



Promoting Women's Empowerment in Rural Regions: A study of the Self-Help Group Bank Linkage Program in Jharkhand

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Abstract

Historically, many women in India have faced barriers in accessing formal banking services due to cultural norms, lack of awareness and geographical constraints which often limit their ability to engage with mainstream financial institutions. The SHG Bank Linkage Programme, a leading initiative in India, has become a significant tool for societal development specially for women in India. By bridging the gap between marginalized communities and the formal banking system, it is fostering positive change across various social, economic and individual spheres. The collective spirit and peer support within SHGs foster social responsibility and financial discipline, leading to stronger communities and better preparedness for emergencies. This program promotes micro entrepreneurship by facilitating micro credit, resulting in the generation of employment, heightened production and positive impact on the local economy. By supporting women-led SHGs, this programme promotes gender equality and unlock their economic potential, contributing to overall economic development. This research paper analyses the remarkable progress of women-led Self-Help Groups through the SHG Bank Linkage Programme in Jharkhand over five years. The paper specifically focuses on four key factors: Savings, Loan Disbursed, Loan Outstanding, and Non-Performing Assets (NPA). Through the examination of these indicators, the paper aims to present a comprehensive picture of the impact of the SHG Bank Linkage Programme on women's financial inclusion and economic empowerment. This research paper adopts a descriptive approach, relying solely on data collected from secondary sources. This research paper shows how SHG Bank Linkage programme promotes social inclusion and reduced societal discrimination against marginalized communities and women in Jharkhand

Keywords: Financial inclusion, Marginalized communities, Financial literacy, Micro credit, Women empowerment.

1. Introduction

The Self-Help Groups (SHGs)-Bank linkage programme is a popular model of microfinance, which has been implemented in India to promote financial inclusion and improve the economic conditions of the poor and marginalized sections of society. In Jharkhand, the SHG-Bank linkage programme has gained significant momentum, and it has emerged as a pathway to prosperity for many individuals and communities [1]. The programme has been implemented by various banks and financial institutions in Jharkhand, with the support of the National Bank for Agriculture and Rural Development (NABARD). The main objective of

the SHG-Bank linkage programme in Jharkhand is to provide financial assistance and support to the poor and vulnerable sections of society, especially women, to empower them economically and socially [2]. The programme aims to provide them with easy access to credit, savings, and other financial services, which can help them improve their livelihoods and living standards.\

Women Empowerment

In many societies and across diverse facets of life, women frequently find themselves in positions and

statuses that lack equality. Consequently, there is a vital need to enhance their empowerment through the provision of equitable opportunities. The concept of empowerment encompasses a multifaceted social process designed to enable individuals to take charge of their own lives. It can be defined as a transformative process that instils power within individuals, allowing them to address pivotal issues in their lives, communities, and society by taking action on matters they deem significant. (Mandal, 2013) Post-SHG micro-credit loans, participants have transitioned from depending on relatives and friends for financial support to saving and borrowing with banks [3]. This shift has not only fostered financial inclusion but has also contributed to an increase in their income levels and a higher standard of living [9]. The primary objective of microfinance is to empower women, who constitute a significant portion of its beneficiaries. Historically, women, particularly those in underdeveloped nations, have faced challenges in readily engaging in economic activities. Microfinance serves as a means to offer women the financial support required to initiate business ventures and play an active role in economic participation. (Turkey & Masih, 2013)

2. Self Help Group Bank Linkage Programme

The concept of SBLP was devised to address the existing gap in the formal financial network and to expand banking services to the economically disadvantaged [6]. It is essential to motivate banks to play a facilitating role in promoting the SHG movement in economically weaker regions, possibly by introducing a performance-linked incentive program (Kumar & Golait, 2009). Microfinance is characterized as providing small amounts of thrift, credit, and other financial services to the economically disadvantaged in rural, semi-urban, or urban areas, aiming to enhance their income levels and elevate living standards. India has secured a significant position in the global microfinance landscape by championing the self-help group (SHG) approach through the SHG-Bank Linkage (SBL) program and the microfinance institution (MFI) model [7]. The

Indian model holds substantial promise and potential in alleviating poverty, emphasizing the establishment of social capital by facilitating access to financial services through integration into the mainstream. Simply put, it can be described as a strategy of "banking for the poor". (Mansuri, 2010)

3. Models of Self-Help Groups - Bank Linkage Programme

1. Model I: SHGs promoted, guided and financed by banks.
2. Model II: SHGs promoted by NGOs/ Government agencies and financed by banks.
3. Model III: SHGs promoted by NGOs and financed by banks using NGOs/formal agencies as financial intermediaries.

