

Development of SHGs in Maharashtra through Indian Banks

By

Prof Neeta Sanjay Puntambekar

Assistant Professor (Commerce)

Arts, Commerce and Science College Tryambakeshwar,

Nashik Maharashtra

neeta1717@gmail.com

Introduction

Maharashtra is the second largest state in India both in terms of population and geographical area. The state has a population of around 10 Crore (2001 census) which is 9.4 % of total population of India. The population is expected to reach 11.5 Crore by 2011. The state is highly urbanized with 42 % people residing in urban areas and 58 % people residing in rural areas. The gross state domestic product (GSDP) at current prices for 2009-10 is estimated at Rs. 9,014,330 Crore and contributes about 14.7 % of the GDP. The GSDP has been growing at a rapid pace over the last few years. The state boasts of a very vibrant industrial and services sector both these sectors presently contribute about 89 % of the states domestic products. The agriculture and allied sector contributes 11 % of the state income. The state is well known for its administrative acumen and innovative ideas. The state is first to implement women's policy and engendering the budget by establishing separate woman and child development department. It means Maharashtra is one of the developed states which have always implemented the policy to empowerment of women.

Objectives of Research

1. To study the role of banks in the development of the SHGs.
2. To study the present status of SHGs in Maharashtra

Research Methodology

This research paper is based on secondary data collected from various reports of NABARD, articles and books, etc.

Poverty in Maharashtra

The success of the agriculture and industrial revolution did not translate into improvement in the standard of living of poorest of the poor. The concept of the poverty is associated with socially perceived deprivation with respect to basic human needs i.e. the lack of basics required for quality of life. These basics begin with food, clothing, shelter, safe drinking water and also education, employment and health. Poverty indicates a condition in which people fail to maintain a living standard adequate for their physical and mental efficiency which ultimately results in poor economic development. The poverty estimates based on NSS 61st round (2004-05) were prepared and published by the planning commission. The estimates were based on outdated basket, crude price adjustments and discrepancies in data on health and education expenditure. Therefore, the planning commission appointed the expert group under the chairmanship of Prof. Suresh Tendulkar. According to this report the head court ratio for Maharashtra is 38.1 % (combined), when it is 47.9 % for rural areas and 25.6 % for urban areas. For India it is 37.2 % (combined) and 41.8 % for rural areas and 25.7 % for urban areas. According to BPL census 2002, 35.7 % families in rural areas were in BPL group in urban areas. From above information we can say that majority families from rural areas are living in poverty. Latest available criteria for deciding poverty line as given by NSSO (2004-05) for rural population is Rs. 356.0 per capita.

Human Development in Maharashtra

A new concept of Human Development evolved with people at the centre of development. A healthy and educated population leads to increased productivity and hence development strategy needs to be aimed at being inclusive and broad based. The basic capabilities for human development are to lead long and healthy lives, to be knowledgeable and to have access to the resources needed for a decent standard of living by participating in economic and political decision making system. The concept of Human Development is an external social process creating environment in which people can develop their potential and lead productive and creative lives. HDI for Maharashtra improved from 0.363 in 1981 to 0.523 in 2001 and it ranked fourth in India, the top most position being acquired by Kerala with HDI at 0.638.

SHG Movement in Maharashtra

National Bank for Agriculture and Rural Development (NABARD) launched the SHG Bank linkage program with the view to facilitate smoother or more meaningful banking to the poor. Before this program the first SHG was formed in 1947 in Amravati district, where women members contributed 25 paisa per day. Present form of SHG has come in existence from 1970 when Elaban Bhatt published his book micro finance for women. Further in 1984-85 such SHG was in existence in Vodasha Taluka in Gadchiroli district. With the help of International Agricultural Development Fund, Maharashtra Government and Central Government implemented Maharashtra Rural Credit Fund Project for four districts. It was operated by women members. This movement is now spread all over Maharashtra. Many government and non-government agencies are involved in micro finance through SHG movement. This movement is mooted in Maharashtra Mahila Arthik Vikas Mahamandal, (MAVIM); District Rural Development Agency (DRDA) etc. are government agencies, which are mostly involved in this movement. SHG is an ideal medium to empower the women. Through SHGs, women not only come together but gain economic empowerment there by participating in the development of family and society. By the end of December, 2010, 7.34 Lakh women from 12,243 villages were participating in 57,733 SHGs. The total savings of these women was about Rs. 146 Crore and the total internal loan was Rs.420 Crore. Loan received from various banks to SHGs accounted to Rs.312 Crore.

