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Micro-Finance and its Inter-State Disparities in North-East India

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Abstract

Microfinance refers to the provision of various financial services like savings, credit, money transfers, insurance etc. in small doses for the poor to enable them to raise their income levels and improve living standards. The North-East Region is one of the back-ward regions of India characterized by low per-capita income, low capital formation, in-adequate infrastructure facilities, geographical isolation and communication bottleneck, inadequate exploitation of natural resources like mineral resources, hydro power potential, forests etc. Present paper highlights the microfinance programme in North-East India and its inter-state variation regarding various aspects like volume of savings, loan disbursement and loans outstanding. The Microfinance programme in India started near about two decades back. But its progresses are not uniform throughout various region and states. Assam is the leader state of North-Eastern region shows relatively better performance compare to the other states of North-East. On the other hand, Sikkim shows relatively poor performance. The differences in the progress of scheme in the North-eastern states are mainly due to differences in communication facility, literacy, geographical positions and moreover the differences between the activities and availability of the banking agencies. In the light of the above observation the present paper would highlight the issues & causes of inter-state variation of microfinance programme in N.E. India.

JEL Classification: G21

Keywords: Microfinance, Self-help Groups, North-East and Inter-state Disparities.

1. Introduction:

Northeast India refers to the easternmost region of [India](#) consisting of the contiguous [eight Sister States](#). The region accounts for 7.9 percent of the total land space of the country. The North-East Region is one of the back-ward regions of India characterized by low per-capita income, low capital formation, in-adequate infrastructure

facilities, geographical isolation and communication bottleneck, inadequate exploitation of natural resources like mineral resources, hydro power potential, forests etc. Apart from these, there are inter-state differences with respect to their resource endowments, level of industrialisation as well as infrastructural facilities. The Microfinance programme started its bank

linkage programme in North-East India with lots of hopes that it will improve the lives of the poor because finance is one of the most crucial inputs for economic wellbeing. In India, there are strong inadequacies of rural access to formal finance. As a result rural poor depends on informal sector for financing their emergent needs. Dependent on informal financial services, the poor often find themselves, at usurious rates of interest, spiraling into a vicious cycle of impoverishment and debt. Access to credit is positively correlated with the decline in rural poverty and an increase in secondary and tertiary output (Burgess and Pande, 2003). Majority of rural population, however, still does not appear to have access to finance from a formal source and the poor face particularly severe problems in getting finance (Basu, 2008). The banks and other formal financial institutions more or less stay away from banking with the poor due to the high risk involved in repayment of loan. Microfinance here emerged as a noble substitute for informal credit and an effective and powerful instrument for poverty reduction among people who are economically active but financially constrained and vulnerable in various countries (Morduch and Haley, 2002). Many studies (Latif, 2001; Khandekar, 2000; Mahendra Varman, P, 2005) have revealed that increased availability of micro-credit to the poor through micro financing SHGs will enable rural households to develop banking habits, to take up larger productive activities. The need to improve financial accesses of India's poor, the over whelming majority of whom are concentrated in rural areas, motivated the establishment time to time to launch many innovative programmes in the country. One such innovative approach to serve the financial needs of India's rural poor is the concept of the formation of Self Help Groups (SHGs). It is

a small, economically homogeneous and affinity groups of rural/urban poor, voluntarily formed to save and contribute to a common fund to be lent to the members as per group decision and for working together for social and economic uplift of their families and community. This microfinance approach permits members of SHGs to translate 'small pay-ins' in to 'large take outs' when needed (Rutherford, 2002). The programme of SHG formation has started in North-East India in the year 1997-98. Majority of the SHGs in North-East India are concentrated in Assam. Assam alone contributes a bulk of SHG savings, loan disbursement and outstanding bank loan. The present study is therefore, a modest attempt to examine the inter-state disparities of microfinance programme in North-East India and identify the factors which responsible for such disparities. The study also tries to have a look on growth of microfinance programme in Assam and India.

1. Review of Literature:

The purpose of the literature review is to summarize perspectives that might have a direct or indirect bearing on the conceptual design dealt with in this study and to prepare to frame work through which one could have a better understanding of the problem. The components of the various frame works covered by the review and their analysis are subsequently used for supplementing the findings of the study. The following literature review presents a scenario of microfinance activities in India. The literature also reported Inter-Regional and Inter-State Disparities among the various regions and states.

Micro finance programs are important institutional devices for providing small credit to the rural poor in order to alleviate poverty. Micro financing programmes

through SHGs, introduced the expanded by non-governmental organizations (NGOs) in several parts of India, have the potential to minimize the problem of inadequate access of banking services to the poor (Rajasekhar 2000).

The role of SHGs in providing access to savings and credit facilities, the study revealed some of the potential strengths as well as the constraints of SHGs. Despite many economic disadvantages of the members, SHGs have been able to inculcate a regular savings habit among them, leading to the mobilization of a fair amount of savings, both individually and collectively. (Shylendra et. al, 2010) A most notable milestone in the SHG movement was achieved when NABARD launched a pilot phase of the SHG-Bank linkage program in February, 1992. The study pointed out vast credit variation among the states and regions. Southern region is the best region which shows 52,421.42 million rupees distributed among SHGs compared to other regions like Central region, Eastern region, Western region and North-Eastern region, where the credit distributed are Rs- 5,014.56, 5,183.16, 2,950.77 and 4,53.58 million respectively. (Dr. P. Loganathan and R. Asokan, 2006).

