

SHG-BANK LINKAGE PROGRAMME PENETRATION IN PUNJAB AND HARAYANA- A COMPARATIVE ANALYSIS

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Abstract

This study explores the Self-Help Group-Bank Linkage Programme (SHG-BLP) and its contribution to advancing financial inclusion and women's empowerment in Punjab and Haryana. Drawing upon NABARD's reports, the research provides a comparative analysis of the SHGs' performance in these states. The SHG-BLP has played a vital role in fostering rural socio-economic development, with a particular focus on empowering women. Punjab demonstrates a robust SHG network supported by institutional mechanisms, resulting in higher savings and better credit mobilization. Meanwhile, Haryana shows promise through its emphasis on capacity-building programs, indicating potential for future progress. The study highlights the need for state-specific policy interventions to address structural disparities, enhance financial literacy, and strengthen market linkages. Leveraging NABARD's efforts, the research emphasizes diversifying income-generating activities and improving training initiatives to bolster SHG effectiveness. It underscores the importance of building resilient support systems and fostering collaboration among stakeholders to optimize SHG performance and address challenges such as non-performing assets. Aligned with global Sustainable Development Goals, this analysis offers valuable insights for shaping targeted strategies aimed at achieving inclusive and sustainable growth. By utilizing NABARD's data and insights, the study provides a comprehensive understanding of SHG-BLP's impact in these regions.

Keywords: SHG, SBLP, Microfinance, NABARD, Savings Linkage, Credit Linkage, Loan Outstanding

1. INTRODUCTION

1.1 Concept of SHG

Self Help Group is a small voluntary homogeneous group of poor people from similar economic background. The membership of group range from 10 to 20 members. SHGs are formed on the basis of self-help and mutual co-operation. They are formed to solve common problems of the members(Lahiri-Dutt & Samanta, 2006). All the members contribute their savings to the command fund. This fund can be used for the advances to the group members. The group members decide the terms and conditions of the advances together.

1.2 SHG – Bank Linkage Programme (SBLP)

SHG – Bank Linkage programme was launched as a pilot project in February 1992 as a landmark in the field of rural banking. After extensive consultations between NABARD and RBI, RBI issued a policy circular instructing all the commercial banks to extend finance to the self-help groups(Acharya et al., 2012). In 1993 the project was extended to Regional Rural Banks and Co-operative banks.

The SHG-Bank Linkage Programme (SBLP) was first conceived and planned by the National Bank for Agriculture and Rural Development (NABARD), in the year 1992, with the support of the Reserve Bank of India(Dr. Manoj Siwach, & Baljit Singh, 2018). The main objective of this SBL programme was to enable the poorer people, as a group, to access credit, without any collateral security, for improving their economic condition by utilizing the credit availed in productive purposes. In 1996, this SBL programme was regularized

and linked with regular banks viz(Tripathi, 2014). Commercial Banks, Regional Rural Banks, and Cooperative Banks. The role of NABARD has been very crucial right from the beginning and through upgrading the SBL programme as a regular banking programme, thus transforming the once perceived to be an ‘unbankable’ group into a ‘bankable’ group(Manohar, 2015). To achieve this, NABARD utilized the services of various sectors, such as bankers, NGOs, and other voluntary organizations. SHG-Bank Linkage Programme encourages women, particularly rural poor women, join together as self-help groups (SHGs); regularly contribute certain amount as savings to the group; engage in internal lending (within the group members); and after a specified period, banks lend loans to these groups without any collateral security, mostly for income generation purposes(Sarkar, 2018). Microfinance is perceived to be an effective tool for poverty alleviation, particularly through women. Microfinance institutions prefer to target the rural population, especially women, as they seek small amounts as loans and for their higher repayment rate. However, there is a widespread criticism that, mostly, these loans are not used for income-generating purposes and thus fail to realize a sustained livelihood. Moreover, reports by various agencies indicate that poorer states, compared to other states, have been less reached out. Against this background and developments, the present study was conceptualized.

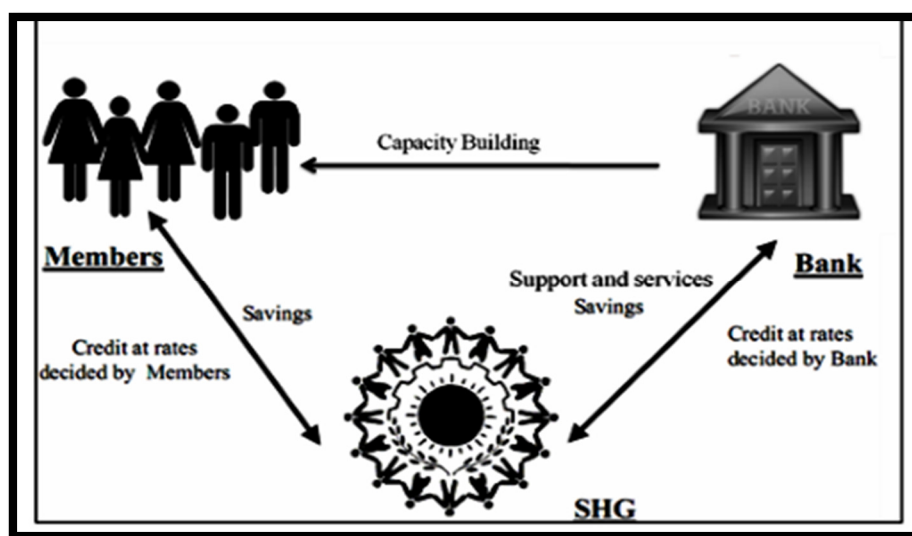


Fig.1. Bank Promoted SHGs

Source: Adopted and modified from Rakesh Malhotra, 2005.

The Above Figure Shows the interaction between members, a self-help group (SHG), and a bank. Members save through the SHG, which provides support and services. The bank facilitates capacity building for SHG members, enhancing their financial and operational skills. The relationship strengthens financial inclusion and resource optimization.