Progress of SHGs in Maharashtra

The progress of SHGs in Maharashtra during the period from 2004-05 to 2009-10 is given in the From Table. 1, it is observed a tenfold physical growth of SHGs in Maharashtra during recent 5 years. This is quite encouraging. In 2005 number of SHGs are 71,146, it increase to 7,70,6, 695 in 2010 with an average annual growth of over 55 per cent. The highest growth rate of 101.8 per cent was recorded in the year 2009 and the least in the previous year 2008 at 5.4 per cent. Around 1.4 Lakh SHGs are being added each year in Maharashtra.

Table-1
Physical Growth of SHGs in Maharashtra

Year	SHGs linked with banks (in lakhs)	Net Growth
2002-03	11.36	-
2007-08	22.58	11.22
2012-13	89.40	66.82
2017-18	297.19	230.37

Source: NABARD Reports, status of micro finance 2008-09, 2009-10

Position of SHGs under SGSY

Swarnjayanti Gram Swarojgar Yojana (SGSY) is an employment generation programme that provides income generating assets through the mix of Bank Credit and government subsidy. It is an employment programme designed to stimulate self employment activities and ensure that every

assisted BPL family Swarojgar is able to earn a minimum monthly income of Rs. 2000. Funding of this scheme is 75: 25 in between centre and state DRDA (District Rural Development Agencies) receive funds directly from the centre. SHGs receive training as well as income generating assets designed and delivered by DRDA.

Once formed, groups are trained and observed by DRDAs along with banks for six months to develop and strengthen saving credit activities. They are encouraged to open for bank accounts and also to lend from the groups corpus to members within the group. At the end of this period, DRDA assess if groups are ready to avail credit. Viable groups are given revolving funds of Rs. 25,000 per group from banks as credit to augment the group corpus, thereby enabling more members to take loans and also increase the per capital loan amount, after another six months, groups are evaluated again to determine if they are viable to undertake economic activities with larger investments. Viable groups and individuals are eligible for loan cum subsidy assistance for group and individual activities, respectively. DRDA monitor progress at the block level and submit monthly reports to the Department of Rural Development in the Ministry of Rural Development. Panchayat must monitor loan use and repayment as well as asset creation and income generation through SGSY.

Position of SHGs, women SHGs, gradation, economic activities undertaken and number of BPL families covered by SHGs under SGSY since 1999 to 2010 in Maharashtra under SGSY is given in the Table 2:

Table-2
Position of SHGs in Maharashtra as on 01/04/2010

Particulars	Number	Amount (Lakh)
Total savings of SHGs	848291	949.78
Total Loans Disbursed	102043	1381.52
Total Recovery pending	208719	1964.07
NPA	-	264.32
Number of SHGs performed Financial Transactions		
SHGs Grade 1	77252	32.16
SHGs Grade 2	66.45	27.50
SHGs of Women	196720	81.90
Women's SHGs performed annual programs	36038	-
No. of BPL families that have crossed the poverty line	8183618	-

Figures in brackets show per cent to total

Source: www.rural.nic.in

Since 1999, 2, 40,173 SHGs were formed under the scheme SGSY from different governmental and non-governmental agencies. Out of these 18,030 (7.51 per cent) SHGs have become inoperative since inception. 1,62,247 (67.55 per cent) have passed Grade I and 86,925 (36.19 per cent) have passed Grade II. It means they are able to get revolving fund, loan and subsidy for the economic activities. Out of them, the groups passed Grade I, 77,252 (32.16 per cent) groups and the groups passed Grade II, 66,045 (27.50 per cent) have taken up economic activities out of total SHGs formed by SGSY, number of women SHGs are 1,96,720 (81.91). Out of them 36,038 (18.32) have taken up economic activity during the year.

