



MICRO FINANCE THROUGH SHG-BANK LINKAGE PROGRAMME

–AN EVALUATIVE STUDY OF ASSAM

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ABSTRACT

Widespread poverty is a stable crisis and poverty alleviation has been a key component in development plan. Poverty is a complex set of problems, and that poverty alleviation can only be accomplished by a portfolio of policies and programs customized to explicit aspects of the problem. It recognizes that poverty alleviation efforts must reflect the best practices in public management, including the specification of concrete goals, the assessment of the strategies and the ability to learn and improve. Formulation of programmes to mitigate poverty essentially requires knowledge of what are now recognised as enormously complex causes. Empirical identification of these causes is a formidable task because of the conceptual issues involved in defining the many dimensions of poverty, the data constraints in measuring its incidence and econometric problems in estimating the relationships between the casual factors and poverty levels. The development of the concept of Self Help Group was one of the most prominent poverty alleviation programmes. This paper focuses on the status of micro finance through SHG bank linkage programme in Assam.

Key Words: Micro Finance, Self Help Groups, Poverty Alleviation

INTRODUCTION

Widespread poverty is a stable crisis and poverty alleviation has been a key component in development plan. Poverty is a complex set of problems, and that poverty alleviation can only be accomplished by a portfolio of policies and programs customized to explicit aspects of the problem. It recognizes that poverty alleviation efforts must reflect the best practices in public management, including the specification of concrete goals, the assessment of the strategies and the ability to learn and improve. (*Ministry of Women and Child Development*)¹

In fact poverty alleviation is often used as a short-hand for promoting economic growth that will permanently lift as many people as possible over a poverty line. (*Barder, 2009*)² Poverty is a condition in which income is insufficient to meet substantial needs. Thus, the level of living may be considerably lower than what is deemed to be the adequate standard of living. In some cases, poverty is the inability of a family to have the following: basic needs like food, water, shelter etc.; at least basic education, health services and minimum income. Poverty alleviation usually refers to efforts aimed at reducing the magnitude of "poverty" defined in terms of the proportion of the population living below the poverty line. (*Ekwuruke, 2005*)³



Poverty alleviation programme have to be viewed in the wider perspective of socio economic transformation of the country. Improvement of literacy and education both through formal and non-formal means and the imaginative use of various mass media for communicating useful information and knowledge as well as for changing the outlook of the people by instilling in them the egalitarian spirit the urge for a confidence in achievement of self-betterment through cooperative endeavor are essential for speeding up the process of socio economic transformation resulting in the alleviation of poverty to a great extent. (*Singh &Nayak, 1997*)⁴

The elimination of poverty is a key concern of all those interested in the development of poor countries, and now provides the main justification for promoting economic growth and development. The central objective of the Millennium Goals, agreed by 149 countries at the UN Millennium Summit in New York, is the halving of poverty by 2015. In official discourse – for example, by the World Bank and major donors – almost every policy is currently assessed in relation to its impact on poverty, ranging from debt relief to macro-economic stabilisation³. Ironically while the objective of poverty reduction currently has overwhelming support, particularly among the donor community, there is increasing debate about what this objective means. (*Ruggeri, et al, 2003*)⁵

Concern for poverty in India has always been universal but after colonial rules, interest in poverty got momentum at first slowly and then by leaps and bounds. This was due to the realization that there was nothing divine about poverty, that it was man made. This realization acted like a catalyst and fused the aspirations of masses (poor and non-poor) into a definite programme of actions against poverty. During the early phase of the process of socio economic transformation of Indian society, it was assumed that economic growth by itself will lead to the reduction in the incidence of poverty. However, around senetics it was felt that the benefits of growth have shared inequitably and therefore special efforts need to be made to supplement the growth process by developing special programmes to cater to the need and development of identified groups. Formulation of programmes to mitigate poverty essentially requires knowledge of what are now recognised as enormously complex causes. Empirical identification of these causes is a formidable task because of the conceptual issues involved in defining the many dimensions of poverty, the data constraints in measuring its incidence and econometric problems in estimating the relationships between the casual factors and poverty levels. (*Sarma, 1990*)⁶The development of the concept of Self Help Group was one of the most prominent poverty alleviation programmes.

