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### **A comparative study of loan provided to SHG and weaker section by various banks under lead bank scheme: With special reference to Gujarat state**

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#### **Abstract**

Looking at the social fabric in the country, it can be said that thousands of communities living in India are facing disparate problems and the policies of state government have been continuously surviving to encounter their problems. In India, NABARD has launched various schemes to empower the weaker section. All types of bank group provide Credit for the upliftment of SHG and weaker section, so this is the right time to evaluate bank's performance in SHG sector and Weaker Section and find out which banks are giving more importance among selected two groups to reduce poverty. The researcher has used the chart to get the detailed information regarding growth rate in the number of SHG and uncovered areas in all the districts of Gujarat during the study period. Research concludes from the chart that the Mehsana district has the highest number of SHGs, While Devbhumi Dwarka and Dangs district has recorded the lowest number of SHGs. Pearson's correlation test proves that there is no correlation between Loan sanctioned for weaker section and loan sanctioned SHGs by all the Selected banks in North Gujarat.

**Keywords:** Lead banks, lead bank scheme, NABARD, RBI, self help groups, weaker section

#### **Introduction**

Generally, people who are facing various social and economic problems for survival are classified in weaker section or weaker group. Unemployment has been one of the core and rising problems in the rural areas for more than the last twenty years; therefore, the government has taken several steps and initiated programmes to reduce poverty and elevate the weaker sections. Among various programme, the SHG Programme was introduced by NABARD in the year of 1993 to boost up the economy of the country. In general terms, the decent number of SHG should be more than ten. But the formation of SHG and the number of members in SHG are not defined in any constitution of India. It has been observed in the villages that the number of female members appears to be higher than the number of male members, as this group is generally a self-governed and informal group. Moreover, SHG does not offer any regular employment. Countless Govt. Agencies have been launched new schemes to reduce the poverty prevalence in the Gujarat.