Progress of Saving of SHGs with Banks in Maharashtra

In the financial years are compared in the following table for savings of SHGs in public sector commercial banks Regional Rural Banks (RRBs) and co-operative banks as on 31st March.

From the Table.3, it is observed that, number of SHGs saving linked are increasing in all the three types of banks of banking sector but in public sector and in RRBs saving amount is decreasing, but co-operative sector's role is increasing.

Number of SHGs saving linked by Commercial Banks in 2009 were 3,73,900 it increase to 4,10,864 in 2010, but saving amount of commercial banks was Rs. 32,511.50 Crore in 2009 it decreased to 29,42,856 in 2010. So growth rate is 9.87 for Number of SHGs saving linked, but -9.48 for saving amount. For RRBs Number of SHGs increased from 83,496 in 2009 to 91,762 in 2010, the growth rate is 9.90 for SHGs saving linked but saving amount is Rs. 6,551.23 Crore in 2009, it falls to Rs. 703.82 in 2010, the Growth Rate is -89.25 per cent.

Table-3
Bank wise savings of SHGs in Maharashtra

Names of Banks		2017-18	
		No. Of SHGs (Lakhs)	Saving Amount (Crores)
Commercial Banks	Public	2971	348.94
	Private	1125	110.83
RRBs		1161	105.38
Co-operative Banks		3223	384.62
Total		8482	949.78

Figures in brackets are showing Growth Rate

Source: Status of Microfinance in India- 2009-10, pp 21-33

For co-operative banks, Number of SHGs saving linked in 2009 were 2, 27,928 it increased to 2, 68,069 in 2010, the Growth Rate is 17.61. Saving Amount of co-operative banks was Rs. 20262.49 Crore in 2009 it increased to Rs.26695.64 Crore in 2010, the Growth Rate is 37.75. The overall growth rate for number of SHGs saving linked is 12.46, but for amount it is -4.21. The amount of savings must be increasing for SHGs. It is also necessary to increase the role of public sector banks and RRBs in saving amount of SHGs.

Progress of Bank loans disbursed to SHGs in Maharashtra:

In the following table loan disbursed by public sector, RRBs, co-operative banks in Maharashtra is given

Table 4
Bank Wise Loan Disbursed to SHGs in Maharashtra

Names of Banks		2017-18	
		No. Of SHGs in Lakhs	Loan Amount in Crores
Commercial Banks	Public	335	9486.14
	Private	303	12421.70
RRBs		13	5593
Co-operative Banks		1248	3870
Private Sector Banks		641	22133.59
Financial Institutions		20	3287

Figures in brackets indicates growth rate over previous period

Source: Status of Microfinance 2009, pp 10-60

It is observed from Table 4, that role of public sector banks is tremendously increasing in loan disbursement, but role of RRBs is negatively detected. Role of Co-operative is also increasing in loan disbursement to SHGs. Number SHGs bank loan disbursed by commercial banks in 2008-09 were 870, it increased to 40,742 in 2009-10, and the growth rate is 4532.99. The loan amount disbursed by commercial banks was Rs.647.50 Crore in 2008-09, it increased to Rs.30073.85 in 2009-10, the

growth rate is 4544.61 it is a tremendous growth. But for RRBs number of SHGs loan disbursed were 17033 in 2008-09 it reduced to 12768 in 2009-10 the growth rate is -25.04. The loan amount disbursed by RRBs was Rs. 9,586.31 Crore in 2008-09 it reduced to 2513.87 in 2009-10, the growth rate was -73.78. It means RRBs are reducing their participation in loan disbursement to SHGs. For Co-operative banks number of SHGs were 51408 in 2008-09, it increased to 56,777 in 2009-10, the growth rate was 10.44. The loan amount disbursed by co-operative banks was Rs. 13,498.81 Crore in 2008-09 it increased to Rs. 18,696.52 Crore, the growth rate is 38.50. The overall growth rate of number of SHGs loan disbursed is 59.12 and for amount it is 116.09. Except RRBs role of commercial and co-operative bank is significantly increasing in the development of SHGs.

