



Self-Help Groups

For Prelims: [Kudumbashree mission](#), [Self Help Groups \(SHGs\)](#), [NABARD \(National Bank for Agriculture and Rural Development\)](#), [National Rural Livelihoods Mission \(NRLM\)](#), [Deen Dayal Antyodaya Yojana-National Rural Livelihoods Mission \(DAY-NRLM\)](#), [SHG-Bank Linkage Programme \(SBLP\)](#), [Mission for Financial Inclusion \(MFI\)](#), [E-Shakti project](#)

For Mains: [Financial inclusion](#), [Women's empowerment](#), [Microfinance](#), [Community development](#), [Poverty alleviation](#), [Self Help Groups](#)

Source: TH

Why in News?

Recently, the **26th anniversary** of the [Kudumbashree mission](#), a **SHG**, was celebrated in Kerala.

- Established in 1998, Kudumbashree currently comprises 46.16 lakh members across three lakh neighbourhood groups, originally focused on **women's enterprises** but now offering legal aid, counselling, loans, cultural engagements, and participating in [disaster relief efforts](#).

What are Self Help Groups (SHGs)?

- About:**
 - A Self Help Group is a **self-governed, peer-controlled information group of people** with **similar socio-economic backgrounds** and a desire to collectively perform common purpose.
 - An SHG normally **consists of not less than five persons** (with a maximum of twenty) of similar economic outlook and social status.
- Origins of Self-Help Groups in India:**
 - Early Efforts (Pre-1970s):** There were **scattered instances** of informal SHGs, particularly among women, for collective action and mutual support.
 - SEWA (1972):** The [Self-Employed Women's Association \(SEWA\)](#), established by Ela Bhatt, is often considered a defining moment.
 - It organised poor and self-employed women workers, providing a platform for income generation and advocacy.
 - MYRADA and Pilot Programs (Mid-1980s):** In the mid-1980s, Mysore Resettlement and Area Development Agencies (MYRADA) pioneered SHGs as a microfinance strategy to provide credit to the poor, especially women in rural areas.
 - NABARD and SHG-Bank Linkage (1992):** The [National Bank for Agriculture and Rural Development \(NABARD\)](#) launched the [SHG-Bank Linkage Programme](#) in 1992.
 - This initiative connected SHGs with [formal banking institutions](#), enabling access to credit and financial services for various groups.
 - Government Recognition (1990s-Present):** Since the 1990s, the Government has actively supported SHGs through various schemes like **Swarn Jayanti Gram Swarozgar Yojana (SGSY)** and the [National Rural Livelihoods Mission \(NRLM\)](#).

- These initiatives have significantly expanded the reach and impact of the SHG movement in India.

▪ **Government Initiatives and Policies Supporting SHGs:**

- [Deen Dayal Antyodaya Yojana - National Rural Livelihoods Mission \(DAY-NRLM\)](#)
- [SHG-Bank Linkage Programme \(SBLP\)](#)
- [Mission for Financial Inclusion \(MFI\)](#)

What has been the Impact of SHG on Women?

▪ **Economic Empowerment:**

- SHGs have significantly improved women's access to [microfinance and credit](#).
- SHGs have facilitated **income generation activities and entrepreneurship** among women and **increased income and economic stability** for many women and their families.
- SHGs have played a **vital role in poverty alleviation** and financial inclusion by providing **access to affordable financial services, reduce reliance on high-cost informal loans**.

▪ **Women's Agency and Empowerment:**

- SHGs offer **leadership and assertiveness training**, empowering women to challenge traditional gender norms and assume leadership roles in their communities.

▪ **Impact on Family and Society:**

- SHGs have empowered women with **greater respect and decision-making power**, fostering more equitable family relationships.
 - SHGs also increased women's **representation and leadership roles** in local governance.
- SHGs have mitigated social issues like **domestic violence** by economically empowering women and providing a supportive network.

What are the Challenges and Limitations Faced by the SHGs?

- **Sustainability of SHG Initiatives Beyond Initial Support:** The long-term viability of SHGs depends on continued external support and effective internal management which requires **strong leadership, community support**, and the ability to generate sufficient revenue to cover operational costs.
- **Issues of Dependency and Overreliance on External Aid:** SHGs face significant challenges due to their dependency on external aid, which can hinder their self-sustainability and long-term viability, especially in disaster-affected areas.
- **Addressing Intersectional Challenges:** SHGs often encounter caste, class, and regional challenges, impacting their effectiveness and inclusivity, with marginalised groups typically receiving fewer benefits.
- **Agricultural Activities:** Most SHGs operate at the local level, primarily engaged in agricultural activities. SHGs in rural areas should be introduced to non-agricultural businesses and provided with state-of-the-art machinery.
- **Lack of Technology:** Many SHGs use rudimentary or no technology in their operations.
- **Market Access:** Goods produced by SHGs often lack access to larger marketplaces.
- **Poor Infrastructure:** SHGs are typically located in rural and remote areas with poor connectivity via roads or railways and limited access to electricity.
- **Politicisation:** Political affiliation and interference are significant issues for SHGs, often leading to group conflicts.

Way Forward:

- **Leveraging Technology for Scale and Efficiency:** Technology can greatly enhance SHGs by improving efficiency and scalability, with digital platforms aiding in record-keeping, financial transactions, and communication, as seen in initiatives like NABARD's E-Shakti project.
- **Strengthening Linkages with Formal Financial Institutions:** Linking SHGs with formal financial institutions through programs like SBLP enhances their sustainability, reduces reliance on informal lenders, and promotes financial inclusion.

- **Integrating Environmental Sustainability into SHG Activities:** SHGs' integration of environmental sustainability enhances resilience and promotes broader sustainable development goals.
- **Awareness For Inclusivity:** Encourage SHGs to adopt an inclusive approach, considering members' socio-economic backgrounds, for equitable participation and benefit-sharing, addressing discrimination concerns.

Drishti Mains Question:

Q. Discuss the challenges faced by Self-Help Groups (SHGs) in India in fostering socio-economic empowerment and suggest measures to overcome these hurdles.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Mains

Q. The legitimacy and accountability of Self Help Groups(SHGs) and their patrons, the micro-finance outfits, need systematic assessment and scrutiny for the sustained success of the concept. Discuss. **(2013)**

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