

ANALYSIS OF THE PROGRESS OF MICROFINANCE UNDER NATIONAL RURAL LIVELIHOOD MISSION (NRLM) SCHEME IN SELECTED PUBLIC SECTOR COMMERCIAL BANKS IN INDIA

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ABSTRACT

The National Rural Livelihood Mission (NRLM) Scheme increase the livelihood level, income level, generate self employment, women financial empowerment and eliminate the poverty from the rural area. The National rural livelihood mission is a programme which promoted by Govt. of India (GoI) for reduce the poverty and make them self reliant. The main objective of the paper is to examine the Savings Progress of Self Help Groups (SHGs) and loan disbursed to Self Help Groups (SHGs) by the Public Sector Commercial Banks under NRLM scheme in India. The statistical tools like Compound Annual Growth Rate (CAGR) is used for analyze the data. The findings of the study indicated that the selected Public Sector Commercial Banks play an important role in National Rural Livelihood Mission (NRLM) scheme for the development of the rural area through the Self Help Groups (SHGs). The Public Sector Commercial Banks held the largest share of loan disbursed in NRLM scheme in India.

Key Words: Savings, Self Employment, Livelihood Level, Income Level and Poverty eliminate.

INTRODUCTION

In the year 1999 the Ministry of Rural Development (MoRD) set up a Swarnajayanti Grameen Swarojgar Yojna (SGSY) the main objective of the SGSY scheme to promote the self employment raise income level for rural poor people. Under this programme established a small enterprise in rural area for the development and providing a loans and subsidy to the poor people for generate self employment. In Swarnajayanti Grameen Swarojgar Yojna (SGSY) the amount of subsidy is 30 percent of the cost of individual enterprise but the maximum limit is 75000 thousand and 50 percent for Self Help Groups (SHGs) but maximum limit for SHGs is 1.25 lakh so that self employemt can be generated by providing financial services to poor people. Later the name of this scheme was changed to National Rural Livelihood Mission (NRLM).

National Rural Livelihood Mission (NRLM) is a very effective scheme for poverty elimination to rural people. The NRLM scheme launched during the year 2011 under the Ministry of Rural Development (MoRD) with the budget of 5.1 billion US dollar by the Government of India. The NRLM is the flagship scheme of the Ministry of Rural Development for rural people. This scheme was promoted by the World Bank. National Rural Livelihood Mission is the world largest programme which improve the livelihood status of the rural poor people. The NRLM provided the microfinance to the Self Help Groups for the women financial empowerment, development and raises the standard of living of the rural people. So that enabling them to uplift their household income level through effective financial services. This programme will reduce the gap between poor and Banks. Public sector commercial banks provide microfinance to the Self Help Groups under the National Rural Livelihood Mission for eliminate the poverty from rural areas. In the year 2019-20 the status of the Banks loan disbursement towards 20.49 lakh SHGs was 52184 crore as against its status in 2018-19 was loan disbursed 33398 crore to 16.5 lakh SHGs in NRLM under microfinace. The saving position of Banks in National Rural Livelihood Mission (NRLM) under microfinance in the year 2019-20 was 14313 with 57.89 lakh SHGs as compared to its position in 2018-19 was 12867 crore to 55.80 lakh SHGs. (Bharat Microfinance Report 2020).

Components of National Rural Livelihood Mission (NRLM)

- ✓ Development the institutional and human capacity.
- ✓ Support livelihood.
- ✓ Support innovation and partnership.
- ✓ Support project implementation.

Microfinance means a financial service provide to the poor people for increase the income level, create a self employment among the members of the Self Help Groups (SHGs) and make them self reliance. Microfinance is a very effective programme which fight for global poverty. The microfinance financial services mostly collateral free.

SELF HELP GROUP (SHGs)

Self Help Group is a small informal group of 10 to 20 people which together from same economic and social background collects their savings and providing this amount to the poor people and members of the SHGs at a lower rate of interest.

REVIEW OF LITRATURE

Kumar Das (2020) analyzed the role of NRLM of cost of living of standard of the schedule cast communities at Dhemaji and Lakhimpur District of Assam. The objective of this to study the socio economic condition of the respondent , to study the Self Help Group impact on schedule cast communities, to study the different factor affect the working of the schedule cast members of the Self Help Groups. The present study based on primary as well as secondary data. The statistical tool simple average method used for analysis the data. The finding of the study indicated that the functioning of the Self Help Group improve the food security and cost of standard of living of the schedule cast member of the self Help Groups in a district.

