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**A STUDY ON IMPACT OF SELF HELP GROUP –BANK LINKAGE PROGRAMME ON SAVINGS AND INCOME AND POVERTY ALLEVIATION WITH SPECIAL REFERENCE TUMKUR DISTRICT**

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**ABSTRACT**

*In developing countries like India and other countries poverty and unemployment are the main problems. In recent days many SHGs are playing as a effective tool for alleviation of poverty. . A growing number of poor people among them mostly are women. In India even today 26.1 of total population live below poverty line. In India many SHGs are linked to banks for delivery of micro credit to Self Help Group members. In 1976, prof. Mohammed Yunus of Bangladesh started Women's groups in Bangladesh and developed thrift and savings among the poorest. The main aim of this paper is to study the role of SKDRDP in the upliftment of poor of rural area of Tumkur. This study is on the basis of primary as well as secondary data. Primary data is collected by discussion, schedule and personal interview through providing questionnaires to samples of 50 rural women's of SKDRDP. Secondary data is through annual reports from the Government bodies like Reserve Bank of India, NABARD, research papers in journals and magazines. SKDRDP as a NGO as started many programmes in order to empower the women of rural area. In Karnataka SKDRDP is playing a very important role especially in rural areas of this state. It is observed that many people are joined this group and that it has linkage with bank and availing loan at low interest rates and this made success of SKDRDP.*

## **Introduction**

In the present day world poverty is the major problem in all developing countries. In India over 121 crore people 83.3 live in rural areas and other people live in urban areas, where 22% of the population is considered below the poverty line. In recent days Self Help Group play a important role in the eradication of poverty. Major poor people of Indian population are the members of Self Help Group and they are effectively engaged in the savings and credit, as well as in other activities of SHG. Central government of India and state government of India are introducing more programmes for rural upliftment. But rural poverty and unemployment is still a major problem in India. A SHG is a small group of association to improve d members financial security is a primary objective. And it's also improve the development, awareness, motivation, training, internship and other common interest among the members of SHG. Self help group is the informal group found by the community of women with the number of 15 or 20 members in the group poorest group and have conversation regarding social and economic issue self help groups function on the basis of co-operative principles and provide a great support to each member of the group SHGs is organized by financially weaker section of the society in order to empower those poor people .In group of SHG collective action of the member is taken into consider .This will help to saving of the rural people particularly women to for a group for a mutual benefit .This scheme will help to improve the economic condition of the SHG members and it also help to improve to work with co-operation among the members .It also build the self confidence and self reliance among the members.

Prof. Mohammed Yunus started women's groups in Bangladesh in the year 1976. He started to develop savings of poorest women's. The savings made by the Bank is now developed into bank named Bangladesh Grameen Bank. In the year 1998 the bank had 1138 branches in states and 39572 branches in villages and with the members of 2367503. Among them 124571 were men. The savings of that bank was US \$ 202.73 million. Due to the success of Bangladesh Grameen Bank the concept of micro credit emerged in India. The success of many NGOs is made them to organize SHGs. In today SHGs are playing a very important role in reduction of poverty. In the year 1972, Self-Employed Women's Association was started. It is the first women's Bank in the country. By the year 2000 SEWA had a membership of 209250, depositors of 87263, borrowers of 41757. And outstanding loan was Rs.887 lakhs as on 1998.

In southern India organizations such as PRADAN, MYRADA, ASSEefa, and MALAR were started in rural credit system. PRADAN had 7000 women membership and the saved amount was Rs 48 lakhs. MALAR had 15000 women membership and they saved Rs 86 lakhs.

The SHGs may consist of 10-20 members and in case of minor irrigation, and in case of disabled persons and difficult areas, i.e. hilly, desert and sparsely populated areas, this number may be a minimum of five. Self Help Groups should also be drawn from the BPL list approved by the Gram Sabha.

