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Role of SHG–Bank Linkage Programme in Promoting Financial Inclusion and Empowering Women: A Study of Kurnool District

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Abstract:
The Self-Help Group–Bank Linkage Programme (SBLP) has emerged as an important mechanism for extending formal financial services and micro-credit to rural communities. By linking Self-Help Groups with formal banking institutions, the programme facilitates savings, access to credit and participation in financial activities, particularly among rural women. The present study examines the role of the SHG–Bank Linkage Programme in promoting financial inclusion and empowering women in Kurnool district of Andhra Pradesh. The study covers a period of ten years from 2006-07 to 2015-16 and analyses the growth of SHGs, micro-credit disbursement and the overdue position of SHGs across Adoni, Nandyal and Kurnool revenue divisions. The study is descriptive and analytical in nature and is based on secondary data collected from District Rural Development Agency reports and other published sources. The findings indicate that the SHG–Bank Linkage Programme has facilitated the expansion of SHGs and the flow of micro-credit in the district, although variations exist among the revenue divisions in terms of credit disbursement and overdues. The study highlights the role of SHG–bank linkages in strengthening access to institutional finance and creating opportunities for the economic empowerment of rural women.

Keywords: SHG–Bank Linkage Programme, Financial Inclusion, Women's Empowerment, Micro-credit, Self-Help Groups, Kurnool District

Introduction

The Self-Help Group–Bank Linkage Programme (SBLP) in India has been a flagship programme of the National Bank for Agriculture and Rural Development (NABARD) aimed at facilitating access to financial resources for economically weaker sections, particularly rural women. The programme has provided an important link between Self-Help Groups and formal banking institutions, enabling SHG members to mobilise savings and access institutional credit for various economic activities.

In Andhra Pradesh, the evolution of the self-help-group concept can be traced back to 1982-83 with the implementation of the Development of Women and Children in Rural Areas (DWCRA) programme as a sub-component of the Integrated Rural Development Programme (IRDP), launched by the Government of India with the support of the State Government and UNICEF. The DWCRA programme aimed to

empower rural women living below the poverty line by organising them into groups and promoting sustainable income-generating activities through self-employment.

The SHG–Bank Linkage Programme provides an institutional mechanism through which rural women can participate in savings and credit activities. SHGs make regular savings contributions to a common fund, which, together with bank credit, can be used to provide loans to members for production, consumption and investment purposes. Thus, the programme can contribute to financial inclusion by improving access to formal financial services and can create opportunities for the economic empowerment of women. Pasted text

The present study focuses on Kurnool district of Andhra Pradesh and examines the growth of SHGs, micro-credit disbursement and the overdue position of SHGs during the ten-year period from 2006-07 to 2015-16.

Objectives of the Study

The main objective of the present study is to examine the role of the SHG–Bank Linkage Programme in promoting financial inclusion and empowering women in Kurnool district of Andhra Pradesh.

The specific objectives are:

1. To examine the growth of SHGs in Kurnool district.
2. To analyse micro-credit disbursement and financial inclusion through SHGs.
3. To examine the overdue position and financial performance of SBLP.

Methodology

The present study on the role of the Self-Help Group–Bank Linkage Programme (SBLP) is confined to Kurnool District in Andhra Pradesh. The study is descriptive and analytical in nature. The period of study is ten years from 2006-07 to 2015-16. Kurnool district is broadly divided into three revenue divisions – Adoni, Kurnool and Nandyal. The present study, thus, covers these three revenue divisions.

Data Source and Collection

The study is based on secondary data. The secondary data was collected and compiled from the reports of District Rural Development Agency, internet and other published sources.

SHG–Bank Linkage Programme

The Self-Help Group–Bank Linkage Programme is structured to facilitate financial transactions between the formal banking system and informal Self-Help Groups. SHGs make regular savings contributions from the surplus earnings of their members to a common fund every fortnight or month. The accumulated savings together with external bank loans are used to advance loans to members at a market-driven rate of interest. These loans can be used for production, consumption or investment purposes.

The linkage between SHGs and banks therefore provides an avenue for rural households, particularly women, to access formal financial services and credit facilities.

Micro-credit Disbursement under SBLP in Kurnool District

The formation of SHGs under a democratic approach promotes self-governance and collective financial activities. SBLP has considerable potential because it combines social banking with access to credit. Data relating to the number of SHGs and micro-credit disbursement in Kurnool district are presented in Table 1 (Fig. 1 & 2).