1.3 Models of SHG-Bank linkage in India

In India broadly three different credit lending models have emerged under the micro credit programme. In the first model, the bank itself acts as a Self Help Group Promoting Institutions (SHPI). It takes initiatives in forming the groups, nurtures them over a period and then provides credit to them after satisfying itself about their maturity to absorb credit(Dasguptat, 2001). In the second model, groups are formed by NGOs or by government agencies. The groups are nurtured and trained by these agencies. The bank then provides credit directly to the SHGs after observing their operations and maturity to absorb credit. While the bank provides loans to the groups directly, the facilitating agencies continue their interactions with the SHGs. Most linkage experiences begin with this model with NGOs playing a major role. This model has also been popular and more

acceptable to banks, as some of the difficult functions of social dynamics are externalised. In the third model the NGOs act as both facilitators and microfinance intermediaries(Habib & Jubb, 2013). They promote the groups, nurture and train them and then approach banks for bulk loans for lending to the SHGs. SHG-Bank linkage program's major objectives are: evolving supplementary credit strategies for meeting the needs of the poor combining the flexibility, sensitivity and responsiveness of the informal credit system with technical administrative capabilities and financial resources of formal financial institutions; building mutual trust and confidence between bankers and rural poor; and encouraging banking activity in both the thrift and credit aspects in a segment of the population that formal financial institutions usually find difficult to match(Solanki, 2017).

Self-help groups (SHGs) have become essential for economic and social empowerment, particularly in poverty-stricken regions, by promoting participatory decision-making, mutual support, and collective action(Reddy & Malik, 2012). These organizations have been particularly advantageous to women, as they have improved their economic autonomy and social standing. Financial institutions, particularly banks, are instrumental in promoting entrepreneurship within SHGs by providing capital, which facilitates income-generating activities and financial literacy. The objective of microfinance programs, including the SHG-Bank Linkage Programme and numerous government initiatives like NRLM and SJSRY, is to address gender inequality and alleviate poverty by providing low-interest, collateral-free loans(The North Cap University (formerly ITM Unviersity), Gurgaon et al., 2016). These initiatives priorities the empowerment of marginalized communities and the promotion of sustainable economic development by providing them with access to financing, skills, and resources, in accordance with global poverty reduction objectives, including those established by the United Nations.

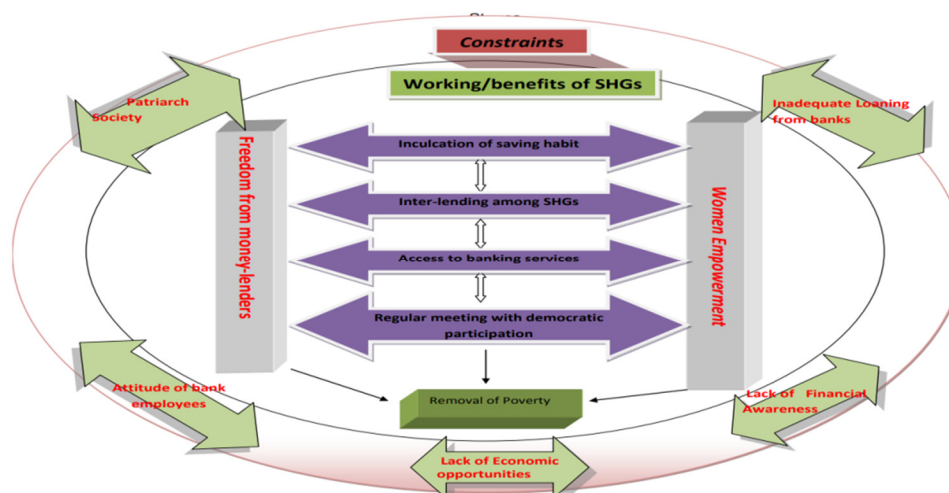


Fig.2 Benefits and Constraints of SHGs

Source: Kumar, N. (2016)

1.4 Role of bank finance in Socio-Economic Empowerment of SHGs

The socio-economic benefits of bank-financed Self-Help Groups (SHGs) are significant and multifaceted. SHGs often comprised of marginalized communities and predominantly women, leverage collective action and mutual support to enhance their members' economic and social standing. By providing necessary capital, banks play a critical role in enabling these groups to undertake income-generating activities, which leads to increased financial literacy and economic self-sufficiency. Bank finance facilitates entrepreneurship within SHGs, allowing members to start and expand micro-enterprises. This not only improves their income levels but also contributes to community development by reducing poverty and fostering economic growth. Furthermore, the

empowerment of women through SHGs leads to enhanced social cohesion and leadership skills, thereby breaking the cycles of poverty and social exclusion. The comparative studies on SHGs in regions like Punjab and Haryana highlight the variations and similarities in outcomes, providing valuable insights for policymakers to tailor interventions that are contextually relevant. Such initiatives are aligned with global goals like the United Nations Sustainable Development Goals (SDGs), particularly those related to poverty reduction, gender equality, and economic growth, underscoring the importance of SHGs in promoting sustainable and inclusive development.

The role of bank finance in economic empowerment is crucial, particularly in regions grappling with poverty and socio-economic disparities. Financial institutions, notably banks, provide the necessary capital to fuel entrepreneurship and economic initiatives, especially through Self-Help Groups (SHGs). These groups, often composed of marginalized populations such as women, utilize bank finance to launch or expand income-generating activities, fostering financial independence and sustainable livelihoods. Programs like the SHG-Bank Linkage Programme, initiated by the National Bank for Agriculture and Rural Development (NABARD), have been instrumental in facilitating access to microcredit for the rural poor who typically lack collateral and face stringent banking requirements. This financial support enables members to break the cycle of poverty by engaging in productive activities, thereby improving their economic positions and enhancing their quality of life. Moreover, the collaborative nature of SHGs, supported by bank finance, fosters a sense of solidarity and mutual support, empowering members to participate in decision-making processes and advocate for community development initiatives. Thus, bank finance not only propels economic empowerment but also promotes social cohesion and collective responsibility, contributing to the broader goals of sustainable development and inclusive growth (Mishra et al., 2024).

