Research artical Available online www.ijsrr.org ISSN: 2279–0543

International Journal of Scientific Research and Reviews

An Analysis of Performances of Indian Banks in Promoting Microfinance through SHG Bank Linkage Program

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ABSTRACT:

The paper examines performance of banking agencies in promoting SHG Bank Linkage Program in India and compares progress of the program in all six Indian regions. To assess the performance of banks in SHG Bank Linkage Program, four factors are taken into consideration namely – Self Help Group saving linkage, Self Help Group credit Linkage, Self Help Group outstanding loan amount and Non Performing Assets of Self Help Group loans. It is found that in India, performance of commercial bank is better in terms of saving mobilization and outstanding loan amount and in terms of credit disbursement and Non Performing Assets against SHG loan, the performance of Regional Rural Bank is better. SHG Bank Linkage Program has an encouraging growth in all six regions although the rates of growth vary from region to region. Southern Region has outperformed other regions in SHG Bank Linkage Program since its inception to till date. Poor performance in some regions has resulted in high Non Performing Assets rate against SHG loans, due to which long-term sustainability of this program is at risk. By narrowing down the gap between loan disbursement amount and outstanding loan amount, in turn, will help in regulating the NPA rate.

KEYWORDS: Self Help Group, Saving mobilization, Loan disbursed, outstanding loan amount, Non-Performing Assets.

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1. INTRODUCTION:

Self Help Group Bank Linkage Program (SBLP) came into existence in 1992 and within a short span of time, it has emerged as the largest microfinance program in the world as compared to the other approaches in vogue primarily due to its bearable interest rates and resilient repayment terms. Till 31st March 2017, SBLP has covered 10 crore families in India. This has been achieved through 85 lakh SHGs with savings deposits of rupees 16,114 crores and 48.4 lakh groups with the collateral-free loan, of which, 88% are exclusively women groups[1]. SBLP has resulted in a change in the bankers' point of view towards the credibility of the poor. It is pertinent to mention that poor women living in Indian villages now control financial business with turnover of more than Rs. 1 lakh crore inclusive of deposits and credits, which is much more than most Multi-National Corporations in India[2]. On the other hand, the number of Micro Finance Institutions (MFI) and the other models of microfinance have gone up from a few in numbers to several hundred with around 40 million clients benefitting from it as in March 2016[3]. Amongst SBLP and MFI, the former is the most cost-effective approach benefitting the poor. It is due to the fact that MFI's operating costs are high, as the workforce employed in the field is large in number. The operating cost eventually gets transferred to the end clients in form of high-interest rates, processing charges etc. As a result, the ultimate goal of poverty alleviation has been overlooked by most of the MFIs in the quest for expansion and profit maximization[4]. The shortcomings of MFI make SBLP a dominant microfinance paradigm in India[5]. Microfinance program in India is being implemented by Scheduled Banks namely Commercial Banks (CB), Regional Rural Banks (RRB) and Cooperative banks (COB) as well as other MFIs. Formal institutional agencies like Land Development Bank, Housing Finance Institutions, Urban Cooperative Banks (UCB), and Urban Credit Cooperative Societies (UCCS) have no significant role in promoting SBLP. The success rate of SBLP has not been uniform throughout the nation. In southern India, SBLP is seen as successful approach while in the northern region and northeastern region its performance is pitiable[6]. Availability of better infrastructural facilities is one of the reasons of the high success rate of SBLP is a southern region[7]. Saving mobilization, loan disbursement, outstanding loan amount and Non-Performing Assets (NPA) are the four factors that quantify the performance of the banking institutions in promoting SBLP. A higher number of SHG saving are linked to the banks every year, new and old SHG's facilitating with fresh and repeated loans, low outstanding loan rate with banks and low NPA against SHG loans indicates the formation of high-quality SHG which will be sustainable in the long run. These factors also indicate better performance of banks in promoting SBLP.

Microfinance has made tremendous progress in India over the years and has become a household name in view of the multi-pronged benefits from microfinance services to the poor in India [8]. SBLP, the holistic microfinance program of India has reached to the needy and poor Indians by the vast Indian banking network by liberalizing the norms of lending, so as to make them bankable [2]. But the crisis in Indian microfinance which started in South India at the beginning of this decade has done incalculable damage to the industry. However, it has sustained itself on the basis of its reputation and trust [9].

