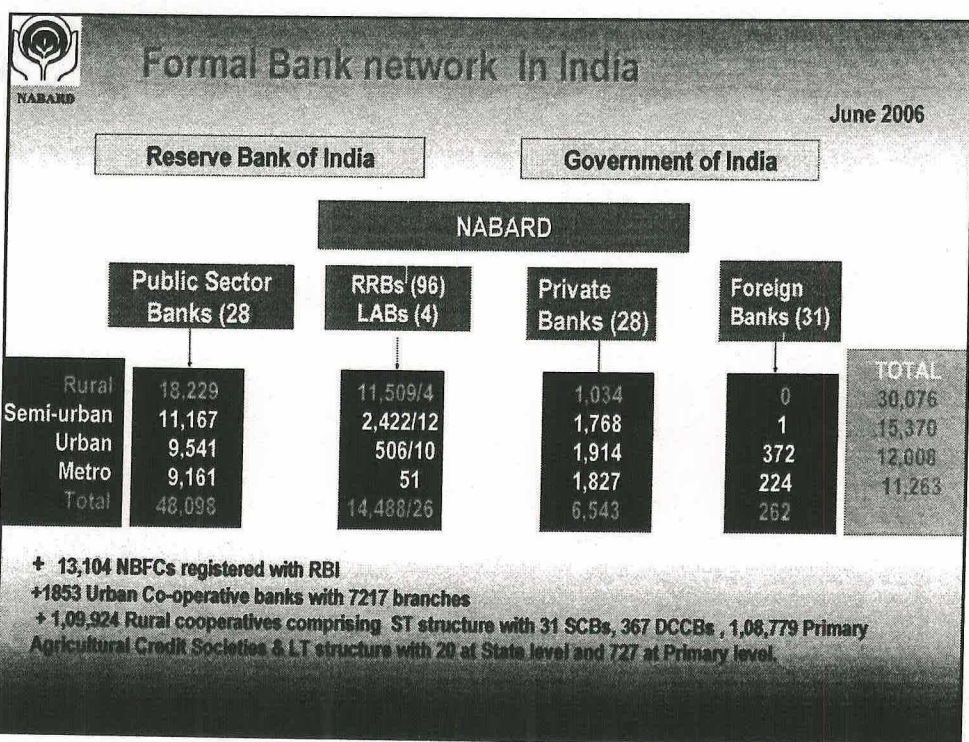




**2nd World Congress on Agriculture and Rural Finance (31 Oct - 03 Nov 2007) - APRACA**

**Financial Empowerment through SHG-Bank Linkage Programme – Implications / Challenges to Financial Institutions**

Presentation by Shri S.S. Acharya,  
Executive Director, NABARD



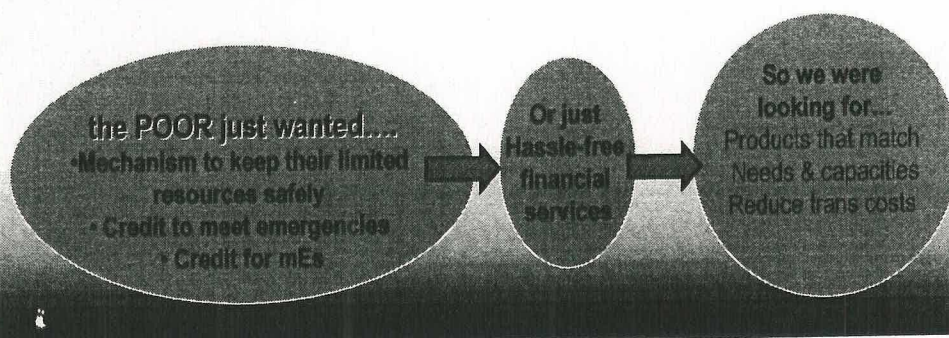


## Findings from Research studies .....

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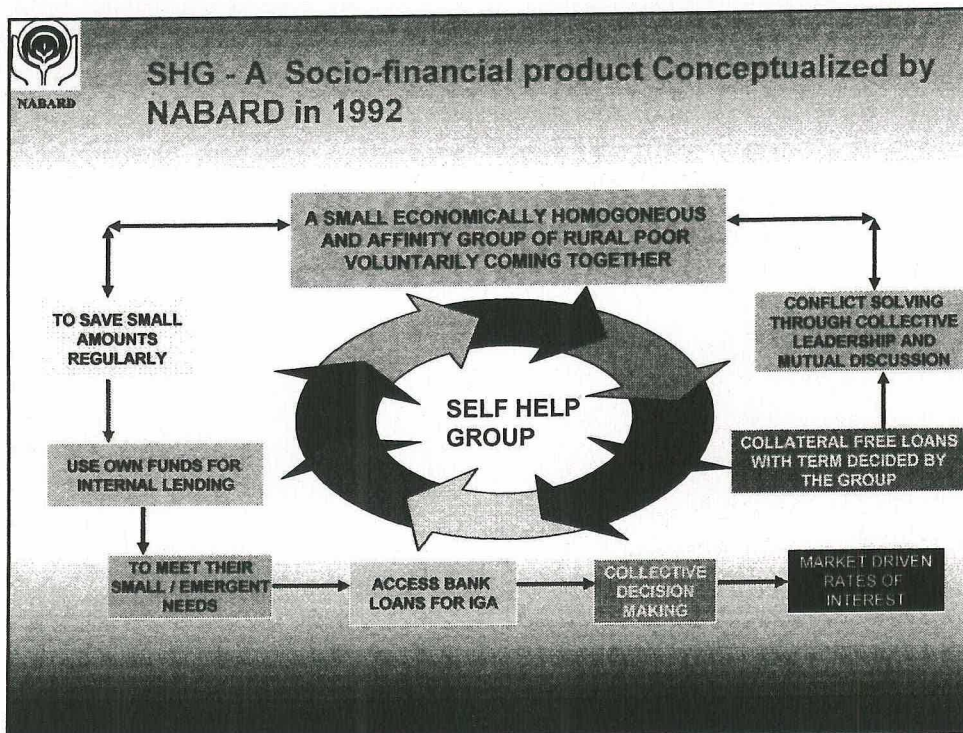
..... in the 1980s

