

Key Performance Indicators of Self – Help Groups in India: An Analytical Perspective

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1. Abstract

The Self-Help Group Bank Linkage Programme originated by NABARD continues to stand as an inspiration of empowerment and socio-economic revolution of rural India. Over the last three decades, it has successfully mobilised millions of rural women at the bottom of the pyramid, to actively participate towards their financial inclusion and empowerment. This report analyses the performance and financial positions of Self-Help Groups (SHGs) in India from 2021 to 2024. During this period, the number of SHGs increased steadily from approximately 11.2 million to 14.4 million, while membership grew from about 139 million to 177 million. Savings exhibited notable fluctuations, with a peak in 2024. Savings pattern reflecting diverse member income levels, group sizes, and economic conditions. Non-Performing Assets (NPAs) saw marginal increases but generally remained low as a percentage of total members. Loan delinquency rates showed a positive decline over most timeframes, signalling improving repayment discipline. The report recommends targeted efforts to further reduce NPAs and strengthen SHG financial resilience through member engagement and robust monitoring mechanisms.

Keywords: Self-Help Group, Financial Inclusion, Loan Delinquency

2. Introduction

In India, 68.84% of the population resides in villages and rural areas, with agriculture as the main occupation for almost 70% of the rural population. The former majority of them 82% are marginal and small. Poverty rate declined sharply as per 2025 world bank report. According to the report, extreme poverty falls from 16.2% in 2011-12 to 2.3% in 2022-23. In rural areas it fell from 18.4% to 2.8%, and in urban areas, from 10.7% to 1.1%. 378 million people were lifted from poverty and 171 million from extreme poverty. Microfinance plays a vital role in providing financial assistance to the poor and low-income households in India, contributing to the government's target of financial inclusive growth strategy and sustainable development.

This is particularly important in a country like India, where a large portion of the population lives in poverty and has limited access to formal banking facilities. Microfinance is considered a useful tool for socio-economic upliftment in developing countries like India, with a dominant presence of self-help groups (SHG) in the microfinance sector. Over the last twenty years, microfinance programs have proven that lending to low-income households without requiring collateral can result in high repayment rates. These programs offer a new way to tackle poverty and provide financial services to millions of poor households worldwide.

The programme has nurtured the ethos of self-reliance and collective action among all its stakeholders. Through a combination of financial inclusion, capacity building and social mobilization, SHG-BLP has emerged as a vital role shaping the future of the rural folks.

3. Review of Literature

Rajesh.D, Tejaswini.N, Umakanth.J (2019) in their paper title the **role of microfinance in India** exposes that Origin of micro finance in India and different patterns and tactics of delivery system of microfinance to achieve the financial needs of the rural areas and its importance.

(Smith & Johnson, 2021). Microfinance helps underbanked individuals gain access to basic financial services such as investment planning, insurance, savings habit and payment plans. Accessing formal banking services allows consumers to lay aside cash, build resources and participate in financial planning. Financial inclusion increases financial solidity, elasticity, and the capacity to withstand shocks and crises

(Samineni, S., & Ramesh, K. (2020) Microfinance has established to be a useful assistant for the empowerment of women. Research has reliably shown that admission to microcredit assists women with acquiring independence financially, working on their societal position, and upgrading their dynamic power inside them families.

4. Objectives

- To critically analyse the key performance indicators.
- To provide recommendation to the Policy makers.

5. Data and Methodology

- **Source of data:** research is based on secondary data collected from government reports, SHG records, etc.,

- **Metrics used:** Key matrices used are Number of SHGs, total savings, number of members, NPAs, loan delinquency rates.
- Methodology for calculating averages and interpreting trends.

Table – 1 Total No. of groups

Year	No. of SHGs	Average
2021	11223400	11223
2022	11893053	11893
2023	13403083	13403
2024	14421904	14422

Source: Status of Micro finance -Report

$$\text{Average} = \text{No. of SHGs}/1000$$

The table indicates that there is a gradual increase in the no. of SHGs over the study period. Between 2021 and 2024, the number of SHGs increased from 11.22 million to 14.42 million, marking an annual growth rate of approximately 8.5%. This indicates beneficiaries are satisfied with the process and working of SHGs.

