

## A CRITICAL ANALYSIS OF FINANCIAL PERFORMANCE STATUS (NPA) OF SHG LINKAGE BANKS IN SOLAPUR DISTRICT (MAHARASHTRA)

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### **ABSTRACT**

Microfinance programs like the Self-Help Bank Linkage Program (SHG) in India have been consistently hailed for their positive financial effect and the invigorating Women's. The point of convergence of SHG bank linkage in India has been worked around a colossal piece of human drive the energy of certainty. All through the most recent ten years, it has arrived at address a suffering relationship between the financially denied and the conventional cash related framework, conveyed through a socially suitable contraption known as Self Help Groups (SHGs). SHG-Banking is a program that assists with advancing cash related exchanges between the appropriate normal financial construction in India including public and private district business banks, neighborhood country banks and wonderful saves cash with the casual Self Help Groups (SHGs) as customers. (SHGs are cash related specialists moved by poor people). This paper is overseeing current financial Status of Linkage Banks and Financial Analysis (NPA Position ) of the Linkage Banks in India by Three years of Financial year i.e 2018-19 to year 2020-21 in Solapur District(Maharashtra)

**KEYWORDS:** Linkage Banks, Disbursement Level, NPA Status of SHG's in Solapur District

### **INTRODUCTION**

They commonly start by making intentional control on a standard for the most part fortnightly or month to month - premise (authoritative save saves). They utilize this pooled asset (as semi equity) together with the outer bank credit to give pay bearing advances to their kin. Such credit gives extra liquidity or buying power for use in any of the borrower's creation, theory, or use works out. SHG-Banking through SHGs and the current merged standard financial affiliation reviewing several relationship for the formal and non-formal areas as banking adornments contemplate goliath degree effort of microfinance associations to the poor in India. These money related associations (taking care of adventure holds, taking advances) are made open for inconsequential expense, are sufficiently open and flexible enough to address penniless individuals' issues. In India, the difference in the new microfinance approach by commonplace cash related establishments expected the kind of the "Self-improvement Gathering Bank Linkage Program." After a crucial pilot center around the RBI set up a working social affair on non-legitimate affiliations (NGOs) and SHGs. The functioning get-together made thoughts for cover of the SHG thought as a potential mediation contraption in the space of keeping cash with penniless people. The RBI rushed to perceive the thoughts and encouraged the banks to consider mainstreaming progressing to SHGs as a piece of their country credit tasks. The SHG-bank linkage program is acquiring developing insistence among NGO social class

and specialists. The NABARD imagines covering 33% of the nation individuals in India by creating 1,000,000 SHGs. The public authority of India has now made declarations for interfacing 200,000 SHGs by year 2002–03. The gathering on microfinance sees the SHG-bank linkage program arising as a basic technique for managing a record with the poor in coming years

The linkages of SHGs with banks targets utilizing the intermediation of SHGs among banks and the provincial poor for reducing down the exchange expenses for the two banks and their country customers. The target of the linkage program could be:

- To develop valuable credit methodologies for meeting the credit needs of the poor by consolidating the adaptability, affectability and responsiveness of the casual acknowledge framework for the strength of specialized and authoritative abilities and monetary assets of the formal monetary organizations.
- To assemble shared trust and certainty among brokers and the country poor
- To empower banking movement, both on the frugality and credit sides, in a fragment of the populace that formal monetary organizations normally find hard to reach.

There could be various models of the linkage among SHG and banks:

- MODEL 1: The least complex and most direct is a model wherein the banks manage the individual SHGs, giving monetary help to on-lending to the singular individuals.
- MODEL 2: Another model, a slight variation of the first, is the place where the bank gives direct help to the SHG and the SHG advancing institution (SHGI), typically a NGO, gives preparing and direction to the SHG and for the most part keeps a watch to guarantee its good working.
- MODEL 3: The third model places the NGO or SHGI as a monetary delegate between the bank and various SHGs. The linkage between the bank and the SHGs for this situation is circuitous. The NGO acknowledges authoritative obligation regarding reimbursement to the bank.
- MODEL 4: The fourth model imagines bank advances straightforwardly to individual individuals from heaps of the SHG and NGO. For this situation, the NGO helps the bank in checking, administering and recuperation of credits.

