

## **Growth and performance of self help groups in Punjab**

**S. S. DEVI, <sup>1</sup>S. KUMAR AND B. K. BERA**

*Department of Agricultural Economics, Bidhan Chandra Krishi Viswavidyalaya  
Mohanpur-741252, Nadia, West Bengal*

*<sup>1</sup>Department of Economics and Sociology, Punjab Agricultural University, Ludhiana-141004*

*Received : 11-09-2017 ; Revised : 12-03-2018 ; Accepted : 15-03-2018*

### **ABSTRACT**

*The study investigates the growth and performance of Self Help Groups (SHGs) in Punjab based on the secondary data of the number of SHGs in the state and primary data related to amount of savings and credits of the SHGs, frequency of meetings and problems faced by the sample SHGs, respectively. In Punjab up to March 2012, 17543 SHGs were linked with credit to the extent of Rs. 1588 million. The average monthly savings of the sample SHGs were Rs. 1560. The SHGs had an average borrowing of Rs. 121650. Lack of group activities, inadequate support from the NGO providing facilitation and difficulty in maintaining the accounts and records of the SHGs were found to be the major problems faced by the SHGs. SHGs will be able to sustain if they are involved in some form income generating activities. For this a continuous support from the NGOs involved in the formation of SHGs is required.*

**Keywords:** Growth, non-governmental organisations, performance, Punjab, self-help groups.

The concept of Self Help Group (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' (Abbas, 2000). They mutually agree to contribute to a common fund and to meet their emergency needs on a mutual help basis. In recent years, SHGs have become significant institutions for rural development. The number of SHGs in the country had multiplied by many folds during the last two decades from 255 SHGs in 1992-93 to 79.60 lakh in 2011-12. However, there is skewed growth of the SHGs across the regions of the country. The Southern region accounts for 46 per cent of the SHGs and 76 per cent of the SHG credit while, the Northern region accounts a mere 5.1 per cent of the number of SHGs and only 2 per cent of the SHG credit. Out of these, Punjab accounts for only 9.1 per cent of the number of SHGs and 7.1 per cent of the SHG credit. The concept of SHG is relatively new to Punjab. It was started only in the year 1999. However, the linkage between SHGs and banks is increasing year by year as more banks are participating in micro financing. In Punjab, up to March 2012, 37343 SHGs have been saving linked with a saving amount of Rs. 4662.61 lakh and 17543 SHGs have been credit linked with a total credit of Rs. 15883.70 lakh with different banks. The linkage programme claims to have covered 62.2 per cent of the rural households in the state (National Bank for Agriculture and Rural Development, NABARD, 2011). Punjab has been classified as high volume and low penetration state (less than 25 per cent) on the basis of credit for SHGs and per cent of poor families receiving

finance through SHG channel (Dasgupta, 2005). One of the reasons of this low volume may be the lack of popularity of Non-Governmental Organisations (NGOs) in the state (Jodhka, 2003). NGOs have entered in the field of formation of SHGs in the year 2003 and till now only 48 NGOs have been involved in the formation of SHGs in the state (NABARD, 2012). In the present paper effort has been made to analyze the growth of SHG-Bank linkage programme in Punjab. Besides, the performance of the SHGs formed by NGOs has also been evaluated to highlight the problems faced in popularization of SHGs in the state and to explore the policy options to overcome these.

### **MATERIALS AND METHODS**

The study was concentrated on the SHGs formed under the SHG-Bank linkage programme promoted by the NGOs. A detailed list of NGOs promoting SHGs was obtained from the NABARD, Ludhiana branch office. In Punjab; a total of 48 NGOs were involved in promotion of SHGs till 2011-12. A total of 1777 SHGs promoted by NGOs were saving linked and 1031 SHGs were credit linked (NABARD, 2012). Amongst these, a sample of five NGOs was selected. Four NGOs were from Ludhiana and one from Jalandhar districts. Four SHGs were then selected randomly from each NGO for in-depth analysis making a total of 20 groups. The selected SHGs were all women group. In order to have better understandings of the functioning of the SHGs data regarding saving of the members/SHGs, frequency of meetings, amount of borrowings and problems faced by the SHGs were gathered from the leaders of the groups. Data were collected for the year 2012-13 by personal interview, using pre-tested questionnaires. Further for analyzing the growth of SHG-bank linkage

programme secondary data comprising chiefly of the number and agency-wise distribution of bank linked SHGs, their savings, loans, etc were collected from various published sources.

