

Chapter II

Chapter II : SHGs and Banking Sector Network Profile in Khatav Taluka.

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2.1 Introduction

SHGs- Bank linkage programme has emerged as the biggest micro-finance programme in India. It has enabled about 33 million poor households to gain access to micro-finance facilities from the formal banking system. As a result, cumulative number of SHGs have rapidly increased over the years. The SHGs formed and financed by banks have increased their share in recent years from 13 per cent in March 2001 to 20 per cent by March 2006. Thus the SHGs directly financed by banks is the most successful model accounting more than 74 per cent share in the total SHGs micro finance Institutions linkage programme. The present minor research project aims at understanding and revealing, some of the major problems in SHGs-bank linkage programme launched by NABARD for upliftment of lower income group families and suggesting remedial policy measures, that may be, if implemented rigourously help attaining the very objectives of SHGs-Bank direct linkage model. On that background an attempt has performed to focus on SHGs and banking sector profile in Khatav taluka. It was felt essential to take an account of it, to reveal number of quantitative and also qualitative characteristics of SHGs and banking sector network exists in Khatav taluka. Hence this chapter aims at revealing the SHGs and banking sector profile in Khatav taluka.

2.2 Important Benefits Gained by SHGs- Bank Linkages Model.

Since the inception of Swarnjayanti Gram Swayamrojar Scheme launched in 1999, in Satara district, SHGs movement has captured good deal of progress. Especially women's SHGs movement have rapidly expanded in Satara district. Twenty thousand APL SHGs in the district have availed access of Rs. 15 crore of microfinance from 2005 to 2010 and below poverty line SHGs have availed access of

Rs. 5 crore of microfinance and Rs. 3 crore as subsidy. Actually women has performed major role in expansion of SHGs movement in rural area of Satara district. Upto 2010 there are total 30,475 SHGs, out of it 5030 SHGs includes in below poverty line SHGs and 25445 are of above poverty line SHGs in Satara district.

The phenomenal growth in SHGs has generated and awarded number of benefits to the members of above poverty line and below poverty line SHGs formed in Khatav taluka. At the very outset the SHGs movement has helped organising the women and performing participatory role in dialoging and discussing on number of socio-economic familiar issues among the women SHGs. Secondly the participated women in SHGs movement have understood an importance of performing economy in consumption and allied expenditure and making saving for their better future livelihood. SHGs – bank linkage model has helped acknowledging themselves the nature of banking transactions. Only due to SHGs –bank linkage model and involvement in SHGs of women and male members they visited to banks at first time in their life. SHGs – bank linkage model has helped in availing bank credit to members of lower income group families which has proved gainful in building confidence and co-operative bahaviour among member of SHGs. One of the outstanding success of SHGs –bank linkage programme in Khatav taluka belongs to building need of having economic self-reliance among the women participated in the SHGs movement. Only due to the SHGs movement based on SHGs –bank linkage programme, the male and female members of SHGs have understood the number of government scheme launched for the welfare of lower income group families in general and below poverty line families in particular. The SHGs-Bank linkage model aimed at empowering lower income households in general and poor vulnerable women in particular has captured remarkable success in attaining its objectives.

For the measurement of gain of forming SHGs and keeping it active in performing, some of the important gains and objectives were conveyed to the president and secretary through questionnaire they were asked to reveal it with giving priority numbers. Out of total sample SHGs (president/secretary of SHGs) 62.5 per cent of sample SHGs revealed that it has helped raising the income level of households due to the micro-finance availed to them by micro-finance institutions. While 20 per cent of SHGs president/secretary opinioned that it has helped augmenting the level of saving of households. Only 17.5 per cent SHGs of sample SHGs marked the inability of availability of credit supply to them by micro-finance institutions.

Especially below poverty line SHGs president / secretary expressed their vote of thanks for considering the member of below poverty line as credit worthy in SHGS-bank linkage programme. They expressed that only due to participation in SHGs as members, they have availed the opportunity of having financial assistance by banks and considering them as credit worthy, families in the micro-finance institutions.

2.3 Banking Sector Profile in Khatav Taluka.

In SHGs –Bank linkage model, banks acting as micro-finance institutions stare overall activation of SHGs movement in varied perspective. Hence the very performance of SHGs movement is shaped by quantitative and qualitative perspectives of banking sector network in a particular region. By taking into consideration the pivotal role of banking sector, as micro finance institutions in launching the programme for progress of SHGs movement, in present minor research project, it was felt essential to take account of banking sector profile in Khatav taluka.