2. REVIEW OF LITERATURE

Ahmad et al. (2020) explored the role of microfinance as a development tool to reduce poverty, especially for disadvantaged women. They focused on SHGs, which were implemented in India in 2011 as part of a poverty alleviation strategy, also promoting health literacy for rural women. The study analyzed factors influencing enrollment and retention in Uttar Pradesh, finding that women from lower-income backgrounds were more likely to join SHGs. **Kumari and Malik (2020)** investigated SHGs in Haryana, focusing on 120 participants. The study revealed that many participants had low literacy levels, with most having completed at least a matriculation. It highlighted challenges like loan processing delays and marketing issues, emphasizing the need for better systems to improve SHG effectiveness. **Sharma (2020)** examined the impact of microcredit on SHG members' income and employment status. By comparing data before and after joining SHGs, the study showed significant improvements in income and employment, suggesting that participation in SHGs leads to financial stability and improved job security for rural women. **Rasna et al. (2020)** studied the benefits of SHGs for low-income rural women in Punjab. The research used personal interviews and questionnaires to collect data from women in the high-population regions of Malwa, Doaba, and Majha. The findings revealed that SHGs positively impacted the economic and social well-being of these women. **Nayak et al. (2020)** focused on how SHG membership affects the empowerment of women in India, especially in Odisha. The study found that higher participation in SHGs led to increased economic, social, and political empowerment. The research also highlighted how factors like age and socioeconomic status moderate these effects. **Sharma & Chopra (2020)** researched SHGs' role in poverty reduction and financial inclusion, with a focus on women in Punjab. The study found that SHGs significantly enhanced the economic power of women by pooling resources and providing mutual support, leading to greater socioeconomic development in the region. **Nayak & Panigrahi (2020)** examined the economic, social, and political empowerment of women through SHGs in Odisha. They used partial least squares structural equation modeling (PLS-SEM) to analyze data, concluding that increased SHG participation boosted women's income, job stability, and social and political involvement. **Nath Singh & Seema (2020)** studied the impact of Economic Self-Help Groups (ESHGs) on women's empowerment. The research found that ESHGs positively influenced women's economic and political empowerment. However, it noted that

more research is needed to determine the most effective SHG models, and the role of SHGs in preventing domestic violence was minimal. **Ahmad & Mohanty (2020)** explored the factors that influence SHG membership and retention in Uttar Pradesh, focusing on economically disadvantaged women. The study found that the poorest women were more likely to join SHGs but less likely to remain, suggesting that retention strategies need to be tailored to their specific needs. **Mallick & Sagar et al. (2020)** assessed the impact of SHGs on women's empowerment in Balipatna Block. Their study found positive effects on savings, profits, and decision-making skills, with most SHGs focused on loan-taking for savings development. The research emphasized the importance of continued support for these groups. **Fagan & Quinn-Gates et al. (2020)** investigated the psychological well-being of women in SHGs in Ethiopia. They found that older SHG members experienced better psychosocial well-being than newer members. The study highlighted the need for longitudinal data and culturally appropriate measurements for understanding SHGs' psychological impacts. **Khan & Bhat et al. (2020)** used a quasi-experimental design to assess the impact of microfinance on women's empowerment. They found moderate positive effects on women's economic, political, and psychological well-being, although social empowerment showed a smaller overall impact. The study suggested that microfinance has broad but varied benefits for women. **Kaur & Kaur et al. (2020)** explored the usage of financial services among BPL (Below Poverty Line) individuals in Punjab. The research found that the consumption and frequency of usage of these services were low. It suggested that increasing financial literacy and offering incentives could improve financial service uptake among BPL individuals. **Sudha & Reddy et al. (2020)** studied the impact of SHGs on the socioeconomic development of Sugali tribal women in Andhra Pradesh. The research found significant improvements in women's social standing, savings, and self-reliance, emphasizing SHGs' positive contribution to women's empowerment and overall community development. **Kumari & Malik et al. (2020)** explored SHG success in rural Haryana, focusing on improvements in savings and loan repayment. The study identified challenges such as market issues and loan delays. It recommended better communication and support systems for improving SHG outcomes and enhancing the overall effectiveness of these groups. **Dhanrajani & Mittal (2021)** examined the role of microfinance in empowering women, based on the SIDBI Microfinance Pulse Report. The study found a strong correlation between the length of involvement in microfinance programs and empowerment within families and communities, highlighting microfinance's positive effects on women's empowerment. **Kumar & Raghunathan et al. (2021)** examined SHG membership's impact on women's empowerment in agriculture using panel data from rural Indian women. The study found that SHG membership improved women's empowerment in agricultural activities, but it also noted that greater inclusion of men might be necessary to address ingrained gender norms. **Kapila & Singla et al. (2021)** assessed the impact of microcredit on women's empowerment in rural Punjab. The research found that microcredit programs significantly improved women's participation in income-generating activities and enhanced their leadership, management skills, and social recognition, contributing to their economic and social empowerment. **Tyagi & Kathpalia et al. (2021)** investigated SHGs' role in improving rural women's economic status in Haryana. The study found that SHGs promoted savings and employment, altered gender dynamics within families, and contributed to socio-economic upliftment. Despite some challenges, such as work burden and lack of family support, SHGs had a positive impact. **Navreet et al. (2021)** emphasized the importance of financial inclusion in achieving inclusive development. Their study reviewed government-assisted initiatives for SHGs and found positive effects on social mobilization, poverty alleviation, and economic sustainability. It also highlighted the need for training staff to ensure effective implementation of financial inclusion programs. **Dhanrajani & Mittal (2021)** studied microfinance programs' influence on socio-cultural and familial empowerment, finding that SHGs empowered women financially and socially. The research, based on responses from 500 SHG members in Delhi and Haryana, highlighted the importance of microfinance in supporting women's roles within their families and communities. **Kapila (2021)** examined the impact of SHGs on family income in rural Jalandhar. The study found that SHG participation led to a 65% increase in family income, with the household income rising by 35% for SHG members. The research also identified factors like profession and number of earning individuals as contributing variables. **Munish's (2021)** study explored how microcredit influenced women's economic, managerial, and social empowerment in

