at capacity building. After six months of regular savings, groups become eligible for bank credit. NABARD, India's apex rural bank, provides 100% refinance to the lending institutions (Garikipati, 2008). Thus, the credit from formal banking institutions is skewed toward the rich, landowners, and frequent borrowers. In this context, both government organizations such as NABARD, SIDBI, RMK, DRDA, banks and non-government organizations/MFIs such as SEWA, MYRADA, PRADAN, SKS, and BASIX have an important to play. The SBLP is a plan for providing financial services to the poor in a sustainable manner as stated by Misra (2006). It attempts to increase existing associations between poor citizens and bankers with the social intermediation of NGOs, which empower the members of SHGs (Sankaran, 2005). In the beginning, the group size constituted of 10–30 members, when there was no advocacy to limit the size to 20, but later with NABARD intervention, it was felt that 10–15 member groups were ideal. As creation of awareness and non - formal education is integral to the activities of any voluntary agency, SHGs not only provide the members with an opportunity to carry out economic activities, but also discuss and analyze their social and economic concerns to understand the root cause of their problems, and strive to find a solution. The rotation of leadership in SHGs is quicker and more number of female bank accounts can be seen.

(1) Women Empowerment and SHG Development : Women empowerment through microcredit represents half of the total population of the world. Especially in poor and developing economies, their contribution is considered to be a key variable for the development. Microfinance can be used as an effective tool to alleviate rural poverty, the effective implementation and properly structured strategies of which will help in women empowerment and eradication of poverty in rural areas. Studies have stated that activities of the SHGs are focused on generating savings for income-generating projects, providing confidence to women, and thereby releasing women from the clutches of moneylenders. These groups do not have a larger access to positions of influence and power as gender inequality, discrimination, and social constraints put them at an inferior status in all aspects of life. In addition to their responsibilities, they are expected to manage outside activities along with their household chores. Henceforth, the need for women empowerment in India emerged from the social perspective scenario.

Women empowerment takes place based on peer monitoring, which points out that the success of group lending is attributable to various factors such as lending for consumption, savings, and rotation of credit by women groups. The members of SHGs are benefitted from the programme, thereby improving their economic and social status (Sundaram, 2012). In fact, it has resulted in more psychosocial empowerment, including economic empowerment among the poor (Sarumathi & Mohan, 2011). One of the reasons for this was that loans are utilized by the SHG members for unproductive purposes other than income generation (Manju & Shanmugam, 2013) ; however, it is true that utilization of appropriate technology with various manufacturing methods and marketing strategies will help empowering women. The results of which reflect that microcredit programmes act as an effective tool in helping the poor and women take a large step in getting employed in micro-level self-employment for poverty alleviation and thereby improving their economic conditions (Rajarajeswari & Sethurajan, 2016). Participation of women in microcredit helps to generate social capital, which reduces intimate partner forcefulness in the household and makes women economically independent and self-confident (Pronyk et al., 2008). There is an elevation in women's self-esteem and overall status in the households and communities (Kabeer, 2011). Therefore, participation in microcredit programmes has improved poor women's ability to

generate returns, which consequently improves their households' income, fixed assets, and net working capital, which, in turn, increases spending on food, medical facilities, and children's schooling (Al-Mamun, Wahab, Mazumder, & Su, 2014). Women participating in microcredit programmes can enhance their capabilities to exercise intervention in the intra-household processes, which will decrease male bias and result in the overall welfare of the households (Mahmud, 2003).

According to Sudarshan (2011), the improvement of women belonging to the poorer sections was satisfactory and functioning of women SHGs reduced the debt burden in rural areas. Most of the members of the SHGs were at the mercy of the group leaders and government officials. The study inferred that the number of working days of the respondents increased substantially after joining the SHGs. The study concluded that the establishment of banks in the villages becomes necessary in order to reduce the SHG members' transport cost, wage cost, personal cost, and so on for getting loans and for repayment of loans.

