

## **A Study on the Eastern Region SHG Bank Linkage Programme Performance with Special Reference to West Bengal State**

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### **Abstract**

This paper analyses and compares the performance of the bank linkage programme, namely bank saving amount linkage with SHG and loan disbursement linkage programme for SHG in the eastern region of India. Additionally, this paper also focuses on West Bengal its bank linkage SHG performance. It uses secondary data that collected from NABARB annual reports and applied descriptive statistics to check the significant result of the study. The study finds that RRBs dominantly impacted on SHG savings amount, then commercial banks averagely impacted and Co-Operative banks did not effective role in saving amount linkage with SHG of the eastern region, on the other side, the RRBs again strongly distribute loans to SHG, then commercial banks but Co-Operative is least position in the row for distributing loan to SHG in the eastern region of India. West Bengal has got 1st position for distributing loans to SHG along with that saving amount linkage of SHG members with banks but there year to year growth on distributing loans and saving is not reasonable, from the results we can conclude that the SHG working progress and bank linkage programme have been effectively and efficiently going on but need to focus on growth perspective bank linkage programme, otherwise, overall performance is good as compare to other state in eastern region in India.

**Keywords:** SHG, saving, loan disbursement, West Bengal.

## Introduction

SHG is a formal group association of rural women. They come to set up common goals and come from similar economic and social backgrounds in the village (Ansari, 2013). It is a voluntary and self-regulated alignment. One self-help group (SHG) is created by at least 10 individual women; where have one nominated leader, president and one cashier. SHG maintains meeting books, and other documents' including the loan and deposit register every month and conducts a meeting to resolve any problems of the group or group members every month. The members of the SHG have to deposit a certain amount of cash that is decided by the SHG in the respective bank account; this deposited amount members can be demanded at any time as per his requirement (Sundaram, 2012). According to these circumstances, the bank has provided a without collateral loan to SHG at a low-interest rate, even if the bank will provide a subsidiary to a member of SHG end of the loan repayment. SHG is a dynamic and multi-dimensional process. It refers to increasing the social, economic and political strengths of women (S.K Das, 2012). It is a key to the socio-economic development of rural women (Sundaram, 2012). Additionally, Self-help groups (SHGs) play a significant role in rural poverty; but it is not exactly a poverty re-education program. It also develops entrepreneurship skills and increases the cooperative environment among poor women in rural areas (SINGH, 2012; Jana, 2023).

## SHG in west Bengal

The West Bengal government has been implementing various programs and schemes to encourage the growth of SHGs in the state. The SHGs help to empower in social and economic background of women, especially in rural areas. Further, it fosters entrepreneurship enthusiasm and skill among the self-help group members. However, according to the National Bank for Agriculture and Rural Development (NABARD) report of 2019, there were around 3.39 lakh SHGs in West Bengal with a total membership of over 41 lakhs. These SHGs were able to mobilize savings of around Rs. 1,240 crores and received loans worth Rs. 6,027 crores.

The report also mentioned that the state government of West Bengal has been taking several steps to encourage the formation of SHGs and improve their sustainability including the formation of SHG federations, the provision of financial assistance and providing training to the members.

Overall, the SHG movement in West Bengal has been growing steadily, and these groups have been playing a crucial role in empowering women and marginalized communities, especially in rural areas, it is also promoting entrepreneurship and socio-economic development.

Growth pattern of SHGs in West Bengal based on the data provided by the National Bank for Agriculture and Rural Development (NABARD) report of 2019:

**Table I: No. Of SHG in West Bengal**

<b>Year</b>	<b>Number of SHGs</b>	<b>Membership</b>
2014-15	2,36,339	28,73,517
2015-16	2,74,058	33,14,188
2016-17	3,02,118	36,80,376
2017-18	3,22,767	39,24,786
2018-19	3,39,155	41,32,399

From the above table I, it is evident that the number of SHGs and their membership has been consistently increasing over the years in West Bengal, indicating a positive growth pattern. This growth pattern is indicted to the various schemes and policies implemented by the government of West Bengal which promoted the formation and growth of SHGs in the state.

