

TRENDS IN SHG-BANK LINKAGE PROGRAMME IN ANDHRA PRADESH**V. Sriram Narendra**

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ABSTRACT

This research paper offers a comprehensive analysis of the Self-Help Group (SHG) bank linkage program's progress in Andhra Pradesh from 2016-17 to 2020-21, highlighting significant growth in SHG savings, bank loans, and outstanding loan amounts. Based on data from the 'Reports of the Status of Microfinance in India' published by NABARD, Mumbai, the study underscores the positive impact of SHGs on financial inclusion and community-driven savings in the region. While fluctuations are observed in bank loans disbursed and the number of SHGs with outstanding loans, Andhra Pradesh consistently maintains a notable presence at the national level. The paper advocates for enhanced monitoring and evaluation, financial literacy, capacity building, adaptation to economic changes, government collaboration, technology integration, risk mitigation, social capital promotion, and community engagement to ensure the sustained growth of savings, loan disbursements, and SHGs' impact on financial inclusion in Andhra Pradesh.

Keywords: SHGs, savings, bank loan, outstanding loan amount

In recent years, the Self-Help Group (SHG) bank linkage program has emerged as a powerful catalyst for financial inclusion, community empowerment, and economic development in Andhra Pradesh. The Self Help Group (SHG) movement fosters financial inclusion by connecting members with formal financial services. Originating from indigenous practices, SHGs self-organize, follow rules, and manage their finances collectively. The National Bank for Agriculture and Rural Development (NABARD) initiated a program in 1991-92 to link SHGs with banks, expanding access to rural banking. Over time, the SHG-Bank Linkage Program (SHG-BLP) has grown significantly. By 2002, it covered over 31,000 rural outlets, with a loan portfolio of Rs. 2,000 crore, benefiting millions of underprivileged households. As of March 31, 2012, over 79.60 lakh savings-linked SHGs covered more than 10.3 crore underprivileged households.

The Government of India (GoI) provided support for SHG promotion through programs like SGSY and NRLM, further enhancing financial inclusion for poor households. NABARD played a pivotal role in nurturing the SHG-BLP program, offering policy support, capacity building, and financial assistance. As of March 31, 2021, the program had reached 112.23 lakh SHGs covering 13.8 crore households, with significant savings and loans disbursed by banks.

The study on trends in SHG-Bank Linkage Programme is crucial due to its significance in promoting financial inclusion, poverty alleviation, and women's empowerment. As Andhra Pradesh has been a pioneering state in implementing this program, understanding the evolving trends and their socioeconomic impact is imperative. This research is essential for policy relevance, state-specific analysis, assessing the program's performance over a period of five years. Furthermore, it serves as a source of learning and

best practices for other regions, contributing to evidence-based policymaking and fostering socioeconomic development in the state and beyond.

Review of Literature

Sangram Panigrahi (2010) conducted a study with the goal of evaluating the success of NABARD's Self Help Groups-Bank linkage programs in rural India. The study explored the financial system in rural India, providing insights into the achievements and effectiveness of these initiatives in the context of India's financial sector. The study's results revealed that NABARD's Self Help Groups-Bank linkage programs not only improved the local economy in rural areas but also made the financial system in rural India more inclusive and available to a wider population.

Nagaraj M. Muggur and Ramakrishnappa (2012) observed that the use of microcredit through Self-Help Groups (SHGs) has produced positive results for women, reducing the vulnerability of the underprivileged population by enabling them to create assets. The bank linkage program, by making loans accessible through SHGs, efficiently fulfills their basic needs promptly, thereby enhancing their socio-economic status and empowerment within both the SHGs and the connected microfinance system.

Disha Bhanot and Varadraj Bapat (2016) studied how Self-Help Groups (SHGs) contribute to financial inclusion, focusing on branch accessibility, credit availability, and deposit availability. They found that incorporating SHG contributions significantly increased credit and deposit penetration in rural areas. This suggests that the SHG-bank linkage program is a promising way to extend financial services to underserved populations despite stagnant branch growth from 2000 to 2012.

Navena Nesa Kumari et al. (2019) conducted a comprehensive examination of the Self-Help Group-Bank Linkage Programme (SBLP) in five southern Indian states, namely Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, and Puducherry, spanning the years 2012 to 2017. The SBLP encompassed a diverse range of banking institutions, including commercial, cooperative, private, and regional rural banks. The research revealed that, despite an annual growth in the number of women-led Self-Help Groups (SHGs), they consistently demonstrated the ability to save money and repay loans punctually. The linkage between savings and banks exhibited variability across states, with multiple factors influencing this outcome.

