CHAPTER 7
SUMMARY OF FINDINGS
CONCLUSIONS AND SUGGESTIONS
Chapter seven summarizes findings and conclusions of the study and offers suitable suggestions for better performance of Self-Help Groups.

FINDINGS

- Since Independence, the Government of India and the RBI have made concerted efforts to provide formal credit to rural poor through vast banking network. Banks also faced may difficulties in dealing effectively with a large number of small borrowers who cannot offer any collateral security to get loans.

- Micro finance is the most suitable and powerful alternative credit system to the poor for raising their income levels which in turn improves their living standards through self-employment and self-reliance.

- Micro finance through SHG-Bank linkage programme empowers the poor economically and socially and gives an opportunity to escape from the clutches of the poverty.

- NABARD continues to provide 100 per cent refinance to banks at an interest rate of 6.5 per cent per annum.

- In 1993, the Reserve Bank of India also allowed SHGs to open saving accounts in banks. Facility of availing bank services was a major boost to the movement.
In India the journey so far traversed by the Self Help Group-Bank Linkage Programme (SHG-BLP) crossed many milestones, from linking 500 SHGs of rural poor as a pilot project in 1992 it has now become the world's largest microfinance initiative with over 8 million SHGs representing 100 million rural households directly becoming part of this great movement.

At state level, Andhra Pradesh is the front-runner in SHG promotion and bank linkage programme in South India and India as a whole. The SHG-BLP drive started with 35 SHGs of rural poor as a pilot project in 1992 now was become the largest microfinance initiative with over 50 lakh, SHGs representing 5 million rural households, directly becoming part of this immense association.

A constructive growth is recorded year by year both at national level and state level. It stood at Rs 29 lakhs, 8 lakhs in 1992-93 and increased to Rs 27,582 crores, and Rs 5,623 crores respectively in 2014-15.

The development of the programme in the south region is leading in terms of attracting more than 45 per cent of SHGs savings and more than 60 per cent of loans disbursed to SHGs during the study period.

The coverage in the north region and north-eastern region regarding the number of SHGs linked with savings is only four per cent and number of SHGs linked to loans is only two per cent and one per cent respectively.

Amount of loans disbursed to SHGs and the amount of loans outstanding from SHGs has increased more than threefold, i.e. from Rs 8,849 crores, Rs 17000 crores in 2007-08, to Rs 27,582 crores, and Rs 51,545 crores in 2014-15 respectively.

The percentage of state contribution in SHG savings at national level increased in both commercial banks and co-operative banks from 30 per cent and 2 per cent to 33 per cent and 3 per cent during the study period, whereas in Regional Rural Banks it decreased from 28 per cent to 17 per cent.

Regarding loan disbursement and loans outstanding the percentage of state contribution at national level is increasing in trend throughout the study period except in the years of 2010-11. Due to the change of administrative authorities in the ruling party of the government owing, and in 2014-15 due to state bifurcation the number of SHGs are divided according to the jurisdiction of both states.
The progress of SHG-BLP in YSR district was identified as low during the period of 1984-97. After 1997 a rapid growth was recorded in the number of SHGs i.e. from 1000 in 1984-97 to 37198 in 2014-15 with the support provided by the NABARD.

The overall performance of SHG savings in both SBI and Syndicate Banks increased in trend during the study period.

The average amount of loan disbursed by the SBI at district, state and national levels is 92, 1475 and 2349 whereas in Syndicate Bank it is 44, 364 and 570. This indicates that SBI has performed a predominant role in the disbursement of loans to SHGs than the Syndicate Bank.

An abnormal change was observed in the compound annual growth rates of SHG loans outstanding at national level in Syndicate Bank (38.76 per cent) than in SBI (3.55 per cent) which shows that the Syndicate Bank has failed in implementing the loan recovery measures. But at in district level and state level there are no sharp differences in the CGR of loans outstanding.

The performance of SHGs under Bank Linkage Programme is evaluated in terms of conducting meetings, maintenance of books, leadership aspects, participation in democratic decision, savings, loan repayment by the groups, dropouts and community work or services.

