



Dynamics in Self-help groups and banks in Punjab

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ABSTRACT

The present study was undertaken to know the contribution of different banks (Commercial Banks, Regional Rural Banks and Cooperative Banks) in formation of Self Help Groups (SHGs) in Punjab. The data for different regions and states of India collected by National Bank for Agriculture and Rural Development (NABARD) were analyzed for the state of Punjab which agriculturally advanced state with the help of statistical tools like frequency and percentages. The findings revealed that Rajasthan (61.89%) and Andhra Pradesh (45.3%) have formed maximum numbers of Self-Help Groups among northern and southern region. Indian Overseas Banks in Punjab has formed maximum numbers of SHGs amongst public and private sector commercial banks. Regarding Regional Rural Banks, Punjab Gramin Bank contributed more than 70 per cent in formation of SHGs. The cooperative banks have formed 4096 SHGs, more than 10 per cent of the SHGs have been formed in Jalandhar and Fatehgarh district as compared to other districts.

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INTRODUCTION

The Self-Help Groups (SHGs) are viable alternatives in achieving the objectives of women empowerment. Individually poor woman tends to be erratic and uncertain in her behaviour. Group membership smoothes such rough edges making her more liable. Participation of woman in SHGs makes a significant impact on their empowerment both in social and economic terms. It helps to bring about awareness among rural women about savings, education health, environment, cleanliness, family welfare etc. and make themselves reliant. SHG is a powerful instrument for lowering risks and cost of lending to the poor particularly women (Shete, 1999).

SHGs can be defined as supportive, educational usually change oriented mutual aid group that addresses a life problem or condition commonly shared by all members. Its purpose may be personal or societal change or both (Kamaraj and Muralidaran, 2004).

NABARD defined SHG as a homogenous group of rural poor voluntarily formed to save whatever amount they can conveniently out of their earnings and mutually agree to

contribute to a common fund which they lend to group members for productive and emergent credit needs. SHGs have made tremendous strides in India over the years and it has become movement throughout the country. SHG-Bank linkage approach stresses the importance of links between commercial banks, on the one hand and non-governmental organizations (NGOs) and SHGs on the other hand as a mechanism for channelizing credit to the poor on a sustainable basis (Madheswaran and Dharmadhikary, 2001).

NABARD has taken the lead in propagating the SHGs as a strategic channel for extending micro-finance especially from commercial banks, Regional Rural Banks and Cooperative Banks (Karmakar, 2008).

At present, a large number of SHG promoting Institutions (SHGOIs), banking agencies and micro finance Institutions (MFIs) are pursuing this programme for the upliftment of the poor. This programme is also main contributor towards the financial inclusion process in the country. It has been encouraging the voluntary agencies, bankers, socially spirited individuals, other formal and informal entities

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and also government functionaries to promote and nurture SHGs.

NABARD continued to organize /sponsor training programmes and exposure visits for the benefit of officials of banks and SHGs to enhance their effectiveness in the field of micro-finance. The formation of SHGs in Punjab could be started by the year 1999. The state was late in taking Institutions in this direction as in India the large scale lending to SHGs by NABARD was started in 1992. Now in Punjab, the number of SHGs have found to be 39126 (March, 2009). Commercial Banks, Cooperative Banks and Regional Rural Banks were the functioning agencies involved in providing funds to these SHGs. Keeping in mind the importance of SHGs, the present study was undertaken during March 2009 with an objective to study the number of SHGs formed by different banks in Punjab.

METHODOLOGY

The present study was undertaken in Punjab state during March 2009. Different public, private and regional banks of Punjab were listed out from the secondary data available for different regions and states of India collected by NABARD. From the collected data, percentage contribution of different banks in formation of SHGs in Punjab was analyzed to find out their role in the development of the society.

RESULTS AND ANALYSIS

The findings of the present study as well as relevant discussions have been summarized under the following

heads.

