

SHG - Bank Linkage: A Case Study of Amritsar District

Kajole Nanda

Doctoral Research Fellow,
Department of Commerce,
Guru Nanak Dev University,
Amritsar

Dr. Baljeet Kaur

Assistant Professor,
Punjab School of Economics,
Guru Nanak Dev University,
Amritsar.

Dr. Paramjit Nanda

Professor and HOD,
Economics (Punjab School of Economics),
Guru Nanak Dev University,
Amritsar.

Abstract

Social and financial inclusion, of late have assumed development policy priorities in many countries. For a country of continental proportions like India, wherein around 28 per cent of the population suffers from chronic poverty and hunger, the need for reaching out to the 'bottom of the pyramid' becomes even more pronounced. To eradicate poverty, unemployment and hunger, the government has been initiating various programmes from time to time, thereby creating opportunities for livelihood for the poor through provision of employment and public services. The SHG-bank linkage program is one such endeavor of the government and the RBI, directed towards achieving both, social and financial inclusion. In this backdrop, the current paper seeks to examine the trends and status of SHG bank linkage programmes in India, with a special focus on the state of Punjab (Amritsar district). The results reveal a satisfactory performance of the SHGs in the country. Specifically, with regards to the 'savings' and 'credit' of the SHGs, the study finds that while the quantum of the SHGs' savings has increased; the amount of loan disbursed to them has only declined through the period. The finding, thus, corroborates the apprehension of the banks in extending credit to the SHGs due to the perceived risk of default from them. Block wise analysis of Amritsar, suggests the maximum penetration of the SHGs in the Harsha Chhina block of the district. Further analysis reveals the importance of SHGs in improving social inclusion and empowering women in the district.

Keywords: SHG, Amritsar, Bank Linkage.

Introduction

Poverty and unemployment have been the main problems of Indian Economy since long. To reduce these problems, Government of India (GOI) has been initiating various programmes from time to time, thereby creating opportunities for livelihood for the poor through provision of employment and public services. The series began with the introduction of Integrated Rural Development Programme (IRDP) in 1978-79, Training of Rural Youth for Self-Employment (TRYSEM) in 1979, development of women and children in rural areas (DWCRA) (1982-83), and Ganga Kalyan Yojna (1996-97). But these programmes did not focus on sustainable income generation, and lacked the approach directed towards social intermediation and proper linkage.

There were also problems of loan defaulters and low recovery rate. Following this, the Hashim Committee recommended in February 1997 the start up of single self-employment programme embracing a group approach. By 2014-15, about 77 lakh SHGs have been linked with banks, and the total amount of loan disbursed to them has been recorded as Rs. 30334 crore. Thus Swaran Jayanti Gram Swarojgar Yojna (SGSY), Credit based self employment scheme is a holistic programme covering training, credit, technology, infrastructure and marketing in Amritsar district.

Considering this, paper seeks to examine performance of SGSY. For this purpose, paper this been divided into IV sections. Section I discusses nature and activities of SHGs theoretically and empirically; Section II focuses on all India trends in SHGs regarding savings, loans from banks from 2005-06 to 2014-15; Section III studies impact of SHGs on income in different blocks (9) of Amritsar district; Section IV draws important conclusions along with policy implications. To analyze data, secondary data have been used and results have been interpreted using various descriptive statistics.

In India, institutional credit was considered as a strategy for rural development and poverty alleviation by increasing rural production and productivity since independence. The aim of social banking was achieved by rapid expansion of rural banking network, priority sector lending, large subsidy oriented credit programmes through the nationalization of banks in 1969 and 1980. During the phase of social banking (1960-90), apart from nationalization of banks; co-operative banking was restructured, RRBs (Regional Rural Banks) and NABARD were set up in 1976, and in 1982 (respectively); and lead Bank Scheme was initiated with District Credit Plans. During the second phase of microfinance (1990-2000); NGO-based MFIs (Micro Finance Institutions) and SHG-Bank linkage programmes were initiated. Apart from this, innovative credit lending mechanism, based on "peer pressure" and "moral collateral" were developed. During third phase (i.e. period after 2000), micro finance was seen as a business proposition and was thus, commercialized. Non-banking Finance Companies (NBFCs) and Non-banking Financial Institutions (NBFIs) were developed to make the MFIs profitable. Customers-centric/client-centric microfinance products and services were given importance.