One of the drawbacks of SBLP movement is, it has not progressed at the same pace in all six regions of India and there is also variation in growth and coverage between different states of the same region[10]. The SBLP reach-out in the southern region is significantly higher while it is significantly low in the north-east region. Various reasons are associated with this low penetration of SBLP in the northeast region. However one of the prime reasons that can be cited is the inadequate bank network. Major portion of the growth in the banking network is shared by the southern region. On the other hand, the spread of SHGs in both north and the north-eastern region is poor [11]. Social backwardness and fewer NGO activities are also some of the reasons for low SBLP penetration besides bad banking network[8]. Lack of proper communication, financial literacy, and geographical positions as well as the efficiency of banking agencies are some other prime reasons for the region-wise disparity in terms of SBLP penetration [12].

As far as the agency-wise performance in promotion of SBLP in six regions of India is concerned, there is a disparity in the findings of different studies suggests. Considering public and private sector commercial banks, the cost of providing microfinance in a rural area is more for the private sector than public sector banks [13]. The commercial bank has been playing a vital role in providing credit facility to SHG members through SBLP in India [14]. Whereas some studies emphasized on the better performance of cooperative banks in terms of savings, loan disbursement and loan outstanding of women SHGs [15]. They further give emphasis to on better performance of RRB in terms of NPA. Contradictorily another study opine on poorer performance of RRB in promoting SBLP than Commercial Banks and Cooperative Banks [12]. On a similar note one more study mentioned about a downward trend of RRB in tapping SHG savings as well as in loan disbursements and has mentioned about the mutual benefit of bank and SHG as a primary requirement for successful implementation of SBLP[2].

Sustainability of SBLP is worrying due to the high rate of NPA against SHG loans. Of the gamut of reasons contributing to the high rate of NPA of SHG loans, one of the prime reasons is a high level of outstanding loan amount which leads to high NPA [16]. Increase in the outstanding loan amount each year over the previous year is a serious matter of concern [17]. Channelization of SHG loans for the productive purpose would help to increase the income of groups which in turn will improve their repayment capacity and will also be helpful in narrowing down the gap between outstanding loans and loan disbursed [15].

The ongoing discussion is indicative of the fact that SBLP is the key strategy adopted in India by NABARD to spread microfinance to rural areas through banking agencies. Notwithstanding the fact, that progress of SBLP in some regions is questionable due to the poor performance of banking agencies in promoting SBLP. However, none of the studies covered all banking institutions which deal with microfinance and all four parameters to measure the national as well as the regional progress of the program. The aforementioned studies give a partial picture of the progress of the SBLP and performance of banking agencies in India and its regions. The novelty of the present study is that it tries to assess the performance of all three banking agencies in promoting SBLP in India on the basis of all the four parameters. Further, the study tries to give a comparison of the rate of progress of SBLP in all the six regions of India with each other and also with the national average considering all the four parameters.

2. METHODOLOGY:

2.1 Conceptual frameworks:

According to World Bank, 2014 revised poverty calculation methodology, India with 17.5 % of total world’s population has 20.6% of world’s poorest in the year 2011. India is striving hard to tackle population growth and uneven distribution of wealth. The failure of banking institutions in delivering credit to the poor has resulted in the emergence of a new and innovative institutional structure in India nearly two and half decades back. This structure, commonly known as microfinance, is an endeavour to reach the poor and address their financial needs. Microfinance refers to the supply of microloans, savings, and other basic financial services like insurance to the poor without collateral requirements. The ideology of microfinance was to provide relief to poor borrowers from the exploitation of traditional moneylenders who charged huge interest rates against loans. The concept of microfinance originated about 38 years back and was propounded by a famous economist Prof. Mohammed Yunus. Later with his initiative, Gramin Bank started lending money to small groups of people with similar social and economic backgrounds where “standard collateral” was replaced by “social collateral’’. Individuals were solely responsible for repayment of the borrowed loan but under the supervision of the other group members who monitored the timely repayment of the loan by individuals in a responsible manner. The problem of free riding within the group is ruled out through bonds between the group members. Loan to the poor was restricted under icrofinance scheme as the poor have a tendency to free ride [9].

