



AN ANALYSIS OF THE CONTRIBUTIONS OF NRLM/SGSY IN THE SAVINGS STRUCTURE OF SHGs IN THE STATE OF UTTAR PRADESH

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ABSTRACT

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In a country like India, the prospect or success of Microfinance is highly dominated by the Self-Help Groups as it helps in the implementation of the microfinance programs. The people belonging to similar socio-economic conditions and residing in the same locality come together to form SHGs. These associations are voluntary associations formed to attain similar goals as well as for

The alleviation of the poverty conditions. It aims at providing financial aid to the poor, in the form of small savings, credit and insurance. In India, Microfinance is emerging as a powerful tool for poverty alleviation. This paper however, is an attempt towards analysing the contributions of NRLM/SGSY scheme in the savings structure of Self-Help Groups in the state of Uttar Pradesh. This paper describes the conceptual framework of Microfinance and Self-Help Groups in India. The researcher has made an attempt to understand the role of microfinance in the upliftment of people. It is an effort to highlight the role of microfinance in socio-economic development through the study of micro financial schemes, especially in the state of Uttar Pradesh, by analysing the SHGs enrollment rate along with their savings structure of the population.

KEYWORDS- *Microfinance, Self-Help Groups, National Rural Livelihood Mission, Swarn Jayanti Gram Swarozgar Yojana.*

INTRODUCTION

Microfinance is defined as the financial services such as savings account, insurance funds and credit provided to poor and low-income people in order to help them to increase their income level, which will improve their standard of living. Microfinance plays a crucial role in the development of India. It further, acts as an anti-poverty vaccine for the people living in the rural areas, by supporting them in achieving greater level of asset creation and income security at both the household and community level. In other words, microfinance is not a financial system but a tool to alleviate poverty from the country and bring social change which not only uplifts

the status of women in our country but, also helps them in being self-reliant. Various MFIs (microfinance institutions) in India, offer small loans to help people rise from poverty. Microfinance not only links the gap but also acts as a boon for the people living in rural areas, helping them to have stability with respect to their financial issues.

Products of Microfinance

- **MICRO LOANS:** It is provided with no collateral, and offers a better overall loan repayment rate than traditional banking product.

- **MICRO SAVINGS:** It allows the small entrepreneurs to operate savings bank account with no minimum balance. It helps users inculcate financial discipline and develop an interest in savings for future.
- **MICRO INSURANCE:** It is a type of coverage provided to borrowers of microloans. It protects the poor people from all the mishaps that might take place in future.

SELF HELP GROUPS

Self-Help Group or SHGs is a well-known concept and has evolved as a movement over the period of time. It plays a major role in hastening the economic development of the country. A SHG is basically a financial intermediary committee usually comprising of 10-25 local women between the ages of 18-40, who come together to find ways to improve their living conditions. They are mostly self-governed and peer-controlled. In other words, people having the similar socio-economic backgrounds come together with the help of any NGO or government agency and try to resolve their issues in order to improve their living conditions.

Emergence of SHGs- Origin & Development in India-

- The origin of SHGs in India can be traced back to the establishment of SEWA i.e., Self-Employed Women's Association by Ela Ramesh Bhatt in 1972. She organised poor and self-employed women workers such as weavers, potters, hawkers, and others in the unorganised sector, with the objective of enhancing their incomes.
- NABARD, in 1992, formed the SHG-BLP, which is today the world's largest microfinance project. From 1993 onwards, NABARD alongwith RBI, allowed SHGs to open a savings bank account in banks.
- The **Swarn Jayanti Gram Swarozgar Yojana (SGSY)** was introduced in the year 1999 by the Government of India with the intention of promoting self-employment in rural areas through formation and skilling of such groups. This evolved into the **National Rural Livelihoods Mission (NRLM)** in 2011.