In the self-help group model, individuals (preferably from same gender) come together to resolve various socio-economic and other issues like education, health, family tortures and harassments, financial awareness, etc. The SHG model is based on four important concepts i.e. (i) "Self-help is the best help", (ii) "Unity is strength" (iii) "United will stand and divided will fall" and (iv) "We can make our own

bank". The SHGs are basically the thrifts and credit groups. The SHG Model works on the peer pressure by eliminating collateral for availing loan. This model focuses more on the overall socio-economic development through using the concepts of 'saving' and 'credit'. This model is of much use in India and is typically used by almost all Indian NGOs.

According to Reserve Bank of India (RBI), "A Self-help Group (SHG) is a registered or unregistered group of micro entrepreneurs having homogenous social and economic background voluntarily coming together to save small amounts regularly to mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment, thereof. In fact, peer pressure has been recognized as an effective substitute for collaterals."

During 1990s, NGO-MFIs created the concept of 'Women SHGs'. Due to regular repayment and credit disbursal, male SHGs were also encouraged and intermediaries started providing loans to them to support their existing business. With the intermediation of financial institutions or social organizations, the SHGs federate at an apex level i.e. block or district level federation. Sometimes these federations acted as a strong legal entity and took up business activities of high standard. SHG model of microfinance service delivery has not only provided financial products and services to the rural poor but also acted as a launching pad for livelihood intervention. The Rashtriya Mahila Kosh and Indira Mahila Yojna have used SHG approach in many poverty alleviation projects. The Swaranjayanti Gram Swarojgas Yojna (SGSY), which was launched in 1999, had used SHG concept in a broader way. Various empirical studies have evaluated the performance of SHGs promoted by NGOs in terms of empowerment of women through participation and employment generation. These studies have highlighted the improvement in women's participation both from economic and social view points, equality of states of women as participants, decision makers and beneficiaries in the democratic economic, social and cultural spheres of life (Puhazendi and Jayaraman (1999); and Ramesh (2004); Mishra (2005); Rani and Venkataraman (2005)). Some studies have focused on increase in recovery performance due to low transaction costs (Goanker, 2001). Kallur (2001) tried to present that group approach has brought to the surface many operative latent traditional values like group support thrift, group action and sustainability of women SHGs.

SHG – Bank Linkage in India

(i) Savings

Table 1 shows the growth of SHGs in terms of savings, loan outstanding and loan disbursed during 2005-06 to 2014-15.

Table shows that number of SHGs have witnessed abrupt decline in 2006-07 (i.e. number of SHGs declined from 78.19 lakh in 2005-06 to 42 lakh in 2006-07). After 2006-07, number of SHGs has been increasing continuously till 2014-15 (except 2012-13, with marginal decrease). During whole

period, saving making SHGs have remained at same level. Saving amount has been continuously increasing (except 2011-12) during whole period. Savings increased from Rs. 2330cr in 2005-06 to Rs. 11307 crore in 2014-15 (thereby increased by 385 percentage points).

Table 1
All India Trends in Saving, Loan Outstanding and Loan Disbursed

Year	Savings		Loan Outstanding		Loan Disbursed	
	No. of SHGs (lakh)	Amount (Rs. crore)	No. of SHGs (lakh)	Amount (Rs. crore)	No. of SHGs (lakh)	Total Amount (crore)
2014-15	77.12	11307	44	51721	16.43	30334
2013-14	74.29	9897	42	42927	14.10	24017
2012-13	73.17	8217	44.51	39375	12.20	20585
2011-12	79.60	6551	43.54	36340	11.48	16434
2010-11	74.62	7016	47.87	31221	12.0	14548
2009-10	69.53	6199	48.51	28038	16.0	14453
2008-09	61.00	5546	42.0	22680	16.0	12254
2007-08	50.00	3785	36.0	17000	12.0	8849
2006-07	42.00	3513	29.0	12366	11.0	6470
2005-06	78.19	2330	22.46	9764	2.10	4499

Source : Status of Micro Finance - India Report, NABARD, 2005-2015.

