

**Uniqueness about the SHG Bank Linkage Programme – the largest
Microfinance programme in the world**

Decision making	Members take collective decision. The SHG concept offers opportunity for participative decision making, on conduct of meetings, thrift and credit decisions. The participative process makes the group a responsible borrower.
Financial services	The rural poor needs different types of financial services, viz. Savings, Credit (consumption/production), Insurance, Remittance etc. at their doorsteps. The platform of SHGs provides the possibility to extend these services.
Supplementary to formal banking	SHG linkage does not supplant the existing banking system, but it supplements it thus taking full advantage of the resources and other facilities of the banking system.
NPA Savvy	The Linkage mechanism has proved that the repayments are as high as 95-100%.
Peer pressure as collateral	The SHG linkage emphasises on peer pressure within the group as collateral substitute.
Quality clients	The SHGs are turning out to be quality clients in view of better credit management, mobilisation of thrift, low transaction costs and near full repayments.
Client preparation	The members of the SHGs could over a period of time graduate to the stage of micro entrepreneurs and have been prepared with requisite credit discipline.
Social agenda	Available statistics indicate dependency of 35%-40% of rural households on non-institutional sources for credit needs. SHG linkage offers a better way of dealing with the magnitude of social agenda. Many NGOs/Governments have recognised the SHGs as a vehicle for delivering & deepening of their developmental services / agenda.
Exclusive poor focus	SHGs have exclusive focus on absolute poor, who have been neglected by the banking system. Social banking does not have any meaning if the lowest strata and the unreached are not serviced.
No-subsidy-dependence syndrome	The programme does not envisage any subsidy support from the government in the matter of credit. The issue is to build capabilities and enterprise of the individual members, blending with group cohesion and solidarity through training provided by a SHPI to set the ball rolling for the SHG.
Cash Credit / Overdraft	Cash Credit / Overdraft facility can also be sanctioned by banks to SHGs to take care of the growing credit needs of SHG members on an ongoing basis. The amount draw able against the CC limit is however be linked to the savings of SHG.
Voluntary Savings	To facilitate savings in addition to regular group savings, the concept of voluntary savings within the group was introduced for enhancement of group corpus.
JLGs out of SHGs	Interested group members wanting to undertake livelihood activities with larger credit support can do so by forming Joint Liability Group within the SHG.