In the early stages, NGOs played a pivotal role in innovating the SHG model and in implanting the model to develop the process fully. In 1987, NABARD took an initiative to serve the low-income population of the country with financial services in cost effective manner. This led to the development of a relationship between the informal self-help groups and the formal banking system. The bank provides loan to the groups for various financial activities. Later on, NABARD formally launched the SHG-Bank linkage programme as a pilot project in 1992 with the support of the Reserve Bank of India. (*Das &Tiwari, 2012*)⁷

OBJECTIVES

The objective of the present study is to examine the performance of the SHG Bank Linkage Programme in the state of Assam.

SCOPE

The study has been made for the period from 2007-08 to 2012-13



METHODOLOGY

The study has been conducted on the basis of secondary sources of information like various reports of NABARD, books, journals and periodicals.

CONCEPT OF SHG

SHG is “a small voluntary association of poor people preferably having the same socio-economic background. They come together for the purpose of solving their common problems through self-help and mutual help. These groups may be registered or unregistered. The members of these groups save small amounts regularly and mutually agreeing to contribute to a common fund to meet their emergency needs on mutual help basis.” (Vasanthakumari, 2011)⁸

An SHG has an average size of about 15 people from a homogeneous class. They come together for addressing their common problems. They are encouraged to make voluntary thrift on regular basis. They use these pooled resources to make small interest bearing loans to their members. The process helps them imbibe the essentials of financial intermediation including prioritization of needs, setting terms and conditions and accounts keeping. This gradually builds financial discipline in all of them. They also learn to handle resources of a size that is much beyond individual capacities of any of them. The SHG members begin to appreciate that resources are limited and have a cost. Once the group shows this mature financial behavior, banks are encouraged to disburse loans to the SHGs in certain multiples of the accumulated savings of the SHG. The bank loans are given without any collateral and at market interest rates. The groups continue to decide the terms of loans to their own members. Since the group’s own accumulated savings are part and parcel of the accumulated loans made by the groups to their members, peer pressure ensures timely repayments. (MCID, NABARD)⁹

SHG BANK LINKAGE PROGRAMME AND NABARD IN ASSAM

The initiative of NABARD to make the traditional and formal banks to extend financial services to deprived sections through informal Self Help Groups (SHGs), has now flourished into a monument. It has now been recognised as a decentralised, cost effective and fastest growing Micro Finance initiative in the world, enabling over 103 million poor households’ access to a variety of sustainable financial services from the banking system by becoming members of nearly 8 million SHGs. The linkage with banks has provided the members of the Groups the facility of not only pooling their thrift /savings and access to credit from the banking system, but also created a platform through which they could launch a number of livelihood initiatives and also facilitate the empowerment process.

The development planners including the Government of India and the State Governments also recognised the real potential of the SHG movement in development of the poor and it was made an essential ingredient of all poverty alleviation programmes of the Government. The small beginning of linking only 500 SHGs to banks in 1992, had grown to over 0.5 million SHGs by March 2002 and further to 8 million SHGs by March 2012. (*Status of Micro Finance in India, 2011-12*)¹⁰

Microfinance movement has unfortunately started very late in Assam. It is only from 1997-98 that microfinance movement had really begun and has been rapidly picking up since then. The growth rate of both the member of SHG linked to bank and also the credit disbursed has quite impressive. Nobel laureate Professor Muhammed Yunus has agreed to extend his help to Government of Assam for introducing a microcredit scheme for uplift of the standard of living of the people of the rural areas of the State. Professor Yunus, who is the executive trustee of the Grameen Trust of Bangladesh, was requested by the