(ii) Loan Outstanding and loan Disbursement

Total number of SHGs having an outstanding amount of loan increased from 22.46 lakh in 2005-06, to 44 lakh in 2014-15 (i.e. by 95 per cent). Amount of loan outstanding during this period also witnessed an increase. Specifically, it increased from Rs. 9764 crore in 2005-06 to Rs. 51721 crore in 2014-15 (i.e. by 429 percentage points).

Number of SHGs in loan disbursement increased from 2.10 lakh to 16.43 lakh (i.e. by 682 per cent) and the amount of the same increased from Rs. 4499 crore in 2005-06, to Rs. 30334 crore in 2014-15 (i.e. by 574 percentage).

Table 2 depicting the trends in 'average per SHG savings, loans' (outstanding and disbursed) reveals that savings per SHG declined in 2007-08, 09-10 and 2011-12; whereas the loan outstanding per SHG and loan disbursed per SHG declined in 2006-07. Saving per SHG increased by 3.92 times, loan outstanding per SHG and loan disbursed per SHG increased by 1.65 times and 1.87 times. Thus, there is good performance of SHGs in terms of savings. Further amount of loan outstanding per SHG is less than amount of loan disbursed per SHG indicating low amount of loan unpaid in comparison to loan disbursed. But increase in amount of loan outstanding is further cause of worry.

Table 2
All India Trends in Average per SHG Savings/Loan Outstanding/Loan Disbursed

Year	Savings per SHG (Rs.)	Loan Outstanding per SHG (Rs.)	Loan Disbursed per SHG (Rs.)
2014-15	14660	115295	184551
2013-14	13321	102273	175769
2012-13	11230	88455	168732
2011-12	8230	83455	144046
2010-11	9403	65224	121623
2009-10	8915	57795	93616
2008-09	9091	54000	76128
2007-08	7570	47222	72076
2006-07	8364	42641	59420
2005-06	2979	43472	64155

Source: Based on Table 1.

Agency-wise Performance of SHGs

(i) **Savings:** Bank-wise details of SHGs Bank linkage scheme regarding savings in India given in Table 3 show that, out of 69.53 lakh groups having savings accounts with the banks in the country around 58.3 percent of groups are promoted by commercial banks followed by RRB (26.2

percent) and co-operative banks (15.5 percent) in 2010. Despite increase in number of SHGs having saving account, share of commercial banks in attracting SHG with savings decreased, while of RRB and co-operative banks increased in 2015 as compared to 2010. Of the total amount of savings are Rs. 6198 crore; of which 59.3 are from commercial

banks, 21 percent from RRB and the rest 19.8 percent are from co-operative banks. As compared to 2010, there is increase in share of commercial banks in saving amount and

decrease in share of RRBs and co-operative banks; thereby leading to larger increase in saving amount per SHG in case of commercial banks.

Table 3
Savings of SHGs with Banks (Agency-wise)

Year	Number of SHGs (lakh)				Amount of Savings (Crore)			
	Commercial Banks	RRBs	Co-operative Banks	Total	Commercial Banks	RRBs	Co-operative Banks	Total
2015	52	22	14	77	6878	2346	2082	11307
	(54.54)	(28.57)	(18.18)	(100)	(60.82)	(20.74)	(18.41)	(100)
					16376*	10663*	14871*	14684*
2010	40.52	18.20	10.79	69.53	3673	1299	1225	6198
	(58.3)	(26.2)	(15.5)	(100)	(59.3)	(21.0)	(19.8)	(100)
					9065*	7136*	11352*	8915*

Source : *Status of Micro Finance - India Report*, NABARD.
Note: Number in parentheses indicate percentage share.

