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ANALYZING SELF-HELP GROUP-BANK LINKAGES THROUGH VOLUME OF SAVINGS AND CREDIT: INSIGHTS FROM THE NORTH EASTERN STATES OF INDIA

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ABSTRACT

This study aimed to determine the impact of microfinance in the North Eastern States of India, with a specific focus on Tripura State. Secondary information was collected from various published sources, supplemented by primary data gathered from 20 self-help groups (SHGs) selected using a multistage stratified random sampling technique. The analysis of the collected data revealed that Tripura Grameen Bank provided the highest amount of loans to the SHGs, which primarily engaged in crop enterprises, vegetable cultivation, dairy farming, goat rearing, pig farming, and fishery. On average, the amount of loan and subsidy received was Rs. 1.56 lakh and Rs. 0.82 lakh, respectively. The quantum of savings per SHG was calculated to be Rs. 1.03 lakh. Of the total credit amount, 87.35 per cent was allocated to agriculture and allied activities, leading to the establishment of various micro, medium, and small entrepreneurial initiatives, which in turn fosters the growth and development of entrepreneurship.

Keywords: Corpus fund, Financial institutions, Microfinance, Self Help Groups

Since 1976, when Professor Mohammed Yunus initiated microcredit experiments with women's SHGs, the concept of SHGs has gained prominence. In India, NABARD introduced SHGs in 1986-1987, but their connection with banks post-1991-1992 revealed their true impact. Initially, the focus was primarily on extending credit rather than providing comprehensive financial services, such as savings and insurance, to address the basic needs of the poor (Krishnamurthy and Ratnaparkhi, 2002). In 1992, NABARD launched the SHG linkage initiative as a pilot program, which later expanded into the world's largest microfinance program with active involvement from the government, banks, development organizations, and NGOs. Particularly noteworthy is the pivotal role of SHGs, predominantly led by women, in fostering women's empowerment and societal transformation (Chandrashekara, 2020).

However, there's a tendency to perceive women solely as SHG participants and sources of credit and savings. The concept of self-help should extend to encompass large-scale women's organizations addressing critical issues like food security, access to clean water, housing, and employment (North Eastern Council, 2020). Microfinance has emerged as a crucial empowerment and poverty alleviation tool tailored to marginalized groups such as women and the poor. With ongoing support from key players in the banking sector, the SHG-Bank Linkage Model is driving greater financial inclusion in rural India (Arora and Singh, 2017). The potential of microfinance to address development challenges and significantly impact the lives of the poor is evident from experiences in India and other countries. Gautam and Randhawa (2021) highlighted in their study that the SHG-Bank Linkage Programme has expanded, reaching over 10 million SHGs and benefiting more than 120 million families with savings and over 5 million groups with outstanding loans as of March 31, 2019.

After the nationalization of commercial banks in 1969 and the establishment of regional rural banks in 1975, significant strides were made to enhance the poor's access to formal credit, aimed at accelerating rural economic development previously dominated by moneylenders. The Indian government's direct intervention against poverty, notably through initiatives like the Integrated Rural Development Program (IRDP), highlighted its pivotal role in poverty alleviation. Despite these efforts, rural residents still face limited access to institutionalized credit from commercial banks. Microfinance has emerged as a vital tool for fostering both inclusive and rapid economic growth (Singh *et al.*, 2017).

Linkage of financial institution and SHG's: Poor people were historically marginalized by both formal and informal financial institutions (Rutherford, 2000). Despite significant growth in the banking industry, it failed to adequately serve a substantial portion of

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the poor. Recognizing these gaps, the microfinance sector in India emerged to address the unmet needs within the official financial system (Fisher and Sriram, 2002). Efforts such as widening the financial network and providing banking services to the underprivileged, both in rural and urban areas, have been undertaken (Tripathi, 2014).

To contribute effectively to economic development, the financial system requires restructuring to bridge the gap between formal and informal systems, with microfinance playing a crucial role (Harper, 2002). The Self Help Group (SHG) system, particularly in rural India, has demonstrated significant societal impact by improving members' social and economic standing through the SHG-Bank linkage system (Sharma, 2008; Sinha *et al.*, 2012). Particularly in rural India, the SHG Bank Linkage Programme has had a significant societal impact (Anand, 2002). Financial institutions are contributing significantly to the SHG Bank Linkage Program's promotion by providing credit to the members.