Out of the total sample in SHGs in study BCs occupy the first rank with 31 per cent, followed by OCs (25 per cent), SCs (20 per cent), STs and Minorities (12 per cent each). 23 - 33 age group of SHG members are observed more in all the categories except the SC category.

Regarding the literacy status most of the SHG members were identified as illiterates and were the least in number graduates.

Majority of SHG members of the sample study belonged to the married category.

More than two-third selected SHG linked with banks are 7, 8 and above 10 years of age.

Regular meetings were conducted by all the selected SHGs according to their convenience to exchange their ideas regarding the development activities in the group.
Out of 70 SHGs under study, 55 SHGs i.e. 79 per cent maintain minutes register themselves with the assistance of the literate members of the group.

Out of 70 SHGs under study, 89 per cent of the SHGs books were audited by the bank officials, and the remaining 11 per cent were not.

In all the selected SHGs of the study, group leaders were selected on the basis of election than nomination and rotation.

Only 26 per cent of the selected SHGs are having full-fledged awareness regarding the rules and regulations about the SHG operations and the rest have moderate to low level awareness.

The average amount of saving of the selected SHGs is noticed to be high in respect of mixed caste groups and OCs. And the least were noticed in BCs.

The average amount deposited in State Bank of India linked SHGs is higher than the Syndicate Bank linked SHGs.

Only 37 per cent of the selected SHGs are utilizing the group fund fully for loaning to their members and the rest of the SHGs are not properly utilized.

Most of the SHGs under the study are found prompt in timely repayment of the loan and only nominal percentage of the selected SHGs are found defaulters in all the communities.

Half of the respondents of the study said SHGs ensured equitable distribution of loans among their members and 27 per cent of the SHGs practiced the system of need-based loans availed by many members in the group.

Around one-third of the sample selected SHGs are availing the loan given by the banks as a single lumpsum, and the rest availed on installment basis.

Leaders are playing a vital role in making the decisions regarding the sanction of loan by SHGs to their members.

Highest number of SHG members utilized the loan amount for the purpose of purchase of cow or buffalos in all the communities except minority and mixed castes.

With regard to the loan defaulters, practice for prompt repayment of the loan installments. Out of 70 SHGs under study, 47 per cent of the SHGs followed the practice of charging more interest followed by 40 per cent of SHGs that charged cash penalty while the rest or 13 per cent of SHGs restricted member from taking further loan.
The reasons expressed for delay in loan repayment by the selected SHG members are noticed as inadequate income, too many responsibilities, inadequate peer pressure, natural calamity, blocking of payments from buyer products, health and illness and the like.

The prime reasons for dropouts from SHGs are noticed to be irregular payments, group conflicts, low saving capacity and favoritism in lending. The other reasons for the dropouts are marriage migration, non-subsidy loans, delay in bank linkage and small amount of loans sanctioned.

The actions taken by the bank for the recovery of the latest loans from the defaulted SHG members are removal from membership, non-eligibility for further loans, recovery from surety, security being sold and proceeding against security.

SHG leaders visited the bank mostly for the purpose of withdrawal of savings, and obtaining loans whereas SHG members visited the bank mostly for depositing their savings, and for repayment of loans.

Majority of the selected SHGs under study have participated in the community development programmes like health programmes, followed by literacy programmes, anti-domestic violence, anti-child marriage and anti-dowry.

A great number of SHGs under the study were assisted by the animators and bank officials and the least member were assisted by the government officials.

Three-fifths of the sample SHG members have chosen farming and agricultural labour related activities as their major occupation and the rest prefer non-agriculture labour related occupations.

State Bank of India performs a more significant role in maintaining the linkage with more than two-third of the sample selected SHGs than the Syndicate Bank.

More than half of the selected SHG members under study are saving their surplus on monthly basis.

Cent per cent of the selected SHG members under study updated their passbook at least once in a year and 87 per cent prefer to update on monthly basis.

The average annual savings amount of each member in the SHGs linked with SBI is Rs 1959 as against SHGs linked with Syndicate Bank which is only Rs 1874.
Regarding the 1st and 2nd cycle of loans Syndicate Bank sanctioned higher amount of loan than the SBI, whereas in 3rd and 4th cycle of loans SBI sanctioned higher amount of loan than Syndicate Bank.

