



Assessing the Resilience of Women SHGs in India: Pre- and Post-Pandemic Comparative Study of Bank Linkage Program

Arghya Mondal¹ & Gargi Bhattacharjee²

¹ Faculty of Economics, Department of Commerce,
Surendranath College, Kolkata.

Corresponding Author - Arghya Mondal

DOI - 10.5281/zenodo.13897218

Abstract:

Exclusive Women Self-Help Group-Bank Linkage Program (SHG-BLP) underscored their critical role in promoting women's economic empowerment and enhancing financial inclusion across India recently. It is a community-based organization specifically designed for women to empower them economically. Exclusive women SHG-BLP in India serve two primary functions: accumulation of savings and the disbursement of formal credit. The accumulation of savings is crucial as it encourages women to cultivate a habit of saving, enhancing their financial stability and fostering a sense of economic independence. This process not only empowers individual women but also strengthens community resilience, as pooled savings can be utilized for various productive needs. In parallel, the disbursement of formal credit plays a pivotal role in enabling women to access financial resources that would otherwise be unavailable to them. By providing loans for entrepreneurial ventures or household expenses, these SHGs facilitate women's participation in the economy, allowing them to generate income and contribute to their families' financial well-being. Our present research emphasizes the importance of formal finances in enhancing women's economic resilience. This study examines the region-wise comparative performance of exclusive women SHG-BLP in 2022-23 compared to 2018-19 based on the Status of Microfinance in India Report, NABARD. We find women-centric SHG growth in India after the Covid-19 scenario.

Key Words: *Self-Help Groups, Bank-Linkage Program, Covid-19, Women Empowerment*

Introduction:

Poverty remains a persistent challenge in both developing and underdeveloped nations worldwide. Countries like India exemplify this struggle, characterized by widespread poverty and a significant proportion of vulnerable households. These households require access to credit to manage their regular consumption needs, initiate new

ventures, purchase agricultural inputs, finance their children's education, address health emergencies, and participate in social celebrations. However, the credit needs of the rural poor are often viewed as modest, unpredictable, urgent, and recurring. Institutional credit agencies frequently hesitate to extend credit to these poor families due to insufficient collateral. Even when collateral is offered, they are

often unwilling to approve small loan amounts. Consequently, many families, facing cash shortages, turn to local moneylenders, who often exploit them with exorbitant interest rates, leading to devastating losses.

Self-help groups (SHGs) serve as a viable solution to these challenges. Self-help groups connected to formal financial institutions tend to diminish members' reliance on informal lending sources (Ramesh, 2023). Residents from the same community come together to form these groups, fostering a deep sense of trust. SHGs collect small savings from their members and channel these funds into productive investments, leveraging local knowledge. Self-help groups address impoverished households' credit needs and empower families to create sustainable improvements within their communities (Ramesh, 2023). SHGs enable members to invest in healthcare, and improved nutrition (Mehta et.al., 2020).

Bangladesh boasts a flourishing Self-Help Group (SHG) movement for the first time, initiated by the microcredit program of Grameen Bank, established in 1980, specifically targeting the most vulnerable segments of society. Nobel laureate and Bangladeshi economist Muhammad Yunus was instrumental in pioneering microcredit and SHGs through Grameen Bank. This groundbreaking endeavor has significantly enhanced the quality of life for many by increasing incomes and improving access to healthcare and education. As of 2020, data reveals that approximately 15.3 million members are actively engaged in 1.1

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million SHGs, with over 80% of the members being female.

However, the origins of self-help groups (SHGs) in India can be traced back to 1972 with the establishment of the Self-Employed Women's Association (SEWA). A significant turning point in the development of SHGs occurred in 1992 when the National Bank for Agriculture and Rural Development (NABARD) launched the formal SHG-Bank Linkage Program. Objective of this program was to refinance rural credit institutions and enabling them to provide cheap and timely credit to farmers, artisans, and rural entrepreneurs. The bank-linked SHG model has been instrumental in addressing multiple facets of women's empowerment, including economic independence, social recognition, and skill development (Rafi, et. al.,2023). SHGs is acting as powerful instruments of women's empowerment after a massive surge of exclusive women-SHG Bank Linkage Program following the expansion of SHGs through National Rural Livelihood Mission (NRLM, 2011) and the National Urban Livelihood Mission (NULM, 2015). The study (Sihag and Varmani, 2022) demonstrated that Self-Help Groups play a vital role in the empowerment of rural women. Following their participation in SHGs, women have experienced positive changes in income, employment, and savings.

According to NABARD, public and private commercial banks, regional rural banks, and cooperative banks are the key participants in the Self-Help Group-Bank Linkage Program (SHG-BLP). In this study, we aim to analyse the region-

wise comparative performance of various formally affiliated exclusive-women SHGs in India in the post-COVID context.