The National Bank for Agricultural and Rural Development (NABARD) initiated the SHG-Bank Linkage Programme (SBLP) in 1989, evolving from an action research project to a pilot project in 1992. Rural financial institutions in India adopted this new microfinance strategy through the SHG-Bank Linkage Programme (Hema, 2003). Continuous support from key players in the banking sector ensures the sustainability of the SHG-Bank Linkage Model, which guarantees financial inclusion for rural India (Arora and Singh, 2017).

The SHG-Bank Linkage Programme has made significant strides, with approximately 5 million SHGs benefiting from outstanding bank loans, and over 50 million women gaining access to formal banking services (Kumar *et al.*, 2020). Research findings by Maity and Sarania (2017) indicate that the SHG-Bank programme positively and significantly influences participants' monthly income, employment days, and financial inclusion levels.

The SHG-Bank linkage initiative has proven to be a successful approach for promoting financial inclusion (Chandran and Sandhya, 2012). However, reaching the poorest individuals, who often have minimal, frequent, and unexpected credit needs, has presented significant challenges. Additionally, complex processes and practices within financial organizations have kept a sizable portion of the rural poor away from the banking sector.

A significant reform in the SHG sector occurred in 1999 with the implementation of the Integrated Rural Development Program (IRDP), later transformed into the *Swarnajayanti Gram Swarozgar Yojana* (SGSY). This initiative emphasized self-employment through the organization of the poor into SHGs, becoming a cornerstone of the new poverty alleviation strategy. From 1999 to 2011, SGSY contributed to the proliferation of SHGs across the country, with SHGs lending banks a total of approximately INR 2,870 billion (USD 41 billion) since 2013–2014 (Kumar *et al.*, 2020). However, progress has been uneven across states where SHGs are promoted, and it has not yet reached the desired level due to insufficient capacity building and nurturing support from the government. Furthermore, a substantial portion of the poor and vulnerable populations still remain outside the SHG network.

To address the limitations of SGSY and enhance women's empowerment, the Government of India restructured SGSY and launched the National Rural Livelihoods Mission (NRLM) in June 2011. Consequently, this study aims to investigate the impact of microfinance in the northeastern states of India, with a specific focus on Tripura state.

MATERIALS AND METHODS

Sampling method

Both primary and secondary data were utilized in this study. For the collection of primary data, the final sample units were chosen using a multistage stratified random sampling procedure, i.e., the selection of Self-Help Groups (SHGs) from the Nalchar development block in the Sonamura sub-division of the Sepahijala district. The Nalchar development block under the Sonamura subdivision was selected purposively due to the highest number of SHGs present in this block (Table 1). SHGs that have been functioning for the past 3 years were selected, and they have taken bank loans for productive purposes.

Data

The primary data were collected from 20 Self-Help Groups (SHGs) during 2020. Consultations were held with financial institutions, namely Tripura Grameen Bank (Melaghar Branch), Tripura Cooperative Bank (Melaghar Branch), and the District Project Manager of NERLP (Sepahijala), to assess the lending procedures for financing SHGs and to determine the scale of finance. From the block, four *gram panchayats* were randomly selected, and the list of SHGs was obtained from the *panchayat* office. The SHGs were categorized as small, medium, and large based on their membership strength (Table 1). A simple random sampling without replacement method was used to select SHGs from different categories for detailed analysis (Table 2). Finally, 50 per cent of SHGs from each category were randomly selected for detailed analysis.

In addition to primary data, secondary data collected from the District Magistrate and Collector Office, Sepahijala district, Tripura, and compiled from other published sources, was utilized in this paper. Simple statistical tools such as percentages and averages were employed for data analysis, with graphical representations used to highlight key findings.

Table 1. Categorization of SHGs

Category of SHG	Membership strength
Small SHG	10-12
Medium SHG	13-16
Large SHG	17-20

Models of SHG-Bank Linkage

India has witnessed the emergence of three distinct SHG-Bank linkage schemes. In the first model, banks fulfill a dual role as advocates for SHGs and providers of finance. The second model involves NGOs and Self-Help Promoting Institutions (SHPIs) as facilitators, while banks provide support. In the third paradigm, NGOs/SHPIs act as financial intermediaries.

Below is an overview of these models:

- SHG-Bank Linkage (Model I): SHGs are both sponsored and funded by banks.
- SHG-Bank Linkage (Model II): SHGs receive support from banks and are promoted by NGOs and government agencies.
- SHG-Bank Linkage (Model III): NGOs, SHPIs, and banks function as financial intermediaries.