M.S Sriram (2005) pointed out that, Around seven lakhs groups were linked to the banks and around five lakhs groups were refinanced by NABARD by 2003, the cumulative disbursement of loans to these SHGs stood at Rs- 2048 crore. However, the linkage programme is skewed in favour of the southern states, particularly Andhra Pradesh. This state alone account for 39% of the total linkage, while the Northern and North-Eastern region together account for only 5% of the total programme. The success of SHG bank linkage programme in state like Andhra Pradesh is attributed to the existence of strong institutions involved in

social intermediation, which helps in the formation of SHGs.

Bansal (2004) have dealt with issue of explanation of such differences in spread of the SHG-linkage programme across regions. She tried to probe whether the spread of the programme across India has a systematic pattern. To investigate this she calculated the coefficient of correlation of the number of SHGs linked with the population, Human Development Index (HDI), incidence of poverty and spread of NGOs across Indian states. The results indicate that at the macro level the SHGs have moved away from poorer states and are mainly following the presence of NGOs in various states. Swain and Varghese (2009) further emphasizes the importance of NGOs by finding out that training by NGOs have positive effects on SHG members in helping them to productively use the loans. But they also find that this effect is higher for states with better infrastructural facilities. Thus complementary facilities are required to make such programmes more attractive for the intended clientele.

Sriram and Kumar (2005) while identifying the causes for regional variation in the spread of SBLP pointed out three factors that may have led to the growth of the program in states with higher penetration rates. These are incidence of poverty, population density and number of outlets of formal financial institutions. Other factors that may affect outreach are higher density of population, large number of formal financial institution outlets, active state government intervention and presence of enterprising MFIs.

According to Dr. Abhijit Sharma (2006), microfinance has become an important tool or instrument to reduce poverty or promote micro and small enterprise development. However, despite the massive physical

expansion, the out reach to the people has still not been commensurate. As on 2001, only 35.5% households availed of banking services. In the North-East region only 20.4% households availed of banking service and in Manipur it was 8.7%. Reji (2010) revealed that the effective functioning of groups is influenced by a host of factors involving: Quality of group meeting, saving habit, adequacy and accessibility to resources, repayment behavior, group cohesion, group leadership, group interaction, autonomy, sense of self, equity, accountability and transparency.

The crucial variables influencing the economic performance of SHGs are education and training received as social capital variables and dairying as economic capital variable. Thus, the SHGs can be empowered and strengthened to offer training to its members, provide opportunities for education and facilitate adoption of dairy, in order to enhance their economic performance. (Nagaraj et.al. 2009). Fouillet and Augsburg (2007) uses district level data on SLBP to show that a considerable disparity remains in the outreach of the programme. They have also identified the need to find out the factors that have influenced the outreach of the programme. As we can see there are a variety of factors that the literature has identified as having influence on the microfinance outreach.

2. Objective:

- To examine the inter-state variations among the North-eastern states in case of savings, loan disbursements, and loan outstanding to SHGs.
- To analyse the Agency-wise position of Assam regarding savings, loan disbursements, and loan outstanding to SHGs, the leader state in North-east India.

3. Methodology:

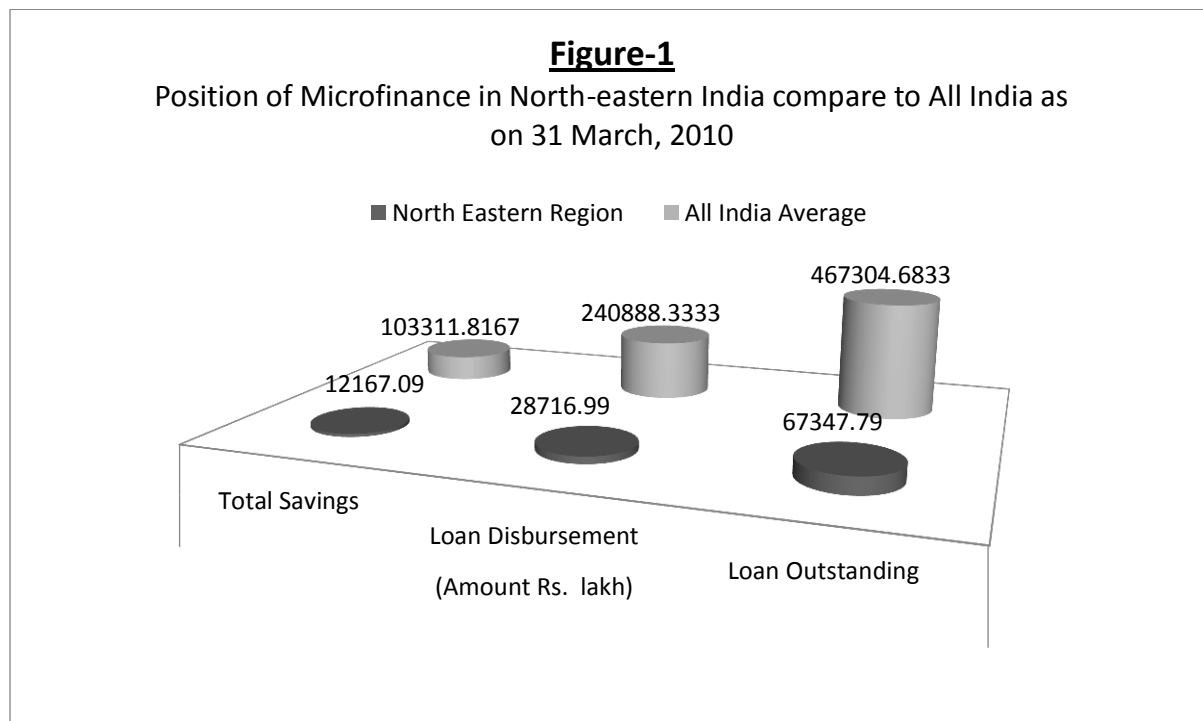
The study is based on secondary data collected from sources like NABARD, Statistical Hand Book of Assam, govt publications, official website of Assam, various books and articles. The data has been analysed using simple statistical tables and graphs.