4. Demographic Profile of Jharkhand

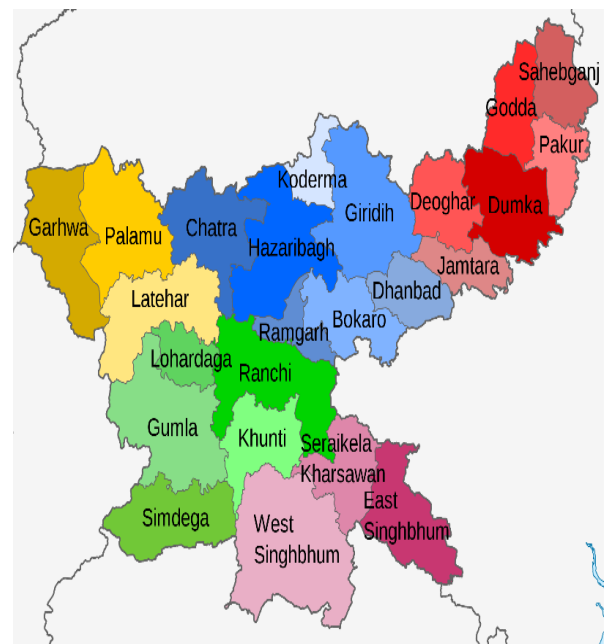


Figure 1 Jharkhand's Demographic Profile

Source: jharkhand.gov.in

Jharkhand's population stands at 32.96 million, with 16.93 million being males and 16.03 million females. The sex ratio is reported as 948 females per 1000 males. The demographic composition comprises 28% tribal communities, 12% Scheduled Castes, and the remaining 60% belonging to other groups. The female literacy rate of Jharkhand is



55.42% whereas male literacy rate is 76.84%. Out of the total population 24.05% live in urban areas while 75.95% of the population live in villages of rural areas. In 2011, Banking and Non-Banking Finance Corporation services were accessible to only 53.95% of the population in Jharkhand (Census 2011), as shown in Figure 1.

5. Literature Review

• Aruna & Jyothirmayi, 2011

The author suggests that engaging in microfinance activities and participating in self-help groups positively influence participants' income, assets, occupations, savings, access to loans, bank connectivity, knowledge, self-esteem, and decision-making capabilities. The study reveals that availing microfinance loans and effectively utilizing them play a significant role in empowering women.

• Ghosh, 2012

The results of this study indicate that the SHG-Bank linkage program has notably enhanced the rural poor's access to formal financial services and has positively influenced the socio-economic conditions of SHG households [4]. The findings reveal a significant increase in the average annual net income, assets, and savings of households following participation in SHGs. Post-SHG, there is a noticeable rise in both the amount of loans taken and the regularity of repayments, coupled with a substantial reduction in reliance on moneylenders. The proportion of loans utilized for productive purposes and employment per household has increased, contributing to a significant decrease in poverty among SHG households after the implementation of the linkage program. Additionally, the program has demonstrated improvements in the social empowerment of women members over the period following their involvement in SHGs.

• Dey et al., 2014

The author found that the SHGs-BL program has the potential to transform the rural economy of India if implemented and utilized effectively. While the program has achieved some success in

generating income for the rural poor. The SHG bank linkage programme has made a tremendous progress in reduction of poverty, illiteracy, and unemployment among women in the area.

6. Objective

- To study the progress of women led SHGs through SHG Bank linkage programme in Jharkhand over five years
- To give suggestions for the better operation of SHG Bank linkage programme in Jharkhand

7. Methodology

This research paper is descriptive in nature. The data has been collected from the secondary sources only such as journals, Government websites, books, newspaper articles, census 2011 etc. The objective of this research paper is to shed light on the progress made by the women led SHGs through Bank linkage programme over the period of five years [5].