There are two main models of microfinance in India namely MFI and SHG bank linkage program that link the formal financial sector with low-income households. In India, the first Micro Finance Institution was established in the year 1974, as an Urban Cooperative bank in Ahmadabad at the initiative of a few poor women working in an unorganized sector who were members of a Self Employed Women Association (SEWA). SEWA was registered as a trade union in Gujarat with an objective to increase income, employment and an access to obtain social security. Structurally MFI's can be divided into following four types namely-

- NGO MFIs that are registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1880.
- Cooperative MFIs which are registered under the State Cooperative Societies Act or mutually aided Cooperative Societies Act or Multi-State Cooperative Societies Act.
- NBFC MFIs which are incorporated under Section 25 of Companies Act, 1956.
- NBFC MFIs that are incorporated under the Companies Act, 1956 and registered with RBI.

MFI's are very desperate in reaching out to the poor with well-structured distribution channels as compared to formal banking systems. But various anomalies were observed in 2009-10 in MFIs operating in southern India particularly in Andhra Pradesh (AP) where it was very prominent. The high rate of interest coupled with the increased availability of credit from a large number of MFI's has resulted in overlapping of loans. Borrowers took loans from one MFI to pay back another MFI which resulted in a debt-trap for the poor borrowers. The high rate of interest and coercive means of recovery lead to some cases of suicide in southern India.

SBLP was started by NABARD in India in the year 1992 with the objective of enabling the poorest of the poor to have access to financial resources and thereby increase their household income and achieve sustained livelihood[10]. At present SBLP is the world's largest microfinance program. SHG's are formed and linked to formal financial agencies in three different ways under SBLP which are namely-

Model – 1: In this model, the bank itself acts as a Self Help Group Promoting Institution (SHPI).

Model – 2: In this model, groups are formed by NGOs (in most of the cases) or by government agencies. The groups are nurtured and trained by these agencies.

Model – 3: Banks act as funding agencies only and others agencies like NGO and volunteers act as the mentoring and monitoring agencies.

Self Help Group (SHG) is formed by 10 to 20 people with the objective to generate a common fund wherein each member contributes an equal amount of savings on a regular basis. All money related decisions and transactions carried out during the group meetings. Later a savings account is opened with the bank in the name of the SHG which jointly operated by two or three nominated leaders of the SHG. Newly-formed SHGs are usually in the queue to receive their first loan. After receiving the loan the group members can recycle the loan amount within the group in a pre-decided interest rate as the bank loans are often taken for a longer duration. The credit taken from banks often rotates within or outside the group about 1.5-2 times before it is fully repaid to the bank, that too before the due dates. Thus, the credit issued by the banks to SHGs serves as a multiplier to grow its corpus. Members of the group take credit both for consumption purpose as well as for investing in the new or existing business. Many SHGs do not approach banks for a loan as some have adequate savings and grants provided by NGOs or alternatively, in some highly deprived areas, SHG members do not have opportunities for investment in viable economic activities. SBLP progressed in India at a tremendous pace due to the massive network of institutions including the CB, RRBs, COB and NGOs.

The whole process of lending and borrowing by SHG from formal financial institutions can be divided into four parts. First, SHG’s saving mobilization by creating a saving account in the bank; second, loan disbursed to the SHG by the bank; third, SHG loan outstanding with the bank; and finally non-performing assets of SHG loans. These four parameters give an idea of how banks are performing in making SBLP successful and how the regions are progressing in connecting rural masses to the formal banking sector as well as helping the individuals in making economically self-sufficient.

2.2 Study area:

The proposed study covers India and its six regions. The six regions are namely Eastern Region (ER), Western Region (WR), Northern Region (NR), Southern Region (SR), North Eastern Region (NER) and Central region (CR). The regions are categorized according to Zonal Councils of India. These Zonal Councils were set up vide Part-III of the States Reorganization Act, 1956.

2.3 Data source and Time Frame:

Secondary data has been used in for the present study. The data has been collected from various issues of ‘Status of Microfinance in India’ report prepared by ‘Micro Credit Innovations Department’ of NABARD. Based on the availability of data, the national level information has been collected from 2008-09 to 2016-17 while regional level data have been collected from 2009-10 to 2016-17.

2.4 Methods:

The present study is descriptive in nature. As such descriptive statistics are used for presenting the data particularly through graphs and tables. Basic statistical tools such as ratio, percentage and compound annual growth rate (CAGR) have been used. The study analyses the performance of SBLP in India and its six regions based on four parameters namely savings of SHG with banks, loan disbursed by banks to SHGs, SHG loan outstanding with banks and NPA of SHG loans. The study also analyzes CB, RRB and COB's performance in promoting SBLP.

