



Self-help groups (SHGs) Empowering Communities Strengthening India

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ABSTRACT

SHG is usually a community group of 10-12 women from similar socio-economic background. They form these alliances to pool their financial resources to undertake joint economic activities or to lend money at reasonable interest rates to members to start small businesses. The core of this group involves pooling of resources to enable financial stability and self-employment for women. It is a voluntary association of persons. It also helps people to enhance their skills through training and empower themselves through collective decision making. These groups mainly focus on empowering the marginalized sections of the society, especially women.

Introduction

Self-help groups (SHGs) have emerged as local organizations that are particularly empowering women, promoting social cohesion, and contributing to financial inclusion and socio-economic progress. Recently, according to Soumya Kanti Ghosh, Chief Economic Advisor, State Bank of India Group, due to Self Help Groups (SHGs), the rural female labor force participation rate will increase from 21.7 percent in 2017-18 (July-June) to 34.6 percent in 2022-23. The income of women members of India's self-help groups (SHGs) has more than tripled in the last five years. The data of Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) released in December 2023 shows that there are 9 million SHGs i.e. self-help groups in the country with approximately 100 million women members. According to this, on an average there are 14 SHGs per village and every eighth Indian woman is a SHG member. An SHG is usually a community group of 10-12 women from similar socio-economic background. They form these alliances to pool their financial resources to undertake joint economic activities, or to lend money at reasonable interest rates to members to start small businesses.

Importance of Self Help Groups:

- Promoting social integration: Self-help groups address social issues like dowry and alcoholism through community efforts.
- Women Empowerment: These groups nurture leadership skills in women, promote gender equality and empowerment.
- Facilitating government assistance: Self-help groups ease access to government schemes, especially benefiting marginalized individuals.
- Improvement in standard of living: Collective efforts will uplift the weaker sections, improve the standard of living, health care and family planning.
- Financial Inclusion: Self Help Groups provide lending opportunities in line with financial inclusion

standards, thereby facilitating lending to priority sectors.

- **Diversifying employment:** By providing support to micro enterprises, Self Help Groups reduce dependence on agriculture and promote diversity in employment.
- **Participation in Local Governance:** Active participation in local governance ensures the inclusion of weaker sections in government activities.
- **Resilience during COVID-19:** Self-help groups played a vital role during the pandemic, addressing deprivation and delivering services to remote communities.

Objectives:

Self-help groups are very efficient agents of change, empowering people to improve their economic, social, and emotional well-being. They encourage group participation, financial inclusion, and communal growth. SHGs serve as motivating illustrations of how cooperation, shared accountability, and reciprocal support may result in beneficial and long-lasting change within communities.

- **Economic Independence and Financial Inclusion:** The main reason SHGs are created is to give its members access to loans. They are able to start or grow income-generating activities thanks to this access. Members benefit economically as a result, earning more money and alleviating poverty. SHGs provide financial stability as well, enabling members to better handle unplanned costs. Through their collaborations with regulated financial organizations like banks and other lenders, they are also able to gain access to fixed deposits, savings accounts, and other financial services.
- **Social Empowerment:** Joining SHGs frequently has a significant influence on members' social interactions and self-confidence. People can feel comfortable expressing their ideas and experiences in these organizations' fostering environments. This connection promotes women's leadership within their families and communities while challenging common gender stereotypes and heightening self-esteem.
- **Community Development:** In addition to empowering women, SHGs regularly take part in community development initiatives. These may consist of campaigns to raise public health awareness, clean-up activities, educational programs, and initiatives to solve regional problems. SHGs work together to make a difference in the larger community by taking collective action.
- **Empowerment of Ostracised Groups:** SHGs often focus on empowering marginalized communities, including tribal populations and other minority groups. By giving them access to resources and opportunities, SHGs help communities cross social and economic barriers that have always held them back.

Self Help Groups (SHGs) as catalysts for Communities self-reliance:

- **Access to credit:** Self-help groups facilitate easy access to bank credit, which is important for micro credit distribution.
- **Entrepreneurship Opportunities:** Self-help groups promote self-employment and skill development, thereby increasing employability.
- **Rural Poverty Alleviation:** Self-help groups lift people out of poverty, raise awareness about government schemes and monitor their implementation.
- **Better standard of living:** Self-help groups create employment opportunities, increase income and improve the overall standard of living.
- **Women Empowerment:** Improving the status of women through employment opportunities and social security.
- **Literacy Rate:** Increasing participation of women in self-help groups improves literacy rates and solves social issues.
- **Social capital:** Self-help groups serve as forums for regular meetings, and promote the creation of social capital.
- **Successful examples of self-help groups:**
 - **Kudumbashree in Kerala:** Helpful in skill training and poverty alleviation among women.
 - **Policy advocacy:** Self-help groups as pressure groups to influence policy, such as prohibition laws in Bihar.
 - **Tamil Nadu and the Swachh Bharat Abhiyan:** Using Self-Help Groups to Promote Sanitation Practices.
 - **MAVIM in Maharashtra:** CMRC provides self-reliant and need-based financial and livelihood services.
 - **Seva and Lijjat Papad:** Important in promoting the culture of entrepreneurship among women.
 - **Andhra Pradesh Government Programme:** Involvement of women in poverty alleviation efforts through self-help group formation.