Pankaj Sinha and Nitin Navin (2021) assessed the performance of Self-help Groups (SHGs) in India, shedding light on various critical aspects of the program's expansion and the challenges it faces. The research revealed that while the SHG program has rapidly proliferated across the country, its success has been uneven, with better recovery rates observed in the southern states. Notably, states in the eastern region have shown significant improvement in performance over the past eight years, but the program is struggling in the central and north-eastern regions. Loan defaults and mounting Non-Performing Assets (NPAs) in some regions present a pressing issue, eroding the trustworthiness of the program's target demographic. The study underscores the importance of establishing robust internal processes and addressing sensitive issues like gender and caste during SHG formation.

Srikanth and Lagesh (2021) assessed the sustainability of India's Self-Help Group-Bank Linkage Programme (SHG-BLP) by examining 133 Self-Help Groups (SHGs) in

Andhra Pradesh, Madhya Pradesh, and Odisha. They found that over one-fifth of the SHGs had high sustainability, while about two-thirds had moderate sustainability. Notably, Madhya Pradesh, with high non-performing assets (NPAs), had SHGs with lower to moderate sustainability, while Andhra Pradesh and Odisha, with lower and medium NPA levels compared to the national average, had SHGs with medium to high sustainability.

Objectives and Methodology

This study presents a comprehensive analysis of the program's progress from 2016-17 to 2020-21, shedding light on the significant growth in the savings of SHGs, bank loans and outstanding loan amounts. This paper seeks to offer valuable insights and suggestions to fortify the SHG bank linkage program, ensuring its continued success in fostering financial inclusion and community-driven savings while addressing the obstacles that have arisen in recent years. The study is based on the secondary data. The data is collected from the 'Reports of the Status of Microfinance in India' published by the NABARD, Mumbai annually. Growth rates and percentages are used to analyze the data.

Data analysis

Savings of SHGs

Savings trends of Self-Help Groups (SHGs) in Andhra Pradesh from 2016-17 to 2020-21 is presented in Table -1. The number of SHGs in Andhra Pradesh witnessed a consistent increase over the five-year period, from 848,721 in 2016-17 to 1,058,053 in 2020-21. The highest growth was observed in 2020-21, with a remarkable 13.06 per cent increase in the number of SHGs compared to the previous year. The savings amount of SHGs in Andhra Pradesh also demonstrated steady growth, rising from ₹ 529,124.96 lakhs in 2016-17 to ₹ 1,093,304.95 lakhs in 2020-21. The highest savings growth was recorded in 2020-21, with a substantial 93.93 per cent increase compared to the previous year.

In 2016-17, Andhra Pradesh had 8.90 per cent of the total SHGs in India, reflecting a substantial presence in the SHG movement. Despite fluctuations, this percentage remained relatively stable over the five-year period, indicating a consistent contribution from Andhra Pradesh to the national SHG landscape. The growth rate in the number of SHGs in Andhra Pradesh saw variations over the years. While there was a slight decline in 2018-19, the subsequent years witnessed a substantial increase, with the highest growth rate recorded in 2020-21. This indicates that despite occasional setbacks, the SHG movement in Andhra Pradesh has generally been on an upward trajectory.

The savings amount of SHGs at the national level also increased significantly, from ₹ 1,611,422.64 lakhs in 2016-17 to ₹ 3,747,761.37 lakhs in 2020-21. This national trend is consistent with the growth observed in Andhra Pradesh, suggesting a positive and widespread financial impact of the SHG movement in the country. In conclusion, the data from Table 1 showcases the impressive growth and financial impact of Self-Help Groups in Andhra Pradesh. The state has consistently contributed to the national SHG movement, with both the number of SHGs and their savings witnessing substantial growth. These findings reflect the effectiveness of SHGs in empowering communities and promoting financial inclusion, emphasizing the need to continue and expand such initiatives for socio-economic development.

Table – 1

SAVINGS OF SHGs IN ANDHRA PRADESH FROM 2016-17 TO 2020-21

(Amount □ Lakhs)

Year	Number of SHGs in Andhra Pradesh	Number of SHGs at all India	Savings amount of SHGs in Andhra Pradesh □	Savings amount of SHGs at all India □	Growth rate in number of SHGs in A.P.	per cent of number of SHGs in AP in all India
2016-17	848721	8576875	529124.96	1611422.64	-	9.90
2017-18	927556	8744437	668242.05	1959211.52	9.29	10.61
2018-19	889559	10014243	660598.41	2332448.15	-4.10	8.88
2019-20	935831	10243323	677967.95	2615204.89	5.20	9.14
2020-21	1058053	11223400	1093304.95	3747761.37	13.06	9.43

Source: NABARD, Mumbai.

