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Regional Progress of Self-Help Groups Linkage Programs of Financial Inclusion in India

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ABSTRACT

Self-help group (SHG) bank linkage programme plays a vital role in promoting financial inclusion in India. This paper is an attempt to examine the regional progress of SHGs linkage programs in India and represents the overall progress with respect to saving account, loan disbursement and loan outstanding under financial inclusion. The study is based on secondary data collected from the reports and websites of NABARD and RBI for the period of post pandemic 2021-22 to 2023-24. To achieve the objectives of the study trend analysis, growth analysis and regional comparative analysis have been used. The findings of the study represent that the SHGs savings, loan disbursement and the total loan outstanding with banks over the post pandemic period is increased. Additionally, the percentage of women's of SHGs rose gradually with all respect. A comparison by region shows that SHG progress with savings, credit and loan outstanding linkage has increased in every region, with the southern region seeing the fastest growth. However, there is little growth in the northern-eastern region, which might be because the program was saturated. The study concludes that the SHG-bank linkage programme continues to serve as an effective instrument for financial inclusion, women empowerment and rural development in India.

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INTRODUCTION

One of the most important tactics for promoting fair economic growth and lowering poverty in developing nations is financial inclusion. It seeks to guarantee underprivileged and marginalised populations have access to reasonably priced financial services, such as the financial sector, credit, insurance, and savings. The financial products services for the weaker sections and low-income groups need to be in such a way that they unleash hidden potential to save, enhance

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the credit absorption levels to go beyond basic consumptive credit needs and insulate them from a wide range of risks and vulnerabilities (Dr. Mohd. Arif, 2014). In this regard, Self-Help Groups (SHGs) have proved essential in helping to close the gap that exists between rural households and conventional financial institutions. SHGs are small, voluntary groups of people, mostly women, that work together to achieve social and financial goals by saving money together and supporting one another. Integrating SHGs with official financial systems has been made possible in large part by the SHG-Linkage schemes, especially in India. These initiatives strengthen rural communities' economic resilience, empower them, and make credit more accessible.

Self-Help Group Linkage Programs and Financial Inclusion

The concept of SHG originated from the Grameen Bank of Bangladesh started by Dr Muhammad Yunus in 1983 to bridge the gap between formal and informal financial system. SHGs are 'small socio-economically homogeneous affinity groups of rural poor, voluntarily formed to save and mutually contribute a common fund to be lent to its members as per group decision' (Abhas, 2004) (S.S. Devi *et al.,* 2018). Financial inclusion is defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost (Rangarajan Committee). It is also known as the delivery of financial services at affordable costs to vast sections of disadvantaged and low-income groups. Financial inclusion of the unbanked masses is a critical step that requires political will, bureaucratic support and dogged persuasion by RBI. It is expected to unleash the hugely untapped potential of the bottom of pyramid section of Indian economy. Perhaps, financial inclusion can begin the next revolution of growth and prosperity (Dr. Rajeshwari.M. Shettar, 2016).

The SHG-Bank Linkage Programme (SBLP) was first conceived and planned by the National Bank for Agriculture and Rural Development (NABARD), in the year 1992, with the support of the Reserve Bank of India. The main objective of this SBL programme was to enable the poorer people, as a group, to access credit, without any collateral security, for improving their economic condition by utilizing the credit availed in productive purposes. In 1996, this SBL programme was regularized and linked with regular banks viz. Commercial Banks, Regional Rural Banks and Cooperative Banks (Louis Manohar, 2015). NABARD used the assistance of a number of industries, including bankers, non-governmental organisations, and other voluntary groups, in order to accomplish this.