1. National Rural Livelihood Mission (NRLM): The NRLM is a flagship program of the central government that aims to promote poverty reduction and economic empowerment of rural poor women through the formation and promotion of SHGs. The program has been implemented in West Bengal since 2013, and it has been successfully benefiting over 6 lakh rural poor women from the 65,000 Self-help group.
  2. Paschim Banga Kshetriya Gramin Bank (PBKGB): The PBKGB is a regional rural bank established in West Bengal to provide credit to SHGs and other rural poor women for their better livelihood and entrepreneurial activities. It has been successfully providing credit to more than 3 lakh SHGs in the state.
  3. West Bengal State Rural Livelihood Mission (WBSRLM): The WBSRLM is a state-sponsored program that aims to promote the formation and growth of SHGs in the state by providing them with financial assistance, capacity-building training, and marketing support.
  4. Swarnajayanti Gram Swarozgar Yojana (SGSY): The SGSY is a central government-sponsored scheme that aims to provide self-employment opportunities in villages. It has been implemented in West Bengal since 1999 and has been successfully promoting entrepreneurship and self-employment among SHG members.
  5. Jeevika: Jeevika is a community-based livelihood program that aims to empower women and promote sustainable livelihoods in the rural areas of West Bengal. The program has been successful in promoting the formation of SHGs and providing them skill base training and financial assistance.
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## Review of Literature

Kumar and Golait (2009) conducted a paper on the Self-Help Group (SHG)-Bank Linkage Programme between two regions in India. He concluded that the Indian banking system has been helping to develop the SHG in rural areas after independence but he additionally added in his research paper that commercial banks have a penetration role in SHG, and other banks need to focus on the bank linkage programme of SHG. Ansari (2013) a paper on the bank linkage programme in India. He mentioned that commercial banks are sincerely working on the development of SHG and the Non-Performing Assets (NPA) of banks in SHG and other industry sectors approx. equal which indicates that the SHG-Bank Linkage programme is economically viable and sustainable. BAGHEL & SHRIVASTAVA (2019) The study reveals that both social and economic indicators have a significant positive impact on the socio-economic development of rural women in the Durg district, additionally suggesting that the government should take initiative steps to promote income-generating activities so that women can get economically developed. Reddy & Mallik (2011) highlighted in their research article that The SHG-Bank Linkage Programme (SBLP) has been successful in reaching a significant number of poor households in India, with over 6.1 million saving-linked SHGs and more than 4.2 million credit-linked SHGs, covering about 86 million poor households. Heggani and Sindhe (2014) the paper on women's empowerment through self-help groups. He studied the literature review to find out the gap in women empowerment who engaged in SHG. The paper concluded that women income-generating activity is not engaged with SHG significantly. Pereira and Pai (2022) wrote that SHG has the potential to recover social imbalance in rural women. This paper is focused on SHG members' social economic conditions through microfinance. He used primary data as a questionnaire and all data was tested on SPSS factor analysis. The paper concludes that the social economic and financial status is improved from time to time with the help of microfinance. Pal (2017) this paper is based on the social economic condition of self-help groups. The objective of this paper is to examine SHG members' character and condition in the group. The paper found that the social economic condition of SHG members has developed after joining SHG. Islam and Brahmachary (2023) A study on SHG development in Assam. This paper uses secondary data from different sources. He shows in this paper that the SHG is a powerful instrument for the eradication of poverty in rural women empowerment. George and Priya (2021) A study conducted a social economic impact on SHG. The objective of the study is to identify and potential of empowerment of rural women through SHG activities. Primary data is used for the study, and simple percentage and average is applied for the test. The Paper concluded that village women employed have been hit disproportionately during COVID-19. Otherwise, SHG's role is positive for SHG members. Rajasri (2008) A study on the impact of social empowerment of rural women. SHGs are a voluntary gathering of rural women that is held to remove the unbalance of social culture and poverty in villages, especially among women. This study is based on primary data which is collected through a survey. He concluded that rural women are socially empowered after joining SHG.