- Savings and credit products did not suit the needs of the poor
- Procedures were complicated and cumbersome
- High transaction costs for the poor and the delivery system
- Even special poverty alleviation programmes did not recognise importance of savings
- Resources handled were often larger than the poor's capacity to handle



## SHG - A Socio-financial product Conceptualized by NABARD in 1992

NABARD





## Policy Support to Programme

- Opening of Savings account of Informal Groups
- Central Bank's approval for pilot experiment
- Freedom to banks in lending norms relating to security, margin & service area
- Appointment of Working Group to examine potential for mainstreaming of the pilot experiment
- Recognition of microFinance in Credit Policy announcements
- Recognition by Government- SHGs as a tool for development synergies
- Setting up of microFinance Development Fund



## The Quantum jump .....

As at.....	Mar 1993	Mar 1996	Mar 2006	Mar 2007
• SHGs linked	255	4,757	22,38,525	29,24,973
• % women's groups	70	74	90	90
• Families assisted(m)	0.005	0.08	32.98	40.95
• Population covered(m)	0.025	0.40	164.90	204.75
• Banks participating	14	95	501	498
• SHG promoting Partners	32	127	4323	4896
• Districts covered	26	157	572	587
• Cumulative bank loan ( INR Rs. million)	2.58	53.32	113974.01	180407
• in Us \$ million	0.06	1.24	2532.75	45101.75

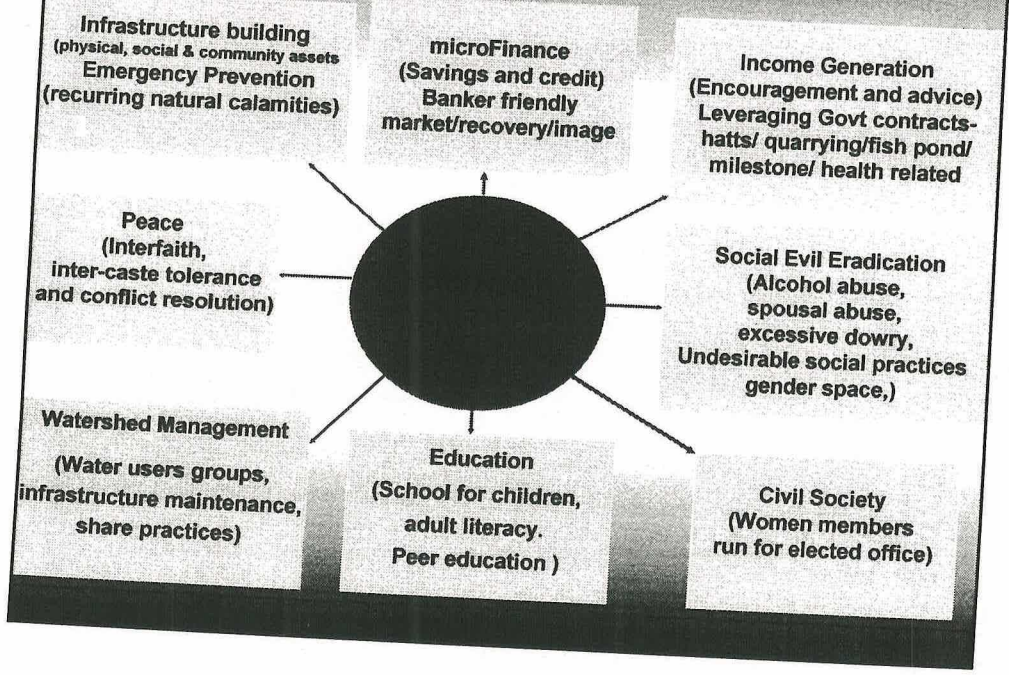


# Projections for 2011-12

Indicators	March 2006	March 2012
Net SDCs (USD)	2237	111
...	...	...



# Programme Impact





## Challenges to Financial Institutions

- Spreading the Programme in States with poor social and financial infrastructure
- Livelihood promotion among members of SHGs
- System for monitoring of SHGs
- Capacity Building of SHG Members
- Adopting Technology based solutions
- Low bank loan per SHG member
- Providing cost effective micro insurance products
- Emergence of different SHG Federation models

Despite the above challenges the SHG-Bank Linkage programme is serving as a tool for achieving financial inclusion of poor

# Thank you



**NABARD**  
**Committed to Rural Prosperity**

For more details log on to

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