Bank loans disbursed to SHGs

The provided data in Table 2 presents a comprehensive overview of bank loans disbursed to Self-Help Groups (SHGs) in the state of Andhra Pradesh over a five-year period from 2016-17 to 2020-21. One noteworthy aspect of the data is the consistent growth in the number of SHGs in Andhra Pradesh over the five-year period. In 2016-17, 357,765 SHGs received bank loans, which increased to 579,637 SHGs in 2019-20, representing a remarkable 49.48 per cent growth. This indicates a substantial interest and participation in SHG activities among the population in Andhra Pradesh. The growth rate in the number of SHGs is particularly notable when compared to the national figures, with Andhra Pradesh consistently maintaining a higher percentage of SHGs concerning all of India. This could be attributed to the state's proactive efforts in promoting SHGs for economic development and empowerment.

The amount of bank loans disbursed to SHGs in Andhra Pradesh exhibited variations over the years. In 2016-17, loans amounting to □ 1,037.41 crores were disbursed, which increased to □ 2,349.52 crores in 2019-20, a significant 126.68 per cent growth. However, the subsequent year, 2020-21, saw a notable decline in loan disbursal, amounting to □ 1,460.98 crores, marking a 38 per cent decrease. These fluctuations could be attributed to various factors such as economic conditions, government policies, and the changing needs and demands of SHGs.

The data also provides insights into how Andhra Pradesh compares to the national scenario. Throughout the five-year period, Andhra Pradesh consistently held a significant percentage of the total SHGs in India, ranging from 13.91 per cent to 18.42 per cent. This demonstrates the state's leadership in promoting and sustaining SHGs and their financial inclusion within the broader Indian context. The amount of loans disbursed in Andhra Pradesh consistently accounted for a substantial proportion of the loans disbursed at the national level, reflecting the state's robust SHG ecosystem.

The growth rate in the number of SHGs in Andhra Pradesh exhibited fluctuations, with both positive and negative trends. The most significant growth was observed in 2019-20, but it was followed by a substantial decline of 28.12 per cent in 2020-21. This decline might be indicative of the adverse economic impact of the COVID-19 pandemic. Nevertheless, it is crucial to note that even with this decline, Andhra Pradesh maintains a prominent position in terms of SHG involvement and loan disbursal.

The data presented in Table 2 illustrates the dynamic nature of bank loans disbursed to SHGs in Andhra Pradesh from 2016-17 to 2020-21. The consistent growth in the number of SHGs, the fluctuating loan disbursal amounts, and the state's strong position in the national context emphasize the importance of SHGs in the state's economic and social landscape.

Table – 2
BANK LOANS DISBURSED TO SELF-HELP GROUPS (SHGs) IN ANDHRA PRADESH FROM 2016-17 TO 2020-21

(Amount in ₹ Lakhs)

Year	Number of SHGs for whom bank loans are disbursed in Andhra Pradesh	Number of SHGs for whom bank loans are disbursed at all India	Amount of bank loan disbursed in Andhra Pradesh ₹	Amount of bank loan disbursed at all India ₹	Growth rate in number of SHGs in A.P.	per cent of number of SHGs in AP in all India
2016-17	357765	1898120	1037408.06	3878116.00	-	18.85
2017-18	314466	2261132	1065195.06	4718587.00	-12.10	13.91
2018-19	387763	2698400	1536457.27	5831762.88	23.31	14.37
2019-20	579637	3146002	2349523.11	7765934.84	49.48	18.42
2020-21	416621	2887394	1460984.80	5807067.81	-28.12	14.43

Source: NABARD, Mumbai.

Bank loans outstanding

Table-3 presents data on Self-Help Groups (SHGs) in Andhra Pradesh that have outstanding bank loans from the financial years 2016-17 to 2020-21. From 2016-17 to 2020-21, Andhra Pradesh witnessed fluctuations in the number of SHGs with bank loans outstanding. In 2016-17, there were 751,357 such SHGs in the state, which slightly decreased to 731,371 in 2020-21. This represents a decrease of 15.54 per cent over the five-year period. This decline may indicate various factors, including consolidation of SHGs, closures, or shifts in the preference of rural communities. Nevertheless, the growth rate was not consistent, as 2019-20 showed an impressive increase of 13.28 per cent compared to the previous year. The overall trend appears to be a reduction in the number of SHGs in Andhra Pradesh.