(2) Microfinance Programmes : Microfinance contributes significantly to the growth of women empowerment (Kumar & Jasheena, 2016 ; Singh, 2009 ; Singh & Singh, 2012). If we look at the microfinance programmes in India, SBLP is the most successful programme, but the uneven distribution of beneficiaries in different states requires attention. In this context, banks may look at the multiple levels of involvement with microfinance institutions for direct lending where it is feasible, and may look for building a series of low-cost collaborations for outsourcing where it is not possible to do the direct lending. The SBLP has been taken up to meet the credit needs of the rural poor. The "Report of the sub-committee of the Central Board of Directors of Reserve Bank of India to study issues and concerns in the MFI sector" of Reserve Bank of India (2011) registered its concern about the inadequate and unequal penetration and concentration of microfinance in the country and remarked that there is undue concentration of effort in the Southern region to the relative neglect of other regions. Johnson and Meka (2010) stated that in Chennai, only 25.4% of the SHGs utilized the loan for income-generation purposes and about 20.4% of the SHGs used loan for repayment of old debts. Another positive aspect of bank linkage is that the transaction cost spent by the financial institutions is very low (Mahmud, 2003). In India, high growth rate of SHGs is found in some pockets. This may be due to liberal policies adopted by different stakeholders in these pockets. Srinivasan (2012) studied the SBLP of Alangallur branch of Canara Bank in Madurai District of Tamil Nadu. Canara Bank took this programme purely as social banking. According to the author, SHG lending is indeed profitable and this branch had one of the highest proportions of the SHG business than other commercial banks. He found how DHAN Foundation (an NGO) helped the bank to increase the outreach.

Although the overall reach of SBLP is good, it has significant regional disparities. Andhra Pradesh alone accounted for one-third of the SHG linkages. Around 60% of the total linkage has been accounted for by four Southern states, namely Andhra Pradesh, Tamil Nadu, Kerala, and Karnataka. The Southern region has performed

Table 1. Distribution of Groups Across Regions

Region	SHGs (in Million)	Percent
Northern	390	4.9
North - Eastern	430	5.4
Eastern	1,700	21.5
Central	820	10.4
Western	1,020	12.9
Southern	3,550	44.9
Total	7,910	100.0

Source : Compiled from NABARD (2017).

better followed by Eastern region and the lowest is North Eastern region. According to Table 1, a total three regions, namely Northern, North - Eastern, and Eastern together constituted 31% of the total linkages ; whereas, the Southern states together constituted for around 60% of the total linkages. However, it is observed that Central as well as Eastern India are in the take off stage compared to other adjoined regions. The better performance in Southern region is attributed to better network of NGOs and their intervention in formation of SHGs to link banks. The state policies toward development programmes and intervention levels in promoting income generating activities (IGAs) for women help in empowering women with financial support.

Objectives of the Study

From the above debate, it is evidenced that this programme has achieved a great success, reaching all the corners of the country and covering all states and union territories. At the all India level, the programme covers 587 districts with the help of 1,890 partners reaching large number of households in general, particularly vulnerable groups. Of the three models³ designed for this, the second model, where groups are formed by the NGOs and government, and finance is extended by RRBs and cooperative banks, is the most successful. Although the overall performance in terms of linkage of SHGs is impressive, there is a wide variation across regions. To have a better understanding about the spread of SBLP, region wise analysis has been taken up. Across regions, 60% SHGs are concentrated in Southern states and these groups hold about 76% of the total credits. Apparently, the spread of SBLP appears to be driven by factors other than poverty levels in a state, however, it is debatable that through state intervention, institutions such as community-based organizations play an important role. Although it is clear that the SBLP is more successive in Southern states, but interstate variation is observed within them. Hence, the objectives of the study are as follows :

- ↳ To examine the performance of SBLP across Southern states.
- ↳ To identify and analyze the reasons including various policies and strategies responsible for the varying performance between the selected states.
- ↳ To examine the impact of linkage programmes on savings and credits facilities.

Materials and Methods

The data for this study were collected from NABARD's annual reports for respective years under the study for the selected Southern states. To supplement the existing data, data from State Level Bankers' Committee were collected. The parameters examined for the study were average amount saved per SHG, average loan disbursed per SHG, and average loan outstanding per SHG. This study involves the graphical representation, correlation, and percentage, and considers a study period of 6 years from 2012 – 2017.

³ Model adopted in linkage programmes.

Model-1 SHGs formed and credit linked by banks directly. Banks take initiatives in forming the groups and provide financial assistance to the groups for online lending.

Model-2 SHGs formed by NGOs and, after graduation, members become eligible for bank - credit linkage. The NGO facilitates linkage programme as well as takes follow up activities until the SHGs become independent.