(ii) Loan Outstanding and Loan Disbursed

The data on bank loans outstanding against SHGs given in Table 4 shows that 48.51 lakh SHG and 44.8 lakh SHGs have outstanding loans to banks as on 2010 and 2015; of which 66.7 percent of SHGs belong to commercial banks followed by RRBs (22.8 percent) and co-operative banks (10.5 percent) in 2010. As compared to 2010, share of commercial banks in loan outstanding to SHGs decreased while of RRBs and co-operative banks increased. Total amount outstanding to the banks by SHGs as on March 2010

amounts to Rs. 28,038 crore and Rs. 51721 crore in 2015. Out of total amount outstanding, 71.9 percent share is by commercial banks followed by RRBs (21.9%) and co-operative banks (6.2 percent) in 2010. As compared to 2010, share of commercial banks and co-operative banks in amount of loan outstanding decreased marginally while of RRBs increased. Loan outstanding per SHG increased rapidly in case of commercial banks with larger decrease in number of SHGs as compared to amount of loan outstanding to SHGs.

Table 4
Agency-wise Loan Outstanding/Disbursed and Non Performing Assets (NPAs)

Year/Agency	Loan Outstanding			Loan Disbursed			Non-Performing Assets	
	Number of SHGs (lakh)	Amount Rs. (Crore)	Amount per SHG (Rs.)	Number of SHGs (lakh)	Amount Rs. (Crore)	Amount per SHG (Rs.)		% of NPA to loan outstanding
2015								
I. Commercial Banks	26.2	35658	136099	8.7	20085	230862	2477.86	7.7
	(58.48)	(68.94)	-	(53.04)	(66.21)	-	(64.74)	-
(i) Public	-	-	-	-	-	-	-	-
(ii) Private	-	-	-	-	-	-	-	-
II. RRBs	12.7	12749	100385	5.2	7725	148557	1065.54	8.4
	(28.34)	(24.64)	-	(31.7)	(25.46)	-	(27.84)	-
III. Co-operative Banks	5.9	3313	56152	2.4	2523	105125	283.17	8.6
	(13.16)	(6.40)	-	(14.63)	(8.31)	-	(7.40)	-
Total	44.8	51721	115448	16.4	30333	184957	3826.57	7.39
	(100)	(100)	-	(100)	(100)	-	(100)	-
2010								
I. Commercial Banks	32.37	20164	62289	9.77	9780	100050	537.46	2.66
	(66.7)	(71.9)	-	(61.6)	(67.7)	-	(65.24)	-
(i) Public	-	-	-	-	-	-	513.53	2.60
(ii) Private	-	-	-	-	-	-	23.93	5.44
							(2.9)	
II. RRBs	11.03	6144	55658	3.76	3333	88461	218	3.56
	(22.08)	(21.9)	-	(23.7)	(23.1)	-	(26.48)	-
III. Co-operative Banks	5.10	1728	33894	2.32	1339	57629	67.04	3.88
	(10.5)	(6.2)	-	(14.7)	(9.3)	-	(8.14)	-
Total	48.51	28038	57795	15.86	14453	91083	823.04	2.94
	(100)	(100)	-	(100)	(100)	-	(100)	-

Source : *Status of Micro Finance - India Report*, NABARD.

Note: Number in parentheses indicate percentage share.

The data on bank loans disbursed to the SHGs during the period suggests that bank loans have been disbursed to 15.86 lakh and 16.4 lakh in 2010 and 2015. Of the total number of SHGs, highest share is of commercial banks in loan disbursement, followed by RRBs and co-operative banks. However, share of commercial banks in loan disbursement decreased, while of RRB increased in 2015 as compared to 2010. The total amount disbursed to SHGs is Rs. 14453 crore in 2010 and Rs. 30,333 crore in 2015, of which 67.7 percent are by commercial banks, 23.1 percent by RRBs and 9.3 percent by co-operative banks in 2010. As compared to 2010, share of commercial banks in amount of loan disbursement decreased marginally and of RRB increased marginally. There has been tremendous increase in loan disbursed to each SHG in 2015 as compared to 2010 due to larger increase in loan disbursed by commercial banks to smaller number of SHGs.

Non-Performing Assets: Of total amount of NPAs, commercial banks witnessed highest share (65.24 percent) followed by RRBs (26.48 percent) and co-operative banks (8.14 percent) in 2010. As compared to 2010, commercial banks and co-operative banks witnessed marginal decline in NPAs while RRBs's share in NPAs increased in 2015. NPAs as percentage of loan outstanding were only 2.94 percent in 2010, which increased sharply to 7.39 percent in 2015 for all banks taken together. All banks experienced larger increase in NPAs as percentage of loan outstanding ratio.