### **Objectives of the Study:**

- To know the concept of SHG-Bank Linkage Program
- To understand the role of SKDRDP in promoting SHG-Bank Linkage Program
- To evaluate the level satisfaction and the impact of SHGs on savings and income of women

### **Review of Literature**

**U.M Gopal Krishna, Dr.Aliya Sultana, Dr.T.NarayanaReddy(2017)** this paper deals with the significant development of Self Help Groups in India and the saving habits of the SHG members and the growth of the SHG-Bank Linkage programme in recent times. The data is based on secondary data. The study says that SHG-Bank Linkage has been increased by covering more than a hundred million households of rural India. It observed that even today in many rural villages do not have banking system and this will create a problem so that savings cannot be made by the Women's. And it also says that NABARD and RBI has taken initiative in creating a good relation with the banker and rural people of SHG

**DipankarMalakar, HemchandraGoutam (2016)** this paper reveals that 60% of respondents have made savings after joining the SHG and even income also has increased among them. Though SHG's are success it has problems also. The study reveals that 41% of respondents agree that rate of interest charged by the banks is high for them and 76% of respondents responded that the loans provided by banks are insufficient for investment in high profit generating activities. The paper suggests SHG bank Linkage Programme to contribute to improve the economic and social development of very poor people of country.

**R.L Vinodhini, P. Vaijyanthi (2016)** the study is to know the growth of rural India on their economic conditions by joining SHG. The paper reveals that SHG has improved in reduction of poverty by considering more on poor people and improvements in growth of females. The can be further continued by taking nonmember women so it will be helpful for study and demographic factors can also be included in order to the differences and even individual factor must be consider.

**Mrs. Eli Kumara Das, Mrs. DharitriBaishya (2015)** the paper study the role of SHG in savings and in investment of particular area based on descriptive data. The activities of SHG are mainly concentrated on economic activities such as cultivation. The problem of SHG observed from study that women member is illiterates about the financial activities about the bank as major are from tribal background. Study reveals that operating efficiency of The SHG varies due to internal problems and leadership members of the group get loans for consuming as well as investing purposes to improve the status of women.

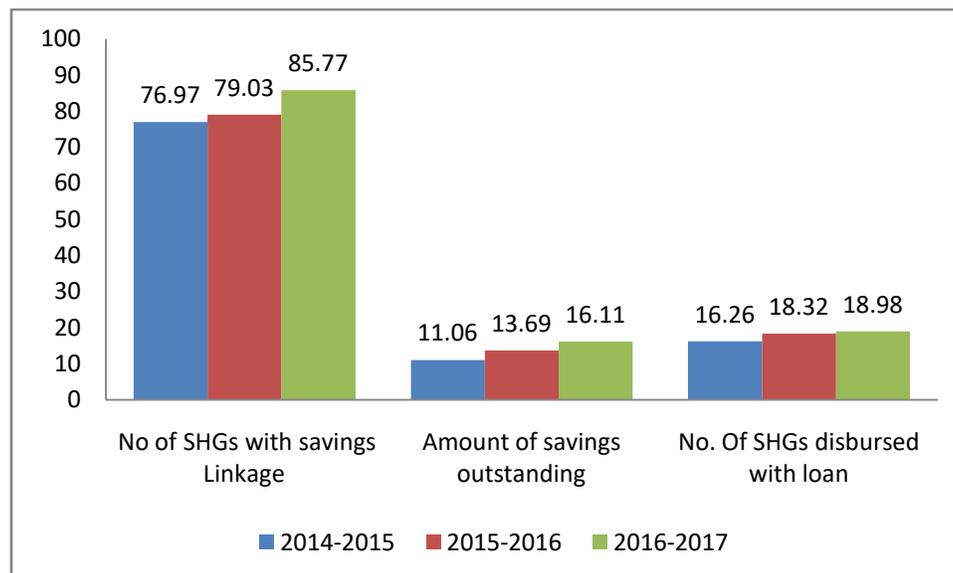
### **SHG - Bank Linkage Programme (SHG - BLP)**

It is the largest microfinance programme in the world because of its sheer size and population it touches. What is equally remarkable is that it is also the most widely participated developmental programme in the country and perhaps in the world for the large number of channel partners, their grass root workers, Govt. agencies and banking outlets involved.