LITERATURE REVIEW

A review of existing literature is essential for understanding the role and contribution of SHGs in promoting financial inclusion and socio-economic development. Several researchers, policymakers and institutions have examined the impact of SHGs on savings mobilization, credit accessibility, women empowerment, poverty alleviation and rural development. The review of literature provides insights into the findings of previous studies and helps in identifying research gaps for further investigation. The major studies related to SHGs, and financial inclusion are reviewed below:

AP Pati (2009) analysed the role of self-help groups in enhancing financial inclusions. Growing financial accessibility demonstrated with the option of financial services, reasonably priced credit, and no-cost in-person financial advice was an essential component to greater inclusion. The study found that SHGs became an efficient rural funding as a middleman. Promoting SHGs and connecting them with banks was viewed by NABARD as part of a larger plan to strengthen members of these groups and provide feasible banking services for the impoverished. Uma. H. R, Rupa. K. N (2013) found that the demonstrated beneficial correlation between financial inclusion and SHG membership. According to the study's findings, SHGs primarily assist women's groups in gaining access to the formal financial system, which enables them to gain social and financial influence. Financial integration was a crucial instrument used to combat poverty and provide revenue for the underprivileged and excluded members of society. Sazzad Parwez (2014) conducted a study on impact assessment of SHGs towards socio-economic development: -A case study of Jharkhand, India. The study concluded that SHGs were crucial to the growth

of communities and livelihoods. The earning potential or business acumen of SHG members was significantly influenced by their formal education. Members of SHGs had improved their socioeconomic development to easy loans from the association and savings in SHGs. Louis Manohar (2015) sought to investigate that The National Bank for Agriculture and Rural Development's (NABARD) flagship SHG-Bank Linkage Program in India aims to give the poorest of the poor access to financial resources so they can raise household income and establish a stable means of subsistence. The findings showed a strong correlation between loan outstanding per SHG, credit disbursed per SHG, and savings per SHG. The growth rate of loan amounts disbursed and outstanding per SHG was higher than the growth rate of deposits per SHG. The gap between loans disbursed per SHG and overdue per SHG was steadily widening. Devi et al. (2018) investigated the growth and performance of SHGs and issues related to savings and credits. The focus of the study was the SHGs established under the NGOs' SHG-Bank connection initiative. The study concluded that the primary issued faced by SHGs was lack of group activities, insufficient assistance from NGO that provides facilitation and challenges faced by them. Shirisha. J *et al.* (2018) founded that study highlighted the impact of microfinance and SHG on household economic improvements, capacity building, and empowerment. The microfinance activity is the outcome of NABARD's efforts, which began in February 1992 with a pilot initiative that supported 500 Self-Help Groups. In July 1991, the Reserve Bank of India (RBI) recommended that commercial banks provide SHGs with loans in accordance with NABARD rules. The linking scheme was then expanded to include cooperatives and RRBs. Vanishri R Hundekar (2019) founded an empirical study on "Financial Inclusion through self- help groups bank linkage programme -An economic catalyst to transform rural India". The objective of the study was the development of the bank linkage programmes for self- help groups in India. This study found that SHGs and their relationship with banks as a useful tool for giving accessible financing to the underprivileged who wouldn't otherwise be able to take advantage of financial inclusion rewards. The study concluded that there was very little financial inclusion in the Karnataka districts when it comes to the access of banking facilities and financial support assisted SHGs. Dr. Parul Gupta (2021) made research on Self-Help Groups:- The challenges faced and strategies to overcome them. According to the study's findings, SHGs are increasingly serving as the cornerstones of economic progress and promoting gender equality in rural areas. By creating a growing number of job opportunities, particularly for women living within their geographical limits, they also play a role in ensuring that the government and additional agencies can use these communities to encourage rural communities to become self-sustaining. All of these efforts can assist the government in achieving the financial inclusion goals and in bolstering the agricultural sector. Silu Muduli, Manu Sharma (2022) examined SHGs repayment of loans structure in India. The study revealed that a low repayment rate could be a significant barrier preventing SHGs from obtaining additional financing. It was determined that intensive observing and a greater permeation of SHGs are two policy actions that may improve SHG efficiency. Singh *et al.,* (2023) investigated that the study examined the capabilities and constraints of National Rural Livelihood Mission (NRLM) stakeholders. The findings of the study demonstrated the critical roles that CLFs and VLOs play in encouraging entrepreneurship, facilitating financing access, training, and household mobilisation into SHGs. The study examined several training programs that empower rural communities and enable SHGs to engage in economic activities, with a focus on support mechanisms such Community Investment Funds (CIF) along with Revolving Funds (RF) for SHGs' financial management. Dr. Tamizharasan M. and Dhaskara M. (2024) examined that In India, self-help groups become a powerful tool for empowering women. The study examined the SHG performance and growth, as well as their critical role in raising women's status nationwide. Additionally, it also examined the different facets of women's empowerment—personal, economic, social, financial, and political empowerment—that was made possible by SHGs. It also emphasized that how SHGs had transformed effect on women's access to capital, development of entrepreneurial skills, and active participation in decision-making.

