

# Financing Self Help Groups: A Study of SHG-Bank Linkage Programme in Mizoram

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**Abstract:** The microfinance movement through SHG-Bank Linkage Programme (SBLP) in India has emerged as the largest microfinance programme in the world. The movement helps the underprivileged sections of society, that are ignored by formal banking system, by way of improving access to formal bank credit. In this study, an attempt has been made to analyse SHGs in the state of Mizoram (Northeast India), covering 500 SHGs from all (08) districts of Mizoram. The study reveals that about 37.6 percent of the sample SHGs (i.e. 61.3% of matured SHGs and 27.4% of newer SHGs) have availed formal bank credit under SHG-bank linkage programme. However, the trend of bank lending to SHGs in Mizoram showed poor performance, signifying that only 17.6 percent of credit-linked SHGs (i.e. 33 SHGs) have got bank finance more than once. This also indicates that access to formal bank credit is one of the major constraints faced by SHGs in Mizoram, as well as instability/lack of sustainability of SHG movement in the state of Mizoram.

**Key Words:** Microfinance, SHG-Bank Linkage Programme (SBLP), NABARD, Mizoram.

## 1. INTRODUCTION:

The term 'Microfinance' can be broadly described as the provision of financial services to low-income clients in order to improve their income level and standard of living. The Task Force on Supportive Policy and Regulatory Framework for Micro-Finance (set up by NABARD), 1999 defined 'micro-finance' as the "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards". In India, microfinance movement could be delineated from SHG-Bank Linkage Programme, started as a successful pilot project by NABARD in 1992 for linking 500 SHGs between the un-bankable rural poor and the formal financial institutions. Tankha (2012) noted that since the launching of pilot project, the SBLP had given importance to the outreach and access of the poor to institutional credit.

In the view of the positive impact assessment of the linkage project conducted by NABARD and the recommendation of the Working Group (constituted by RBI in November 1994 under the Chairmanship of Shri S.K Kalia), the RBI on April 2, 1996, in its circular, decided to extend the SHG lending as a normal business activity of banks to improve the outreach of banking sector to the rural poor (RBI 1996). Today, SBLP in India has been recognised as a widely accepted microfinance model and emerged as the largest microfinance programme in the world, touching over 8 million SHGs, representing a hundred million rural households throughout the country (NABARD, 2017)

## 2. OBJECTIVE OF THE STUDY:

- To study the growth of SHG-Bank Linkage Programme in India with reference to the regional progress of the SHG movement in the country.
- To study the factors influencing the need for bank credit among SHGs in Mizoram.
- To study the access of bank credit among SHGs in Mizoram

## 3. RESEARCH QUESTION:

- Does the SHG-Bank Linkage Programme provide a large expansion of access to banking credit to SHGs in Mizoram?

## 4. HYPOTHESIS:

H<sub>01</sub>: There was no significant association between the nature/ basis of bank linkages and the need for bank credit.

H<sub>02</sub>: There was no significant difference in the amount of bank loan availed by Urban SHGs and Rural SHGs.

H<sub>03</sub>: There was no significant difference in the amount of bank loan availed by Matured SHGs and Newer SHGs.

H<sub>04</sub>: There was no significant difference in the amount of bank loan availed by NABARD's SHGs and Other SHG Scheme.

H<sub>05</sub>: There was no significant difference in the amount of bank loan availed by SHGs in banked areas and unbanked areas.

## 5. METHODOLOGY:

The study is based on Primary data collected through structured questionnaire. Purposive sampling method is used to select the sample SHG. The study covers all eight (08) districts of Mizoram, which includes 500 SHGs, representing 150 SHGs from Aizawl district and 50 SHGs each from the remaining seven (07) districts. The information from secondary sources was also collected from various published and unpublished records like journals, periodicals, research based books, NABARD, RBI, web-sites etc. The fieldwork was undertaken during the period 2014-15. Statistical tools like percentage analysis, average, compound annual growth rate (CAGR), Chi-Square Test and t-test are used to analyse the data.