Lending to SHGs should be included by the banks as part of their lending to the weaker sections. As per the RBI's latest report as on May 2016 stated that Priority Sector Lending norms, bank credit to members of SHGs is eligible for priority sector advance under respective categories viz., Agriculture, Micro, Small and Medium Enterprises, Social Infrastructure and Others. The recovery rates of loans are good and banks have found that the transaction cost of reaching the poor through SHGs is considerably lower rather than direct lending by the bank. In India, SHGs first emerged within the Mysore Resettlement and Development Agency (MYRADA) in 1985. The National Bank for Agriculture and Rural Development (NABARD) provided MYRADA with a grant of 1 million to enable it to invest resources in identifying affinity groups, building their capacities and matching their savings after a period of 3-6 months. In 1990 RBI accepted the SHG strategy as an alternative credit model. In 1992, NABARD issued guidelines to provide the framework for a strategy that would allow banks to lend directly to SHGs. SHG-Bank Linkage Programme was launched in the year 1992. The Tamil Nadu Women's Empowerment Project, an

IFAD-supported project implemented through the Tamil Nadu Women's Development Corporation, was the first project in the country, around 1990, to incorporate the SHG concept into a state-sponsored programme. Since then, SHGs have been associated with women. The Self Help Group - Bank Linkage Programme (SHG-BLP) was an innovation harnessing the synergy of flexibility of informal system with the strength and affordability of formal system. Three radical innovations were introduced through the RBI or NABARD guidelines on SHG-BLP as a acceptance of informal groups as clients of banks – both deposit and credit linkage Introduction of collateral free lending, and Permission to lend to group without specification of purpose, activity or project This savings led and door step credit delivery mechanism based on social collateral started making immediate inroads backed by an enabling policy environment and support from some national level institutions and multilateral agencies.

**Chart No.01: Graph showing performance of Self Help Group in India**



Source: [www.nabard.org](http://www.nabard.org)

**Objectives of SHG-Bank Linkage Programme are:**

- 1.To evolve supplementary credit strategy for meeting the needs of the poor by combining the flexibility, sensitivity and responsiveness of the informal credit system with the technical / administrative capacity and financial resources of formal financial institutions.
2. To build mutual trust and confidence between bankers and the rural poor.

3. To encourage banking activity in both the thrift and credit aspects in a segment of the population that formal financial institutions usually find difficult to reach.

The SHG-Bank Linkage Programme is unique in some respects. RBI and NABARD have tried to promote relationship banking that is to improving the existing relationship between the poor and bankers with the social intermediation by NGOs. The Indian bank 45 linkage models is predominantly a Linkage Model which draws upon strengths of various partners- NGOs (who are best in mobilizing the poor and building their capacities) and Bankers (whose strength is financing). Broadly, three different models have emerged under the linkage programme in the country. The linkage between the SHGs and the Formal Financial Agencies (FFAs) has to be on symbolic relationship. For the purpose of linking the SHGs to FFAs two basic models with number of modification are at present working in India. In each model there exists a two way flow of funds as shown below.

**1. Direct linkage model (Model- I)** In case of the direct linkage model the bank identifies the group (or facilitates evaluation of the group) and deals with the SHG directly for both mobilizing savings and for making available credit to as a whole or to individual members. Group members act as collateral security. In this model the credit is generally made available to the group and members to be financed are identified by the group itself which takes the responsibility of loan repayment.

**2. Modified Direct Linkage Model- I** Here the activity and member to whom loan is loan is given is identified by group. The group is morally responsible for repayment but credit is given as any individual loan.