It is possible that the linkage may follow a groundbreaking cycle and move from model three to show two and to show one finally to exhibit four where individuals get quick induction to the bank. Regardless, the gathering or affirmation of a particular model would depend upon the impression of the bank and the strength of the SHGs and the NGO. Where the financial backer can have an immediate information on the working of a SHG which is working pleasingly and has turned its pooled resources two/three times, he may well start with model two or even model one. In any case, a more moderate financial backer may get a kick out of the opportunity in the first place model three and rely upon the NGO or SHG.

History and Context of SHG Movement in Maharashtra: The recorded setting of nation credit, dejection relief and miniature Finance are indivisibly joined (Thorat). Maharashtra has had a long history in personal growth. SHGs and Cooperatives have been at the front line of offering financial kinds of help to destitute individuals, limited birth in metropolitan and commonplace districts. The possibility of SHG isn't new to Maharashtra. Beginning with a little

proportion of only 25 paise, the women of Maharashtra from Amaravati District had set up one SHG long back in 1947. Pretty much twenty years earlier in 1988, 'Chaitanya' Gramin Mahila Bal Yuvak Sanstha started progressing SHGs in Pune District. The Maharashtra model is exceptional in various ways. Fortifying is crucial to the advancement of the turn of events. The improvement has been NGO driven in close association with the State Government (MAVIM) and NABARD. The SHGs not simply oblige the monetary necessities of the individuals, yet moreover drew in with the course of social improvement. Continuously, SHGs are emerging as a fundamental instrument of permission to financial organizations in the state

### **OBJECTIVES OF THE STUDY**

- To concentrate on the Linkage Banks Current monetary Status of in Solapur District(Maharashtra)
- To concentrate on the SHG's A/c current position and status in solapur District
- To comprehend the Current NPA Position of Microfinance (SHG)
- To investigate the presentation of Loan Disbursement and Outstanding Loan sum and NPA status of most recent three years of monetary year.

### **LIMITATION OF THE STUDY**

- This study was limited to financial year 2017-18 to 2020-21 for Financial Analysis.
- This study was limited to understand the NPA status of SHG linkage Banks of Solapur District (Maharashtra)

### **SCOPE OF THE STUDY**

This article help to get a knowledge of SHG linkage bank execution and Current status of NPA position in Solapur District (Maharashtra), with the goal that this will help in future to plan the system and design of Formation of SHG's and Loan Disbursement strategy to conquer the difficulties of NPA and help to lessen the NPA level in impending monetary year.

### **RESEARCH METHODOLOGY OF THE STUDY**

This is an illustrative examination paper which is completely founded on the auxiliary information i.e Reports dependent on the NABARD and National Rural Livelihood Mission by Ministry of Rural Development, Government of India NPA Statements and Loan payment proclamation from the Financial year 2017-18 to 2020-21 also Books, pilot investigation of Linkage banks, and different exploration distribution, papers accessible in various sites and magazines .

### **DATA ANALYSIS AND INTERPRETATION**

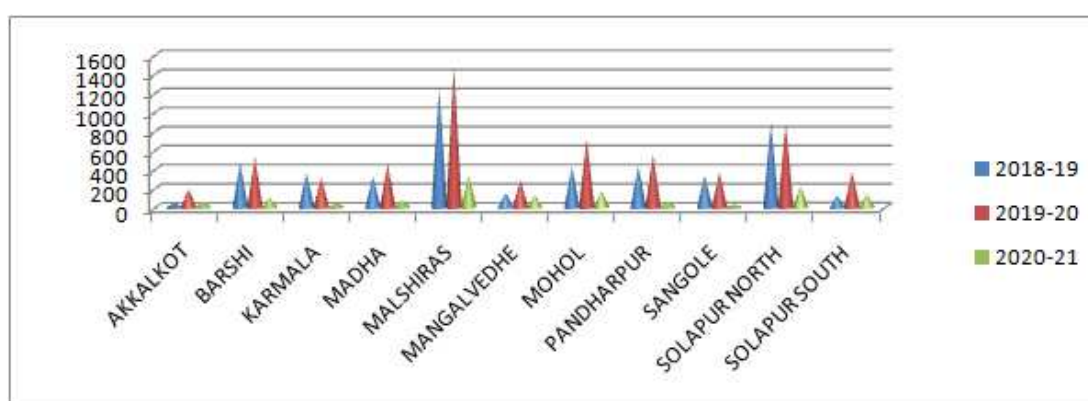
#### **Financial Analysis of SHG and NPA Position from 2017-18 to 2020-21**

SHG reports and Status in Solapur District (Maharashtra)