90 per cent of the selected SHG members under study linked with State Bank of India expressed about the inconvenience in repayment of the loan to the bank whereas in Syndicate Bank only 79 per cent expressed their inconvenience.

In both the banks linked SHGs selected under study around 80 per cent of the members have regular repayment record and the rest are irregular in payment.

More than 70 per cent of both the bank linked SHGs members expressed their opinion regarding the loan amount sanctioned by banks and said that it is not sufficient to meet their requirements.

Out of the total official designations given to the selected SHG, 44 members are designated as the Chairperson, followed by 41 members as secretaries, 18 members as treasurers and 16 members as committee members.

On an average 26 per cent of SHG members in the administrative role were trained in book keeping, followed by 21 per cent in general business skills, 16 per cent in SHG concept management, 15 per cent in group motivation, 9 per cent in group cooperation, 8 per cent in health/education and 4 per cent in others.

Among the sample selected SHG members under study, the percentage of self-employment increased substantially with 95.14 per cent choosing self employment than wage employment.

A substantial increase was observed in the income levels of group members with regard to SC category than OCs and others. In contrast, with regard to SHG household income, OC category household income is higher than that of the SCs and others.

More than 60 per cent of the sample respondents stated that there was an increase in expenditure is noticed on education, medicine, food, transport clothing and the like.

Two-third of the sample respondents said that their knowledge of health, sanitation and family planning has increased extensively.
• More than 70 per cent of the sample members opined that their awareness level on various income generating programmes, avenues, schemes and common property management increased after joining SHGs.
• More than 70 per cent of the sample members under study have expressed their opinion that there is an improvement in their children’s education and health care after becoming the member in SHG.
• About 93 per cent of the sample respondents are not engaged in public utility maintenance services.
• Out of the total 366 SHG members, only 101 SHG members (28 per cent) owned land and the remaining 265 (72 per cent) are not the owners of any land.
• Increase in deposits and recovery performance were noticed by the banks which resulted in better business for them.
• A majority of the bank officers expressed positively that the beneficiaries understand all the operations and documentation relating to SHG bank linkage.
• As per the statistical analysis, the mean score indicates that the bank officers did not feel any difficult to explain about the operation and maintenance of the documents to the SHG leader or treasurer.
• A maximum of 45 per cent of bank officers under study have agreed and 33 per cent strongly agreed that the SHG-Bank linkage programme would be a sustainable micro-credit delivery system in the long run.
• Organizing face to face interaction between the members and officers of banks would help the bank officers to understand not only the way of SHG functioning but also to understand the problems of the SHGs in availing the loan, to evaluate the members training needs, the funds utilization pattern by the members and many more. Nearly 90 per cent of the bank officers under study opined that frequent interaction with SHG members is essential.
• On an average 80 per cent of the sample respondents agreed that special training programmes are needed for personnel who are engaged in SHG banking activities.
• Most of the sample respondents have agreed that a separate cell should be established in the bank as the number of SHG banking activities is more compared to normal banking activities.
More than half of the bank officers under study said that their respect and social recognition increased by the involvement in SHG-BLP activities.

Nearly half of the respondents opined that there is a problem of staff shortage in banks to meet the requirement of SHG activities. In many branches, especially in the rural areas, bank personnel have to handle both normal commercial banking activities and SHG banking activities including visits to groups during formation and gradation.

Nearly half of the bank officers opined that there exists knowledge gap on practical implementation of SHG activities even after taking training in that.

No problem is faced in receiving the guidelines from the head office regarding SHG banking activities and very frequently banks also receive guidelines from the RBI and NABARD.