Model-3 SHGs formed and financed by NGOs directly with finance assistance from banks. Besides, banks will finance individual members on recommendation of the SHGs and the NGOs.

Analysis and Results

The results in this section present status of linkages followed by savings, disbursement, and outstanding of loan amount.

(1) Status of Linkages - SHG - Bank Linkage : The linkage programmes are mandatory among the banks. Hence, commercial banks – public and private sector, regional rural banks, and cooperatives are involved⁴. At the apex level, the NABARD supports with refinance and sponsors developmental activities. Other similar banking organizations such as SIDBI provide funds through its subsidiary SIDBI Foundation for Micro Credit. Private banks such as ICICI and HDFC are participating. ICICI established the Rural and Micro Banking Group wing through which groups are formed and credits are extended. Recently, the bank outsourced management of the SHGs to the Micro Credit Foundation of India, specifically formed for the purpose. In addition to it, non-banking institutions such as HDFC, Housing and Urban Development Corporation, Rashtriya Grameen Vikas Nidhi, and Friends of Women's World Banking are also providing funds and are involved in non - financial activities such as capacity building. For lending, the funds are channeled through a network of commercial, regional rural bank (RRBs) branches, district central cooperative banks (DCCBs), and primary agricultural credit societies.

Table 2 presents the distribution of groups linked across banks by each state of the Southern region. It shows that a total of 30 lakh SHGs were linked to the banks. Of the total linkages, the public sector banks shared 63%, followed by RRBs with 20%, cooperatives with 12%, and the private sector banks with only 5%. Tamil Nadu and Karnataka show different patterns. RRBs and Cooperatives combined had 55%, with Tamil Nadu having relatively better representation of linkages with private banks. In Karnataka, the Kaveri Grameena Bank has been a pioneer among the RRBs and has set a pattern among the RRBs. Similarly, the Bihar and Mangalore DCCBs have set a pattern for SBLPs, which the other DCCBs have followed. In Tamil Nadu, the private sector banks have been inducted for the state's social security programmes. Similarly, the cooperative movement in Tamil Nadu and Pondicherry has established a base and is involved in anti-poverty programmes.

Table 3, which presents the share of different states in linkage by different groups of banks, shows that particular banks have taken lead in the specific states. For instance, of the total linkages in public sector banks, the

Table 2. Distribution of Linkages by Banks

Region	Type of Bank				Total Linkages
	PSB Banks	PVT Banks	RRBs	Coop Banks	
Andhra Pradesh	65.3	1.0	32.4	1.3	1,249,273
Karnataka	41.5	3.6	21.9	33.1	545,173
Kerala	76.3	5.7	7.9	10.1	502,659
Puducherry	65.1	1.6	17.7	15.6	18,419
Tamil Nadu	66.9	13.3	7.8	12.1	758,530
Total	63.2	5.3	20.4	11.1	3,074,054

⁴ Conditions for Linkage: (a) The group should have been in active existence for a period of minimum six months; (b) savings and credit operations should take place; (c) activities of the group should be carried out in a democratic fashion; and (d) groups should maintain books and accounts regularly.

The banker should be convinced that the group has not come into existence only for the sake of participation in the project and availing benefits. There should be a spirit of collaboration among the group members. The SHG members should preferably have homogeneous background and interest. Any interested NGO or the concerned self-help promoting institutions should help the SHG by way of training and other support for skill upgradation and proper functioning to generate livelihood for poor women.

Table 3. Linkages in States by Banks During 2016 – 2017

Region	Type of Bank				
	PSB Banks	PVT Banks	RRBs	Coop Banks	Total Linkages
1	2	3	4	5	6
Andhra Pradesh	41.9	8.0	64.6	4.8	40.6
Karnataka	11.6	12.0	19.1	52.7	17.7
Kerala	19.7	17.6	6.4	14.9	16.4
Puducherry	0.6	0.2	0.5	0.8	0.6
Tamil Nadu	26.1	62.2	9.4	26.7	24.7
Total	1,944,117	161,588	626,294	342,055	3,074,054

share of Andhra Pradesh was 42%, followed by Tamil Nadu with 26%, and Puducherry with the lowest percentage as number of linked SHGs was less in total. The private sector banks have high linkages in Tamil Nadu (62%), followed by Kerala, Karnataka, and AP in descending order. The cooperative banks have a significant presence in Karnataka and Tamil Nadu. It is amazing that in spite of AP having a single window system, the SBLPs did not get due place, which may be due to weak presence in few districts. The supply and demand factors play a major role in any programme. The supply is driven through state intervention in the programme of NRLM, watershed, and so on.