rural Ludhiana. The research found that participation in SHGs improved women's satisfaction, management skills, leadership, social recognition, and self-esteem, indicating a strong relationship between microcredit and empowerment in this region. **Kumar et al. (2021)** examined SHG participation's effects on women's empowerment in agriculture using the Women's Empowerment in Agriculture Index (WEAI). The study found significant improvements in women's control over finances and participation in community organizations, closing the gender empowerment gap. However, the impact on domestic respect and attitudes towards abuse was minimal. **Tyagi and Kathpalia (2021)** found that women in SHGs gained leadership skills, enabling them to take on positions like Sarpanch and Panchayat Pradhan. The study, focused on Haryana, highlighted that participation in SHGs promoted gender equality and allowed women to take leadership roles in rural governance. **Prashar et al. (2022)** studied the challenges women face in SHGs in Punjab and highlighted the need for improved leadership and decision-making skills. The research emphasized the importance of empowering women through education, training, and financial literacy to ensure the success of SHG initiatives in promoting financial inclusion and empowerment. **Ramesh et al. (2022)** discussed the role of SHGs in empowering women, noting their impact on self-confidence, skill development, and entrepreneurial activities. The study suggested that future research should address challenges related to women's empowerment and support entrepreneurship, with a focus on providing access to technology and training for rural women. **Raghunathan et al. (2022)** investigated the effects of women-only SHGs on family spending and asset accumulation in India. The study found that SHG membership had a small but significant impact on household spending and livestock ownership. It suggested that while initial effects may diminish over time, SHGs provide long-term benefits in knowledge and empowerment. **Prashar et al. (2022)** focused on the SHG-Bank Linkage Programme supported by NABARD in Punjab. The study found that women in SHGs faced challenges that hindered their participation, including discouragement and obstacles. It emphasized the need for SHG members to develop leadership and decision-making skills to ensure socio-economic empowerment. **Bariya et al. (2022)** studied the impact of SHGs under the Integrated Watershed Management Programme in Amreli district, Gujarat. The research found that SHG members had higher empowerment levels than non-members, highlighting the positive effects of SHGs on women's socio-economic development. The study used statistical tests to validate the results. **Maganga et al. (2022)** explored how SHGs help rural women overcome socio-economic limitations. The study emphasized that SHGs provide financial stability, teach risk management, and empower women economically and socially. It highlighted SHGs' role in uplifting disadvantaged women and fostering societal change, contributing to economic development and gender equality. **Somashekar et al. (2023)** discussed the critical role of women in the Indian economy. The research focused on the importance of SHGs in empowering marginalized women through self-help and mutual aid. SHGs contribute to socio-economic development by improving quality of life and promoting self-sufficiency, playing a key role in India's economic growth. **Mehta et al. (2023)** studied microfinance in Saurashtra and its impact on SHGs, particularly on women. Using exploratory and descriptive research methods, the study found that microfinance loans empower women economically, socially, and politically, leading to better employment opportunities, increased income, and greater participation in household financial decisions. **Randhawa et al. (2024)** examined the origins and organization of SHGs in Punjab, noting their underperformance in terms of member capacity development. The study revealed that most SHGs were government-driven and used savings for interloaning. It called for enhanced efforts to improve the skills and competence of rural women involved in SHGs. **Karunarathne et al. (2024)** analyzed SHGs' effectiveness in promoting women's empowerment using secondary data. The study found that SHGs significantly enhance women's financial independence, decision-making power, and access to services. It emphasized the need for continued support and interventions to address challenges such as inadequate training and resource limitations. **Sajanapwar et al. (2024)** investigated the role of digitalization in empowering women through SHGs. The research showed that digital tools have enhanced social networking, entrepreneurial activities, and financial knowledge among SHG members. The study highlighted the potential of digitalization to drive women's empowerment, while also addressing challenges like digital literacy gaps.

3. Research Methodology

This study used a qualitative research design to analyze the Self-Help Group - Bank Linkage Programme (SHG-BLP) model in Punjab and Haryana. Secondary data was collected from government reports, academic publications, articles, and documents from financial institutions like NABARD. The analysis focused on the operational framework, socio-economic impacts, and challenges faced by SHGs in both states. Key documents included government reports, peer-reviewed articles, and case studies. The study aimed to provide a nuanced perspective on the operational status of the SHG-BLP model, enabling comparisons between the two states and informing recommendations for improving its effectiveness.

4. RESULTS AND DISCUSSIONS

MAJOR HIGHLIGHTS OF SHG- BLP IN INDIA

Table 1- Progress of SHG- Bank Linkage Programme in India

	Physical (No. in lakh)	Financial (in crore)
Total number of SHGs savings linked with banks as on 31 March 2024	144.22	65089.15
Total number of SHGs credit linked during the year 2023-24	54.82	209285.87
Total number of SHGs having loans outstanding as on 31 March 2024	77.42	259663.73
Estimated number of families covered upto 31 March 2024	1775.12	
No. of Banks and Financial Institutions submitted MIS (in number)	407	
Grant Assistance to SHPIs for promotion of SHGs under SHG-BLP		
Grant Assistance sanctioned during 2023-24		0.20
Cumulative sanctioned upto 31 March 2024		428.60
Cumulative grant assistance sanctioned to anchor NGOs for promotion of SHGs under WSHG Development Scheme upto 31 March 2024		204.38

4.1 Source: Status of Microfinance in India 2023-24

Trend in SHGs savings linkage: SHG-BLP covers 17.75 crore families through 144.21 lakh SHGs (83.52% of which are all women SHGs) indicating a growth of 7.6% from the preceding year. In terms of savings amount, a rise of 10.52 % from the preceding year can be observed. This indicates a steady increase over the years, marked by a significant jump from 2021-22 to 2022-23 and a moderate increase from 2022-23 to 2023-24.

Loans disbursed to SHGs: The number of SHGs that availed loans during the year 2023-24 increased to 54.28 lakh from 42.96 lakh in the previous year, reflecting a growth of around 28%. Correspondingly, the amount of loans disbursed in absolute terms also increased by 44% from ₹1,45,200.23 crore (2022- 23) to ₹2,09,285.87 crore (2023-24) on Y-o-Y basis. The proportion of loans disbursed to all-women SHGs also increased steadily, albeit marginally during 2023-24.

Loans outstanding against SHGs: No. of SHGs having loans outstanding increased from 69.57 lakh in the previous year to 77.42 lakh as on 31st March 2024, indicating a rise of 11.28%. Correspondingly, the amount of loans outstanding in absolute terms also increased by 38.06% from financial year 2022-23. Loans outstanding against no. of all women SHGs increased from 65.15 lakh in 2022-23 to 72.29 lakh in 2023-24, showing an increase of 10.96%. Overall, the percentage of loans outstanding in respect of women SHGs increased from 26.13% in financial year 2022-23 to 37.57% in Y 2023-24.

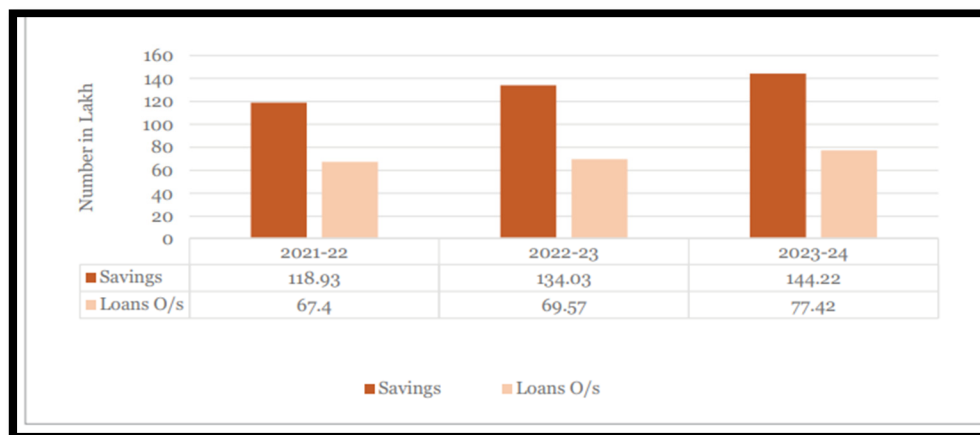


Fig.3 SHG-BLP- Savings and Loans O/S

Region wise Share- Savings Linked SHGs (No. and Amt.)