Table – 2 Total No. of members

Year	No. of members (Millions)	Annual increase %
2021	138.8	-
2022	141.9	2.23%
2023	161.9	14.09 %
2024	177.5	9.6 %

Source: Status of Micro finance -Report

Membership grew equally from 138.8 million to 177.5 million, indicating increasing participation and outreach. In the year 2023, manifests great peak in the reach of members as an annual growth rate 14.09% compared to 2022. Factors contributing to growth may include government initiatives, microfinance support, and rising rural financial literacy and awareness on the government schemes.

Table – 3 Total Savings

Year	Savings (Millions)	Average
2021	37.47	41.73
2022	47.24	
2023	58.89	
2024	65.08	

Source: Status of Micro finance -Report

This table specifies Aggregated savings amount for the period covered 2021-2024. Total savings shows steady increasing trend with a peak of ₹65.08 billion in 2024, indicating consistency in increasing which assessed the average savings as 41.73 million. Savings outline reflecting diverse member income levels, group sizes, and economic conditions. Enhancing savings behaviour remains pivotal for SHG sustainability. This possibly be inferred that there is general awareness on financial literacy and spending and savings habits of the SHGs.

Table – 4 Total NPA

Year	Amount	Average
2021	488921	-
2022	574371	17.48
2023	524934	8.61
2024	531754	1.30

Source: Status of Micro finance -Report

This table shows the total number of non-performing assets and their stability. It shows a changing tendency and peaked in 2022. A trend of non-performing assets indicating low but significant credit risk was discovered. The annual increase rate indicates a significant decrease, as it was 17.48% in 2022 and has since dropped to 1.30%, indicating efficiency in repayment among members. The variation in NPAs indicates the necessity for continuous credit monitoring and support methods.

Table No :5 Total Loan Delinquencies

Year	30 days +dpd	60 days +dpd	90 days +dpd	180 days +dpd
2020-21	10.66	7.14	4.81	4.64
2021-22	5.70	4.31	3.11	17.09

2022-23	3.03	2.35	1.47	12.53
2023-24	2.45%	1.87%	1.11%	10.78%

Source: Status of Micro finance -Report

This table represents an evaluation of delinquency rates over 30, 60, 90, and 180+ days for the 2020-2024 research period. There is a favourable trend in loan delinquencies, with the exception of 180+days, which indicates SHG financial health and a support system for members to repay the loan. Loan delinquencies are decreasing, indicating that members are repaying their loans on time. This might be characterized as a major improvement in the members' economic status and thinking.

6.Recommendations

- Promote financial literacy and savings awareness at the SHG member level
- Strengthen loan appraisal and monitoring processes to keep NPAs low
- Implement early warning systems for delinquent loans to enable timely interventions
- Encourage digital record-keeping and transparency in SHG financial transactions
- Support capacity-building programs for SHG leaders and members to sustain growth
- Facilitate policy support for affordable credit and risk mitigation tools
- Strategies to strengthen SHG savings and member engagement
- Measures to monitor and reduce NPAs and loan delinquencies

7. Conclusions

Between 2021 -2024, the SHG witnessed significant growth in both membership and group formation alongside an overall enhancement in financial stability. The strength of savings is remarkable yet fluctuating. This may suggest a general awareness regarding financial literacy as well as spending and saving behaviour among the SHGs. Non-Performing Assets are managed effectively, although they have seen slight increase in certain years, indicating a level of efficiency in repayment among members. The fluctuations in NPA highlight the need for ongoing credit monitoring and supportive strategies. The fluctuations in NPAs highlight the need for ongoing credit monitoring and supportive strategies.

The significant decrease in short-term loan delinquencies indicates improved credit management: however, greater attention is needed for long-term loan recovery. This reflects the financial health of the SHG and provide a support system for members to fulfil their loan obligations.

The decline in loan delinquencies suggests that members are consistently repaying their loans punctually. This can be viewed as a substantial enhancement in the economic condition and mindset of the members. In summary, the SHG model remains a crucial component of rural financial systems.

8. References

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