Chief Minister Tarun Gogoi, to extend his help to Assam in introduction of a microcredit system in the State and the Nobel laureate has agreed to extend help to the State Government in this regard. (Devi, 2009)¹¹

And accordingly some innovative approaches sponsored by the Central Government are being experimented and operated with active participation from various development agencies –government, banks and NGOs in Assam with the active technical and financial support from NABARD. (Sarmah, 2009)¹²As per the proposal of the State Government, at the initial stage, the project was first implemented in the Sonitpur District since according to a study by the RBI, the district had the largest population outside the ambit of the formal banking system. (Devi, 2009)¹³However, in the state of Assam, the Development through Micro Finance gathered momentum only from 2001-02 with the introduction of NABARD's SHG –Bank linkage programme.(Economic Survey, 2012-13)¹⁴

NABARD & SHG BANK LINKAGE PROGRAMME IN ASSAM:

NABARD envisages covering the identified rural poor families in the state under SHG Bank Linkage Programme. NABARD sets targets for promoting new SHGs every year and credit linkage of such SHGs and graduate them to micro enterprise by supporting appropriate income generating activities to be set up by them for improving the income level through suitable promotional interventions. The focus includes launching special campaigns to set up larger number of SHGs in areas where the spread is low and also to work out strategies for promotion of micro enterprises among the SHG members where the SHG Bank Linkage has stabilized. (State Focus Paper, Assam)¹⁵ The performance of NABARD under SHG –Bank linkage programme can be analysed through the following facts as narrated below:

Table 1: Savings of SHGs with Banks in Assam

Year (As on 31 st March)	No. of SHGs	Savings Amount (Rs. inLakh)
2008	149719	5800.06
2009	180996	6296.92
2010	218352	7359.94
2011	245120	8169.60
2012	276565	9845.98
2013	271072	10750.76

Source: Status of Micro Finance NABARD, 2007-08 to 2012-13

Table 1 shows the number of SHGs linked with banks in Assam state along with their savings amount during the period 2007-08 to 2012-13. It is being observed that during the year ended 31st March 2009 a total of 1,80,996 SHGs were having a savings bank account with banking sector with a savings amount of Rs.6,296.92 lakhs thereby having a growth rate of 17.28% and 7.89% respectively if compared with that of previous year 2007-08. Again, as on 31st March, 2010 a total of 2,18,352 SHGs were having savings bank account with banking sector with a savings amount of Rs.7,359.94 lakhs and if compared with 31st March, 2009 it registered a growth rate of 20.64% and 16.88% respectively. Likewise, as on 31st March, 2011 a total of 2,45,120 SHGs were having savings bank account with banking sector with a savings amount of Rs.8,169,60 lakhs and if compared with 31st March, 2010 it registered a growth rate of 12.26% and 11% respectively and as on 31st March, 2012 a total of 2,76,565 SHGs were having savings bank account with banking sector with a savings amount of Rs.9,845.98 lakhs and if compared with 31st March,



2011 it registered a growth rate of 12.82% and 20.52% respectively. And lastly during the year ended 31st March 2013 a total of 2,71,072 SHGs were linked with banks having savings amount of Rs.10750.76.

Thus with respect to the savings of SHGs with bank it is observed that there is an uphill inclination regarding the formation of SHG and maintaining accounts in the bank and at the same time the savings amount of SHGs in bank also showed an uphill inclination.

Table 2: Bank Loan Disbursed to SHGs in Assam

Year	No. of SHGs	Bank Loan Disbursed (Rs. in lakh)
2007-08	20318	8869.10
2008-09	26448	15696.20
2009-10	39058	19573.61
2010-11	29094	22715.61
2011-12	28012	18746.98
2012-13	21497	13755.83

Source: Status of Micro Finance NABARD, 2007-08 to 2012-13

Table 2 shows bank loan disbursed to SHGs in the state of Assam. During the year 2008-09, the bank financed 26,448 SHGs with a bank loan (including repeat loan) of Rs.15,696.20 lakhs as against 20,318 SHGs with a bank loan of Rs. 8,869.10 lakhs during 2007-08 with a growth rate of 30.17% and 43.41% respectively.