4.2 Region-wise Status of SHG- BLP

A region-wise comparison indicates growth in SHG savings linkage across all regions, with the Central region experiencing the highest growth. However, the Southern region saw minimal growth, which could be due to program saturation.

Table 1.1 - Region-wise Progress of Savings Linked SHGs with Banks (2021-22 to 2023-24)

		2021-22		2022-23		2023-24		Y-o-Y % Change - No. of SHGs (2022-23 to 2023-24)	
No.	Regions	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount
A	Northern Region	6,80,143	1,99,582	7,87,807	1,22,485	8,09,120	1,41,617	3%	16%
B	North Eastern Region	6,80,845	1,06,441	7,93,320	1,27,499	9,42,546	2,12,429	19%	67%
C	Eastern Region	32,43,980	13,58,595	39,30,551	17,42,499	43,48,798	21,52,772	11%	24%
D	Central Region	13,55,564	3,25,696	18,32,040	4,58,575	20,31,019	6,23,236	11%	36%
E	Western Region	16,88,451	3,27,691	19,27,560	5,41,611	20,05,643	4,37,924	4%	-19%
F	Southern Region	42,44,070	24,06,043	41,31,805	28,96,845	42,48,778	29,40,906	4%	2%
	Total	1,18,93,053	47,24,048	1,34,30,083	58,89,268	1,44,21,904	65,08,915	8%	11%

4.3 Source: Status of Microfinance in India 2023-24

Y-o-Y growth in terms of SHGs savings linked during 2023-24, indicates that the NER recorded the highest growth at 19%, primarily attributed to a low base effect. Following NER were the Eastern and Central regions, both showing growth rate of 11%. However, when examining the regional distribution of SHG savings linked

accounts as a percentage of the total savings accounts, the Eastern region claimed the largest share at 33%, followed by the Southern region at 30%, and the Central region at 14% during Y 2023-24. The state-wise bifurcation in the number of SHGs savings-linked with banks is detailed in Statement IIA.

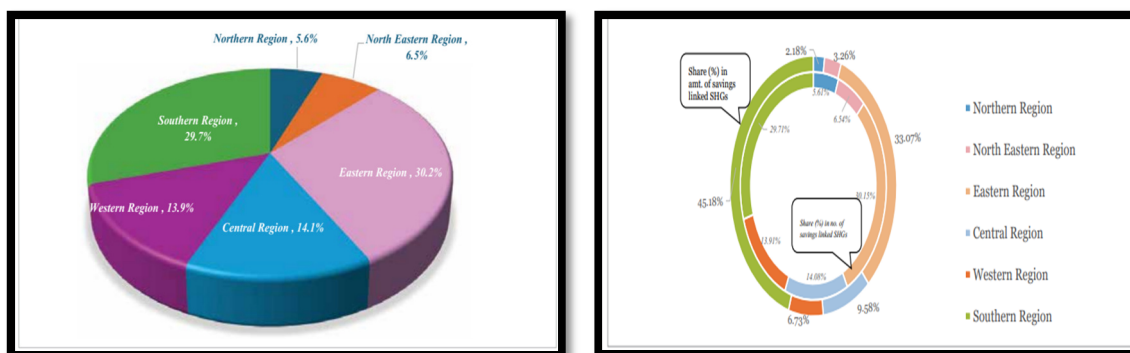


Fig. 4: Region wise Share- Savings Linked SHGs (No. and Amt.)

Y-o-Y growth in terms of SHGs savings linked during 2023-24, indicates that the NER recorded the highest growth at 19%, primarily attributed to a low base effect. Following NER were the Eastern and Central regions, both showing growth rate of 11%. However, when examining the regional distribution of SHG savings linked accounts as a percentage of the total savings accounts, the Eastern region claimed the largest share at 33%, followed by the Southern region at 30%, and the Central region at 14% during Y 2023-24. The state-wise bifurcation in the number of SHGs savings-linked with banks is detailed in Statement IIA.

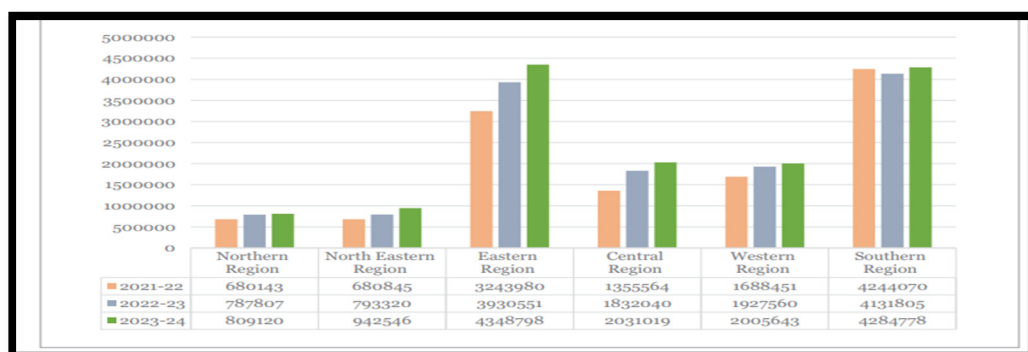


Fig.5: Region wise number of SHGs saving linked

While most regions saw a gradual increase in terms of the number of SHGs savings linked and savings amount in the last three years, the triennial growth as observed in certain regions, notably the Southern region, is minimal. This might be attributed to the reason that over time, as more SHGs are formed, the potential pool of eligible members may be diminishing, leading to a possible decline in new SHG formation. However, North Eastern and Eastern regions showed significant growth both, in number of SHGs' savings linked and in savings amount, indicating potential in these areas. This positive engagement and participation in SHG-BLP movement suggests favourable stakeholders' push, supportive government policies, development initiatives and most notably, improved awareness on the benefits of collectivization and institutional credit to strengthen livelihood opportunities. The potential for SHG formation in the northern and eastern regions lie in their ability to harness local resources, foster community solidarity, and empower marginalized groups, particularly women. By leveraging these strengths and addressing challenges such as infrastructure gaps and policy barriers, SHGs in these regions can continue to serve as catalysts for inclusive growth and sustainable development. State wise data indicate that, Maharashtra (16.31 lakh) followed by West Bengal (15.76 lakh), Bihar (12.64 lakh), Tamil

Nadu (11.41 lakh), and Andhra Pradesh (10.99 lakh) have remained the top performers in number of SHGs that are savings linked. However, percentage growth over the previous year was highest in Tripura (83.27%), followed by Nagaland (34.44%), and Jammu & Kashmir (20.56%). Bihar witnessed the highest number of 1,53,960 SHGs added during the year, followed by West Bengal at 1,31,465 new SHGs.