RESULTS AND DISCUSSION

Status of Self Help Group – Bank Linkage Programme

The SHG-Bank Linkage Programme (BLP) stands as a potent intervention for fostering financial inclusion. Initially conceived as a platform to broaden access to banking services for the underserved, it has evolved into a multifaceted initiative aimed at promoting

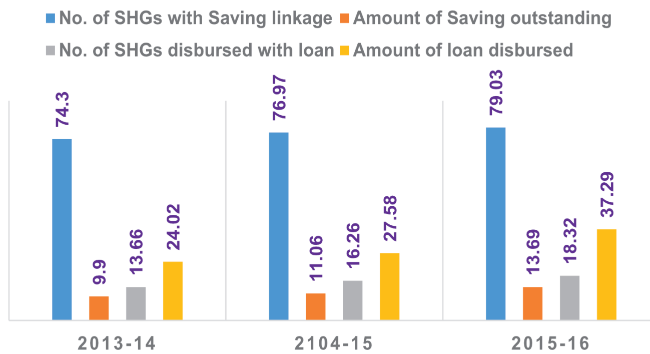

Fig. 1. Progress of SHG - BLP over the last three years (Number of SHGs in lakhs, amount in INR in '000 crores)

Source: Authors compilation from NABARD, Annual Report 2015-16

livelihoods and alleviating poverty. Data from 2013-14 to 2015-16 indicate a marked growth in several key metrics, including the number of SHGs with linked savings, credit disbursed over time, and bank loans outstanding. Additionally, there has been an increase in the amount of linked savings and credit distributed over time, as well as total loan outstanding (Fig. 1). Notably, the year 2015–16 witnessed a particularly encouraging surge in SHG-BLP activity, with linkages strengthening over subsequent years. Research by Maity (2023) highlights the program's role in significantly reducing social exclusion among participants while ensuring their financial inclusion.

Region wise distribution of number of SHGs with saving linkage (%)

From 2013-14 to 2015-16, the north-east region and other priority states experienced significant growth in the SHG-BLP, which has helped to mitigate the bias towards SHG-southern BLP (Fig. 2). Over this period, the southern region's share of all SHGs decreased from 49.8 per cent in 2013–14 to 44.9 per cent in 2015–16. Notably, the number of savings-related SHGs in the

Table 2. Selection of SHGs

Development Block	Selected Gram *panchayat*	Number of SHG	Number of SHG completed 3 years	Sample drawn
Nalchar Development Block	Kemtali	40	Small (10), Medium (2), Large (0)	6
	Chowmuhani	33	Small (8), Medium (2), Large (0)	5
	Khas Chowmuhani	26	Small (6), Medium (2), Large (0)	4
	Jhumerdhepa	21	Small (6), Medium (0), Large (4)	5
Total		120	Total	20

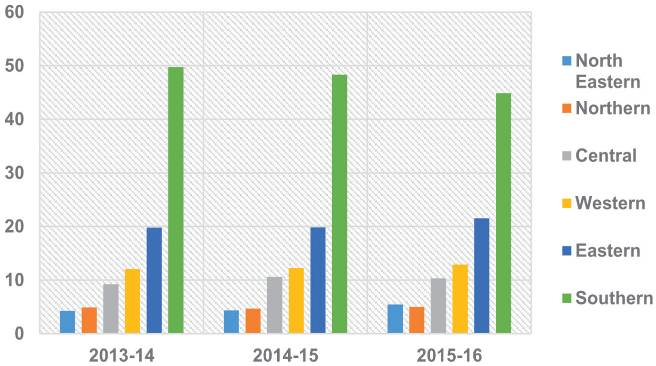

Fig. 2. Region wise distribution SHGs with savings linkage (%) out of total SHGs
Source: Authors compilation from NABARD, Annual Report 2015-16

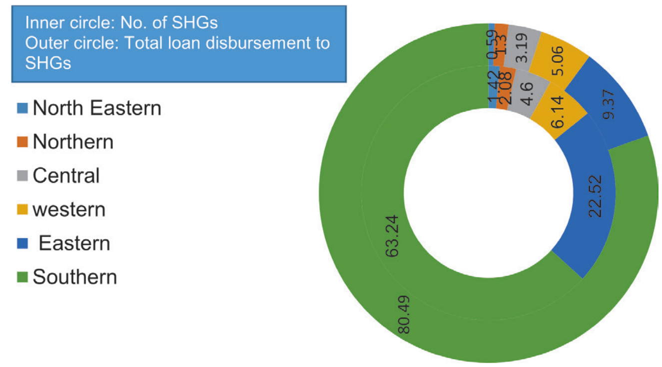

Fig. 3. Region wise distribution of loan to SHGs (%) out of total loans
Source: Authors compilation from NABARD, Annual Report 2015-16

south region decreased by 4.7 per cent, declining from 37.19 lakhs at the end of March 2015 to 35.46 lakhs by the end of March 2016. This reduction can be attributed to banks' data rationalization efforts and market saturation for the formation of new SHGs, particularly in states like Kerala, Tamil Nadu, and Puducherry. Conversely, the northeastern region witnessed a remarkable 29 per cent increase in the number of SHGs between 2015 and 2016, with notable growth observed in Tripura, Nagaland, and Assam. During this period, every state in the northern, northeastern, western, and eastern regions saw an increase in the number of SHGs with savings links (Anonymous 2015).