(2) Pattern of Savings, Disbursement, and Outstanding

(i) Savings Pattern by SHGs : The SHGs' members contribute a fixed amount as savings regularly in their meetings (depending on constitution, it may be weekly, fortnight, or monthly). Generally, for about six months, they save ; no lending activity is carried out. First, the working fund will be generated through small thrift, further it will be supplemented with revolving fund from the different agencies ; second, it tests patience and tries to inculcate mutual trust among the members of the group. During this initial period, the groups are expected to open a savings bank account in a nearby formal bank. After accumulating a reasonable sum, the fund is rotated as credit among the members through self-guided norms. Thus, the savings account linkage begins with a bank.

As per Table 4, the total savings accounts were around 29,000 million, the total amount saved was around 0.27 billion. The credit-linked SHGs were around 39,000 million. This number was higher than savings accounts due to zero savings accounts opened by groups with the state intervention. During the study period, the average amount saved per SHG increased from 6% – 28% during the base year of 2011–2012 to 2012–2013. Later, in 2013–2014, the share came down to 17%. The savings per SHG also registered a declining trend from 23% – 14% during the years 2014–2015 to 2016–2017. The distribution of SHGs along with savings by states showed that Andhra Pradesh stood first in both the number of groups and amount saved, followed by Tamil Nadu and other

Table 4. Status of Linkage at the All India Level

Sl. No	Indicators	In Quantity
1	Number of savings linked SHGs (million)	28,677
2	Total outstanding value in savings linked SHGs (₹ in billions)	0.27
3	Number of credit-linked SHGs (million)	39,034
4	Total loan outstanding in credit-linked SHGs (₹ in billions)	6.47

Source : Compiled from NABARD (2017).

states in descending order. In spite of bifurcation of the state into Telangana and Andhra Pradesh, AP stood first in total savings. The reason could be due to group activities under NRLM and similar activity such as watershed. In fact, across states, over the years, all of them showed an increasing trend in total savings.

From Table 5, it is observed that over the years, the amount saved by SHGs declined in AP ; whereas, in Karnataka, the share increased due to addition of new groups. In Karnataka and Tamil Nadu, 64% and 6% increase was seen, respectively ; whereas, in AP, a saturation point was reached in formation of groups. The addition of new groups was evident in other states due to efforts of state intervention as well as efforts of bankers to achieve the set targets.

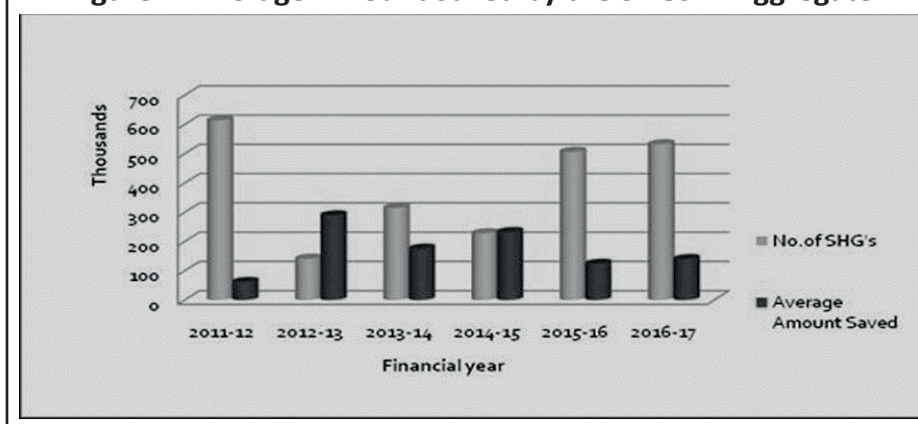
In addition to their own savings, financial support is required by the groups. They receive state support in the form of revolving funds in the beginning to start up income generating activities. For instance, in AP, groups are provided revolving funds under the watershed development programme. According to Table 5, in a 6-year-period, AP registered 255% increase in savings, followed by Tamil Nadu with 34%, and other states in descending order. AP is unique because although around half of the SHGs withdrew or ceased to exist, savings of SHGs increased 255%. Due to saturation in mobilization of the groups, same groups have been covered by different programmes such as offering financial subsidy and other incentives as supplementary to the bank loans, and the surplus amount created by IGA being saved in the same banks for further transactions.