SGSY/NRLM

Swarn Jayanti Gram Swarozgar Yojana (SGSY) was started as a flagship programme in the year 1999 by the Ministry of Rural Development (MoRD) and aimed at providing sustainable income to rural BPL households in the form of income generating assets/economic activities in order to pull them out of poverty. However, despite the various efforts, the scheme failed to live up to the desired expectations as a result MoRD,

Government of India constituted a Committee on Credit Related Issues under SGSY (under the Chairmanship of Prof. Radhakrishna) to examine the various aspects of the scheme implementation, where the Committee recommended the adoption of a 'Livelihoods Approach' towards rural poverty elimination. The GoI accepted the recommendation of the Committee and restructured the SGSY into NRLM (National Rural Livelihood Mission) in the FY 2010-11 to provide a sharper and greater focus as well as momentum for poverty reduction. The framework for the implementation for NRLM was approved by the Ministry on December 9, 2010 and the Mission was formally launched on June 3, 2011. Further, NRLM has the mandate of reaching out 100 million rural poor in 6 lakh villages across the country. It strives towards unleashing this entrepreneurial capability by creating the appropriate platforms for the poor through a dedicated and sensitive support structures.

KEY FEATURES OF NRLM

NRLM primarily rests on three major pillars –

- I. universal social mobilization,
- II. financial inclusion
- III. livelihoods enhancement.

It works towards bringing at least one member (preferably a woman) from all poor families into the SHG network. The SHGs and their federations offer their members services such as savings, credit and livelihoods support. As the Institutions of the Poor (IoP) mature, they are facilitated to take up livelihoods/income-generating activities

How is NRLM different from SGSY ?

NRLM has adopted 'demand driven' strategy, in place of SGSY's 'allocation based' strategy. This implies that under NRLM, states have greater autonomy to plan for implementing the programme. NRLM encourages states to prepare State Perspective for Implementation Plans (SPIP) for seven years and Annual Action Plans (AAPs). The allocation for the state is released against the approved AAP.

NRLM has adopted a Participatory Identification of Poor (PIP) instead of the BPL to identify its beneficiaries.

REVIEW OF LITERATURE

- i. **Siddharta, Shaikh and Raghunandan (2019)** highlighted the comparison of Microfinance Institutions in India. The study described that MFIs have two budget reports, they have contributed significantly towards the overall improvement in the well-being of the people. In their research, they analyzed the functions of

microfinance, and it was evident that these institutions furthermore provide assets to poor people which mainly focus on women and their empowerment.

- ii. **Mohd S (2018)** examined the role of MFIs in India. It revealed that microfinance is an important tool/technique for improving the socio-economic conditions of the poor people in a developing country. The research aimed at introspecting the role and status of MFIs and concluded that the performance of MFIs has shown significant results in poverty reduction and growth in India.
- iii. **Mehra and Agarwal (2016)** highlighted that microfinance is an essential tool for poverty alleviation and economic empowerment. It was found that there was a lot of emphasis on the development of SHGs. It also suggested that more programmes and schemes should be implemented.
- iv. **Sachan, Bishnoi and Tiwari (2016)** studied that women empowerment is a multi-dimensional process, which enables women to realize their full identity and power in all spheres of life. They concluded that women constitute half of humanity, even contribute two-thirds of world's working hours but, earns only one-third of the total income and owns less than one-tenth of the world's resources. This reflects that how pathetic the economic status of women is in a country like India.
- v. **Vinodhini and Vijayanthi (2016)** focussed on confirming the financial and social empowerment status of women belonging to various SHGs in the country. It states that SHG have been succesful in achieving both social and financial empowerment goals, and how SHGs help in the improvement of financial status of the households, boosts self-confidence and develop independence among rural

women, which in turn improve the livelihood of the rural people.

- vi. **Rupnawar ans Sneha (2015)** analyzed the performance of Microcredit Bank Linkage Programme through SHGs in promoting women empowerment. The study evaluates the impact of BLP for socio-economic enhancement of rural women. It also studies that how SHGs improve the financial conditions and bring positive changes in their empowerment.