Yoshoda (2015) evaluated the empowerment of women members of Self Help Group of Cuddalore District, Tamil Nadu through a National Rural Livelihood Mission (NRLM). The present study based on primary as well as secondary data. The study used 120 members of NRLM through a convenience random method. The statistical tools like; mean, standard Deviation and ANOVA test used for analysis the data. The finding of the study indicated that the positive impact of the NRLM programme on the socio-economic condition of the beneficiaries.

Shankar Chatterjee (2016) analyzed activities of Self Help Group under DAY-NRLM at Kolar district of Karnatka. This study based on secondary data. The finding of the study indicated that the DAY-NRLM started before some time with two Self Help Groups formed under DAY-NRLM at kolar district, Maharastra. It was also observed that these two Self Help Groups matured enough and earning increased of SHGs.

Javaid Mir (2017) identified the impact on the women rural SHGs of UMEED scheme (NRLM). The National Rural Livelihood Mission (NRLM) known as UMEED scheme in J&K. The study based on primary data. The study used 100 women Self Help Group randomly selected and data collected through interview. The finding of the study indicated that the 92% poor rural women taken loan from UMEED scheme and uplifts the livelihood level of 80% poor women under the UMEED scheme.

Sangami & kamili (2016) analyzed the impact of microfinance on SHGs in developing countries in special reference to India. The study based on primary as well as secondary data. The used a 301 SHGs those were selected through probability sampling method. The statistical tools like; percentage, average and scaling technique were used for analyzed the data. The finding of the study indicated that the positive impact of microfinance on the microfinance beneficiaries in context of poverty reduction.

Gupta, Sharma & Singh at.el. (2017) analyzed the impact of the income of Self Help Groups (SHGs) beneficiaries of Swarnajayanti Gram Swarozgar Yojna (SGSY) a case study of Etawah district of U.P. The Etawah district involved total 8 blocks out of 1 block selected. In this block only 27 villages covered under SGSY out of 5 villages selected through random sampling for the present study. The present study based on primary data. The statistical tools like; percentage, mean and standard deviation for analysis the data. The finding of the study revealed that the positive impact of the SGSY programme on increase the income level of SHGs beneficiaries.

STATEMENT OF THE RESEARCH PROBLEM

In the present paper, the researcher reviewed many studies which were related to my study but not similar. Therefore we identified the research gap from these studies and made a research problem for the present study. Under the National Rural Livelihood Mission (NRLM) scheme, poor households are connected with Self Help Groups (SHGs). SHGs borrowed the microfinance from the various Public sector Commercial Banks.

RESEARCH METHODOLOGY

The present study used a Compound Annual Growth Rate (CAGR) for analyses the data and infers the results. The time period of the study for last five years which ranging from 2016-17 to 2020-21. The present study based on the secondary data which collected from NABARD and Bharat Microfinance Report. The present study used only 6 Public Sector Commercial Banks which are collected on the basis of convenience random sampling method.

OBJECTIVES OF THE STUDY

- ✓ To analyse the savings progress of SHGs with the Selected Public Sector Commercial Banks under NRLM Scheme in India.
- ✓ To study the status of loan disbursed to SHGs by Selected Public Sector Commercial Banks under NRLM Scheme in India.

The Compound Annual Growth Rate (CAGR) is a very effective tool in measuring the growth rate over the year. The Compound Annual Growth Rate (CAGR) is a mathematical tool which represents the growth rate in the form of percentage.

$$\text{CAGR} = (\text{EV} / \text{BV})^{1/n} - 1$$

EV. = Ending Value, B.V. = Beginning Value n = Number of period

ANALYSIS AND INTERPRETATION OF DATA

In this section, analysis the data is done on the basis of the two important parameters like; Loan disbursement to SHGs by Banks under NRLM scheme and Savings of the SHGs with the Public Sector Commercial Banks under NRLM scheme.

Progress of microfinance under NRLM Scheme in Public Sector Commercial Banks in India.

