

Self -Help Groups and Financial Inclusion: An Inter- State Indian Experience

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Abstract:

There is no confusion about the fact that financial inclusion serves a significant role in improving the financial wellbeing of the people of both developed and emerging nations. It helps the individual favourably by offering formal financial products and services. It significantly affects the standard of living of the individual by securing their financial dimension, reducing poverty and inequality, mobilising saving habits, etc. One of the most effective strategies to encourage and expand financial inclusion in every disadvantaged group of women is through microfinance by way of self-help groups (SHGs). In this backdrop, the present paper aims to determine the extent of financial inclusion, SHG member participation penetration, and the bank-wise position of financial assistance to SHGs under the bank linkage programme among different Indian states. With regard, we have seen in our study that, among Indian states, Chandigarh is the most financially inclusive, while Nagaland is the least. SHG participation penetration: Andhra Pradesh showed the highest penetration. Commercial banks had better operation in terms of financial assistance to SHGs under the bank linkage programme in comparison with regional rural banks (RRBs) and cooperative banks (COBs).

Keywords: Financial inclusion, FII, Microfinance, SHGs, SHG-BLP

Introduction

Financial inclusion is defined as the practice of providing vulnerable groups (low-income and weaker portions of society) affordable access to financial services and sufficient credit delivery when needed. (Rangarajan, 2008). Therefore, it contains its objective as to offer the unbanked people a comprehensive set of financial services delivered through multiple channels to improve their quality of life. But in countries like ours, one of the main reasons for the majority of people not participating in inclusive economic growth would be lack of access to financial services. This prompted microfinance, a specialized branch of financial services, to look for sustainable ways to provide financial services to the unbanked poor. Microfinance hence led to distinct approaches to link the poor unbanked people clubbed in SHGs with banks by introducing different models- Microfinance Institution-Bank Linkage Program (MFI-BLP) and Self-Help Group-Bank Linkage Program (SHG-BLP). (Nagayya and Rao,2016). That was a novel strategy for financial inclusion for the underprivileged, for which the Reserve Bank of India and the Indian government made significant efforts. Therefore, that has to be done with providing poor people with a wide range of financial services as well as products so that they could raise their financial status and enhance their standard of living. Though financial promotion and support would have to be extended and accepted by poor all over the country at equal pace; the bank-linkage with SHGs in respect of savings, credit etc. are widely dispersed among different states and regions. Moreover, the participation of SHGs in India was found to hold disparity amongst different states and even different socio-demographic categories of individuals which further would make disproportional approach to financial inclusion of poor people attached with SHGs in India (Deshani and Mohammad, 2018).

Literature review:

The practice of providing disadvantaged people timely and sufficient accessibility to credit and financial services at a reasonable cost has been referred to as financial inclusion. (Kamath,2007). It's essential for providing a sturdy foundation for a nation's financial infrastructure, which promotes increased economic development and growth. (Sharma, 2016). This enables to reduce the gap between privileged and underprivileged sections of society and also channelizes money to the economy (Damodaram, 2015). By increasing access to financial services like credit, savings, insurance, and monetary transfer, financial inclusion takes numerous forms and helps low-income and deprived families in countries with low or middle incomes improve their welfare, get economic opportunities, and eventually escape poverty. (Duvendack and Mader,2019). In general, it refers to providing a large proportion of underprivileged and low-income people with financial services, such as banking and financing, at an affordable cost. (Kelkar, 2010; Ozili, 2018). Microfinance through SHGs is one of the most essential instruments for promoting financial inclusion among the vulnerable population (Mukhopadhyay and Rath,

2011) where the groups are rapidly being acknowledged as a strategy for poverty reduction and economic development (Vasanth et al., 2013).

SHGs can be the realistic solution for achieving rural development goals and ensuring community participation in all rural development programs (Bora,2017). It is also a viable organization for disbursing microcredit to rural people to help them become entrepreneurs and encourage them to engage in entrepreneurial activity (Kalka,2019). The main strategies to implement the SHGs are to mobilize and manage savings, assess credit needs, maintain bank relationships, and impose financial self-control (Gurumoorthy, 2000). Participation in SHGs, therefore, expedites financial inclusion by improving formal credit availability and reducing the incidence of financial exclusion, as measured by the extent of informal borrowing that occurs in rural communities. (Adhikary et al. 2010, 2012). SHGs can have positive impacts on financial inclusion by influencing factors like the rise in bank account ownership, the amplification of credit use, and the payback percentage. (Maheshwari and Goyal, 2014; Uma and Rupa, 2013; Sangwan, 2008)

To enhance financial inclusion, NABARD advocated the self-help group (SHG)-bank linkage concept, which is an inventive strategy that facilitates direct lending from banks to SHGs. (Ahmad and Ansari, 2013). The primary benefit of SHG-BLP is that it increases the economic stability of SHG members by enabling them to get financial services without the need for collateral security. (Manohar, 2013). Rangappa, et al. (2009) investigated how SHG-BLP may improve financial inclusion for small and medium-sized farmers, marginal farmers, and landless workers. Their study showed that while SHGs discouraged informal borrowing by encouraging savings, they increased landless and marginal agricultural people's access to formal institutional credit. SHG members now have better access to various kinds of financial services with the help of SHG-BLP. (Sarania and Maity, 2014). This is a clear indicator of how being a member of SHGs boosts financial inclusion levels over not being a member (Hundekar, 2019). SHG-BLP, therefore, appears to have a variety of positive effects on the lives of rural people and community through increase in savings and improve in living standard (Bammi, 2014). Earlier studies evaluating the effects of SHG-BLP highlight the role that the SHG model plays in accomplishing financial inclusion and promoting equitable growth in India (Sharma, 2008). SHG-centered programmes have a long-lasting and beneficial effect on the level of financial inclusion, even though they work gradually., it would be revealed that most of the poorest in the villages under study were excluded from SHG program and even they were not aware of the program operating in their villages, thereby, SHG program has failed to implement financial inclusion to the fullest extent (Satish, 2001).