Regional Spread of SHGs: It is clear from Table 5 that there are regional inequalities in the country's savings regarding number of SHGs and amount of savings with banks by SHGs.

Southern region records highest percentage (46.35 percent) followed by Eastern region (19.76 percent) of total number of SHGs having savings in 2010. Western region accounts for 13.56 percent share and eastern region with 11 percent share in 2010. Northern and North-Eastern region accounts for less than 5 percent of total SHGs in the country. The position remained almost same in 2015, but with further increase in share of Southern region indicating more spread of regional disparities. Regarding the amount of savings with banks by SHGs, Southern region occupies loan's share (i.e. about 51.21 percent in 2010 and 63.02 percent in 2015) followed by Eastern region (i.e. about 18.07 percent in 2010

and 15.41 percent in 2015). Share of other region in amount of savings with banks was less than 5 percent in 2010 and share further decreased in 2015 as compared to 2010.

Table 6 shows the region-wise loan outstanding/disbursed and NPAs of SHGs. Regarding loan outstanding, Southern region occupies the top position (53 percent) followed by Eastern region (21 percent), Central region (10.24%) and Western region (9.42%) of total number of SHGs with loan outstanding. As compared to 2010, share of Eastern, North and North-Eastern regions increased marginally and of other regions decreased marginally in 2015. Regarding the amount of loan outstanding, Southern region occupied 63 percent share followed by Eastern (13.17%) and Central region (8.78%) in 2010. As compared to 2010, share of Southern region increased rapidly i.e. (from 67.84 percent in 2010 to 74.05 percent in 2015), while the share of all other regions decreased in 2015. Per SHG amount of loan outstanding increased rapidly in Southern region as well as in Western region. Northern and North-Eastern region further experienced small increase in amount of loan outstanding.

It is reflected in Table that Southern region occupies highest percentage (62 percent) followed by Eastern region (17.46 percent) and Western region (9.39 percent) of total number of SHGs having amount of loan disbursed in 2010. Share of other regions is less than 4 percent in 2010 as well as in 2015. As compared to 2010, share of Southern and Eastern region increased in number of SHGs for loan disbursal. Regarding the amount of loan disbursed only two regions i.e. Southern (with 76.38 percent share) and Eastern region (having 10.65 percent share) major share in 2010. As compared to 2010, southern region experienced larger increase in share in total amount of loans disbursed in 2015. Average amount of loans disbursed in 2015. Average amount of loan disbursed increased rapidly in Western region (i.e. by 1.48 times) and in Southern Region (i.e. by 1.132 times).

NPAs: NPAs as percentage of loan outstanding was found to be highest (8.07 percent) in Central region followed by Northern (6.61 percent), North-Eastern (5.51%) and western region (4.46%), while the share of other regions was less than 3% in 2010. As compared to 2010, all regions experienced a rapid increase in NPAs as % of outstanding (except North-Eastern region).

Table 5
Region - wise Savings of SHGs in India

	Number (Lakh)		Amount (Rs. Crore)		Amount per SHG (Rs)	
	2014	2010	2014	2010	2014	2010
Northern	3.65 (4.91)	3.51 (5.04)	2.82 (2.84)	342 (5.51)	7726	9745
North-Eastern	3.16 (4.25)	2.92 (4.19)	12.8 (1.29)	121 (1.95)	4050	4166
Eastern	14.68 (19.76)	13.74 (19.76)	1526 (15.41)	1120 (18.07)	10395	8152

Western	8.96 (12.06)	9.45 (13.59)	929 (9.38)	926 (14.94)	10334	9806
Central	6.85 (9.22)	7.65 (11.00)	790 (7.98)	513 (8.27)	11532	6714
South	36.96 (49.77)	32.23 (46.35)	6238 (63.02)	3174 (51.21)	26647	9849
Total	74.26 (100)	69.53 (100)	9897 (100)	6198 (100)	13327	8915

Source: Status of Micro Finance - India Report, NABARD.

Note: Number in parentheses indicate percentage share.

