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THREE DECADES OF EMPOWERMENT: A STATISTICAL ASSESSMENT OF SHG–BANK LINKAGE GROWTH AND CREDIT RELATIONSHIP IN INDIA (1992–2024)

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The Self-Help Group (SHG) Bank Linkage Programme has emerged as one of India's most successful models for promoting financial inclusion and rural empowerment, particularly among women. This study aims to analyze the growth pattern and interrelationship among three major indicators of the programme the number of SHGs provided with bank loans, the total volume of bank credit disbursed, and the average loan per SHG during the period 1992–2024. Using secondary data sourced from national reports and institutional publications, the study employed descriptive statistics and Pearson's correlation analysis at a 5% level of significance to assess the strength and direction of relationships among these variables. The study concludes that the SHG–Bank Linkage Programme has not only deepened institutional credit outreach but also contributed significantly to women's economic empowerment and inclusive rural development in India.

KEYWORDS : ***Self-Help Group, SHG,NABARD, Bank Linkage, India***

INTRODUCTION

Every developing country's fundamental objective of development is to reduce and alleviate poverty and maintain social stability. In India poverty means large consequences of unemployment, underemployment and lack of adequate income generating opportunities. To solve this challenge and to find out solution successive Five-Year Plans of the Government of India have introduced a series of targeted development programmes. Among these initiatives, the Swarnajayanti Gram Swarozgar Yojana (SGSY), launched on 1st April 1999 during the Ninth Five-Year Plan (1997–2002), marked a significant policy intervention. The SGSY reduce poverty by promoting sustainable income generation activities among the rural poor through the establishment of Self-Help Groups (SHGs). The programme run under the yojana by adopted a credit-cum-subsidy model, which is mutually funded by the Centre and the States in the ratio of 75:25. Establishment of Self-Help Group (SHGs) in India purely inclusion of microfinance and finance. SHGs have emerged as community-based organisation which not only promote savings and access to credit but also play a vital role in women's empowerment, social mobilization, and grassroots development.

In India major institutional support for SHGs came with the establishment of NABARD in 1982. As the apex development bank, NABARD recognized the potential of group-based credit and began promoting SHG formation across rural India. By facilitating rural credit and encouraging banks to link with SHGs, NABARD gave legitimacy to these community institutions. The Malegam Committee Report of 2011 provided a regulatory framework for microfinance institutions, by emphasizing transparency, borrower protection, and limits on over-indebtedness, the report highlighted values that were already embedded in the SHG model.

REVIEW OF LITERATURE

Satya Sundaram (2001) has observed that the self-help groups have developed in a direction to help the rural poor, particularly women in securing inputs like credit and other services. The self-help group is a small organization of people which are belonging to similar social economic characteristics and residing in the same locality. Hans Dieter Seibel and Shyam Khadka (2002) found that SHGs and banks both are enter into commercial relations for mutual benefit, with low bank and client transaction costs and low risks. Malcolm Harper (2002) stated that the numbers of SHGs allied each year in the rest of India has grown from 12,100 in 1998-1999 to 1,22,000 in 2001-2002. The average growth rate of all over 100% per year. It was also found that some NGOs which are benefited from the NABARD incentive scheme provide no further follow up support to SHGs three months after disbursement of the first loan, because they will receive no further incentives after this

date. In another study Ranjula Bali Swain and Fan Yang Wallentin (2007) stated that microfinance programs like the Self-Help Bank Linkage Program in India have been increasingly promoted for their constructive economic effect and it helps to empower women in great extent.

Amarender Reddy and Dharm Pal Malik (2011) stated in their study that Self Help Groups (SHGs) have become the important aspect of development process including microfinance. SHG–Bank Linkage Program (SBLP) launched in 1992 to promote formal and informal financial system. Under this scheme Suvida Dhata/NGOs was appointed by local administration to coordinate the process of SHG formation and strengthening. Madhusudan Gosh (2012) reviewed the improvement in the social empowerment of women members over a period after their joining SHGs. B. Revathy and M. Kailash (2014) supports these findings by highlighting the untapped potential of women in the areaThe importance of SHG bank-linkage programmes in fostering financial inclusion and empowering women, suggesting that continued support and active participation are key to their success. S Geetha and S. Babu (2016) stated major findings of their study that SHGs have made a great impact on the lives of the women particularly in the rural areas of India. The above all finding SHGs have been showing the way ahead to improve the poverty of India along with women empowerment.

Danish AhmadI, Itismita Mohanty, Laili Irani, Dileep Mavalankar, Theo Niyonsenga (2020) found in their study that microfinance programs essential to study their inclusion and retention strategies in favor of deprived household by using multidimensional indicators. Neha Kumar, Kalyani Raghunathan, Alejandra Arrieta, Amir Jilani and Shinjini Pandey (2021) The SHGs are platforms that are primarily used for facilitating savings and credit activities among group members. Not only the financial benefits of belonging to an SHG, but also the network effects of these groups are empowering in themselves, especially for rural women with limited social contacts and access to information.

