



## 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 **26<sup>th</sup> 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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