8. Data Analysis

8.1 Savings of Shgs with Banks in Jharkhnad

From Table 1, the percentage change in savings of women-led Self-Help Groups (SHGs) linked with banks in Jharkhand over the financial years 2017-18 to 2022-23 reveals interesting patterns. In the initial year, 2018-19, there was a significant decline of -38.42%, indicating a notable decrease in savings. The negative trend continued in 2019-20, albeit at a lesser magnitude with a change of -6.96%. The turning point occurred in 2020-21, where a positive change of 35.11%, signifying a significant recovery and growth in savings. This positive momentum continued in the following years with a remarkable increase of 61.84% in 2021-22 and continued but slightly moderated growth of 24.29% in 2022-23, as shown from Figure 2.

8.2 Bank Loan Disbursed to Shgs in Jharkhand

From Table 2, the percentage change in loan amount disbursed to women-led Self Help Groups (SHGs) in Jharkhand from 2017-18 to 2022-23 showcases significant fluctuations, providing insights into the dynamics of financial support for

these groups. In 2018-19, there was a substantial decrease of -22.54%, indicating a notable reduction in the funds disbursed to women-led SHGs. The trend reversed dramatically in the subsequent year, 2019-20, with a remarkable positive change of 99.02%, suggesting a significant increase in loan disbursement. This positive momentum continued in 2020-21, albeit at a slightly moderated rate of

12.55%. The most notable observation is the sharp surge in 2021-22, where there was an extraordinary increase of 492.22%, indicating a substantial boost in financial support. However, this positive trend was followed by a notable decline in 2022-23, with a change of -23.74%, highlighting a reduction in the loan amount disbursed, as shown in Figure 3.

Table 1 Savings of Shgs with Banks in Jharkhnad (Amount in lakhs)

Financial year	Commercial Banks	Regional Rural Banks	Cooperative Banks	Total	% change
2017- 18	35542.64	5986.00	39.13	41567.77	
2018-19	15626.7	9903.99	56.24	25586.93	-38.42%
2019-20	19794.39	3927.00	85.34	23806.73	-6.96%
2020-21	28027.85	4017.00	132.88	32177.73	35.11%
2021-22	46895.92	4820.86	356.11	52072.89	61.84%
2022-23	58723.49	5529.53	479.39	64732.41	24.29%

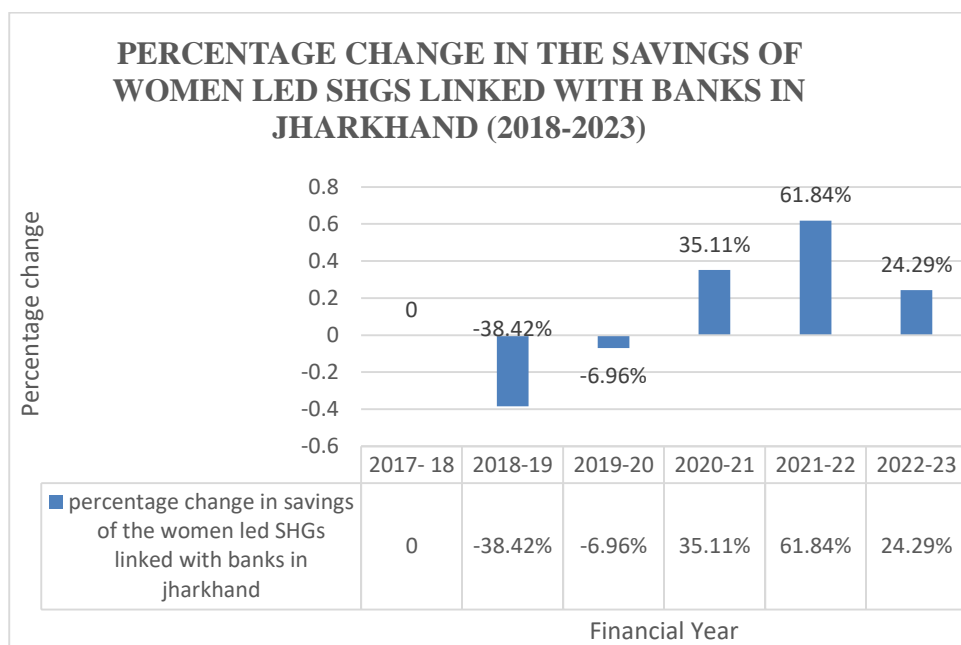


Figure 2 Percentage change in the Savings of Women LED SHGS Linked with banks in Jharkhand (2018-2023)