Challenges faced by Self Help Groups in India:

Lower average size of loans received from lending institutions.

Lack of monitoring and training support from self-help group associations. Increase in non-performing assets of self-help group loans with banks.

Issues of governance, quality, transparency and irregularity have been identified in various

studies. Low level of literacy among the members.
 Many self-help groups disintegrated due to coordination problems.

Types of Self Help Groups:

Non-Governmental Organizations (NGOs)

Poverty alleviation programs implemented by the government Banks, both state and private institutions providing micro finance

SHG federations are groups of SHGs that work together to achieve a common goal.

SHG/Entrepreneurship Leader

Sr No.	State Name	SHG Type				Total Member
		New	Revived	PreNRLM	Total	
State Name						
1	ANDHRA PRADESH	2,30,901	3,800	6,10,571	8,45,272	83,79,731
2	ASSAM	1,61,444	1,52,541	36,154	3,50,139	38,30,669
3	BIHAR	9,54,102	4,811	22,819	9,81,732	98,11,762
4	CHHATTISGARH	2,06,110	51,856	4,181	2,62,147	26,88,662
5	GUJARAT	1,26,106	78,182	70,432	2,74,720	25,85,148
6	JHARKHAND	2,48,108	11,964	18,891	2,78,963	29,90,042
7	KARNATAKA	91,260	15,511	1,33,478	2,40,249	25,59,792
8	KERALA	1,05,822	3,887	1,36,253	2,45,962	32,19,765
9	MADHYA PRADESH	3,90,976	59,266	10,843	4,61,115	52,11,028
10	MAHARASHTRA	4,83,970	99,165	25,137	6,08,272	58,31,843
11	ODISHA	2,65,222	1,49,153	1,17,408	5,31,783	51,51,712
12	RAJASTHAN	2,45,905	453	5,148	2,51,506	25,05,665
13	TAMIL NADU	1,69,077	20,296	1,08,184	2,97,557	32,74,057
14	TELANGANA	1,11,618	5,036	2,75,159	3,91,813	38,44,146
15	UTTAR PRADESH	6,74,974	78,318	12,365	7,65,657	80,75,020
16	WEST BENGAL	7,79,819	32,183	2,65,529	10,77,531	1,08,36,139
	Sub Total	52,45,414	7,66,452	18,52,552	78,64,418	8,05,95,109

Figure: 1

NORTH WEST STATES						
1	HARYANA	54,537	2,758	107	57,402	5,61,522
2	HIMACHAL PRADESH	35,757	5,217	595	41,569	3,31,791
3	JAMMU AND KASHMIR	82,593	88	29	82,710	6,37,488
4	PUNJAB	47,945	744	110	49,799	4,70,899
5	UTTARAKHAND	55,427	6,377	730	62,534	4,53,824
	Sub Total	2,76,259	15,184	1,571	2,93,014	24,55,322

Figure:2

NORTH EAST STATES						
1	ARUNACHAL PRADESH	9,628	84	155	9,867	75,517
2	MANIPUR	10,646	105	36	10,787	1,07,292
3	MEGHALAYA	42,315	1,710	487	44,512	3,93,573
4	MIZORAM	6,936	1,779	74	8,789	62,196
5	NAGALAND	10,580	360	3,280	14,200	1,07,904
6	SIKKIM	2,248	3,215	265	5,728	49,537
7	TRIPURA	36,826	1,028	11,800	49,654	4,28,764
	Sub Total	1,19,179	8,281	16,077	1,43,537	12,24,783

Figure: 3

UNION TERRITORIES						
1	ANDAMAN AND NICOBAR	1,118	109	16	1,243	11,920
2	GOA	1,571	2,071	18	3,860	45,068
3	LADAKH	1,556	5	0	1,561	11,056
4	LAKSHADWEEP	339	0	2	341	3,867
5	PUDUCHERRY	3,483	219	799	4,501	50,548
6	THE DADRA AND NAGAR HAVELI AND DAMAN AND DIU	1,511	0	31	1,542	15,337
	Sub Total	9,578	2,404	866	12,848	1,37,796
	Grand Total	56,50,430	7,92,321	18,71,066	83,13,817	8,44,13,010

Figure: 4

Functions of Self Help Groups (SHGs)

The main function of Self Help Groups (SHGs) is to build the functional capacity of the poor as well as to provide them employment and other activities from which they can earn income. Furthermore it believes in solving the issue through collective leadership and mutual discussion. It also offers collateral free loans at market based rates with terms and conditions decided by the group. Apart from all this, some of his works are listed below.