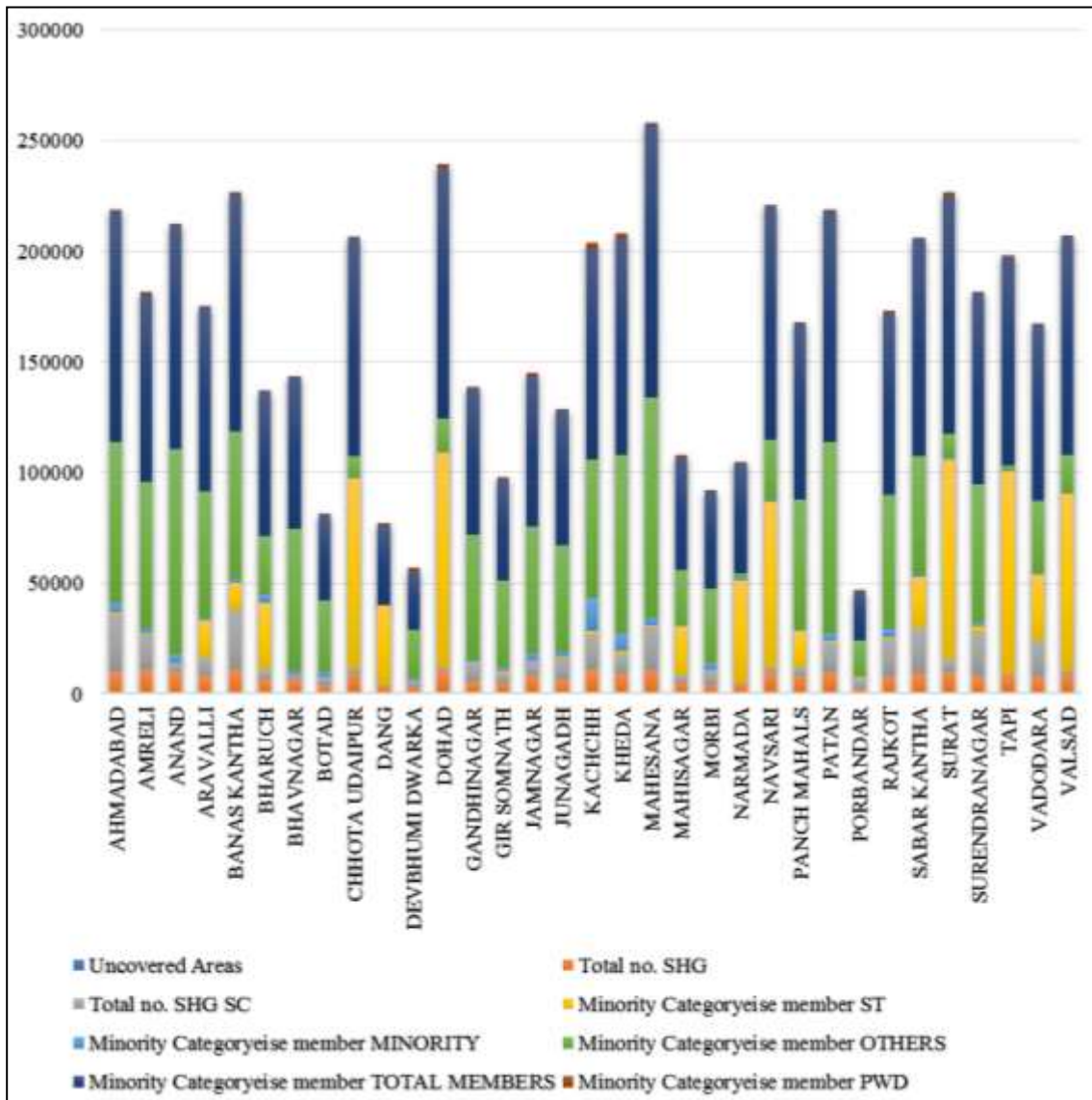
#### **Objectives**

- To identify those district-level SHGs which receive the highest credit in comparison to other districts in North Gujarat.
- To find out uncovered areas of the SHG sector in the districts of the Gujarat state.
- To Search any significance relation between credit provided to SHG sector and Weaker Section by the selected banks of Gujarat.
- To find out the growth rate of credit of SHG sector and weaker section provided by the banks of Gujarat.

#### **Research Types and Data Collection**

The present research study is based on primary data collected from the official portal of RBI. To meet the objectives set by the researcher, various charts have been used in this research study. The researcher has also performed a correlation test to confirm any relationship between selected two Independent variables.

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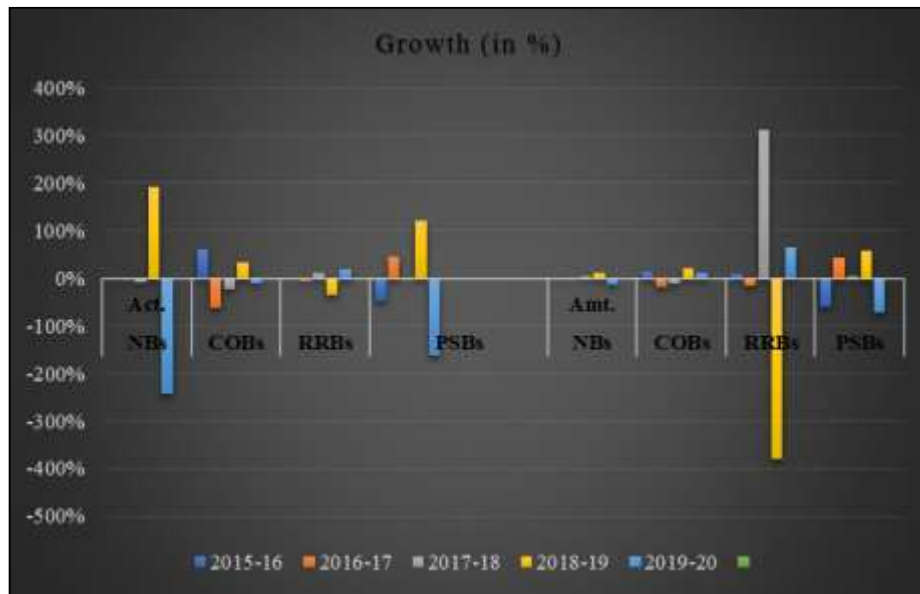
(Source: Secondary data is compiled by author)

**Chart 1:** SHG Status in All Districts of Gujarat State

**Finding from the Chart No. 1**

In this research study, SHGs registered with the Ministry of Rural have been taken into account. In terms of total number of SHGs in the Gujarat state, Amreli (AMR) has the highest number of SHGs. Dahod (DHD) has secured the second rank and Banaskantha (BK) bagged the third position. While the lowest number of SHGs are seen in Porbandar, Devbhumi Dvarka and Dangs district. Research study revealed that there are also few districts in

the state where there is not a single SHG registered. In the context of total No. of uncovered areas in the State, AMR, BK, DHD and MSN ranked 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> respectively. Anand, Kheda and Mehsana are the districts where no authorized SHG is registered in the government offices during data analysis. It does not mean that there is not a single SHG working there, but the SHG working in those districts is not registered with Govt. offices.