Source: www.nabard.org

Table 2 Bank Loan Disbursed to Shgs in Jharkhand (Amount in Lakh)

Financial year	Commercial Banks	Regional Rural Banks	Cooperative Banks	Total	% change
2017- 18	14968.86	16258.00	251.23	31478.09	
2018-19	15747.59	8418.00	191.70	24375.29	-22.54%
2019-20	28715.07	19714.00	195.10	48624.17	99.02%
2020-21	22047.89	32296.36	398.95	54732.2	12.55%
2021-22	260780.96	62821.77	622.85	324225.58	492.22%
2022-23	97588.12	148379.64	1235.45	247203.21	-23.74%

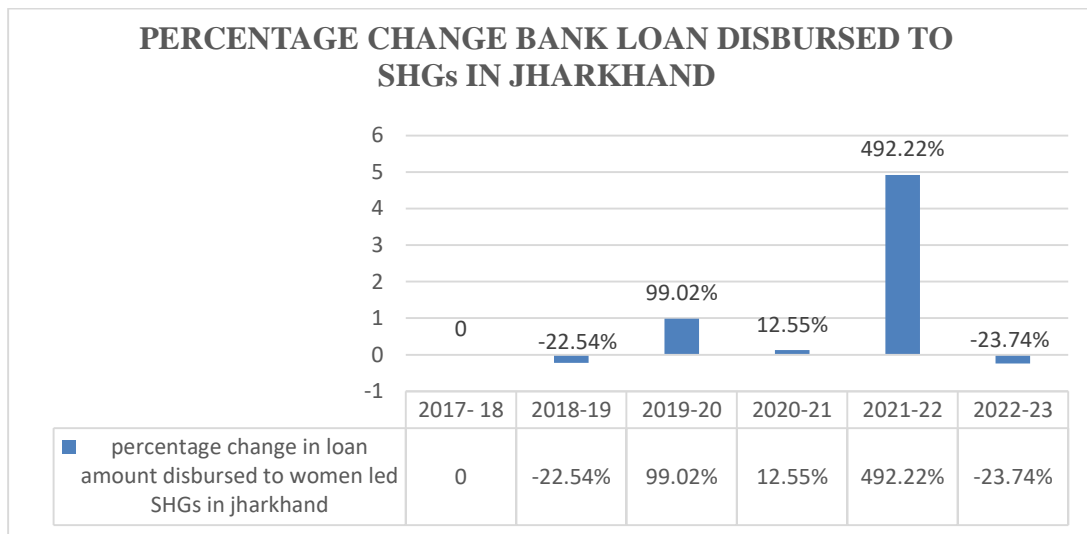


Figure 3 Percentage Change Bank Loan Disbursed to SHGs in Jaarkhand

Source: www.nabard.org

8.3 Bank Loan Outstanding Against SHGS in Jharkhand

From Table 3, the percentage change in the loan amount outstanding against women-led Self-Help Groups (SHGs) in Jharkhand from 2017-18 to 2022-23 reveals noteworthy patterns in the financial dynamics of these groups. In 2018-19, there was a positive change of 27.48%, indicating a notable increase in the outstanding loan balance. This positive momentum continued in 2019-20 with a substantial change of 84.00%, highlighting a significant growth in the outstanding loans against women-led SHGs. The most remarkable surge occurred in 2021-22, where there was an extraordinary increase of 297.79%, reflecting a substantial expansion of outstanding loans. However, this upward trend was followed by a sharp decline in 2022-23, with a change of -41.19%,

indicating a considerable reduction in the outstanding loan amount. This fluctuating pattern suggests both opportunities and challenges in managing the outstanding loans against women-led SHGs in Jharkhand. The exceptional growth in 2021-22 raises questions about the sustainability of such rapid increases and the subsequent decline in 2022-23 emphasizes the importance of stability and careful management in ensuring the financial health of these groups. Continued monitoring and strategic interventions may be crucial to maintain a balanced and sustainable trajectory in the outstanding loan amounts, as shown in Figure 4.