According to Figure 1, the aggregate amount saved in different years varied. In 2012–2013, the amount saved

Table 5. Share of SHGs' Savings by States

	2011–2012		2016–2017		Increase Over the Years : 2011– 2017 (%)	
Southern Region	SHGs	Savings Amount	SHGs	Savings	SHGs	Amount
Andhra Pradesh	40.6	40.1	22.8	54.0	-43.3	255
Karnataka	17.1	27.0	27.7	13.4	64.1	30.9
Kerala	16.7	11.1	7.5	5.2	-54.6	23.4
Puducherry	0.5	0.5	0.6	0.2	24.7	32.3
Tamil Nadu	25.1	21.3	24.4	10.9	6.7	34.8
Telangana	0	0	17.0	16.3	-	-
Total	100	100	100	100	-	-
	(3,683,566)	(371,322)	(3,724,594)	(979,657)		

Figure 1. Average Amount Saved by the SHGs in Aggregate



per group was more than what it was in other years. In later years, groups were added, but they could not save to that extent.

Table 6 presents the savings pattern. Of the total groups, groups linked to the public sector banks were 70% and the share of amount saved was 76%. In Puducherry, AP, and Tamil Nadu, the share of amount held by them was more than the share of groups linked ; whereas in RRBs, the number of groups linked were more than the share of amount saved. It seems that the groups that are linked to the RRBs have less savings amount.

To know the pattern of savings further, the savings amount per SHG was calculated and is presented in Table 7. As the per capita SHGs savings in private sector banks were insignificant in the total amount, they are not included in the table. It is seen that the average amount saved by women SHGs in public sector commercial banks was fluctuating. The savings for the year 2012–2013 were 15%, and a decreasing trend was witnessed until 2014–2015 (13%).

As depicted in Table 7, in case of Andhra Pradesh, the average savings amount per SHG was ₹100,387 across all banking sectors. The public sector banks had marginal high savings ; whereas, the RRBs had lower savings. In Karnataka, the amount saved per SHG was ₹150,000. Across all banks, the cooperatives had an edge to total savings and the RRBs had less per SHG saving, which is consistent with the set pattern seen earlier. Puducherry is a small state and its share in total SHG and amount saved by SHGs is less, but when one examines the per capita saving, on an average, it is higher among all the states, and it is more so in the public sector banks. The savings per

Table 6. Distribution of Groups and Amount Saved by Them Across States

States	Public Sector		RRBs		Cooperatives		Total	
	SHGs	Amount	SHGs	Amount	SHGs	Amount	SHGs	Amount
Andhra Pradesh	69.6	76.2	28.6	22.3	1.9	1.5	100 (1,421,697)	100 (142,719.4)
Karnataka	42.0	44.0	28.8	21.4	29.2	34.6	100 (530,461)	100 (79,783.6)
Kerala	87.9	87.0	7.3	3.5	4.8	9.5	100 (504,672)	100 (29,126.3)
Puducherry	64.4	86.8	20.1	5.2	15.6	8.0	100 (15,488)	100 (5,611.19)
Tamil Nadu	79.4	85.8	7.0	6.3	13.6	7.9	100 (714,914)	100 (66,573.18)
Total	70.1	69.8	20.4	17.7	9.6	12.5	100 (3,187,403)	100 (307,012.4)

Table 7. Per Capita Amount Saved During 2015 – 2016 (₹)

States	Public Sector	Distribution of Per SHG Savings		Total
		RRBs	Coop Banks	
AP	109,864	78,412	83,103	100,387
Karnataka	157,461	111,684	178,464	150,404
Kerala	57,113	27,927	113,763	57,713
Puducherry	188,381	93,682	187,043	162,293
Tamil Nadu	100,673	83,779	53,992	93,121
Total	95,983	83,791	125,383	96,321

Table 8. Per SHG Savings (in Lakhs)

