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## **Self Help Group-Bank Linkage Programme in Nagaland; A Case Study of Peren, Kohima and Dimapur District of Nagaland.**

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### **ABSTRACT:**

*Of late the Self –Help groups are the becoming the most popular and widely accepted means of livelihood. The formal launching of the SHGs Bank Linkage programme in India in 1992 by NABARD was mainly to integrate informal savings and credit groups with the mainstream banking systems. Since then many of the SHGs were formed across India with or without Bank linkage programmes. This paper lay focus on the effectiveness of the SHGs –Bank linkage programmes in Nagaland by undertaking an intensive case study of three Districts of Nagaland, viz. Peren, Kohima, and Dimapur. It is will bring out the relationship between banks and the SHGs also the extend of loans advanced by the Banks to the SHGs. The paper would also highlight the savings and investment patterns of the SHGs. The study report is made from a sample population of 300 SHGs drawn from the three districts with equal representation of 100 SHGs each. The roles and functions of SHGs in establishing sustainable income generating activities and the contribution of the SHGs towards socio-economic growth of the state shall be examine. The efforts of the banks in promoting the SHGs activities through financial assistance are discussed in this paper.*

**Key words:** *Self-help groups, formal banking systems, socio-economic growth, sustainability, financial assistance.*

### **INTRODUCTION:**

This paper deals with a special programme that has impacted the lives of many hundreds and millions of people spread across the length and breadth of India. The programme has brought about a sea changed in the social, economic, political lives of the people. However, merged by Success and failures stories, a wake- up call have to be made to strengthen the movement.

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To a large extent, the success of SHGs depends on the financial support extended to the SHGs. Since the inception, the SHG- Bank linkage Programme (SBLP) has been spearheaded by the National Bank for Agriculture and Rural Development (NABARD), the apex bank for agriculture and rural development in the country. The SHG – Bank Linkage Programme was started as an Action Research Project in 1989 which was the offshoot of a NABARD initiative during 1987 through sanctioning Rs. 10 lakhs to MYRADA as seed money assistance for experimenting Credit Management Groups. The experiences of these early efforts led to the approval of a pilot project by NABARD in 1992.

SHGs, Bank linkage Programme has tremendously made easy access to finance particularly, to the lives of the rural people in most of the southern parts of the country. However, despite the fact that the SHGs in some part of the country are widely recognised as important source of financial intermediary and having good bank linkage programmes, many parts of the country are yet to reach the status of states like Andhra Pradesh. The State of Nagaland is yet to see the light of the day in this regard. And this paper dwells with issues pertaining to the extent of bank linkage programmes and its effectiveness in the linkage.

#### **OBJECTIVES OF THE STUDY:**

With the successful launching of SHGs in the country and the subsequent implementation in the rest of the state it could be mentioned that, mixed reactions have come about the SHGs- Bank linkage programme. The present study was undertaken with the view to address the following objectives:

1. To study the pattern of SHG- Bank Linkage programme in the three districts of Nagaland.
2. To review the savings and investments pattern of the SHGs.
3. To examine the role of Banks in promoting SHGs in districts.

Thus having felt the need of addressing the problems and issues pertaining to SHG-Bank Linkage programme the intensive study has been initiated.

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### **SIGNIFICANCE OF THE STUDY:**