Region wise status of bank loan disbursed to SHGs

In the fiscal year 2015-16, bank loans were extended to 18.32 lakh SHGs, constituting 23.2 per cent of all SHGs, marking an increase from 16.26 lakh SHGs in 2014-15 (which represented 21.1% of all SHGs). Notably, the number of SHGs receiving loans decreased by 13.1 per cent and 22.8 per cent, respectively, in the northern and central regions, while the northeastern region witnessed the most significant growth in SHG credit connections.

Overall, bank loans to SHGs saw a substantial increase of 35 per cent during the year 2015-16, totaling INR 37,287 crores compared to INR 27,582 crores the previous year. The average loan disbursement per group in 2015-16 stood at INR 2.03 lakhs, a healthy 20 per cent rise from 1.69 lakhs in 2014–15. The southern region maintained its lead in per group disbursement, with an average of INR 2.59 lakhs per group. Average credit per group saw a 39 per cent increase in the central and western regions and a 22 per cent increase in the southern region.

Table 3. Region-wise status of bank loans disbursed to SHGs (2013-14 to 2015-16)

Region	2013-14			2014-15			2015-16		
	No. of SHGs (in lakhs)	Total loans disbursed (In INR lakhs)	Average loans disbursed/ SHG (In INR lakhs)	No. of SHGs (in lakhs)	Total loans disbursed (In INR lakhs)	Average loans disbursed/ SHG (In INR lakhs)	No. of SHGs (in INR lakhs)	Total loans disbursed (In INR lakhs)	Average loans disbursed SHG (In INR lakhs)
North Eastern	0.16	12,819	0.79	0.19	15,795	0.84	0.30	23055	0.78
Northern	0.24	28,048	1.17	0.44	42,873	0.98	0.38	48,298	1.27
Central	0.66	61,807	0.93	1.09	1,10,909	1.02	0.84	1,19,067	1.41
Western	0.88	86,444	0.98	0.97	1,17,080	1.20	1.13	1,88,632	1.68
Eastern	2.97	1,51,067	0.51	3.52	3,29,602	0.94	4.13	3,49,489	0.85
Southern	8.75	20,61,551	2.36	10.05	21,41,972	2.13	11.59	30,01,235	2.59
All India	13.66	24,01,736	1.76	16.26	27,58,231	1.70	18.36	3,72,9776	2.03

Source: Authors compilation from NABARD, Annual Report 2015-16

During 2015-16, the southern region continued to dominate the distribution of bank loans to SHGs, disbursing INR 30,012 crores, which accounted for 80.5 per cent of the total credit to 11.59 lakhs SHGs, representing 63.2 per cent of the total loans. The eastern region followed with 22.5 per cent of SHGs utilizing 9.4 per cent of the distributed bank loans in 2016 (Fig. 3).

Table 3 outlines the number of SHGs applying for bank loans, the total credit extended by banks, and the average credit extended to SHGs over the past three years across various regions. In 2015-16, credit disbursed increased by 35 per cent, compared to 15 per cent in the preceding year. Major contributors to this growth were the states of West Bengal, Andhra Pradesh, Telangana, Karnataka, and Tamil Nadu (Anonymous 2015). Rajeev *et al.* (2012) conducted a region-wise analysis, revealing that nearly 6 lakh families utilized the SHG scheme to secure bank loans in 2011.

Savings of SHGs with banks in North Eastern states

Table 4 illustrates that SHGs in Assam saved the highest amount (INR 11,128 lakhs), followed by Tripura (INR 4,594 lakhs), Meghalaya (INR 938 lakhs), Nagaland (INR 698 lakhs), Arunachal Pradesh (INR 417 lakhs), Sikkim (INR 396 lakhs), and Manipur (INR 357 lakhs). In Assam, SHGs saved the highest amount in commercial banks (50.44%), followed by Regional Rural Banks (RRBs) (47.02%) and cooperative banks (2.54%). Conversely, in Tripura, the highest amount was saved by SHGs in RRBs (70.41%), followed by commercial banks (18.37%) and cooperative banks (11.22%). Overall in the North-East, 39.99 per cent of SHG funds were saved in commercial banks, 51.05 per cent in RRBs, and 8.95 per cent in cooperative banks. Additionally, it was observed that the highest number of SHGs (3,33,686) in Assam were linked with banks, followed by Tripura (48,658).