Our study is organized into five sections. Section 1 provides an introduction to self-help groups (SHGs) in India. Section 2 is objective of the study. Section 3 offers a brief review of existing literature. Section 4 presents the data and methodology employed in the research. Section 5 discusses the result, while Section 6 provides the conclusion.

Literature Review:

Some literature examines the influence of Self-Help Groups (SHGs) in India. A study by (Devi, Kumar, and Rede, 2018) revealed that from 1992-93 to 2011-12, commercial banks were the predominant lenders among formally linked SHGs, accounting for nearly 65% of the total loans disbursed by the formal sector. Furthermore, research by (Singha, 2023) indicated that Chandigarh exhibited the highest level of SHG participation among Indian states, while Nagaland had the lowest. In terms of financial support within the formal financing landscape, commercial banks demonstrated superior operational effectiveness in assisting SHGs through the bank-linkage program.

While some literature explores the developmental aspects of Self-Help Groups. (Kom et al., 2024) demonstrate that SHGs play a crucial role in delivering financial services to impoverished and low-income individuals. Additionally, (Srinivas and Banothu, 2024) illustrate that SHGs serve as vital financial instruments for alleviating rural poverty.

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Exploring women empowerment aspects of Self-Help Groups, (Sharma, Bishop, and Grills, 2021) demonstrates that widows in a village in Uttarakhand have gained empowerment through an SHG project. These women, previously marginalized from the formal sector, are now experiencing increased financial autonomy. Similarly, (Suresh et al., 2024) found that in a study of over 50 SHGs in Tiruchirappalli City, women played a crucial role in mobilizing savings and building capital resources. (Kumari et al., 2024) highlighted that SHG loans directed towards productive endeavours, such as vocational training programs, have significantly empowered and uplifted the status of Dalit women in Haryana. (Basak and Chowdhury, 2024) reported that SHGs have played a significant role in empowering women from economically disadvantaged communities by fostering entrepreneurial ventures. Furthermore, (Pundir and Sharma, 2024) illustrated that SHGs represent an effective strategy for enhancing women's entrepreneurial capabilities in India, particularly during the pandemic.

Objectives of the Study:

1. To study the inter-region comparison of growth of exclusive-women SHG-Bank Linkage Program (BLP) in 2022-23 compared to 2018-19.
2. To analyze the region-wise performance of Commercial Banks (CBs), Regional Rural Banks (RRBs), and Co-Operative Banks

(COBs) under exclusive women SHG-BLP.

3. Pre- and post-COVID-19 comparison of exclusive women SHG-BLP in terms of accumulation of savings and disbursement of loans.

Data and Methodology:

For our study, we gathered data from the report of NABARD (Status of Microfinance in India) for the years 2018-19 and 2022-23. This report provides comprehensive data on various aspects of the SHG-Bank Linkage Program (SHG-BLP), including agency-specific outreach, state, and region-wise savings, disbursement of bank loans, and the non-

performing assets (NPA) associated with SHG loans, among other metrics, each year.

We analysed the savings and loan disbursement data for exclusive women's SHG-BLP, categorized by year, agency, and region. To achieve this objective, we compiled regional data from SHG-BLP agencies (including PSU Banks, Private Banks, Regional Rural Banks, and Cooperative Banks) across Central, Eastern, Northeastern, Northern, Southern, and Western India for the years 2018-19 and 2022-23. The proportional and average methods have been employed to assess the regional and agency-specific comparisons of the SHG-BLP Program.

Analysis and Discussion:

Table 1: Year-wise, Region-wise & Agency-wise Share (%) of Number of Bank-Linked Exclusive Women-SHG's to Total Bank-Linked SHG's (in terms of saving accumulation)

Region	PSU Bank		Private Bank		Regional Rural Bank		Co. Operative Bank	
	2018-19	2022-23	2018-19	2022-23	2018-19	2022-23	2018-19	2022-23
Central	59.81	74.54	98.56	97.74	69.85	64.37	78.36	76.79
Eastern	79.36	72.15	97.21	96.61	95.91	95.92	95.82	96.90
North-Eastern	72.76	63.86	75.79	84.41	56.91	88.88	77.30	88.22
Northern	69.67	86.92	99.58	99.01	90.76	92.29	89.27	86.44
Southern	90.22	84.67	98.05	92.64	95.83	97.14	92.90	91.82
Western	74.22	76.23	99.94	98.65	93.39	88.48	84.11	92.59

Source: Computed by Authors using data from Status of Microfinance Report, NABARD

Table 1 clearly indicates a decline in the growth of Public Sector Undertaking (PSU) Bank Linked-Exclusive Women Self-Help Groups (SHGs) from 2018-19 to

2022-23 in the Eastern, Northeastern, and Southern states of India. In contrast, the PSU Bank-Linkage Program achieved notable outreach success in the Central

(14%) and Northern (17%) regions, highlighting regional disparities in the effectiveness of this initiative.