4. Analysis of the Study:

The Microfinance programme in India started near about two decades back. But its progresses are not uniform throughout various region and states. The programme has made a tremendous progress in southern region compare to the other regions of the country. This is mainly due to the well-functioning of the NGOs and sound institutional facilities the programme is successful in southern region. Despite of many efforts, development of SHG programme in the North Eastern region has lagged behind the rest of the country. Moreover, the progresses of SHG programme among the North-Eastern states are also not uniform. Assam has done quite well whereas the performance of Sikkim is relatively poor.

4.1. Position of Micro-Finance in North-Eastern Region:

The North-eastern region is a back-ward region of India in all respects. This is mainly due to poor performance of Govt. Institution, poor infrastructural facilities, poor banking services and so on. In case of Microfinance also we have seen very poor performance in North-eastern India. In the North-east India, the programme launched in 1997-98 but still the programme is in its infant stage. The figure-1 shows the relative performance of microfinance in North-east India compare to all India average.



Source: STATEMENT 2-A, 2-B and 2-C, Status of Micro Finance in India, 2009-10, NABARD.

The figure-1 highlights the relative position of North-east India in case saving, loan disbursement and loan outstanding compare to all India average. In case of savings with banks, the North-eastern region recorded total saving Rs. 12167.09 lakh as on 31march, 2010. On the other hand, all India average is much higher i.e. Rs. 103311.8 lakh. Again, in case of loan disbursement and loan outstanding, the North-eastern region recorded Rs. 28716.99 lakh and Rs. 67347.79 lakh which are much low compare to the all India average (region-wise) of loan disbursement Rs. 240888.33 lakh and loan outstanding Rs. 467304.68.

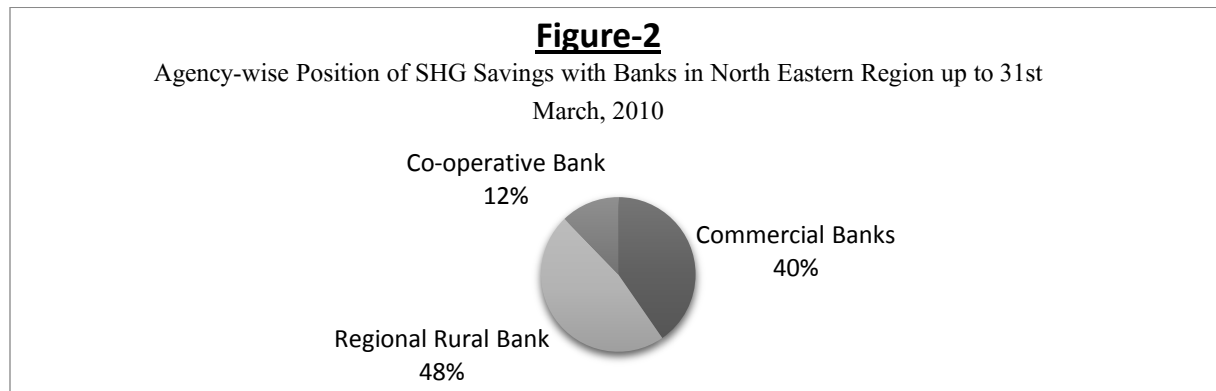
This is mainly because of lack of concentrated effects by banks, the inability of banks to identify NGOs with savings and credit groups, lack of motivation among bankers, lack of large size NGOs with previous background of working with SHGs and the social configurations prevailing in the region. Moreover, poor performance of

microfinance in the North-Eastern Region is also due to the late start of SHG-Bank linkage programme in the region.

The programme of Microfinance have a great success in Southern region, the region alone enjoys all most half of the microfinance benefits. As a result, southern region captures the top position in all aspects of micro-financing facilities.

4.2.Agency-wise Performance of SHG Savings, Loan Disbursement and Loan Outstanding in North-Eastern Region:

The following figures explain the agency-wise performance of Microfinance in North-Eastern region regarding savings with banks, loan disbursement and loan outstanding. The percentage values of the respective figures show relative position of Commercial Banks, Regional Rural Banks and Co-operative Banks with each other.