Overall, the average per SHG savings at all-India level increased by 14% from ₹39,721 in 2021-22 to ₹45,132 in 2023-24. Region-wise data reveals that the average savings during the year 2023-24 have increased over the previous year in all the regions except the Southern and Western regions. In absolute numbers, the Southern region (₹68,636) continued to have the highest average savings per SHG with the Northern region registering the lowest (₹17,503). Among states/UTs, seven states have average savings higher than the national average during 2023-24. States like Andhra Pradesh followed by West Bengal have the highest cumulative savings amount.

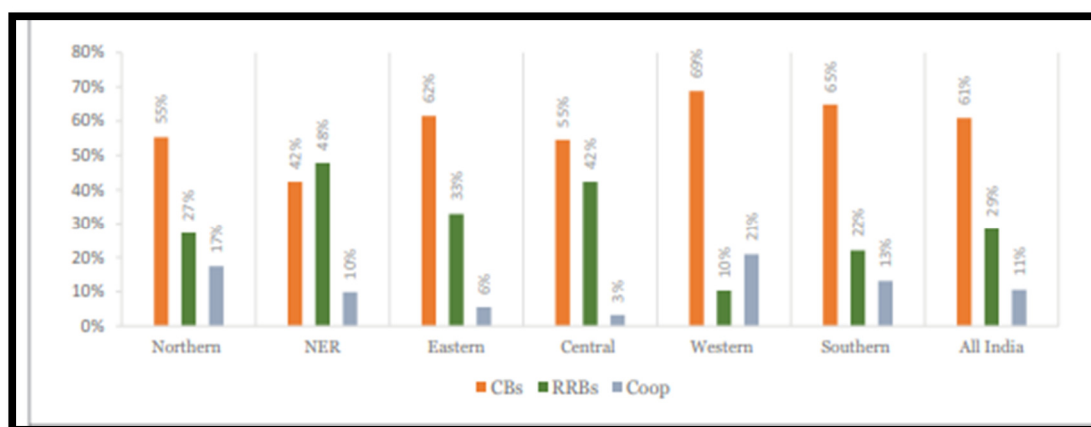


Fig.6: Region wise average savings per SHG

It can be observed from Fig 1.11 that commercial banks have the highest share in savings-linkage of SHGs across all regions except the North Eastern region. Against the share of 61% of the savings linked SHGs at all-India level, commercial banks had the maximum spread in the Western region (69%) and a minimum (42%) in the North Eastern region. Banks had the highest share in North Eastern region (48%) followed by the central region (42%). Cooperative banks in the Western (21%) and northern (17%) regions had a sizable share in savings linkage of SHGs.

4.4 Agency-wise Status of SHG-BLP in India

Commercial banks with their extensive network and outreach, financial strength and technological advancements have performed exceedingly well with over 88 lakh SHGs having savings accounts with them followed by Bs and Cooperative Banks.

Table 1.2 - Agency-wise status of SHG-BLP in 2023-24

(Amount in

Lakhs)

Category of Agency	Total Savings of SHGs with Banks as on 31 March 2024		Loans Disbursed to SHGs by Banks during 2023-24		Total Outstanding Bank Loans Against SHGs as on 31.03.2024		NPAs as on 31.03.2024	
	No. of SHGs	Savings Amount	No. of SHGs	Loans Disbursed	No. of SHGs	Loan Outstanding	Amount of Gross NPA	NPA (%)

Commercial Banks	8787266	4242658.54	3347882	14262518.18	4783013	18287309.42	367067.96	2.01
% Share	60%	65%	61%	68%	62%	70%	69%	
Regional Rural Banks	4115577	1901803.11	1912585	568387.59	2426772	6372744.21	103351.46	1.62
% Share	29%	29%	35%	27%	31%	25%	19%	
Cooperative Banks	1519061	364453.62	221685	982781.3	531999	1306318.98	61334.90	4.7
% Share	11%	6%	4%	5%	7%	5%	12%	
Total	14421904	6508915.27	5482152	20928587.07	7741784	25966372.61	531754.32	2.05

4.5 Source: Status of Microfinance in India 2023-24

In terms of loans disbursement, commercial banks lead with 61% followed by RRBs (35%) and Cooperative Banks (4%). Among the commercial banks, State Bank of India has the highest number of savings-linked SHGs at 13.39 lakh i.e. 18.15% of total savings-linked SHGs of Public Sector Commercial Banks, followed by Union Bank of India (12.88%). Private Sector commercial Banks together have 14.09 lakh savings linked SHGs, mainly contributed by ICICI Bank (5.83 lakh) and HDFC Bank (3.23 lakh). Among the RRBs, Assam Gramin Vikas Bank has the maximum savings linked SHGs at 3.30 lakh, followed by Uttar Bihar Gramin Bank (3.07 lakh). Agency-wise details of savings outstanding of SHGs as on 31 March 2024 are given in the Statement.

4.6 Region-wise NPA Status in India

Table 1.3 - Region-wise NPA Level (%) during 2023 and 2024

Sr. No.	Region	2022-23		2023-24	
		Gross NPA Amount	NPA as Percent to Loan o/s	Gross NPA Amount	NPA as Percent to Loan o/s
1	Northern Region	15,693.78	7.48	13,227.22	4.09
2	North Eastern Region	22,486.48	5.76	13,817.67	2.10
3	Eastern Region	1,00,010.27	2.50	87,140.15	1.50
4	Central Region	49,739	9.71	54,576.75	6.00
5	Western Region	35,396.07	5.15	35,917.70	3.46
6	Southern Region	3,01,607.91	2.32	3,27,074.83	1.90
	All India	5,24,933.81	2.79	5,31,754.32	2.05

4.7 Source: Status of Microfinance in India 2023-24

Region wise comparison of NPAs indicates that the astern (1.50%) and Southern (1.90%) regions had NPA levels below the national average of 2.05%. The Northeastern region at 2.10% saw a significant improvement in NPA as a percentage of loans outstanding over the previous year. However, the Northern (4.09%) and Central regions (6.00%) continued to exhibit high NPA levels as a percentage of loans outstanding.