Objectives of the study:

(i) To examine the inter-state variations pertaining to the aspect of financial inclusion through participation in SHGs. (ii) to ascertain the differences among states in the extent of financial

inclusion concerning the availability of banking services, the penetration of credit, and the penetration of deposits. iii) to analyse year-wise, region-wise assistance of CBs, RRBs, CoBs under SHG-BLP to SHGs through savings and loan disbursement. iv) Detecting the year-wise and region-wise challenges faced by the CBs, RRBs, CoBs under SHG BLP for loan outstanding and non-performing assets for SHGs. v) Comparing bank-wise position of the financial assistance to SHGs and respective challenges faced by them for loan outstanding and NPA in different regions throughout the decade (2010-11 to 2020-2021).

Methodology and Data sources of the study:

Data sources:

Secondary data were gathered from various government reports, articles, newspapers, unpublished dissertations, etc. Data regarding different dimensions of financial inclusion (deposit, credit, and number of bank branches), state wise as well as district wise were taken from basic statistical return 2022, reported by RBI. In addition to this, NRLM SHGs report, 2022 was used to find out a number of members participated in SHGs in different Indian states. On the other hand, financial related activities of the SHGs member such as Savings, loan outstanding, loan disbursements and NPA of Commercial bank, Regional rural bank, Cooperative bank has been taken from the report of micro finance in India (.2010-11 to 2020-2021). Finally, All India Census Report, 2011 was used to find population and status of women in India.

Methodology of the present study:

The study primarily uses an analytical research technique, attempting to examine the data gathered from various sources regarding the participation penetration in SHGs, financial inclusion index and SHG-BLP outreach like savings amount, loan, loan outstanding and non-performing assets have been considered.

- **Evaluation of the Financial Inclusion Index:**

While computing **FII**, the study takes a multidimensional approach. It acquired information on different perspectives of financial inclusion, including banking penetration, the accessibility of banking services, and the utilization of the banking system.

We have taken into consideration three banking metrics in order to quantify the inter-state differences in the degree of financial inclusion: deposit penetration (measured as the number of deposit accounts per 1000 people), credit penetration (quantified as the number of credit accounts per 1000 people), and the availability of banking services (represented by the number of commercial bank branches per 100,000 people)

From these dimensions, FII combined the data into a single-digit value, which ranges from 0 to 1. 0 denotes complete financial exclusion, whereas a value of 1 denotes complete financial inclusion within an economy. (RBI bulletin, 2021).

• **Assessing participation penetration in SHGs:**

Indicator of participation penetration	Proportional measure
Portion of SHG members within the state relative to the portion of women in the state's population	$PP=A/B$, A= Proportion of SHG membership participation within the state to the total Indian SHG members participation. And B=Proportion of total women populations within the state to total Indian women population.

- Analysing the finance related activities and positions (savings, loan disbursement, loan outstanding, NPA) of CBs, RRBs and CoBs has been analysed in two ways:
 - Year wise (2010-11 to 2020-2021) and
 - Regionally, such as the Eastern, Central, Western, Southern, Northern, and North-Eastern regions.

Results and Discussion:

SHGs Participation Penetration in India

Participation in SHGs vary state-to-state and region-to-region in our country based on different factors like geography, awareness, literacy of the local people, Government policy etc. In India, under 8084985 SHGs, 8,72,98468 are found as members (NRLM SHG Report, 2022). Table 1 reflects the participation and penetration of SHGs across various Indian states.

Table: 1
Participation penetration between States/ UT in India

Indian States	PP=A/B	Rank
Andhra Pradesh	2.152	1
Assam	1.570	6
Bihar	1.653	4
Chhattisgarh	1.266	9

Indian States	PP=A/B	Rank
Gujarat	0.644	17
Jharkhand	1.504	7
Karnataka	0.639	18
Kerala	1.482	8
Madhya Pradesh	0.846	13
Maharashtra	0.742	15
Odisha	1.794	3
Rajasthan	0.527	21
Tamil Nadu	0.686	16
Telangana ¹	***	***
Uttar Pradesh	0.471	22
West Bengal	1.591	5
Haryana	0.321	25
Himachal Pradesh	0.597	20
Jammu and Kashmir	0.622	19
Punjab	0.177	27
Uttarakhand	0.417	24
Arunachal Pradesh	0.419	23
Manipur	0.211	26
Meghalaya	1.895	2
Mizoram	0.873	12
Nagaland	0.826	14
Sikkim	1.224	11
Tripura	1.229	10

(Source: NRLM SHG report 2022, and All India Census report, 2011)

The table illustrates that based on total SHG participation penetration, Andhra Pradesh showed the highest penetration, followed by Meghalaya, Odisha, Bihar, West Bengal, and so forth., while Haryana, Manipur, Punjab were found at the last of the list (NRLM SHG Report, 2022 and All India Census report, 2011). As the North and North-Eastern states (except Meghalaya and Assam) got low participation in SHGs, the amount of savings, loan disbursement and loan outstanding were also low as compare to other areas such as Southern, Eastern etc.

Financial Inclusion and SHGs in India

¹Telangana is separated from Andhra Pradesh in the year 2014; we calculate participation penetration as per 2011 census data.

India's Financial Inclusion Index: An Analysis Across States

The umbrella term of financial inclusion is a progression intended to ensure every individual within the economy can readily access, effectively utilise, and participate in the legitimate financial system. (Sarma and Pais, 2008) It empowers economically marginalised people to become more financially disciplined by giving them access to the requisite financial services. E.g., loans, savings, insurance coverage, etc. The prevalence of informal lending channels, for instance money lenders, can be reduced by fostering an integrated financial system. (Sarma, 2008).

