

Role of NABARD'S SHGS-Bank Linkage Programme in Making the Dream True of Self-Help Groups in India

Mishra S^{1*}, Sawaran A², Nagwanshee R³

DOI:10.54741/MJAR/6.2.2026.299


^{1*} Shimple Mishra, Research Scholar, Department of Economics, Guru Ghasidas Vishwavidyalaya, Bilaspur, Chhattisgarh, India.

² Aprajita Sawaran, Research Scholar, Department of Economics, Guru Ghasidas Vishwavidyalaya, Bilaspur, Chhattisgarh, India.

³ Rajkumar Nagwanshee, Associate Professor, Department of Economics, Guru Ghasidas Vishwavidyalaya, Bilaspur, Chhattisgarh, India.

The study is basically focused on NABARD'S SHG-bank linkage program (SHG-BLP), BLP'S contribution on fulfilling the motive of SHG groups, which is to improve the condition of financial literacy among the women, especially those women who are belonging to those areas where the availability of banking facilities is very low or negligible. In this regard, NABARD is promoting self-help groups through linking them with the banks for their better and easy performance to provide financial and security support, like availability of loans and collecting savings. The SHG-BLP was started in 1992-93 as a preparatory project to link around five hundred poor households. Study found that the overall contribution of this program for serving better facilities is very effective. Both the SHG bank linkage with bank through their saving amounts and distribution of loans are showing an increasing trend, but the outstanding amount of loans is in a negative trend, which is showing kind of some inefficient work of banks in recovering the loan amount, but in the end we can say that banks are contributing a lot to women's empowerment, making them independent, and their overall socio-economic development. Banks are really helping in achieving the motive of SHG.

Keywords: SHG--BLP, SHG, women empowerment, financial literacy

Corresponding Author	How to Cite this Article	To Browse
Shimple Mishra, Research Scholar, Department of Economics, Guru Ghasidas Vishwavidyalaya, Bilaspur, Chhattisgarh, India. Email: shimplemishra2016@gmail.com	Mishra S, Sawaran A, Nagwanshee R, Role of NABARD'S SHGS-Bank Linkage Programme in Making the Dream True of Self-Help Groups in India. Manag J Adv Res. 2026;6(2):30-35. Available From https://mjar.singhpublication.com/index.php/ojs/article/view/299	

Manuscript Received 2026-03-06	Review Round 1 2026-03-24	Review Round 2	Review Round 3	Accepted 2026-04-12
Conflict of Interest None	Funding Nil	Ethical Approval Yes	Plagiarism X-checker 4.32	Note
 © 2026 by Mishra S, Sawaran A, Nagwanshee R and Published by Singh Publication. This is an Open Access article licensed under a Creative Commons Attribution 4.0 International License https://creativecommons.org/licenses/by/4.0/ unported [CC BY 4.0]. 				

1. Introduction

SHG Group is a rising star of recent dates, even though the government has provided every citizen of India with their personal bank account for their convenience and for promoting personal savings and financial inclusion, but many women who belong to rural areas where there is no nearest availability of bank branches are still far away from the formal financial services. SHGs have become the eyes of those powerless people; it provides a way for them so that they can connect with the banking facilities of the Indian government and can take advantage of banking facilities. Basically, the SHG groups are promoting the most needed section of our total Indian workforce, which is women, contributing 50% of the strength of India's total population. SHGs primarily promote women's entrepreneurship and empowerment to enhance their participation in India's economic development.

In India's growth progress, the contribution of banks is very valuable; if we say that India's banking system is running the financial process of our economy, it will not be an overestimation. In other words, we can say that banks are crucial to the general growth of an economy's financial strength. The SHGs link their members to banks in a gradual way, starting with saving and after that, loans. This is considered an effective way of financial inclusion and the BLP program of NABARD. The National Bank for Agriculture and Rural Development provides a boost to this Inclusion of finances initiative and promotes women's participation in economic progress in India.

2. Background of SHG

There are so many programs and schemes for empowering women's, employment, alleviating poverty, and socio-economic development that have been launched by the central as well as the state government. Some of the schemes are Swarnajayanti Gram Swarozgar Yozana (SGSY), Pradhanmantri Gramodaya Yozana (PMGY), Rural Empowerment Generation Programme (REGP), Mahila Shakti Kendra (MSK), and Self-Help Groups (SHG), which are mainly dedicated to women's promotion and generating employment.