3. RESULTS AND DISCUSSIONS:

The results and discussions has been divided into four sub-sections namely saving mobilization, loan disbursement, loan outstanding and NPA in order to present the explanation more meaningful and systematic way.

3.1 Saving mobilization:

Table 1 and figure 1 represents per SHG Saving as on March 31st, 2017.

Table 1: "Per SHG Saving as on March 31st, 2017"

S. No	Year/ Bank	CB	RRB	COB
1	2009	7813	12222	8302
2	2010	9067	7139	11357
3	2011	9785	7238	11696
4	2012	8993	6113	9047
5	2013	13574	7493	9630
6	2014	16488	9284	1009
7	2015	16035	10859	14876
8	2016	21821	11012	14430
9	2017	22883	14042	14956
10	CAGR	12.27%	8.82%	3.50%

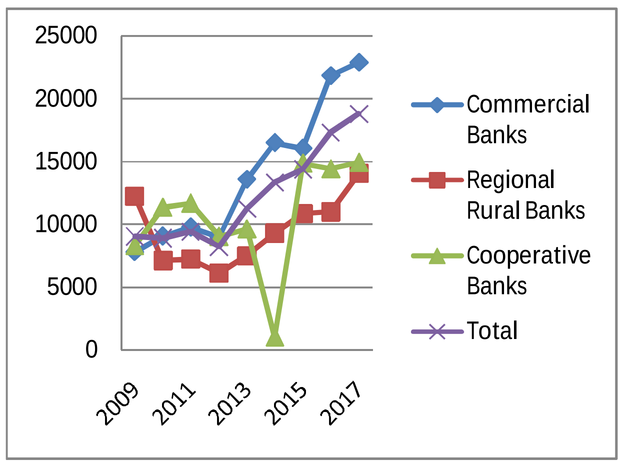

Figure 1:"Per SHG Saving as on March31st, 2017"

Source: Compiled from the various Annual Report on Status of Microfinance in India, NABARD [18]

From table 1 and figure 1 it is evident that among all banks, CB has the highest CAGR in terms of per SHG savings. More than half of the SHG account and saving balances are with CB. It is due to CB's monopoly in promoting SBLP in early stage and its vast branch network in India as is evident from Table 1. In the year 2012 per SHG savings of all the three banking agencies decreased but regained gradually in the later years as is evident in Figure 1. Of the various factors, the prime factor responsible for the decrease is "Data Cleansing" by banks to maintain accuracy in SHG accounts. Another factor responsible for the decrease in per SHG savings is the introduction of

National Rural Livelihood Mission (NRLM) by central Government in 2011 which lead to the gradual decline of Sampurna Gramin Swarojgar Yojana (SGSY) SHG accounts.

Table 2 represents the region-wise per SHG average savings with Bank as on 31st March 2017.

Table 2 : "Region-wise Per SHG average savings with Bank as on 31st March 2017"

S. No	Region/ Year	2010	2011	2012	2013	2014	2015	2016	2017	CAGR
1	NR	9723	8814	6175	7810	7748	6649	11440	10865	1.60%
2	NER	4164	4035	4159	4017	4073	3899	4427	5069	2.85%
3	ER	8151	9219	5827	9471	10393	14124	14608	17231	11.29%
4	CR	6706	7672	7549	8889	11525	10079	10312	9888	5.70%
5	WR	9800	8627	8210	7680	10367	11595	10383	12160	3.13%
6	SR	9848	10649	10080	14352	16878	17801	24449	26302	15.07%
7	All India	8915	9403	8230	11230	13322	14368	17324	18788	11.24%

Source: Compiled from the various Annual Report on Status of Microfinance in India, NABARD [18]

As seen in Table 2 the CAGR of per SHG average savings is highest in SR and lowest in NR followed by NER. The early start of SBLP and high banking network in SR and low network and late start in NR and NER are some of the reasons that can be cited for the observed trend. Moreover, NER has lowest per SHG average savings over the years due to less number of high-grade old SHG with high saving balance. In 2012 per SHG average savings in all regions except for NER has decreased. This downward swing is the outcome of "data cleansing" by banks and "Indian microfinance crisis" which though started in MFI model of SR but later affected SBLP model too and spread to other regions. But NER has not been affected due to the low expansion of MFI model in this region.