Simple statistics expressed in averages and percentages were used to give explanations on the socioeconomic characteristics of the sample SHGs. Further, compound annual growth rates (CAGR) of the number, savings and bank loans of the SHGs were computed to analyze the pattern of growth of the SHGs in Punjab.

## RESULTS AND DISCUSSION

### *Progress of SHG-bank linkage programme in Punjab*

The programme was started in India in the year 1992 but in Punjab it was started in 1998-99 and it gained momentum after the year 2000. However, the progress of this programme is very limited in Punjab as compared to many other states in India. The Southern region accounts for 46 per cent of the SHGs and 76 per cent of the SHG credit while the Northern region accounts a mere 5.1 per cent of the number of SHGs and only 2 per cent of the SHG credit. Out of these, Punjab accounts for 9.1 per cent of the number of SHGs and 7.1 per cent of the SHG credit only (NABARD, 2012). Up to the year 2000, there were only 19 credit linked SHGs in Punjab (Table 1). But after this, there is a steady progress of the programme. Up to the year 2005, 3,091 SHGs were provided approximately Rs. 146 million of bank loans. The number of credit linked SHGs increased to 17543 with the bank loan of Rs. 1588 million up to March 2012. The table also shows the bank loan disbursed per SHG. It was Rs. 90541 in the year 2012. It showed a constant increase during the period 2001 to 2012 as the number of SHG credit linked in the state grew by 87.06 per cent per annum, bank loan by 99.89 per cent per annum and bank loan per SHG by 6.86 per cent per annum.

### *Agency-wise distribution of SHGs in Punjab*

Linkage of SHGs in Punjab under the NABARD's SHG-bank linkage programme (SBLP) was affected through commercial banks, Regional Rural Banks (RRBs) as well as cooperative banks. Over the period 2007-08 to 2011-12, on an average of 37628 SHGs in Punjab was saving linked with banks with savings amount of Rs. 362.93 million and average saving per SHG amounting to Rs. 9731 (Table 2). The table further shows that the share of commercial bank was the highest both in respect of the number of groups saving linked as well as the saving amount among the three agencies. Commercial banks accounted for 81.49 per cent of the total number of SHGs and 86.83 per cent of the total

saving amount followed by cooperative banks with a share of 10.36 per cent and 7.61 per cent and RRBs with 8.15 and 5.56 per cent respectively. But, the average savings per SHG were the highest for commercial banks (Rs.10477), followed by RRBs (Rs.6531) and cooperatives (Rs.5621). The overall compound annual growth rates for the state in respect of number of SHGs saving linked, total saving amount and average saving per SHG were 8.22, 17.47 and 8.54 per cent per annum respectively.

**Table 1: Progress of SHG bank linkage programme, Punjab, 1998-99 to 2011-12**

| Year               | SHG credit linked | Bank loan (Rs. million) | Bank loan per SHG (Rs.) |
|--------------------|-------------------|-------------------------|-------------------------|
| 1998-99            | 1                 | 0.04                    | 40000                   |
| 1999-00            | 19                | 1.02                    | 53684                   |
| 2000-01            | 90                | 2.65                    | 29444                   |
| 2001-02            | 407               | 19.05                   | 46805                   |
| 2002-03            | 842               | 40.00                   | 47506                   |
| 2003-04            | 1648              | 90.70                   | 55036                   |
| 2004-05            | 3091              | 145.76                  | 47156                   |
| 2005-06            | 4561              | 238.86                  | 52370                   |
| 2006-07            | 6454              | 356.60                  | 55252                   |
| 2007-08            | 8965              | 620.00                  | 69193                   |
| 2008-09            | 11192             | 833.64                  | 74485                   |
| 2009-10            | 12982             | 1028.09                 | 79193                   |
| 2010-11            | 15360             | 1350.18                 | 87902                   |
| 2011-12            | 17543             | 1588.37                 | 90541                   |
| <b>CAGR(% p.a)</b> | <b>87.06</b>      | <b>99.89</b>            | <b>6.86</b>             |