### Table 7.1: Results of Hypothesis Tested

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Hypothesis</th>
<th>Table Number</th>
<th>Accepted / Rejected</th>
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<tbody>
<tr>
<td>1(A)</td>
<td>There are no significant regional differences among the number of SHGs linked with Banks</td>
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<td></td>
<td>No. of SHGs linked both at country and state levels</td>
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<td></td>
<td>No. of SHGs linked at YSR district level</td>
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<td></td>
<td>No. of SHGs linked savings</td>
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<td>Rejected</td>
</tr>
<tr>
<td></td>
<td>No. of SHGs linked loans</td>
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<tr>
<td></td>
<td>No. of SHGs has loan outstanding</td>
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<tr>
<td>1(B)</td>
<td>There are no significant regional differences among the number of SHGs in term of savings, loans and loan outstanding amount in Banks</td>
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<td></td>
<td>Region-wise bank linked SHGs savings and loan disbursement</td>
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<td></td>
<td>Region-wise amount of loan disbursement and loans outstanding of bank linked SHGs</td>
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<td>2</td>
<td>There are no significant differences between community-wise and bank wise in the growth of saving pattern of SHGs</td>
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<td></td>
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<td>a</td>
<td>No. of SHGs linked savings (Commercial Banks, RRBs and Co-operative Banks)</td>
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<td>b</td>
<td>Progress of SHGs savings amount linked with Banks (Commercial Banks, RRBs and Co-operative Banks)</td>
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<td>c</td>
<td>No. of Bank-linked SHGs regarding savings (SBI and Syndicate Bank) in India, Andhra Pradesh and YSR district</td>
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<td>Savings amount of bank linked SHGs (SBI and Syndicate Bank) in India, Andhra Pradesh and YSR district</td>
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<td>E</td>
<td>Community-wise SHG members savings</td>
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<td>f</td>
<td>Bank-wise (SBI and Syndicate Bank) SHG members savings</td>
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<td>g</td>
<td>Average annual savings of the SHG members community-wise and bank-wise (SBI and Syndicate Bank)</td>
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<td>h</td>
<td>State Bank of India linked SHG members community wise and year-wise savings (last five years)</td>
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<td>i</td>
<td>Syndicate Bank linked SHG members community wise and year-wise savings (last five years)</td>
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<td>3</td>
<td>There are no significant differences between community-wise and bank-wise loans given to SHGs or use of soft loan facility</td>
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<td>i.</td>
<td>Progress of bank loan to SHGs in India and Andhra Pradesh</td>
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<td>ii.</td>
<td>Progress of No. of SHGs that received loans from banks (Commercial Banks, RRBs and Co-operative Banks)</td>
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<td>iii.</td>
<td>Progress of SHGs that received amount of loan from banks (Commercial Banks, RRBs and Co-operative Banks)</td>
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<td>iv.</td>
<td>No. of SHGs that received loans from bank (SBI and Syndicate Bank) in India, Andhra Pradesh and YSR district</td>
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<td>v.</td>
<td>Amount of loan disbursement to SHGs (SBI and Syndicate Bank) in India, Andhra Pradesh and YSR district</td>
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<td>vi.</td>
<td>Amount of loan sanctioned to SHG members community-wise</td>
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<td>vii.</td>
<td>Amount of loan sanctioned to SHG members bank wise (SBI and Syndicate Bank)</td>
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<td>viii.</td>
<td>Average amount of loan disbursements by banks (SBI and Syndicate Bank) to SHG members community-wise</td>
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</table>
CONCLUSIONS

- Microfinance is a successful empowerment tool which has covered almost 10 crore households in the country. It is also important to note that 86 per cent of the groups are exclusively identified as women groups, which is a big push to the women empowerment programme.

- Self Help Group-Bank Linkage Programme (SHG-BLP) is the most appropriate vehicle to ensure welfare and equity in the country with help and support given by NABARD.

- NABARD undertook several financial and promotional measures like refinance, creation of microfinance development and equity fund, grant support to banks for promotion and nurturing of SHGs and special initiatives for scaling up of SHGs in order to promote the status of SHG-BLP in the country.

- Unlike the priority sector lending by commercial banks, credit delivery through SHG-BLP proved to be a least-cost and economically sustainable channel for reaching the unreached poor.

- Southern region states in India have lions share in SHG-Bank linkage, savings, loans disbursements and outstanding loans.
• Andhra Pradesh play a dominant role in south India in encouraging the SHGs and empowering themselves through microfinance.

• Commercial Banks are lead position in maintaining SHG-BLP when compared to Regional Rural Banks and Cooperative Banks.