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## Research Gap

Based on the review of literature it is found that most of the studies conducted on the impact of microfinance on SHG and many papers have on the empowerment of women and their social-economic condition through SHG activity in different districts and states, but there is no study is conducted on eastern region bank linkage programme performance for SHG of among eastern region state.

## Objective of the Study

1. To compare the performance of bank linkage programme (saving and loan disbursement) for SHG in west Bengal.
2. To know the position of west Bengal SHG bank linkage programme with other eastern region state.

## Methodology

For the study, we have chosen secondary data published by the NABARD microfinance annual report, 2021 to 2023 three years annual reports have taken. There are mentioned six region bank linkage programmes with SHG namely, central, eastern, north-eastern, northern, southern and western regions. Savings of SHGs with bank and bank loan disbursement to SHGs in the eastern region have been taken, where the private and public commercial banks, RRBs and co-operative banks programme with SHG are integrated in a published report by NABARD. The NABARD does not disclose specific bank names in their reports. Five states are included in the eastern region namely Andaman & Nicobar, Bihar, Jharkhand, Odisha and West Bengal. We have used mean, percentage and bar charts to interpret the results of this study.

## Data analysis and interpretation:

**Table II: Saving amount of SHG with banks**

Years	Commercial bank	RRBs	Co-operative bank
2021	168262	156181	74314
2022	265154	201028	52695
2023	373015	248808	101677
Total	806431	606017	228686

Source: NABARD

**Figure I: Saving amount of SHG with banks**

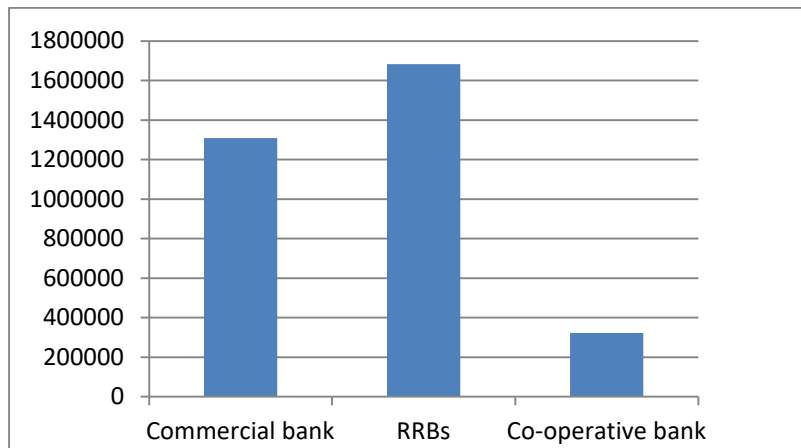


Table II and Figure I shows the saving amounts deposited by SHG members in different banks namely commercial, RRBs and Co-Operative bank. In the years 2021 to 2023, the trend of saving amount has been increasing. RRBs have got 1st position for getting deposits then commercial and Co-Operative banks come in next row of saving deposit amount.

**Table III: Loan disbursements to SHG**

Years	Commercial bank	RRBs	Co-operative bank
2021	223688	441567	86367
2022	446712	564908	90395
2023	638200	675938	145742
Total	1308600	1682413	322504

Source: NABARD

**Figure II: Loan disbursements to SHG**

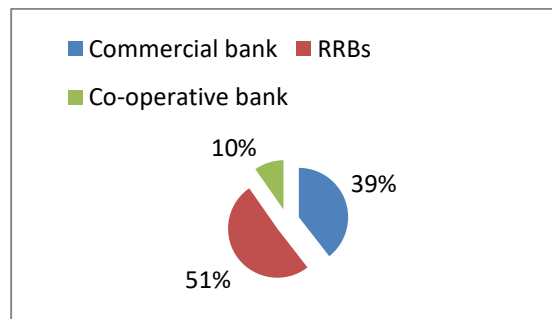


Table III and Figure II present the loan disbursement to SHG members in West Bengal. According to the data, RRBs has distributed 51% of the loan, the commercial bank also distributed 39% of the loan but Cooperative bank is not efficient with 10% of total loan disbursement for SHG.