*Source: Status of Microfinance, NABARD, Various issues.*

Table 3 depicts the year-wise percentage share of each agency in the number of SHGs credit linked and the share in the quantum of bank loans disbursed therein. During the year 2007-08 to 2011-12, an average of 2192 SHGs had been linked with average bank loans of Rs. 227.97 million and average loan per SHG amounting to Rs. 103293. It can be seen from the table that commercial banks had dominated the linkage process. Commercial banks accounted for 62.24 per cent of the total number of SHGs credit linked followed by cooperatives (19.82 per cent) and RRBs (17.94 per cent). In case of bank loans disbursed, commercial banks accounted for as high as 78.52 per cent followed by RRBs with a share of 16.05 per cent and cooperatives with a share of 15.43 per cent. The average loan per SHG also followed the same pattern with the highest in the case of commercial banks at Rs. 115744 followed by that of RRBs (Rs. 96206) and cooperatives (Rs. 79439). The total bank loans disbursed

Table 2: Agency-wise cumulative savings of SHGs with banks-Punjab, 2007-08 to 2011-12

| Year<br>(as on<br>31 <sup>st</sup> March) | Commercial banks         |                                      |   | RRBs                     |                                      |   | Cooperatives             |                                      |   | Total                    |                                      |   |
|---|--------------------------|--------------------------------------|---|--------------------------|--------------------------------------|---|--------------------------|--------------------------------------|---|--------------------------|--------------------------------------|---|
|   | No. of<br>SHGs<br>linked | Saving<br>amount<br>(Rs.)<br>million | Average<br>saving<br>SHG <sup>-1</sup><br>(Rs.) | No. of<br>SHGs<br>linked | Saving<br>amount<br>(Rs.)<br>million | Average<br>saving<br>SHG <sup>-1</sup><br>(Rs.) | No. of<br>SHGs<br>linked | Saving<br>amount<br>(Rs.)<br>million | Average<br>saving<br>SHG <sup>-1</sup><br>(Rs.) | No. of<br>SHGs<br>linked | Saving<br>amount<br>(Rs.)<br>million | Average<br>saving<br>SHG <sup>-1</sup><br>(Rs.) |
| 2007-08                                   | 23508<br>(91.41)         | 246.56<br>(95.89)                    | 10488   | 2210<br>(8.59)           | 10.56<br>(4.11)                      | 4778  | -<br>(0.00)              | -                                    | -   | 25718<br>(100.00)        | 257.13<br>(100.00)                   | 9998  |
| 2008-09                                   | 32478<br>(82.95)         | 243.01<br>(84.31)                    | 7482  | 2552<br>(6.52)           | 18.98<br>(6.58)                      | 7437  | 4125<br>(10.53)          | 26.24<br>(9.10)                      | 6361  | 39155<br>(100.00)        | 288.22<br>(100.00)                   | 7361  |
| 2009-10                                   | 37576<br>(83.49)         | 312.42<br>(85.71)                    | 8314  | 2825<br>(6.28)           | 21.61<br>(5.93)                      | 7649  | 4604<br>(10.23)          | 30.47<br>(8.36)                      | 6618  | 45005<br>(100.00)        | 364.51<br>(100.00)                   | 8099  |
| 2010-11                                   | 32156<br>(78.58)         | 376.81<br>(85.93)                    | 11728   | 3483<br>(8.51)           | 21.12<br>(4.82)                      | 6064  | 5280<br>(12.90)          | 40.59<br>(9.25)                      | 7687  | 40919<br>(100.00)        | 438.52<br>(100.00)                   | 10716   |
| 2011-12                                   | 27600<br>(73.91)         | 396.78<br>(85.10)                    | 14376   | 4257<br>(11.40)          | 28.65<br>(6.14)                      | 6730  | 5486<br>(14.69)          | 40.83<br>(8.76)                      | 7442  | 37343<br>(100.00)        | 466.26<br>(100.00)                   | 12485   |
| Average                                   | 30663.60<br>(81.49)      | 315.12<br>(86.83)                    | 10477.60  | 3065.40<br>(8.15)        | 20.18<br>(5.56)                      | 6531.60   | 3899<br>(10.36)          | 27.63<br>(7.61)                      | 5621.60   | 37628<br>(100.00)        | 362.93<br>(100.00)                   | 9731.80   |
| <b>CAGR (% p. a)</b>                      | <b>3.16</b>              | <b>14.91</b>                         | <b>11.41</b>                                    | <b>17.61</b>             | <b>23.40</b>                         | <b>4.93</b>                                     | <b>10.43</b>             | <b>17.51</b>                         | <b>6.40</b>                                     | <b>8.22</b>              | <b>17.47</b>                         | <b>8.54</b>                                     |

Note: Figures in the parentheses indicate the share of each agency to the total.  
Source: Status of Microfinance, NABARD, Various issues.

