Self Help Groups

Why in news?

In India, women self-help groups have been a source of empowerment, fostering economic independence, social stature and community resilience.

How SHGs evolved in India?

- A Self-Help Group is an informal association of individuals who come together to improve their living conditions.
- It is a self-governed and peer-controlled group comprising people with similar socio-economic backgrounds and a shared desire to achieve a common purpose.

As per National Rural Livelihood Mission (NRLM) data, there are around 9 million SHGs with nearly 100 million women members, averaging 14 SHGs per village.

- **Primary purpose-** To pool financial resources for joint economic activities and provide reasonable-interest loans to members for starting small businesses.
- **Historical origin-** The concept of SHGs began in the 1970s, notably with the formation of the Self-Employed Women's Association (SEWA) in Gujarat.
- **Linkage to banks**- In 1992, SHGs were linked to banks for small loans, leading to the SHG Bank Linkage Project (SHG-BLP) for setting up livelihood opportunities.
- **Swarna Jayanti Gram Swarojgar Yojana-** It was launched in 1999 to recognize the potential of SHGs in promoting self-employment in rural areas.
- **NRLM-** In 2011,SHGs were integrated into the National Rural Livelihoods Mission (NRLM), becoming core implementers of the government's objective to ensure livelihood opportunities for the poor.
- **Community Investment Fund-** It was launched in 2014 that provided SHGs with up to Rs 50,000 per year for designing and implementing local livelihood programs.
- **Formal village groups**- The integration into NRLM and the creation of the Community Investment Fund marked a transformation of SHGs from informal alliances to formal village groups.

What is the significance of SHGs?

- **Functional capacity enhancement-** It improves the functional capacity of poor and marginalized individuals by providing them with skill development, employment generation and increased income opportunities.
- **Conflict resolution**- SHGs acts as forums for collective leadership and mutual dialogue fosters a sense of community cohesion and shared responsibility.

- **Credit access-** They play a pivotal role in providing collateral free loans to their members, the interest rates on these loans are market driven ensuring fairness and sustainability in financial transactions.
- **Microfinance prowess-** SHGs are recognized as the world's largest microfinance project, with millions of groups availing substantial loans.
- **Risk mitigation-** The SHGs serve as a collective guarantee system providing assurance for members seeking loans from organized sources.
- **Financial inclusion**- It facilitate the inclusion of marginalized individuals into the formal banking system that enables the poor to save money in banks promoting financial literacy and inclusion.
- **Economic empowerment**- The members can utilize the loans obtained through SHGs to start micro-enterprises.
- **Poverty alleviation**- SHGs contribute to the overall goal of poverty alleviation by focusing on employment generation, income enhancement and financial inclusion.
- **Women empowerment**- Women can utilize their skills and talents to start businesses and become financially self-reliant.

How the SHGs has shaped India over years?

- **Credit discipline-** It is highlighted by a repayment rate of more than 96% contrasting with challenges faced by India’s commercial banks often dealing with massive non-performing loans.
- **Growth-** As per Economic Survey 2022-23, SHGs have shown impressive growth rates, with a compound annual growth rate (CAGR) of 10.8% in credit linkages and 5.7% in credit disbursement per SHG over the last ten years.
- **Government support-** The government's active pursuit of SHGs is evident in their inclusion in policies and programs, reflecting a recognition of their organizational effectiveness at the grassroots level.
- **Diversified roles**- The SHGs manage local community kitchens, running health services, overseeing slum redevelopment initiatives, and managing agri-nutri gardens.
- **Poltical will**- SHGs have become a significant influence in politics, with political parties incorporating them into women-focused manifestos.
- **National significance**- Prime Minister Narendra Modi has emphasized their role in transforming from "Self-Help Groups" to "Nation Help Groups," showcasing their national significance.
- **Financial commitment from States**- State governments, especially in Uttar Pradesh, Madhya Pradesh, Bihar, Rajasthan, Tamil Nadu, Kerala, and Odisha, have provided substantial budgetary support, totalling Rs 5 lakh crore, directly to SHGs.
- **Vote bank**- SHGs have become a vehicle for seeking votes from women, reflecting their increasing participation in elections.

Kudumbashree Mission

• **Launch year-** 1999
• **Launched by-**Kerala
• **About-** It is a government sponsored mission aimed at empowering women, primarily through credit activities in Kerala's rural areas.
• **Support**- Union government and NABARD.
• **Significance-** Kudumbashree has proven its resilience, particularly during times of crisis from the devastating Kerala floods of 2018 to the unprecedented challenges posed by the covid-19 pandemic, women affiliated with the mission have emerged as pillars of support for their communities.
• From an initiative to empower women the mission has become lifeline of the State.

Reference

1. Down To Earth- SHE is for Self Help Empowerment
2. Down To Earth- Tales of triumph

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