Table 1 State Bank of India

Year	Loan disbursed to SHGs in NRLM scheme		Savings of SHGs with Bank in NRLM scheme	
	No. of SHGs	Amount (In lakh)	No. of SHGs	Amount (In lakh)
2016-17	46987 (17.49%)	105469 (5.80%)	314861 (38.15%)	93359 (48.51%)
2017-18	96025 (71.83%)	244118 (84.34%)	562706 (58.35%)	139484 (40.35%)
2018-19	147629 (43.22%)	345543 (34.92%)	685703 (19.86%)	166882 (18.02%)
2019-20	439210 (109.57%)	1791077 (165.3%)	823047 (18.34%)	310964 (62.54%)
2020-21	135859 (-117.92%)	271411 (-189.63%)	997643 (21.21%)	348558 (11.46%)

Source: www.nabard.org

Table 1 depicts about the progress under microfinance in NRLM scheme from 2016 -17 to 2020-21. In 2018-19 the Bank disbursement 345543 lakh against to 147629 SHGs has been increased as compared to loan disbursed 244118 lakh over the previous year. The savings of the State Bank of India under microfinance in NRLM scheme in year 2019-20 310964 lakh with 823047 SHGs which increased over the previous year.

Table 2 Bank of Baroda

Year	Loan disbursed to SHGs in NRLM scheme		Savings of SHGs with Bank in NRLM scheme	
	No. of SHGs	Amount (In lakh)	No. of SHGs	Amount (In lakh)
2016-17	1753 (-31.17%)	1306 (-74.35%)	42418 (81.37%)	7922 (57.84%)
2017-18	16506 (841.5%)	11924 (813%)	155285 (266%)	33718 (325.6%)
2018-19	11981 (-27.41%)	13923 (16.76%)	250203 (61.12%)	50039 (48.40%)
2019-20	5600 (-53.25%)	6778 (-51.31%)	214447 (-14.29%)	56444 (12.8%)
2020-21	92911 (1559.12%)	147752 (2079.87%)	530106 (147.19%)	116604 (106.58%)

Source: www.nabard.org

As per table 2 the Compound Annual Growth Rate (CAGR) under microfinance in NRLM scheme of Bank of Baroda during the last five years. In the year 2016-17 and 2019-20 the status of Growth Rate in loan disbursed was negative due to the demonetisation and COVID-19 but in the next year the growth rate was positive. During the year 2016-17 the Growth Rate in saving was 57.84% increased over the previous year.

Table 3 Bank of India

Year	Loan disbursed to SHGs in NRLM scheme		Savings of SHGs with Bank in NRLM scheme	
	No. of SHGs	Amount (In lakh)	No. of SHGs	Amount (In lakh)
2016-17	15454 (-31.47%)	18224 (-68.27%)	119018 (-16.11%)	18131 (-19.40%)
2017-18	28529 (84.6%)	31688 (73.88%)	124824 (4.87%)	31968 (76.31%)
2018-19	27821	20353	134968 (8.12%)	22830

	(-2.48%)	(-35.77%)		(-28.58%)
2019-20	32119 (15.44%)	37236 (82.95%)	164048 (21.54%)	25811 (13.05%)
2020-21	29135 (-9.29%)	27660 (-25.71%)	190922 (16.38%)	29905 (15.86%)

Source: www.nabard.org

Table 3 displayed the progress under microfinance in NRLM scheme of Bank of India from 2016-17 to 2020-21. In year 2019-20 saving position of 25811 lakh with 164048 SHGs as against its position in was 22830 lakh with 134968 SHGs over the previous year. During the year 2019-20 the loan disbursement was 37236 lakh to 32119 SHGs whereas in 2017-18 loan disbursed was 31688 lakh to 28529 SHGs.

Table 4 Bank of Maharashtra

Year	Loan disbursed to SHGs in NRLM scheme		Savings of SHGs with Bank in NRLM scheme	
	No of SHGs	Amount (In lakh)	No. of SHGs	Amount (In lakh)
2016-17	2237 (0 %)	2446 (0%)	87585 (4%)	7538 (52.25%)
2017-18	3439 (53.7%)	3634 (48.56%)	7460 (-91.4%)	1323 (-82.44%)
2018-19	5792 (68.42%)	7032 (93.5%)	8239 (10.44%)	1624 (22.75%)
2019-20	11917 (105.7%)	14894 (111.8%)	8712 (5.74%)	2477 (52.5%)
2020-21	7313 (-38.63%)	8380 (-43.73%)	13388 (53.67%)	3405 (37.46%)

Source: www.nabard.org

Table 4 described the overall progress under microfinance in NRLM scheme of Bank of Maharashtra in the last five years. The loan disbursed by Bank towards SHGs was increased from year to year. In the year 2018-19 the saving position was increased by 1624 lakh with 8239 SHGs over the previous year.

