

SHG Bank Linkages in North West India

Experiences and Challenges in Financial Access and Poverty Alleviation

Dr. Gagan Bihari Sahu

2010

**Centre for Micro-Finance (sub- centre)
Institute of Development Studies, Jaipur**

Contents

<i>List of Tables</i>	<i>ii</i>
<i>List of Figures</i>	<i>v</i>
<i>Executive Summary</i>	<i>vi</i>
 <i>Chapter- 1</i>	
Introduction	1
 <i>Chapter- 2</i>	
Functioning of SHGs under Bank Linkage Programme across States	18
 <i>Chapter- 3</i>	
SHG Members: Changing Socio-economic Profile	56
 <i>Chapter- 4</i>	
Impact on Poverty: Some Evidence	102
 <i>Chapter- 5</i>	
NGOs and SHG Movement	112
 <i>Chapter- 6</i>	
Conclusions	124

List of Tables

Table 1.1:	SHG-Bank Linkage Programme	8
Table 2.1:	Profile of Sample SHGs by State	20
Table 2.2:	State-wise Percent of SHGs Experiencing Change in Group Membership	22
Table 2.3:	State-wise Marital Status of Members in the Sample SHGs	22
Table 2.4:	State-wise Distribution (%) of SHG Members by Categories	23
Table 2.5:	Distribution (%) of SHG by Educational Qualification of Sample Members	24
Table 2.6:	Distribution (%) of Sample SHG Members by Level of Education across States	24
Table 2.7:	Extent of Dropouts and Joining of Members in SHGs by State	25
Table 2.8:	Categories wise Dropouts by State	26
Table 2.9:	Reasons for Dropping out by State	26
Table 2.10:	Governance Aspects of SHGs	28
Table 2.11:	State-wise % of SHGs having Definite Rules and Regulation for Running the Group	29
Table 2.12:	General Management Practices	29
Table 2.13:	Maintenance Level of Book of Announcements and Individual Passbook of SHGs (% SHGs)	33
Table 2.14:	Saving Habits of SHG Members	34
Table 2.15:	Average Amount of Savings, Interest & other Income (in Rs.) per SHG (time of survey)	36
Table 2.16:	Compulsory Savings versus Internal Funds of the SHG	36
Table 2.17:	Indicators Used to Assess the Quality of the SHGs	37
Table 2.18:	Distribution (%) of SHGs by Extent of Stability across States	38
Table 2.19:	Status of SHGs Bank Linkages as on the Date of Interview across States	40

Table 2.20:	Total Amount of Loan obtained by SHGs so far as on the Date of Interview	41
Table 2.21:	Age of the SHG and Status of Bank Linkages as on the Date of Interview	41
Table 2.22:	Age of the SHG and Average Amount of Loan obtained	42
Table 2.23:	SHG Bank-Linkage by Method of Linkages	42
Table 2.24:	Average Amount of Savings, Interest & other Income (in Rs.) of SHGs by nature of their Stability as on the Date of Interview	44
Table 2.25:	Bank Linkages by Extent of Groups' Stability	44
Table 2.26:	Distribution of SHGs by Number of Days Gap between Date of Group Formation and Obtained First Loan	45
Table 2.27:	Number of Days Gap between SHG Formation and Obtaining First Loan	45
Table 2.28:	Method of Linkage and Nature of Stability-wise Number of Days Gap between SHG Formation and Obtaining First Loan	46
Table 2.29:	Number of Times Raised Loan per SHG with respect to their Caste Composition since beginning of the Group	47
Table 2.30:	Average amount of loan obtained each time by a SHG (in Rs.) with respect to their Caste Composition	47
Table 2.31:	Disbursement Pattern of Bank Loan by SHGs	49
Table 2.32:	Financial Links of SHG Members since 2006-07	49
Table 3.1:	Caste and Religion of Member Households	56
Table 3.2:	Marital Status of the Members	57
Table 3.3:	Age of Members and Family Size	57
Table 3.4:	Economic Status of the Member's Household	57
Table 3.5:	Own Assessment by Households of Economic Status	58
Table 3.6:	Educational Achievement of Members	59
Table 3.7:	Primary Occupation of Members	59
Table 3.8:	Secondary Occupation of Members	60

