

Performance of SHG-Bank Linkage Programme in Karnataka

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Abstract: Finance is the life blood of every commercial venture and availability of adequate fund at reasonable terms is a must to ensure speedy economic development of a village and empowerment of women. Institutions, the set of formal and informal rules that affect human behavior, play the most crucial role in the process of the empowerment of people and in the economic and social development of a country. When people are empowered, they can make use of their qualities to improve their economic and social conditions, thereby enhancing the level of economic and social development of the country.

In this context, various institutional agencies are engaged in financing women. National Bank for Agricultural and rural development's (NABARD) is one of the important financial institutions that support rural poor through SHG Bank Linkage programme. SHG bank linkage programme through SHG experiments is being viewed today as one of the powerful tools for alleviation of poverty and empowering the rural women in Karnataka. Karnataka occupies the third position in promoting SHGs among all the states in India. NABARD refinance is available to Commercial Banks, Regional Rural Banks, Co-Operative Banks and other financial institutions approved by RBI.

INTRODUCTION

In 20th century the term 'women empowerment', women welfare, Gender justice was in lime light in the social, economic, and political development of both developed and developing nations. India remains predominantly a rural economy, with 70% of its people living in rural areas. Higher incidence of poverty and unemployment are main problems in India and Karnataka. It is affecting the rural economy as well as the overall economy of the nation. Marginalized groups have virtually no access to credit. Hence SHG- Bank Linkage Programme plays a key role in poverty alleviation and financial support to the poor people. The micro finance initiatives of NABARD yielded remarkable success and the SHG-Bank Linkage programme has emerged as the largest micro finance programme in the world. The pilot project started in 1992 has turned into a national

movement, linking more than one million SHGs with bank credit and lending to the socio-economic empowerment of women.

The rural bankers, NGOs and some government functionaries have done splendid work in the development of SHGs in the state of Karnataka. The state of Karnataka has been a pioneer in the programme of SHG bank linkage and is indeed hailed as a laboratory for micro finance innovations. Commercial Banks, RRBs and Co-Operative Banks have promoted thousands of SHGs and have credit linked them a commendable service indeed.

The SBLP has come to be a part and parcel of business for all the Commercial Banks, RRBs, and Co-operative Banks are operating in Karnataka. In recent year the number of SHGs credit linked by CBs, RRBs, and Co-Operative banks has been on increased. Most of the Commercial Banks operating in the state registered an impressive growth in SHG Bank Linkage Programme during 2008-09. There has also been a perceptible improvement in disbursement of repeat loans to the existing SHGs.

RRBs are playing significant role in Karnataka. Regional Rural Banks are the most suitable agencies for extending micro-credit, organizationally and temperamentally. Their core competence in this area needs to be encouraged. NABARD may have to devise suitable means to enable the banks to play the pivotal role. Wherever necessary, they may be allowed to open special branches for promoting and assisting the SHGs in the state, where they operate.

Regional Rural Banks have also played a significant role in providing bank loans to SHGs and even Cooperative Banks also participated in promoting SHGs in Karnataka. Savings made by members are pooled and loaned to one another. SHG members determine the terms and conditions. Loans are provided for all purposes without making the traditional distinction between consumption and income generation. The SHG model provides its

members with the space and flexibility to make decisions that are appropriate to each situation. Only private moneylenders lend for such a verity of purposes with minimum fuss and paper work; all financial institutions and government schemes lend only for productive purposes. But it is the life events and emergencies that drive the poor to debt traps. It leads also to the diversion of loans taken from formal organizations/government into consumption loans.

SHG BANK LINKAGE PROGRAMME

SHG bank linkage programme through SHG experiments is being viewed today as one of the powerful tools for alleviation of poverty and empowering the rural women in Karnataka. Karnataka occupies the third position in promoting SHGs among all the states in India. Ten percent of the SHGs operating in India are in Karnataka. Commercial Banks, Regional Rural Banks, and Co-Operative Banks are playing an active role in promoting SHGs.

The state of Karnataka has been among the top three states in the country in terms of credit linkage and has initiated many innovations in furthering the growth of SHG movement in the country. The growth of SHG-Bank Linkage continued unabated during the year 2007-08 signifying the fact that the movement had taken firm roots in the state and reached the stage of consolidation. Dakshina Kannada District has the largest number of SHGs promoted and Credit-linked. Dakshina Kannada district with 14156 new SHGs credit linked topped list, followed by Uttar Kannada (12261) and Mysore (10156). In terms of number of existing SHGs having been given repeat loans also Dakshina Kannada topped the list with 9675 followed by Uttar Kannada (6460) and Udupi (5700). In 2010-11 Mysore district has a prominent place in SHG movement with 29560 SHGs promoted in this district.