## 6. PROGRESS OF SHG-BANK LINKAGE PROGRAMME (SHG-BLP) IN INDIA:

### 6.1 Physical and Financial Progress of SHG-BLP during 1992-93 to 2016-17

It is evident from Table-1 that the growth of SBLP during 1992-93 to 2016-17 shows a significant improvement over the years. Starting from 255 credit-linked SHGs with the bank loan of Rs. 0.29 crore during 1992-93, it reached 18,98,120 credit-linked SHGs with Rs. 38,781.16 crore bank loan during 2015-16. Over the course of period (1992-93 to 2016-17), the Compound Annual Growth Rate (CAGR) shows the growth rate of 44.99 percent in terms of the number of credit-linked SHGs and 63.53 percent in terms of the amount of bank loan disbursed to SHGs. Similarly, NABARD's refinance assistance to banks for SHG lending grew from Rs. 0.27 crore to Rs. 5,659.51 crore with the growth rate of (CAGR) of 51.38 percent. Accordingly, the cumulative figure of refinance assistance has reached Rs. 43,293.60 crore with the growth rate (CAGR) of 64.77 percent.

Table 1: SBLP in India (1992-93 to 2016-17): Growth of Bank Loan & Refinance Assistance  
(Amt in Rs. crore)

Year (end - March)	No. of credit-linked SHGs	Amount of Bank loan (in Rs.)	Refinance assistance (in Rs.)	
	During the year	During the year	During the year	Cumulative
1992-93	255	0.29	0.27	0.27
2016-17	18,98,120	38,781.16	5,659.51	43,293.60
CAGR	44.99%	63.53%	51.38%	64.77%

Note: i) Data relate to Commercial banks, RRBs and Cooperative banks.

$$ii) CAGR = \left( \frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{\text{no of years}}} - 1$$

Source: RBI (Handbook of Statistics on Indian Economy) 2009-10 & Status of Microfinance in India 2016-17, NABARD.

### 6.2 Region-wise Per SHG Savings

Regionally, the spread of physical and financial progress of SHG-Bank Linkage Programme in the country are classified into six different regions, namely Northern Region (NR), North Eastern Region (NER), Eastern Region (ER), Central Region (CR), Western Region (WR) and Southern Region (SR). Table-2 shows the region-wise average savings per SHG during the 2007-08 to 2016-17.

Table 2: Region wise Average Savings per SHG during 2007-08 to 2016-17  
(Rupees in '000)

Year (End March)	NR	NER	ER	CR	WR	SR	Total (India)	Mizoram
2007-08	6.13	4.25	7.50	5.20	6.99	8.72	7.56	18.77
2008-09	7.30	4.25	12.94	5.43	8.34	9.08	9.06	4.36
2009-10	9.72	4.16	8.15	6.71	9.80	9.85	8.91	4.93
2010-11	8.81	4.04	9.22	7.67	8.63	10.65	9.40	3.88
2011-12	6.18	4.16	5.83	7.55	8.21	10.08	8.23	11.51
2012-13	7.81	4.02	9.47	8.89	7.68	14.35	11.23	19.64
2013-14	7.75	4.07	10.39	11.53	10.37	16.88	13.32	2.39*
2014-15	6.65	3.90	14.12	10.08	11.59	17.80	14.37	4.18
2015-16	11.44	4.43	14.61	10.31	10.38	24.45	17.32	6.16
2016-17	10.87	5.07	17.23	9.89	12.16	26.30	18.79	6.43
Average	8.27	4.24	10.95	8.33	9.42	14.82	11.82	8.23
CAGR	6.57%	1.98%	9.68%	7.40%	6.35%	13.05%	10.65%	(-11.22%)

Note: \*Figures of RRB & Cooperative banks in Mizoram not available during 2013-14

Source: NABARD (Status of Microfinance in India: 2007-08 to 2016-17)

The southern region has shown better and proper channel of SHG movement in India and has continued to dominant since its inception. However, the SBLP has not registered any headway in the north-eastern region. Table-2 clearly indicates that the north-eastern region has the lowest SHG savings over the years (2007-08 to 2016-17) with an average savings of about Rs. 4,240 only which falls below the national average of about Rs. 11,820. The southern region has the largest per SHG savings with an average savings of Rs. 14,820. The compound annual growth rate (CAGR) of per SHG savings was highest in the case of southern region with an annual growth rate of 13.05 percent, followed by eastern region with 9.68% percent, while the north eastern region attained the lowest growth rate with only 1.98 percent.

On the other hand, the savings mobilized by SHGs in Mizoram showed unfavourably rise and fall over the periods that oscillate between a minimum of Rs. 2,390 to a maximum of Rs. 19,640 per SHG savings (i.e. average savings of Rs. 8,230 per SHG). There was a negative growth rate (CAGR) of SHG savings in the state of Mizoram (-11.22 percent) over the stated period, indicating that the condition of SHG movements in Mizoram still lagged behind in terms of stability and sustainability. Average savings per SHG in Mizoram has been found better than the average savings of NER level, except for two years (i.e. during 2010-11 & 2013-14). But the figures are consistent at NER level and violently fluctuating at Mizoram level.