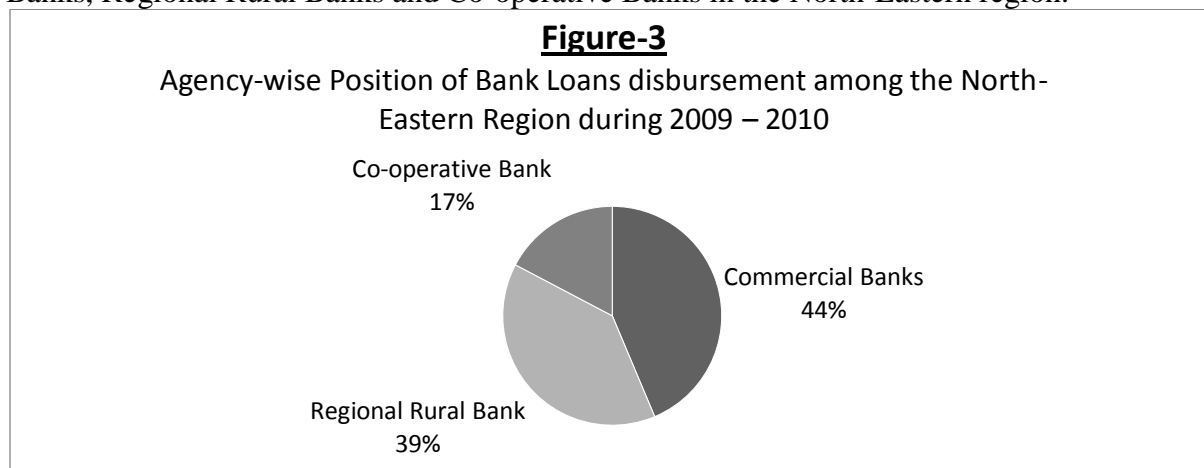


Source: STATEMENT 2-A, Status of Micro Finance in India, 2009-10, NABARD

The figure-2 explains the agency-wise performance of savings with banks in North-Eastern region. Here, we have seen that Regional Rural Banks has the largest share

of 48 percent SHG savings followed by Commercial Banks 40 percent and Co-operative Banks with only 12 percent SHG savings.

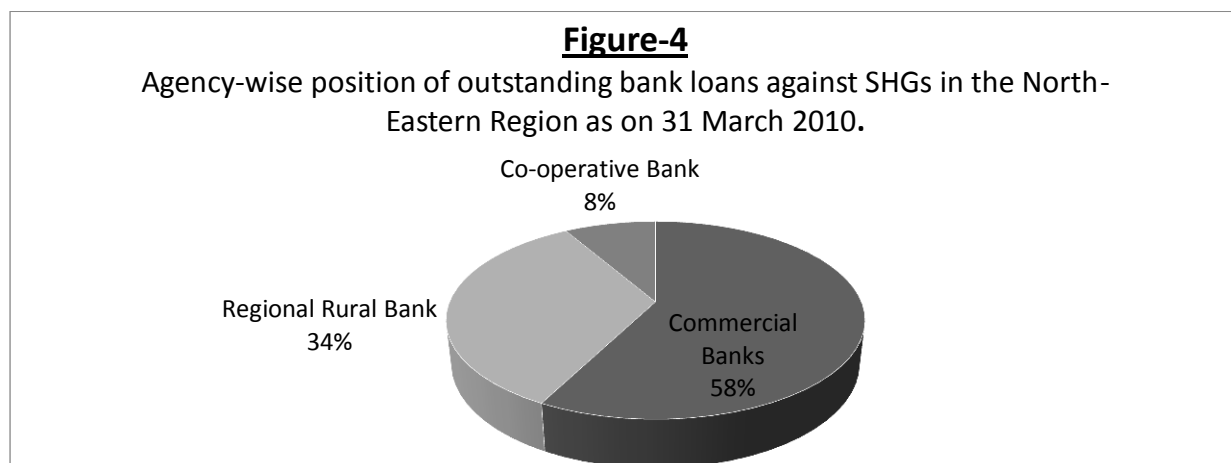
In the Figure-3, we highlight the relative share of Loan Disbursement among the Commercial Banks, Regional Rural Banks and Co-operative Banks in the North-Eastern region.



Source: STATEMENT 2-B, Status of Micro Finance in India, 2009-10, NABARD

It is shown in the figures that, though the Regional Rural Banks has the largest share in case of SHG savings with banks, here Commercial Banks has the largest share (i.e. 44 percent) in case of bank loan disbursement compare to 39 percent in Regional Rural Banks and 17 percent in Co-operative Banks in the North-Eastern region.

The outstanding bank loans against SHGs are also one of the important aspects of microfinance programme. Figure-4 explains the agency-wise outstanding bank loans against SHGs in North-Eastern Region. Here, again we find the same picture like loan disbursement; Commercial Banks has the largest share of 58 percent compare to the 34 percent of Regional Rural Banks and 8 percent of the Co-operative Banks.



Source: STATEMENT 2-C, Status of Micro Finance in India, 2009-10, NABARD

The relative share of the Co-operative banks in all aspects seems to very poor mainly because of poor setup of Co-operative Banks network in the North-Eastern Region of India.

4.3. Region-wise progress/trend in the SHG-Bank linkage programme:

There exists no uniformity with regard to the progress of SHG-Bank Linkage Programme across the regions. It has had good success in southern regions where as in the northeast and northern region, its progress is very low.