The initiatives of the various stake holders (the Government, NGOs, and banks) increased SHG coverage in Karnataka significantly. At recent estimates, 40295 Anganawadi workers, of the Department of Women and Child Development, 561 NGOs 8 Regional Rural Banks, 20 district Central Co-operative Banks and 2 Commercial Banks are engaged in SHG promotion. Together they are estimated to have facilitated the relation of close to 1, 95,000 SHGs in Karnataka. In Karnataka, conveying

services to poor women through Self-Help Groups has emerged as the dominant strategy for combating female Poverty. The state has several programmes running SHGs and two of the most significant Schemes in terms of funding and outreach are Stree Shakti and Swashakti, both of which are implemented by the Department of Women and Child Development. (Karnataka Human Development Report (2005).

There are 27 public sector banks, over 16 private sector banks besides 6 Regional Rural Banks operating in the state. The rural bankers, NGOs and some Government functionaries have done splendid work in the development of Self- Help Groups in the state of Karnataka. The state of Karnataka has been a pioneer in the programme of SHG Bank Linkage and is indeed hailed as a laboratory for micro finance innovations. Under the "StreeShakthi" programme of Government of Karnataka, the Department of Women and Child welfare is actively involved in the promotion of SHGs. On the other hand, the Regional Rural Banks have themselves promoted thousands of SHGs and have credit linked them a commendable service indeed.

WOMEN EMPOWERMENT

The empowerment of women for equitable access to resources, power, and decision making is essential to gender equality. We recognize that such a process requires a realignment of power in decision making at the household, institutional and all levels of society. The ultimate goal, we believe, should be an equitable partnership between women and men built on the strengths of shared knowledge, energy, creativity and skills. Such a partnership is of intrinsic value. It can also bring positive benefits to society as a whole, and contribute to solving many of the world's most pressing problems.

Women are often considered as better in the management of capital than men. Women are more likely to reinvest profits back into human capital than are men. When women have economic power-defined as control of income and capital, they gain more equality and control over their own lives, while contributing directly to their children's development and there by indirectly to their nation's income growth. Several studies evidence women as the important engines of growth and development. Women have strong ability to earn, save, and invest

in rural economy. In rural areas their largely unrecorded role in agriculture sector explains the survival of traditional subsistence community. Yet in many phases, traditions, social stigma, and lack of voice or access to information make women the most marginal group. With the men seeking work elsewhere, women tend to work in the fields and look after the children, the elderly and the farm animals, fetch fuel wood and water, and prepare food for the family members. Some 80 percent of economically active women in Africa and Asia are in agricultural activities, largely subsistence farmers in female headed households or day laborers on larger

commercial farms. These economic realities are beginning to give women more influence.

The emerging changes in the values and attitudes of the members of the SHGs are a clear manifestation of socio-economic empowerment interventions yielding relatively quicker results. The socio-economic programmes reinforce each other and promote all-round development of the children, the women, the households and the communities. It is a process which ultimately leads to self-fulfillment of each member of the society. It is in this direction that SHGs are moving towards fulfilling their objectives with a meaningful strategic direction.

Table-1 Performance of SHG Bank Linkage in Karnataka

Year	No. of SHGs credit linked	Bank loan (Rs. Lakh)	Refinance (Rs. Lakh)
1992-1993	114	5.73	5.73
2005-2006	61730	44266.02	6695.43
2006-2007	92708	81638.87	15599.24
2007-2008	94280	100646.47	12699.52
2008-2009	60319	120702.37	19219.00
2009-2010	57975	123355.55	22463.30
2010-2011	49759	144702.80	16477.80
Total	579969	670454.48	118587.59

Sources: NABARD report (2006-2007) status of Micro finance in India, SHG Bank Linkage programme in Karnataka (2006-07), Micro finance in Karnataka (2010-11),

The above table clearly shows that the progress in physical and financial outreach of the SHG Bank Linkage Programme in Karnataka. The performance of SHG Bank Linkage in Karnataka from 1992- 93 and 2010-2011 in terms of number of SHGs Linked and Bank loan is shown in above table. During the year 1992-93, only 114 SHGs were credit linked with banks. Rs. 5.73 lakh bank loan was financed and

refinance of bank loan was Rs.5.73. During the year 2010-11, 49759 SHGs were credit linked with banks. Rs. 144702.80 lakh bank loan are financed and refinance of bank loan was Rs.16477.80. It shows that after 2005-2006 banking institutions in Karnataka as promoting agencies of SHGs lent micro credit for different activities.

