

GOVERNMENT OF INDIA
MINISTRY OF RURAL DEVELOPMENT
DEPARTMENT OF RURAL DEVELOPMENT

RAJYA SABHA
UNSTARRED QUESTION NO. 1219
TO BE ANSWERED ON 13/12/2023

OUTCOME OF SHG BANK LINKAGE PROJECT

1219 DR. SUMER SINGH SOLANKI:
DR. SIKANDER KUMAR:
SHRI IRANNA KADADI:

Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) the primary components and outcomes of the SHG Bank Linkage Project (SHG-BLP), which has grown to become the world's largest microfinance initiative;
- (b) the key factors that have played a role in its success and its impact on rural development; and
- (c) the manner in which the program's implementation empowered women in rural communities, both economically and socially?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF RURAL DEVELOPMENT
(SADHVI NIRANJAN JYOTI)

a. The components of Self Help Group (SHG) Bank linkage (BL) are as follows:

- (i) Training and sensitization of Bank Branch Managers
- (ii) Training and positioning of Bank Sakhis at Rural Bank Branches
- (iii) Initiate Community Based Repayment Mechanism (CBRM) at Rural Bank Branches
- (iv) Credit Linkage of SHGs

The Bank loans to the tune of Rs. 7.68 lakh Crore have been accessed by SHGs as of November 2023 since FY 2013-14.

b. Key factors that have played a role in success of the SHG-BL are as under:

- i. Annual issuance of a Master Circular by RBI and NABARD. This circular outlines implementation guidelines, including the specification of minimum loan amounts for each Self-Help Group (SHG), with provisions being modified as needed to meet the scheme's requirements.
- ii. Regular training of staff and community cadres under State Rural Livelihoods Missions (SRLMs) to enhance their capacity.
- iii. Financial education for Self Help Group (SHG) members through trained Financial Literacy Community Resource Persons (FLCRPs) at the village level.

- iv. Bank Sakhis, trained members from SHGs who act as intermediaries, aiding SHG members in transactions and application processes. Currently, 45,746 Bank Sakhis are positioned in rural Bank branches, facilitating smoother interactions between the Banks and SHGs.
- v. A web portal was created to overcome information asymmetry in SHG-Bank Linkage, incorporating data directly from Banks' Core Banking Solution (CBS) database. All types of Banks involved in SHG lending share monthly data on disbursements, outstanding loans, NPAs, etc., enabling comprehensive and effective program monitoring at all levels.

An impact evaluation study of DAY-NRLM was conducted in 2019 by the International Initiative for Impact Evaluation (3ie). The study sampled 27,000 households across 9 States (Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Uttar Pradesh and West Bengal). The findings of the study on effective loan utilisation pattern of women SHGs are as under-

SL No.	Activities	Loan Utilization
1	Agricultural Activities	43.9%
2	Purchase of cow/ buffalo	7.7%
3	Other livestock activities	6.7%
4	Purchase of goat/sheep	6.3%
5	Purchase of pigs	3.5%
6	Other (including consumption, health, housing etc.)	31.9%

The other findings of the study regarding the impacted households are as under-

- Increase in income by 19% over the base amount.
- Decline in share of informal loans by 20%
- Increase in savings by 28%
- Improved labour force participation of female's secondary occupation.

c. Under DAY-NRLM, SHGs and their federations are empowered economically by providing them funding support in the the form of Revolving Fund and Community Investment Fund. This helps them in creating a corpus, from which the SHG members can avail loans for various purposes including for promotion of livelihoods. In addition, the SHGs are also being facilitated for Bank linkage for accessing credit at subsidized rates of interest. This Ministry is also implementing Start-up Village Entrepreneurship Programme (SVEP), a sub-scheme under the DAY-NRLM with the objective to help the SHG households to set-up enterprises at the village level in non-agricultural sectors. The Mahila Kisans are also being supported for promotion of Agro Ecological Practices (AEP) under the Mission. Further, the SHGs/SHG members are also being supported through value chain interventions for better return on SHG produce.

DAY-NRLM aims to organize rural poor women into self-help groups (SHGs) and build their capacities to take charge of their own development and to empower rural communities through following activities -

- i. Awareness among SHG members on various development aspects viz., health, nutrition, sanitation, existing government schemes, gender issues, citizen rights and entitlements and building the women's capacities in planning, decision making, problem solving and conflict resolution skills.
- ii. The mission has also developed various institutional mechanisms for echoing women's opinions, viz., Village organisations, Gender forums, Village coordination committees, etc. and providing hand-holding and nurturing support to SHG federations in developing convergence with various line departments and agencies.