Bank loans disbursed during the year 2015-16 to North Eastern states

Table 5 reveals that the highest amount disbursed was to Assam (INR 15,866 lakhs), followed by Tripura (INR 4,658 lakhs). Conversely, Arunachal Pradesh received the lowest amount (INR 67 lakhs). Manipur, Meghalaya, Mizoram, Nagaland, and Sikkim received INR 361, 180, 473, 1,360 and 90 lakhs, respectively. Assam also had the highest number of credit-linked SHGs with banks, followed by Tripura, Nagaland, Manipur, Mizoram, Meghalaya, and Sikkim. Arunachal Pradesh had the lowest number of credit-linked SHGs (57).

Table 4. Savings of SHGs with banks in North Eastern states in the year 2016

State	Commercial Bank		Regional Rural Bank		Cooperative Bank		Total	
	No. of SHGs	Savings amount (In INR lakhs)	No. of SHGs	Savings amount (In INR lakhs)	No. of SHGs	Savings amount (In INR lakhs)	No. of SHGs	Savings amount (In INR lakhs)
Assam	87045	5612.88 (50.44)	221073	5232.14 (47.02)	25568	283.20 (2.54)	333686	11128.22 (100)
Arunachal Pradesh	1652	223.69 (53.60)	1496	101.25 (24.26)	1469	92.39 (22.14)	4617	417.33 (100)
Manipur	3947	201.73 (56.51)	7129	133.07 (37.27)	2544	22.18 (6.21)	13620	356.98 (100)
Meghalaya	1406	125.86 (13.42)	4194	545.54 (58.17)	2596	266.09 (28.37)	8196	937.77 (100)
Mizoram	203	11.89 (2.39)	7327	465.54 (93.64)	542	19.71 (3.96)	8072	497.14 (100)
Nagaland	3037	297.75 (42.65)	801	0.45 (0.064)	7594	400.00 (57.29)	11432	698.20 (100)
Sikkim	1186	291.85 (73.62)	0	0	356	104.57 (26.38)	1542	396.42 (100)
Tripura	9261	843.77 (18.37)	29285	3235.00 (70.41)	10112	515.50 (11.22)	48658	4594.27 (100)
Total	107737	7609.42 (39.99)	271305	9713.27 (51.05)	50781	1703.64 (8.95)	867723	19026.33 (100)

Note: Figures in parentheses indicate percentages
Source: Authors compilation from NABARD, Annual Report 2015-16

Table 5. Bank loans disbursed during the year 2015-16 to North Eastern states

State	Commercial Bank		Regional Rural Bank		Cooperative Bank		Total	
	No. of SHGs	Amount disbursed (In INR lakhs)	No. of SHGs	Amount disbursed (In INR lakhs)	No. of SHGs	Amount disbursed (In INR lakhs)	No. of SHGs	Amount disbursed (In INR lakhs)
Assam	7772	5361.48	14306	10165.56	547	338.52	22625	15865.56
Arunachal Pradesh	27	39.34	6	11	24	16.45	57	66.79
Manipur	88	100.26	214	220.33	80	40	382	360.59
Meghalaya	41	36.05	149	125.75	14	18.45	204	180.25
Mizoram	4	2	315	459.85	8	11.2	327	473.05
Nagaland	123	231.45	47	1.49	1085	1127.15	1255	1360.09
Sikkim	112	64.28	0	0	22	26	134	90.28
Tripura	626	415.23	21	2967	406	189.86	1053	3572.09

Source: Data compiled from NABARD, Annual Report 2015-16

SHGs and Bank linkage in the study area

All SHGs in the study area were linked with banks, with two types of linkages: savings and credit-linked SHGs. Table 6 reveals that 13 per cent of small SHGs were linked with commercial banks (SBI), 33.33 per cent with cooperative banks (Tripura State Cooperative Bank Limited), and 53.34 per cent with regional rural banks (Tripura Gramin Bank). Medium-sized SHGs were exclusively linked with regional rural banks (TGB), while large SHGs were exclusively linked with cooperative banks (TSCB).

In total, the highest proportion (55%) of SHGs were linked with regional rural banks, followed by cooperative banks (35%), and only 10 per cent with commercial banks. These findings indicate that regional rural banks are the predominant institutions linked with SHGs in the study area.