• State Bank of India and Syndicate Bank play a very important role at national level, state level and district level in maintaining Self Help Group-Bank Linkage Programme.

• Nearly 1/10 per cent of the total bank loan is occupied by the SHG-Bank loans in the recent years.

• RBI issued instructions to the banks to carryout SHG financing as a mainstream activity under their priority sector-lending portfolio.

• NABARD has given advice to the banks to be liberal in extending loans without insisting on any collateral security and treat the practice of lending to the SHGs as a part of their habitual lending.

• The monthly number of meetings held by SHGs, attendance and participation of members in the group meetings are important indicators to judge the performance of the SHGs. It is also observed that the SHGs under study conducting meetings at least once in a month to help establish a bond relation among the members.

• Continuous updation of minutes book facilitates follow-up of important decisions taken in the previous meetings and also gives an opportunity for taking corrective steps.

• Record of individual passbooks held by SHG gives a clear idea about the contribution of members and it builds a lot of self-confidence.

• Loans taken for productive purposes like purchase of land, seeds, fertilizers, pesticides, sheep/goat, poultry, cow/buffalo, drilling bore wells and the repayment of crop loan leads to increase in income generation. On the other hand loans taken for non-productive purpose like house construction and repairs, ceremonies, festivals, education of children, medical, clothing, travels and others have not resulted in any profits.
The overall observation is increase in self-employment and household income. A positive trend is recorded in the income levels of both SHG members as well as SHG household. The financial help taken from the banks generates self-employment.

More than 80 per cent of the SHG members felt that their knowledge of SHG concept approach and banking has increased after becoming the SHG member, irrespective of the community category.

The SHGs support a lot of their members taking loan from the banks and it helps in improvement of their life styles like increasing the capacity of taking nutritious food, children’s education and health care.

Increasing the importance of women has resulted only after their becoming the members in SHG. Thus, they improved their status in the family and in the society indicating good sign for the betterment of women lifestyles.

SHG provides an opportunity to the members to stand financially on their own legs, and to involve equally in decision making along with their family members on important issues. This indicates a special position in the family is given to the members.

About 80 per cent of members have expressed their views that internal disputes in the family came down only after becoming members in SHG.

The social status of members is being improved with the financial assistance provided by the SHG Bank linkage programme which in turn helps to solve their problems.

Utilization level of the government schemes by the members improved a lot after joining as a member in the SHG.

Apart from their regular activities, SHGs involve themselves in community development programmes like literacy programmes, health programmes and programmes against social injustice like anti child marriage and the like.

Formulation of written rules and regulations and creating awareness of them among the SHG members is very much essential for effective functioning of the SHG.
• Dual objectives of the banks like increase in bank business and uplifting the poorer sections of the society are achieved only after the initiative taken by the banks like no frill accounts, granting of loan without any collateral security to those SHGs which are linked with the banks, which help to establish a bond between savings and credit linkage of SHGs with banks.

• Only group leaders and treasurers are able to understand all the banking operations of savings and credit linkages, than the other members in group because the highest number of the group members are either illiterates or neo-literates.

• As a deviation from the general banking practice of restricting the loan to the defaulters under the SHG-Bank linkage programme of microfinance, the banks have extended further loans based on the overall performance of the SHGs.

SUGGESTIONS

• NABARD should focus more on north and north eastern region where the spread of SHG-Bank linkage programme is very less. Special initiatives are required to be undertaken in the form of more grants to commercial banks for promoting and nurturing SHGs in these regions. Pilot projects like SHG post office linkage programme, which is launched in Tamilnadu can also be initiated in north and north eastern regions.

• With regard to the spread of SHGs linked and loans disbursed bank-wise, the share of co-operative banks is very less in comparison with the share of commercial banks and regional rural banks. This indicates that serious efforts are needed to be put in SHGBLP by the co-operative banks. Special incentives should be designed and given to the co-operative banks to perform well in extending the concept of SHGBLP to rural areas.

• Monthly meetings in SHGs need to be conducted to bring intimacy among the members to create awareness and familiarize various activities to be undertaken by SHG. The leaders of the SHGs should take initiation in identifying and encouraging the non-participant and inactive members in the group and encourage them by undertaking activities of pot luck, exhibitions and showcasing the abilities of each member in the meeting.
The span in between of the two audits should be reduced and audit should be made at least once in a year rather than once in two years or more. Know whether books are maintained properly or not, and also avoid manipulations if any.