Again during the year 2009-10 the bank financed 39,058 SHGs with a bank loan of Rs.19,573.61 lakhs and if compared with 2008-09 it witnessed a growth rate of 47.49% and 24.70% respectively. And again during the year 2010-11 the bank financed 29,094 SHGs with a bank loan of Rs.22,715.61 lakhs and likewise during the year 2011-12 the bank financed 28,012 SHGs with a bank loan of Rs.18,746.98 lakhs. And during the year 2012-13 the bank financed 21,497 SHGs with a bank loan of Rs.8,869.10 lakhs.

The analysis of the status of bank loan disbursed to SHG discloses that even though there is a continuous flow of bank finance for financing these SHGs but the trend is rather fluctuating both in terms of SHGs being disbursed with bank loan and the amount of bank loan disbursed.

Table 3: Bank Loan Outstanding against SHGs in Assam

Year (As on 31 st March)	No. of SHGs	Bank Loan O/S (Rs. in lakh)
2007-08	75405	24224.37
2008-09	88878	32855.42
2009-10	100422	49123.37
2010-11	111589	51470.27
2011-12	117809	63021.64
2012-13	121490	64856.42

Source: Status of Micro Finance NABARD 2007-08 to 2012-13

Table 3 shows bank loan outstanding against SHGs in the state of Assam. As on 31st March, 2009, 88,878 SHGs were having outstanding bank loan of Rs.32,855.42 lakhs as against 75,405 SHGs with outstanding bank loan of Rs.24,224.37 lakhs with a growth rate of 17.86% and 35.62% respectively. Again during the year ended 31st March 2010, 1,00,422 SHGs were having outstanding bank loan of Rs.49,123.37 lakhs and if compared with 2008-09 it registered a growth rate of 12.93% and 49.51% respectively. Likewise



during the year ended 31st March 2011, 1,11,589 SHGs were having outstanding bank loan of Rs.51,470.27 lakhs and that for the year ended 31st March 2012, 1,17,809 SHGs were having outstanding bank loan of Rs.63,021.64 lakhs. And accordingly during the ended 31st March 2013 the number of SHGs having outstanding bank loan increased to 1,21,490 with outstanding bank loan of Rs.64,856.42 lakhs.

Thus, with respect to the status of bank loan outstanding it can be observed that both the amount of bank loan outstanding and the number of SHGs against which there is outstanding bank loan is mounting year by year.

Table 4: Progress of Micro Enterprise Development Programme: Assam position

Year	No. of participants (SHG members) Current Year figures	No. of participants (SHG members) Cumulative figures
2007-08	390	390
2008-09	900	1290
2009-10	1500	3458
2010-11	1380	4838
2011-12	1710	6548
2012-13	1140	7688

Source: Status of Micro Finance NABARD 2007-08 to 2012-13

Table 4 shows the progress under the Micro Enterprise Development Programme (MEDP) in the state of Assam which was launched by NABARD for skill development for the SHG members in the year 2006. From the figures put forward it can be analysed that from the year 2007-08 till 2009-10 there is a continuous increase in the number of SHG members participating Micro Enterprise Development Programme. But during 2010-11 there is a slight decrease in number of participants (i.e. by 8%). And again during the year 2011-12 there is an increase in the number of participants registering a growth rate of 23.91% if compared with that of performance of the previous year 2010-11. However during the year 2012-13 there is a sharp decline in the number of participants at a rate of 33.33% comparing with that of previous year 2011-12.

The analysis reveals that although initially there is a decent response from the SHG members towards the Micro Enterprise Development Programme (MEDP) but from the year 2010-11 there is no consistency with respect to number of SHG members participating in the Micro Enterprise Development Programme (MEDP).