Research Gap

The existing literature highlights the significant role of SHGs in promoting financial inclusion, women empowerment, poverty alleviation and rural development. Several studies have examined the performance of SHGs and the effectiveness of the SHG-Bank Linkage Programme in improving access to financial services. However, most of the available studies are either region-specific or focus on a particular dimension of SHG performance. Limited empirical evidence is available regarding the post-pandemic regional performance of the SHG-Bank Linkage Programme across India. Furthermore, comparative analysis of savings linkage, loan disbursement, and loan outstanding across different regions has received relatively less attention in recent years. Therefore, the present study attempts to fill this gap by analyzing the regional progress of SHG-Bank Linkage Programme in India during the post-pandemic period from 2021-22 to 2023-24.

Need of the Study

In India, SHGs have become an essential instrument for advancing women's empowerment, financial inclusion, and poverty reduction. Access to formal financial services for marginalised populations has been greatly improved by the SHG-Linkage program, which was started as a joint venture involving financial institutions, government organisations, and grassroots groups. Nevertheless, while being widely used, little is known about the advancements and regional differences in SHG-Linkage program performance. To comprehend differences in their efficacy, find best practices, and solve issues in particular locations, it is crucial to assess the regional development of SHG-Linkage projects throughout India. Examining the effectiveness of SHG-Linkage programs in relation to savings accounts, loan disbursements, and outstanding loans through financial inclusion initiatives is another goal of the study. When evaluating the scope and long-term viability of financial services offered by SHGs, certain financial metrics are essential. It will be possible to determine if SHGs are successful in closing the gap between underserved communities and financial institutions by analysing these dimensions.

Objectives of the Study

SHGs have emerged as an important instrument for promoting financial inclusion and socio-economic development in India. Through the SHG-Bank Linkage Programme, millions of rural households, particularly women, have gained access to formal financial services. In view of the growing importance of SHGs in strengthening financial inclusion, the present study has been undertaken with the following objectives:

1. To examine the progress of SHGs bank linkage programs with reference to saving account, loan disbursement and loan outstanding under financial inclusion.
2. To evaluate regional progress of SHGs-Linkage program in India.

RESEARCH METHODOLOGY

The present study is descriptive as well as analytical in nature. The study is based entirely on secondary data collected from NABARD annual reports, RBI publications, Government of India reports and other authentic sources. Data relating to savings-linked SHGs, loan disbursement and loan outstanding have been collected for the period 2021-22 to 2023-24. The selected period represents the post-pandemic phase of the Indian economy and enables assessment of the recovery and growth of the SHG-Bank Linkage Programme.

For analysing the data, percentage analysis, year-on-year growth analysis, trend analysis and regional comparative analysis have been employed. The study covers all major regions of India, namely Northern, North-Eastern, Eastern, Central, Western and Southern regions. The key indicators used for analysis include number of SHGs linked with banks, savings mobilised, loan disbursement and loan outstanding. These indicators provide a comprehensive assessment of the contribution of SHGs towards financial inclusion in India.

RESULTS AND DISCUSSION

Progress of SHG Bank Linkage Programme

The overall progress of SHG bank linkage programme with respect to Saving Account, Loan

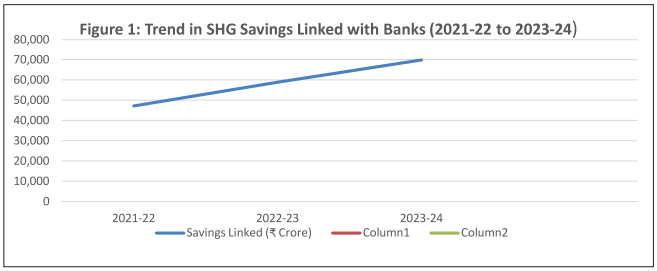
Table 1: Progress under SHG-Bank Linkage Programme with respect to Saving Account (2021-22 to 2023-2024) in Numbers, Amount & Percentages.