The Self – Help Groups, known to be the best facilitators of rural employment, income generation, income distribution and empowerment, has to be promoted with strong financial assistance. A state like Nagaland, devoid of the presence of big industries, companies, and manufacturing units opens the floor wide for the SHGs to bloom and shine. The appropriateness of SHGs to be linked to banks for financial assistance needs no special mentioning in this regard. What could be emphasised with regret are the reasons within and outside of the SHGs which limits the growth of SHGs. At the same time it may be mentioned that SHGs are a movement of the people which are formed on voluntary basis with minimum investment. It needs no technical skill or knowledge. What is required is mutual trust and confidence. The SHGs significantly empowers the poor and weaker sections of the society. It brings hope of better lives and promising rewards to the members. It provides the members a sense of security and self worth. The socio- economic conditions are improved; better human relationships are developed and give a feeling of confidence. The members of the SHGs become conscious of saving and at the same time learn the art of tapping the resources to their advantage. The members avail loans from the common fund of the group and make the best use of it. It also motivates the members to be more responsible to social causes. The chronic problem of unemployment could be effectively solved with proper implementation of the SHGs. The many of the problems faced by the SHGs are monetary in nature. The helplessness of the SHGs to meet their own requirements is a serious treat for their continuity. Therefore encouraging the banks to step up boldly to assist the SHGs would immensely promote the growth and well being of the SHGs. The relevance of the study lies in the fact that many SHGs in Nagaland are poor, self- financing and are in need to financial help from various possible sources, banks, government departments, NGOs etc. Better collaboration of the SHGs and Bank with proper policies, guidelines and strategies would obviously lead to healthier SHGs.

### **METHODOLOGY:**

The present study is a case study of the three districts of Nagaland viz. Dimapur, Kohima and Peren district. The selection of these districts for special case study was done partly on

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convenience sampling method and partly on some logical considerations. In this study, the required data were collected through primary sources and secondary sources. The mode of primary data collection includes:

1. Personal field study
2. Direct personal investigation through structured questions.
3. Indirect oral investigation from various promoting agents and
4. Scheduled questionnaires distribution to respondents. (Members of the SHGs)

The secondary sources of data are collected from sources like journals, books, government publications, reports of departments and financial institutions. The rationales behind the choice of the three Districts are; a) Dimapur - being the commercial city of the State with the highest density of population and most widely people represented district.

b). Kohima- being the capital city of the state where all the major offices along with facilities of health, service, education, market and other privileges are available.

c). Peren district was chosen as a sample to represent the other rural districts of the state. Importantly because, it is considered as one of the most vibrant districts in agricultural activities with potential for further development and growth.

#### **ORIGIN AND EVOLUTION OF SHG- BANK LINKAGES:**

One of the important and fascinating traditional means of financial intermediation has been through the medium of different forms of financial self –help groups or mutual aid saving associations- the rotating savings and credit association (ROSCA), and its more evolved form, the accumulating savings and credit association (ASCA). These associations continue to be important source of finance for people in rural and urban areas of developing countries of south and south East Asia, Africa and Latin America and the Caribbean. In India too, such informal groups are to be found. - though rather more in urban areas, particularly in south India-in the forms of Chits or chit funds, and variously as nidhis, bishis or Shomitis in other

areas such as Maharashtra, Gujarat, Assam and Uttar Pradesh. The involvement of the NGOs in various developmental arenas particularly in the sector of promoting SHGs during the 1980s under different nomenclatures proved to be very instrumental in the growth of SHGs. The NGOs like Bhagavatula Charitable trust in Andhra Pradesh, Self Employed Women's Association (SEWA) in Gujarat, Centre for Youth and Social Development (CYSD), People's Rural Education Movement (PREM) in Odisha, the 'Rongmai Baptist Association Nagaland (RBAN), in Nagaland and the Development Association of Nagaland (DAN) in Nagaland played a significant role in women's empowerment by forming informal groups and promoting savings in the form of cash and kinds by women members of households.

#### **OVER VIEW OF THE PROGRESS OF SHG- BANK LINKAGE PROGRAMME IN INDIA:**

Tremendous progress of the SHG has been made in India over the years. The movement have spread it influenced in all the states and union territories of India. Over 97 million poor rural households are now part of this world's largest micro Credit initiative. Unlike similar experiments in other developing countries, the SHG-BLP lay emphasis on regular savings by the members with the savings corpus being used to lend among themselves as and when the needs arise, later linked the groups with banks for availing credit. The state wise number of SHGs with saving bank accounts in the banks is given in the table below as on 31<sup>st</sup> March 2011:

Table No.1:

State –wise SHG- Bank linkage Programme as on 31<sup>st</sup> March 2011:

State/ UT	Number of SHGs	% in total
Andhra Pradesh	1466225	19.65
Tamil Nadu	943098	12.64
Maharashtra	760161	10.19
West Bengal	666314	8.93
Karnataka	564545	7.57
Orissa	52,1152	6.98

Kerala	493347	6.61
Uttar Pradesh	470157	6.30
Bihar	248197	3.33
Assam 245120 3.28	245120	3.28
Rajasthan	233793	3.13
Gujarat	192834	2.58
Madhya Pradesh	153817	2.06
Chhattisgarh	118167	1.58
Jharkhand	87205	1.17
Himachal Pradesh	53113	0.71
Uttarakhand	44295	0.59
Punjab	40919	0.55
Haryana	35319	0.47
Tripura	34312	0.46
Puducherry	22081	0.30
Manipur	10306	0.14
Meghalaya	10653	0.14
Nagaland	9866	0.13
Goa	7926	0.11
Arunachal Pradesh	7079	0.09
Jammu & Kashmir	5569	0.07
A & N Islands (UT)	4750	0.06
Mizoram	4592	0.06
New Delhi	3095	0.04
Sikkim	2811	0.04
Chandigarh	964	0.01
Lakshadweep	164	0.00
Total	7461946	100.00

(Sources: status of Microfinance in India 2010-11, A NABARD publication)

The following table would further show the progress of SHGs- bank -linkage programme from the time NABARD launched SHG- Bank Linkage Programme in 1992 till 2010. In this regard it may be noted that the SHGs linkage programme has come a long way since 1992 passing through different stages. The period from 1992 up to 1995 could be brought under the experimenting stage, from 1995-1998 the stage of mainstreaming of the programme, from 1998 onwards the expansion stage and finally emerging as the biggest micro- finance programme in terms of outreach. During these periods 69.5 lakhs SHGs were linked to saving and 48.5 lakh SHGs were credit Linked. By 31<sup>st</sup> March 2010 loan distribution by the NABARD was recorded at Rs. 53596.81 crores. This has enabled estimated 9.7crore poor households in the country to gain access to micro-finance facilities from the formal banking system. An important feature of this programme is its popularity among women. Over 90 percent of SHGs comprised of only women members (NABARD, 2010).

Table No. 2 SHGs Bank Linkage programme: (Amount in Rs. crores)

Year (ended 31 <sup>st</sup> march)	Number of SHGs	Growth %	Cumulative No.SHGs Linked	Bank loan	Growth %	Cumulative bank loan
1992-93	255	-	255	0.29	-	0.29
1993-94	365	43.1	620	0.36	24.1	0.65
1994-95	1502	311.5	2122	1.79	397.0	2.44
1995-96	2635	75.4	4757	3.62	102.0	6.06
1996-97	3841	45.8	8598	5.78	60.0	11.84
1997-98	5719	48.9	14317	11.92	106.0	23.76
1998-99	18678	226.6	32995	33.31	140.0	57.07

1999-00	81780	337.8	114775	135.91	238.0	192.98
2000-01	149050	82.0	263825	287.89	112.0	480.87
2001-02	197653	33.0	461478	545.47	89.0	1026.34
2002-03	255882	29.0	717360	1022.34	87.0	2048.67
2003-04	361731	41.0	1089091	1855.53	81.0	3904.20
2004-05	539365	49.0	1618456	2994.25	62.0	56898.46
2005-06	620109	15.0	2238565	4499.09	50.0	11397.55
2006-07	684408	10.4	2924973	6643.19	47.7	18040.74
2007-08	2084821	204.5	5009794	8849.26	33.2	26890.00
2008-09 -	1111353	46.7	6121147	12253.51	38.5	39143.51
2009-10	832103	25.1	6953250	14453.30	18.0	53596.81

(Source: NABARD)