According to the secondary sources of data, there are in all 34 branches of nationalised and Satara District Central Co-operative Bank (SDCCB) as micro-finance institutions in Khatav taluka. Out of it, 14 bank branches belongs to co-operative bank (SDCCB). All these branches have launched the SHGs-bank linkage programme in Khatav taluka. Those 34 bank branches have scattered in 160 villages in Khatav taluka. In all existence of 34 bank branch-population ratio in Khatav taluka. It indicates that the ratio is not far below comparing to national and state level bank branches –population ratio. Further phenomenal scattering of bank branches in overall geographical are of and total villages in Khatav taluka indicates bank branch-village ratio 1:4 to 5 villages. The geographical distance of each bank branch from its location ranges between 5 to 8 kilometer. The bank branch – population ratio and bank branch village ratio in Khatav taluka has impacted into not having suitable and convenient access to gain banking services by large number of poor households in Khatav taluka. Still large number of people having willingness to form and join the SHGs movement and to tape gains of SHGs-bank linkage programme have remained deprived of the SHGs movement. The following chart/table highlights the phenomenal banking sector profile in Khatav taluka.

Table No. 2.1**Highlights of Banking Sector Profile in Khatav Taluka.**

1. Total number of Bank Branches : 34
 Out of it, Bank Branches of Nationalised Bank :14
 Out of it, Bank Branches of SDCCB : 20
2. Bank Branches – Population Ratio : 1: 8749
3. Bank Branches – Village Ratio : 1:8
4. Bank Branches – SHGs Formation Ratio : 1: 68.75
 (Co-operative Bank)
- 5 Bank Branches – SHGs Formation Ratio : 1: 25.67
 (Nationalised Bank)
6. Bank Branches – Households Ratio : 1: 1552
7. Bank Branches – BPL Household Ratio : 1:267
8. Bank Branches – Actual BPL, SHGs Formation Ratio : 1: 9:26

2.3.1 Analysis of Table No. 2.1

The table No. 2.1 containing major highlights of banking sector profile focus on number of phenomenal growth perspective of banking sector in general and its achievements relevant to launching SHGs-bank linkage programme in Khatav taluka in particular.

2.3.2 The bank branches- population ratio and also bank branches – village ratio as revealed in Khatav taluka indicates that it is far below than the need of backward and drought prone area like Khatav. As the overall success of SHGs – bank linkage programme and expansion of SHGs movement is highly determined by the

number of bank branches functioning in the particular geographical area, for having rapid expansion of SHGs movement, there emerges the need of enlarging banking sector network in Khatav taluka.

2.3.3 The SHGs – bank linkage programme mainly aims at improving the income level of lower income group households in general and below poverty line households in particular by availing them micro-finance assistance for performing employing based productive enterprising activities. But the bank branches scattered in different area and also centered in particular are of Khatav taluka, due to its limitation in reaching towards below poverty line households have awarded limited gains to such households.

2.3.4 One of the striking aspect of banking sector network profile in Khatav taluka belongs to their meager role in assisting and registering below poverty line SHGs by bank branches. Especially bank branches of Satara District Central Co-operative Bank (SDCCB) have not shown enough enthusiasm in registering the below poverty line SHGs in their branches. Since 2006-07 to 2010-11, all the branches of SDCCB have formed and registered only 54 SHGs belonging to the below poverty line households in Khatav taluka. The below poverty line SHGs formation registration by the branches of SDCCB has revealed annual average growth rate of 0.54 per cent, while it was 51.2 per cent per annum for bank branches of nationalised banks in Khatav taluka. It will take 15 years for availing the opportunity of forming and having registration of all SHGs belonging to below poverty line households at the present rate to cover all the SHGs belonged to below poverty line households. It itself reveals the very slow rate of initiatives being performed by SDCCB and nationalised bank

branches in affording opportunities to below poverty line families participating in SHGs movement in Khatav taluka.

2.3.6 While enquiring about the year to year micro-finance assistance being offered by bank branches to SHGs belongs to above poverty line and below poverty line SHGs, the nationalised banks have shown least response in providing it, due to scattered data maintained by them. So data pertaining to loan given by the nationalised banks to SHGs belonging to below poverty line households as recorded by Panchayat Samittee Vaduj in activating the Swarn Jayanti Gram Swayam Rojgar Schem was taken into consideration. According to that data total loan sanctioned to below poverty line SHGs upto 31st March 2011 was Rs. 139.24 lakh and it was distributed among selected 45 below poverty like SHGs in Khatav taluka.

2.4 Profile of SHGs formation in Khatav Taluka

The SHGs Bank linkage programme is a major plank of the strategy for delivering financial assistance and financial services to the poor and vulnerable group in a sustainable manner. By observing the phenomenal gains arising out of already formed SHGs in varied perspectives rural families are mostly attractig towards the SHGs movement. That has led towards raising the quantitative growth in number of SHGs formation in India. For revealing the phenomenal growth perspectives of SHGs formation and registration in Khatav taluka, the record of the nationalised bank branches and SDCCB branches were taken into consideration. It was further checked and supported by the document of the District Rural Development Agency (DRDA) and Panchayat Samittee Vaduj for avoding the lapses, if any, and avoiding errors in statistical data.