The data also presents a comparison of Andhra Pradesh's performance with the national scenario. In 2016-17, Andhra Pradesh accounted for 15.50 per cent of all SHGs with

bank loans outstanding in India. However, this share gradually decreased, and by 2020-21, it constituted 12.65 per cent. This indicates that while Andhra Pradesh's contribution to SHGs in India is significant, it is gradually decreasing relative to the national numbers. This might be attributed to the reduction in the growth rate of SHGs in the state.

The total amount of bank loans outstanding in Andhra Pradesh increased from ₹1,740.58 crores in 2016-17 to ₹2,426.97 crores in 2020-21, with fluctuations in between. In contrast, the national figure for outstanding bank loans in SHGs also rose over the years from ₹6,158.13 crores in 2016-17 to ₹10,328.97 crores in 2020-21. While Andhra Pradesh's share in the total bank loans outstanding increased slightly from 28.26 per cent to 23.53 per cent during this period, it is essential to note the overall growth in bank loans outstanding both at the state and national levels.

The decrease in the number of SHGs with outstanding bank loans in Andhra Pradesh from 2016-17 to 2020-21, along with a diminishing share of the state in the national context, may be indicative of changing economic and financial dynamics within the state. In conclusion, the data provided in Table 3 underscores the need for a comprehensive evaluation of the SHG sector in Andhra Pradesh to ensure its sustained growth and contribution to financial inclusion and empowerment in the state.

Table – 3
SHGs HAVING BANK LOANS OUTSTANDING IN ANDHRA PRADESH FROM
2016-17 TO 2020-21

(Amount ₹ Lakhs)

Year	Number of SHGs against which whom bank loans are outstanding in Andhra Pradesh	Number of SHGs against which whom bank loans are outstanding at all India	Amount of bank loan outstanding in Andhra Pradesh ₹	Amount of bank loan outstanding at all India ₹	Growth rate in number of SHGs in A.P.	per cent of number of SHGs in AP in all India
2016-17	751357	4848287	1740579.16	6158127.00	-	15.50
2017-18	774115	5020358	2224166.61	7559845.00	3.03	15.42
2018-19	764426	5077332	2422493.61	8709815.43	-1.25	15.06
2019-20	865916	5677071	3021065.34	10807507.24	13.28	15.25
2020-21	731371	5780244	2426968.54	10328970.83	-15.54	12.65

Source: NABARD, Mumbai.

Conclusion

In conclusion, the savings of Self-Help Groups (SHGs) in Andhra Pradesh exhibited significant growth from 2016-17 to 2020-21, with a notable increase in both the number of SHGs and their savings amount. This expansion in financial inclusion and community-driven savings highlights the positive impact of SHGs in the region. With regard to bank loans disbursed, the data from 2016-17 to 2020-21 reveals fluctuations in the number of self-help

groups (SHGs) receiving bank loans in Andhra Pradesh, with a notable growth rate in 2019-20, but a decrease in 2020-21. Despite these variations, Andhra Pradesh consistently maintained a significant presence in terms of SHG bank loans at the national level, with approximately 14-18% of SHGs in the country being beneficiaries of these loans during this period. The data from 2016-17 to 2020-21 reveals a fluctuating trend in the number of Self-Help Groups (SHGs) with outstanding bank loans in Andhra Pradesh, while the percentage of SHGs in Andhra Pradesh compared to the national average remained relatively stable. However, there was a noticeable decline in the number of SHGs and bank loan outstanding in 2020-21, indicating potential challenges faced by SHGs in the region during that year.

To improve the SHG bank linkage program successfully in Andhra Pradesh, it is vital to implement an enhanced monitoring and evaluation system, provide financial literacy and training, strengthen the capacities of SHGs, adapt to economic changes, collaborate with government agencies, integrate technology, strengthen linkages with banks, develop risk mitigation strategies, promote social capital among SHGs, enhance awareness and outreach efforts, document impact, engage the community, and regularly evaluate and adapt the program to address fluctuations and challenges, ultimately ensuring sustained growth in savings, loan disbursements, and the positive impact of SHGs on financial inclusion in the region.

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