**Table IV: Saving amount with bank**

Years	Andaman & Nicobar	Growth percentage (Y TO Y)	Bihar	Growth percentage (Y TO Y)	Jharkhand	Growth percentage (Y TO Y)	Orisha	Growth percentage (Y TO Y)	West Bengal	Growth percentage (Y TO Y)
2021	1611	-	149788	-	35577	-	186176	-	398758	-
2022	1922	16.18	219287	31.69	58845	39.54	559659	66.73	518875	23.14
2023	2265	15.14	307387	28.66	77769	24.34	631573	11.38	723501	28.28
Total	5798	15.66	676462	30.18	172191	31.94	1377408	39.06	1641134	25.71

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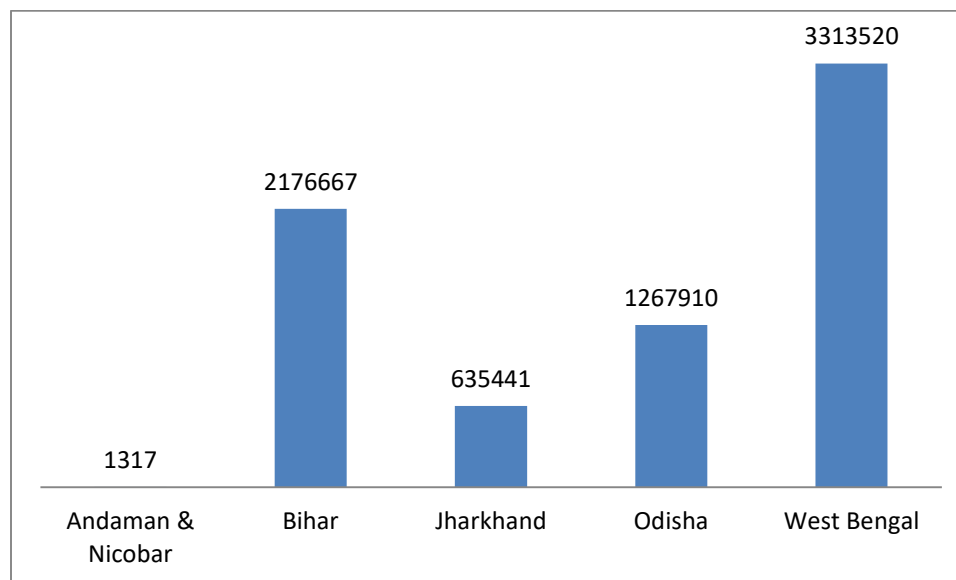


Table IV and Figure III presented the savings amount deposited in the bank as state-wise performance in the eastern region of India. West Bengal has got 1st position, Bihar, Orisha, Jharkhand and Andaman & Nicobar in the next series based on total saving amount. The growth percentage of saving amount deposited by SHG says that Orisha has been growing 39.09 % on average last three years, Bihar and Jharkhand's growth rates are near 31%, west Bengal's last three years' growth percentage is 25.71 on average, and Andaman & Nicobar average growth is 15.65 %. From the results, we can interpret that the West Bengal saving amount deposited linkage with banks of SHG is good in volume but yearly growth is average.

**Table V: Loan disbursement**

Years	Andaman & Nicobar	Growth percentage (Y TO Y)	Bihar	Growth percentage (Y TO Y)	Jharkhand	Growth percentage (Y TO Y)	Orisha	Growth percentage (Y TO Y)	West Bengal	Growth percentage (Y TO Y)
2021	318	-	415237	-	57846	-	262525	-	751623	-
2022	538	40.89	677964	38.75	325963	82.25	462496	43.23	1102015	31.79
2023	461	-16.70	1083466	37.42	251632	-29.53	542889	14.80	1459882	24.51
Total	1317	12.09	2176667	38.08	635441	26.36	1267910	29.01	3313520	28.15