PROGRESS UNDER SHG BANK LINKAGE PROGRAMME: A COMPARATIVE ANALYSIS OF INDIA POSITION AND ASSAM POSITION:

The ingenuity furthered by NABARD to create the traditional and formal banks to spread out financial services to poor sections through the introduction of its pilot project 'SHG Bank Linkage Programme' began its journey from the year 1992. However, with respect to the state of Assam the project got momentum only from the year 2001-02. A comparative analysis of the performance made by SHG financing in Assam with that of India is expanded in this section.



Table 5: Savings of SHGs with banks
A Comparative Analysis of India Position and Assam Position

Area	Year(as on 31 st March)	Total SHGs Savings with Banks			
		All India Position	% growth	Assam Position	% growth
No. of SHGs	2008	5009994		149719	
	2009	6121147	22.17	180996	20.89
	2010	6953250	13.59	218352	20.63
	2011	7461946	7.32	245120	12.26
	2012	7960349	6.68	276565	12.83
	2013	7317551	(8.07)	271072	(1.99)
CAGR	31/3/08 to 31/3/13		6.52		10.40
Amount of Savings (Rs. in lakhs)	2008	378538.94		5800.06	
	2009	554561.82	46.50	6296.92	8.56
	2010	619870.89	11.78	7359.94	16.88
	2011	701630.28	13.19	8169.60	11
	2012	655141.46	(6.63)	9845.98	20.52
	2013	821725.47	25.43	10750.76	9.18
CAGR	31/3/08 to 31/3/13		13.79		10.83

Source: Status of Micro Finance NABARD 2007-08 to 2012-13

Table 5 shows the comparative analysis of India and Assam position of savings of SHGs with banks. As on 31st March, 2009, there is a growth of 20.89% in case of Assam and 22.17% in case of India with respect to the number of SHGs linked with banks and a growth of 8.56% in case of Assam as against 46.50% in case of India regarding the amount of savings of SHGs with banks if compared with the previous year 2007-08, and as on 31st March, 2010, there is a growth of 20.63% in case of Assam and 13.59% in case of India with respect to the number of SHGs linked with banks and a growth of 16.88% in case of Assam as against 11.78% in case of India regarding the amount of savings of SHGs with banks if compared with the previous year 2008-09. Accordingly, there is a growth of 12.26% (as on 31st March, 2011) and 12.83% (as on 31st March, 2012,) in case of Assam and 7.32% (as on 31st March, 2011) and 6.68% (as on 31st March, 2012) in case of India with respect to the number of SHGs linked with banks and a growth of 11% (as on 31st March, 2011) and 20.52% (as on 31st March, 2012) in case of Assam as against 13.19% (as on 31st March, 2011) and declined at a rate 6.63% (as on 31st March, 2012) in case of India regarding the amount of savings of SHGs with banks if compared with their previous years. However, as on 31st March, 2013, there is a decay of 1.99% in case of Assam and 8.07% in case of India with respect to the number of SHGs linked with banks and a growth of 9.18% in case of Assam as against 25.43% in case of India regarding the amount of savings of SHGs with banks if compared with the previous year 2011-12.

The CAGR (Compound Annual Growth Rate) calculated for the period 2007-08 to 2012-13 recorded a growth rate of 6.52% in case of India and 10.40% in case of Assam with respect to number of SHGs savings linked with bank and 13.79% in case of India and 10.83% in case of Assam with respect to savings amount of SHGs. Thus, considering the CAGR with respect to the state of Assam the growth rate



with number of SHGs formed is more than that of India as a whole. However with respect to the amount of savings of SHGs with banks the all India performance is better than that of Assam position.