**Table 1: Total No. of SHG for Loan Disbursement**

Sr. No.	Name of Talukas	2018-19	2019-20	2020-21
1	AKKALKOT	43	197	70
2	BARSHI	469	532	108
3	KARMALA	366	316	54
4	MADHA	327	460	80
5	MALSHIRAS	1,255	1485	340
6	MANGALVEDHE	154	289	130
7	MOHOL	432	724	176
8	PANDHARPUR	444	557	73
9	SANGOLE	343	366	36
10	SOLAPUR NORTH	901	883	233
11	SOLAPUR SOUTH	131	378	142

Source: daynrmlbl.aajeevika.gov.in (National Rural Livelihood Mission) Government of Ministry

**Figure 1**

### Interpretation

From the about report of the SHG it was observed that the No of SHG has reduced in year 2021 in all level of Talukas in Solapur District. Specially in Pandharpur Taluka it was reduced drastically from (557) to (73) and Madha Taluka i.e from 460 to 80 and reduced drastically in Malshiras Taluka i.e from 1485 to 340 SHG's.

**Table 2: Total Disbursement Amount****(Rupees in Lakhs)**

Sr. No.	Name of Talukas	2018-19	2019-20	2020-21
1	AKKALKOT	57.04	143.28	42.06
2	BARSHI	1,105.06	1,260.88	166.37
3	KARMALA	673.94	468.47	69.28
4	MADHA	793.77	700.56	186.96
5	MALSHIRAS	2,562.50	3,014.38	713.5
6	MANGALVEDHE	227.95	366.46	157.13
7	MOHOL	735.59	1,125.93	304.97
8	PANDHARPUR	1,050.66	1,242.46	205.51
9	SANGOLE	830.36	887.67	83.56
10	SOLAPUR NORTH	2,015.42	1,799.13	382.49
11	SOLAPUR SOUTH	180.48	537.88	195.21

Source: daynrmlbl.aajeevika.gov.in (National Rural Livelihood Mission) Government of Ministry

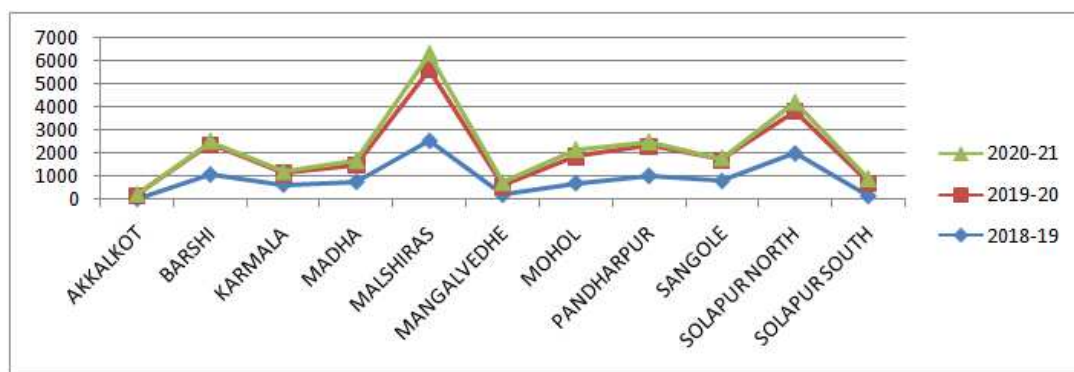


Figure 2

**Interpretation**

From the above report it was observe that The total loan amount disbursed was reduced in the year 2020-21 as compared to previous financial year 2018-19 and 2019-20 specially in Karmala reduced (27%), Malshiras (27.84%), Pandharpur (19.51%), and North Solapur Taluka’s (18.97%)

**Table 3: Total Outstanding Amount**

(Rupees in Lakhs)

Sr. No.	Name of Talukas	2018-19	2019-20	2020-21
1	AKKALKOT	255.5	331.07	483.4
2	BARSHI	1,656.35	1,765.99	1,881.24
3	KARMALA	682.21	583.87	631.59
4	MADHA	788.77	780.39	971.87
5	MALSHIRAS	2,235.79	2,709.18	2,648.41
6	MANGALVEDHE	278.07	454.78	623.51
7	MOHOL	763.33	1,123.97	1,288.87
8	PANDHARPUR	1,232.02	1,627.69	2,020.08
9	SANGOLE	910.64	1,059.67	1,071.22
10	SOLAPUR NORTH	2,182.31	2,408.63	2,725.73
11	SOLAPUR SOUTH	247.09	589.45	927.26