It is also very low in case of the central region. The growth of the program has been overwhelming in the south. The southern region continues to lead in terms of share in client outreach as well as loan disbursement and outstanding. Calculation from the absolute data in Table-1 shows that the share of the southern region was 68.59 per cent in 1990-00 and still it has a larger share of 55.01 per cent in 2008-09 whereas for North-Eastern region it was 0.17 and 2.84 percent respectively

Table-1
SHG-Bank Linkage Programme-Regional Spread of Physical Progress (Cumulative)

Region	Northern Region	North Eastern Region	Eastern Region	Central Region	Western Region	Southern Region	All India
1999-00	3222 (2.81)	196 (0.17)	9398 (8.19)	15256 (13.29)	7983 (6.96)	78720 (68.59)	114775 (100)
2000-01	9012 (3.42)	447 (0.17)	22258 (8.45)	28581 (10.85)	15543 (5.9)	187690 (71.22)	263531 (100)
2001-02	19321 (4.19)	1490 (0.32)	45892 (9.94)	48181 (10.44)	29318 (6.35)	317262 (68.75)	461464 (100)
2002-03	34923 (4.87)	4069 (0.57)	90893 (12.67)	81583 (11.37)	42180 (5.88)	463712 (64.64)	717360 (100)
2003-04	52396 (4.48)	12278 (1.05)	158237 (13.54)	217009 (18.56)	54815 (4.69)	674356 (57.68)	1169091 (100)

2004-05	86018 (5.33)	34238 (2.12)	265628 (16.45)	197365 (12.22)	92266 (5.71)	938941 (58.16)	1614456 (100)
2005-06	133097 (5.95)	62517 (2.79)	394351 (17.62)	267915 (11.97)	166254 (7.43)	1214431 (54.25)	2238565 (100)
2006-07	182018 (6.22)	91754 (3.14)	525881 (17.98)	332729 (11.38)	270447 (9.25)	1522144 (52.04)	2924973 (100)
2007-08	134783 (3.72)	103424 (2.85)	753048 (20.77)	326763 (9.01)	446550 (12.32)	1861373 (51.33)	3625941 (100)
2008-09	166087 (4.01)	117609 (2.84)	893126 (21.55)	326602 (7.88)	357775 (8.63)	2283992 (55.1)	4145191 (100)

Source: SHG-Bank Linkage, Status of Microfinance, Various years, NABARD.

Note: The figures in the parenthesis are the percentage value.

The top five states in terms of loans outstanding accounted for 74 per cent of total loans in the country. Andhra Pradesh with 36 per cent share and Tamil Nadu with 14 per cent share of total loans indicate little left for other states. In terms of average loans outstanding, Karnataka occupied the top position with Rs. 1,10,300 per group which was 88 percent more than the national average of Rs.58,370 per group. In recent years, NABARD has initiated special measures to stimulate the low growth states.

4.4. State-Wise performance of Microfinance in North-East India

In the North- east region of India, the SHG-Bank linkage programme started at around

1997-98. Since then the number of SHGs linked to the banks have increased considerably especially during the last few years. The growth rate of SHGs linked to banks has been nearly 200 percent from 2001-02 onwards compared to only 50 percent for all India. Similarly the amount of loan has also registered a jump for the last few years in the region to more than 200 percent compared to all India figure of only 90 percent or so (Sharma, A, 2006). In north-east, the state Assam is the leader in the area of the number of SHGs linked to banks and amount of bank loan received. In the initial years, the SHG-Bank-Linkage Programme (SBLP) did not register much headway in Assam and other North-Eastern States.

a) State wise Position of Savings of SHGs with banks in North-East India:

Now the state wise position of SHG savings with banks in the North-Eastern Region is depicted in the following Table-2.

Table-2			
State wise Position of Savings of SHGs with banks among the North-Eastern states up to 31st March, 2010			
(Amount Rs. lakh)			
States	No. of SHGs	Saving Amount	Saving per SHG
Assam	218352	7359.94	0.03371
Meghalaya	11787	360.25	0.03056
Nagaland	5926	334.37	0.05642

Tripura	31349	3335.7	0.10641
Arunachal Pradesh	6418	164.89	0.02569
Mizoram	5097	251.4	0.04932
Manipur	10831	218.56	0.02018
Sikkim	2428	141.98	0.05848
TOTAL	292188	12167.09	0.04164

Source: STATEMENT 2-A, Status of Micro Finance in India, 2009-10, NABARD

Table-2 depicts that compared to the other North-Eastern States, Assam is much better placed in respect of number of SHGs having bank account and the total amount of group savings. As on 31st March, 2010, a total of 292188 SHGs had their bank accounts in the North-Eastern Region with the savings amount of Rs. 12167.09 lakh. Out of these 292188 SHGs 218352 were existing in Assam and thus Assam was having a lion share of 74.7% SHGs with bank account in the North-East. Besides this, Assam also had

the highest share of SHG savings (60.5%) in the entire region.

Among the North-Eastern States, Sikkim reported lowest number of SHGs having bank account and the total amount of group savings. Only 2428 SHGs having total saving 141.98 lakh has reported by Sikkim as on as on 31st March, 2010. Saving amount per SHG among the North-Eastern states was highest in Tripura (0.10641 lakh) and lowest in Manipur (0.02018 lakh).