With concerted efforts to increase financial inclusion, a unified gauge of financial inclusion is established to efficiently track policy initiatives and progress. Therefore, developing the Financial Inclusion Index (FI-Index) is essential to ascertaining how accessible a country's financial sector is. So, we have taken into consideration three banking metrics in order to quantify the inter-state differences in the degree of financial inclusion: deposit, credit penetration and the availability of banking services FII combined the data into a single-digit value, which ranges from 0 to 1. 0 denotes complete financial exclusion, whereas a value of 1 denotes complete financial inclusion within an economy. (RBI bulletin, 2021). Table 2 below illustrates the anticipated interstate differences in financial inclusion level.

Table 2
Index of Financial Inclusion over various Indian States/UTs

State/UT	FI- Index	Rank
ANDAMAN and NICOBAR ISLANDS	0.200874096	21
ANDHRA PRADESH	0.333010656	11
ARUNACHAL PRADESH	0.093206146	32
ASSAM	0.15942349	25
BIHAR	0.097856382	31
CHANDIGARH	0.919555879	1
CHHATTISGARH	0.148238572	27
DADRA AND NAGAR HAVELI AND DAMAN AND DIU	0.366094428	10
GOA	0.801264232	2
GUJARAT	0.223135417	18
HARYANA	0.377043991	8
HIMACHAL PRADESH	0.307129688	14
JAMMU and KASHMIR	0.256167087	17
JHARKHAND	0.14030008	28
KARNATAKA	0.378812531	7

State/UT	FI- Index	Rank
KERALA	0.429703485	6
LAKSHADWEEP	0.161599448	24
MADHYA PRADESH	0.152734462	26
MAHARASHTRA	0.319024649	13
MANIPUR	0.039399821	33
MEGHALAYA	0.101184577	30
MIZORAM	0.22190719	19
NAGALAND	0.028763618	34
NCT OF DELHI	0.547700913	4
ODISHA	0.20508789	20
PUDUCHERRY	0.582058095	3
PUNJAB	0.369451407	9
RAJASTHAN	0.162702937	23
SIKKIM	0.324081771	12
TAMIL NADU	0.439274422	5
TRIPURA	0.274872858	16
UTTARAKHAND	0.296422819	15
UTTAR PRADESH	0.102826856	29
WEST BENGAL	0.178640048	22

(Source: Author's computation)

From table 2, the index of financial inclusion throughout various Indian states and UTs shows that only four Indian states—Chandigarh (0.9196), Goa (0.8013), Delhi (0.5477), and Pondicherry (0.5821)—belonged to the higher financial inclusion category with an index of financial inclusion in the range of 0.5 or above. Andhra Pradesh (0.333), Dadra and Nagar Haveli and Daman and Diu (0.3661), Haryana (0.3770), Himachal Pradesh (0.3071), Karnataka (0.3788), Kerala (0.4297), Maharashtra (0.3190), Punjab (0.3695), Sikkim (0.3241), and Tamil Nadu (0.4393) were among the ten states with financial inclusion values ranging from more than 0.3 to less than 0.5 that fall under the medium financial inclusion category. The remaining states had poor financial inclusion index scores ranging from 0 to less than 0.3. It should be noted that the majority of the states in the Northern and Western regions have high and medium FII scores. Overall, empirical findings appear to indicate that the regions Northern (Chandigarh, Haryana, Delhi, Rajasthan, Himachal Pradesh, Punjab), Western (Goa, Gujarat, Dadra-Nagar Haveli, Maharashtra, Daman and Diu), and Southern (Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Pondicherry) performed better than the regions North-Eastern (Tripura, Assam,

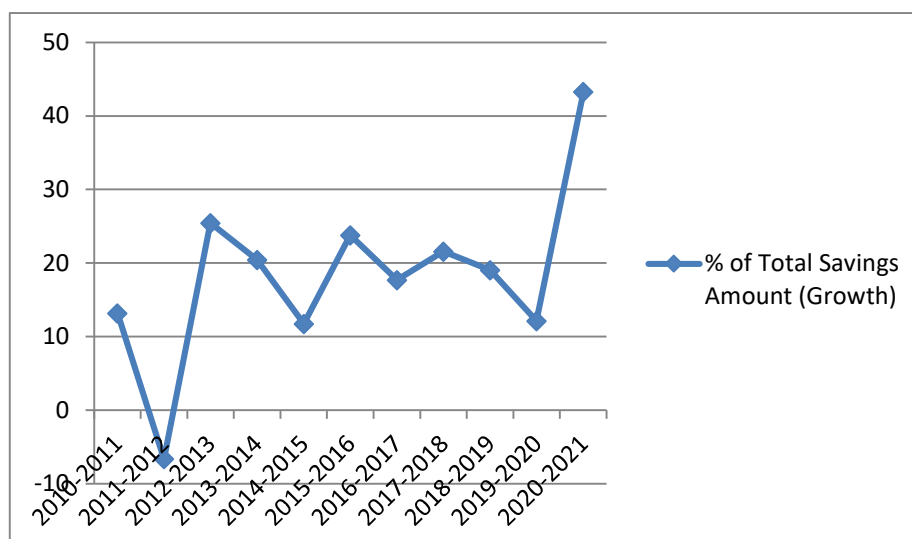
Meghalaya, Arunachal Pradesh, Manipur, Mizoram), Eastern (West Bengal, Bihar, Andaman and Nicobar Island, Orissa, Sikkim, Jharkhand), and Central (Uttarakhand, Madhya Pradesh, Chhattisgarh, Uttar Pradesh);. It is important to note that West Bengal was classified as a low financial inclusion state; with an index value of 0.1786. In West Bengal, Kolkata held the highest financial inclusion (1), followed by Darjeeling, Jalpaiguri while Purulia was with lowest financial inclusion.