Table 6: Bank loan disbursed to SHGs
A Comparative Analysis of India Position and Assam Position

Area	Year	Bank Loan Disbursed to SHGs			
		All India Position	% growth	Assam Position	% growth
No. of SHGs	2007-08	1227770		20318	
	2008-09	1609586	31.10	26448	30.17
	2009-10	1586822	(1.41)	39058	47.68
	2010-11	1196134	(24.62)	29094	(25.51)
	2011-12	1147878	(4.03)	28012	(3.72)
	2012-13	1219821	6.26	21497	(23.26)
CAGR	2007-08 to 2012-13		(0.11)		(0.94)
Bank loan disbursed (Rs. in lakhs)	2007-08	884926.24		8869.10	
	2008-09	1225351.39	38.47	15696.20	76.98
	2009-10	1445330.36	17.95	19573.61	24.70
	2010-11	1454773.19	0.65	22715.61	16.05
	2011-12	1653476.87	13.66	18746.98	(17.47)
	2012-13	2058536.44	24.50	13755.83	(26.62)
CAGR	2007-08 to 2012-13		15.11		7.59

Source: Status of Micro Finance NABARD 2007-08 TO 2012-13

Table 6 shows the comparative analysis of India and Assam position with respect to bank loan disbursed to SHGs. During the year 2008-09, there is a growth of 30.17% in case of Assam and 31.10% in case of India with respect to the number of SHGs disbursed with bank loan and a growth of 76.98% in case of Assam as against 38.47% in case of India regarding the bank loan disbursed to SHGs if compared with the previous year 2008-09, and during the year 2009-10, there is a growth of 47.68% in case of Assam and a decay of 1.41% in case of India with respect to the number of SHGs disbursed with bank loan and a growth of 24.70% in case of Assam as against 17.95% in case of India regarding the amount of bank loan disbursed to SHGs if compared with the previous year 2008-09.

But during the year 2010-11, there is a decay of 25.51% in case of Assam and 24.62% in case of India with respect to the number of SHGs disbursed with bank loan and a growth of 16.05% in case of Assam and 0.65% in case of India regarding the amount of bank loan disbursed to SHGs if compared with previous year 2009-10. And again during the year 2011-12, there is a decay of 3.72% in case of Assam and 4.03% in case of India with respect to the number of SHGs disbursed with bank loan and a decay of 17.47% in case of Assam and a growth of 13.66% in case of India regarding the amount of bank loan disbursed to SHGs if compared with previous year 2009-10.

Further during the year 2012-13, there is a decay of 23.26% in case of Assam and a growth of 6.26% in case of India with respect to the number of SHGs linked with banks and a decay of 26.62% in case of Assam as against a growth of 24.50% in case of India regarding the amount of savings of SHGs with banks if compared with the previous year 2011-12.



The CAGR (Compound Annual Growth Rate) calculated for the period 2007-08 to 2012-13 recorded a decay of 0.11% in case of India and a growth of 0.94% in case of Assam with respect to number of SHGs disbursed with bank loan and 15.11% in case of India and 7.59% in case of Assam with respect to amount of bank loan disbursed to SHGs.

**Table 7: Bank Loan Outstanding against SHGs
A Comparative Analysis of India Position and Assam Position**

Area	Year (As on 31 st March)	Bank Loan Outstanding against SHGs			
		All India Position	% growth	Assam Position	% growth
No. of SHGs	2008	3625941		75405	
	2009	4224338	16.50	88878	17.87
	2010	4851356	14.84	100422	12.99
	2011	4786763	(1.33)	111589	11.12
	2012	4354424	(9.03)	117809	5.57
	2013	4451434	2.18	121490	3.12
CAGR	31/3/08 to 31/3/13		3.48		8.27
Bank loan outstanding (Rs. in lakhs)	2008	1699990.66		24224.37	
	2009	2267984.25	33.41	32855.42	35.63
	2010	2803828.07	23.62	49123.37	49.51
	2011	3122116.55	11.35	51470.27	4.77
	2012	3634000.18	16.39	63021.64	22.44
	2013	3937529.72	8.35	64856.42	2.91
CAGR	31/3/08 to 31/3/13		15.03		17.84

Source: Status of Micro Finance NABARD 2007-08 to 2012-13

Table 7 reveals a comparative analysis of Assam position with that of India position with respect to bank loan outstanding against SHGs. Regarding the number of SHGs against which there is outstanding bank loan the performance of Assam state is almost at par with India position except during the year 2010-11 and 2011-12 during which the performance of Assam is better. Similarly regarding the amount of Bank loan outstanding the performance of Assam is rather disappointing with respect to the year 2008-09 and 2009-10. However during the year 2012-13 the performance is slightly improved.