SHGs Savings with Bank (in lakh/in crore)						
Particulars	**2021-22**		**2022-23**		**2023-24**	
	No. of SHGs	**Amount**	**No. of SHGs**	**Amount**	**No. of SHGs**	**Amount**
Total SHG No.	118.93	47,240.48	134.03	58,892.68	144.22	65,089.15
(%)	{5.97%}	{26.05%}	{12.70%}	{24.67%}	{7.60%}	{10.52%}
All women SHGs	104.05	42,104.77	112.92	52,455.48	120.44	55,227.68
{%}	{6.99%}	{28.81%}	{8.58%}	{24.58%}	{6.66%}	{5.28%}
Percentage of Women	87.45	89.13	84.25	89.07	83.52	84.85
Of which NRLM/ SGSY	71.84	27,576.94	82.01	37,424.80	84.3	45,384.39
{%}	{10.89%}	{42.49%}	{61.19%}	{63.55%}	{2.79%}	{21.27%}
% of NRLM/SGSY groups to total	60.4	58.38	61.19	63.55	58.46	69.73
Of which NULM/ SJSRY	5.81	2,600.19	7.39	3,547.12	7.39	4,354.31
{%}	{9.87%}	{33.06%}	{27.11%}	{36.42%}	{0%}	{22.76%}
% of NULM/SJSRY groups of total	4.89	5.5	5.51	6.02	5.12	6.69

Source: *NABARD*

Disbursement and Loan Outstanding is presented in the following tables:

In the Table 1, it is seen that, with 144.21 lakh SHGs (of which 83.52% are women's SHGs), SHG-BLP serves 17.75 crore families, representing a 7.6% increase over the previous year. The amount of savings has increased by 10.52% over the previous year. This suggests the state of microfinance in India as of 2023–24 has been steadily rising, with notable increases from 2021–22 to 2022–23 and 2022–23 to 2023–24. The number of SHGs in 2021-22 was 118.93 with amount 47,240.48. In 2022-23 it increases with 134.03 with amount 58,892.68 as compared to 2022-23 the number of SHG was increased 144.22 with amount 65,069.15 in 2023-24. The percentage of women increases with 87.45%, and the amount is 89.13 to 84.25% and the amount 89.07 in 2022-23 but as compared to previous year it decreases with 83.52% and the amount is 84.85. The percentage of NULM/SJSRY group of SGH of total has increased from 4.89% to 5.12% in the year 2023-24.



Interpretation: The amount of savings mobilized through SHGs increased continuously during the study period, indicating growing participation of rural households in the formal financial system. The overall increase reflects improved financial inclusion and savings behaviour among SHG members.

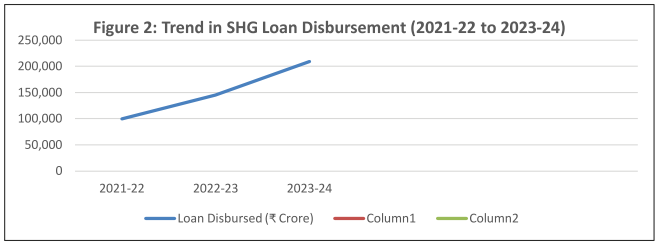
As per Table 2, in 2023–2024, there were 54.28 lakh SHGs that took out loans, up from 42.96 lakh the year before, representing a roughly 28% rise. Accordingly, on a year-over-year basis, the total amount of loans given rose approximately 44% from ₹1,45,200.23 crore (2022–2023) to ₹2,09,285.87 crore (2023–24).

Table 2: Progress under SHG-Bank Linkage Programme with respect to Loan Disbursement (2021-22 to 2023-2024) in Numbers, Amount & Percentages.