8.4 Non-Performing Assets Against Shgs in Jharkhand from 2018-2023

From Table 4, the percentage change in Non-Performing Assets (NPA) against women-led Self-Help Groups (SHGs) in Jharkhand from 2017-18 to

2022-23 provides insights into the trends of loan repayment and the overall financial health of these groups. In 2018-19, there was a negative change of -9.47%, indicating a decrease in NPAs, suggesting an improvement in loan repayment performance by women-led SHGs. This trend continued in 2019-20 with a further reduction of -6.36%, reinforcing the positive trajectory. The most significant positive change occurred in 2020-21, with a notable increase of 29.39%, indicating a rise in NPAs. This trend continued in 2021-22, where there was a 29.86%

increase in NPAs, suggesting potential challenges in loan repayment during that period. However, the most notable observation is the sharp decline in NPAs in 2022-23, with a change of -44.38%. This substantial decrease indicates a significant improvement in loan repayment and a reduction in Non-Performing Assets, highlighting the resilience and adaptability of women-led SHGs, as shown in Figure 5..

Table 3 Bank Loan Outstanding Against SHGs in Jharkhand (Amount in Lakh)

Financial year	Commercial Banks	Regional Rural Banks	Cooperative Banks	Total	% change
2017- 18	19960.51	11849.00	490.74	32300.25	
2018-19	25411.55	15546.91	241.14	41199.6	27.48%
2019-20	48722.04	26923.00	252.69	75897.73	84.00%
2020-21	55726.87	44927.73	348.77	101003.37	33.11%
2021-22	329745.42	70732.87	440.33	400918.62	297.79%
2022-23	131127.41	104065.13	721.92	235914.46	-41.19%

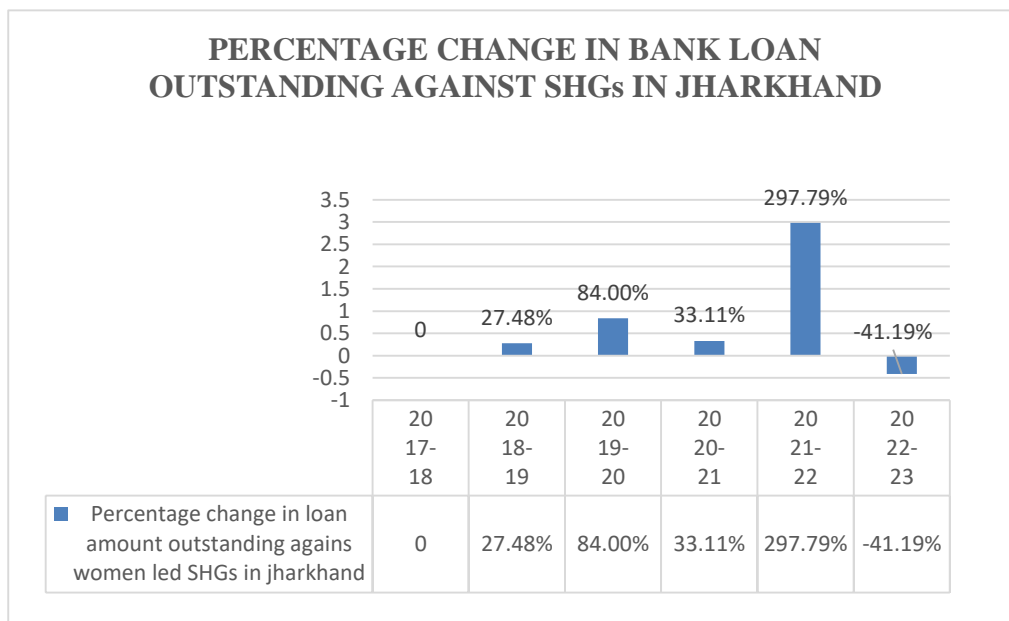


Figure 4 Percentage Change in Bank Loan Outstanding Against SHGS in Jharkhand

Table 4 Non-Performing Assets Against Shgs in Jharkhand from 2018-2023

Financial year	Commercial Banks	Regional Rural Banks	Cooperative Banks	Total	% change
2017- 18	3062.75	1454.00	0.00	4516.75	
2018-19	2145.54	1926.32	16.83	4088.69	-9.47%
2019-20	3349.68	459.00	19.85	3828.53	-6.36%
2020-21	2993.58	1876.89	83.15	4953.62	29.39%
2021-22	5974.65	272.53	181.93	6429.11	29.86%
2022-23	3052.33	352.24	170.93	3575.5	-44.3%