The CAGR (Compound Annual Growth Rate) calculated for the period 2007-08 to 2012-13 recorded a growth rate of 3.48% in case of India and 8.27% in case of Assam with respect to number of SHGs having outstanding bank loan and 15.03% in case of India and 17.84% in case of Assam with respect to amount of bank loan outstanding against SHGs.



Table 8: Progress of Micro Enterprise Development Programme: A Comparative Analysis

Year	India Position			Assam Position		
	No. of participants (SHG members)		% Increase/ (Decrease)	No. of participants (SHG members)		% Increase/ (Decrease)
	Current Year figures	Cumulative figures		Current Year figures	Cumulative figures	
2007-08	13985	21564	84.52	390	390	-
2008-09	41405	62969	196.39	900	1290	130.78
2009-10	38313	101282	(7.47)	1500	3458	66.67
2010-11	60160	161442	57.03	1380	4838	(8)
2011-12	56292	217734	(6.43)	1710	6548	23.91
2012-13	52875	270609	(6.07)	1140	7688	(33.33)
CAGR for 2007-08 to 2012-13			24.81			19.57

Source: Status of Micro Finance NABARD 2007-08 to 2012-13

Table 8 shows a comparative analysis of Assam position with that of India position regarding the performance of Micro Enterprise Development Programme (MEDP) for the period 2008-09 to 2012-13. During the year 2008-09 the number of SHG members participating in MEDP in case of Assam registered a growth of 130.78% and in case of India it registered a growth of 196.39% if compared with that of 2007-08. However, during the year 2009-10 the number of SHG members participating in MEDP in case of Assam registered a growth of 66.67% and in case of India there is a decay of 7.47% if compared with that of 2008-09.

Again during the year 2010-11, the number of SHG members participating in MEDP in case of Assam there is a decay of 8% and in case of India there is a growth of 57.03% if compared with that of previous year 2009-10. Accordingly during the year 2011-12, the number of SHG members participating in MEDP in case of Assam there is a growth of 23.91% and in case of India there is a decay of 6.43% if compared with that of previous year 2010-11. And lastly during the year 2012-13, the number of SHG members participating in MEDP in case of Assam there is a decay of 33.33% and in case of India, there is a decay of 6.07% if compared with that of previous year 2011-12.

The CAGR (Compound Annual Growth Rate) calculated for the period 2007-08 to 2012-13 recorded a growth rate of 24.81% in case of India and 19.57% in case of Assam with respect to number of SHG members participated in the Micro Enterprise Development Programme.

CONCLUSION

Microfinance through SHG Bank Linkage programme remains an influential instrument for poverty alleviation. It may not be a panacea, but it has conveyed a sea of revolution in the lives of many. Only spreading the outreach of Microfinance will bring down the cost of capital and the operating costs and strengthening the bonding between Microfinance and the Formal Financial System. Microfinance cannot



be treated as an act of charity if there is to remain any hope for it to sustain in the long run. The pilot project of NABARD's SHG –Bank Linkage programme not only promoted financial aid but also had promoted entrepreneurial skill for the members of SHG which facilitated the SHG members in utilizing the financial aid received by them in an efficient way. This step ultimately has helped them in overcoming their pangs of poverty. Although the SHG Bank Linkage Programme has covered a long expedition from its inception in the state of Assam yet its performance is not convincing if compared with the overall performance of India as a whole. Therefore, various Government organisations including Government departments, NGOs, financial institutions must come up with more effective and practical oriented strategies in consultation with experts from various fields to make the programme more productive in order to cover a wider range.

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