It is clear from the table that in 1992, 255 SHGs were given bank loan on a pilot project programme. There after the number of SHGs getting bank linkage increased subsequently. By the period 1998-99 there was a substantial growth in the Number of SHGs Bank linkage so, this period is in the expansion phase. In fact number of SHGs linked with the programme has continuously increased year after year reaching a record number of 20.8 lakh during 2007-08. As a result, cumulative number of SHGs stood at 69.5 lakh by March 31, 2010. Similarly, the



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amount of bank loans disbursed increased from a meagre amount of Rs. 0.29 crores in 1992-93 to Rs.14453.30 crore during 2009-10, leading to a cumulative disbursement of Rs.53596.80 crores by March 31, 2010. This sharp increase in the number of SHGs linked with banks and loans disbursed and recovery rate of over 90 percent reveals the success and acceptance of micro-credit programmes among the rural people and its sustainability.

#### **SHG- BANK LINKAGE PROGRAMME IN NAGALAND:**

The concept of SHGs itself is of a recent origin. The state of Nagaland introduced self-help group programme as an innovative and dynamic anti- poverty programme in 1999-2000. It was launched under the centrally sponsored scheme called swarnjayanti gram swarozgar yojana (SGSY). However it could be mentioned that SHGs were already in existence, formed by some NGOs, before it was officially launched by the State government. The state Rural Development Department takes the lead role in promoting and assisting the SHGs since its inception. It has been catering to the needs of the SHGs in many different ways. Sensitising the people especially the rural women on the usefulness of Forming SHGs, imparting trainings on record maintenance, account keeping, register maintenance and also providing seed money to the SHGs are the main activities carried out by various government departments and the NGOs. The efforts of the Non- Governmental Organisations in this regard have to be also acknowledged. The state is now in its 14<sup>th</sup> year since the formal launching of SHGs. Despite the fact that many SHGs are already in existence spreading across all the villages, towns and semi - towns of the State, the soundness of these existing SHGs are a matter of concern. Most of the SHGs are formed during the period 2005-2014, and are still in the stage in of their infancy even in their functioning's. The state has a total of 24 major banking companies operating in different capacities with 146 branches in total. The major Banks with the branches are: State Bank of India – 61 branches, ICICI bank Ltd- 5 branches, Axis bank-4 branches, Allahabad Bank-13 branches, Bank of Baroda -5 branches, Vijaya bank- 5 branches, Central bank of India- 4 branches, HDFC bank Ltd. - 3 branches, IDBI bank Ltd. -3 branches, UCO bank- 3 branches, Bank of India – 2 branches, Federal Bank LTd.- 2 branches, United bank of India- 2 branches, world Bank -2 branches, bank of Maharashtra -2 branches, Punjab and Sind bank -2 branches, Nagaland Rural Bank- 10 branches, Nagaland State cooperative Bank- 21 branches and the others with one branch

each;, Canara bank, Indian bank, Indusind bank Ltd., Punjab National bank, Indian bank, South Indian bank, syndicate bank, industrial bank, and union bank of India. The number of banks district wise can be presented below in table No.3

Table No. 3

<b>District</b>	<b>No. of banks.</b>	<b>District</b>	<b>No. of banks.</b>
1. Dimapur	47	7. Peren	4
2. Kiphire	3	8. Phek	8
3. Kohima	32	9. Tuensang	8
4. Longleng	1	10. wokha	11
5. Mokokchung	19	11. Zuneboto	7
6. Mon	6		

(Source directorate of economics and statistics government of Nagaland)

Figures from the table clearly show the uneven distribution of the SHGs in the state. The degree of variation is very wide. Dimapur has the highest concentration of banks with 47 branches followed by Kohima district with 32 branches. 54.11% of the banks are located in Dimapur and Kohima district. The remaining 45.89 % of the banks are distributed in the 9 districts at varying ratios. The total amount of loan given out by various banks to the SHGs as on 31<sup>st</sup> march 2013, in the state could be presented in the following table.