Table 1: Division-wise Disbursement of Micro-credit to SHGs (₹ in crore)

Year	Adoni No.	Adoni Amount	Nandyal No.	Nandyal Amount	Kurnool No.	Kurnool Amount	Total No.	Total Amount
2006-07	4,120 (22.97)	18.42 (17.60)	5,438 (30.32)	33.89 (32.40)	8,379 (46.71)	52.30 (50.00)	17,937 (100.00)	104.61 (100.00)
2007-08	4,536 (30.64)	43.85 (27.60)	4,538 (30.65)	50.42 (31.73)	5,732 (38.71)	64.62 (40.67)	14,806 (100.00)	158.89 (100.00)
2008-09	4,507 (28.07)	53.84 (23.83)	5,135 (31.99)	79.90 (35.36)	6,412 (39.94)	92.21 (40.81)	16,054 (100.00)	225.95 (100.00)
2009-10	5,683 (29.50)	69.39 (26.89)	6,020 (31.25)	77.06 (29.88)	7,560 (39.25)	111.56 (43.23)	19,263 (100.00)	258.01 (100.00)
2010-11	4,810 (28.39)	67.48 (24.44)	5,447 (32.14)	92.10 (33.35)	6,688 (39.47)	116.56 (42.21)	16,945 (100.00)	276.14 (100.00)
2011-12	3,901 (26.90)	74.25 (24.04)	4,798 (33.10)	110.27 (35.70)	5,795 (40.00)	124.35 (40.26)	14,494 (100.00)	308.87 (100.00)
2012-13	3,975 (26.10)	83.01 (22.88)	4,588 (30.13)	114.19 (31.48)	6,665 (43.77)	165.56 (45.64)	15,228 (100.00)	362.76 (100.00)
2013-14	4,916 (27.25)	120.23 (25.89)	6,417 (35.57)	164.00 (35.32)	6,709 (37.18)	180.09 (38.79)	18,042 (100.00)	464.32 (100.00)
2014-15	3,784 (28.74)	93.12 (25.80)	3,537 (26.86)	94.25 (26.11)	5,847 (44.40)	173.57 (48.09)	13,168 (100.00)	360.94 (100.00)
2015-16	5,533 (27.20)	122.52 (22.32)	5,891 (28.96)	157.50 (28.69)	8,920 (43.84)	268.89 (48.99)	20,344 (100.00)	548.91 (100.00)
Mean	**4,577 (27.52)**	**74.61 (24.31)**	**5,181 (31.16)**	**97.36 (31.72)**	**6,871 (41.32)**	**134.97 (43.97)**	**16,627 (100.00)**	**306.94 (100.00)**

Source: Annual Reports, DRDA, Kurnool

Analysis of Table 1

Table 1 (Fig. 1 & 2) presents the number of SHGs and the amount of micro-credit disbursed in the Adoni, Nandyal and Kurnool revenue divisions. In 2006-07, the three divisions accounted for 4,120, 5,438 and 8,379 SHGs respectively, with corresponding credit disbursements of ₹18.42 crore, ₹33.89 crore and ₹52.30 crore.

In 2015-16, the number of SHGs increased to 5,533 in Adoni, 5,891 in Nandyal and 8,920 in Kurnool, while the corresponding credit disbursement increased to ₹122.52 crore, ₹157.50 crore and ₹268.89 crore respectively. The total credit disbursement increased from ₹104.61 crore in 2006-07 to ₹548.91 crore in 2015-16.

During the ten-year study period, the average number of SHGs was 4,577 in Adoni, 5,181 in Nandyal and 6,871 in Kurnool. The corresponding average credit disbursement was ₹74.61 crore, ₹97.36 crore and ₹134.97 crore respectively. These figures indicate the expanding role of SHGs in facilitating access to micro-credit and formal financial services in the district.

Overdue Position of SHGs

The overdue position of SHGs is an important indicator of the financial performance of the SHG–Bank Linkage Programme. Effective recovery of loans and timely repayment are important for maintaining the sustainability of the credit linkage between SHGs and banks.

The stability and strength of SHGs are associated with their ability to utilise credit effectively and repay loans. The division-wise overdue position of SHGs is presented in Table 2 (Fig. 3).