OBJECTIVE

To analyse the relationship between the number of Self-Help Groups (SHGs) provided with bank loans, the total bank loan amount disbursed, and the average loan per SHG during 1992–93 to 2023–24.

HYPOTHESIS

Null Hypothesis (H_0)

There is no significant relationship among the number of SHGs provided with bank loans, the total bank loan amount disbursed, and the average loan per SHG.

Alternative Hypothesis (H_1)

There is a significant positive relationship among the number of SHGs provided with bank loans, the total bank loan amount disbursed, and the average loan per SHG.

RESEARCH METHODOLOGY

The present study utilises multiple datasets of NABARD specifically from 1992-2024 sourced from various outlets. To verify above objective and test the hypothesis, Karl Pearson's correlation Coefficient (r) was applied. This test was chosen because it measures the strength and direction of the linear relationship between continuous variables.

The following pairs of variables were examined:

1. Number of SHGs and Total Bank Loan amount
2. Number of SHGs and Average Loan per SHG
3. Total Bank Loan amount and Average Loan per SHG

The level of significance was set at 5% ($p < 0.05$) for testing statistical significance.

ANALYSIS AND INTERPRETATION

Progress of SHG- Bank Linkage in India Since Inception

Year	No. of SHGs Provided with Bank Loan	Bank Loan (₹ in Lakhs)	Average Loan per SHG (₹ in Lakhs)
1992-1993	225	29	11,373
1993-1994	364	36	9,863
1994-1995	1502	179	11,917
1995-1996	2635	362	13,738
1996-1997	3841	578	15,048
1997-1998	5719	1,192	20,843
1998-1999	18678	3,331	17,834
1999-2000	81780	13,591	16,619
2000-2001	149050	28,789	19,315
2001-2002	197653	54,547	27,597
2002-2003	255882	1,02,234	39,954
2003-2004	361731	1,85,553	51,296
2004-2005	539365	2,99,425	55,514
2005-2006	620109	4,49,909	72,553
2006-2007	1105749	6,57,039	59,420
2007-2008	1227770	8,84,926	72,076
2008-2009	1609586	12,25,351	76,128
2009-2010	1586822	14,45,330	91,083
2010-2011	1196134	14,54,773	1,21,623
2011-2012	1147878	16,53,477	1,44,046

2012-2013	1220065	20,58,536	1,28,650
2013-2014	1366421	24,01,736	1,75,768
2014-2015	1626238	27,58,231	1,69,608
2015-2016	1832323	37,28,690	2,03,495
2016-2017	1898120	38,78,116	2,04,314
2017-2018	2261132	47,18,587	2,08,683
2018-2019	2698400	58,31,763	2,16,119
2019-2020	3146002	77,65,935	2,46,851
2020-2021	2887394	58,07,068	2,01,118
2021-2022	3398267	99,72,923	2,93,471
2022-2023	4295521	1,45,20,023	3,38,027
2023-2024	5482152	2,09,28,587	3,81,758

Source: NABARD report: Status of Microfinance in India (1992 -2024)

The minimum values observed in the data are 255 SHGs linked and ₹29 lakh loan disbursed in 1992–93, with an average of ₹11,373 per SHG highlight the cautious beginning and pilot nature of the programme. In contrast, the maximum values 54,82,152 SHGs, ₹2,09,28,587 lakh in loans, and an average of ₹3,81,758 per SHG demonstrate the programme's exponential growth over three decades. Total loans have increased over 72,000 times, the number of SHGs over 21,500 times, and the average loan per SHG over 33 times, clearly indicating the programme's transformation into a nationwide mechanism for rural financial inclusion. The data also reflects key growth patterns. Periods of rapid expansion, such as 1999–2001 and 2015–2020, indicate focused government and banking interventions, while minor fluctuations in the average loan per SHG show adjustments in lending strategies and operational consolidation. The steady increase in the average loan per SHG from ₹11,373 in 1992–93 to ₹3,81,758 in 2023–24 demonstrates that SHGs have become more creditworthy, capable of handling larger financial responsibilities, and better organized in repayment and management. Overall, the SHG–Bank Linkage Programme has succeeded in providing institutional credit to millions of rural households, supporting income-generating activities, and empowering women. The programme has combined broad outreach with increasing loan sizes, contributing significantly to rural development, poverty alleviation, and socio-economic empowerment. The numerical data clearly reflects both the breadth (scale of SHGs) and depth (loan amounts) of the programme, making it a critical instrument in India's efforts toward inclusive growth and financial empowerment.