Table-2 Savings of SHGs with Banks in Karnataka

Year	No. of SHGs (lakh)	Amount (crore)
2005-06	391665	35385.32
2006-07	425989	37428.43
2007-08	484376	38849.06
2008-09	457389	56686.54
2009-10	534588	62705.32
2010-2011	564545	96502.87
Total	2858552	327557.54

Sources: NABARD report (2005-2011) status of Micro finance in India and NABARD Document

Table shows Savings of SHGs with Bank during last six years. During 2005-06, Savings of SHG with banks is Rs. 35385.32 crore, but it has increased to Rs.96502.87 crore during the year 2010-11. This clearly indicates that, in recent year's government,

banks and NGOs are more encouraged to SHGs. They also give some training, awareness programmes and financial support to SHGs. So it leads to improve the savings and women empowerment.

Table-3 Savings of SHGs with banks-Agency wise position in Karnataka (SHGs in lakh) (Rsin crore)

Year	Commercial Banks		RRBs		Co-Operative Banks		Total	
	SHGs	Savings	SHGs	Savings	SHGs	Savings	SHGs	Savings
2006-07	186211	10604.74	115663	10848.53	124115	15975.16	425989	37428.43
2007-08	195345	10523.63	148137	12307.83	140894	16017.61	484376	38849.17
2008-09	159338	25375.60	161113	12614.70	136938	18696.24	457389	56686.54
2009-10	219056	21224.22	157359	14304.26	158173	27176.84	534588	62705.32
2010-2011	351110	67332.31	286170	37710.84	266140	32392.28	903420	137435.43

Sources: NABARD report (2006-2011) status of Micro finance in India and NABARD Document

Table-3 clearly shows the number of SHGs maintaining their savings with the banking sector. During 2006-07, 425989 lakh SHGs are savings with the banks, the amount of Rs.37428.43. The

corresponding figures in 2010-11 were 903420 lakhs and Rs.137435.43 crore. This shows increase the income level of the people who were clients of micro finance.

Table-4 Credit linkage by various Agencies (cumulative) in Karnataka

Year(as on 31 March)	Commercial banks		RRBs		Cooperative banks	
	No.of SHGs linked	Bank loan (Rs.lakh)	No.of SHGs linked	Bank loan (Rs.lakh)	No.of SHGs linked	Bank loan (Rs.lakh)
1995	316	42.85	340	46.10	NCL	NCL
2005	54814	20210.36	62732	21973.31	45652	12991.16
2006	78520	36420.85	83383	38413.39	63025	24600.61
2007	139341	85925.91	99931	55718.50	78364	39429.31
2008	198262	134572.32	117038	82387.80	96616	64560.04
2009	223853	201563.77	136690	113339.14	111692	87319.62
2010	256796	263095.00	149097	147144.00	124317	115512.00
2011	280236	329085.50	162624	184854.84	137109	156513.46

Source: Micro finance in Karnataka (2010-11), SHG Bank Linkage programme in Karnataka (2006-07)

Note: NCL represents not credit linkages.

Table -4 indicates that, Credit linkage by various Agencies (cumulative) in Karnataka. In 1995 only 316 SHGs are credit linked to Commercial Banks and Rs. 42.85 lakh bank loan are having. In RRBs also having only 340 SHGs are credit linked and 46.10 lakh bank loan are having. During 1995 Co-Operative Banks are not credit linkages to SHGs. During 2011, it is considerably increased.

CONCLUSION

This paper presents role of NABARD in women empowerment in Karnataka. The study also refers to SHG Bank Linkage programme in Karnataka and how women's are benefited in this programme. The state of Karnataka has been among the top three states in the country in terms of credit linkage and has initiated many innovations in furthering the growth of SHG movement in the country. Banking institutions in

Karnataka as promoting agencies of SHGs lent micro credit for different activities. The SBLP has come to be a part and parcel of business for all the Commercial Banks, RRBs, and Co-operative Banks are operating in Karnataka. In recent year the number of SHGs credit linked by CBs, RRBs, and Co-Operative banks has been on increased. Most of the Commercial Banks operating in the state registered an impressive growth in SHG Bank Linkage programme. All this is a clear indication that SHGs and micro finance has a lot to do with the poor in particular women in terms of their welfare and upliftment.

A few impact on SHG Bank Linkage Programme conducted by NABARD reported many positive results, in so far as transformation in the living standards of the SHG members and income levels are concerned the following matters like, ownership of assets, increase in savings and borrowings,

income-generating activities and creation of entrepreneurship, etc. Therefore, the impact and success of SBLP has to be seen from wider perspective of graduation of SHG members to micro enterprises with focused attention of this programme on the economic social and political empowerment of SHG members.

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