3.2 *Loan disbursement*:

Table 3 and Figure 2 represent the Per SHG Loan Disbursed. As seen in table 2, CAGR of per SHG loan disbursed by RRB is highest and lowest by CB with a small margin in among all the three banking agencies.

Table 3: "Per SHG Loan Disbursed"

S. No	Year / Bank	CB	RRB	COB
1	2008-09	80284	78851	50225
2	2009-10	100104	88648	57755
3	2010-11	145360	108028	70985
4	2011-12	165701	165331	64738
5	2012-13	182109	180337	91502
6	2013-14	209094	188833	63838
7	2014-15	202738	147993	101732
8	2015-16	222482	194999	128253
9	2016-17	217629	208290	128097
10	CAGR	10.19%	11.27%	10.47%

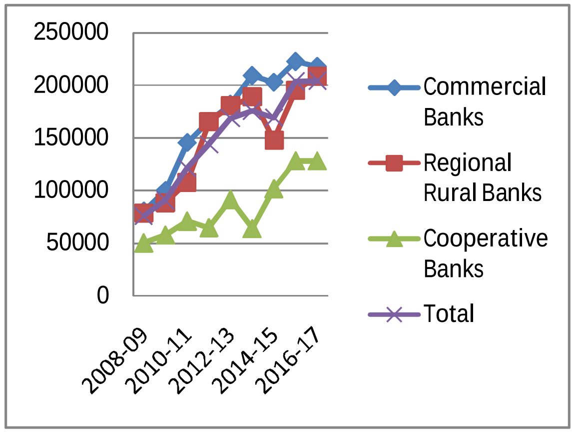

Figure 2: Per SHG Loan Disbursed

Source: Compiled from the various Annual Report on Status of Microfinance in India, NABARD [18]

In 2014-15 per SHG loan disbursement of CB and RRB has reduced and the same pattern was observed for COB in the preceding year. This can be accredited to the high growth rate in the number of SHG credit link than the growth of share in credit disbursement.

Table 4 Represents Per SHG Average Bank loan amount region-wise. It is seen from table 4 that CR has lowest CAGR whereas WR has highest in terms of average per SHG loan disbursement.

Table 4: "Per SHG Average Bank Loan Amount Region-wise"

S No	Region / Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	CAGR
1	NR	81962	88843	109080	109412	117269	97777	126746	123293	6.01%
2	NER	58241	81654	88483	71606	79125	84056	84375	98134	7.74%
3	ER	55513	65402	80718	70570	50783	93690	84709	95193	8.01%
4	CR	81199	124667	121343	108895	93092	101536	141272	82864	0.29%
5	WR	43383	68068	74508	100803	98404	120279	167636	139310	18.14%
6	SR	110880	151459	179493	205262	235718	213083	258996	272926	13.73%
7	All India	91083	121623	144046	168757	175768	169608	203495	204313	12.23%

Source: Compiled from the various Annual Report on Status of Microfinance in India, NABARD [18]

Further table 4 reveals that though Per SHG Average Bank Loan Amount of SR is highest during the study period, but in 2014-15 it had a downward swing which was offset in the 2015-16. It was due to the decline in the share of the number of SHGs which has reduced from almost half (49.8%) in 2013-14 to 44.9% in 2015-16. Rationalization of data by banks, especially in Kerala, Tamil Nadu and Pondicherry, has resulted in decline number of SHG (Status of Microfinance in

India, 2015-16). Reduction in the share of the number of SHG with the bank has resulted in a reduction of a number of SHG credit linked so has the credit amount. NR, NER, ER and CR has low CAGR of per SHG average loan disbursement below the national average. Bank provides a small loan at the time of first credit linkage which drags down the average credit per group in those states where SBLP had a started late [19]. On the other hand, SR has a larger number of matured SHG with a good track record of on-time loan repayment. Such SHG's are eligible for a higher amount of repeated loan facilities.

3.3 Loan outstanding:

Table 5 and Figure 3 represent the Per SHG Outstanding Loan Amount. Figure 3 Per SHG loan outstanding under all three agencies is increasing over the year.