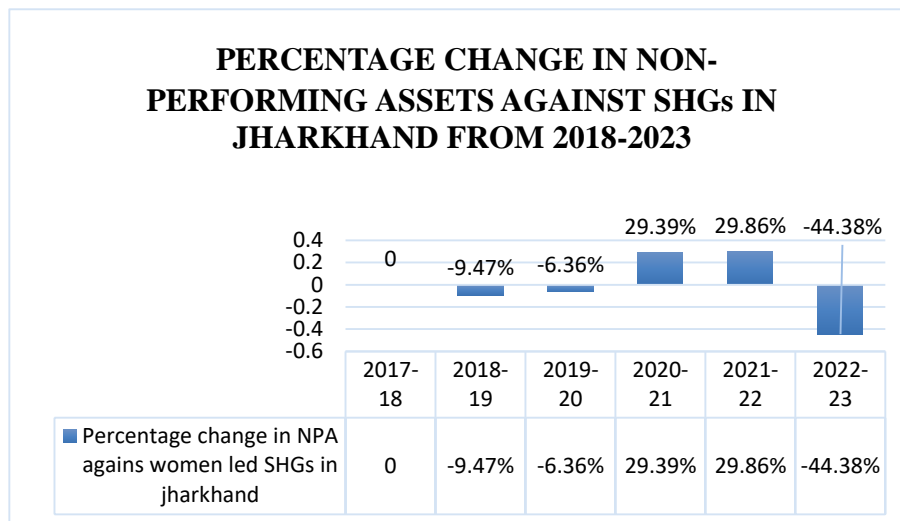


Figure 5 Percentage Change in Non-Performing Assets Against Shgs in Jharkhand from 2018-2023

Conclusion

In conclusion, the performance of women-led Self-Help Groups (SHGs) through the SHG bank linkage programme in Jharkhand from 2018 to 2023 reflects a dynamic and evolving landscape. The recovery and subsequent growth in savings showcase the resilience of these groups, indicating their capacity to adapt to changing economic conditions. However, the erratic pattern in loan disbursement, with a notable decline in 2018-19 followed by a remarkable surge in 2021-22 and a subsequent dip in 2022-23, underscores the vulnerability of SHGs to external influences and the importance of stability in financial support mechanisms [7]. The fluctuating trends in outstanding loans suggest potential challenges in sustaining financial growth,

emphasizing the need for targeted interventions to maintain stability [8]. The reduction in non-performing assets (NPAs) in 2022-23 is a positive sign, but it underscores the necessity for ongoing monitoring and risk management. Overall, these trends underscore the critical role of the SHG bank linkage programme in empowering women-led SHGs in Jharkhand, while simultaneously highlighting the importance of strategic interventions and continuous support to ensure their long-term financial success and resilience.

Suggestions

- Create tailor-made training programs designed to meet the unique requirements and obstacles encountered by self-help groups (SHGs) led by women in Jharkhand. These initiatives should



encompass subjects like entrepreneurship, sustainable farming methods, and skill enhancement, aiming to broaden income streams and fortify economic stability

- Develop a strong framework for ongoing monitoring and evaluation of the performance of self-help groups (SHGs). Consistent assessments can pinpoint areas requiring enhancement, monitor advancements, and facilitate prompt interventions to tackle challenges, thereby securing the longevity of the groups
- Foster collaboration between SHGs, NGOs, and government agencies to create a supportive network. This collaboration can provide access to resources, knowledge sharing, and opportunities for collective growth
- Encourage leadership development initiatives aimed at strengthening the managerial and organizational skills of self-help group (SHG) leaders. Empowering leaders within these groups plays a vital role in enhancing the overall efficiency and enduring success of the SHG Bank Linkage program in rural regions
- Implement performance linked incentive structures for banks participating in the SHG Bank Linkage program. This approach may motivate banks to actively participate in and provide support to self-help groups (SHGs) in rural area

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