Table No. 4: Loan disbursed by Public Commercial Bank to SHGs during the period 31<sup>st</sup> March 2013:

Sr. No.	Name of the banks	Total loans disbursed to the SHGs		Out of total-loan disbursed SHGs under SGSY		Out of total- loan disbursed to exclusively women SHGs	
		No. of SHGs	Amount of loan disbursed In lakhs	No. of SHGs	Amount of loan disbursed In lakhs	No. of SHGs	Amount loan disbursed in lakhs
1.	Allahabad Bank	11	5.99	11	5.99	11	5.99
2.	Bank of Baroda	40	17.12	34	14.55	17	13.55
3.	Bank of India	0	0.00	0	0.00	0	0.00
4.	Central Bank of India	9	2.45	9	2.45	9	2.45
5.	IDBI Bank	0	0.00	0	0.00	0	0.00
6.	Indian Bank	2	1.10	0	0.00	2	1.10
7.	Punjab and Sind Bank	0	0.00	0	0.00	0	0.00
8.	State Bank of India	202	359.00	119	110.00	181	318.00
9.	Syndicate	1	0.30	1	0.30	1	0.30

	Bank						
10.	UCO Bank	15	4.81	15	4.81	15	4.81
11.	Vijaya Bank	1	1.90	1	1.90	0	0.00
	Total	281	392.67	190	140	236	346.00

The state bank of India plays a vital role in leading all other public commercial Banks in the loan disbursement to SHGs with a record of 71.89% of the total number of SHGs. During the period 31<sup>st</sup> March 2013 the total numbers of loan beneficiaries from these banks were 281 SHGs with a total amount of Rs. 3, 92.67000. The other private commercial banks and the state cooperative Banks disbursement figure could also be presented in the table below:

Table No. 5: Loan disbursed by Public Commercial Bank to SHGs during the period 31<sup>st</sup> March 2013:

Sr. No.	Name of the banks	Total loans disbursed during the year to SHGs		Out of total-loan disbursed SHGs under SGSY		Out of total- loan disbursed to exclusively women SHGs	
		No. of SHG	Amount of loan disbursed In lakhs	No. of SHGs	Amount of loan disbursed In lakhs	No. of SHGs	Amount of loan disbursed In lakhs
1.	Axis Bank	1	1.15	1	1.15	1	1.15
2.	ICICI Bank	0	0	0	0	0	0
	Total	1	1.15	1	1.15	1	1.15

Apart from this the state cooperative bank have disbursed loan amounting to Rs. 4, 94, 23,000 to the 443 SHGs during the same period. And out of this Rs. 3, 42,00,0000 were given to the 277 women SHGs. The volume of loan disbursed by Regional Rural Bank during the period 31<sup>st</sup> March 2013 is 86, 30,000 to 71 SHGs which were exclusively undertaken by the women SHGs.

Over the years the SHGs have learned the art of saving. They have matured from mere household manager to that of creative investors and experts in banking transactions. The SHGs have their group as well as personal accounts opened in different banks. They not only obtained loans from banks for their activities but are also concerned with savings of their incomes. The numbers of SHGs savings as well as the amount of savings have increased tremendously during the past decade. The pattern of savings in different banks during the period 31<sup>st</sup> march 2013 could be presented categorically in the form of a table given below:

Table No. 6: Savings of SHGs with public sector commercial banks as on 31<sup>st</sup> March 2013:

Sr. No.	Name of the banks	Details of SHGs savings			Out of total-SHGs under SGSY			Out of total- SHG exclusively by women		
		No. of SHGs	No. of members	Amount saved In lakhs	No. of SHGs	No. of Members	Amount saved In lakhs	No. of SHGs	No. of Members	Amount saved in lakhs
1.	Allahabad Bank	85	886	12.00	85	886	12.00	76	793	10.95
2.	Bank of Baroda	151	1510	13.51	74	740	13.51	50	280	4.50
3.	Bank of India	0	0	0.00	0	0	0.00	0	0	0.00
4.	Central	151	1541	4.00	106	1090	3.00	106	967	3.00