2.4.1 Growth Perspectives of SHGs formation in SDCCB Branches.

For taking review of phenomenal quantitative growth in the SHGs movement, the overall SHGs formation and registration profile in Khatav taluka was felt essential to be considered. Hence, statistical data pertaining to it was gathered by applying primary as well as secondary source of data collection. The total SHGs formed in Satara District Central Co-operative Bank (SDCCB) branches was classified into two categories as SHGs belonging to the above poverty line and below poverty line households in Khatav taluka. The identification of below poverty line families were made on the basis of survey conducted by Government in the year 2002-03.

At present there are in all 20 branches of Satara District Central Co-operative Bank (SDCCB) working in Khatav taluka. Those branches have spread over 160 villages in Khatav taluka. The table no. 2.2 shows the phenomenal progress in the formation and registration of number of SHGs by SDCCB in Khatav taluka.

At present there are in all 20 branches at Satara District Central Co-operative Bank (SDCCB) Ltd. Satara, working in Khatav taluka. Those branches have spread over 160 villages in Khatav taluka. The table No. 2.2 shows the phenomenal progress in the formation and registration of No. of SHGs by SDCCB in Khatav taluka.

Table No. 2.2

The Growth Perspectives in formation of SHGs. (Co-operative Bank)

The Name of SDCCB * Branches	The Total Number of SHGs Formed From 2006 To 2010	The Total Number of SHGS Formed in the year 2010-11	The Total Number of BPL SHGS Formed upto March 2011	Total of Column (2)+(3)
(1)	(2)	(3)	(4)	
Vaduj	234	25	13	259
Pusegaon	51	16	01	67
Mayani	54	14	Nil	68
Pusesavali	80	10	08	90
Khatav	105	04	05	109
Kaledhon	47	02	06	49
Aundh	66	03	03	69
Budh	43	05	Nil	48
Nimsode	43	02	8	45
Kuroli	55	09	02	64
K.Khatav	120	61	05	126
Diskal	30	01	Nil	31
Vadagaon	63	02	02	65
Ambavade	50	01	Nil	51
Chitali	42	04	Nil	46
Palashi	23	03	Nil	26
Vikhale	11	-	Nil	11
Mhasurne	31	01	Nil	32
Chou-Amba	69	02	02	71
Visapur	46	02	01	48
Total	1263	112	54	1375

Source : Regional Development officer, SDCB.Khatav Region – Vaduj.

* SDCCB : Satara District Central Co-operative Bank.

Analysis of Table No. 2.2

The phenomenal growth in the formation of SHGs in all the branches of SDCB are counted from the year 2006/07 to 2010-11. The data pertaining to growth in formation of SHGs in SDCB branches reveals that villages having more than 8000 population (Vaduj, Pusegaon, Mayani, Pusesawali and Khatav, Katar Khatav) have shown substantial progress in the formation of SHGs in Khatav taluka. Out of total 1375 SHGs formation in branches of SDCB, about 52.29 per cent SHGs have formed in only 6 villages out of 160 villages in Khatav taluka. The lower income group households residing in the village having population less than 5000 have less opportunities in formation of SHGs. Out of total 20 SDCB branches in Khatav taluka, 45 per cent branches have attained annual average 4 per cent growth rate in formation of SHGs in their jurisdiction since 2006-07 to 2010-11, while it is more than 6.5 per cent in total 6 villages in Khatav taluka. One striking analysis in table no. 2.2 belongs to the involvement of SDCB branches in the formation of below poverty line SHGs in Khatav taluka. Out of total 1375 SHGs formed in SDCB branches in Khatav taluka, only 54 SHGS i.e. only 3.92 per cent SHGs belongs to the below poverty line households. It indicates that co-operative banks have to take further initiatives in the formation of below poverty line household members. It also indicates that District Central Co-operative Banks in rural area has given more preference in forming and registering SHGs belonging to above poverty line families comparing to below poverty line SHGs formation under their jurisdiction region.

2.4.2 SHGs Formation Perspectives in Nationalised Banks.

At present in all different 4 nationalised banks are functioning with their 13 branches in Khatav taluka. The statistical data of branches of nationalised banks pertaining to their workmanship in registration of SHGs was gathered by questionnaire method and secondary sources of data collection available in the office of Panchayat Samittee Vaduj. For taking review of quantitative growth perspectives in SHGs formation and registration in the branches of nationalised banks data belonging to it was collected for the period 2006-07 to 2010-11.