Region wise/state wise number of SHGs in banks:

There is a large variation in number of groups in different regions of India. A total of 6121147 SHGs have been formed in India, out of which 16931 and 1907703 have been formed in northern and southern region. Maximum number of groups have been formed in southern region (46.18%) followed by Eastern region (20.15%), Western region (13%), Central region (11.64%), Northern region (5.08%) and minimum groups in North Eastern region (3.92%). However, there is also intra-regional variation in formation of groups in all regions. Southern region which has the maximum number of groups in the country as a whole, has 45.3 per cent groups in Andhra Pradesh followed by Tamil Nadu and Pondicherry (25.82%), Karnataka (16.17%) and Kerala (12.69%).

Similarly in Northern region which has maximum number of SHGs except North East region has also intra-regional variation. Maximum numbers of groups (192479) have been formed in the state of Rajasthan which is 61.89 % of the total groups of Northern region followed by Himachal Pradesh (13.42%). State of Punjab comes at number three in northern region (12.58 %) and Haryana has 10.69 % of self-help groups. Jammu & Kashmir and New Delhi has even less than one per cent groups in each.

The observations of Table 1 further revealed that in Punjab, maximum number of self help groups has been formed by Public Sector Commercial Banks (82.90%) while the share of Cooperative Banks and Regional Rural Banks is 10.50 and 6.51, respectively per cent in formation

Table 1 : Region wise/State wise number of SHGs with banks

Sr. No.	Region/State	Commercial Banks	Regional Banks	Cooperative banks	Total
	Northern Region	No. of SHGs	No. of SHGs	No. of SHGs	No. of SHGs
1.	Haryana	17926	12440	2891	33257 (10.69%)
2.	Himachal Pradesh	28658	4616	8470	41744 (13.42%)
3.	Punjab	32478 (82.90%)	2552 (6.51%)	4096 (10.50%)	39126 (12.58%)
4.	Jammu & Kashmir	1578	215	556	2349 (0.75%)
5.	Rajasthan	86665	59625	46189	192479 (61.89%)
6.	New Delhi	2014	0	0	2014 (0.64%)
	Total	169319	79448	62231	310998 (5.08%)
	Southern region				
1.	Andhra Pradesh	925693	334933	20274	1280900
2.	Karnataka	1593	161113	136938	457389 (16.17%)
3.	Kerala	282666	28769	47428	358863 (12.69%)
4.	Tamil Nadu and Pondicherry	540006	73802	116284	730092 (25.82%)
	Total	1907703	598617	320924	2827244 (46.18%)
	Grand total	3549509	1628588	943050	6121147

of self-help groups.

Formation of SGHs by commercial banks:

It is clear from the data in Table 2 that Indian Overseas Bank in Punjab has formed maximum number of self-help groups (65.6 %) amongst Public Sector Commercial banks. Punjab National Bank and State Bank of India were able to form 11.93 and 6.32 per cent, respectively. Punjab and Sind Bank formed 4.27 % SHGs. The share of Oriental Bank of Commerce and State Bank of Patiala in formation of SGHs is about 2.00 per cent while the shares of all other Public Sector Commercial

Table 2 : Distribution of SGHs formed by Commercial Banks in India (n=32476)

Sr. No.	Public Sector Commercial banks	No. of SHGs	Percentage
1.	Allahabad Bank	348	1.07
2.	Bank of Baroda	260	0.80
3.	Bank of India	128	0.39
4.	Bank of Maharashtra	2	0.006
5.	Canara Bank	600	1.84
6.	Central Bank of India	375	1.15
7.	Corporation Bank	41	0.12
8.	Indian Bank	138	0.42
9.	Indian Overseas Bank	21316	65.6
10.	Oriental Bank of Commerce (OBC)	682	2.10
11.	Punjab and Sind Bank	1388	4.27
12.	Punjab National Bank	3876	11.93
13.	State Bank of India (SBI)	2054	6.32
14.	State Bank of Patiala (SBP)	720	2.20
15.	Syndicate Bank	109	0.33
16.	UCO Bank	183	0.56
17.	UBI	227	0.69
18.	Vijaya Bank	29	0.08
Public Sector Commercial Banks			n= 2
1	Axis Bank	2	100

Banks like Indian Bank, Bank of India, Syndicate Bank, Corporation Bank, Vijaya Bank and Bank of Maharashtra is one or even less than 1 % individually.