**3. Modified Direct Linkage Model II** In this model NGO is not the financial intermediary. The NGO's role is only in group evolution and stabilization, where as the financial linkage is directly with the group.

#### **SKDRDP:**

Shree KshethraDharmasthala Rural Development project concentrates on the empowerment of people by organizing Self Help Groups(SHG) on the lines of Joint Liability Groups(JLG) and it also provides infrastructure and finance through micro credit for the rural people of Karnataka. SKDRDP encompasses all aspects of enriching the rural life. It is currently expanding its

development activities to all the districts of Karnataka. It is active with its community development programmes all over Karnataka. The main strength of the organization are the blessings of its promoters. Dedicated band of workers, goes will of the stakeholders and above all a comprehensive program to better the living environment of the chosen areas. During the Financial Year 2015-2016 SKDRDP has extended its area of operation to cover the state of Karnataka completely.

ShreeKshethraDharmastala Rural Development programme started its activities by playing its role in the field of finance through micro-credit, providing infrastructure and in transfer of technology. Along with those activities it also showed its interest on the empowerment of rural women and so it's started 'Jnanavikasa Program'. In order to response to the social needs of the area the SKDRDP improved its activities through innovating those activities such as Janajagruthi Community Development, Siri and more such programmes.

SKDRDP promotes development through a network of 169000 Self help groups which now includes 1.8 million families about 20% of rural households in Karnataka. The programme provides advice and information to help group members make long term plans for their household needs and even to save money. It also provides loan for domestic and agriculture expenses, through one of the biggest micro credit programmes in India. SKDRDP recognize the value of energy access as a key component of development, so since 1999 as provided information and loans for sustainable energy technologies.

### **Self Help Groups**

Both Central and State Government has given special importance for organizing women into Self Help Groups and connecting them into the mainstream of the society. As a result of this, today we see greater movement in this sector and it is proved that the Self Help Groups were promptly repaid and therefore, banks and financial agencies are now more reliant on the SHGs as a tool for lending money.

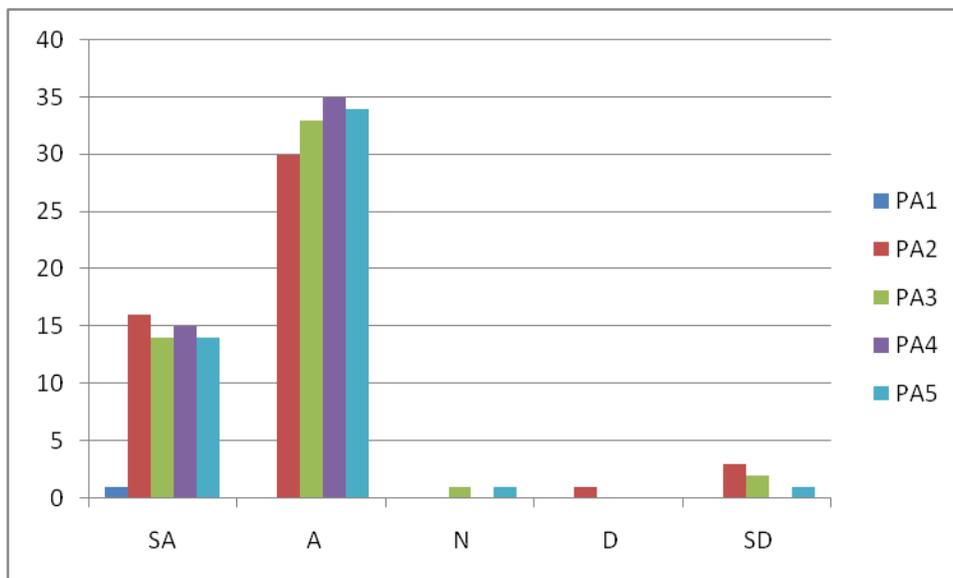
At village level, SKDRDP officers encourage neighbors to come together to form a group of between five and twenty people. Members come from all economic levels, among them most are agriculture workers, small farmers and traders, 70% of whom have incomes less than US\$2 per day.