Financial Inclusion through SHG-BLP

The bank linkage programme not only helped the group members get loans or create savings but also created a platform for them to become empowered and manage their livelihood. Following tables shows SHG-BLP in assisting the SHGs through Commercial Bank, and the Regional Rural Bank and the Cooperative Bank in modes like savings, loan disbursement, and loan outstanding throughout the last decade (2010-2011 to 2020-2021) and also find out the Region wise progress in last year, i.e., 2020-2021.

Year-wise status of SHG-BLP:

Total savings (Deposit) in the three banks are fluctuating throughout the period. The growth rate of savings showed the highest in 2020-2021 of 43.31% and became negative in 2011-2012 at (6.63). In terms of agency wise performance, Commercial Banks (CBs) surpassed Co-operative Banks (CoBs) and the Regional Rural Banks (RRBs) in terms of savings (deposit). However, the CBs annual growth rate increased in 2015–2016 after that a sharp decline in the next four years. The highest growth rate was shown in the year 2020-2021 at 44.27%. The negative growth rate of savings in CBs was found in 2011-12 and 2014-15. But in RRBs and CBs, simultaneously, high fluctuation in savings (Deposit) could be found. In the case of RRB, highest growth rate was shown in the year 2017-2018 at 59.90% and on the other hand in the case of CoBs tremendous increase in the growth rate was found in the year 2020-2021 at 100.46%. While RRB and CoBs in 2011-2012 and 2017-2018, it was found negative. Line chart – 1 and Table-3 reflect year wise and Agency wise savings (Deposit) under SHG- BLP from the year 2010-11 to 2020-2021.



Line chart 1: Year wise Savings amount.

Source: Status of microfinance in 2010-11 to 2020-2021

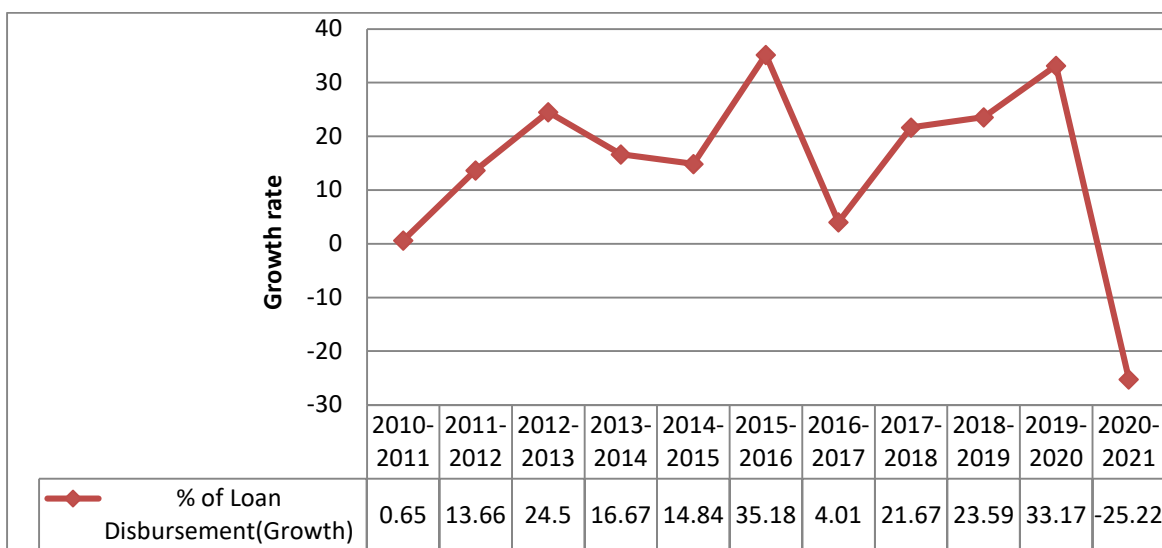
Table: 3
Year wise/Agency wise savings of SHGs into the Banks
(Amount Rs. In Lakhs)

Year	Commercial Bank (Savings amount)	Commercial Bank Growth (%)	RRB (Savings amount)	RRB Growth (%)	Cooperative Bank (Savings amount)	Cooperative Bank Growth (%)	Total (Savings amount)	Total Growth (%)
2010-2011	423006.42	15.14	143539.67	10.47	135084.19	10.23	701630.28	13.19
2011-2012	415298.04	-1.82	130013.93	-9.42	109829.49	-18.70	655141.46	-6.63
2012-2013	553257.05	33.22	152710.2	17.46	115758.28	5.40	821725.47	25.43
2013-2014	663145.63	19.86	195985.73	28.34	130610.18	12.83	989741.54	20.45
2014-2015	663067.47	-0.01	234657.37	19.73	208259.23	59.45	1105984.07	11.74
2015-2016	903388.77	36.24	248428.13	5.87	217322.11	4.35	1369139.01	23.79
2016-2017	1017002.46	12.58	363176.15	46.19	231244.03	6.41	1611422.64	17.70
2017-2018	1166422.45	14.69	580735.2	59.90	212053.87	-8.30	1959211.52	21.58
2018-2019	1324023.23	13.51	769201.27	32.45	239223.65	12.81	2332448.15	19.05
2019-2020	1566217.93	18.29	781127.17	1.55	267859.79	11.97	2615204.89	12.12
2020-2021	2259633	44.27	951168.45	21.77	536959.92	100.46	3747761.37	43.31

(Source: Status of microfinance in India 2010-2011 to 2020-21)

The Loan Disbursement is found to have a fluctuating growth rate in the year 2010-11 to 2020--2021. The highest growth rate was found in the year 2015-16 at 35.18% whereas negative growth was in the year 2020-2021 at -25.22 %. Further the agency wise performance of CBs had the highest amount of loan disbursed than RRB sand COBs. CBs showed high growth rate of

Loan disbursed in the year 2015-2016 at 45.29% and negative growth rate in the year 2020-2021 at -42.28%. Whereas RRBs, the growth rate had tremendous fall in the year 2020-2021 and in the case of CoBs negative growth rate showed in the year 2011-2012 at -3.62%. Line chart 2 and Table-4 reflect year wise and Agency wise Loan disbursement under SHG- BLP from the year 2010-11 to 2020-2021.