Karnataka						
Banks	Years					
	2011–2012	2012–2013	2013–2014	2014–15	2015–2016	2016–2017
PSBs	1.5	1.9	1.8	1.7	1.2	1.4
Private Banks	1.2	0.8	0.8	0.9	1	1.1
RRBs	1.1	0.7	0.8	0.9	0.7	1.1
Coop Banks	1.8	1.6	1.6	1.7	1.8	1.9
Tamil Nadu						
PSBs	1.3	1.3	1	1.1	1.1	1.1
Private Banks	0.9	0.6	0.5	0.5	0.5	0.4
RRBs	1.3	1	0.8	0.8	0.7	0.7
Coop Banks	1.1	1.4	0.5	0.7	0.7	0.8

SHG was around ₹ 100,000 in Karnataka ; whereas, in Tamil Nadu, it was less than ₹ 100,000 in most of the cases.

Table 8 presents the per capita savings of SHGs in respective banks across the years and the states. The savings were higher in the Karnataka SHGs relatively when compared to Tamil Nadu SHGs.

(ii) Loan Disbursement : Loan disbursement to the SHGs depends largely on the economic activities chosen by them. They sometimes integrate themselves with other groups' economic activities with the objective of empowering women as well as to improve the household incomes for better living. According to available data, across the chosen years, the disbursal of loan varied across the years and states. For instance, during the year 2012–2013, a large number of groups were covered and a large amount was provided to the groups ; there was an increase of 26% over the earlier year. However, year-on-year, there is large variation. For instance, only in 2 years, there was a higher percentage over the earlier year, that is, in 2012–2013 (26%) and 2014–2015 (21%). For the remaining years, the loan amount disbursed was lesser.

Table 9 presents the state wise figures of loan disbursement during 2011–2012. Around 7 lakh SHGs were covered for provision of loans and during 2012–2013, this figure was around 11 lakhs, which was an increase of 61%. Similarly, the amount dispersed during the same period increased from ₹13 lakhs to ₹ 31 lakhs, which was an

Table 9. Loan Disbursement During the Years

Selected States					Change in Over 5 Years : 2011–2017	
2011–2012			2016–2017			
Selected Years	SHGs	Disbursed	SHGs	Disbursed	Groups	Amount Disbursed
AP	53.7	64.5	31.5	33.4	-5.5	26.6
Karnataka	12.5	12.9	23.3	18.4	201.4	251.2
Kerala	7.8	6.7	6.6	7.2	35.9	160.7
Puducherry	0.5	0.6	0.2	0.3	-30.5	10.1
Tamil Nadu	25.5	15.3	15.0	14.9	-5.1	139.3
Telangana	0.0	0.0	23.3	25.9	19.4	34.1
Total	705,411	1,266,174	1,136,692	3,102,331	61.1	145.0

Table 10. Disbursement of Loan per SHG in 2017

States	Public Sector	RRBs	Coop Banks	Private Sector	Average
AP	287,986	325,000	286,584	325,000	287,580
Karnataka	197,766	271,378	304,154	271,378	214,355
Kerala	259,663	356,613	290,405	356,613	286,956
Puducherry	245,965	389,948	293,334	389,948	381,555
Tamil Nadu	227,220	102,988	373,507	335,975	228,126
Telangana	322,638	265,000	292,950	265,000	305,076
Total	260,936	240,120	295,371	329,867	270,805

increase of around 145%. This increase shows more per capita loan amount. Across the states, AP registered an increase in covering number of SHGs as well as the amount provided per group ; consistently, it was higher in all the years as compared to other states. In fact, in the other three states, there was a marginal increase in coverage of SHGs in disbursement of loan amount. However, in relatively larger states like Karnataka, the coverage of SHGs as well as average loan amount disbursed per SHG increased. The state government sponsored a large number of SHGs under the Stree Shakti Programme.

The loan disbursement from the banks under linkage differs with support of state intervention. According to the data provided by NABARD, on an average, ₹ 270,000 was provided. In AP, an average of ₹ 300,000 was provided by the RRBs and private banks. Although the number of SHGs linked was less from these institutions, but per capita amount disbursed was high, as these banks disbursed to very selective groups, which had good income generation activity. In Tamil Nadu, as seen earlier, the cooperatives had high linkages from the cooperatives ; similarly, in this case, the amount disbursed per SHG was high (Table 9).