Table-3				
Agency-wise Position of Savings with banks among the North-Eastern States up to 31st March, 2010				
(Amount Rs. lakh)				
States	Commercial Banks	Regional Rural Bank	Co-operative Bank	Total
	Saving Amount	Saving Amount	Saving Amount	Saving Amount
Assam	3662.24 (49.76)	2637.95 (35.84)	1059.75 (14.4)	7359.94 (100)
Meghalaya	193.06 (53.59)	132.51 (36.78)	34.68 (9.63)	360.25 (100)
Nagaland	151.37 (45.27)	NA	183 (54.73)	334.37 (100)
Tripura	574.34 (17.22)	2660.6 (79.76)	100.76 (3.02)	3335.7 (100)
Arunachal Pradesh	71.51 (43.37)	77.85 (47.21)	15.53 (9.42)	164.89 (100)
Mizoram	44.23 (17.59)	176.97 (70.39)	30.2 (12.02)	251.4 (100)
Manipur	118.44 (54.19)	80 (36.60)	20.12 (9.21)	218.56 (100)
Sikkim	96.74 (68.14)	NA	45.24 (31.86)	141.98 (100)
Overall	4911.93 (40.37)	5765.88 (47.39)	1489.28 (12.24)	12167.09 (100)

Source: STATEMENT 2-A, Status of Micro Finance in India, 2009-10, NABARD

Note: The figures in the parenthesis are the percentage value. NA means not available and total amount consists of the data available from other agencies.

Table-3 indicates the agency-wise performance of SHG savings with banks among the North-Eastern states. In Assam

almost half of the SHG savings are contributed by the Commercial Banks, whereas the performances of Regional Rural Banks and Co-operative are relatively poor. The Commercial Banks contributes more than half of the SHG savings in case of

Meghalaya, Manipur and Sikkim. In case of Mizoram and Tripura the largest shares of SHG saving are contributed by the Regional Rural Banks i.e. 70.39 percent and 79.76 percent respectively. In Nagaland, the Co-

operative Banks contributes the SHG savings of 54.73 percent compare to Commercial Banks only 45.27 percent.

b) State-wise position of Bank Loans disbursed to SHGs in North-Eastern Region:

The state wise position of bank loan disbursed to SHGs in the North-East during the year 2009-10 is shown in the following table.

Table-4			
State-wise position of Bank Loans disbursement in North-Eastern Region during 2009 – 2010			
(Amount Rs. Lakh)			
	No. of SHGs	Loan Amount	Loan per SHG
Assam	39058	19573.61	0.501142
Meghalaya	1895	884.18	0.466586
Nagaland	603	637.83	1.057761
Tripura	5424	6270.72	1.156106
Arunachal Pradesh	919	318.13	0.34617
Mizoram	417	466.87	1.119592
Manipur	538	301.14	0.55974
Sikkim	453	264.51	0.583907
Overall	49307	28716.99	0.582412

Source: STATEMENT 2-B, Status of Micro Finance in India, 2009-10, NABARD

The total number of SHGs had bank loan disbursed in North-east was 49307 having total amount Rs. 28716.99 lakh during 2009-10. Assam accounts for more than 79 percent of the total SHGs and in case of loan disbursed Assam alone accounts Rs.19573.61 lakh i.e. more than half of the total loan disbursed in the N.E region during 2009-10. Among the other states, Mizoram contributes less number SHGs linked to bank loan disbursed i.e. 417 SHGs and Sikkim contributes less amount of bank loan disbursed i.e. Rs.264.51 lakh during the 2009-10. But the amount of loan per SHG was highest for Tripura (1.156106 lakh) and lowest for Arunachal Pradesh (0.34617 lakh). In case of Mizoram and Nagaland the amount of loan per SHG was also not

negligible (Mizoram-1.119592 and Nagaland-1.057761).

The differences in the progress of SHGs scheme in the North-eastern states are mainly due to lack of proper communication, literacy, geographical positions and moreover the differences between the activities and availability of the banking agencies.

Like the SHG savings with bank, the Commercial Banks contributes larger share of 46.36 percent loan disbursement in Assam followed by 33.90 percent by Regional Rural Banks and 19.74 percent by Co-operative Banks. In the Nagaland as per data available the entire bank loan disbursed to SHGs are contributed by the Commercial banks.

Table-5				
Agency-wise position of Bank Loans disbursement among the North-Eastern States during 2009 – 2010				
(Amount Rs. Lakh)				
States	Commercial Banks	Regional Rural Bank	Co-operative Bank	Total
	Loan Amount	Loan Amount	Loan Amount	Loan Amount
Assam	9075.23 (46.36)	6635.28 (33.90)	3863.1 (19.74)	19573.61 (100)
Meghalaya	672.32 (76.04)	145.05 (16.41)	66.81 (7.56)	884.18 (100)
Nagaland	637.83 (100)	NA	NA	637.83 (100)
Tripura	1368.67 (21.83)	3958.03 (63.12)	944.02 (15.05)	6270.72 (100)
Arunachal Pradesh	312.13 (98.11)	6 (1.89)	NA	318.13 (100)
Mizoram	98.52 (21.10)	363.95 (77.96)	4.4 (0.94)	466.87 (100)
Manipur	174.23 (57.86)	106.91 (35.50)	20 (6.64)	301.14 (100)
Sikkim	198.32 (74.98)	66.19 (25.02)	NA	264.51 (100)
Overall	12537.25 (43.66)	11215.22 (39.05)	4964.52 (17.29)	28716.99 (100)

Source: STATEMENT 2-B, Status of Micro Finance in India, 2009-10, NABARD

Note: The figures in the parenthesis are the percentage value. NA means not available and total amount consists of the data available from other agencies.