### 6.3 Region-wise Per SHG Loan Disbursement

Table 3: Region wise Average Loan disbursement per SHG during 2007-08 to 2016-17 (Rupees in '000)

During the Year	NR	NER	ER	CR	WR	SR	Total (India)	Mizoram
2007-08	56.85	51.07	46.49	67.08	46.80	84.34	72.08	115.35
2008-09	70.85	69.40	52.27	77.32	46.65	85.19	76.13	91.27
2009-10	81.96	58.24	55.51	81.20	43.38	110.88	91.08	111.96
2010-11	88.84	81.65	65.40	124.67	68.07	151.46	121.62	68.31
2011-12	109.08	88.48	80.72	121.34	74.51	179.49	144.05	120.03
2012-13	109.41	71.61	70.57	108.90	100.80	205.26	168.76	152.10
2013-14	117.27	79.12	50.78	93.09	98.40	235.72	175.77	282.14
2014-15	97.78	84.06	93.69	101.54	120.28	213.08	169.61	102.78
2015-16	126.75	84.37	84.71	141.27	167.64	259.00	203.50	144.66
2016-17	123.29	98.13	95.19	82.86	139.31	272.93	204.31	209.56
Average	98.21	76.61	69.53	99.93	90.58	179.74	142.69	139.82
CAGR	8.98%	7.53%	8.29%	2.38%	12.89%	13.94%	12.27%	6.86%

Source: NABARD (Status of Microfinance in India: 2007-08 to 2016-17)

The region which already had a high growth record, like southern region, continued to dominant in terms of bank loan disbursed to SHGs during 2007-08 to 2016-17 (Table-3). The average amount of loan disbursed in the southern region was about Rs. 1.80 lakh per SHG with the growth rate (CAGR) of 13.94 percent, while it was lowest in the Eastern-Region with Rs. 69,530 per SHG. The Central Region registered the lowest annual growth rate (CAGR) with only 2.38 percent.

The average amount of bank loan disbursed to SHGs in Mizoram showed a substantial improvement over the periods, registering a positive annual growth rate of 6.86 percent. However, a sudden drop-off was observed during 2008-09 and 2010-11. It can be inferred that SHGs in Mizoram were among the highest performance of bank lending to SHGs (quantum of loan) in the country, thereby reaching an average of Rs. 1.40 lakh per SHGs during 2007-08 to 2016-17. It was found higher than the national average in the year 2007-08, 2008-09, 2009-10, 2013-14 and 2016-17. The highest average bank loan disbursed to SHGs in Mizoram was recorded Rs. 2.82 lakh per SHG during 2013-14, while it was lowest during 2010-11 with Rs. 0.68 lakh per SHG.

## 7. DEMOGRAPHIC DISTRIBUTION OF SELECTED SHGs:

Table 4: Demographic Distribution of selected SHGs

Sl. No	Classification	Type of SHGs	No. of Respondents (SHGs)	Percentage
1.	Area of SHGs	Urban	206	41.2
		Rural	294	58.8
		Total	500	100.0
2.		Matured SHGs	150	30.0
		Newer SHGs	350	70.0

	Age of SHGs/ Tenure of Existence	Total	500	100.0
3.	SHG Scheme	NABARD SHGs Other SHG Schemes Total	164 336 500	32.8 67.2 100.0
4.	Bank Coverage Area	Banked Areas Unbanked Areas Total	323 177 500	64.6 35.4 100.0
5.	Nature of bank linkages	Deposit Linkages Credit Linkages Total	312 188 500	62.4 37.6 100.0
6.	SHGs linked with bank (Savings Account)	Mizoram Rural Bank Mizoram Cooperative Apex Bank Commercial Banks Total	467 4 29 500	93.4 0.8 5.8 100.0

Note: i) Areas of SHGs are classified according to Census of India 2011

ii) Matured SHGs are those which are three years old or have availed a minimum of two cycles of bank loan and repaid successfully (NABARD, 2006). In this study, the matured SHGs are classified only according to the duration of SHG services. SHGs formed before 2011 were defined as matured SHGs or older SHGs, while SHGs formed after 2011 were defined as non-matured SHGs or newer SHGs.