Table 3.9:	Ownership of Land (Households No.)	61
Table 3.10:	Type of House	61
Table 3.11:	Durable Assets by Households	62
Table 3.12:	Animal Assets by Households	64
Table 3.13:	Sources of Income (Annual) Rs.	66
Table 3.14:	Reasons of Joining SHG (No. of Members)	68
Table 3.15:	Reasons of Joining SHG (No. of Members)	68
Table 3.16:	Do you have Membership in other SHG/organisation (No. of Members)	69
Table 3.17:	Attendance in SHG Meetings (No. of Members)	69
Table 3.18:	Causes of poor attendance (No. reporting members)	70
Table 3.19:	Savings Contribution to Group (No. of Members)	70
Table 3.20:	Savings Rating (No. of Members)	71
Table 3.21:	Causes of Poor Savings (No. reporting)	71
Table 3.22:	More than scheduled compulsory savings (No. reporting)	71
Table 3.23:	Sources of Loan (No. of Members)	72
Table 3.24:	Interest rates (No. reporting)	72
Table 3.25:	Purpose of loan (No. of Members)	73
Table 3.26:	Repayment (No. of reporting members)	74
Table 3.27:	Forms of saving the household of member has (Rs) (N- reporting households)	75
Table 3.28:	Savings up to March end (Rs.)	76
Table 3.29:	Recurring deposits (No. of Members)	76
Table 3.30:	Fixed deposits (No. of Members)	77
Table 3.31:	Loans availed from different sources through SHG since 2006-07 (Rs.)	78
Table 3.32:	Frequency of loans	78
Table 3.33:	Loans repaid since 2006-07 (Rs.)	79
Table 3.34:	Loans balance since 2006-07 (Rs.)	79
Table 3.35:	Purpose-wise use of loans by sample respondents	81
Table 3.36:	Purpose-wise mean size of the loan	

	put to use by SHG members across the sample states	81
Table 3.37:	Reasons (proportion of reporting members)	83
Table 3.38:	Invest pattern (Rs.)	85
Table 3.39:	Name of the activity undertaken (No. of households)	85
Table 3.40:	Year in which first activity undertaken (No. of reporting members)	86
Table 3.41:	Reason for setting up of enterprise (No. of reporting households)	87
Table 3.42:	Funds Gap Sources (No. of reporting members)	87
Table 3.43:	Invested in One Activity (No. of reporting members)	88
Table 3.44:	Number of Times Subsequent Investment Loan (No. of reporting members)	88
Table 3.45:	Sources of funds (No. of reporting members)	88
Table 3.46:	Who helps in marketing (No. of respondents)	88
Table 3.47:	Change in Situation (No. reporting)	89
Table 3.48:	SHG Play a significant role in meeting emergency needs (No.)	89
Table 3.49:	SHG play a significant role in meeting basic needs (No.)	89
Table 4.1:	Wealth ranking of households	104
Table 4.2:	State-wise distribution of households by their wealth ranking	104
Table 4.3:	Years of membership-wise distribution (in %) of households by their wealth ranking	105
Table 4.4:	Bivariate correlation coefficient	106
Table 4.5:	Wealth ranking-wise average annual income (in Rs.) of households	106
Table 4.6:	Distribution of households by level of average per capita income per day	106
Table 4.7:	Distribution of households by their outstanding loan from sources other than SHG	108
Table 4.8:	Years of membership and status of households' outstanding loan from sources other than SHG	109
Table 4.9:	Purpose-wise utilisation of loans (in %) obtained through SHG	109

List of Figures

Figure 2.1:	Financial Management Practices of SHGs (N = 200)	31
Figure 2.2:	Financial Management Practices of SHGs by States	31
Figure 2.3:	Level of Maintenance of Book of Accounts & Individual Passbook by States	33
Figure 2.4:	Level of Maintenance of Book of Accounts & Individual Passbook	34
Figure 2.5:	Distribution of SHGs by Level of Internal Funds across the States	35
Figure 2.6:	SHG Bank Linkage Models	40
Figure 2.7:	Access to Credit by Status of Members	49
Figure 4.1:	Percentage of households having less than 1 US \$ average per capita income per day	107
Figure 4.2:	Percentage of households utilised SHG loan for repayment of their old debt	110