The Commercial banks contributed 98.11 percent bank loan disbursement to SHGs in Arunachal Pradesh, 74.98 percent to Sikkim, 76.04 percent to Meghalaya and 57.86 percent to Manipur. The Regional Rural Banks has also good share of bank loan disbursement to SHGs in case of Tripura and Mizoram and less shares in Arunachal Pradesh i.e. only 1.89 percent of bank loan disbursed to the state. The positions of bank loan disbursement by the Co-operative Banks are very negligible compare to the Commercial Banks and Regional Rural Banks.

c) **The state wise position of outstanding bank loans against SHGs in the North-Eastern Region:**

The state wise position of outstanding bank loans against SHGs in the Northeast is depicted in the following table.

In the table-6, again it is shown that Assam contributes maximum share of outstanding bank loan against SHGs among the North-eastern states. Out of total outstanding bank loan in the North-eastern states Rs.67347.79 Assam alone contributes Rs.49123.37. whereas Sikkim again shows lowest no. of SHGs as well as amount of loan outstanding compare to the other North-eastern states.

Table-6			
The state wise position of outstanding bank loans against SHGs in the North-Eastern Region as on 31 March 2010.			
(Amount Rs. lakh)			
States	No. of SHGs	Loan Outstanding	Loan Outstanding per SHG

Assam	100422	49123.37	0.489169
Meghalaya	3191	1339.83	0.419878
Nagaland	4236	1450.16	0.342342
Tripura	14580	9687.29	0.664423
Arunachal Pradesh	3203	1068.49	0.33359
Mizoram	2097	2325.9	1.109156
Manipur	4452	1878.58	0.421963
Sikkim	1604	474.17	0.295617
Overall	133785	67347.79	0.503403

Source: STATEMENT 2-C, Status of Micro Finance in India, 2009-10, NABARD

As per loan outstanding per SHG among the North-eastern states is concerned Mizoram stand first with the value of 1.109156 lakh and Sikkim stand last with 0.295617 lakh per SHG. Except Mizoram and Tripura, loan outstanding per SHG in all other North-

Eastern states was lower than the average of 0.503403 lakh.

The Table-7 highlights the position of outstanding bank loan against SHGs among the North-Eastern States.

Table-7				
Agency-wise position of outstanding bank loans against SHGs among the North-Eastern States as on 31 March 2010.				
(Amount Rs. lakh)				
States	Commercial Banks	Regional Rural Bank	Co-operative Bank	Total
	Loan Outstanding	Loan Outstanding	Loan Outstanding	Loan Outstanding
Assam	30216.34 (61.51)	14534.45 (29.59)	4372.58 (8.90)	49123.37 (100)
Meghalaya	845.98 (63.14)	347.12 (25.91)	146.73 (10.95)	1339.83 (100)
Nagaland	1450.16 (100)	NA	NA	1450.16 (100)
Tripura	2755.37 (28.44)	6008.5 (62.02)	923.42 (9.53)	9687.29 (100)
Arunachal Pradesh	797.99 (74.68)	91.5 (8.56)	179 (16.75)	1068.49 (100)
Mizoram	799.33 (34.37)	1522.17 (65.44)	4.4 (0.19)	2325.9 (100)
Manipur	1528.35 (81.36)	350.23 (18.64)	NA	1878.58 (100)
Sikkim	432.58 (91.23)	NA	41.59 (8.77)	474.17 (100)
TOTAL	38826.1 (57.65)	22853.97 (33.93)	5667.72 (8.42)	67347.79 (100)

Source: STATEMENT 2-C, Status of Micro Finance in India, 2009-10, NABARD

Note: The figures in the parenthesis are the percentage value. NA means not available and total amount consists of the data available from other agencies.

Here, like the earlier cases the relative position of Commercial Banks are much better for outstanding bank loans against SHGs among the North-Eastern States. But Tripura and Mizoram reports poor

performance of Commercial Banks in case of outstanding bank loan. The Regional Rural Banks are done well in the states Tripura and Mizoram.

Thus from the above tables and discussions, it is understood that though SBL Programme started its journey very slowly in Assam, in course of time it got its momentum. In the North-Eastern Region, Assam has experienced the maximum share of SHGs with bank accounts, group savings, loan

disbursement and outstanding of loans. However it is evidenced from the above discussion that still Assam has to go a long way to make a significant progress in the SBL Programme in the all India level.

4.5. Agency-wise position of SHGs in Assam:

The agency wise position of savings of SHGs with banks in Assam from 2008-09 to 2009-2010 is shown in the Table-8.

Table-8 Agency wise position of savings of SHGs with banks in Assam from 2008-09 to 2009-2010. (Amount Rs. Lakh)									
Sl. No.	Year	Details of SHGs Saving Linkage							
		Commercial Banks		Regional Rural Banks		Co-operative Banks		Total	
		No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount
1	2008-09	64122	3634.35	101239	2363.94	15635	298.63	180996	6296.92
2	2009-2010	77036	3662.24	121298	2637.95	20018	1059.75	218352	7359.94
3	% Growth	20.14	0.77	19.81	11.59	28.03	254.87	20.64	16.88

Source: STATEMENT 11-A, Status of Micro Finance in India, 2009-10, NABARD

From the table-8 it is seen that RRBs have the maximum share in case of no. of SHGs having saving account both in the year 2008-09 and 2009-10. But in case of amount of savings, Commercial Banks have major share i.e. Rs.3634.35 lakh and Rs.3662.24 lakh out of total savings 6296.92 lakh and 7359.94 lakh respectively during the 2008-09 and 2009-10. Co-operative Banks here again shows poor performance compare to CBs and RRBs.