Source: Field Survey

Table-4 shows that 58.80 percent of sample groups belonged to rural areas and 41.20 percent belonged to urban areas. With regards to SHG service, 30 percent of sample groups belonged to matured SHGs, as against 70 percent were newer SHGs. In addition, 64.6 percent of sample SHGs were in the banking service areas, while 35.4 percent were unbanked areas. The SHGs in unbanked areas are required to approach the neighbouring villages/ towns (for bank linkages) where banking services are available. On the basis of bank linkages, 37.6 percent were credit-linked SHGs, while 62.4 percent were deposit-linked SHGs. In the meantime, the majority of sample SHGs (93.4 percent) were linked to ‘Mizoram Rural Bank’, while SHGs under ‘Commercial Banks’ and ‘Mizoram Cooperative Apex Bank’ constituted only 5.8 percent and 0.8 percent respectively.

In terms of SHG scheme, NABARD’s SHG (i.e. SHGs under SHPI project and the scheme for promotion of Women SHGs, implemented by NABARD through NGO intermediation) shared 32.8 percent. ‘Other SHG Scheme’ shared 67.2 percent, including the government programmes such as North East Rural Livelihood Project (NERLP), Swarnjayanti Gram Swarozgar Yojana (SGSY)/ National Rural Livelihood Mission (NRLM), Swarna Jayanti Sahari Rozgar Yojana (SJSRY)/ National Urban Livelihood Mission (NULM) and SHG formed under Integrated Watershed Management Programme (IWMP). During the study period, NGOs were also taken up the role of Project Facilitation Team (PFT) /Resource Organization (RO) under the programmes like NERLP and NULM. Other SHG Schemes also includes self-promoted SHGs, SHGs promoted by banks and other NGO initiatives, etc.

## 8. BANK LINKAGES:

### 8.1 Need for bank Credit

The financing of SHG through formal financial institution plays a crucial role in meeting the emergent requirements and avoiding high interest local money lenders. It also helps SHGs to create their own enterprise and develops their livelihood activities etc. However, if the fund is misused or availing bank finance without proper credit planning, it could easily lead to group conflict and debt-burden.

The Chi-Square Test is conducted to examine the association between the basis of bank linkages and the need for bank credit (Table-5). Taking into the total sample SHGs, 65.8 percent revealed that bank loan is required, while ‘No need for Bank Credit’ and ‘No opinion’ represents 9.9 percent and 24.4 percent respectively.

Table 5: Need for Bank Credit

Basis/ Nature of bank linkages	Yes	No	No opinion	Total N (missing n=24)	df=2	
					Value of $\chi^2$	p-value
Deposit-Linked SHGs	167 (58.0)	29 (10.1)	92 (31.9)	288	23.892	.000**
Credit-Linked SHGs	146 (77.7)	18 (9.6)	24 (12.8)	188		
Total N	313 (65.8)	47 (9.9)	116 (24.4)	476		

Source: Field Survey.

The Chi-square test reveals that there was a significant association between the basis of bank linkages and the need for bank credit,  $\chi^2(2) = 23.892, p < .01$ , thus rejected the null hypothesis ( $H_{01}$ ). The need for bank loan was comparatively higher among the credit-linked SHGs (77.7 percent) than deposit-linked SHGs (58 percent). However, about 10 percent from both deposit and credit linked SHGs observed that bank loan is not required. Such SHGs choose to run SHG activities with their own funds/ corpus funds such as savings contribution, revolving fund/ seed fund received from government etc in order to meet their credit needs through group inter-loaning etc. On the other hand, SHG with ‘no opinion’ on whether the group needs for bank loan was very high among deposit-linked SHGs (31.9%) as compared to credit-linked SHGs (12.8%).

In addition, it is important to note that the reasons for not-borrowing from banks among the deposit-linked SHGs are highly attributed to: i) They are not yet ready to borrow, ii) Do not know the procedure, iii) Fear of loan burden, iv) High interest rates, v) No proper credit planning, and vi) Bank refused to lend etc. A study of Self-help Promoting Institutions (SHPI) in Mizoram by Laldingliana & Singh (2017) also observed that ‘not yet ready to borrow’ and ‘bank refused to lend’ are the major reasons for not borrowing loans from bank by their promoted SHGs.

The study calculated the factors influencing the need for bank credit (Table-6), from 313 SHGs (see Table-5), which have reported bank loan is needed.