Table 10 presents that the loan amount disbursed across states and years varies; this was due to various interventions that took place at different levels. If one observes, in the first 3 years of the study period, Tamil Nadu financed each SHG more than ₹ 200,000 and private banks financed more than the other three types of banks. But in the later 3 years, this figure came down, which may be due to less intervention of the state. Across the banks, all of them, except RRBs, were providing per capita loans higher in Tamil Nadu as compared to Karnataka. The RRBs were constantly funding ₹ 200,000 for the first 4 years, a figure which later fluctuated. Tamil Nadu's SHGs had better credit under linkages than the Karnataka SHGs. This may be due to intervention of strong NGOs as well as welfare programme linked with the banks.

(iii) Loan Outstanding : The outstanding amount shows the capacity to absorb large loan amounts, which implies that loans were being repeated or the SHGs had undertaken group income generating activities. According to Table 11, the number of SHGs having outstanding loan amount marginally increased over the last 5 years ; whereas, the outstanding amount increased substantially during the same period. As the outstanding amount also includes the overdue amount, the overdue amount added up with interest together with the loan servicing cost.

The outstanding amount across selected states and years shows that the outstanding amount increased in the last 2 years in case of Karnataka. State intervention determined the amount of loans that could be received.

As observed in Tables 12 and 13, there was a decline in the outstanding loan amount. Most SHGs use short-term loans and repay the same. Hence, there are less number of SHGs, while the outstanding amount increases over the years. However, the per SHG outstanding amount shows that the private sector banks had less outstanding loan amount compared to the public sector banks, as these banks are careful in lending. These banks do not have large targets as do the public sector banks. On an average, these banks had an outstanding loan amount per SHG of around less than ₹ 50,000. However, the RRBs had larger amount of around ₹ 2 lakhs, which

Table 11. Distribution of Loan Amount by Banks

Banks	Disbursement of Loan Amount in Different Years (Lakhs)					
	2011–2012	2012–2013	2013–2014	2014–2015	2015–2016	2016–2017
Karnataka						
	1	2	3	4	5	6
PSBs	2.1	1.8	1.4	1.2	2.5	1.9
PVTs	1.6	1.9	1.5	1.8	2.4	2.7
RRBs	2.1	2.1	2.1	2.0	1.4	3.0
Coops	1.3	1.9	1.4	1.4	1.8	1.9a
Tamil Nadu						
PSBs	2.4	2.8	2.7	1.7	1.8	1.9
PVTs	2.9	3.5	3.5	1.6	1.9	2.0
RRBs	2.7	3.6	3.7	2.8	2.7	2.5
Coops	1.6	2.3	2.8	1.8	1.1	1.2

Table 12. Change in Amount Outstanding Over the Years (%)

Southern Regions	2011–2012		2016–2017		Over the Years Change (%)	
	SHGs	Loan O/S	SHGs	Loan O/S	SHGs	Loan O/S
AP	59.5	60.4	29.6	37.3	-46.4	13.5
Karnataka	11.3	13.7	25.6	17.5	143.4	134.9
Kerala	6.8	7.0	5.6	6.2	-10.6	62.8
Puducherry	0.6	0.6	0.2	0.2	-59.0	-40.5
Tamil Nadu	21.8	18.3	15.1	13.0	-25.3	30.4
Telangana	0.0	0.0	23.9	25.8	23.2	22.2
Total	100.0	100.0	100.0	100.0	7.9	83.7
	(2,355,732)	(2,539,459)	(2,541,356)	(4,664,965)		

Table 13. State Wise Outstanding Amount by Banks in 2017

Southern Regions	PSBs	PVTs	RRBs	Co-op	Total
Andhra Pradesh	232,747	264,286	237,014	188,583	922,630
Karnataka	117,477	57,206	144,662	108,984	428,329
Kerala	175,626	33,338	154,984	268,109	632,057
Puducherry	139,003	19,450	178,926	234,758	572,137
Tamil Nadu	166,593	49,715	168,355	98,933	483,596
Telangana	173,645	37,736	241,826	155,909	609,116
Total	178,488	46,645	218,543	117,711	561,387

could be due to weak recovery of the disbursed amount. It is seen that the interest and service cost accumulated to the outstanding amount as the RRBs do not have recovery machinery like other nationalized banks (Veerashankarappa & Vani, 2015). Table 14 depicts that the cooperatives in Puducherry and Kerala had large