Women's self-help group consist of ten to twenty women who are socially and economically homogenous, and their purpose of creating that women's group is mainly based on solving their financial and social issues and assessing credit and saving money without any collateral security. The structure of SHGs is basically well-defined with rules and regulations like holding regular meetings, maintaining their regular meeting minutes, offering loans, and operating well-organized and democratically. It's for helping needy people and promoting self-cooperation, self-management, and financial literacy among the people.(Shimple Mishra, 2025)

3. NABARD's SHG-Bank Linkage Programme

Formation of self-help groups is mainly based on assessing credit and promoting savings among people. In this regard, NABARD introduced the SHG-BLP program during the year 1992-93 as a pilot project with the motive of linking 500 SHGs to banks by 1994. Now it has become the world's largest microfinance program in terms of reaching and connecting with clients. Mainly SHG follows "Panchsutra" for proving themselves as a good customer of the bank, which are

- Conduct regular group meetings.
- Collect regular savings with the group during their meeting.
- Maintain their internal lending base.
- Proper maintenance of books of accounts.
- Proper and timely repayment of loans taken by the members.

On the basis of these five main documents, banks approve loans to the SHG groups in different doses, which are as follows—

Dose of credits	Particulars
1st Dose	Throughout the year six times the suggested corpus or Rs.1 lakh, whichever is the higher amount.
Repayment	The first dose should be repaid within 6 to 12 months; it can be paid monthly, bimonthly, or quarterly
2nd Dose	It is eight times the existing corpus and introduced a saving of 12 months or Rs. 2 lakh, whichever is the higher amount.
Repayment	It should be repaid between 1 and 2 years; it could be monthly, bimonthly, or quarterly.
3rd Dose	The minimum amount of this dose is Rs. 3 lakh according to the microcredit plan of SHGs.
Repayment	It can be repaid monthly or quarterly or whenever they have availability of cash, but it should be within 2 to 3 years.
4th Dose	The amount of this dose is Rs. 5 lakh to 10 lakh.
Repayment	The repayment can be monthly/quarterly whenever they have funds; they can repay, but it should be between a 3- to 6-year period.

Note: In case there is a need for an extra amount of loan money, the bank can provide it even though their previous loans are not fully paid.

For fulfilling the motive of NABARD-BLP, NGOs have played a major role; NGOs work as a self-help group promoting institution (SHPI). Later on, NABARD has co-opted with so many other SHPIs for promoting their motive of enhancing saving and facilitating credits to the SHGs. These agencies are as follows—

- Scheduled commercial banks (SCB)
- Regional rural banks (RRBs)
- Credit co-operative banks (CCBs)
- Primary agricultural credit co-operative societies (PACS)
- NGOs – MFIs
- Federations of SHGs
- Non-Government organizations (NGOs) and
- Individual rural volunteers (IRVs)

Now this savings-led micro financial program has become the world's largest financial inclusion program, which is coordinated with small savings.

4. Objectives of the Study

There are some main objectives of the study, which are —

- To analyze progress of SHGs by bank linkage program of NABARD.
- To find the contribution of banks in SHG progress.

5. Methodology

The primary source of data for this study is secondary data. That the government sources like NABARD published reports, NRLM reports, and some other online WebPages, websites, and published research articles. And for the presentation of data, mainly used tables and graphs format.

Table 1: Progress of SHG Bank Linkage Programme

Years	Particular	Total number of SHGs saving linked with banks as on 31March	Growth %	Total number of SHGs credit linked during the year	Growth %	Total number of SHGs having loans outstanding as on 31 March	Growth %
2010-11	Number of SHGs (in lakhs)	74.62	7.3%	11.96	-24.6%	47.87	-1.3%
	Amount (₹ crore)	7016.30	13.2%	14547.73	0.01%	31221.17	11.4%
2011-12	Number of SHGs	79.60	6.7%	11.48	-4%	43.54	-9.0%
	Amount (₹ crore)	6551.41	-6.7%	16534.77	13.7%	36340.00	16.4%
2012-13	Number of SHGs	73.18	-8.1%	12.20	6.3%	44.51	2.2%
	Amount (₹ crore)	8217.25	25.4%	20585.36	24.5%	39375.30	8.4%
2013-14	Number of SHGs	74.30	1.53%	13.66	12.02%	41.97	-5.71%
	Amount (₹ crore)	9897.42	20.45%	24017.36	16.67%	42927.52	9.02%
2014-15	Number of SHGs	76.97	3.59%	16.26	19.03%	44.68	6.48%
	Amount (₹ crore)	11059.84	11.74%	27582.31	14.84%	51545.46	20.06%
2015-16	Number of SHGs	79.03	2.68%	18.32	12.67%	46.73	4.59%
	Amount (₹ crore)	13691.39	23.79%	37286.90	35.18%	57119.23	10.81%