Source: daynrmlbl.aajeevika.gov.in (National Rural Livelihood Mission) Government of Ministry

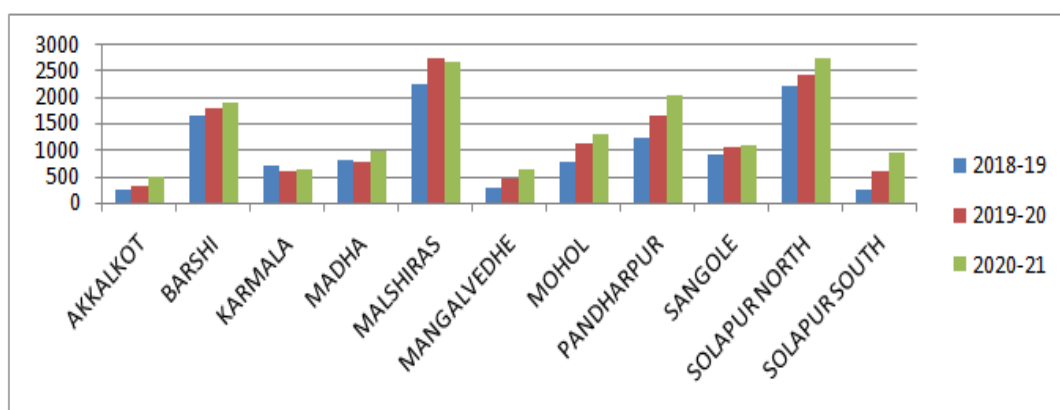


Figure 3

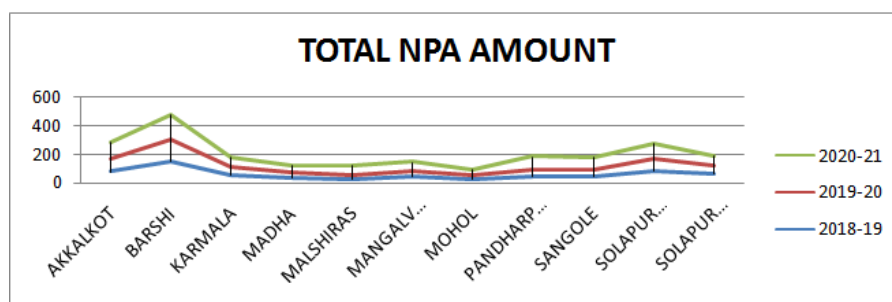
### Interpretation

The above table shows that the Outstanding amount has shown increasing every year in each Talukas. Especially in year 2020-21 Magalvedha (124.22%), Pandharpur (63.96%) and south solapur talukas (275.27%) outstanding amount has increased in the year 2020-21 as comparatively in year 2018-19.

**Table 4: Total NPA Amount**

Sr. No.	Name of Talukas	2018-19	2019-20	2020-21
1	AKKALKOT	77.79	92.55	113.53
2	BARSHI	150.54	156.18	172.81
3	KARMALA	54.35	61.5	65.35
4	MADHA	32.12	45.82	43.55
5	MALSHIRAS	25.31	30.54	62.68
6	MANGALVEDHE	42.27	43.74	57.14
7	MOHOL	24.09	31.72	33.44
8	PANDHARPUR	46.08	49.78	87.68
9	SANGOLE	47.3	48.34	80.1
10	SOLAPUR NORTH	82.89	84.69	108.79
11	SOLAPUR SOUTH	61.11	62.22	63.65

Source: daynrlmbl.aajeevika.gov.in (National Rural Livehood Mission) Government of Ministry



**Figure 4**

### Interpretation

From the above table it was observed that the Amount of NPA level has increased from 2018 to 2020 of each talukas. Especially taluka Malshiras (2.66% and 14.7.64%), Pandharpur (0.08% & 9.027%), Sangola (0.02% & 69.13%) and North Solapur (0.02% & 31%) has increased as compared to Financial year 2018-19.