Table 6: Factors Influencing the Need for Bank Credit

Sl. No	Purposes	Ranking						Weighted Score	Rating (Percent)	Rank
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>			
1.	Activity Enhancement	252	40	5	3	0	0	1741	37.15	1
2.	For doing business	42	132	43	15	8	1	1146	24.45	2
3.	Household expenses	7	43	48	47	14	4	622	13.27	3
4.	Group Inter-loaning	7	26	65	9	12	15	498	10.63	4
5.	Children Education	5	14	40	60	26	4	496	10.58	5
6.	Repayment of debt	0	1	5	9	50	32	184	3.93	6
	No Response	0	57	107	170	203	257	-	-	-
	Total	313	313	313	313	313	313	4687	100.00	-

Source: Field Survey

It is evident from the Table-6 that ‘Activity Enhancement’, ‘For doing businesses’, ‘Household expenses’ are the three major factors that influence the need for bank credit among all sample units. Activity Enhancement (Rank 1) was the predominant factors for the need of formal bank finance (loan) with the highest rating of 37.15 percent. The second highest factor was ‘for doing businesses’ (Rank 2) with a rating of 24.45 percent and the third major influencing factor was ‘household expenses’ (Rank 3) with a rating of 13.27 percent. Other study carried out by Rajasekhar *et. al* (2006) in Karnataka revealed that the major purposes of bank loan was agriculture (29.0 percent), dairying (33.0 percent) and livestock rearing (18.0 percent). A study by Vasanthakumari (2011) in Kerala revealed that 69.9 percent had taken loan for consumption purposes followed by settling other loans (20.3 percent) and for doing business (9.8 percent).

## 8.2 Access to formal bank credit

Table 7: Status of Credit-linked SHGs

First Bank Loan	No. of SHGs	Percent	No. of Bank Loan	No. of SHGs	Percent
Within 1 month	9	4.8	Once	155	82.4
1 – 6 months	23	12.2	Twice	24	12.8
6 – 12 months	49	26.1	3 or more times	9	4.8
After 1 year	107	56.9			
Total	188	100.0	Total	188	100.0

Source: Field Survey

**Research Question:** Does the SHG-Bank Linkage Programme provide a large expansion of access to banking credit to SHGs in Mizoram?

Access to formal bank credit is one of the major problems faced by SHGs in Mizoram. It can be seen from Table-4 that only 37.6 percent (188 SHGs) of sample SHGs have availed formal bank credit, as against 65.8 percent (313 SHGs) of total sample SHGs, which reported bank loan is required (see Table-5). It implies that the credit needs of SHGs in Mizoram are somewhat served, but not sufficiently covered through SBLP. In addition, out of 188 credit-linked SHGs, 56.9 percent received bank loan after one year of SHG formation (Table-7). The trend of repeated bank finance also showed poor performance, indicating that 82.4 percent have availed bank loan only once and only 33 SHGs (17.6%) have got repeated bank finances (i.e. 24 SHGs availed bank loan for two times and three or more bank loans

by 9 SHGs). Other study carried out by Faizi (2009) in Bihar showed a similar trend by stating that 35 percent of sample group had availed loan from bank. However, ASEED (2007) revealed that 65 percent under NABARD and 82.3 percent under SGSY had availed bank loan.

In addition, the study has identified many non-actual SHGs, especially in Aizawl urban areas which availed SHG loan from bank. Many of them were identified as Church-based organisations, which are not relevant in the present study and are excluded from the sample. Such groups were only availing credit (without getting any subsidy from government or banks), but the organisational structure and functioning of these groups were different with the actual SHGs. However, such advances were recorded under the priority sector (Advances to SHG) that is unacceptable, the objective of which is lending to the weaker sections/ SHGs of the poor.

### 8.3 Quantum of Bank Loan

Independent Sample t-test was conducted to evaluate whether the amount of loan obtained from bank were differed significantly between two independent groups (Table-8). The assumptions of independent sample t-test include normality of distribution and variances of both groups are equal. The present study assumes that the data is normality distributed {as assessed by Central Limit Theorem, which states that large sampling distribution of above about 30 will take the shape of a normal distribution regardless of the shape of the population from which the sample was drawn (Field 2009)}. Besides, Welch’s t-test is used to compare the means of two groups when homogeneity of variances was violated.

