

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1393
ANSWERED ON:04.03.2011
LOANS TO SHGS
Hazari Shri Maheshwar

Will the Minister of FINANCE be pleased to state:

(a): the number of Self Help Groups (SHGs) and women SHGs which have been sanctioned loans by Banks during the last three years and the current financial year in the country, State-wise including Bihar; and

(b): the steps taken/being taken by the Government to encourage SHGs to avail the credit benefits?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The SHG-Bank Linkage Programme was launched by NABARD in 1992, by synthesizing the formal financial system and informal sector. At present, a large number of Self Help Promoting Institutions (SHPs), the banking agencies and Microfinance Institutions (MFIs) are pursuing this programme for upliftment of the poor. The programme is also the main contributor towards the financial inclusion process in the country. As on 31 March 2010, there were more than 69.53 lakh saving-linked SHGs and more than 48.51 lakh credit-linked SHGs and thus about 9.7 crore poor households have been covered under the programme.

The data in respect of SHGs and Women SHGs which have been sanctioned loans by bank during the last three years is placed at Annex.

The State-wise data in respect of SHGs which have been disbursed loan by banks during the last three years is given at Annex I.

The following are some of the initiatives that have been taken to encourage bank lending to SHGs, including women SHGs.

(i) To give an impetus to microfinance the Reserve Bank of India (RBI) has categorized microfinance under priority sector lending and lending to SHGs has been brought under advances to weaker sections in priority sector lending. Once SHGs attain maturity in handling their own resources, Banks grade them and extend credit to the qualified Groups in multiples of their savings.

(ii) RBI has permitted banks to use the services of Non Governmental Organizations (NGOs)/SHGs, Micro Finance Institutions (MFIs) and other Civil Society Organisations as intermediaries in providing financial and banking services through Business Facilitator (BF) and Business Correspondent (BC) models.

(iii) RBI has advised banks to provide adequate incentives to their branches for financing SHGs.

(iv) NABARD extends refinance to Banks for on lending to SHGs at a rate of 8.25 % p.a. to commercial banks [7.75% p.a. for financing in NER including Sikkim] and at 7.75% p.a. to RRBs and Cooperatives (subject to periodic revision).

(v) NABARD has introduced training and capacity building of SHGs / grading of SHGs, etc.

(vi) A Microfinance Development and Equity Fund has been set up in NABARD with a corpus of Rs. 200 crore. This corpus has been enhanced by another Rs. 200 crore in the Financial Year 2010-11.