2016-17	Number of SHGs	85.77	8.53%	18.98	3.60%	48.48	3.74%
	Amount (₹ crore)	16114.23	17.69%	38781.16	4.01%	61581.30	7.81%
2017-18	Number of SHGs	87.44	1.95%	22.61	19.13%	50.20	3.55%
	Amount (₹ crore)	19592.12	21.59%	47185.88	21.67%	75598.45	22.76%
2018-19	Number of SHGs	100.14	14.52%	26.98	19.33%	50.77	1.14%
	Amount (₹ crore)	23324.48	19.05%	58317.63	23.59%	87098.15	15.21%
2019-20	Number of SHGs	102.43	2.29%	31.46	16.60%	56.77	11.82%
	Amount (₹ crore)	26152.05%	12.12%	77659.35	33.17%	108075.07	24.08%
2020-21	Number of SHGs	112.23	9.57%	28.87	-8.23%	57.8	1.81%
	Amount (₹ crore)	37477.61	43.31%	58070.68	-25.22%	103289.71	-4.43%
2021-22	Number of SHGs	118.93	5.97%	33.98	17.71%	67.4	16.61%
	Amount (₹ crore)	47240.48	26.05%	99729.22	71.74%	151051.30	46.24%
2022-23	Number of SHGs	134.03	12.7%	42.96	26.42%	69.57	3.22%
	Amount (₹ crore)	58892.68	24.67%	145200.23	45.59%	188078.80	24.51%
2023-24	Number of SHGs	144.22	7.60%	54.82	27.60%	77.42	11.28%
	Amount (₹ crore)	65089.15	10.52%	209285.87	44.13%	259663.73	38.06%

Source: NABARD-Status of Microfinance in India Report 2023-24(NABARD, 2023-24)

Growth Rate % = [(current year value - previous year value)/previous year value]

The table is showing the progress of NABARD'S SHG-BLP program from 2010-11 to 2023-24. It can be clearly seen that the savings of SHG groups with banks have incredibly increased from 74.62 lakh SHG groups in 2010-11 to 144.22 lakh SHG groups in 2023-24, which is huge progress. Only one year, 2012-13, shows negative progress growth (-6.7%), but the overall growth from 2010-11 to 2023-24 was 93.27%, which was a great achievement. The credit distribution also increased sharply from 2010-11 to 2023-24, following 11.96 lakh SHGs to 54.82 lakh in numbers; in amount, it was 14547.73 crore to 209285.87 crore from 2010-11 to 2023-24. Only some years it was a negative result, that is, 2011-12 and 2020-21, which was the pandemic period of the whole world; otherwise, overall it seems a major hit of the program. On the other hand, outstanding loans of banks have also increased; it's a kind of bad news for the banks, as it shows NAPs have increased very much because of loan distribution. The recovery of loans against SHGs is too far from the distribution of credit. At the end there is an increasing trend in everything, but both the distribution of credit and savings in the bank are good signs, but the outstanding amount increment is not a good sign for the bank as well as for the program too, because increasing NPA is not a good signal for a developing program like SHG, which links most of the rural and urban areas.

If we see the total overall figure from 2010-11 to 2023-24 of savings, credit, and outstanding, it shows 93.27%, 1338.61%,

and outstanding 731.69%, which is a big amount of NPA in banks. This NPA is absolutely a bad thing for the banks' assets, which are knocking on the door.

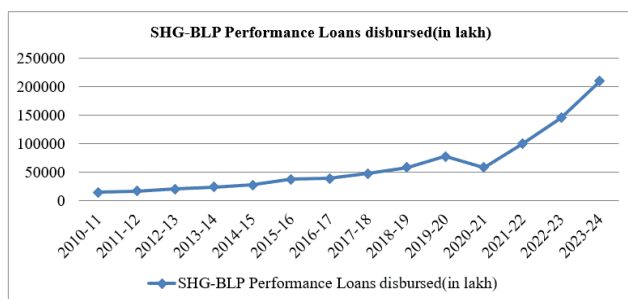
Table 2: Key Highlights of Physical and Financial SHG-Bank Linkage in India (2023-24)

S. No.	Particulars	Physical (No. in Lakh)	Financial (₹ in Crore)
1	Total SHGs maintaining savings linkage with banks as on 31 March 2023	144.22	65089.15
I	Out of the total, SHGs consisting exclusively of women	120.44	55227.69
II	Out of the total, SHGs formed under NRLM/SGSY	84.30	45384.39
III	Out of the total, SHGs under NULM/SJSRY	7.40	4354.31
2	Total SHGs that accessed bank credit during the year 2023-24	54.82	209285.87
I	Out of the total, women-only SHGs	53.20	202716.08
II	Out of the total, SHGs covered under NRLM/SGSY	44.89	169797.41
III	Out of the total, SHGs under NULM/SJSRY	2.70	13499.66
3	2024 Total SHGs with outstanding bank loans as on 31 March 2024	77.42	259663.73
I	Out of the total, SHGs exclusively comprising women	72.30	246895.32
II	Out of the total, SHGs associated with NRLM/SGSY	61.02	207138.48
III	Out of the total, SHGs under NULM/SJSRY	3.94	15313.61