The overall growth of no. of SHGs having saving account from 2008-09 to 2009-10 is 20.64 percent. The growth rate of SHGs for saving accounts in CBs are 20.14 percent, RRBs and Co-operative Banks has respectively 19.81 and 28.03 percent from 2008-09 to 2009-10. So Co-operative Banks reported highest growth rate of SHGs for saving account during this period. On the

other hand, in case of growth of saving amount Co-operative Banks again shows highest growth rate i.e. 254.87 percent and Commercial Banks reported very poor growth rate of saving amount from 2008-09 to 2009-10. This is mainly because of expanding the network of Co-operative Banks in rural Assam during the last a few years.

The agency wise position regarding no. of SHGs credit linked with banks with the total amount of loan disbursement along with their growth rate from 2008-09 to 2009-10 are given in the following Table-9.

Table-9									
The agency wise position of SHGs credit linked with banks in Assam from 2008-09 to 2009-2010. (Amount Rs. Lakh)									
Sl. No.	Year	Details of Loans disbursed to SHGs							
		Commercial Banks		Regional Rural Banks		Co-operative Banks		Total	
		No. of SHGs	Loan Amount	No. of SHGs	Loan Amount	No. of SHGs	Loan Amount	No. of SHGs	Loan Amount
1	2008-09	11775	8300.78	13417	5647.83	1256	1747.59	26448	15696.20
2	2009-2010	11760	9075.23	17486	6635.28	9812	3863.10	39058	19573.61
3	% Growth	-0.13	9.33	30.33	17.48	681.21	121.05	47.68	24.70

Source: STATEMENT 11-B, Status of Micro Finance in India, 2009-10, NABARD

During the period 2008-09, the total amount of bank loan disbursed to the SHGs in the Assam was recorded at Rs.15696.20 lakh. Out of this Commercial Bank alone contributes Rs.8300.78 lakh and Co-operative Banks contribute lowest amount i.e. Rs.1747.59. Again the scenario of loan disbursement is almost same during the 2009-10. The total no. of SHGs had loan disbursed and loan amount has increased from 2008-09 to 2009-10.

Here again Co-operative Banks contributes the highest growth rate in case of no. of

SHGs as well as amount of bank loan disbursed. Commercial Banks shows negative growth in case of no. of SHGs having loan disbursement and very poor growth in loan amount from the year 2008-09 to 2009-10. The overall picture highlights growth of SHGs is much high compare to the growth of loan amount from the year 2008-09 to 2009-10. The record simple mean that growth of per SHGs has reduced during the last two years.

The agency wise position of bank loans outstanding against SHGs in Assam from 2008-09 to 2009-2010 is depicted in table-10

Table-10									
The agency wise position of bank loans outstanding against SHGs in Assam from 2008-09 to 2009-2010. (Amount Rs. Lakh)									
Sl. No.	Year	Details of Loans Outstanding of SHGs with Banks							
		Commercial Banks		Regional Rural Banks		Co-operative Banks		Total	
		No. of SHGs	Loan O/s	No. of SHGs	Loan O/s	No. of SHGs	Loan O/s	No. of SHGs	Loan O/s
1	2008-09	47557	18296.28	33844	11015.32	7477	3543.82	88878	32855.42
2	2009-2010	49925	30216.34	38656	14534.45	11841	4372.58	100422	49123.37
3	% Growth	4.98	65.15	14.22	31.95	58.37	23.39	12.99	49.51

Source: STATEMENT 11-C, Status of Micro Finance in India, 2009-10, NABARD

From the table-10, it is observed that Commercial Banks had the maximum share of outstanding bank loans to the SHGs with the amount of Rs. 18296.28 lakh followed by RRBs with the amount of Rs. 11015.32 lakh and the Co-operative Banks with Rs. 3543.82 lakh during the 2008-09. Again during the year 2009-10, Commercial Banks contributes the amount of Rs. 30216.34 lakh followed by RRBs with the amount of Rs. 14534.45lakh and the Co-operative Banks with Rs. 4372.58 lakh.

On the other hand, the growth rate of SHGs having outstanding bank loan is poor compare to RRBs and Co-operative Banks. But in case of growth amount of outstanding bank loans to the SHGs, Commercial Banks again shows highest growth rate compare to the other agencies. This is mainly because of vast network of the Commercial Banks in Assam.

The Assam has witnessed a rapid growth of SHGs and its linkage programme during the last 10 years. Majority of them was facilitated by Commercial Banks.

6). Conclusions:

The Microfinance programme becomes a very popular concept of financing the poor

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for self-employment. In India it has grown at a tremendous pace in recent years, but the major concentration is in the Southern states. The performance of North-Eastern Region was worst. Moreover, there are huge inter-state variations among the North-Eastern states. Assam as a leader of the North-Eastern states has done well in all respect like amount of saving with bank, loan disbursement, and outstanding bank loans compare to other North-Eastern states. On the other hand, Sikkim shows very poor performance in all aspects of micro-financing programme. The differences in the progress of SHGs scheme in the North-eastern states are mainly due to lack of proper communication, literacy, geographical positions and moreover the differences between the activities and availability of the banking agencies. A greater concentration of micro finance is possibly owing to the already well-developed banking infrastructure in the states but it further reinforces the existing inequality between states in the development of banking infrastructure.

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