

## General Studies-2; Topic: Development processes and the development industry –the role of NGOs, SHGs, various groups and associations

### Role of SHGs in Rural Development

#### Introduction

- Self-help groups are informal groups of people who come together to address their common problems.
- One important characteristic of self-help groups is the idea of mutual support – people helping each other.
- Self-help groups have been used as an effective strategy for poverty alleviation, human development and social empowerment, and are therefore often focused on microcredit programmes and income-generating activities.

#### SHG Movement in India

- The concept evolved over decades and was pioneered by Nobel laureate Mohammad Yunus as Self Help Groups (SHGs) in 1970s.
- 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.
- In 1999, Government of India, introduced Swarn Jayanti Gram Swarajgar 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 Kudumbasree in Kerala and Jeevika in Bihar.

#### SHGs in Rural Development in India

- SHGs have financially empowered rural 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.
- 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

#### SHG's and rural development during Covid-19 pandemic

- **Face Masks**
  - As per report of ministry of rural development, more than 132 lakh masks have been produced by 14,522 SHGs in just a period of 15 days from March 15 to March 30, 2020.
- **Community kitchens**
  - SHGs have set up over 10,000 community kitchens across the country to feed stranded workers, the poor, and the vulnerable.
  - Kudumbashree alone has set up around 1300 kitchens in Kerala.
- **Reaching to the grassroots**

- In Jharkhand, where poverty is high, SHGs helped district administrations identify pockets of hunger and starvation so efforts can be made to ameliorate them.
- **Creating Awareness**
  - In Bihar, Jeevika – the state’s SHG platform – spread the word about handwashing, quarantine and self-isolation through leaflets, songs, videos and phone messages
- **Delivering Services**
  - Since access to finance is critical for people to sustain themselves, SHGs women who also work as banking correspondents emerged as a vital resource.
  - Deemed as an essential service, these bank sakhis provided doorstep banking services to far-flung communities

### 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.
- Employment in the large unorganised sector can be improved if banks channelize funds through the self-help groups (SHGs).
- Linking the SHG members to other social security schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana.
- Emphasising SHG movement as an engine of growth in rural India is very vital. It has already been shown during the pandemic the potential SHG’s have.