Looking at Private sector commercial banks, only Axis Bank contributes hundred per cent in the formation of SHGs.

Formation of SGHs by Regional Rural Banks in India:

The perusal of data in Table 3 indicates that Punjab

Table 3 : Distribution of SGHs formed by the Regional Banks in Punjab (N= 2552)

Sr. No.	Regional Rural Banks	No. of SGHs	Percentage
1.	Malwa KGB	461	18.06
2.	Punjab Gramin Bank	1851	72.53
3.	Sutlej Gramin Bank	240	9.4

Gramin Bank contributes more than seventy per cent in formation of self-help groups while the share of Malwa KGB and Sutlej Gramin Bank is 18.06 and 9.4 per cent, respectively.

Formation of SGHs by the Commercial Banks:

The SGHs in Punjab were formed by the NABARD sponsored SGH-Linkage Programme. The number of groups up to March 2009 under SGH Bank Linkage Programme was 4096. The perusal of data in Table 3 reveals that there is a wide intra-variation in all districts of Punjab in the formation of SGHs as reported by them to NABARD. Maximum SGHs have been formed by cooperative banks in the District Jalandar (13.01 %) while Fatehgarh Sahib and Hoshiarpur have formed 12.42 and 8.54 per cent SGHs, respectively. More than six per cent SGHs has formed by the Amritsar, Bathinda and Gurdashpur, districts. Ludhiana stands at seventh position in making SHGs.

Sr. No.	Name of the districts	Total No. of SGHs	Percentage
1.	Amritsar	270	6.59
2.	Bathinda	268	6.54
3.	Faridkot	155	3.78
4.	Fatehgarh Sahib	509	12.42
5.	Ferozpur	53	1.29
6.	Gurdaspur	257	6.27
7.	Hoshiarpur	350	8.54
8.	Jalandhar	533	13.01
9.	Kapurthala	104	2.53
10.	Ludhiana	246	6.00
11.	Mansa	9	0.21
12.	Moga	142	3.46
13.	Mohali	222	5.41
14.	Muktsar	174	4.24
15.	Nawanshar	205	5.00
16.	Patiala	202	4.93
17.	Ropar	133	3.24
18.	Sangrur	187	4.56
19.	Taran Taran	77	1.87

Contribution in formation of self-help groups formed by Mohali, Nawanshar, Patiala, Sangrur and Muksar ranged between 4.24 to 5.41 per cent. The proportion of SGHs formed by Taran Taran, Ferozpur and Mansa districts is just per cent one or negligible.

Conclusion:

The study revealed that there were number of SGHs formed by Commercial, Regional Rural Banks and Cooperative Banks in the State of Punjab. A total of 6121147 SGHs have been formed in India, out of which 169319 and 1907703 have formed in Northern and Southern regions, respectively. The findings revealed that Rajasthan and Andhra Pradesh have formed maximum number of self-help groups among Northern and southern Regions. Indian Overseas Bank and AXIS Bank in Punjab have formed maximum number of self-help groups amongst public and private sector commercial banks. Regarding Regional Rural Banks, Punjab Gramin Bank contributed more than seventy per cent in formation of self-help groups. Among Cooperative banks, more SGHs have been in the District Jalandar, Fatehpur Sahib and Hoshiarpur as compared to other districts. So, from the study it can be concluded that in order to raise their income level and also to improve their standard of living, there is

still a long way to go in formation of self-help groups by banks and other development agencies for upliftment of rural farmers and farm women.

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