Table 6
Region-wise Loans Outstanding/Disbursed and NPAs

Year/Agency	Loan Outstanding			Loan Disbursed			Non-Performing Assets
	Number of SHGs (lakh)	Amount Rs. (Crore)	Amount per SHG (Rs.)	Number of SHGs (lakh)	Amount Rs. (Crore)	Amount per SHG (Rs.)	% of Outstanding
2014							
Northern	1.83 (4.35)	1100 (2.56)	59840	0.2 (1.45)	280 (1.16)	140000	13.6
North-East	1.24 (2.95)	753 (1.75)	60512	0.1 (.72)	128 (.53)	128000	6.8
Eastern	9.78 (23.28)	4944 (11.51)	50509	2.9 (21.16)	1510 (6.28)	52068	8.9
Central	4.19 (9.97)	2696 (6.28)	64232	0.6 (4.54)	618 (2.57)	103000	18.9
West	2.68 (6.38)	1640 (3.82)	60982	0.8 (5.83)	864 (3.59)	108000	8.9
South	22.21 (52.88)	31791 (74.05)	143137	8.7 (63.50)	20615 (85.83)	236954	4.3
Total	42 (100)	42927 (100)	102273	13.7 (100)	24017 (100)	175306	4.6
2010							
Northern	1.52 (3.13)	815 (2.90)	53618	0.37 (2.33)	306.33 (2.11)	82791	6.61
North-East	1.33 (2.74)	673 (2.40)	50601	0.49 (3.08)	287.16 (1.98)	58604	5.51
Eastern	10.27 (21.17)	3694 (13.17)	35968	2.77 (17.46)	1540.18 (10.65)	55602	3.21
Central	4.97 (10.24)	2462 (8.78)	49537	0.77 (4.85)	632.09 (4.37)	82089	8.07
West	4.57 (9.42)	1369 (4.88)	29956	1.49 (9.39)	646.97 (4.47)	43420	4.46
South	25.82 (53.22)	19022 (67.84)	73671	9.95 (62.73)	11040.53 (76.38)	110960	1.87
Total	48.51 (100)	28038 (100)	57798	15.86 (100)	14453 (100)	91128	2.97

Source: Status of Micro Finance - India Report, NABARD.

Note: Number in parentheses indicate percentage share.

Performance of SHGs in Amritsar District

Amritsar district is one of the 22 districts in the state of Punjab. As of 2011, it is second most populous district of Punjab after Ludhiana. There are nine blocks in the district namely Ajnala, Attari, Chogawan, Harsha Chhina, Jandiala Guru, Majitha, Rayya, Tarsikka and Verka.

Block-wise Numbers and Members of SHGs in Amritsar District

As per the secondary information collected from directory of SHGs, there are total 274 SHGs in the district with 3338 members (Table 7). A further perusal of this table reveals that out of all the nine blocks, Harsha Chhina block has the maximum number of SHGs (=52) having 653 members. On the other hand, Attari block has least number of SHGs (=13) with 159 members. The average number of members per SHG has been found to be 12.

Table 7
Total Number of SHGs in Amritsar District

Block	No. of SHGs	Percentage share	Members	Member per SHG
Ajnala	35	13	381	11
Attari	13	4	159	12
Chogawan	40	15	521	13
Harsha Chhina	52	19	653	13
Jandiala Guru	23	8	298	13
Majitha	33	12	403	12
Rayya	34	12	417	12
Tarsikka	29	11	328	11
Verka	15	5	188	13
Total	274	100	3338	12

Source: Directory of SHGs of SGSY (Amritsar)

Caste-wise Composition of SHGs

SHGs have played a significant role in the up-liftment of backward classes and weaker sections of society as can be validated from Table 8. Out of the total members of SHGs, participation of scheduled caste is the maximum to the tune of 68.1 percent. Maximum share of SC members have been observed in respect of Attari block (95 percent) followed by

Rayya (88.2 percent). Another positive aspect in respect of composition of SHGs is that of female participation in administration of SHGs. It can be observed from the table that as many as 225 out of 274 SHGs are headed by a female chairperson. So not only entrepreneurial, but the leadership qualities are also encouraged in women through self-help groups. All this prove that SHGs are an important tool for social and economic inclusion of such people.