Line chart 2: Year wise Loan disbursement
(Source: Status of microfinance in 2010-11 to 2020-2021)

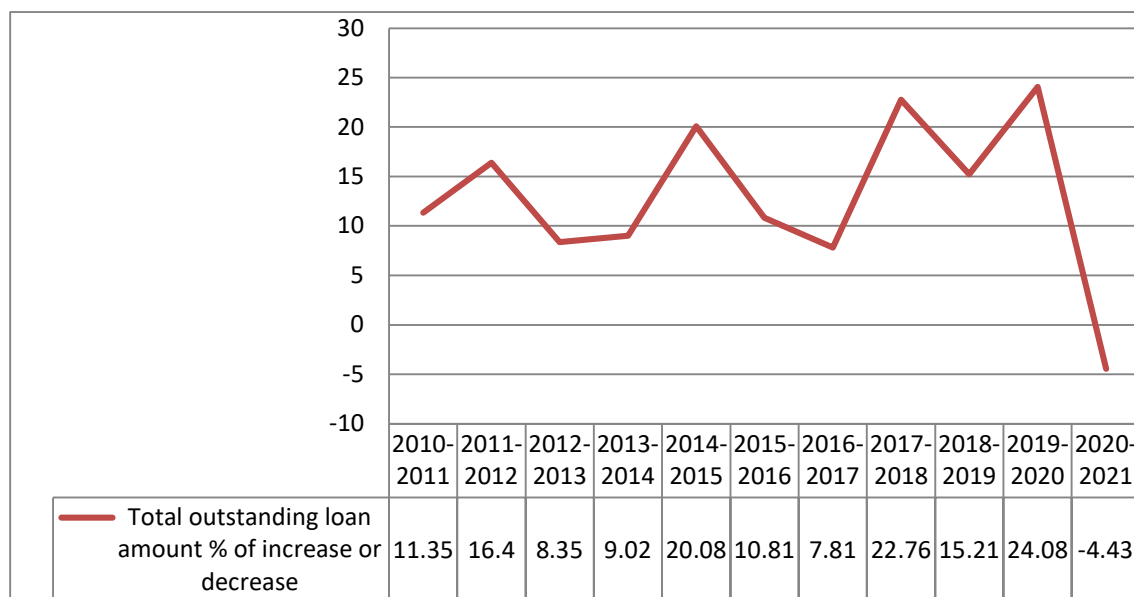
Table: 4
Year wise/Agency wise Bank Loans Disbursed to SHG
(Amount in Rs. in Lakhs)

Year	Commercial Bank (Loans Disbursed amount)	GROWTH (%)	RRB (Loans Disbursed amount)	GROWTH (%)	Cooperative Bank (Loans Disbursed amount)	GROWTH (%)	Total (Loans Disbursed amount)	Total Growth
2010-2011	972455.27	-0.57	319761.59	-4.07	162556.33	21.32	1454773.19	0.65
2011-2012	994204.49	2.24	502605.15	57.18	156667.23	-3.62	1653476.87	13.66
2012-2013	1338500.7	34.63	562652.22	11.95	157383.52	0.46	2058536.44	24.50
2013-2014	1603749.35	19.82	628813.35	11.76	169173.14	7.49	2401735.85	16.67
2014-2015	1733412.66	8.09	772522.19	22.85	252296.21	49.13	2758231.06	14.84
2015-2016	2518497.23	45.29	916492.88	18.64	293699.98	16.41	3728690.09	35.18
2016-2017	2429701.86	-3.53	1161300.4	26.71	287113.38	-2.24	3878115.64	4.01
2017-2018	2870762.37	18.15	1511933.55	30.19	335891.69	16.99	4718587.61	21.67
2018-2019	3449246.74	20.15	1955264.43	29.32	427251.71	27.20	5831762.88	23.59

Year	Commercial Bank (Loans Disbursed amount)	GROWTH (%)	RRB (Loans Disbursed amount)	GROWTH (%)	Cooperative Bank (Loans Disbursed amount)	GROWTH (%)	Total (Loans Disbursed amount)	Total Growth
2019-2020	4843108.56	40.41	2423162.23	23.93	499664.05	16.95	7765934.84	33.17
2020-2021	2795251.00	-42.28	2449430.11	1.08	562386.7	12.55	5807067.81	-25.22

(Source: Status of microfinance in India)

In 2010-11, the total loan outstanding against the SHG-BLP was 3122145.99 Lakh, while progressively upward with each passing year. The highest increased of Bank loan outstanding at 24.08% in the year 2019-20, which was 8.35%, 9.02%, 7.81% and 4.43% in the year 2012-13, 2013-14, 2016-17 and 2020-21 respectively. Further, CBs had the highest amount of Loan outstanding than that of RRBs and COBs. In 2016-17 and 2017-18 and 2020-21 the amount of loan outstanding in CBs declined. Figure 3 and Table 5 reflect year wise and Agency wise Bank loan outstanding under SHG-BLP from the year 2010-2011 to 2020-2021.