Source: NABARD-Status of Microfinance in India Report 2023-24(NABARD, 2023-24)

The table basically describes the physical and financial health of SHGs, which are mainly saying how self-help groups (SHGs) in India are saving money, taking loans, and repaying loans. There are about 144 lakh SHGs that have already connected to banks for saving their money, and together they have saved around more than Rs. 65000 crore. This reflects that women are leading the movement of saving money in rural as well as urban India. 54.82 lakh SHGs took loans in one year, and the total amount of loans given is Rs. 2 lakh crore plus. In simple words, SHGs are not just promoting saving among their members; instead, they are providing loans for improving their lives. Rural India is the main leader of SHG loan amounts. Around more than 7 lakh SHGs have active loans running, and The whole amount of the loan that is due is approximately Rs. 2.6 lakh crore. In simplest words, we can say that many of the SHGs are repaying their loans, and some of them are still using borrowed money for their work progress. The big picture of this data table is that women's empowerment is very strong, and SHG is creating a small economic unit as well as improving and promoting financial inclusion among their members and in the rural and urban society as well.

Figure 1



Source: NABARD-Status of Microfinance in India Report 2023-24(NABARD, 2023-24)

This current figure is explaining the loans distribution performance by SHG-bank linkage program of NABARD from 2010-11 to 2023-24. It shows that in their early years the loan amount distribution was relatively low, but there was a little increment every year. Here SHGs were slowly collecting trust from the banks, and after this, between 2016-17 and 2019-20, there was a sharp increment in the loan distribution. There was a temporary dip in loan disbursement in 2020-21, which was due to the covid-19 pandemic; after the recovery, there was rapid growth shown every year, and by 2023-24, the loan amount reached the highest level in the overall loan distribution graph.

This strong demand for loans shows that the economic activities are continuously running and expanding in the right way.

6. Conclusion

A strong banking system is a backbone of any economy/country's progress because when it comes to the financial situation or GDP ranking of any country, it means they are mainly observing the monetary situation of that country. The availability of banking facilities is in poor condition in the huge mass area of our nation; there is huge potential that is unrealized in rural places for (Ajitesh Kumar, 2024) the banking conditions. If our country's banking institutions could efficiently grip this kind of great potential, there would be a positive-sum game for both the parties' banking institutions as well as the rural economy and the rural people as well. Now at the age of technology, the effective use of technology will become a cost-effective weapon for providing loans and other possible services availability, which would be helpful in the successful operation of SHGs in the rural area. During this study we have already seen that the loans outstanding against SHGs are not in a good situation, meaning it shows a negative result. This great mountain of loans outstanding could create a barrier in the progress of SHGs; it also exhibits the poor performance of banks in recovering loans from the SHGs, but with the help of technology, this loan outlay mountain can be demolished, and the core motive of SHGs can be achieved.

References

1. Ajitesh Kumar, M. A. (2024). *Impact of bank linkage programme on self-help groups: Achievements, challenges and the way forward*. Mumbai: Department of Economic Analysis and Research (DEAR), NABARD Head Office, Mumbai.
2. M.G., R. (2024). Performance of shgs-bank linkage programme for financial inclusion in India. *EPRA International Journal of Multidisciplinary Research (IJMR)*, 10(9), 484-487.
3. Pandey, M. (2023). Self Help Groups (SHGs): History, progress and success stories. *International Journal of Creative Research Thoughts (IJCRT)*, 11(9), 325-335.

4. Reserve Bank Of India. (2024, April 16). Retrieved March 21, 2026, from Master Circulars: https://www.rbi.org.in/scripts/BS_ViewMasterCirculars.aspx?Id=12665
5. Mishra, S., & Dr. Nagwanshee, R. (2025). An analysis of self-help groups in india: trends, regional status, and the role of banks. *Jamshedpur Research Review*, 5(73), 26-33.
6. <https://www.nabard.org/auth/writereaddata/File/highlights-of-the-shg-bank-linkage-programme-2023-24.pdf?csrt=4884583908342946663>
7. NABARD. (2023-24). *Highlights of the SHG-bank linkage programme 2022-23*. NABARD.
8. Government of India. (2026, March 22). Retrieved March 24, 2026, from Ministry of Rural Development: <https://nrIm.gov.in/outerReportAction.do?methodName=showIndex#gsc.tab=0>

Disclaimer / Publisher's Note: The statements, opinions and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of Journals and/or the editor(s). Journals and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions or products referred to in the content.