OBJECTIVES

- To understand the concept of Microfinance.
- To understand the concept of SHGs.
- To understand the role of NRLM/SGSY in SHGs.

RESEARCH METHODOLOGY

This is a conceptual study based on the secondary data source. The secondary data is used to describe the concept and review of literature. The data has been taken from the various reports, journals and articles.

The data used for the study, primarily consists of the Savings of SHGs with the Public Sector Commercial Banks enrolled under the NRLM/SGSY scheme in the State of Uttar Pradesh.

FINDINGS OF THE STUDY

The following data represmts the findings of the study where, Table 1 and Figure 1.1 represents the Total no. Of SHGs enrolled in the various public sector commercial banks of UP under the scheme whereas, Table 2 and Figure 2.2 represents the Total amount of Savings of SHGs of UP (in lakh) under the schemes.

TABLE 1
SHGs Under NRLM/SGSY Scheme

NAME OF THE BANK	YEAR						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	NO. OF SHGs	NO. OF SHGs	NO. OF SHGs	NO. OF SHGs	NO. OF SHGs	NO. OF SHGs	NO. OF SHGs
BANK OF BARODA	4027 (11.97%)	72 (2.08%)	15421 (31.92%)	22793 (34.10%)	7105 (12.62%)	42509 (34.20%)	42271 (19.16%)
BANK OF INDIA	7581 (22.54%)	1642 (47.44%)	11242 (23.27%)	3367 (5.03%)	11453 (20.34%)	11619 (9.34%)	11829 (5.36%)
BANK OF MAHARSHTRA	178 (0.52%)	2 (0.05%)	10 (0.02%)	6 (0.008%)	12 (0.02%)	28 (0.02%)	27 (0.01%)
CANARA BANK	3552 (10.56%)	100 (2.88%)	2556 (5.29%)	3574 (5.34%)	5393 (9.58%)	6751 (5.43%)	9736 (4.41%)
CENTRAL BANK OF INDIA	108 (0.32%)	21 (0.60%)	510 (1.05%)	374 (0.55%)	327 (0.58%)	326 (0.26%)	1254 (0.56%)
INDIAN BANK	298 (0.88%)	1 (0.02%)	451 (0.93%)	474 (0.70%)	145 (0.25%)	860 (0.69%)	29071 (13.18%)
INDIAN OVERSEAS BANK	38 (0.11%)	0 (0%)	238 (0.49%)	175 (0.26%)	78 (0.13%)	109 (0.08%)	115 (0.05%)
PUNJAB & SIND BANK	1763 (5.26%)	62 (1.79%)	2349 (4.86%)	2728 (4.08%)	3111 (5.52%)	4224 (3.39%)	5471 (2.48%)
PUNJAB NATIONAL BANK	11234 (33.40%)	21 (0.60%)	10 (0.02%)	17 (0.02%)	17 (0.03%)	1821 (1.46%)	43629 (19.78%)
STATE BANK OF INDIA	1742 (5.18%)	665 (19.21%)	8772 (18.15%)	10760 (16.09%)	5518 (9.80%)	23977 (19.29%)	36218 (16.42%)
UCO BANK	878 (2.61%)	860 (24.84%)	4421 (9.15%)	4420 (6.61%)	4554 (8.09%)	2169 (1.74%)	3198 (1.45%)
UNION BANK OF INDIA	2227 (6.62%)	15 (0.43%)	2327 (4.81%)	18145 (27.14%)	18569 (32.99%)	29896 (24.05%)	37696 (17.09%)
TOTAL	33626 (100%)	3461 (100%)	48307 (100%)	66833 (100%)	56282 (100%)	124289 (100%)	220515 (100%)