Table 5: "Per SHG Outstanding Loan Amount"

S No	Year/ Bank	CB	RRB	COB
1	2008-09	57045	53474	31470
2	2009-10	62294	55707	33901
3	2010-11	71678	58002	42303
4	2011-12	98625	66617	43254
5	2012-13	100792	79286	46138
6	2013-14	117507	90048	53209
7	2014-15	132233	108683	55884
8	2015-16	141453	111483	64404
9	2016-17	144809	118622	66996
10	CAGR	11.12%	9.91%	8.89%

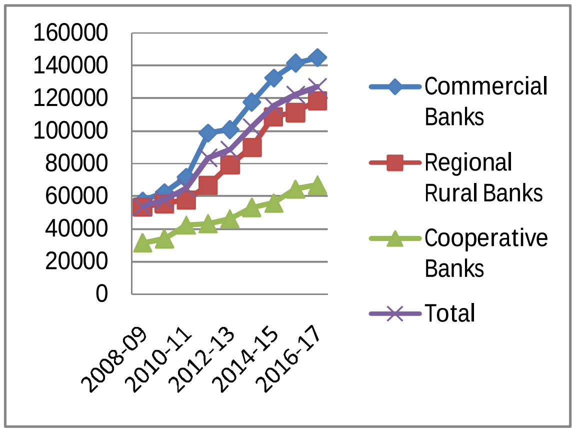

Fig 3: Per SHG outstanding Loan Amount

Source: Compiled from the various Annual Report on Status of Microfinance in India, NABARD [18]

As seen from Table 5 CAGR of per SHG outstanding loan amount of CB is highest and lowest in COB.

Table 6 represents Per SHG Average Bank Loan outstanding Region-wise. The average per SHG loan outstanding was highest in SR over the years.

Table 6: "Per SHG Average Bank Loan O/S Region-wise"

S No	Region/ Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	CAGR
1	NR	53455	60570	55568	54249	59840	87036	74912	63352	2.46%
2	NER	50340	46344	62307	55461	60513	58687	58646	58063	2.06%
3	ER	35958	38014	46987	54261	50509	57704	62231	66147	9.10%
4	CR	49453	65912	78884	76598	64232	56733	66604	55562	1.68%
5	WR	29936	39335	47113	49670	60982	73412	78825	75120	14.05%
6	SR	73672	80581	107799	114423	143137	161674	169499	183562	13.93%
7	All India	57795	65224	83455	88455	102273	115361	122242	127016	11.91%

Source: Compiled from the various Annual Report on Status of Microfinance in India, NABARD [18]

WR illustrates the highest CAGR in average per SHG loan outstanding and is lowest in CR which is closely followed by NER. According to Status of Microfinance in India report 2016-17, the ratio of the loan outstanding to loan disbursement in India as a whole has marginally increased to 1.6 from 1.5 in 2015-16. High loan outstanding to low loan disbursement implies a situation where the repayment rate is low and many of the SHGs are not eligible for subsequent loans because of previous outstanding loans. The ratio was found to be high at 3.3 for CR, followed by NER at 2.9 and lowest in SR. That is indicative of the fact that though average SHG loan outstanding rate is low in CR and NER, the loan disbursement rate is even much lower than outstanding rate and this has resulted in a speedy growth of NPA of SHG loans in CR and NER.

3.4 NPA against SHG Loan:

Table 7 and Figure 4 CB have the highest CAGR of NPA against SHG loan amount.

Table 7: "NPA % of SHG Loan"

S No	Year/ Bank	CB	RRB	COP
1	2009-10	2.66	3.56	3.88
2	2010-11	4.88	3.67	7.04
3	2011-12	6.41	4.95	6.84
4	2012-13	8.17	4.1	8.13
5	2013-14	6.89	6.26	8.67
6	2014-15	7.17	7.71	8.52
7	2015-16	6.25	6.61	7.78
8	2016-17	6.83	5.47	8.33
9	CAGR	14.42%	6.33%	11.53%