Line chart 3: Year wise outstanding loan amount

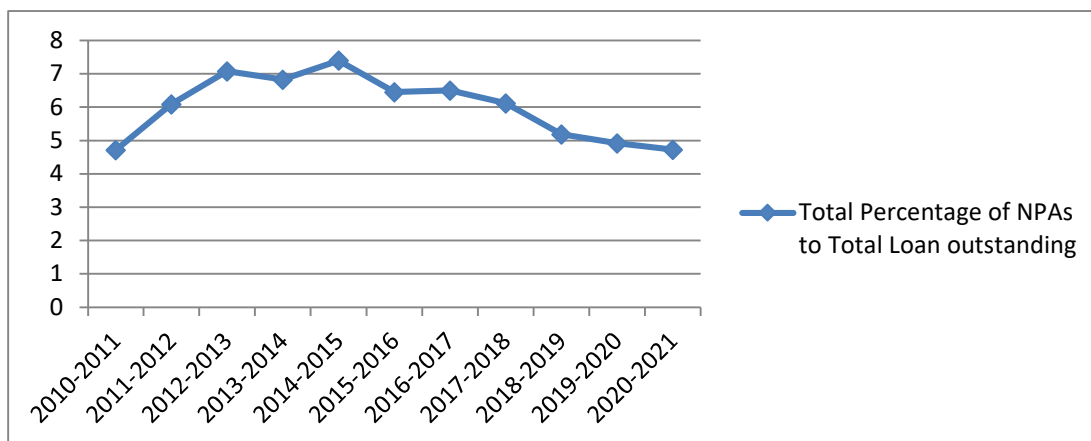
(Source: Status of microfinance in 2010-11 to 2020-2021)

Table: 5
Year wise/Agency wise outstanding Bank loans on behalf of SHGs
(Amount in Rs. Lakhs)

Year	Commercial Bank (Loans outstanding amount)	% Of increases and decrease	RRB (Loans outstanding amount)	% Of increases and decrease	Cooperative Bank (Loans outstanding amount)	% Of increases and decrease	Total (Loans outstanding amount)	Total % of increase and decrease
2010-2011	2188325.67	8.52	743005.23	20.92	190785.65	10.35	3122145.993	11.35
2011-2012	2581028.86	17.95	861357.81	15.93	191613.51	0.434	3634034.054	16.40
2012-2013	2663944.38	3.21	1052122.91	22.15	221462.43	15.578	3937555.08	8.35
2013-2014	2938841.31	10.32	1104894.99	5.02	249016.1	12.442	4292767.735	9.02
2014-2015	3440700.57	17.08	1382453.69	25.12	331391.89	33.081	5154588.348	20.08
2015-2016	3714562.48	7.96	1610934.5	16.53	386426.49	16.607	5711947.957	10.81
2016-2017	3866846.83	4.10	1911991.3	18.69	379292.23	1.846	6158153.148	7.81
2017-2018	4874805.16	26.07	2273864.21	18.93	411175.75	8.406	7559890.113	22.76
2018-2019	5564111.05	14.14	2619598.85	15.20	526105.53	27.951	8709844.775	15.21
2019-2020	7121582.37	27.99	3032101.28	15.75	653823.59	24.276	10807550.98	24.08
2020-2021	5978569.7	16.05	3592322.25	18.48	758078.88	15.945	10328973.26	4.43

(Source: Status of microfinance in 2010-11 to 2020-2021)

Non-performing assets of total loans outstanding to SHG as of March 31, 2021 were 4.73% in comparison to 4.92% as of March 31, 2020. Though NPA declined marginally by 0.19% points, yet the rise in absolute level of NPA amount in recent years was a cause for concern. In 2020-2021 all groups of banks decrease their NPA, except CBs. The RRBs reduced their NPA level from 4.37 % in 2019-2020 to 3.99% in 2020-2021. Similarly, COBs reduced their NPA level from 5.99% in 2019-2020 to 5.55% in 2020-2021, whereas NPA of CBs increased to 5.07% in the year 2020-2021. If NPA to total loan outstanding decreased, then profitability, solvency and liquidity of bank was much better. Line chart 4 and Table 6 depict Year wise /Agency wise Non-Performing Assets (NPA) of total Loans Outstanding from the year 2010-11 to 2020-2021.



Line chart 4: Year wise total NPAs to total loan outstanding

(Source: Status of microfinance in 2010-11 to 2020-2021)

Table: 6
Year wise /Agency wise Non-Performing Assets (NPA) of total Loans Outstanding
Amount in Rs. Lakhs

YEAR	Commercial Bank			RRBs			Cooperative Bank			Total Percentage
	Bank Loans O/S (Amount)	Amount of NPAs	Percentage of NPAs to Total Loan outstanding	Bank Loans O/S (Amount)	Amount of NPAs	Percentage of NPAs to Total Loan outstanding	Bank Loans O/S (Amount)	Amount of NPAs	Percentage of NPAs to Total Loan outstanding	Total Percentage of NPAs to Total Loan outstanding
2010-2011	2188325.67	106698.92	4.88	743005.23	27281.73	3.67	190785.65	13430.15	7.04	4.72
2011-2012	2581028.86	165541.56	6.41	861357.81	42634.18	4.95	191613.51	13097.44	6.84	6.09
2012-2013	2663944.38	217598.68	8.17	1052122.91	43088.27	4.10	221462.43	18006	8.13	7.08
2013-2014	2938841.31	202492.02	6.89	1104894.99	69189.23	6.26	249016.1	21585.26	8.67	6.83
2014-2015	3440700.57	246686.47	7.17	1382453.69	106553.96	7.71	331391.89	28230.22	8.52	7.4
2015-2016	3714562.48	232139.69	6.25	1610934.5	106429.49	6.61	386426.49	30053.72	7.78	6.45
2016-2017	3866846.83	264111.59	6.83	1911991.3	104500.02	5.47	379292.23	31607.2	8.33	6.5
2017-2018	4874805.16	3101119.98	63.62	2273864.21	121603.42	5.35	411175.75	31082.11	7.56	6.12
2018-2019	5564111.05	289739.17	5.21	2619598.85	127482.95	4.87	526105.53	35178.93	6.69	5.19
2019-2020	7121582.37	360466.9	5.06	3032101.28	132526.97	4.37	653823.59	39176.55	5.99	4.92
2020-2021	5978569.7	303385.52	5.07	3592322.25	143460.38	3.99	758078.88	42075.44	5.55	4.73