Conversely, Private Bank Linked-Exclusive Women SHGs displayed a predominantly downward trend across all regions, with the notable exception of the Northeast. This region distinguished itself by demonstrating robust growth in Private Banks (11%), Regional Rural Banks (RRBs) (56%), and Cooperative Banks (14%) Linked-Exclusive Women SHGs, underscoring its unique economic dynamics and the effective mobilization of resources for women's empowerment.

For RRBs and Cooperative Bank Linked-Exclusive Women SHGs, most regions exhibited stagnation or decline

from 2018-19 to 2022-23, with the Northeast once again standing out as a beacon of growth. This could be attributed to a combination of factors, including targeted financial interventions, a supportive local ecosystem for women's entrepreneurship, and the effective engagement of community-based organizations that facilitate access to credit.

Overall, the data suggests that while some regions are thriving, particularly the Northeast, others are grappling with challenges that hinder the expansion of women-centric financial initiatives. Addressing these disparities is crucial for fostering equitable financial inclusion across India.

Table 2: Year-wise, Region-wise & Agency-wise Share (%) of Savings of Bank-Linked Exclusive Women-SHG to Total Savings of Bank-Linked SHGs

Region	PSU Bank		Private Bank		Regional Rural Bank		Co. Operative Bank	
	2018-19	2022-23	2018-19	2022-23	2018-19	2022-23	2018-19	2022-23
Central	54.86	73.87	99.19	97.71	65.24	63.44	72.61	72.45
Eastern	76.97	74.87	88.39	95.79	94.20	96.98	94.53	94.63
North-Eastern	72.32	67.71	73.04	72.14	63.81	91.37	73.52	97.52
Northern	67.07	88.34	97.40	99.14	86.31	84.37	85.08	76.65
Southern	92.69	92.68	96.55	91.81	98.33	99.05	88.49	90.95
Western	67.33	73.09	99.73	97.72	92.74	88.52	75.74	98.95

Source: Computed by Authors using data from Status of Microfinance Report, NABARD

In the realm of savings accumulation through the Exclusive Women Bank-Linked Program, Public Sector Undertaking (PSU) Banks achieved notable success in the Central, Northern,

and Western regions during the 2022-23 fiscal year compared to 2018-19 (see Table 2). The growth of savings under the PSU Bank Linkage Program was particularly impressive in the Central

(34%) and Northern (31%) regions, reflecting the effectiveness of targeted initiatives aimed at empowering women through financial inclusion.

Conversely, with the exception of the Eastern states, Private Banks have struggled to position themselves as successful providers of formal finance, as their operations have largely stagnated across most regions of India in the post-COVID landscape. This stagnation may stem from various factors, including heightened competition from more established PSU Banks and a lack of tailored financial products that cater specifically to the needs of women.

For Regional Rural Banks (RRBs) and Cooperative Bank Linked-Exclusive Women SHGs, significant growth was only observed in the Northeast, which

recorded increases of 43% and 32%, respectively. This remarkable performance can be attributed to a supportive local environment for women's financial initiatives, alongside effective outreach and community engagement strategies that resonate with the specific needs of women in this region.

Despite these regional disparities, it is noteworthy that all areas exhibited an upward trend in the average savings of Exclusive Women SHGs. This positive trajectory highlights the growing financial agency of women across India, driven by increased awareness and participation in savings programs. Overall, these findings underscore the importance of tailored financial solutions and targeted outreach to enhance women's economic empowerment nationwide.

Table 3: Year-wise, Region-wise & Agency-wise Share (%) of Number of Bank-Linked Exclusive Women-SHG's to Total Bank-Linked SHG's (in terms of disbursement of Loans)

Region	PSU Bank		Private Bank		Regional Rural Bank		Co. Operative Bank	
	2018-19	2022-23	2018-19	2022-23	2018-19	2022-23	2018-19	2022-23
Central	61.28	96.54	100.00	99.72	93.54	99.19	86.09	95.44
Eastern	67.95	98.14	98.01	99.83	94.65	97.46	95.31	98.41
North-Eastern	73.98	98.41	100.00	99.88	89.80	99.51	97.31	99.87
Northern	62.01	98.43	99.94	99.99	98.93	98.35	85.43	93.23
Southern	85.16	94.77	98.89	89.99	98.72	97.45	95.95	91.65
Western	77.44	93.94	99.90	99.97	99.04	97.78	95.18	97.63

Source: Computed by Authors using data from Status of Microfinance Report, NABARD

While there existed significant regional disparities in the outreach of the

Exclusive Women-Bank Linked Self-Help Groups (SHGs) concerning savings

accumulation, the disbursement of loans by these groups witnessed a remarkable surge across India in the 2022-23 fiscal year compared to 2018-19 (see Table 3). This trend can be attributed to various factors, including enhanced financial literacy and increased awareness of the benefits associated with SHGs, which have empowered women and facilitated their access to credit.