The total number of SHGs registered in the nationalised banks in Khatav taluka from financial year 2006/07 to 2010/11 were classified as SHGs belonging to the above poverty line households and below poverty line households. The phenomenal quantitative growth perspective in SHGs registration have shown in table No. 2.3 as below.

Table No. 2.3

Growth in SHGs Registration in Nationalised Banks in Khatav Taluka”

Year	Total Number of APL * Registered	Total Number of BPL* SHGs Registered	Total Number of SHGs Registered
1	2	3	(2+3)
2006-07	476	3	509
2007-08	512	48	560
2008-09	762	45	807
2009-10	782	116	898
2010-11	810	19	829
Total	3342	261	3603

Source : Data based on Primary and Secondary sources.

* APL : Above Poverty Line

* BPL : Below Poverty Line

Analysis of Table No. 2.3

By applying primary as well as secondary sources of data collection, the number of SHGs registered in the each nationalised bank branch office was gathered. The questionnaire structured for bank officers has included the questions pertaining to submit the year wise number of SHGs registered in their individual bank since the year 2006-07 to 2010-11. By processing it, year wise total number of SHGs belonging to above poverty line and below poverty line families in all the nationalised bank branches was calculated. The data revealed that, there is rising trend in number of SHGs registered in all the nationalised bank branches functioning SHGs bank linkage model in Khatav taluka. The comparative study of total number of SHGs belonging to above poverty line criterion and SHGs belongs to below poverty line criterion reveals that, the per centage of number of SHGs belongs to below poverty line families is about 8 per cent in total number of SHGs, registered in all nationalised banks branches in Khatav taluka.

It also revealed that, only few nationalised bank branches (Bank of Maharashtra and State Bank of India) have registered about 60 per cent of SHGs, out of total registered SHGs in all the nationalised bank branches. The annual growth rate registration of SHGs in all the nationalised bank has ascending trend.

The bank branch-SHG registration ratio was found as 1:256 for nationalised bank branches, which is substantially higher than the ratio for co-operative bank branches in Khatav taluka.

But one of the striking fact revealed in the data belonging to the efforts performed by all the bank branches was relevant to the registration of SHGs belongs to below poverty line group. The data indicates that bank branch below poverty line

SHGs registration ratio was 1:9 only. It was very low comparing to the number of SHGs registration belonging to the above poverty line criterion.

2.4.3 The Cumulative Growth in Formation of SHGs.

Under SHGs-Bank linkage programme, the SHGs formation and registration was directly belonging to Satara District Central Bank and nationalised bank branches. The progress in number of SHGs formation and registration in those micro-finance institutions was taken into consideration for taking review of phenomenal growth rate of SHGs since 2006-07 to 2010-11. The cumulative growth and cumulative growth rate of SHGs registration in Khatav taluka is shown in table No. 2.4.

Table No. 2.4
The Cumulative Growth in Formation of SHGs.

Year	Cumulative Growth in SHGs formation in SDCCB Branches	Cumulative Growth in SHGs Formation in Nationalised Bank Branches	Total Cumulative Growth and Growth Rate in Per centage	
			TCG*	GRP*
2006-07	64	476	540	-
2007-08	364	988	1352	39
2008-09	824	1750	2554	52.5
2009-10	1154	2532	3686	69.8
2010-11	1375	3342	4717	78

Source : Regional Development officer, SDCCB, Khatav Region – Vaduj

Nationalised Bank Branches in Khatav taluka.

TCG * : Total Cumulative Growth in SHGs

GRP* : Growth Rate in per centage.

The cumulative growth in the formation and registration of SHGs in nationalised and co-operative bank branches in Khatav taluka indicates overall progress since 2006-07 to 2010-11. But its statistical analysis pertaining to cumulative annual growth rate reveals that it has declining trend. The annual cumulative growth rate of registration of SHGs which was 39 per cent in 2006-07, has increased to 78 per cent in the year 2010-11. The comparative study of SHGs registration in SDCCB branches and branches of nationalised bank indicate that the SDCCB branches have lower annual cumulative growth rate than the branches of nationalised bank in Khatav taluka. Since 2006-07 to 2010-11 about 4717 SHGs have formed in Khatav taluka. Taking into consideration the average number of members in each SHGs, in all 47,170 people are covered themselves in SHGs movement in Khatav taluka. On the basis of total population in Khatav taluka as per population census 2011, only 15 per cent population has gained the phenomenal benefits of SHGs movement in Khatav taluka.

2.5 Conclusion

An efficient and effective SHGs-bank linkage programme highly depends on quantitative and qualitative status of SHGs and banking sector network exist in particular area. The phenomenal growth perspectives of SHGs formation and banking sector in Khatav taluka focus on need of enlarging both aspects for having rapid expansion of SHGs movement, for capturing the objectives of inclusive growth strategy targeted in the 11th five year plan.