Amount of credit, amount of subsidy, and purpose of credit

Amount of credit

During the formation stage, SHGs establish contact with local banks by opening a Savings Bank Account. Following at least one year of existence, SHGs demonstrating viability are eligible for loans from banks, facilitated by revolving funds from promoting agencies. The loan amount varies based on factors such as the SHG's corpus amount and size. Table 7 illustrates that small SHGs received an average loan of INR 1.39 lakhs, medium-sized SHGs received INR 1.95 lakhs, and large SHGs received the highest average loan of INR 2.32 lakhs.

Subsidy

Typically, men's SHGs and women's SHGs receive a subsidy of 25 per cent and 30 per cent, respectively,

Table 6. SHG and bank linkage status in the study area

Name of bank	Small SHGs		Medium SHGs		Large SHGs		Total	
	Savings linked	Credit linked	Savings linked	Credit linked	Savings linked	Credit linked	Savings linked	Credit linked
Commercial Banks (SBI)	2 (13.33)	2 (13.33)	-	-	-	-	2 (10)	2 (10)
Co-operative Banks (TSCB)	5 (33.33)	5 (33.33)	-	-	2 (100)	2 (100)	7 (35)	7 (35)
Regional Rural Banks (TGB)	8 (53.34)	8 (53.34)	3 (100)	3 (100)	-	-	11 (55)	11 (55)
Total	15 (100)	15 (100)	3 (100)	2 (100)	2 (100)	2 (100)	2 (100)	20 (100)

Note: Figures in parentheses indicate percentages on the total amount disbursed by banks. SHGs with at least 10 members below the poverty line (BPL) are eligible for a higher subsidy of 40 per cent. Subsidy rates may vary depending on the scheme and location, with municipal areas typically receiving lower subsidies compared to *gram panchayats*. Subsidy amounts are disbursed by banks to SHGs after full repayment of the loan. Table 7 illustrates that male SHGs (SHG-2 and SHG-12) received a 25 per cent subsidy, while SHG-3, SHG-4, SHG-5, SHG-9, SHG-10, and SHG-14 received a 40 per cent subsidy due to having 10 BPL members.

Purpose of credit for SHGs

The loans were acquired with the aim of initiating additional income-generating activities and expanding existing enterprises. According to Table 7, small SHGs utilized loans for various purposes such as crop cultivation, fisheries, dairy farming, poultry farming, vegetable production, and piggery. In contrast, medium and large SHGs predominantly invested in fisheries and poultry enterprises.

The duration of the loans for all SHGs ranged from three to five years, with banks charging an interest

Table 7. Amount of credit, amount of subsidy, the purpose of credit for SHGs

Name of SHG	Amount of credit (In INR lakhs)	Subsidy amount (In INR lakhs)	Total Disbursement (In INR lakhs)	Purpose
Small SHGs				
SHG-1	1.33	0.68	2.02	Crop enterprise, Fishery
SHG-2#	1.94	0.65	2.59	Dairy
SHG-3	0.86	0.58	1.44	Fishery, Vegetable production
SHG-4	0.65	0.43	1.08	Crop enterprise, Dairy
SHG-5	1.04	0.69	1.73	Fishery, Piggery
SHG-6	1.29	0.63	1.92	Crop enterprise, Dairy
SHG-7	1.16	0.57	1.73	Poultry
SHG-8	1.93	0.95	2.88	Poultry, Piggery
SHG-9	1.44	0.96	2.40	Crop enterprise, Dairy
SHG-10	2.30	1.54	3.84	Vegetable Production, Dairy
SHG-11	0.76	0.39	1.15	Vegetable Production, Poultry
SHG-12#	1.30	0.43	1.73	Dairy
SHG-13	1.90	0.98	2.88	Fishery
SHG-14	1.15	0.77	1.92	Vegetable Production, Piggery
SHG-15	1.74	0.90	2.64	Poultry
Total	20.79	11.15	31.94	
Average	1.39	0.74	2.13	
Medium SHGs				
SHG-16	2.00	1.00	3.00	Fishery, Poultry
SHG-17	1.55	0.80	2.35	Fishery, Poultry
SHG-18	2.31	1.19	3.50	Fishery, Poultry
Total	5.86	2.99	8.85	
Average	1.95	1.00	2.95	
Large SHGs				
SHG-19	2.31	1.19	3.50	Fishery, Poultry
SHG-20	2.32	1.20	3.52	Fishery, Poultry
Total	4.63	2.39	7.02	
Average	2.32	1.20	3.51	
Grand total	31.28	16.53	47.82	
Grand average	1.56	0.83	2.39	

#Male SHGs; Source: Authors compilation using data from SHG members rate of 11.5 per cent per annum on the credit amount extended to SHGs. The results revealed the extent of credit and subsidy received by SHGs, as well as how they allocated their funds.