Loans Outstanding of SHGs in Maharashtra

In the following table, the position of loan outstanding of SHGs with Banks is given –

Table -5

Bank wise SHGs Loans Outstanding in Maharashtra

Names of Banks		2017-18	
		No. Of SHGs in Lakhs	Loan Amount in Crores
Commercial Banks	Public	1196	9367.17
	Private	763	16280.84
RRBs		358	64.15
Co-operative Banks		2653	68.51
Private Sector Banks		1962	26.39.52
Financial Institutions		100	6133.74

Figures in brackets indicates growth rate

Source: Status of Microfinance, pp 77

From the Table 5, it is observed that, repayment of loans are donating negative growth rate. It shows that repayment of loans for SHGs are more regular for all three banks. Customer SHGs are successfully returns their loans to banks. For commercial banks Number of SHGs having loan outstanding were 2, 56,758 in 2008-09, it increased to 2, 72,010 in 2009-10, the growth rate is 5.94.

For the amount loan outstanding of commercial banks was Rs. 1,16,159.66 Crore in 2008-09, it reduces to Rs.92,560.83 Crore in 2009-10, the growth rate is 20.32. For RRBs number of SHGs having loans outstanding were 36,992 in 2008-09, it reduces to 29,482 in 2009-10, the growth rate was -20.30. For the loan amount RRBs outstanding was Rs.13, 104.93 Crore in 2008-09, it reduces to Rs.11, 329.74 Crore in 2009-10, the growth rate is -13.55. For the co-operative banks, number of SHGs having loan outstanding were 59,816 in 2008-2009 it increased to 83,273 in 2009-10, the growth rate is 39.20. For loan outstanding amount co-operative banks have the outstanding of Rs.12, 988.62 Crore in 2008-09, it increased to Rs.16, 440.42 Crore in 2009-10, and the growth rate is 26.58. The overall growth rate for number of SHGs having loans outstanding is 8.82 and for loan amount -15.41. Loan outstanding of cooperative banks are positively increasing so, there is need to take effort for reducing outstanding.

NPA of SHGs in Maharashtra

In the following table, the position of loan outstanding of SHGs with Banks is given –

Table -6

Bank wise SHGs NPA in Maharashtra

Names of Banks		2017-18	
		No. Of SHGs in Lakhs	Loan Amount in Crores
Commercial Banks	Public	206	600.60
	Private	271	264.20

RRBs	330	17.14
Co-operative Banks	559	15.72
Private Sector Banks	477	864.81
Financial Institutions	29	242.56

Figures in brackets indicates growth rate

Source: Status of Microfinance, pp 75-81

From the Table 5, it is observed that, the NPA of Private sector banks are found of 447 bank accounts having NPA amount of 864.81 crores and the NPA of Financial institutions are of 29 accounts having amount of 242.56 crores.

Conclusion

From above information, it is observed that there is major fluctuation in SHG movement of Maharashtra. SGSY is playing important role in the SHG movement and economic development of women. Different government and non government agencies are involved in group forming. 67.55 % groups of SGSY passed Grade I and 36.19 % groups of SGSY passed Grade II up to 31st March 2010. Out of them 32.16 % and 27.50 % SHGs have taken up economic activities out of total SHGs of SGSY 81.90 % groups are women led groups. Activities like saving, credit, training, production are started for rural women development. SHGs are playing more important role in rural development and women empowerment.

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