The groups as to follow set procedures including meeting each week and keeping detail records of proceedings and financial transactions. Members have to save fixed amount (at least Rs 20) each week. Each group members makes and record a five year plan for their household or farm, including priorities for spending. The SKDRDP officer and other group members help with support and advice on the plan. Some groups focus particularly on agriculture and have a labor-share each week, when they work in rotation on each other's farms.

**Table No 01: Showing reasons for satisfaction of poverty alleviation programme of SHGs Women**

Sl. No.	Statement	SA	A	N	D	SD	Total
PA1.	Increase in income	9	37	1	0	3	50
PA2.	Self-employment	16	30	0	1	3	50
PA3.	Increase in saving and investments	14	33	1	0	2	50
PA4.	Improvement in capital formation for meeting the house hold requirement	15	35	0	0	0	50
PA5.	Education for children	14	34	1	0	1	50
	Total	68	169	3	1	9	250

**Chart No 02: Showing reasons for satisfaction of poverty alleviation programme of SHGs Women's**



The table and graph 4.33 satisfaction levels of SKDRDP women's are about the poverty alleviation programme. The study says that maximum 37 respondents agreed that as a member of SKDRDP has increased their income. 30 responded also agreed it has improved self-employment opportunities of poor people of rural area. 33 respondents agreed that it has improved the savings and also help those rural people to invest those money. 35 respondents agreed that it has improved in credit formation to maintain their household requirement. 34 respondents agreed that SKDRDP has improved their children education. This study says that maximum respondents have agreed the SKDRDP is playing a great role in poverty alleviation programme in rural areas.

**Table No 02: Showing Table showing age groups and increase in Income**

Opinion \ Age	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
18-25	2	3	0	0	0
26-35	4	15	0	0	0
36-45	4	15	1	0	0
46-55	0	6	0	0	0

H<sub>0</sub>- There is no significant difference between the age groups and satisfaction level of poverty alleviation that there is a increase in income.

H<sub>1</sub>.There is a significant difference between the age groups and satisfaction level of poverty alleviation that there is a increase in income.

### Calculation of Mean for each sample

$$\bar{x}_1 = \frac{2+3+0+0+0}{5} = 1$$

$$\bar{x}_2 = \frac{4+15+0+0+0}{5} = 3.8$$

$$\bar{x}_3 = \frac{4+15+1+0+0}{5} = 4$$

$$\bar{x}_4 = \frac{0+6+0+0+0}{5} = 1.2$$

### Calculation of Mean of mean

$$\bar{\bar{x}} = \frac{\bar{x}_1 + \bar{x}_2 + \bar{x}_3 + \bar{x}_4}{4} = \frac{1+3.8+4+1.2}{4} = 2.5$$

### S.S Between:

$$\begin{aligned} &= n_1(\bar{x}_1 - \bar{\bar{x}})^2 + n_2(\bar{x}_2 - \bar{\bar{x}})^2 + n_3(\bar{x}_3 - \bar{\bar{x}})^2 + n_4(\bar{x}_4 - \bar{\bar{x}})^2 + n_5(\bar{x}_5 - \bar{\bar{x}})^2 \\ &= 4(1-2.5)^2 + 4(3.8-2.5)^2 + 4(4-2.5)^2 + 4(1.2-2.5)^2 \\ &= 31.52 \end{aligned}$$

### S.S Within:

$$= \sum (\bar{x}_{1i} - \bar{x}_1) + \sum (\bar{x}_{2i} - \bar{x}_2) + \sum (\bar{x}_{3i} - \bar{x}_3) + (\bar{x}_{4i} - \bar{x}_4)$$

$$= [(2-1)^2 + (3-1)^2 + (0-1)^2 + (0-1)^2 + (0-1)^2] + [(4-3.8)^2 + (15-3.8)^2 + (0-3.8)^2 + (0-3.8)^2 + (0-3.8)^2] + [(4-$$