(Source: Status of microfinance from 2010-11 to 2020-2021)

Region-wise status of SHG-BLP:

The highest amount of per unit in saving is found in the Southern Region which shows the average per unit savings **53751.76**. In this best performance, saving activities is made in Andhra

Pradesh while the lowest saving habit is seen in North-Eastern Region amounted **13117.28** per unit. In this the lowest performance in saving activities is made by Manipur. Further it is observed in table that among all the agencies, CBs performed the best showing **36871.57** all over India on the other hand RRB and COBs showed **26445.36** and **35838.37** respectively. Tables 7 reflect region wise, and agency wise saving (deposit) under SHG-BLP in the year 2020-2021.

The highest amount at loan disbursed in the Southern region showing average per unit disbursed loan is **283119.64** and the best performing state is Andhra Pradesh. The lowest disbursement is in Central Region amounting to **81970.59** per unit and lowest disbursement of loans in the state of Uttarakhand. The agencies wise performance has seen best by COBs at per unit of **229277.94** but in terms of total amount CBs had the highest loan disbursement. In spite of this the other agencies i.e., RRBs per unit loan disbursement is higher than CBs in 2020-2021 at 206742.22 respectively. It was found that the average loan disbursement per unit in Southern region almost 1.5 times than the average deposit per unit. On the other hand, the comparison of average per unit of loan disbursement of Southern Region is 3.5 times higher than Central Region. Tables 8 reflect region wise, and agency wise loan disbursement under SHG-BLP in the year 2020-2021.

The highest loan outstanding per unit is in Southern regional in 2020-2021 at 271165 and the lowest loan outstanding per unit is seen in Central Region at 68504.45. The liquidity and performance in loan recollection was very poor in Southern Region and the very opposite was seen in Central region. Among all the agencies, CBs had highest loan outstanding than RRBs and COBs. Table 9 reflects region wise and agency wise loan-outstanding under SHG-BLP in the year in 2020-2021.

It is exhibited that in the Southern Region (242064.13), the amount of gross NPAs against SHGs is maximum, and in the North Eastern Region (28366.44), it is minimum in the years 2020–21. Further, it is observed that CBs has highest amount of Gross NPA than COBs and RRBs, it negatively effects on the profitability, liquidity and solvency of the bank. Tables .10 depict region wise/ agency wise NPA under SHG-BLP in the year in 2020-2021.

Table: 7
Region wise/ Agency- wise savings of SHSs under SHG-BLP as on 31st March 2021

Region		Commercial Banks (CBs)		Regional Rural Banks (RRBs)		Cooperative Banks (COBs)		Total Amount	
								(Rs. In Lakhs)	
Sr.No.	Region	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount
1	Central Region	586028	122310.2	712402	82685.48	47145	6874.09	1345575	211869.77 (15745.67)
2	Eastern Region	1645890	423169.79	1173054	264773.63	303480	86968.94	3122424	774912.36 (24817.65)

Region		Commercial Banks (CBs)		Regional Rural Banks (RRBs)		Cooperative Banks (COBs)		Total Amount	
								(Rs. In Lakhs)	
3	North Eastern Region	212359	31525.58	380648	44460.02	40707	7140.43	633714	83126.03 (13117.28)
4	Northern Region	276537	141631.43	212432	23661.32	120839	9052.05	609808	174344.8 28590.11
5	Southern Region	2478058	1380919.04	937821	505705.46	545824	242860.69	3961703	2129485.19 (53751.76)
6	Western Region	929515	160076.96	180374	29882.54	440287	184063.72	1550176	374023.22 (24127.79)
Grand Total		6128387	2259633 (36871.57)	3596731	951168.45 (26445.36)	1498282	536959.92 (35838.37)	11223400	3747761.37 (33392.39)

Table: 8
Region wise/ Agency- wise Loan Disbursement of SHGs under SHG-BLP as on 31st March 2021

Region		Commercial Banks (CBs)		Regional Rural Banks (RRBs)		Cooperative Banks (COBs)		Total Amount (Rs. In Lakhs)		Per unit
Sr. No.	Region	No. of SHGs	Loans Disbursed Amount	No. of SHGs	Loans Disbursed Amount	No. of SHGs	Loans Disbursed Amount	No. of SHGs	Loans Disbursed Amount	Per unit loan disbursed
1	Central Region	58163	50149.32	65239	50069.08	5215	5209.71	128617	105428.11	81970.59
2	Eastern Region	466736	474630.97	585273	903045.37	72569	109874.27	1124578	1487550.61	132276.34
3	North Eastern Region	29415	35651.61	36964	65889.39	1737	2109.65	68116	103650.65	152167.85
4	Northern Region	33711	52041.7	30512	36835.55	3435	5167.91	67658	94045.16	139000.80
5	Southern Region	770426	2020386.66	444131	1358794.52	122709	406881.46	1337266	3786062.64	283119.64
6	Western Region	98882	162390.74	22656	34796.2	39621	33143.7	161159	230330.64	142921.36
Grand Total		1457333	2795251 (191805.92)	1184775	2449430.11 206742.22	245286	562386.7 229277.94	2887394	5807067.81 201117.96	201117.96

(Source: status of micro finance in India 2021)