	Bank of India									
5.	IDBI Bank	7	70	3.02	0	0	0	6	60	2.77
6.	Indian Bank	31	527	0.90	0	0	0	31	527	0.90
7.	Punjab and Sind  Bank	0	0	0.00	0	0	0	0	0	0.00
8.	State Bank of India	2621	23589	110.00	1626	14634	37.00	2371	21339	86.00
9.	Syndica te Bank	14	165	0.25	5	50	0.07	5	50	0.07
10	UCO Bank	127	1270	3.26	30	300	1.66	32	320	2.84
11	Vijaya Bank	30	356	0.42	23	219	0.37	17	185	0.26
	Total	3217	29,914	147.36	1949	17919	67.61	2694	24521	111.29

It is found that, the state bank of India is actively involved in advancing loans to the SHGs (76.84%). Better participation from other banks which at present are very poorly represented in term of SHGs -bank linkage programmes, would certainly help the SHGs to expand loan facilities.

Table no. 7: Savings of SHGs with Private sector commercial banks as on 31<sup>st</sup> March 2013:

Sr. No.	Name of the banks	Details of SHGs savings			Out of total-SHG under SGSY			Out of total- SHG exclusively by women		
		No. of SHG	No. of members	Amount saved In lakhs	No. of SHG	No. of Members	Amount saved In lakhs	No. of SHG	No. of Members	Amount saved in lakhs
1.	Axis Bank	1	15	0.00	1	15	0.00	1	15	0.00
2.	ICICI Bank	1	12	0.00	0	0	0.00	1	12	0.00
	Total	2	27	0.00	1	15	0.00	2	27	0.00

In the private sector commercial banks, the Axis Bank and ICICI Banks gives loan and also keeps the savings of the SHGs but at negligibly low rates. The savings in the state cooperative banks during this period was reported at 4,513 SHGs, having 38,932 members and the amount being Rs. 25, 26, 000. Out of this total 2800 SHGs are exclusively women SHGs having 25,000 members and saving amounting to Rs. 16, 42, 000.

### **SHGs and Bank Linkage Programme in Peren, Kohima and Dimapur District of Nagaland:**

The relationship between SHGs and Banks are almost becoming indispensable in the modern day economic activities for sustenance and prosperity. The necessity for creating better SHGs-Bank linkage programmes arises because of the changing role of the SHGs. The fact is that the SHGs no longer can be considered as mere groups formed for their own welfare but

are becoming social assets. They need to be funded through proper channels so as to promote their activities at greater level for inclusive growth through balance distribution of resources. With the expansion of the SHGs in terms of activities and in number, investment in various undertakings demands for greater proportion. The progress and smooth running of the SHGs can no longer be in the absence of support from the Banks. The constant inputs required for carrying out various activities like, raw materials, labour, transportation or other expenses, which have to be in monetary terms necessitate the SHGs to depend on the Banks for assistance. Thus, since the inception of the SHGs, it could be mentioned that some kind of assistance were extended to the groups by different promoting agents, but without much help from the banks. The SHGs- Banks linkage programmes in the three districts are at different stages. Given the availability of Banks, the response of the Banks to the SHGs as well as the promptness of the SHGs in repaying back the loans in the past have certainly created different atmosphere in the linkage programme in the three districts. The experiences and the progress of Bank - linkage programmes of the three districts could be brought out in the following table:

Table No. 8: Cross Tab Analysis: - SHGs Bank- linkage programme in the three districts as per the case study:

Name of the Bank	Kohima		Peren		Dimapur		Total in Rs.
	Amount In Rs.	No. of SHGs	Amount In Rs.	No. of SHGs	Amount In Rs.	No. of SHGs	
State bank of India	9,15,000	16	10,90,000	14	27,35,000	16	47,40,000
Nagaland State Cooperative bank	1,33,900	5	nil	nil	32,70,000	11	34,03,900
Nagaland Rural Bank	nil	nil	nil	nil	600,000	3	600,000
Vijaya Bank	70,000	3	nil	Nil	50,000	1	1,20,000
UBI	nil	nil	nil	Nil	3,50,000	3	350,000