The above table depicts the total no. Of SHGs, and it is quite evident from the available data that overall there has been a rising trend with a increase in no. of SHGs enrolled over the years with a total of 33626 SHGs where PNB having the maximum enrollment of 11234 (33.40%) and IOB having the least no. Of enrollments of 38 (0.11%) SHGs of the total in the year 2015-16 ; 3461 SHGs where BOI having the maximum enrollment of 1642 (47.44%) and IOB having the least enrollment 0 SHGs of the total in the year 2016-17 ; 48307 SHGs where BOB having the maximum enrollments of 15421 (31.92%) and PNB & BOM having 10 SHGs enrollments each of the total in the year 2017-18 ; 66833 SHGs where BOB having the maximum enrollments of 22793 (34.10%) and BOM having the least of 6 (0.008%) SHGs of the total in the year 2018-19 ; 56282 SHGs where UBI having the maximum enrollment of 18569 (32.99%) and BOM having the least of 12 (0.02%) SHGs of the total in the year 2019-20. However, a major rise has been noticed in the year 2020-21 and 2021-22 with over 124289 with BOB having the maximum enrollment of 42509 (34.20%) and BOM having the minimum of 28 (0.02%) SHGs and 220515 where PNB having the maximum enrollments of 43629 (19.78%) and BOM having the least of 27 (0.01%) SHGs respectively. Hence, overall a positive trend has been witnessed.