Table 8
Caste-wise composition of SHGs in Amritsar District

Block	General Caste	SC	ST	Minorities	Female Chairperson
Ajnala	132 (34.6)	240 (63)	9 (2.4)	--	32
Attari	8 (5.0)	151 (95)	--	--	8
Chogawan	245 (47)	251 (48.2)	15 (2.9)	23 (4.4)	37
Harsha Chhina	199 (30.5)	454 (69.5)	--	11 (1.7)	47
Jandiala Guru	85 (28.5)	213 (71.5)	--	--	20
Majitha	162 (40.2)	241 (59.8)	--	--	29
Rayya	49 (11.8)	368 (88.2)	--	--	19
Tarsikka	112 (34.1)	216 (65.9)	--	--	22
Verka	48 (25.5)	140 (74.5)	--	--	11
Total	1040 (31.2)	2274 (68.1)	24 (0.7)	34 (1.0)	225

Source: Directory of SHGs of SGSY (Amritsar)

Note: Figures in the parentheses denote percentage share

Economic Returns (Sale Proceeds) of SHGs

The sale proceeds of SHGs reflect the performance, marketing condition and sale of the products of the group. Table 9 presents the total sale proceeds of SHGs of all the blocks along with average sale proceeds (sales per block). It is apparent from this table that although Harsha Chhina has the maximum number of SHGs, its average sale proceeds are the minimum (=Rs. 4.77 lakhs). Even Attari block with

minimum number of SHGs is observed to be performing better on revenue front, as the average sale proceeds of this block are higher (=Rs. 5.19 lakhs) than Harsha Chhina block. A further perusal of this table reveals that Jandiala Guru block has been able to register the maximum average sale proceeds (=Rs. 7.12 lakhs) during 2014-15. The likely reason for this can be due to the fact that it is a more developed block as compared to other blocks having better marketing facilities.

Table 9
Sale Proceeds of SHGs in Amritsar District (during 2014-15)

Block	Total Sale Proceeds (in lakhs)	Average Sale Proceeds (in lakhs)
Ajnala	122.55	5.83
Attari	67.55	5.19
Chogawan	210.80	5.85
Harsha Chhina	210.01	4.77
Jandiala Guru	156.85	7.12
Majitha	79.55	4.97
Rayya	153.70	5.91
Tarsikka	148.70	5.50
Verka	60.50	5.77

Source: Directory of SHGs of SGSY (Amritsar)

Funds Disbursed to SHGs

Table 10 provides information on the average funds distributed to SHGs in different blocks of Amritsar under three categories viz., revolving fund (a corpus given to SHGs to meet the members' credit needs directly and as catalytic capital for leveraging repeat bank finance), credit

disbursed and subsidy disbursed. In respect of all the three categories of funds disbursement, Rayya block has been observed to be getting the maximum amount during the year 2013-14. Notably, Jandiala Guru Block has been observed to be getting the minimum credit disbursed, which is the confirmation of sound financial health of SHGs of this block because of its highest sale proceeds.

Table 10
Average Funds Disbursed to SHGs in Different Blocks of Amritsar District

Block	Funds disbursed (in '000 Rs.)		
	Revolving fund	Credit disbursed	Subsidy disbursed
Ajnala	26.1	211.4	87
Attari	26.6	272.3	101.5
Chogawan	43.8	258.8	95.4
Harsha Chhina	33.7	268.5	101.5
Jandiala Guru	27.6	150.3	100
Majitha	27.5	164	69.5
Rayya	65.3	429.2	136.5
Tarsikka	24.7	235.1	89.6
Verka	25	165.1	71.1
Total	32.7	232.5	91.2

Source: Directory of SHGs of SGSY (Amritsar)

Economic Activities Undertaken by SHGs

SGSY lays emphasis on activity clusters. Four to five activities are identified for each block on the basis of resource endowment, occupational skill of the people and availability of markets. Selection of key activities is done with the approval of the Panchayat Samities at the block level and the DRDA at the district level. Table 11 presents information relating to economic activities in which the SHGs (274 in number) of Amritsar district are involved.