Table 5 Canara Bank

Year	Loan disbursed to SHGs in NRLM scheme		Savings of SHGs with Bank in NRLM scheme	
	No. of SHGs	Amount (In lakh)	No. of SHGs	Amount (In lakh)
2016-17	13717 (-11.7%)	43488 (142.8%)	26691 (-14.28%)	12793 (-43.57%)
2017-18	20812 (51.72%)	48810 (12.23%)	86933 (225.7%)	42858 (235%)
2018-19	46131 (121.2%)	132860 (172.19)	110359 (26.94%)	41291 (-3.65%)
2019-20	44965 (-2.5%)	138263 (4.06%)	127084 (15.15%)	34133 (-17.33%)
2020-21	82049 (82.47%)	199732 (44.45%)	156824 (23.40%)	69189 (102.7%)

Source www.nabard.org

Table 5 exhibits the loan disbursed by Bank to SHGs, Savings of SHGs with Bank under microfinance in NRLM scheme over the specified time period. The Bank loan disbursed of 199732 lakh in the year 2020-21 which was the highest among the five years of the study period. The Saving of SHGs with Bank of 69189 lakh in the year 2020-21 which was the highest during the five years.

Table 6 Central Bank of India

Year	Loan disbursed to SHGs in NRLM scheme		Savings of SHGs with Bank in NRLM scheme	
	No. of SHGs	Amount (In lakh)	No. of SHGs	Amount (In lakh)
2016-17	21222 (32.7%)	17326 (48.9%)	28755 (59.06%)	8798 (122%)
2017-18	22993 (8.34%)	18863 (8.8%)	29971 (4.22%)	9321 (5.94%)
2018-19	13002 (-43.45%)	13463 (-28.6%)	18693 (-37.6%)	5745 (-38.36%)
2019-20	12541 (-3.54%)	16470 (22.33%)	19039 (1.85%)	7163 (24.68%)
2020-21	14630 (16.65%)	17922 (8.81%)	19075 (0.18%)	8446 (17.91%)

Source: www.nabard.org

Table 6 show the progress under microfinance in NRLM scheme of Central Bank of India in the last five years. In the year 2019-20 the condition of the loan disbursement towards SHGs was 16470 lakh as against in 2016-17 which was 17326

lakh to SHGs. The savings position of the Central Bank of India in the year 2019-20 was 7163 lakh with 19039 SHGs as compared to in 2016-17 was 8798 lakh with 28755 SHGs.

MAJOR FINDINGS OF THE STUDY

- ✓ The loan disbursed by Public Sector Commercial Banks to Self Help Groups (SHGs) under NRLM scheme significantly increase year on year. But in the year 2020-21 the loan disbursed was declined due to the covid-19. The Growth Rate of loan disbursed by banks to SHGs was 29 % during the time period of study. The Public Sector Commercial Banks held the largest share of loan disbursed in NRLM scheme in India.
- ✓ The Savings of Self Help Groups (SHGs) with the Public sector Commercial Banks under microfinance in National Rural Livelihood Mission (NRLM) scheme was positively increase during the time period of study. The Growth Rate of saving of SHGs with banks was 31.13% in the last five years.
- ✓ Overall progress of microfinance under NRLM in selected Public Sector Commercial Banks. In the year 2020-21 the position of Public Sector Commercial Banks in loan disbursement was of 672857 lakh towards 361897 SHGs as against in 2016-17 was loan disbursed of 188259 lakh to 101370 SHGs. In 2020-21 the Growth Rate of Banks in loan disbursed was declined over the previous year due to the effect of COVID-19. The saving status of the selected Public Sector Commercial Banks under microfinance in the year 2016-17 was 148541 lakh with 619328 SHGs as compared to in the year 2020-21 was 576107 lakh with 1907958 SHGs .

CONCLUSION

We may be concluding that the NRLM scheme is a wave in the microfinance sector of the country. The National Rural Livelihood Mission (NRLM) programme will prove to be a milestone for India in the coming few years. The programme will be very helpful to achieve the objective of the microfinance through the progress of Self Help Groups (SHGs).

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