Figure 1.1

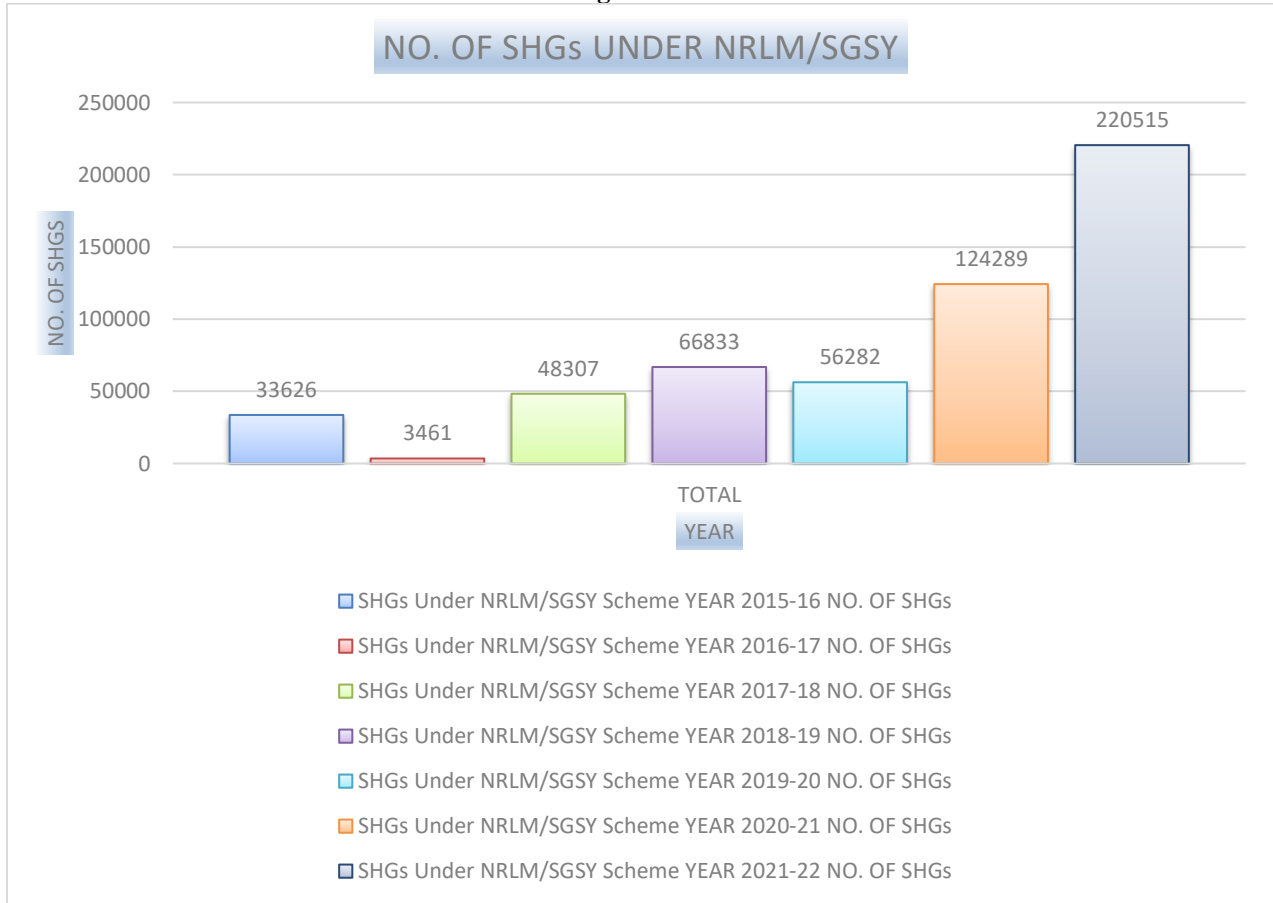


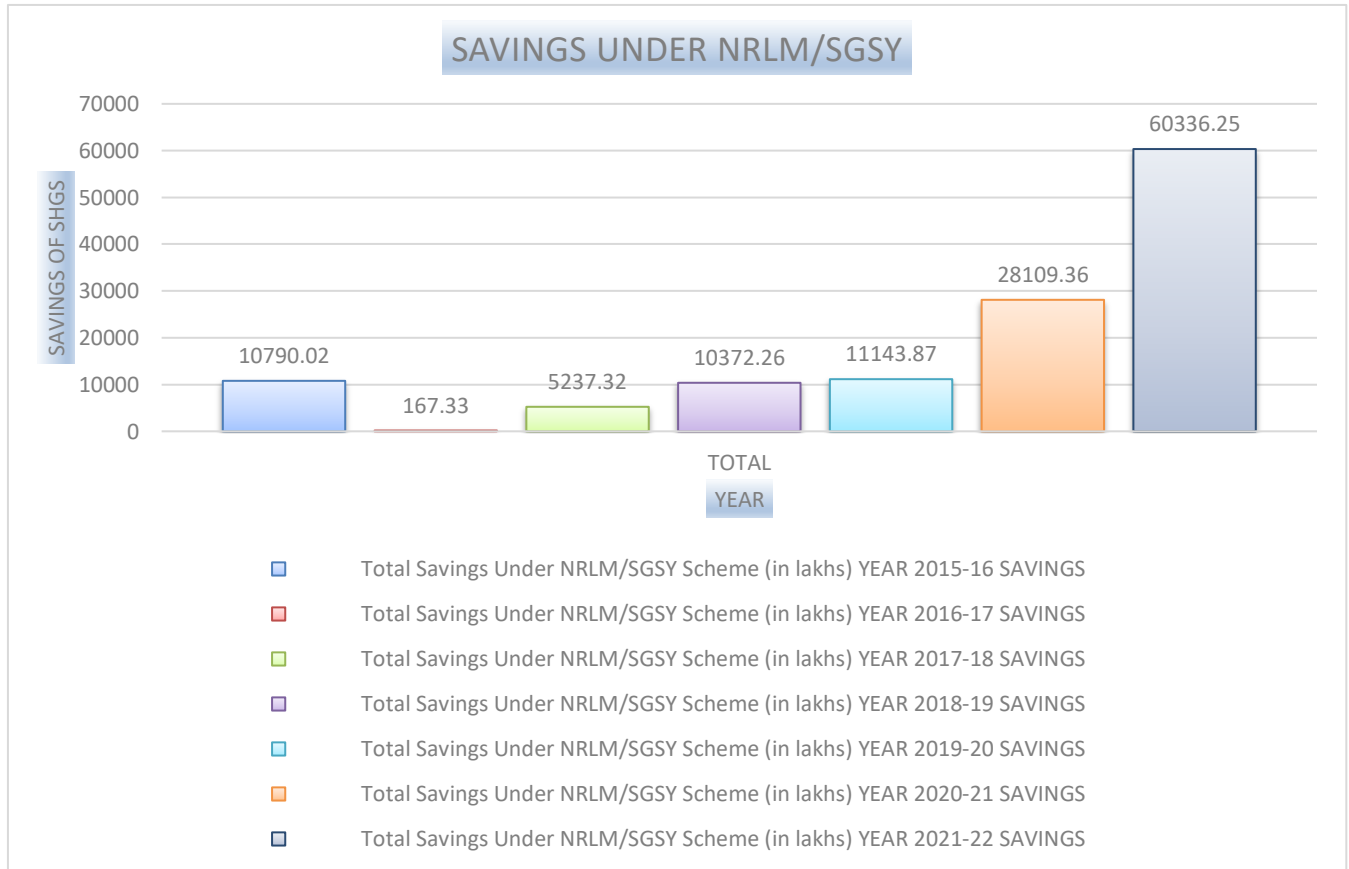
TABLE 2

Total Savings Under NRLM/SGSY Scheme (in lakhs)							
NAME OF THE BANK	YEAR						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	SAVINGS	SAVINGS	SAVINGS	SAVINGS	SAVINGS	SAVINGS	SAVINGS
BANK OF BARODA	766.48 (7.10%)	6.66 (3.98%)	2415.36 (46.11%)	4587.67 (44.23%)	1786.45 (16.03%)	11104.24 (39.50%)	14175.8 (23.49%)
BANK OF INDIA	1195.68 (11.08%)	70.00 (41.83%)	973.9 (18.59%)	853 (8.22%)	1081 (9.70%)	1131 (4.02%)	1160 (1.92%)
BANK OF MAHARSHTRA	8.85 (0.08%)	0.03 (0.01%)	0.18 (0.00%)	0.27 (0.26%)	2.1 (0.01%)	4.97 (0.01%)	3.86 (0.00%)
CANARA BANK	7699 (71.35%)	0 (-)	445 (8.49%)	789.98 (7.61%)	1256.02 (11.27%)	1612.55 (5.73%)	3540.55 (5.86%)
CENTRAL BANK OF INDIA	13.15 (0.12%)	0.05 (0.02)	39.06 (0.74%)	31.77 (0.30%)	37.28 (0.33%)	49.19 (0.17%)	526.68 (0.87%)