Table 8: Amount of Bank loan obtained by SHGs: Independent Sample t-test/ Welch’s t-test

Sl. No	Type of SHG	N	Mean	SD	t	df	p-value
1.	Urban SHGs	92	134195.65	102781.88	1.153	186	.250
	Rural SHGs	96	115779.17	115514.70			
2.	Matured SHGs	92	148834.78	100430.26	3.008	186	.003**
	Newer SHGs	96	101750.00	113458.36			
3.	NABARD SHGs	63	74444.44	57221.35	-5.838	185.504	.000**
	Other SHGs	125	150166.40	120540.75			
4.	Banked-Areas	130	119044.62	93335.56	-0.929	80.665	.356
	Unbanked Areas	58	137672.41	139372.70			

Note: i) \*\* $p < .01$

ii) Sl. No 3 & 4 assumes unequal variances (Welch’s t-test)

Source: Field Survey

- **Urban SHGs and Rural SHGs:** SHGs in urban areas have availed higher average amount of bank loan ( $M = 134195.65$ ,  $SD = 102781.88$ ) than SHGs in rural areas ( $M = 115779.17$ ,  $SD = 115514.70$ ). However, the difference was statistically not-significant, thus failed to reject the null hypothesis ( $H_{02}$ ),  $t(186) = 1.153$ ,  $p > .05$ .
- **Matured SHGs and Newer SHGs:** There was statistically significant difference in the average amount of bank loan between the ‘mature SHGs’ and ‘newer SHGs’,  $t(186) = 3.008$ ,  $p < .01$ . The null hypothesis ( $H_{03}$ ) is thus rejected, indicating that the average amount of bank loan availed by mature SHGs ( $M = 148834.78$ ,  $SD = 100430.26$ ) was significantly higher than newer SHGs ( $M = 101750.00$ ,  $SD = 113458.36$ ).
- **NABARD SHGs and Other SHGs:** There was statistically significant difference in the average amount of bank loan between NABARD’s SHGs and other SHGs,  $t(185.504) = -5.838$ ,  $p < .01$ . The null hypothesis is thus rejected ( $H_{04}$ ), which indicates that the average amount of bank loan availed by ‘NABARD SHGs’ ( $M = 74444.44$ ,  $SD = 57221.35$ ) was significantly lower than ‘other SHGs’ ( $M = 150166.40$ ,  $SD = 120540.75$ ).
- **SHGs in banked areas and unbanked areas:** SHGs in banked areas have availed lower average amount of bank loan ( $M = 119044.62$ ,  $SD = 93335.56$ ) than SHGs in unbanked-areas ( $M = 137672.41$ ,  $SD = 137672.41$ ,  $SD = 139372.70$ ), But, the difference was found to be statistically non-significant, thus failed to reject the null hypothesis ( $H_{05}$ ),  $t(80.665) = -0.929$ ,  $p > .05$ .

### 9. CONCLUSION:

The financing of SHGs under the NABARD’s SBLP in India has made a rapid stride over the years. It emerged as a widely accepted microfinance model for delivering formal financial services in the country. The southern region has shown a better performance in the country, while the performance of SHGs in north eastern region lagged behind the rest of the region in the country. The study observed that access to formal bank credit is one of the major constraints faced by SHGs in Mizoram, as evident that only 37.6 percent (188 SHGs) of the total sample SHGs have availed formal bank credit. The trend of bank lending to SHGs also showed poor performance, indicating that only 17.6 percent of

credit-linked SHGs (33 SHGs) have got repeated bank finances. In addition, there was a great disparity of banks participation under the SHG-Bank Linkage Programme that the Mizoram Rural Bank links more than 90 percent of the total selected SHG in Mizoram.

In view of the above, the study suggests that banks, especially commercial banks and cooperative banks in Mizoram should give more effort to the SHG- Bank Linkage programme in order to increase the outreach of banking services and the sustainability of SHG movement. The promoting agencies should also administer healthy relationship between banks and SHGs by maintaining regular capacity building and proper monitoring system in order to produce the SHGs vibrant and creditworthy for banks. On the other hand, the practices of bank lending (Advances to SHG) to non-actual SHG should also be discontinued in Mizoram. Such advances should not be recorded under the segment of priority sector, the objective of which is lending to weaker sections. It is also to be noted that access to formal bank credit is not only the concept of Self-help groups; but the core activities and functions of which is to inculcate the habit of savings, thrift, addressing their common problems through mutual help, democratic functioning and the socio-economic improvement of members through the programme interventions etc. Yunus & Jolis (2007) also noted that it is not micro-credit alone which will end poverty. Credit is one door through which people can escape from poverty.

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