**Chart 2:** Growth in Loan Amount and Loan Account Sanctioned to SHGs by Selected Bank Group of Gujarat State

**Finding from the Chart No. 2**

The year of 2014-15 has been taken as the base year. From the above Chart No. 2, The researcher comes to know that the growth rate of advance provided to SHG by NBs (Nationalised Banks) recorded negative 2%, 3% and 12% in 2015-16, 2016-17 and 2019-20 respectively. Whereas only the year of 2018-19 witnessed the growth rate of 12% in advance of SHGs. In the context of credit sanctioned to SHG by COBs (Co-Operative Banks), the negative growth has been recorded at 17% and 9% in 2016-17 and 2017-18 respectively. While the positive growth rate of 13%, 21% and 12% has been seen in the year of 2015-16, 2018-19 and

2019-20 respectively. With reference to credit provided to SHG by RRBs (Regional Rural Banks), the negative growth has been registered at 16% and 380% in 2016-17 and 2018-19 respectively. Vice versa, the positive growth rate of 9%, 311% and 65% has been seen in 2015-16, 2017-18 and 2019-20 respectively. In the context of advance of SHG disbursed by PSBs (Private Sector Banks), the positive growth has been recorded at 43%, 5% and 58% in 2016-17, 2017-18 and 2018-19 respectively. Vice versa, the negative growth rate of 60% and 72% has been seen in the year of 2015-16 and 2019-20 respectively.



**Chart 3:** Growth in Loan Amount and Loan Account Sanctioned to Weaker Section (WS) by Selected Bank Group of Gujarat State

Chart No. 3 provides the vivid information regarding credit provided to weaker section by the selected sample banks. The year of 2014-15 has been taken as the base year. In the context of advance provided by NBs to WS, the negative growth rate of 20% and 8% recorded in 2016-17 to 2018-19 respectively. vice versa, the positive growth rate of 29%, 6% and 5% has been seen in 2015-16, 2017-18 and 2019-20 respectively. With reference to credit sanctioned to WS by

COBs, the growth rate has been negative at 14% and 27 % during the year of 2017-18 to 2018-19 respectively. Vice versa, the positive growth rate of 3% 15% and 25% has been seen in the 2015-16, 2016-17 and 2019-20 respectively. In context of advance provided to WS by RRBs, the positive growth has been recorded at 33%, 12% and 41% in 2015-16, 2017-18 and 2019-20 respectively. Vice versa the negative growth rate of 17% and 39% has

been seen in the year of 2016-17 and 2018-19 respectively. With respect to loan provided to WS by PSBs, the negative growth rate of 52% and 12% recorded in 2017-18 to 2019-

20 respectively. Vice versa, the positive growth rate of 32%, 36% and 9% has been seen in 2015-16, 2016-17 and 2018-19 respectively.

**Table 1:** Correlation Test of Selected In depended Variable

Bank Type	In depended Variable and Statistical Test	Loan to SHG	Loan to WS
NBs	Loan to SHG	P.C.	1
		Sig.	-.361
		N	5
	Loan to WS	P.C.	.550
		Sig.	1
		N	5
COBs	Loan to SHG	P.C.	1
		Sig.	-.081
		N	5
	Loan to WS	P.C.	.897
		Sig.	1
		N	5
RRBs	Loan to SHG	P.C.	1
		Sig.	.868
		N	5
	Loan to WS	P.C.	.057
		Sig.	1
		N	5
PSBs	Loan to SHG	P.C.	1
		Sig.	.004
		N	5
	Loan to WS	P.C.	.995
		Sig.	1
		N	5

Source: Compiled by author

Table No. 1 shows the correlation between selected two different continuous variables such as SHG sector advances and WS Advances. Value of P.C. indicates strength of linear relation between the selected variables.

After performing Pearson's Correlation test, the following results have been observed if 5% of significance level is selected.

- With reference to NBs, the variables Loan to SHG and Loan to WS is significantly negatively correlated as  $r = -0.361$ .
- With reference to COBs, Correlation of Loan to SHG and Loan to WS. ( $r = -0.081$ ), indicates there is an absence of correlation between two variables.
- With reference to RRBs, the variables Loan to SHG and Loan to WS is significantly negatively correlated as  $r = 0.868$ .
- With reference to PSBs, Correlation of the variables Loan to SHG and Loan to WS ( $r = 0.004$ ), indicates there is an absence of correlation between two variables.

#### Finding from the above Hypothesis Testing

On the basis of the above test, following null hypothesis has been accepted:

H0 There is a significant difference between Loan sanctioned to the weaker section and Self-Help Groups of NBs during the study period. (p- values is 0.550).

H0 There is a significant difference between Loan sanctioned to the weaker section and Self-Help Groups of COBs during the study period. (p- values is 0.897).

H0 There is a significant difference between Loan sanctioned to the weaker section and Self-Help Groups of RRBs during the study period. (p- values is 0.057).

H0 There is a significant difference between Loan

sanctioned to the weaker section and Self-Help Groups of PSBs during the study period. (p- values is 0.995).

#### Abbreviation

NBs: Nationalised Banks including SBI and its associate banks;

PSBs: Private Sector Banks;

RRBs: Regional Rural Banks;

COBs: Co-Operative Banks;

Act: Account;

Amt: Amount;

P.C: Pearson Correlation

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