Table 2: Division-wise Overdues of SHGs (₹ in lakh)

Year	Kurnool	Nandyal	Adoni	Total
2006-07	74.46 (32.88)	69.67 (30.77)	82.32 (36.35)	226.45 (100.00)
2007-08	88.35 (35.10)	70.48 (28.00)	92.85 (36.90)	251.68 (100.00)
2008-09	91.70 (34.27)	78.55 (29.35)	97.34 (36.38)	267.59 (100.00)
2009-10	76.42 (26.74)	85.74 (30.00)	123.58 (43.26)	285.74 (100.00)
2010-11	117.63 (34.08)	105.80 (30.65)	121.75 (35.27)	345.18 (100.00)
2011-12	124.50 (32.96)	103.82 (27.49)	149.40 (39.55)	377.72 (100.00)
2012-13	138.26 (33.99)	140.66 (34.58)	127.89 (31.43)	406.81 (100.00)
2013-14	154.78 (32.70)	176.82 (37.35)	141.78 (29.95)	473.38 (100.00)
2014-15	205.07 (31.60)	236.67 (36.47)	207.25 (31.93)	648.99 (100.00)
2015-16	141.36 (29.68)	191.23 (40.14)	143.79 (30.18)	476.38 (100.00)
Average	**121.22**	**125.94**	**128.82**	**375.98**

Source: DRDA Annual Reports, Kurnool

Analysis of Table 2

Table 2 (Fig. 3) reveals the overdue position of SHGs in Kurnool district. In 2006-07, the shares of total overdues accounted for by Kurnool, Nandyal and Adoni revenue divisions were 32.88 per cent, 30.77 per cent and 36.35 per cent, respectively, out of total overdues of ₹226.45 lakh.

In 2015-16, the corresponding shares were 29.68 per cent, 40.14 per cent and 30.18 per cent, respectively, out of total overdues of ₹476.38 lakh. Thus, between 2006-07 and 2015-16, the share of overdues decreased by 3.20 percentage points in Kurnool and 6.17 percentage points in Adoni, while it increased by 9.37 percentage points in Nandyal.

Findings

1. Kurnool revenue division recorded the highest number of SHGs and micro-credit disbursement among the three revenue divisions during the study period.
2. Micro-credit disbursement increased substantially from ₹104.61 crore in 2006-07 to ₹548.91 crore in 2015-16, indicating an expansion in access to institutional credit through SHGs.
3. Kurnool recorded the highest average number of SHGs and credit disbursement, with 6,871 SHGs and ₹134.97 crore respectively during the study period.
4. The total overdue position increased from ₹226.45 lakh in 2006-07 to ₹476.38 lakh in 2015-16, although it declined from ₹648.99 lakh in 2014-15.
5. The SHG–Bank Linkage Programme provided an important channel for financial participation among rural women by facilitating savings and access to institutional micro-credit through SHGs.

Suggestions

1. A flexible and borrower-friendly micro-credit policy should be adopted to improve access to institutional credit for SHG members.
2. Regular monitoring and field visits should be undertaken to identify problems relating to credit utilisation, repayment and overdues.
3. Greater attention should be given to loan recovery, particularly in divisions with a relatively higher overdue position.
4. Banks and supporting agencies should strengthen coordination with SHGs to ensure timely credit disbursement and effective utilisation of loans.
5. SHGs should be supported in undertaking sustainable income-generating activities, thereby strengthening financial inclusion and creating opportunities for the economic empowerment of rural women.

Conclusion

The Self-Help Group–Bank Linkage Programme has played an important role in expanding access to institutional credit and financial services in Kurnool district during the study period. The growth in SHGs and the substantial increase in micro-credit disbursement indicate the expanding role of SHGs as a channel for financial inclusion. Kurnool revenue division recorded a relatively stronger performance in terms of the number of SHGs and credit disbursement, while the overdue position highlights the need for effective monitoring and loan recovery.

The SHG–bank linkage mechanism provides rural women with opportunities to participate in savings and credit activities and can contribute to their economic empowerment. However, sustained institutional support, timely credit, effective monitoring and improved repayment mechanisms are essential to strengthen the long-term effectiveness of the programme. Thus, the SHG–Bank Linkage

Programme has considerable potential to promote financial inclusion and create opportunities for the economic empowerment of women in rural areas.

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