Table 14. Loan Amount Outstanding by SHGs in Respective Banks

Karnataka						
Banks	Disbursement of Outstanding Loan Amount by Years (Lakhs)					
	2011–2012	2012–2013	2013–2014	2014–2015	2015–2016	2016–2017
	1	2	3	4	5	6
PSBs	1.42	1.08	1.22	1.15	1.10	1.17
PVTs	0.68	0.76	0.72	0.74	1.24	1.45
RRBs	0.68	0.76	0.72	0.74	1.24	1.45
Coop	0.54	0.37	0.43	0.40	1.08	1.09
Tamil Nadu						
PSBs	1.05	1.48	1.67	1.00	1.03	1.04
PVTs	0.70	1.87	1.68	0.65	0.67	0.69
RRBs	0.70	1.87	1.68	0.65	0.67	0.69
Coop	0.79	0.88	0.99	0.48	0.63	0.71

outstanding loan amount per SHG as compared with Tamil Nadu, and this proves that Tamil Nadu had a better recovery machinery in place.

Conclusion

Women need to obtain the power to extend their voice to exercise informed choices and accomplish their potential as equal to that of men in society (Selvaraj, 2009). It is seen that there is no relation between savings and loans disbursed to the SHGs. It is determined by state intervention and other welfare programmes. All the sectors have adopted IGA for the landless and the poor, and they are using SHGs as a means of reaching to the unreached. The research study leads to the conclusion that though the number of women SHGs was increasing every year, the linkages varied across states. The linkages depend on various parameters such as the density of banking sector and involvement of community-based organizations. Empowerment of women is a crucial pre-requisite for poverty alleviation, protection of human rights, and capacity building as a base for social change (Jensen et al., 2006).

It is observed that among the Southern states, Andhra Pradesh had more number of SHGs linked. This was due to the efforts of the State government, which includes sponsoring welfare programmes such as VELUGU and later SGSY. The community-based institutions also played a major role during the initiation of the programme with NABARD. In Karnataka, the Stree Shakti Programme was adopted by the state, and there are provisions of various incentives to the groups with an objective of empowering them. All the government programmes are to be linked with the SHGs, which are graded by NABARD and linked to the banks. However, in a country like India, it is difficult to involve poor women in economic and social activities. Issues such as lack of finance, education, enterprise, and the inability to take risk are the important constraints in this context. If such is the case, policymakers often rely on the SHGs and microcredit programmes to mobilize and empower women, and use their enterprises to involve them in economic and social activities (Husain, Mukerjee, & Dutta, 2013).

The average amount saved by women SHGs was not increasing when compared with loans disbursed, and loans outstanding had a steady increase. The SBLP in the Southern region reported fluctuations during the study period. The public sector commercial banks had a high level of loans disbursed in the years 2015–2016 to 2016–2017. In private sector commercial banks, there was a high level, that is, 51% of loans outstanding observed in the financial years 2014–2015 to 2015–2016. There were more defaulters in the private sector commercial

banks than with the other banks. SBLP is a well-planned method of providing small loans to poor communities for income-generating activities and to help them attain partial economic stability without encouraging debt (Sultana & Hasan, 2010). This programme is termed as a standard support, which involves typical provision of small loans either in individual or in groups (Leach & Sitaram, 2002). It is observed that private banks and cooperative banks played a significant role in provision of linkage in Tamil Nadu and Puducherry as compared to the other states. Per SHGs' loans disbursement in these states was high among the cooperative banks. Thus, banks were not homogenous in their operations in all the states. The cooperatives are state sector ; hence, the states' policies on linkages play an important role, which can be observed in case of Karnataka and Tamil Nadu.

Managerial Implications

Although the study can be used to improve the various issues faced by women such as improving living standards, poverty reduction, and women empowerment, in the recent economy, the findings associated with the study should encourage policymakers to adopt appropriate policies to bring in projects to revive women empowerment. The study on microcredit and the findings on the SBLP will encourage rural women to not only work toward their empowerment, but also toward improved standards of living.

Limitations of the Study and Scope for Future Research

The period of the study is of 6 years, which may not be sufficient to generalize the results. The study is also confined only to the Southern region, where productivity and consumption are high. The study can be replicated for various credit linkage programmes offered by different banking institutions. The same methodology can be used in case of various private sector banks, public sector banks, regional rural banks, and cooperatives banks in other regions as well.

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