From the table it is clear that most of the SHGs (=185) are involved in dairy farming which account for 37.22 percent of the total (=497) activities in 274 blocks. After dairy farming, the next important activity is found to be shops which account for 30.38 percent. Next to this are horse carts and shawls which are observed to be important activities with their respective shares being 5.23 percent and 4.22 percent respectively.

Table 11
Block wise Distribution of SHGs According to Economic Activities

Block Activity	Aj nal a	Att ari	Chouga wan	Hars ha Chhi na	Jandi ala Guru	Majit ha	Ray ya	Tarsi kka	Ver ka	Tot al
Dairy	23	10	26	38	15	15	26	21	11	185
Woolen			4		4	3				11
Mushroom						1	3			4
Pickle			1				1			2
Vermicomp ost							1			1
Gurh making							1			1
Soft toys							3			3
Suits	1			5		6	1	1	2	16
Embroidery			1	3						4
Fabric painting, bedsheets				1				1	2	4
Book binding				1						1
Shawls	2		3	9	1	3		2	1	21
Beauty parlours			1	1						2
Boutiques	1		5	4						10
Sevian				2	2			1	1	6
Candle making			1	1						2
Knitting				2						2
Surf	1		1	3		1				6
Phulkari			1	4						5
Paparh Waria			1	2					1	4
Shuttering			2	1	1	2	1			7
Carpet				3						3
Small business				1						1
Neal, Farnail	1									1
Shops	8	5	25	30	17	18	21	20	7	151
Horse carts	1	5	2		4		7	3	4	26
Poultry							1			1
Tractor			1							1
Mini Truck			1							1
Sheep & Goats		3	1							4
Floriculture								1		1
Auto rickshaw		1	2		1		4	1		9
Sand, concrete & mixer machine							1			1
Total	38	24	79	111	45	49	71	51	29	497

Source: Directory of SHGs of SGSY (Amritsar)

The study reveals that SHGs have shown good performance in terms of increase in per capita saving. Amount of loan outstanding per SHG increased by lesser amount than amount of loan disbursed indicating low amount of loan unpaid in comparison to loan disbursed. Increase in amount of loan outstanding in cause of worry of the different bank groups. Commercial banks lead in saving of SHGS, loan outstanding and loan disbursed during the study period. SHGs are increasing their savings in commercial banks, but share of these banks in loan outstanding and loan disbursal has decreased in 2015 as compared to 2010. These banks are witnessing the problems of non-performing assets. Wide inter-regional disparities are also seen in largest share occupied by Southern and Eastern region in savings, loan outstanding and loan disbursed during the study period. The share of these regions was also increasing in activities of SHGs. Nonperforming assets as a percent of outstanding loans was found to be higher in the Central, followed by Northern, North-Eastern and Western regions. All regions experienced an increase in NPAs as percentage of loan outstanding.

Block-wise analysis of Amritsar district suggested that maximum number of SHGs were found to be in Harsha Chinna block and the minimum number in Attari block. Participation of SCs was found to be maximum, thereby indicating that SHG helped in promoting social inclusion. Most of SHGs were headed by females indicating women empowerment. Regarding the impact of SHGs on income, it was observed that Harsha Chinna (with large number of SHGs) registered the least average proceeds, whereas, highest average sale proceeds were observed in Jandiala Guru. In Jandiala Guru, most of SHGs were involved in shops and it was having locational advantage (as Jandiala Guru was located on G.T. Road), better marketing and infrastructural facilities. Most of activities was observed in dairy occupation. Despite females as chairpersons, activities like Phulkari, Paparwarya, pickles, fabrics, painting, beauty parlors etc. were lacking by SHGs.

Policy Implications: There is need to reduce non-performing assets by all banks. To reduce NPAs, there should be preliminary visits before identification of borrowers, proper loan application documentation

verification, monitoring of the loan and post-sanction visit and follow up and recoveries. Finance should be given only for viable schemes and debt recovery tribunals should be strengthened. More SHGs should be encouraged in North and North-Eastern regions as SHGs help in promotion of social inclusion by involving SC/ST. Women's participation can be encouraged in SHGs by adopting traditional activities with modern techniques and outlook.

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