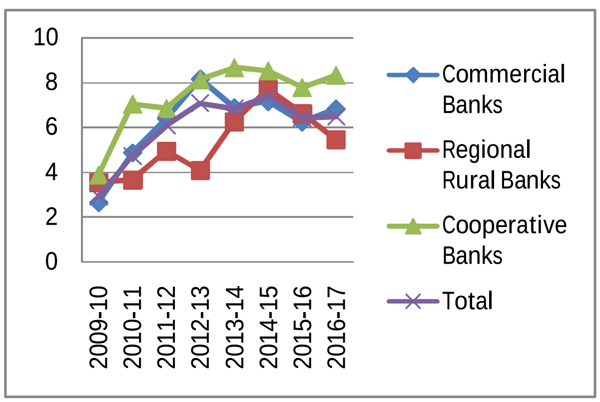

Figure 4: NPA% of SHG Loan

Source: Compiled from the various Annual Report on Status of Microfinance in India, NABARD [18]

Mounting outstanding loan amount with low credit disbursement rate has resulted in rapid increase in NPA of SHG loans in CB and COP. The rate of NPA under RRB has always been regulated except for the financial year 2013-14 and 2014-15. As revealed in figure 4 RRB has become successful in lowering down the NPA rate again in the last two financial years. This is indicative of the fact that though the pace of microfinance coverage of RRB is very slow, SHG formed under RRB will be sustainable in long run.

Table 8 represents the Lowest CAGR of NPA percentage against SHG loans in SB. This is suggestive of the best quality SHG formation in the SB region which will be highly sustainable in long run. High CAGR of NPA percentage of NER indicates low bank network in this region. This stands as an obstacle in attracting individual attention and proper nurturing of SHG, which is because of less number of a branch against population size and even lesser bank officials against the number of SHGs.

Table 8: "NPA percentage against bank loans region-wise position"

S No	Region/ Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	CAGR
1	NR	6.61	7.05	6.92	11.19	13.67	10.62	19.14	20.69	17.70%
2	NER	5.51	8.42	5.17	8.56	8.88	11.75	16.49	20.64	20.76%
3	ER	3.21	4.31	7.28	10.3	11.07	11.1	12.65	8.95	15.78%
4	CR	8.07	10.74	13.2	17.28	18.87	16.87	15.72	23.14	16.24%
5	WR	4.46	7.26	8.22	8.63	11.11	8.64	9.2	11.98	15.16%
6	SR	1.87	3.79	4.98	5.11	4.64	5.93	4.14	4.45	13.18%
7	All India	2.94	4.72	6.09	7.08	6.83	7.04	6.45	6.5	12.00%

Source: Compiled from the various Annual Report on Status of Microfinance in India, NABARD [18]

Another reason for high rate of NPA is because of not abiding by the procedures laid down by NABARD in the formation of SHG under Government sponsored schemes. Extending credit to such SHGs results in high NPA rate as the quality of those SHG's is always compromised. These SHGs has a tendency of not repaying the loan. Further the members of the SHG's spend the loan amount mostly for consumption purposes and later those SHG become defunct [20].

5. CONCLUSION AND RECOMMENDATIONS:

SBLP has a positive growth in all six regions although the rates of growth vary from region to region. SR is single-handedly taking SBLP movement forward over the years with the high rate of SHG's saving deposit, credit disbursement and loan outstanding and low NPA and also has a CAGR higher than national average under all four indicators. NER has a low rate of per SHG outstanding loan amount with a high rate of NPA against SHG loans. These findings contradict with the findings which argue that high growth in the loan outstanding of SHG leads to an increase in NPA[17]. The poorest performer in SBLP is NER with low CAGR of SHG's credit disbursement, deposit mobilization, outstanding loan amount and high NPA rate over the study period.

Among all the three banking agencies, CB performance is better in terms of saving mobilization and outstanding loan amount. However, n terms of credit disbursement and NPA against SHG loan, RRB's performance is better. This contradicts the findings which assert a downward swing in the performance of RRB in SBLP promotion[12]. The current study also reveals the poor performance of COB in promoting SBLP despite having a strong base in the rural sector. This contradicts the study which confirms COB's better performance in promoting SBLP than RRB[15].

SBLP movement has not become successful in NER and other priority states like in Southern India primarily due to poor infrastructure. For this program to be successful in all the regions alike, NABARD will have to design the program differently so as to cater the diversified needs of people living in different geographical areas of the country. Further, the gap between loan disbursement and loan outstanding needs to be narrowed down which in turn will help in regulating the NPA rate. This can be achieved by proper training and nurturing of all SHG formed under SBLP by the banks. If the banks act dedicatedly as Self Help Promoting Institution, it will facilitate the socio-economic growth through SBLP in India.

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