- These groups work like a collective guarantee system for members who want to take loans from authorized sources. For this, poor people save money in the bank and in return they get loans from the bank at very low interest so that they can start their own small business.
- All these regular and sustained efforts have made Self Help Groups (SHGs) emerge as the most trusted and effective mechanism for providing microfinance services to the poor

Number of self-help groups digitized under Project EShakti in India from financial year 2016 to 2022(in 1,000s)

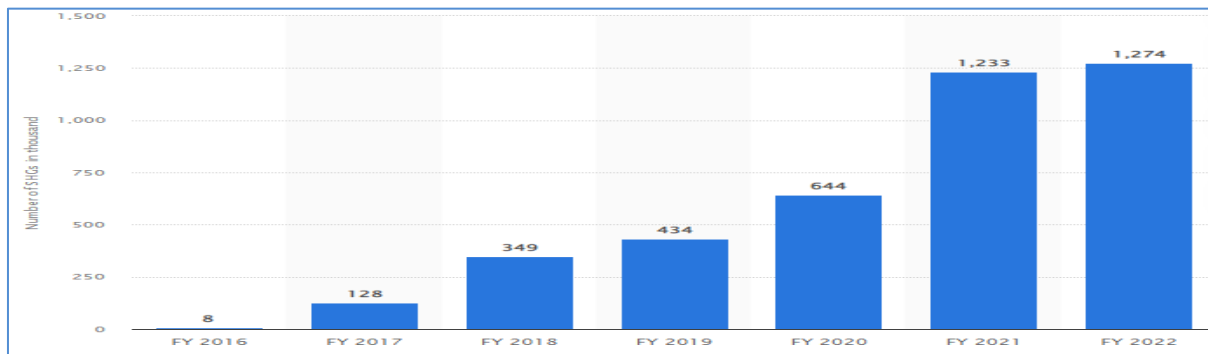


Figure: 5

In the financial year 2022, about 1.27 million self-help groups (SHGs) were digitised under Project eShakti. This was a marginal increase over the previous year. Project eShakti was conceptualised with the objective of digitising the financial and non-financial data of self-help groups. SHG-BLP was developed by the National Bank for Agriculture and Rural Development (NABARD) to provide financial services to the marginalised and underserved. Under this programme, banks were allowed to open savings accounts for self-help groups (SHGs). Self-help groups are registered or unregistered entities consisting of 15 to 20 members from low-income families, usually women.

Top of Form NGOs that are driving livelihoods in India

Here are some NGOs that are essential in encouraging sustainable development and the building of livelihoods in different Indian areas. They also assist SHGs in their work and, on occasion, collaborate with them to attain the ultimate objectives of social inclusion and the improvement of society's underprivileged groups. They help in community mobilization, learning, capacity building, and access to resources in order to uplift underserved sections of the community and enhance their quality of life.

- [PRADAN - Professional Assistance for Development Action](#): PRADAN, a New Delhi-based organization founded about 40 years ago, works in rural India, primarily with women and underprivileged groups. To

empower people and raise their socioeconomic position, they offer chances for microfinance, skill development, and livelihood support.

- [TheNudge Institute](#): The Bengaluru-based Nudge Institute now has three centers in India. By offering possibilities for skill development and employment, the NGO hopes to reduce poverty. A group of over 25 corporations and 15 foundations support them in their noble cause.
- [SUPPORT](#): Hazaribag, Jharkhand-based SUPPORT focuses on rural development and livelihood through self-help initiatives. They work towards improving education, healthcare, and livelihoods among tribal and marginalized communities, making their lives better and empowering them.
- [Buzz Women](#): Through Buzz Women, women entrepreneurs in India are empowered. They assist women in starting and growing their enterprises and establishing stable means of subsistence, they offer training, mentoring, and access to resources. They create female change-makers who are schooled in leadership, money, communication, and self-awareness. These agents of change then spread this knowledge across their local community.
- [Association for Sustainable Community Development \(ASSCOD\)](#): ASSCOD, an NGO based in Maduranthakam, Tamil Nadu, is committed to rural Tamil Nadu's sustainable development. Their goal is to form self-help groups (SHGs) out of people living in rural Tamil Nadu and assist them with healthcare and education. While receiving microloans, their SHG members are urged to routinely save money and use it for their betterment.
- [Asha Deep Foundation](#): This Ghaziabad-based NGO, Asha Deep Foundation works in the fields of healthcare, education, and generating income. By implementing a number of social development initiatives, they want to improve poor neighborhoods. The organization targets underprivileged groups without access to basic resources, including women, children, elderly citizens, people with physical disabilities, orphans, and the poor, through the administration of over 25 programs. The Foundation gives people more control over their lives by promoting their independence, self-reliance, and protection of human dignity.

Need for Self Help Groups (SHGs)

The main reason for poverty in our country is the low access to credit and financial services for poor people. A Self Help Group (SHG) Committee was formed under the chairmanship of Dr. C. Rangarajan. A comprehensive report on 'Financial Inclusion in the Country' was prepared under this committee.

The report identified four major reasons for the lack of financial inclusion:

Inability to provide collateral security
Poor credit absorption capacity
Inadequate access of institutions
Weak community network

It is evident from this that the existence of strong community network in villages is one of the key elements of credit access in rural areas. The role of self-help groups is very important in poverty alleviation and building social capital among the poor, especially women.

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