Overview of funds: Corpus fund, interest income from members, revolving fund of banks and savings

Corpus fund

At the initial stage, SHGs are required to establish a fund known as the 'Group Corpus Fund' through monthly contributions and membership fees. The amount of this corpus fund determines the loan sanction by banks. Three factors influence the corpus fund: i) the duration of SHG operation, ii) the monthly contribution amount, and iii) the SHG's membership size. SHGs operating for longer durations tend to have larger corpus funds, with the amount also influenced by monthly contributions and group size.

Table 8 illustrates that large SHGs had the highest average corpus fund (INR 0.64 lakhs), followed by small SHGs (INR 0.54 lakhs), with medium SHGs having the lowest average corpus amount (INR 0.53 lakhs). The

Table 8. Summary of SHG financials: Corpus fund, interest income from members, interest income from bank, revolving fund, savings (In Rs. lakhs)

SHG	Corpus fund	Interest income from members	Interest income from bank	Revolving fund	Savings
Small SHGs					
SHG-1	0.50	0.22	0.12	0.10	0.95
SHG-2#	0.65	0.26	0.14	0.10	1.15
SHG-3	0.36	0.17	0.03	0.10	0.66
SHG-4	0.36	0.28	0.03	0.10	0.77
SHG-5	0.43	0.21	0.04	0.10	0.77
SHG-6	0.48	0.20	0.05	0.10	0.83
SHG-7	0.43	0.23	0.06	0.10	0.82
SHG-8	0.72	0.32	0.14	0.10	1.28
SHG-9	0.60	0.29	0.09	0.10	1.08
SHG-10	0.96	0.36	0.17	0.10	1.59
SHG-11	0.29	0.22	0.03	0.10	0.63
SHG-12#	0.43	0.36	0.03	0.10	0.92
SHG-13	0.72	0.37	0.11	0.10	1.30
SHG-14	0.48	0.37	0.04	0.10	0.98
SHG-15	0.66	0.41	0.09	0.10	1.26
Total	8.08	4.25	1.15	1.50	14.99
Average	0.54	0.28	0.08	0.10	1.00
Medium SHGs					
SHG-16	0.62	0.30	0.08	0.15	1.15
SHG-17	0.25	0.12	0.03	0.15	0.55
SHG-18	0.72	0.36	0.08	0.15	1.32
Total	1.60	0.79	0.19	0.45	3.02
Average	0.53	0.26	0.06	0.15	1.01
Large SHGs					
SHG-19	0.41	0.36	0.04	0.20	1.01
SHG-20	0.86	0.49	0.10	0.20	1.65
Total	1.27	0.85	0.15	0.40	2.66
Average	0.64	0.42	0.07	0.20	1.33
Grand total	10.95	5.88	1.49	2.35	20.67
Grand Average	0.55	0.29	0.07	0.12	1.03

#Male SHGs
Note: This table considers 15 small SHGs, 3 medium SHGs and 2 large SHGs under each classification
Source: Authors compilation using data from SHG members

Table 9 Agency-wise savings of SHG in the study area (In Rs. lakhs)

SHG type	Commercial Bank	Cooperative Bank	Regional Rural Bank	Total Savings
Small SHG	2.07 (13.81)	3.98 (26.53)	8.94 (59.65)	14.99 (100)
Medium SHG	-	3.01 (100)	-	3.01 (100)
Large SHG	-	-	2.66 (100)	2.66 (100)
Total	2.07 (10.01)	6.04 (29.25)	11.60 (56.13)	20.67 (100)
Savings per SHG				1.03

Note: Figures in parentheses indicate percentages; Source: Authors compilation using data from SHG members

larger corpus fund of large SHGs is attributed to their larger membership size. Medium SHGs, however, had a lower average corpus fund compared to small SHGs due to their shorter operational tenure. Additionally, banks provide interest on the amount deposited by SHGs at a rate of 4 per cent per annum.

Revolving fund

SHGs operating for at least six months and demonstrating viability become eligible to receive revolving funds from banks, facilitated by the District Rural Development Agency (DRDA) under the SGSY scheme and from the World Bank through local banks under NERLP. These funds can be utilized by the group to finance various activities such as acquiring raw materials, marketing, or infrastructure support for income-generating endeavors. Alternatively, funds may be lent to members for personal needs. It's crucial to instill a culture of prompt and complete loan repayment from the revolving fund among members. In the study area, revolving funds for small, medium, and large SHGs were observed at INR 0.10 lakh, INR 0.15 lakh, and INR 0.20 lakh, respectively (Table 8).

