



## Outcome of SHG Bank Linkage Project

**For Prelims:** [RBI](#), [NABARD](#), [Self-Help Group \(SHG\)](#), [Bank Sakhis](#), [Core Banking Solution \(CBS\) database](#), [DAY-NRLM](#), [Revolving Fund and Community Investment Fund](#), [Start-up Village Entrepreneurship Programme \(SVEP\)](#)

**For Mains:** Significance of SHG Bank Linkage Project, Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM), Government Policies & Interventions .

**Source:** [PIB](#)

### Why in News?

Recently, the Union Minister of State for Rural Development, in a written reply in Rajya Sabha has given information about **Self Help Group (SHG) Bank linkage (BL)**.

- In **2019**, the **International Initiative for Impact Evaluation** assessed **DAY-NRLM**, finding a **19% income boost** and a **28% increase in household savings** compared to the baseline.
  - The study spanned nine states: **Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Uttar Pradesh, and West Bengal.**

### What is Self Help Group (SHG) Bank linkage (BL) Project?

- **About:**
  - The **SHG BL Project** was launched by [NABARD](#) in **1992** and has blossomed into the **world's largest microfinance project**.
  - Under this **programme**, banks were allowed to open **savings accounts** for [SHGs](#).
- **Components:**
  - Training and sensitization of **Bank Branch Managers**
  - Training and positioning of **Bank Sakhis** at **Rural Bank Branches**
  - Initiate **Community Based Repayment Mechanism (CBRM)** at **Rural Bank Branches**
  - **Credit Linkage of SHGs**
- **Key Factors for SHG-BL's Success:**
  - Annual issuance of a Master Circular by [RBI](#) and [NABARD](#).
    - Specification of minimum loan amounts for each [Self-Help Group \(SHG\)](#) with provisions being modified as needed to meet the scheme's requirements.
  - Regular training of staff and community cadres under **State Rural Livelihoods Missions (SRLMs)** to enhance their capacity.
  - Financial education for **Self Help Group (SHG) members** through trained **Financial Literacy Community Resource Persons (FLCRPs)** at the village level.
  - [Bank Sakhis](#), trained members from **SHGs** who act as intermediaries, aiding SHG members in transactions and application processes.
  - A web portal was created to overcome **information asymmetry** in **SHG-Bank Linkage**, incorporating data directly from Banks' [Core Banking Solution \(CBS\) database](#).
- **Status of Bank Loans:**

- The Bank loans to the tune of Rs. 7.68 lakh Crore have been accessed by SHGs since FY 2013-14.

## What is Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM)?

### ▪ About:

- It is a **Centrally Sponsored Programme**, launched by the **Ministry of Rural Development** in **2011**.
- It aims to **eliminate rural poverty** through the promotion of multiple livelihoods and improved access to financial services for the **rural poor households** across the country.

### ▪ Functioning:

- It involves working with community institutions through community professionals in the spirit of **self-help which is a unique proposition of DAY-NRLM**.
- It impacts livelihoods by
  - Mobilizing rural households into SHGs.
  - Organizing one-woman member from each **rural poor household** into SHGs
  - Providing training and **capacity building to SHG members**
  - Providing access to financial resources from their own institutions and banks.

### ▪ Sub Programs:

- **Mahila Kisan Sashaktikaran Pariyojana (MKSP)**: It aims to promote agro-ecological practices that increase women farmers' income and reduce their input costs and risks.
- **Start-Up Village Entrepreneurship Programme (SVEP)**: It aims to support entrepreneurs in rural areas to set up local enterprises.
- **Aajeevika Grameen Express Yojana (AGEY)**: It was launched in August 2017, to provide safe, affordable and community monitored rural transport services to connect remote rural villages.
- **Deendayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY)**: It aims at building placement-linked skills of the rural youth and placing them in relatively higher wage employment sectors of the economy.
- **Rural Self Employment Institutes (RSETIs)**: DAY-NRLM, in partnership with 31 Banks and State Governments, is supporting Rural Self Employment Institutes (RSETIs) for skilling rural youth to take up gainful self-employment.

## UPSC Civil Services Examination Previous Year Questions (PYQs)

### Prelims

**Q.** How does the National Rural Livelihood Mission seek to improve livelihood options of rural poor? (2012)

1. By setting up a large number of new manufacturing industries and agribusiness centres in rural areas
2. By strengthening 'self-help groups' and providing skill development
3. By supplying seeds, fertilizers, diesel pump-sets and micro-irrigation equipment free of cost to farmers

**Select the correct answer using the codes given below:**

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

**Ans: (b)**

**Mains**

**Q.** “The emergence of Self-Help Groups (SHGs) in contemporary times points to the slow but steady withdrawal of the State from developmental activities”. Examine the role of the SHGs in developmental activities and the measures taken by the Government of India to promote the SHGs. **(2017)**

**Q.** The Self-Help Group (SHG) Bank Linkage Programme (SBLP), which is India’s own innovation, has proved to be one of the most effective poverty alleviation and women empowerment programmes. Elucidate. **(2015)**

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