Selection of leaders must be made on rotation basis rather than on election and nomination in order to make effective functioning and developing the individual leadership skills among the group members.

Change of leadership should be made once in a year rather than once in two years and more than two years to avoid manipulations and increase the transparence in dealings.

Uniform rules and regulations are needed to be designed and followed by all the SHGs. If necessary, modifications are to be made keeping in view the financial stability of the SHGs and changing economic scenario influenced by factors like inflation rates and the like.

Idle funds of the groups are needed to be invested in profitable sources on fixed rate returns basis or for internal lending in the group. In order to encourage the members in the group, SHGs need to develop the practice of distributing the periodical interest on accumulated funds.

Banks should grant the entire required loan to the SHGs especially by looking into their sustainability in terms of savings, governance participation of members in meetings, previous loan repayment record and the like.

To bring down dropouts to the zero level, the SHG should adopt a flexible policy regarding the savings by members rather than insisting on fixed monthly amount of savings which is being done at present.

SHGs should understand their role in fighting against social injustice and in active participation of community development programmes. Apart from these SHGs should also take initiative to see that the members are provided health insurance, crop insurance and facilities for loan repayment and the like.

SHGs should be equipped with necessary skills like maintenance of books, developing solidarity among members and communication skills and the like.

There is a need to conduct awareness camps and workshops for lightening about the income generating activities and to make clear about the effective utilization of loans which helps the economically poor to improve the quality of life.
Banks should increase the size of loan amount given to the SHGs to help all their financial requirements without depending on unscrupulous money lenders.

SHGs should motivate their members to participate in elections of local bodies and to actively participate in community development programmes.

A separate cell should be established for SHG banking so as to enable the bank officers to carry out operations conveniently or it is better to fix a particular day in a week exclusively for SHG activities in order to fulfill their requirements.

It is better to provide eligibility to the SHG members to participate in the elections at both state level and national level leaders.

There is need to appoint a separate minister for the development of SHGs in both State and Central Governments keeping in view the fact that SHGs are representing 100 million rural households.

Training centers need to be established at least one for each district in order to encourage women entrepreneurs and skilled labour who are involved in SHG activities.

A separate website, App, journal and online sales markets facility are needed to be established for the development of SHGs which in turn possible strengthen their performance at national and international level.

A special financial support is needed to provide for the SHG members to establish super markets and shopping malls for marketing of their products at mandal level.

It's better to implement the advanced technology of using computers, tab and internet facility in order to maintain transparency of all details regarding the activities of SHGs, their savings, loan details, making transaction with the banks through online which helps to save time and staff requirements.

A separate SHG care center should be established at state level to help the SHG members in clarifying their doubts and encourage them to participate actively in SHG activities and also to control the dropouts.

Qualified microfinance practitioners can be employed by the banks in order to reduce the pressure on existing staff and also help other staff members by sharing their experience in dealing with the SHG banking activities.
There is need to conduct awareness and training programmes to the bank staff which would help bridge the knowledge gap in SHG-BLP.

The bank employees who are handling the SHGs activities should be sensitized to the needs of the SHGs in order to control the disturbances in the operations related to the bank linkage activities of the SHGs.

Performing of bank employees should be recognized with awards and publishing in the journals or reports, in order to motivate them for effective functioning of the SHG-BLP.

Overall, the study reveals that SHG-BLP has succeeded to a great extent in achieving the objectives of microfinance like accessibility of formal credit to the rural poor, encouraging to undertake income generating activities by the rural poor, effective utilization of loan proceeds, up scaling the SHG-BLP through cultivating the habit of thrift among the rural poor, building mutual trust between bankers and the rural poor, motivating the bankers in lending to the poor in order to reduce the dependency on money lenders and so on. Thus, Self-Help Group bank linkage model of microfinance has succeeded in empowering the rural poor socially, economically, politically and personally. This will facilitate microfinance programmes to penetrate deep into the most poverty stricken segments of society.