INDIAN BANK	17.04 (0.15%)	0.01 (0.00%)	16.72 (0.31%)	15 (0.14%)	27 (0.24%)	110.33 (0.39%)	11582 (19.19%)
INDIAN OVERSEAS BANK	3.65 (0.03%)	0 (-)	16.35 (0.31%)	21.31 (0.20%)	12.51 (0.11%)	32.17 (0.11%)	26.78 (0.04%)
PUNJAB & SIND BANK	52.42 (0.4%)	3.3 (1.975)	236.62 (4.51%)	311.59 (3.00%)	543.77 (4.87%)	916.34 (0.03%)	1697.95 (2.18%)

PUNJAB NATIONAL BANK	770.77 (7.14%)	0.28 (0.16%)	1.24 (0.02%)	1.87 (0.01%)	2.16 (0.01%)	142.76 (0.50%)	14946 (24.77%)
STATE BANK OF INDIA	89.00 (0.82%)	46 (27.49%)	818.00 (15.61%)	1469 (14.16%)	3643 (32.69%)	6024.00 (21.43%)	1383 (2.29%)
UCO BANK	28.98 (0.26%)	39 (23.30%)	121.89 (2.32%)	113.56 (1.09%)	155.58 (1.39%)	266.47 (0.94%)	342.13 (0.56%)
UNION BANK OF INDIA	145.00 (1.34%)	2 (1.19%)	153.00 (2.92%)	2177.24 (20.99%)	2597 (23.30%)	6715.34 (23.89%)	10951.5 (18.15%)
TOTAL	10790.02 (100%)	167.33 (100%)	5237.32 (100%)	10372.26 (100%)	11143.87 (100%)	28109.36 (100%)	60336.25 (100%)