Loans Disbursement against SHGs (in lakh/in crore)						
Particulars	**2021-22**		**2022-23**		**2023-24**	
	No. of SHGs	**Amount**	**No. of SHGs**	**Amount**	**No. of SHGs**	**Amount**
Total No. of SHGs extended loans	33.98	99,729.22	42.96	1,45,200.23	54.82	2,09,285.87
(%)	{17.71%}	{71.74%}	{26.40%}	{45.59%}	{27.62%}	{44.14%}
All women SHGs	31.5	93,817.21	41.42	1,39,315.69	53.2	2,02,716
{%}	{21.63%}	{72.38%}	{31.49%}	{48.50%}	28.46%}	45.51%}
Percentage of Women groups	92.7	94.07	96.42	95.95	97.04	96.86
Of which NRLM/SGSY	22.91	63,100.77	34.87	1,16,479.07	44.88	1,69,797.40
{%}	{44.64%}	{112.87%}	{52.20%}	{84.59%}	{28.73%}	{45.78%}
% of NRLM/SGSY groups to total	67.42	63.27	81.18	80.22	81.88	81.13
Of which NULM/SJSRY	1.84	5,816.10	1.98	8,627.25	2.7	13,499.65
{%}	{62.45%}	{175.38%}	{8.03%}	{48.33%}	{36%}	{56%}
% of NULM/SJSRY groups of total	5.41	5.83	4.62	5.94	4.93	6.45

Source: *NABARD*

Additionally, the percentage of loans given to all women's of SHGs rose gradually, albeit slightly, in 2023-24. The number of SHGs in 2021-22 was 33.98 with amount 99,729.22. In 2022-23 it increases with 42.96 with amount 1,45,200.23 as compared to 2022-23 the number of SHGs women was increased 54.82 with amount 2,09,285.87. The percentage of women increases with 92.7%, and the amount is 94.07 to 96.42% and the amount 95.95 in 2022-23 but as compared to previous year it increases with 97.04%. and the amount is 96.86. Though the percentage of NULM/SJSRY group of SGH of total has decreased from 5.41% to 4.93% in the year 2023-24.



Interpretation: Loan disbursement to SHGs registered significant growth throughout the study period. The increase in institutional credit demonstrates the growing confidence of banks in SHGs and their contribution to financial inclusion and rural development.

Table 3 shows that as of March 31, 2024, there were 77.42 lakh SHGs with outstanding loans, up 11.28% from the previous year's total of 69.57 lakh. In line with this, the total number of outstanding loans rose approximately 38.06% from FY 2022–2023. The amount of loans owed against all women's SHGs rose by 10.96%, from 65.15 lakh in 2022–2023 to 72.29 lakh in 2023–2024. In all, the proportion of loans still owed to women's SHGs rose from 26.13% in FY 2022–2023 to 37.57% in FY 2023–2024. The number of SHGs in 2021-22 was 67.4 with amount 1,51,051.3. In 2022-23 it increases with 69.57 with amount 1,88,078.8 as compared to 2022-23 the number of SHGs women was increased with 77.42 with amount 2,59,663.73. The percentage of women increases with 92.95%, and the amount is 94.2 to 93.65% and the amount 95.42 in 2022-23 but as compared to previous year it decreases with 93.39%. and the amount is 95.18. The percentage of NULM/SJSRY group of SGH of total has increased from 4.85% to 5.09% in the year 2023-24

Table 3: Progress under SHG-Bank Linkage Programme with respect to Loan Outstanding (2021-22 to 2023-2024) in Numbers, Amount & Percentages.

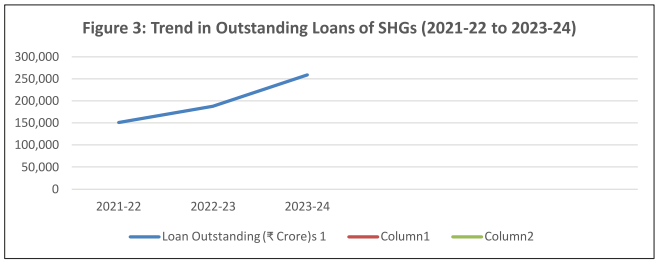
Loans Outstanding against SHGs (in lakh/in crore)						
Particulars	**2021-22**		**2022-23**		**2023-24**	
	No. of SHGs	**Amount**	**No. of SHGs**	**Amount**	**No. of SHGs**	**Amount**
Total No. of SHGs loan outstanding	67.4	1,51,051.3	69.57	1,88,078.8	77.42	2,59,663.73
(%)	{16.61%}	{46.24%}	{3.22%}	{24.51%}	{11.28%}	{38.06%}
All women SHGs	62.65	1,42,288.61	65.15	1,79,468.42	72.29	2,46,895.32
{%}	{17.96%}	{47.30%}	{3.99%}	{26.13%}	{10.96%}	{37.57%}
Percentage of Women SHGs	92.95	94.2	93.65	95.42	93.39	95.18
Of which NRLM/SGSY	44.54	94,231.52	55.45	1,50,506.71	61.02	2,07,138.48
{%}	{31.87%}	{64.35%}	{24.48%}	{59.72%}	{10.06%}	{37.63%}
% of NRLM/SGSY groups to total	66.09	62.38	79.7	80.02	78.82	79.77
Of which NULM/SJSRY	3.27	7,608.57	3.42	11,077.18	3.94	15,313.61
{%}	{46.52%}	{87.57%}	{4.59%}	{45.59%}	{15.32%}	{38.24%}
% of NULM/SJSRY groups of total	4.85	5.04	4.91	5.89	5.09	5.9