Table: 9

Region wise/Agency- wise Loans outstanding of SHSs under SHG-BLP as on 31st March 2021

Region		Commercial Banks (CBs)		Regional Rural Banks (RRBs)		Cooperative Banks (COBs)		Total Amount (Rs. In Lakhs)	
Sr. No.	Region	No. of SHGs	Loans Outstanding Amount	No. of SHGs	Loans Outstanding Amount	No. of SHGs	Loans Outstanding Amount	No. of SHGs	Loans Outstanding Amount
1	Central Region	158347	118538.66	200342	127317.54	9582	6425.82	368271	252282.02 (68504.45) ²
2	Eastern Region	1150147	1261672.66	937024	1184149.45	164868	148829.95	2252039	2594652.06 (115213.5)
3	North Eastern Region	60854	49034.78	99306	91997.43	4261	3423.27	164421	144455.48 (87857.07)
4	Northern Region	82132	73078.58	45127	37082.02	16016	12873.52	143275	123034.12 (85872.71)
5	Southern Region	1541244	4228058.64	701953	2105502.87	296128	552200.15	2539325	6885761.66 (271165)
6	Western Region	225578	248186.38	48982	46272.94	38353	34326.17	312913	328785.49 (105072.5)
Grand Total		3218302	5978569.7	2032734	3592322.25	529208	758078.88	5780244	10328970.83 (178694.4)

(Source: Status of microfinance in India 2021)

Table: 10

Region wise/Agency- wise NPA of SHSs under SHG-BLP as on 31st March 2021

Amount in Rs. Lakhs

Sr.NO.	Region	Public Sector Bank		Private sector Bank		RRB		Cooperative Bank		Total	
		Amount of Gross NPAs against SHGs	NPA as % to Loan O/S	Amount of Gross NPAs against SHGs	NPA as % to Loan O/S	Amount of Gross NPAs against SHGs	NPA as % to Loan O/S	Amount of Gross NPAs against SHGs	NPA as % to Loan O/S	Amount of Gross NPAs against SHGs	NPA as % to Loan O/S
1	Central Region	30114.51	28.52	2379.87	18.39	18276.05	14.35	1781.03	27.72	52551.46	20.83

²Figures in Bracket denote per unit

Sr.NO.	Region	Public sector Bank Amount of Gross NPAs against SHGs	NPA as % to Loan O/S	Private sector Bank Amount of Gross NPAs against SHGs	NPA as % to Loan O/S	RRB Amount of Gross NPAs against SHGs	NPA as % to Loan O/S	Cooperative Bank Amount of Gross NPAs against SHGs	NPA as % to Loan O/S	Total Amount of Gross NPAs against SHGs	NPA as % to Loan O/S
2	Eastern Region	52307.38	4.2	1299.37	8.73	54172.42	4.57	8109.63	5.45	115888.8	4.47
3	North Eastern Region	8796.83	19.78	133.23	9.39	19325.71	21.01	110.67	3.23	28366.44	20.07
4	Northern Region	6551.82	15.99	285.82	0.89	5115.28	13.79	5180.41	40.24	17133.33	13.93
5	Southern Region	171052.88	4.76	6131.74	0.96	41895.05	1.99	22984.46	4.16	242064.13	3.52
6	Western Region	20579.64	17.31	3752.43	2.9	4675.87	10.1	3909.24	11.39	32917.18	10.01
Grand Total		289403.06	5.62	13982.46	1.69	143460.38	3.99	42075.44	5.55	488921.34	4.73

Source: Status of microfinance in India 2021

Conclusion:

Financial inclusion is defined as promoting equitable access to basic organised financial services for everyone at a reasonable cost. In India, the degree of financial inclusion varies significantly between states. With regard to financial inclusion, we have seen in our study that, among Indian states, Chandigarh is the most financially inclusive, while Nagaland is the least. From the participation in SHGs a variation could be found state-to-state and region to-region in our country based on different factors like geographic, awareness and literacy of the local people, Government policy etc. With the exception of Meghalaya and Assam, the North & North-Eastern states of India had low rates of SHG involvement; thus, their savings, loan disbursement, and loan outstanding were lower than those of other areas, such as the Southern, Eastern, etc. Andhra Pradesh has the highest rate of total SHG involvement penetration, thereafter Meghalaya, Odisha, Bihar, West Bengal, etc. Haryana, Manipur, Punjab were found at last of the list

SHG-BLP outreach dimension could depict that it would vary state to state and region to region in our country on different factors. In the present study, it could be observed that as per agency wise and year wise performance of last decade, CBs had better operation in terms of savings and loan distribution in comparison with RRBs and COBs. On the other hand, in the case of loan outstanding and Gross NPA, CBs had higher amount of loan than that of the other two banks.

Higher loan outstanding and NPA would negatively affect banks profitability, liquidity and solvency. But in terms of year wise overall percentage of Gross NPA to total loan outstanding, all banks had reduced their NPA level during the year 2020-2021 except CBs. In the year 2020-2021, as per region-wise performance, it could be found that Southern region had the highest amount of per unit of savings and advance. From this region, Andhra Pradesh showed better performance. However, Central region and North Eastern region showed low amount of per unit savings and loan disbursement in comparison with other regions. From North Eastern region, Manipur had low per unit savings and Madhya Pradesh had per unit lowest loan disbursement in central region. In the case of loan outstanding and Gross NPA to total loan outstanding, we could find that Southern region had highest result. This observation could conclude that Liquidity and loan re-collection were very poor in southern region and the opposite was found in Central and North Eastern region in 2020-2021 in all over India. After studying the different dimension of the study, it is to be noticed that being a SHG member participant with SHG-BLP can improve access to a variety of financial services. This presented an obvious indication of how SHG membership can promote financial inclusion over that of non-membership.

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