Table 3: Agency-wise bank loans disbursed during the year–Punjab, 2007-08 to 2011-12

| Year<br>(as on<br>31 <sup>st</sup> March) | Commercial banks         |  |   | RRBs                     |  |   | Cooperatives             |  |   | Total                    |  |   |
|---|--------------------------|--|---|--------------------------|--|---|--------------------------|--|---|--------------------------|--|---|
|   | No. of<br>SHGs<br>linked | Loans<br>disbursed<br>(Rs.<br>million) | Average<br>loan<br>SHG <sup>-1</sup><br>(Rs.) | No. of<br>SHGs<br>linked | Loans<br>disbursed<br>(Rs.<br>million) | Average<br>loan<br>SHG <sup>-1</sup><br>(Rs.) | No. of<br>SHGs<br>linked | Loans<br>disbursed<br>(Rs.<br>million) | Average<br>loan<br>SHG <sup>-1</sup><br>(Rs.) | No. of<br>SHGs<br>linked | Loans<br>disbursed<br>(Rs.<br>million) | Average<br>loan<br>SHG <sup>-1</sup><br>(Rs.) |
| 2007-08                                   | 1387<br>(65.64)          | 114.34<br>(66.67)                      | 82437   | 381<br>(18.03)           | 34.77<br>(20.27)                       | 91260   | 345<br>(16.33)           | 22.45<br>(13.09)                       | 65072   | 2113<br>(100.00)         | 171.50<br>(100.00)                     | 81164   |
| 2008-09                                   | 1479<br>(66.41)          | 152.43<br>(71.35)                      | 103062  | 271<br>(12.17)           | 34.20<br>(16.01)                       | 126199  | 477<br>(21.42)           | 27.01<br>(12.64)                       | 56625   | 2227<br>(100.00)         | 213.64<br>(100.00)                     | 95932   |
| 2009-10                                   | 1170<br>(65.36)          | 142.57<br>(73.32)                      | 121855  | 315<br>(17.60)           | 27.08<br>(13.93)                       | 85968   | 305<br>(17.04)           | 24.80<br>(12.75)                       | 81311   | 1790<br>(100.00)         | 194.45<br>(100.00)                     | 108631  |
| 2010-11                                   | 1632<br>(61.63)          | 200.15<br>(62.14)                      | 122641  | 483<br>(18.24)           | 69.14<br>(21.47)                       | 143147  | 533<br>(20.13)           | 52.79<br>(16.39)                       | 99043   | 2648<br>(100.00)         | 322.08<br>(100.00)                     | 121631  |
| 2011-12                                   | 1154<br>(52.86)          | 171.63<br>(72.05)                      | 148726  | 516<br>(23.64)           | 17.78<br>(7.46)                        | 34457   | 513<br>(23.50)           | 48.81<br>(20.49)                       | 95146   | 2183<br>(100.00)         | 238.19<br>(100.00)                     | 109111  |
| Average                                   | 1364.40<br>62.24         | 156.22<br>(68.52)                      | 115744.20                                     | 393.20<br>(17.94)        | 36.59<br>(16.05)                       | 96206.20                                      | 434.60<br>(19.82)        | 35.17<br>(15.43)                       | 79439.40                                      | 2192.20<br>(100.00)      | 227.97<br>(100.00)                     | 103293.80                                     |
| <b>CAGR (% p. a)</b>                      | <b>-2.66</b>             | <b>11.46</b>                           | <b>14.50</b>                                  | <b>12.57</b>             | <b>-6.17</b>                           | <b>-16.66</b>                                 | <b>9.47</b>              | <b>24.90</b>                           | <b>14.10</b>                                  | <b>2.41</b>              | <b>11.26</b>                           | <b>8.64</b>                                   |

Note: Figures in the parentheses indicate the share of each agency to the total.

Source: Status of Microfinance, NABARD, Various issues.