Source: *NABARD*

Table 4: Regional Progress under SHG-Bank Linkage Programme with respect to Saving Account (2021-22 to 2023-2024).

Region-wise progress of Savings linked SHGs with Banks (lakhs)									
Sr. No.	**Regions**	**2021-22**		**2022-23**		**2023-24**		**Y-o-Y%change during 2022-23 & 2023-24**	
		No. of SHGs	**Savings Amount**	**No. of SHGs**	**Savings Amount**	**No. of SHGs**	**Savings Amount**	**No. of SHGs**	**Saving Amount**
A	Northern Region	6,80,143	1,99,582	7,87,807	1,22,485	8,09,120	1,41,617	3%	16%
B	North Eastern Region	6,80,845	1,06,441	7,93,320	1,27,153	9,42,546	2,12,429	19%	67%
C	Eastern Region	32,43,980	13,58,595	39,30,551	17,42,499	43,48,798	21,52,772	11%	24%
D	Central Region	13,55,564	3,25,696	18,32,040	4,58,675	20,31,019	6,23,236	11%	36%
E	Western Region	16,88,451	3,27,691	19,27,560	5,41,611	20,02,643	4,37,954	4%	-19%
F	Southern Region	42,44,070	24,06,043	41,31,805	28,96,845	42,84,778	29,40,906	4%	2%
Total		**1,18,93,053**	**47,24,048**	**1,34,03,083**	**58,89,268**	**1,44,21,904**	**65,08,915**	**8%**	**11%**

Source: *NABARD*



Interpretation: Outstanding loans of SHGs increased substantially during the period under study, reflecting higher credit absorption and expansion of economic activities undertaken by SHG members.

Regional Progress of SHG Bank Linkage Programme

The Regional progress of SHG bank linkage programme in India with respect to Saving Account, Loan Disbursement and Loan Outstanding is presented in the following tables;

As per Table 4, 10.19 lakh savings-linked SHGs were added by banks during FY 2023–24, representing a 7.6% increase over the prior year. This expansion is ascribed to a positive climate made possible by the NRLM institutional framework, SHGs' self-initiated initiatives, and the government's regulations. The program has benefited greatly from initiatives including credit guarantee agreements, priority sector lending targets, and the Interest subvention scheme for women SHGs under DAY-NRLM. The NER saw the most rises at 19%, according to the year-over-year growth in SHG savings linked during 2023–2024. This growth was mostly attributable to a low base impact. The Eastern and central areas, which also had growth rates of 11%, came after NER but looking at the regional distribution. During FY 2023–2024, the eastern area held the biggest share of SHG savings linked accounts as a proportion of all savings accounts 33%, followed by the southern region 30%, and the central region 14%.

According to Table 5, Banks disbursed ₹2,09,285.87 crore to 54.82 lakh SHGs in 2023–24 compared to ₹1,45,200.23 crore and 42.96 lakh SHGs in 2022–23. This represents a 44% and 28% year-over-year increase in the amount of credit issued and the total amount of SHGs credit connected respectively. All regions had an increase in credit disbursement to SHGs in 2023–24 compared to 2022–23 with the ER seeing the largest growth rate 68% followed by the northern and central regions

Table 5: Regional Progress under SHG-Bank Linkage Programme with respect to Loan Disbursement (2021-22 to 2023-2024).

