

xv. Flood Assam with SHGs

An SHG is a small, economically homogeneous affinity group of resource poor people, voluntarily formed to save small amounts convenient to all the members and mutually agree to contribute to a common fund/ corpus to be lent to its members for their emergent productive and consumption needs as per the decision of the group. Started as a pilot project with a modest target of 500 SHGs in 1992, with 9.42 lakh SHGs it has become a movement in the country. Over 90% of the SHGs are exclusively of women. It is also the largest micro-Finance programme in the world today. When NPAs stare at the face of banks, SHG linkage has offered a very safe financial instrument for them as no NPA has been reported in financing them by any bank. NABARD conceptualized the SHGs in the late 80's and brought together the bankers and the unserved and underserved rural poor. Rest is history.

In Assam, it was just 177 SHGs in 2001-02 and today, there are more than 30,000 of them linked with the banking system. But, with about 35% of the people living below the poverty line in Assam, it is reasonably possible to promote and link atleast 1.20 lakh SHGs. With more and more support being provided by NABARD by way of dissemination of the programme among the rural poor, capacity building measures, etc., banks have started showing greater interest in financing SHGs in Assam. Though all the five Regional Rural Banks [RRBs] in the State have found the advantages of financing SHGs, the commercial banks are yet to gear up their machinery in increasing their outreach to the SHGs. Commercial Banks still look for the NGOs to come forward to promote SHGs and hand them over to them. But, time has come for the commercial banks to look for alternative sources of supply of SHGs. SHGs can be promoted by FMCs. SHGs can be promoted by the Farmers Clubs, SHGs can be promoted by individuals [like teachers and unemployed youth]. SHGs can be promoted by the SHGs themselves or their enterprising members. *Banks may need to develop their own norms for incentivising those who promote SHGs and offer them for linkage.*

In order to take this movement further in Assam, the banks should popularize this scheme vigorously as they do for their various financial products in the urban and metropolitan segments. *The banks can declare the year 2004-05 as the year of SHGs and all the commercial banks may work out their strategies in increasing the stock of SHGs during the current year. Government, from its side may provide support by making SHGs as their priority institutions for implementing various developmental programmes.*
