General Studies-2: Topic: Development processes and the development industry- the role of NGOs, SHGs, various groups and associations, donors, charities, institutional and other stakeholders

Self Help Groups (SHGs) in India

1) Introduction
   - “Man can never be a woman’s equal in the spirit of selfless service with which nature has endowed her” – Mahatma Gandhi.
   - “SHGs are small economical homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute a common fund to be lent to its members as per group decision”
   - This connotes SHGs are community based informal microfinance institutions.
   - If Panchayats are institutions of representation, women’s self-help groups are institutions of participation.

2) Background
   - In the late 19th century, citizens in some European countries like Germany and Britain started ROSCA – Rotating Savings and Credit Association.
   - The concept evolved over decades and was pioneered by Noble laureate Mohammad Yunus as Self Help Groups (SHGs) in 1970s.
   - Core principle of both the ideas are same – ‘the collateral of loan is trust and peer pressure’.

3) SHG Movement in India
   - SHG movement in India gained momentum after 1992, when NABARD realised its potential and started promoting it.
   - NABARD's SHG-Bank Linkage Program (SBLP) connected group members to formal financial services.
   - Over the last two decades, the SBLP has proven to be a great medium for social and economic empowerment for rural women.
   - India has witnessed state-led promotion of SHGs through a three-tiered architecture of community institutions at group, village and cluster levels.
   - In 1999, Government of India, introduced Swarn Jayanti Gram Swarojgar Yojana (SGSY) to promote self-employment in rural areas through formation and skilling of SHGs.
   - The programme evolved as a national movement in 2011 and became National Rural Livelihoods Mission (NRLM).
   - The programme was renamed in November 2015 as Deendayal Antyodaya Yojana (DAY – NRLM).
   - DAY – NRLM now covers 100 million families through 8.5 million SHGs with savings deposit of approx. INR 161 billion.
   - State government initiatives such Kudumbashree in Kerala and Jeevika in Bihar.

4) Importance
   - SHGs have played an important role in enabling financial inclusion in rural areas.
   - It has financially empowered women within the family and in local community.
   - SHGs have the required social and financial capital to expedite India’s economic growth.
   - The Social capital of SHGs could be an asset for solving various social issues in India e.g. gender based discrimination, dowry system, casteism etc.
   - There are many successful cases where SHG women have come together to close liquor shops in their village.
They also act as a delivery mechanism for various services like entrepreneurial training, livelihood promotion activity and community development programs.

Study shows that women in SHGs are more likely to save on a regular basis, have formal loans and scored more on average on the empowerment index.

They can act as an intermediary to provide financial services in their community.

5) The Power of Kudumbashree

- Workers of the Kudumbasree poverty eradication and women empowerment programme played a big role in clean-up in the Kerala's flood hit areas.
- Around 4,00,000 women of Kudumbashree self-mobilised across the State to do relief work.
- The secular composition of Kudumbashree acts as a facilitator for the secularisation of public spaces.
- The community farms run by Kudumbashree groups are acknowledged as a critical avenue for the rejuvenation of agricultural production in Kerala.
- Kudumbashree training courses are quite comprehensive and include women’s rights, knowledge of constitutional and legal provisions, training in banking practices, and training in skills to set up micro-enterprises.
- The Kudumbashree model can be implemented across India, with the same secular and gender-sensitive spirit.

6) Concerns / Challenges

- There are issues like regional imbalance, less than ideal average loan size, lack of monitoring and training support by self-help group federations.
- Escalating non-performing assets of self-help group loans with banks.
- Several studies have also found issues related to governance, quality, transparency and irregularity in their functions.
- Low levels of literacy among the rural women.
- The study found that over time groups were disintegrating on account of coordination issues.
- Rural micro-enterprises run by SHG members suffer from critical bottlenecks, whether in raising funds for start-up, growth and working capital or accessing high-quality technical assistance.

7) Way Forward

- Government programs can be implemented through SHGs.
- This will not only improve the transparency and efficiency but also bring our society closer to Self-Governance as envisioned by Mahatma Gandhi.
- Constant and enduring structural handholding support from the self-help group promoting institutions (SHPIs).
- Frequent awareness camps can be organised by the Rural Development department authorities to create awareness about different schemes.
- Periodic capacity-building of all members, to make the group the collective.
- With the Government’s focus on digital financial inclusion, investing in training of group members for transition towards technological platforms.
- It is important to invest in providing the right kind of support to maximize the impact these groups can have on livelihoods.
- Emphasising SHG movement on women’s entrepreneurship as an engine of growth in rural India.
- There should not be any discrimination among members based on caste, religion or political affiliations.