Calculated by author

**Figure IV: Loan disbursement**

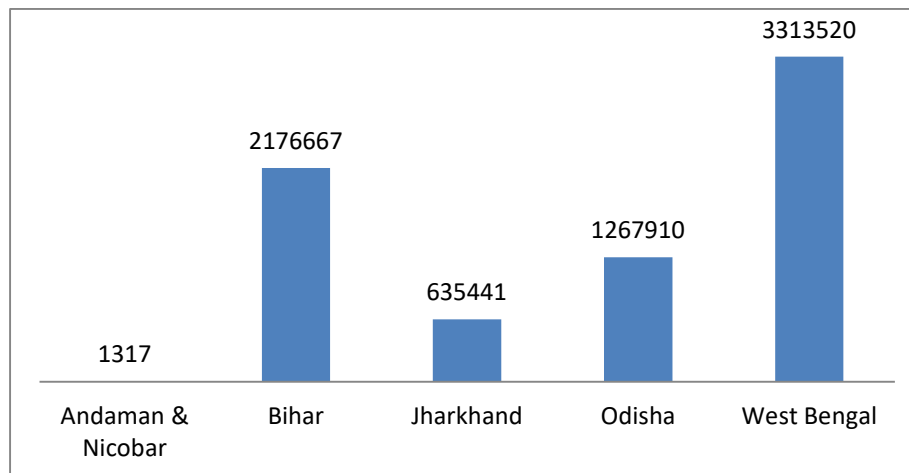


Table V and Figure IV present the performance of loan disbursement for SHG that shows state-wise in the eastern region of India. West Bengal has got 1st position than Bihar, Orisha, Jharkhand and Andaman & Nicobar in the next series of on the basis loan disbursement. The growth percentage of loan disbursement for SHG says that Bihar has been growing 38.08 % on average last three years than orisha and West Bengal's growth rates are near 29%, Jharkhand's last three years' growth percentage is 26.36 on average, and Andaman & Nicobar average growth is 12.09 %. From the results, we can interpret that the West Bengal loan disbursement linkage with banks for SHG is good in volume but yearly growth is average.

## Conclusion

SHG is a social group community of village women that helps them with social and economic development. This study focuses on the performance of SHG in the eastern region with a special study on West Bengal. The results reveal that the saving amount linkage with the bank rapidly increased from 2021 to 2023 where RRBs dominantly impacted SHG savings amount then commercial banks averagely impacted and Cooperative banks did not effective role in this bank linkage programme with SHG group in the eastern region. On the other side, the result of loan disbursement to SHG by commercial, RRBs and Co-Operative banks have shown that RRBs again strongly distribute loans to SHG than commercial banks but Co-Operative is in the lowest position with 10% out of 100% for distributing loan. So, we can say that SHG is satisfied and comfortable with the products and services provided by both RRBs and commercial banks, at the same time we can comment on the Co-Operative bank that they more focus on the bank linkage programme of SHG because it will be solved the gender inequalities and women empowerment in village areas. The total saving amount deposited by SHG in West Bengal's bank got first position but Bihar state got a 38.08% growth deposit year on year from 2021 to 2023, other states like Orisha and Jharkhand are in an average position in the row. On the result of loan



disbursement, the state has seen that West Bengal again 1st position in loan distribution to SHG but his year-on-year loan disbursement growth is not promising, from the results we can conclude that the SHG working progress and bank linkage programme have been effectively and efficiently going on but need to focus on growth perspective bank linkage programme, otherwise, overall performance is good as compare to other state in eastern region in India.

### Limitation

This study suffers certain limitations which are as follows.

- I. This study has taken only three years of annual reports of SHG in the eastern region of India, the research results might differ on the long period of data
- II. Used data provides the accumulated performance of the bank linkage programme with SHG which provided commercial, RRBs and Co-Operative banks, not to mention which commercial, RRBs and Co-Operative banks particularly provide service to SHG in the selected state in the Eastern region of India.

### Future scope of study

After reviewing various literature and limitations of the present study, further research can be done on separate banks that help to SHG for savings, loans and other facilities provided, even if the research will be conducted on economic, social, legal, political, physical and psychological empowerment of SHG women as a primary survey data.

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