

Banker's Experience with SGSY and Way Forward

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GROUP FORMATION & DEVELOPMENT

- **Discrepancy in selecting members.**
- **Lack of Coherence and Group dynamics.**
- **Failure of NGO / Bank / DRDC to nurture the Groups.**
- **No hand holding Institutions can be Formed for the Groups.**

GROUP FORMATION & DEVELOPMENT

- **Success Rate is Poor.**
- **Lack of integration among the implementing agencies.**
- **No / Little Capacity Building or Skill development.**
- **Multiple Finance received by SHG members from different institutions including MFIs is pushing them to Debt Trap.**

GROUP FORMATION & DEVELOPMENT

- **Some groups were found to be interested in Subsidy only rather than any economic activity.**
- **Two or three influential members controlled the decision of the group – undemocratic approach.**
- **Disposal of Assets by the Group.**
- **Low Literacy Level.**

BANK

- **Shortage of Manpower in Rural Branches resulted in Non participation of Bank Officials in SHG Activities / Non Observance of SHG Day.**
- **The Bank Officials are not well conversant about the Scheme creating operational problems.**
- **Lack of Commitment & Participation by the Bank Officials .**

BANK

- **Non participation of Bank Officials in SHG / NGO activities.**
- **Delay in Gradation / Sanction / Disbursement of Loan.**
- **Bunching & Submission of Loan Proposals at a time at the fag end of the year resulting in wrong credit decision.**

NGOs

- **There is much scope for improvement in their role.**
- **They should be more Capable and Responsible.**
- **Their capacity is to be built up for proper empowerment.**
- **They should complement other implementing agencies for success.**

Livelihood and Micro Enterprise

- **Multiple livelihood was not taken into account while selecting Projects.**
- **Skill / Expertise available with the Group was not utilised.**
- **Activities were mostly restricted to Primary Sector causing Stiff Competition , Low Productivity & Income.**
- **Most of the Groups failed to reach Micro Enterprise Level.**

Monitoring & Follow Up

- **The performance assessment system was mostly dependent on numbers only. Disbursements actually failed to generate any economic activity which was overlooked during assessment. As a result, simultaneous expansion of supply of quality credit as well as credit absorption capacity could not take place.**

Monitoring & Follow Up

- **There was no Learning Process while Monitoring – the failures were neglected.**
- **Successful Projects were not replicated.**
- **The Gaps between backward and forward linkages were not bridged.**

Way Forward

- **There should be a multi pronged approach to strengthen livelihood of the Rural Poor by Promoting SHGs , by improving present occupation and providing capacity building for future placement.**
- **There should be demand driven skill development programme for the SHGs.**

Way Forward

- **An “Umbrella Organisation” exclusively for this programme should be formed at state level to implement and monitor the actual progress.**
- **Bankers should learn that financing to SHGs is a business proposition.**
- **Dedicated & Professional structure with accountability & transparency.**

Way Forward

- **Backward and forward linkages should be established.**
- **Microinsurance to be popularised.**
- **Dedicated District Training Centres are to be set up.**
- **Convergence of other Government Programmes.**



Thank You