The above table depicts the total savings of SHGs, and again it is quite evident from the available data that overall there has been a rising trend can be witnessed with a total of ₹ 10790.02 lakh with Canara bank having the highest savings of 71.35% and IOB having the least savings of 0.03% of the total savings in the year 2015-16 ; ₹ 167.33 lakh with BOI having the highest savings of 41.83% and Canara bank and IOB having 0% of the total savings in the year 2016-17 ; ₹ 5237.32 lakh where BOB having the highest savings of 46.11% and BOM having the least savings of 0% of the total savings in the year 2017-18 ; ₹ 10372.26 lakh where BOM having the highest savings of 44.23% and BOM having the least savings of 0.26% of the total savings in the year 2018-19 ; ₹ 11143.87 lakh where SBI having the highest savings of 32.69% and BOM having the least savings of 0.01% of the total savings in the year 2019-20 ; ₹ 28109.36 lakh where BOB having the highest savings of 39.5% and BOM having the least savings of 0.01% of the total savings in the year 2020-21; ₹ 60336.25 lakh where PNB having the highest savings of 39.5% and BOM having the least savings of 0.00% of the total savings in the year 2021-22. Thus, a positive trend can be seen yet again in the savings structure of the SHGs which have been enrolled under the NRLM/SGSY scheme.

FIGURE 2.2



Significance of this paper

Microfinance can be a valuable tool for policymakers for promotion of financial inclusion and economic development. By providing access to small loans, savings, and other financial services, microfinance can help to reduce poverty and promote entrepreneurship, while also encouraging financial literacy and saving among low-income individuals and families. This paper can be of some help to the policymakers in analysing the savings structure of SHGs enrolled under the NRLM/SGSY scheme operating in the state of Uttar Pradesh and then can design and implement the microfinance programs, tailored to the specific needs of the communities they serve.

This paper is of significant importance to the society, as it shows the overall positive impact/trend of microfinance which contributes towards stabilizing the financial situation of the individuals and groups who use them, and helps in promoting economic development and making it easier for them to save and further invest their money. Microfinance also promotes economic development by enabling people to invest in education, health, and various other areas which can improve their economic situation. Microfinance can help to empower women by providing them with the financial resources they need to start or expand small businesses, and by giving them more control over their financial situation. This paper is of significant importance to the economy as well, as microfinance has already had a significant impact on the economy.. The paper reflects the promotion of economic development, reduction in poverty, and increase financial inclusion. As more and more people gain access to microfinance services, the potential for continued economic growth and development is enormous, and its importance will only continue to grow in the future.

CONCLUSION

Access to Microfinance programmes has overall resulted in positive results. Microfinance is considered to be an important pillar of economic creation. It acts as a catalyst for economic transformation and social change. SHGs have proven to be one of the best in the Microfinance sector in India. It has not only improved the financial status. This study concludes a synergetic conceptual framework between Microfinance programs and SHGs. This paper is however an attempt to understand the scale and spread of of microfinance as an important tool of financial inclusion in the state of Uttar Pradesh, using the secondary data.

Following conclusions could be drawn on the basis of the above data-

- ❖ Firstly, the schemes such as NRLM/SGSY has contributed significantly in ensuring enhanced livelihood of the people.
- ❖ Secondly, the data available for the past 7 years show an overall rising trend in the SHG enrollment and their savings rate.

In short, the findings of this study portray an overall growing trend in the scale and spread of microfinance with respect to the Savings structure of the SHGs with the Public Sector Commercial Banks. And the observations made in this study show a considerable scope of growth and evolution of microfinance as a means of financial inclusion, poverty eradication, which is accessible and affordable for the excluded groups who lack a proper financial backing, that can help loosen the grip of informal sources of finance and bring forward the financially excluded sections of the society into the ambit of formal sources/institutions of finance.

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