### Growth and performance of self help groups

had the highest compound annual growth rate (11.26 per cent per annum) followed by average loan disbursed per SHG (8.64 per cent per annum) and the number of SHGs credit linked (2.41 per cent per annum).

#### Structure, conduct and performance of SHGs

Saving of the members per SHGs, and amount of borrowings are considered to be the main factors determining the performance/functioning of the SHGs which are described in the following sub-sections.

#### Saving characteristics of the group/ members

**Table 4: Saving pattern of the sample SHGs, Punjab, 2012-13 (Rs.)**

| Amount (Rs.)   | Proportion of SHGs |
|--|--------------------|
| <b>Average amount of saving per sample SHG month<sup>1</sup></b> |                    |
| 1000-2000  | 1173 (75.00)       |
| 2000-3000  | 2000 (10.00)       |
| 3000-4000  | 3200 (15.00)       |
| Average  | 1560 (100.00)      |
| <b>Average amount of saving of sample SHGs since inception</b>   |                    |
| 10000-40000  | 32412 (40.00)      |
| 40000-70000  | 51070 (50.00)      |
| 70000-100000   | 83500 (10.00)      |
| Average  | 46850 (100.00)     |

Note: Figures in the parentheses indicate the proportion of total SHGs in each category.

**Table 5: Monthly saving of the respondent members of sample SHGs, Punjab, 2012-13**

| Amount (Rs.) | Proportion of members (Per cent) |
|--------------|----------------------------------|
| 100          | 70.00                            |
| 200          | 30.00                            |

**Table 6: Distribution of the sample SHGs according to the number of members, Punjab, 2012-13**

| Number of members        | Proportion of SHG (Per cent) |
|--------------------------|------------------------------|
| 0-15                     | 75.00                        |
| ≥ 15                     | 25.00                        |
| Average group size (No.) | 12.00                        |

The basic objective of a SHG is to promote the habit of saving and thrift among the members. Every member of the sample SHGs contributed either Rs. 100 or Rs. 200 per month to the group's saving (Table 5). About 70 per cent of the members contributed Rs. 100 per month and remaining 30 per cent contributed Rs. 200 per month to the SHG savings. Majority of the SHGs (about 75 per

cent) were found to save Rs. 1000- Rs. 2000 per month (Table 4). This amount depends on the amount of saving per member and number of members per group as 75 per cent of the sample SHGs had less than 15 members (Table 6) and 70 per cent saved Rs. 100 per month. The average monthly saving of the groups was Rs. 1560. Total cumulative saving of 50 per cent of the groups varied between Rs. 40000- Rs. 70000 and only 10 per cent had savings between Rs. 70000- Rs. 100000. The average saving of the groups since inception was Rs. 46850 (Table 4).

**Table 7: Distribution of the sample SHGs according to the frequency of meetings, Punjab, 2012-13**

| Frequency   | Proportion of SHG (Per cent) |
|-------------|------------------------------|
| Fortnightly | 25.00                        |
| Monthly     | 75.00                        |

**Table 8: Distribution of the sample SHGs according to attendance of members in the meeting, Punjab, 2012-13**

| Attendance (%) | Proportion of SHGs (Per cent) |
|----------------|-------------------------------|
| < 70           | 10.00                         |
| 70-90          | 15.00                         |
| ≥ 90           | 75.00                         |

#### Group meetings

For ensuring smooth functioning of SHGs regular meeting of the group members is mandatory. Regular meetings of SHGs determine whether they are active or dormant. It is the meeting place and the learning platform for all the members to exchange ideas, to discuss and to take decisions on group activities etc. SHGs had formed norms for meetings- venue, meeting time, attendance, agenda, recording of meeting minutes, fines and penalties etc. All this reflects the quality of SHGs. The data in table 7 showed that majority of the sample SHGs had the practice of monthly meetings (75 per cent) followed by fortnightly (25 per cent). Majority of the SHGs had the practice of monthly meetings both in case of SHG aged up to two years (about 78 per cent) and SHG aged more than two years (about 73 per cent).