Savings

One of the foundational principles of Self-Help Groups (SHGs) is the ethos of 'saving for the present, securing the future'. Consistently, SHGs diligently save their corpus fund, interest income from members, and any incentives with banks. On average, small SHGs save approximately INR 1.00 lakh, medium SHGs save INR 1.01 lakhs, and large SHGs have an average savings of INR 1.33 lakhs (Table 8). Recent research by Muthu (2021) highlights a noteworthy trend: there has been a substantial increase in both the quantity of loans disbursed to SHGs and the amount of deposits they hold in the banking sector. This trend shows the growing financial resilience and stability of SHGs in our communities.

Agency wise savings of SHG in the study area

The analysis of agency-wise savings in the study area is presented in Table 9, revealing that 13.81 per cent of the total savings of small SHGs were held in commercial banks. Additionally, 26.53 per cent of savings from small SHGs were deposited in cooperative banks, while 59.65 per cent were saved in regional rural banks. Medium SHGs deposited 100 per cent of their savings in cooperative banks, whereas large SHGs preferred regional rural banks for their savings. Overall, 10.01 per cent of the total savings were held in commercial banks, 29.25 per cent in cooperative banks, and 56.14 per cent in regional rural banks.

Table 10. Agency-wise credit disbursement to SHGs in the study area (In Rs. lakhs)

SHG type	Commercial Bank	Cooperative Bank	Regional Rural Bank	Total credit
Small SHG	1.94 (9.35)	5.17 (24.84)	13.68 (65.81)	20.79 (100)
Medium SHG	-	-	5.86 (100)	5.86 (100)
Large SHG	-	4.63 (100)	-	4.63 (100)
Total	1.94 (6.21)	9.79 (31.31)	19.54 (62.47)	31.28 (100)
Credit per SHG	-	-	-	1.56

Note: Figures in parentheses indicate percentages; Source: Authors compilation using data from SHG members

The study also observed a significant increase in the number of SHGs saving with the banking system, with an average savings per SHG recorded at around INR 1 lakh. Findings from Muthu (2021) further support these observations, indicating that commercial banks are the most successful in extending loans to SHGs and attracting their savings, followed by regional rural banks and cooperative banks.

Agency wise credit disbursement to SHGs in the study area

The analysis of agency-wise credit disbursement revealed that the majority of loans (62.47%) were sourced from regional rural banks, followed by 31.31 per cent from cooperative banks, and a mere 6.21 per cent from commercial banks (Table 10). Interestingly, among different SHG categories, it was observed that only small SHGs were actively accessing credit from financial institutions. Despite this disparity, the overall credit disbursed per SHG averaged at INR 1.56 lakhs which was effectively utilized by members for various crop and enterprise activities.

Microfinance stands as a cornerstone in addressing the diverse needs of impoverished communities. Recent findings revealed a positive trajectory in the growth of Self-Help Groups (SHGs), evidenced by increased savings linkage and credit disbursement over time. Notably, the northeastern region saw a 29 per cent increase in SHGs between 2015 and 2016, particularly in Tripura, Nagaland, and Assam. Among the northeastern states, Assam's SHGs emerged as leaders in savings, closely followed by Tripura and Meghalaya. In Tripura, SHGs predominantly saved in Regional Rural Banks (RRBs), signaling the efficacy of microfinance institutions in fostering financial inclusion. Moreover, the study highlighted that some SHGs, predominantly comprising members below the poverty line, received substantial subsidies, reaching up to 40 per cent. Credit provided to SHGs was primarily directed towards various cropping and allied activities, underlining the role of microfinance in supporting rural livelihoods.

The data presented unequivocally emphasizes the pivotal role of microfinance in driving economic and social development in rural India. Through initiatives like the SHG Bank Linkage scheme, commercial banks are empowering the underprivileged, particularly women, with access to diverse credit options. Consequently, micro, medium, and small-scale entrepreneurial ventures are flourishing, catalyzing entrepreneurship and economic growth. In line with these findings, the study advocates for the promotion of Self-Help Groups encompassing fruit, vegetable, and flower growers, along with the provision of training and microfinance support to bolster their endeavors.

Conflict of interest

The authors declare that there is no conflict of interest.

Authors' contribution

Conceptualization of research work and design of experiments (AK, SHM); Execution of field/ lab experiments and data collection (AK, SHM); Data analysis and interpretation (AK, SHM, BM); Preparation of manuscript (AK, SHM).

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