Source of Variance	Sum of Square(SS)	Degree of Freedom	Means Square(MS)	F Ratio	5% L.O.S
Between Sample	31.52	(4-1)=3	31.52/4=7.88	7.88/91.9 = 0.08574	F(4,20) =2.866
Within Sample	367.6	(20-4)=16	367.6/4=91.9		

$$4)^2 + (15-4)^2 + (1-4)^2 + (0-4)^2 + (0-4)^2] + [(0-1.2)^2 + (6-1.2)^2 + (0-1.2)^2 + (0-1.2)^2 + (0-1.2)^2]$$

$$= 367.6$$

### SS Total

$$= \text{SS Between} + \text{SS Within}$$

$$= 31.52 + 367.6$$

$$= 399.12$$

### Inference:

The calculated value of F- Ratio is 0.08574 which is less than the table value that is 2.866 hence the null hypothesis is accepted. Since we can conclude there is no significant difference between the age groups and satisfaction level of poverty alleviation that there is a increase in income.

**Table No 03: Showing age groups and Self Employment**

Age	SA	A	N	D	SD
18-25	0	5	0	0	0
26-35	10	8	0	0	0
36-45	8	11	0	1	1
46-55	0	6	0	0	0

H<sub>0</sub> There is no significant difference between age group and self-employment regarding the reason for satisfaction of poverty alleviation program of SHGs.

H<sub>1</sub> There is significant difference between age group and self-employment regarding the reason for satisfaction of poverty alleviation program of SHGs.

ANOVA Single Factor

Source of Variation	SS	D.F	MS	F	P-value	F crit
Between Groups	9.5	3	3.166667	0.217765043	0.882188	3.490295
Within Groups	174.5	12	14.54167			
Total	184	15				

**Inference:**

Since the value of F is 0.217 which is less than table value that is 3.490 H<sub>0</sub> is accepted, so we can conclude that there is no significant difference between age group and self-employment regarding the reason for satisfaction of poverty alleviation program of SHGs

**Table No 11: Showing age groups and Increase in savings and Investment**

Age	SA	A	N	D	SD
18-25	0	4	1	0	0
26-35	3	15	0	0	0
36-45	7	15	0	0	0
46-55	3	11	1	0	0

H<sub>0</sub> there is no significant difference between age group and increase in saving and investment regarding satisfaction of poverty alleviation program of SHGs.

H<sub>1</sub> there is significant difference between age group and increase in saving and investment regarding satisfaction of poverty alleviation program of SHGs.

## ANOVA Single Factor

Source of Variation	SS	D. F	MS	F	P-value	F crit
Between Groups	16.6875	3	5.5625	0.153713	0.925287	3.490295
Within Groups	434.25	12	36.1875			
Total	450.9375	15				

### Inference:

The F value is 0.153 which is less than the table values that is 3.490, therefore  $H_0$  is accepted. From this we can conclude that no significant difference between age group and increase in saving and investment regarding satisfaction of poverty alleviation program of SHGs.

### Conclusion

Self Help Group is playing as a very important role in all over India. It has created an employment opportunities and saving habits of rural people of our country. Many Ngo's are linked with banks and given a awareness about the banking activities to the rural people.

SKDRDP as a NGO as started many programmes in order to empower the women of rural area. In Karnataka SKDRDP is playing a very important role especially in rural areas of this state. It is observed that many people are joined this group and that it has linkage with bank and availing loan at low interest rates and this made success of SKDRDP.

It has created many programmes and activities to encourage the rural people to participate in SKDRDP SHGs to support their families and to increase their standard of living. It also giving many training programmes to produce products from their group so that is helping them to earn the money and promoting saving habits among members.

Though many members are involved in SKDRDP still SKDRDP has to create awareness in all over Karnataka to join their group and it has to give loan for self-employment and training programme to start the business.

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