From the data in table 8 it can be seen that majority of the SHGs (75 per cent) had more than 90 per cent of attendance of members in the meetings followed by 70-90 per cent of member attendance (15 per cent of SHGs) and less than 70 per cent of attendance (10 per cent of SHGs). From this it can be said that majority of the members were quite regular in attending the meetings.(Table 7)

### **Borrowing pattern of the SHGs**

The SHGs have mobilized funds in the form of loans from various external sources such as banks, cooperative societies, etc. to cater to the SHG members' household credit needs. Among various financial institutions engaged in lending to SHGs, commercial banks were the most popular ones. This was due to more penetration of branches of commercial banks in the rural areas as well as more manpower available with them. About 80 per cent of the SHGs had borrowed from financial institutions and the remaining 20 per cent of the SHGs had not borrowed any loan yet (Table 9). It is also evident from table 9 that 45 per cent of the SHGs had borrowed amount ranging from Rs. 100000- Rs. 150000 (or average borrowing of Rs 108444) and only 10 per cent had borrowed more than two lakhs.

### **Problems faced by the SHGs**

In most groups, when working on a task, there will be some form of problem, disagreement, conflicts, etc. Some group members may be reluctant to participate in group tasks and be non-committed to the aims of the group. Some common problems faced at the group level during the functioning and linking of the group are presented in Table 10 and are discussed below.

### **Lack of group activities**

About 80 per cent of the SHGs reported that there was no group approach among the members of the groups. Most of the members took up the economic activities individually or with the help of their family members. Members should be made aware of the increased productivity and performance of working in groups. Working in groups also helps in development of the interpersonal skills of the group members.

### **Difficulty in collection of thrift money**

About 35 per cent SHGs were facing problems in collection of the savings. It was found that mainly due to lack of income and income earning opportunities, members were not able to deposit savings regularly particularly during the initial stages of formation of SHG

### **Reluctance of the members to take leadership role**

The job of every leader is to avoid, minimize or altogether eliminate problems. A leader has to be fully committed in the group's activities. A leader has to devote enormous amount of her time for the group's benefit. About 65 per cent of the SHGs reported that members were reluctant to take the role of leadership. The main reasons were lack of confidence and other leadership qualities among them. Also, it was difficult for some of the members to take out time from their busy schedule of household chores.

### **Difficulty in maintaining the accounts and records of the SHG**

In order to assess the performance of the SHGs, it is inevitable to consider the level of maintenance of books

of accounts by the SHGs. But, 70 per cent of the SHGs reported problems in maintaining accounts and records of the group which can be attributed to lack of knowledge or ability of the SHG members on book keeping.

### **Conflicts arising during decision making process**

Conflicts arising during decision making process was one of the major problems stated by 40 per cent of the SHGs. Since, individuals possess a distinguishing character and conduct of their own. They establish their individuality in their personal and social life. The members in each group can take collective decision only when they are like-minded.

**Table 9: Distribution of sample SHGs according to their total borrowings from financial institutions, Punjab, 2012-13**

| (Rupees per SHG)  |                    |
|---|--------------------|
| Amount  | Proportion of SHGs |
| Proportion of SHGs who had borrowed money from financial institutions (%) | 80.00              |
| 50000-100000  | 56000 (5.00)       |
| 100000-150000   | 108444 (45.00)     |
| 150000-200000   | 161750 (20.00)     |
| ≥ 200000  | 377000 (10.00)     |
| Average borrowing   | 121650             |

*Note: Figures in the parentheses indicate the proportion of total SHGs who had borrowed from financial institution in each category.*

**Table 10: Problems faced at the group level, sample SHGs, Punjab, 2012-13 (Per cent)**

| Sl. No. | Problems  | Proportion of SHGs |
|---------|---|--------------------|
| 1       | Lack of group activities                                      | 80.00              |
| 2       | Difficulty in collection of thrift money                      | 35.00              |
| 3       | Reluctance of the members to take leadership role             | 65.00              |
| 4       | Difficulty in maintaining the accounts and records of the SHG | 70.00              |
| 5       | Conflicts arising during decision making process              | 40.00              |
| 6       | Irregularity in holding meetings                              | 30.00              |
| 7       | Inadequate support from the NGO providing facilitation        | 70.00              |
| 8       | Problem in repayment of loan                                  | 45.00              |

### **Irregularity in holding meetings**

Generally meetings were held fortnightly or monthly. However, about 30 per cent of the SHGs reported irregularity in holding the meetings. The main reason

being the unavailability of space for meeting due to earlier engagements and also it was difficult for majority of the women to take time out from their busy schedule for attending the meetings.