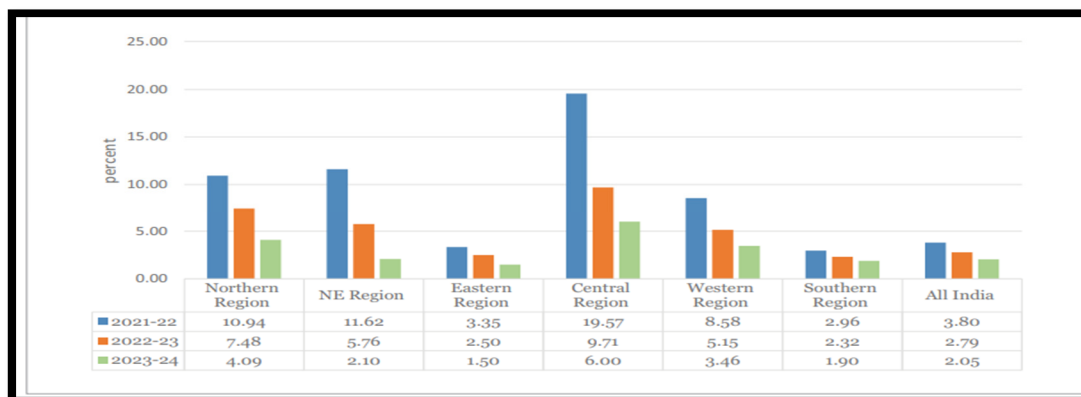


Fig.7: Region wise comparison of NPAs

NPA levels have reduced across commercial banks, RRBs and Cooperative banks during FY 24 with the reduction being most significant in Cooperative banks from the NPA level of 6.15% as on 31 March 2023 to 4.7% as on 31 March 2024. This notable decrease in NPA percentage, particularly from 2021- 22 to 2023-24, indicates the efforts of the banks towards improving asset quality and ensuring loan repayments. Similarly, commercial banks and RRBs demonstrated a consistent decrease in NPAs as a percentage to loans outstanding over the years.

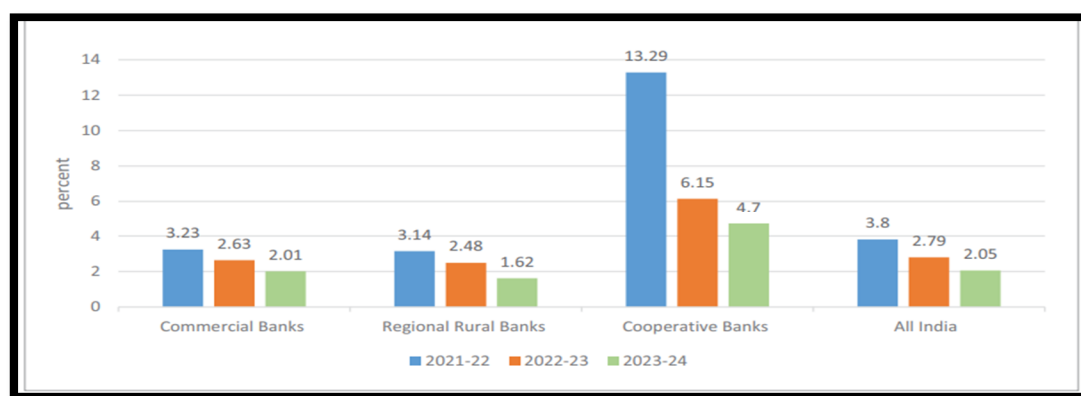


Fig.8: Bank-wise comparison of NPA

4.8 Status of SHG-BLP in North India

Table 1.4 Self-Help Groups (SHGs) in Northern Region

(Amount in Lakhs)

Sr No	State	Savings of SHGs with Banks- position as on 31 March 2024		Loan disbursed SHGs with Banks- position as on 31 March 2024		Bank Loans outstanding against SHGs-position as on 31 March 2024	
		Number of SHGs	Amount of savings in lakhs	Number of SHGs	Amount of loan disbursed in lakhs	Number of SHGs	Amount of outstanding loans in lakhs
1	Chandigarh	560	107.98	27	28.79	37	28.31
2	Haryana	103862	23372.23	15735	43053.31	25713	41522.21

3	Himachal Pradesh	84589	17431.68	7784	14768.25	15172	24288.82
4	Jammu and Kashmir	17694	2087.11	5026	14893.94	7782	16902.75
5	New Delhi	5970	1695.94	19	73.89	122	390.55
6	Punjab	74318	8872.47	6704	12052.38	13781	14680.43
7	Rajasthan	522127	88049.60	103096	233312.76	149139	225246.57

The table presents the status of Self-Help Groups (SHGs) with banks in various states as of March 31, 2024. It highlights the number of SHGs, the amount saved, loans disbursed, and outstanding loan amounts. Punjab and Rajasthan have the highest number of SHGs, with Punjab showing substantial savings and loan disbursements. Chandigarh, with a smaller number of SHGs, has relatively modest savings and loan amounts. Haryana and Himachal Pradesh show significant figures for both savings and loan disbursements, while Jammu and Kashmir has lower savings compared to loans outstanding. New Delhi has a much lower number of SHGs and relatively smaller amounts in savings and loans. Overall, the data reflects the scale and financial activity of SHGs in each state, with larger states like Rajasthan and Haryana having the most considerable figures.

4.9 Status of SHG-BLP in Punjab and Haryana

This research evaluates the performance of Self-Help Groups (SHGs) in Punjab and Haryana, focusing on savings, loan disbursements, and outstanding loans from various organizations. The findings show considerable discrepancies between the two states, with Punjab continuously showing greater savings and loan volumes across all agencies, notably in public and RRB-supported SHGs. In contrast, Haryana has a greater loan disbursement from governmental agencies, showing a dependence on government activities. The results show the need of focused policy measures to improve SHGs' financial access, sustainability, and loan mobilization, especially in Haryana, in order to match Punjab's achievements.