Descriptive statistics of SHG-Bank Linkage in India

	Mean	Std. Error	Std. Deviation	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
No. of SHGs	1319516.81	244813.416	1384873.814	1.264	.414	1.461	.809
Total Bank Loan	2900963.94	831497.271	4703658.870	2.514	.414	6.927	.809
Average Loan per SHG	116115.69	18501.333	104659.343	.909	.414	-.005	.809

Source: Author's Calculation

The descriptive results reveal the considerable growth in India's SHG–Bank linkage performance. The mean number of SHGs linked with banks was 13.20 lakh (SD = 13.85 lakh), indicating extensive outreach but uneven expansion over the years. The positive skewness (1.26) and kurtosis (1.46) recommend a right-skewed distribution, reflecting rapid growth during the all 32 years. The total bank loan averaged ₹29.01 lakh crore (SD = ₹47.04 lakh crore), with high skewness (2.51) and kurtosis (6.93), implying a few years of exceptionally high loan disbursement. The average loan per SHG stood at ₹1.16 lakh (SD = ₹1.05 lakh), showing moderate variation and a consistent upward trend. All these statistics indicates rapid but uneven financial deepening of the SHG–Bank linkage programme across the period.

Correlation Analysis

Relation	Pearson Correlation	Sig. (Two-tailed)	95% Confidence Level	
			Lower	Upper
No. of SHGs – Total Bank Loan	0.945	0.00	0.890	0.973
No. of SHGs – Average Loan per SHG	0.964	0.00	0.927	0.982
Total Bank Loan - Average Loan per SHG	0.910	0.00	0.822	0.956

Source: Author's Calculation

Above Table presents the Pearson correlation coefficients and 95% confidence intervals among the study variables. All correlations were positive, strong and statistically significant at the 0.05 level ($p < 0.05$). The 95% confidence intervals for all correlation coefficients lie well above zero, confirming the stability and reliability of these associations.

- The correlation coefficient of 0.945 between the number of SHGs and total bank loan amount reveals a very strong positive relationship, indicating that as the number of SHGs financed by banks increased, the total loan disbursed also grew proportionally.
- The correlation of 0.964 between the number of SHGs and the average loan per SHG shows an even stronger positive

association, suggesting that the widening of SHG coverage was accompanied by higher credit flow per group.

- Likewise, the correlation of 0.910 between the total bank loan and the average loan per SHG also signifies a highly positive and significant relationship, implying that as total credit expanded, the average size of loans extended to SHGs also increased.

FINDINGS AND IMPLICATIONS

The correlation analysis reveals a strong and statistically significant positive relationship among the three major indicators of the SHG–Bank Linkage Programme the number of SHGs provided with bank loans, the total volume of bank lending, and the average loan per SHG at the 5% level of significance. The high Pearson correlation coefficients (r = 0.945, 0.964, and 0.910) clearly indicate that the expansion in the number of SHGs has been closely accompanied by a corresponding rise in total bank credit flow and in the average size of loans extended to SHGs.

This pattern reveals that the programme has achieved balanced and sustainable growth, where institutional financial support has kept pace with the growing outreach of SHGs. The rising credit intensity per group implies enhanced trust and confidence of banks in the SHG movement, reflecting the groups' improved repayment performance and creditworthiness.

These results have significant implications for policy and practice. The strong correlations suggest that expanding SHG membership can effectively stimulate rural credit growth, promoting financial inclusion and women's economic empowerment. Policymakers should therefore continue to strengthen SHG–Bank linkage mechanisms through increased access to credit, simplified lending procedures, and capacity-building initiatives to sustain the momentum of inclusive rural development in India.

CONCLUSION

The correlation analysis of the SHG–Bank Linkage Programme during the period 1992–2024 clearly establishes a strong, positive, and statistically significant relationship among the number of SHGs linked with banks, the total volume of bank loans disbursed, and the average loan per SHG. The findings indicate that as the number of SHGs increased, both the total credit extended and the average loan size also grew proportionately, reflecting a mutually reinforcing and consistent pattern of growth.

This result underscores the success of the SHG–Bank Linkage Programme as an effective mechanism for promoting financial inclusion, strengthening rural credit systems, and empowering women at the grassroots level. The rising trend in credit flow and loan size per group suggests improved institutional confidence in SHGs and enhanced financial management capacity among rural women.

Overall, the analysis confirms that the programme has transitioned from a small-scale microfinance initiative to a comprehensive movement of economic participation and empowerment. The strong statistical relationship among key variables highlights the need for continued policy support, capacity-building, and credit facilitation measures to ensure that the momentum of SHG-led financial inclusion continues to contribute to India's broader goals of inclusive and sustainable rural development.

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