#### ***Inadequate support from the NGO providing facilitation***

About 70 per cent of the SHGs reported that they lacked enough support from the promoting NGOs. They felt that though NGO staffs come to train them twice or thrice initially, it was not adequate for them to learn record-keeping and other group activities fully within such a short period of time. As a result, some of these SHGs were not able to maintain the records properly on a continuous basis as most of the members were neither literate nor did they receive continuous training. Many of these SHGs emphasized the need for continuous facilitation and training.

#### ***Problem in repayment of loan***

Around 45 per cent of the SHGs had faced the problem of repayment of loan which was due to absence of stable income among these members. Most of the members were not able to take up new income generating activities mainly for two reasons. First, they were not aware of the different income generating activities through which they could earn stable income. Secondly, some members reported that either they had not received any training or they did not receive inputs/raw materials or funds for starting the activities. It was costly for them to collect the raw materials on their own.

From the above study it can be concluded that, the number of SHGs in Punjab had increased tremendously over the study period. The participating agencies in the SBLP include commercial banks, RRBs and cooperative banks. Commercial banks had a predominant share in the linkage process both in terms of the number of saving as well as credit linked SHGs. It can also be concluded that the formation of SHGs had inculcated the habit of saving in the members of the sample SHGs. But, not all of the SHGs were credit linked. There is a need to provide exposure to the bank officials in rural and urban areas to actively support the SBLP and to increase the credit availability for SHGs. The lack of group activities was found to be one of the major problems faced by the sample SHGs. Group activities were limited to only a few SHGs. Group approach should be encouraged among the members. SHGs will be able to sustain if they are involved in some form of micro-enterprises or income generating activities which will ensure steady flow of income and also, in turn, help in the repayment of loans. The NGOs should first of all identify the economically viable activity according to the availability of raw material and demand of products in the area. Then, the training programme should be framed and provided to the members of the SHGs, so that they are able to take

up some income generating activities. It was also observed that members were highly dependent on leaders of the SHGs for smooth functioning. If SBLP has to be successful, all members of SHGs should be given leadership training. Otherwise, member's dependence on leaders could create extra social burden on the existing leaders.

SHG bank linkage programme aims at bringing about financial inclusion between formal and informal financial institutions which have the potential to overcome the hurdles faced by the poor in accessing financial services from formal financial institutions. A key requirement in achieving the goals of SBLP is the successful formation and nurturing of SHGs which require a continuous support from the NGOs involved in their formation. Thus, it can be concluded that a uniform and coordinated effort by various agencies like NABARD, banks and NGOs involved in different stages of the linkage process is necessary for the success of the SHG bank linkage programme.

#### **REFERENCES**

- Abhas, K. J. 2004. Lending to the poor: Designs for credit. *Eco. Pol. Weekly*, **19** (26): 606-09.
- Acharya, S. K and Debbarma, D. 2013. A study of livelihood generation status in Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in Tripura state: A socioeconomic and managerial analysis. *J. Crop Weed*, **9** (1): 145-47.
- Dasgupta, R. 2005. Microfinance in India, empirical evidence, alternative models and policy imperatives. *Eco. Pol. Weekly*, **40** (12): 1229-37.
- Jodhka, S. S. 2003. Contemporary Punjab: A Brief Introduction (Eds.). Concept Publishing Company Pub., New Delhi, pp. 22.
- Harper, M. 2002. Promotion of Self Help Groups under the SHG Bank Linkage Programme in India. *Paper presented at the Semi. on SHG-bank Linkage Prog.*, 25-26 Nov. 2002. New Delhi.
- Karmakar, K. G. 2002. Microfinance revisited. *Financing Agric.*, **34**: 18-23.
- Manimekalai, N. and Rajeshwari, G. 2001. Nature and performance of informal Self Help Groups- A case from Tamil Nadu. *Indian J. Agric. Econ.* **56**: 453-54.
- NABARD. 2012. Status of microfinance in India. Various issues. *National Bank for Agriculture and Rural Development*, Mumbai.
- Raghavendra, K. 2003. Self-help group linkage banking – challenges of training – role played by National Centre. *Lead Bank J.* **41**: 72.
- Randhawa, V. and Mann, S. K. 2007. Structure and functioning of Self Help Groups in Punjab. *Indian J. Agri. Res.* **41**: 157-63.