Table 1.5 Savings of SHGs with Banks-agency-wise position as on 31 March 2024 (Amount in Lakhs)

PUNJAB				HARYANA			
Agency	No of SHG	Members	Savings in Amount	Agency	No of SHG	Members	Savings in Amount
Public Banks	49773	599029	11140.94	Public Banks	35120	412908	4473.84
Private Banks	12407	109006	4085.11	Private Banks	1988	17842	367.86
Regional Rural Banks	34102	356365	6975.38	Regional Rural Banks	24761	272371	2708.89
Co Operative Banks	7580	69499	1170.80	Co Operative Banks	12449	125776	1321.88

The Table Shows compares the performance of Self-Help Groups (SHGs) in Punjab and Haryana across different supporting agencies in terms of their numbers, membership, and total savings. In Punjab, public agencies dominate with 49,773 SHGs comprising 599,029 members and savings of ₹11,140.94 lakh. Private agencies, Regional Rural Banks (RRBs), and cooperatives also contribute significantly, with RRBs managing 34,102 SHGs and achieving savings of ₹6,975.38 lakh. In Haryana, public agencies again lead with 35,120 SHGs, 412,908 members, and ₹4,473.84 lakh in savings. However, RRBs follow closely, with 24,761 SHGs and ₹2,708.89 lakh in savings. While private agencies and cooperatives have smaller contributions in both states, Punjab consistently shows higher savings across all agencies compared to Haryana. This suggests a stronger SHG network and financial mobilization in Punjab relative to Haryana, highlighting the importance of agency-specific interventions to enhance savings and member participation.

Table 1.6 Loan disbursed SHGs with Banks-agency-wise position as on 31 March 2024 (Amount in Lakhs)

PUNJAB			HARYANA		
Agency	No of SHG	Loan disbursed in Amount	Agency	No of SHG	Loan disbursed in Amount
Public Banks	339	867.96	Public Banks	2883	4602.74
Private Banks	3708	12207.06	Private Banks	1048	2814.95
Regional Rural Banks	2977	14059.28	Regional Rural Banks	2266	3991.04
Co Operative Banks	281	309.88	Co Operative Banks	507	643.65

The data compares loan disbursement to Self-Help Groups (SHGs) in Punjab and Haryana across different agencies. In Punjab, Regional Rural Banks (RRBs) lead with 2,977 SHGs receiving ₹14,059.28 lakh in loans, followed by private agencies with 3,708 SHGs receiving ₹12,207.06 lakh. Public agencies and cooperatives play a smaller role, disbursing ₹867.96 lakh and ₹309.88 lakh, respectively. In Haryana, public agencies disbursed the highest loan amount of ₹4,602.74 lakh to 2,883 SHGs, while RRBs followed with ₹3,991.04 lakh to 2,266 SHGs. Private agencies supported 1,048 SHGs with ₹2,814.95 lakh, and cooperatives disbursed ₹643.65 lakh to 507 SHGs. Punjab demonstrates higher loan disbursement in private and RRB-supported SHGs compared to Haryana, indicating stronger financial linkages and credit flow through these agencies. In contrast, Haryana's public agencies show higher loan disbursement, suggesting a greater reliance on public initiatives to support SHGs. This highlights varying agency performances and financial mobilization dynamics between the two states, underscoring the need for targeted policy interventions to balance and enhance SHG credit access across both regions.

Table 1.7 Loan Outstanding SHGs with Banks-agency-wise position as on 31 March 2024

PUNJAB			HARYANA		
Agency	No of SHG	Loan outstanding in Amount in lakh	Agency	No of SHG	Loan outstanding in Amount in lakh
Public Banks	12395	17541.95	Public Banks	4543	6469.43
Private Banks	5580	11263.76	Private Banks	1286	2212.67
Regional Rural Banks	6530	12006.54	Regional Rural Banks	6001	4979.30
Co-operative Banks	1208	709.96	Co-operative Banks	1951	1019.03

The data examines the loan outstanding for Self-Help Groups (SHGs) in Punjab and Haryana across various supporting agencies. In Punjab, public agencies have the highest loan outstanding at ₹17,541.95 lakh across 12,395 SHGs, followed by Regional Rural Banks (RRBs) with ₹12,006.54 lakh for 6,530 SHGs. Private agencies also show significant involvement, with ₹11,263.76 lakh for 5,580 SHGs, while cooperatives have the lowest loan outstanding at ₹709.96 lakh for 1,208 SHGs. In Haryana, public agencies again have a substantial loan outstanding of ₹6,469.43 lakh for 4,543 SHGs, but RRBs are also prominent, with ₹4,979.30 lakh for 6,001 SHGs. Private agencies and cooperatives account for ₹2,212.67 lakh (1,286 SHGs) and ₹1,019.03 lakh (1,951 SHGs), respectively. Punjab demonstrates significantly higher loan outstanding amounts across all agency types compared to Haryana, indicating a stronger credit uptake and financial involvement of SHGs. Public agencies and RRBs are major contributors in both states, though Haryana's reliance on cooperatives and private agencies

is comparatively lower. The data reflects the need for enhanced credit facilitation in Haryana, especially through private agencies and cooperatives, to achieve parity with Punjab's more robust financial engagement with SHGs.

7. CONCLUSION

The Self-Help Group-Bank Linkage Programme (SHG-BLP) has shown its potential as a catalyst for financial inclusion and women's empowerment in Punjab and Haryana. However, regional disparities underscore the need for targeted interventions. Higher savings, effective credit utilization, and significant contributions to household incomes, primarily through agricultural investments, characterize Punjab's SHG performance. This triumph emphasizes the importance of robust financial linkages and infrastructure in the promotion of economic development. In contrast, Haryana, despite its advancements in livestock-based initiatives and small businesses, is confronted with obstacles such as restricted market access and elevated non-performing assets (NPAs), which impede the full potential of its SHGs.

The SHG-BLP has had a positive impact on rural livelihoods, as indicated by the comparative analysis. However, the disparate distribution of benefits is also revealed. State-specific strategies are necessary due to structural issues, such as differences in institutional support and economic focal areas. The objective of policy measures should be to overcome obstacles such as inadequate market linkages, restricted credit flow, and financial literacy disparities. These disparities can be bridged by leveraging NABARD's capacity-building initiatives, promoting diversified income-generating activities, and enhancing training programs. The efficacy of SHG-BLP in empowering rural women and promoting socio-economic upliftment has been demonstrated; however, its success is contingent upon localised, needs-driven approaches. In order to optimize the program's impact, guarantee sustainable growth, and achieve equitable development in Punjab and Haryana, it will be essential to fortify support systems and encourage collaboration among stakeholders.

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