Baroda	50,000	1	Nil	Nil	nil	nil	50,000
Total	11,68,900		10,90,000		70,05,000		92,63,900
Total		25		14		34	73

Observation of the table shows that, out of 24 banking companies with 146 branches operating in the state only few of them are directly involved in extending loans to the SHGs. The present figures are based on intensive study done on 300 SHGs drawing 100 SHGs from each district. During the study it was found that six banks viz; state bank of India, UBI, Vijaya Bank, Baroda Bank, Nagaland state cooperative bank and the Nagaland state rural banks have extended loans amounting to a total of Rs. 92,63, 900/- . The amount of loan as well as the number of SHGs availing loans district wise points out that, Dimapur district with 34 SHGs availed loan from five banks amounting to Rs. 70, 05,000. In Kohima district 25 SHGs were provided with loan facilities by four banks amounting to Rs. 11, 68,900. In the case of Peren district 14 SHGs were availed loan by the state bank of India amounting to Rs. 10, 90,000. The volume of bank loan granted under different districts differs widely. Dimapur district has the highest number of SHGs availing loan and also the amount of loan varies drastically in comparison to Kohima and Peren districts. Looking at the overall SHGs under study, it is very disheartening to find that only 73 SHGs forming 24.33% of the total SHGs are availed loans. The remaining SHGs numbering to 227, which is 75.67% of the SHGs are yet to be reached out. These SHGs manages the affairs of their activities from their regular collections and in some cases through financial assistance granted as seed money by the promoting agents.

#### **FINDINGS:**

The examination of the relationship between the SHGs and the Banks in the three districts has given rise to the following finding:

1. The numbers of banking institutions are unevenly distributed in the districts. The ratio of the highest against the least is 47:1 (Dimapur: Longleng).
2. The participation of Banks in granting loans to the SHGs are very low, from 24 Banking companies having 146 branches only few banks (6 banks) in this case have linkage with SHGs.
3. The Number of SHGs in touch with the banks are below the average, only 73 SHGs out of 300 SHGs are linked up with banks, the remaining 227 SHGs have no bank assistance.
4. The amounts of financial assistance granted to the SHGs are not adequate.

### **SUGGESTIONS:**

From the observations made the following suggestions could be given to strengthen the relationship between SHGs and Banks.

1. Formulation of proper policy strategies by the State government, which shall benefit both the SHGs and the Banks.
2. Conducting Sensitisation programmes to educate the SHGs to obtain loans from banks, however, with serious commitment for timely repayments.
3. SHGs- bank linkage programme from higher level through the various SHG promoting agents to banks could bridge the gap and the element of reduce mistrust between the SHGs and the Banks.

### **CONCLUSION:**

The launching of the SHGs programme in Nagaland has not been too long. It is running a decade and half since its introduction. The number of SHGs formed under different agents'; government and NGOs are still picking up momentum in different areas of growth. The trails and error methods have been experienced by various SHGs in the absence of proper guidelines, policies and rules. The bank linkage programmes are limited to few SHGs, more of which is found in the urban sectors. The limited number banks operating in different districts have proven beyond doubt the inability of SHGs to obtain financial assistance. It may be mentioned that many of the SHGs failed in obtaining loans from banks due to the

lack of trust by banks. The remotely located villages are more prone to face problems of discriminations, such as loans from banks, markets for sale of their produced, and transportation difficulties. In conclusion it may be remarked that, the linkage programmes are still in the process of realising the full potentiality. The growth of linkage is found to be been increased during the last few years but at a very slow rate. Therefore a strong support from the various departments of government and NGOs would be necessitated. At the same time, seriousness and spirit of commitment for prompt repayments of loans by the SHGs will eventually pave the way for a better linkage.

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