Region wise status of Bank Loans Disbursed to SHGs during (in lakhs)									
Region	**2021-22**			**2022-23**			**2023-24**		
	No. of SHGs	**Total loans disbursed**	**Avg. Loan disbursed**	**No. of SHGs**	**Total loans disbursed**	**Avg. loan disbursed**	**No. of SHGs**	**Total Loans disbursed**	**Avg. loan disbursed**
Northern Region	79,532	1,17,102	1,47,239	1,02,931	2,06,437	2,00,559	1,38,391	3,18,183	2,29,916
North Eastern Region	94,871	1,84,636	1,94,618	1,23,602	3,13,764	2,53,850	1,77,015	5,26,355	2,97,350
Eastern Region	13,01,505	25,68,978	1,97,385	16,34,604	33,38,333	2,04,229	23,61,377	51,47,356	21,79,811
Central Region	1,84,322	2,16,983	1,17,720	2,78,359	4,63,673	1,66,574	3,97,413	7,74,839	1,94,970
Western Region	2,39,086	3,81,363	1,59,509	2,73,253	6,75,144	2,47,077	3,29,034	10,04,150	3,05,181
Southern Region	14,98,951	65,03,860	4,33,894	18,82,772	95,22,672	5,05,779	20,78,922	1,31,57,704	6,32,909
Total	**33,98,267**	**99,72,923**	**2,93,471**	**42,95,521**	**1,45,20,023**	**3,38,027**	**54,82,152**	**2,09,28,587**	**3,81,758**

Source: *NABARD*

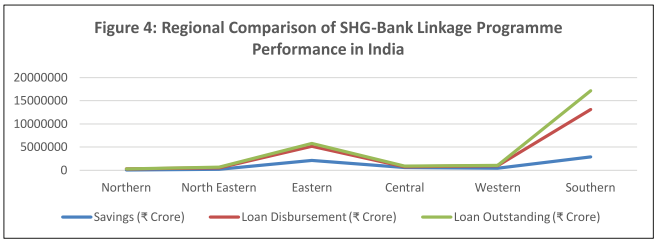
Table 6: Regional Progress under SHG-Bank Linkage Programme with respect to Loan Outstanding (2021-22 to 2023-2024).

Region wise SHGs having Loans Outstanding (in lakhs)							
Sr. No.	**Regions**	**2021-2022**		**2022-2023**		**2023-2024**	
		SHGs credit linked (No.)	**Total loans outstanding with SHGs**	**SHGs credit linked (No.)**	**Total loans outstanding with SHGs**	**SHGs credit linked (No.)**	**Total loans outstanding with SHGs**
1	Northern Region	1,61,848	1,65,378	1,70,971	2,09,750	2,11,746	3,23,059.64
2	North Eastern Region	2,12,009	2,36,245	2,68,593	3,90,420	3,38,996	6,58,448.45
3	Eastern Region	24,59,218	35,29,425	23,83,255	39,97,045	27,55,982	58,10,341.05
4	Central Region	4,07,004	3,25,178	4,95,999	5,12,131	6,75,625	9,09,735.85
5	Western Region	3,91,082	4,49,277	4,29,237	6,87,851	5,13,040	10,38,343.92
6	Southern Region	31,08,796	1,03,99,627	32,08,996	1,30,10,683	32,46,395	1,72,26,443.7
Total		**67,39,957**	**1,51,05,130**	**69,57,051**	**1,88,07,880**	**77,41,784**	**2,59,66,372.61**

Source: *NABARD*

54%. The Eastern region saw a 44% increase in the amount of SHGs credit linked followed by the north-eastern and central regions 43%. The southern and eastern regions keep doing to lead by frequently disbursing higher period of credit and thus acquiring a substantial share in the program, according to a comparative analysis of the region-wise percentage change in credit linkage of SHGs over the last three years (2021-2022 to 2023-24). Likewise, there are a tonne of prospective credit connection opportunities in the northern and north-eastern regions.