Moreover, the lending patterns of Public Sector Undertaking (PSU) Banks experienced a substantial upturn, particularly following the relaxation of lockdown restrictions. This shift indicates a renewed confidence in the financial ecosystem as institutions adapted to post-pandemic realities and sought to support

economic recovery through increased lending.

Interestingly, despite the robust operation of SHGs in the Southern states, it is noteworthy that all other formal financing avenues, with the exception of those linked to PSU Banks, demonstrated a declining trajectory. This could be attributed to a variety of factors, such as market saturation, reduced demand for conventional loans, or perhaps a shift in borrowers' preferences towards the more accessible and community-focused nature of SHGs. This nuanced landscape highlights the complex interplay between regional economic conditions and the evolving dynamics of financial inclusion in India.

Table 4: Year-wise, Region-wise & Agency-wise Share (%) of Loan Disbursement of Bank-Linked Exclusive Women-SHGs to Total Loan Disbursement of Bank-Linked SHGs

Region	PSU Bank		Private Bank		Regional Rural Bank		Co. Operative Bank	
	2018-19	2022-23	2018-19	2022-23	2018-19	2022-23	2018-19	2022-23
Central	62.96	96.46	100.00	99.87	94.52	99.05	90.71	96.37
Eastern	69.65	97.89	98.26	99.90	90.52	97.52	95.57	98.55
North-Eastern	73.90	97.81	100.00	99.85	88.54	99.41	97.52	99.86
Northern	65.46	94.45	100.00	99.98	98.37	98.18	87.96	93.86
Southern	91.07	92.94	98.62	97.13	97.88	99.49	95.68	95.65
Western	77.65	94.47	99.79	99.97	98.74	98.71	94.65	98.97

Source: Computed by Authors using data from Status of Microfinance Report, NABARD

All regions demonstrated an upward trend in the average propensity to take out loans between the periods of 2018-19 and 2022-23. Table 4 illustrates a

women-centric growth in Self-Help Groups (SHGs) concerning loan disbursement in the post-COVID landscape, providing clear evidence that

women in India have become more financially empowered in 2022-23 compared to the pre-COVID era.

Recent data from the Periodic Labour Force Survey (PLFS) reveals that the female worker population ratio (WPR) surged to 27% in 2022-23, a notable increase from 16.5% in 2017-18. Furthermore, women's participation in the labour force has risen to 37% in 2022-23, compared to the figures from 2017-18. These statistics collectively indicate a significant advancement in the role of women in the workforce, underscoring their growing influence and contributions to the economy.

This shift can be attributed to a combination of factors, including increased access to financial resources through SHGs, targeted government policies promoting gender equality, and a broader societal recognition of women's capabilities in various professional domains. As a result, women are not only gaining financial independence but are also making meaningful strides toward achieving economic parity, thereby transforming the socio-economic landscape in India.

Conclusion:

Based on our empirical study, we found that while the success of the exclusive women's PSU Bank-linked SHG program in accumulating savings is primarily concentrated in the Central and Northern regions of India, it has achieved significant success in providing credit on a nationwide scale, especially in the post-COVID context. Public Sector
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Undertaking (PSU) banks are playing a crucial role in extending credit, particularly to exclusive women Self-Help Groups (SHGs). Notably, apart from the Eastern region, private banks are not perceived as trustworthy financial institutions for savings accumulation among these groups.

Furthermore, there has been a marked transformation within exclusive women SHGs in the northeastern states, evident in both the increased accumulation of savings and heightened demand for loans following the COVID-19 pandemic. Although disparities in savings accumulation persist across regions, the widespread disbursement of loans reflects a significant nationwide trend. Additionally, the increased participation of exclusive women SHGs and the corresponding rise in loan disbursement directly illustrate the growth of women-centric SHGs in the aftermath of the pandemic. The observed patterns of savings and credit indicate a shift towards greater empowerment of women in the financial landscape, highlighting the need for continued support and targeted policies to bridge regional disparities. By fostering an environment where women can confidently access financial services, we can further enhance their economic resilience and contribute to broader societal growth.

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