**Table 5: The NPA (%) of Solapur District**

(Rupees in Lakhs)

Sr. No.	Name of Talukas	2018-19	2019-20	2020-21
1	AKKALKOT	30.45	27.95	23.49
2	BARSHI	9.09	8.84	9.19
3	KARMALA	7.97	10.53	10.35
4	MADHA	4.07	5.87	4.48
5	MALSHIRAS	1.13	1.13	2.37
6	MANGALVEDHE	15.2	9.62	9.16
7	MOHOL	3.16	2.82	2.59
8	PANDHARPUR	3.74	3.06	4.34
9	SANGOLE	5.19	4.56	7.48
10	SOLAPUR NORTH	3.8	3.52	3.99
11	SOLAPUR SOUTH	24.73	10.56	6.86

Source: daynrlmbl.aajeevika.gov.in (National Rural Livehood Mission) Government of Ministry

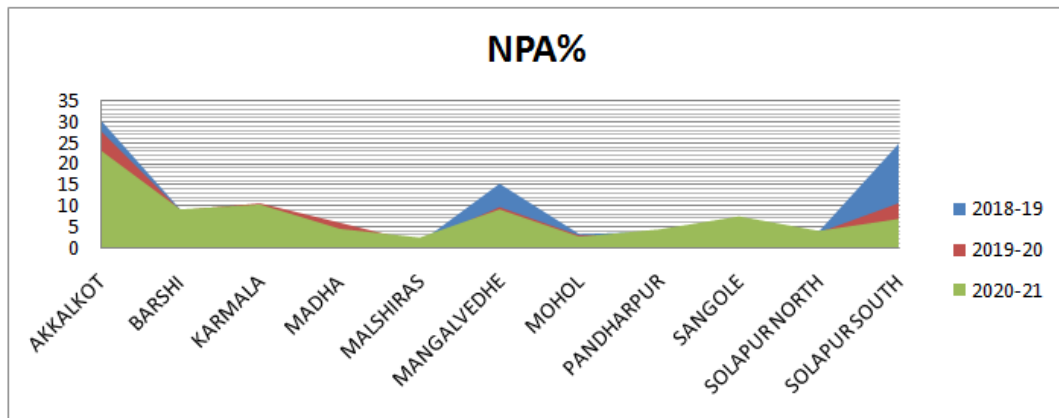


Figure 5

### Interpretation

From the above report it was observed that from total 11 taluka's Pandharpur (0.6%), Sanglore (2.29%), and Karmala (2.38%) increased but apart from that South Solapur (17.87%) and Akkalkot (6.96%) NPA position shows at declined level.

### OBSERVATIONS AND FINDINGS

With the base of the financial Year from 2018-19 to 2020-21 of the total Eleven Talukas(11) in Solapur District following aspects has been found and observed

- From the Total Eleven Talukas of Solapur District the total No, of Self Help Group(SHG's) has been reducing every year for Loan Disbursement i.e(from total SHG-4865 to 1442), specially Barshi, Karmala, Malshiras, Madha, Pandharpur and Sangola Talukas.
- In the Loan Disbursement concern it was observed that from the Year 2018-19 to 2019-20 the amount of Disbursement increased at 12.84% but 2018-19 to 2020-21 has been reduced by 75% from total 11 Talukas.(especially at Akkalkot, Barshi, Karmala, Madha, Pandharpur, Sangola and North Solapur Talukas)
- As far in the concern of Outstanding Amount, it was observed that the total outstanding amount has increased every year in all 11 talukas, at 19.60% and 35.97% respectively.
- It was observed that the performance of NPA (total) shown decreased from 108.53% to 84.3% and specially South Solapur, Akkalkot and Mohol Talukas but apart from that remaining Talukas NPA shows at higher level specially Karmala and Sangola Taluka.

### CONCLUSIONS

Microfinance has arisen as a crucial way to deal with meet the heterogeneous requirements of poor people. In India, microfinance in the proper area has accepted the type of SHG-bank linkage. SHG-Bank Linkage Program in India, this program, the Reserve Bank of India and NABARD have attempted to advance relationship banking, i.e., "Working on the current connection between poor people and the financiers with the social intermediation of the NGOs." The SHG-bank linkage program in India is quickly growing its effort under the spearheading drive of NABARD, the checking and oversight of RBI, and the limited time arrangements of the public authority of India. At the grassroots level the program is being carried out by the business banks, cooperatives, and local rustic banks, with government organizations like



DRDA/DWDA going about as facilitators. This will is exceptionally needed in solapur locale to diminish the Line of NPA uncommonly talukas like Barshi, Malshiras, Pandharpur. Which leads to reach maximums SHG individuals and fullfil the monetary prerequisite and object to arrive at the objective of SHG linkage bank and the heterogeneous requirements of poor people.

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