Table 6 demonstrated that, as of March 31, 2022, there were 67 lakh credit-linked SHGs with outstanding loans totaling Rs. 1,51,051.30 crore across all of India. As of March 31, 2022, both cumulatively and on an individual basis, the Southern area has the largest amount of outstanding loans. According to SHG's position, in total 57% of the 118.93 lakh SHGs with savings linked had outstanding bank loans. As of March 31, 2023, there were 69.57 lakh credit-linked SHGs with loans totalling Rs. 1,88,078.80 crore across all of India. As of March 31, 2023, the Southern area has the most amounts of outstanding loans, both overall and at each SHG position. As of March 31, 2024, there were 77 lakh credit-linked SHGs with loans totalling ₹2,59,663.73 crore across all of India. When it comes to the amount due in relation to the amount of SHGs credit linked, the southern area is in the lead, followed by the central and eastern areas. Compared to the southern and eastern areas, the northern and central regions have comparatively lower levels of outstanding debt, which may be a sign of lower economic activity or smaller loan amounts.



Source: Author's compilation based on NABARD, Status of Microfinance in India 2021-22 to 2023-24.

Interpretation: Figure 4 presents a regional comparison of SHG-Bank Linkage Programme performance in India during 2023–24 with respect to savings mobilization, loan disbursement and loan outstanding. The Southern Region emerged as the leading region across all three indicators, recording the highest amount of savings, loan disbursement and outstanding loans. The eastern region ranked second and also demonstrated strong SHG participation and credit linkage. In contrast, the northern and north-eastern regions reported comparatively lower values, indicating significant scope for further expansion of SHG activities and financial inclusion initiatives. The findings reveal substantial regional disparities in the implementation and outreach of the SHG-Bank linkage programme across India. These variations may be attributed to differences in institutional support, SHG penetration, banking infrastructure, socio-economic conditions and the level of community participation. Strengthening SHG promotion activities in relatively underperforming regions can further enhance inclusive growth and financial inclusion in the country.

CONCLUSION

The SHG-Bank Linkage Programme (SHG-BLP) has emerged as one of the most successful initiatives for promoting financial inclusion and socio-economic empowerment in India. NABARD has played a significant role in transforming the SHG movement into a sustainable financial inclusion model by linking rural households, particularly women, with the formal banking system. The present study examined the overall and regional progress of the SHG-Bank linkage programme during the period 2021-22 to 2023-24. The findings reveal a consistent increase in savings-linked SHGs, loan disbursement and loan outstanding across most regions of the country. The amount of savings linked with SHGs increased significantly during the study period, while bank loan disbursement registered substantial growth, indicating greater access to formal credit among rural households. The Southern and Eastern regions continued to dominate the programme in terms of outreach and credit linkage, whereas the northern and north-eastern regions demonstrated considerable growth potential. The increasing number of credit-linked SHGs and higher outstanding loan amounts reflect the growing confidence of financial institutions in the SHG model. The inclusion of trend analysis and regional comparison further strengthens the understanding of regional disparities and the effectiveness of the SHG-Bank Linkage Programme in promoting financial inclusion across India.

Policy Implications

The findings suggest that policymakers should focus on strengthening SHG promotion and capacity-building initiatives in comparatively underperforming regions. Financial literacy programmes, digital banking awareness and entrepreneurship development activities should be expanded to improve the effectiveness of SHGs. Banks and financial institutions should continue providing timely and adequate credit support while ensuring effective monitoring and guidance to SHG members. Special emphasis should be placed on women-led SHGs to further strengthen inclusive growth and rural economic development.

Limitations of the Study

The study is based entirely on secondary data collected from NABARD reports and other published sources. The analysis covers only a three-year period (2021-22 to 2023-24), which may not fully capture long-term trends in the SHG-Bank Linkage programme. Furthermore, the study does not incorporate primary data from SHG members, banks or other stakeholders, which could provide deeper insights into programme effectiveness.

Future Research Directions

Future studies may extend the analysis by covering a longer time period and incorporating primary data collected from SHG members and financial institutions. Researchers may also undertake district-level, or state-level comparative studies to identify regional disparities more comprehensively. Advanced statistical and econometric techniques can be employed to examine the impact of SHGs on income generation, poverty reduction, women empowerment and sustainable livelihood development. Such studies would provide a deeper understanding of the long-term contribution of SHGs to financial inclusion and inclusive economic growth in India.

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