



## SELF HELP GROUPS - GS I AND II MAINS

**Q.** Self-help groups have been touted as a panacea that will solve problems ranging from economic underdevelopment and women's disempowerment, but do ground realities match the policy desirability. Discuss (15 marks, 250 words)

**News:** *Empowerment's underbelly: Backstage of self-help groups*

### What's in the news?

- Self-help groups have been touted as a panacea that will solve problems ranging from economic underdevelopment and women's disempowerment, but do ground realities match the policy desirability.

### Key takeaways:

- The impact of the SHG model on the social and economic empowerment of women in India has been well documented.
- However, despite their positive impact, SHGs are reeling under issues such as restricted financial autonomy and business scalability, complex banking processes, the difficulty in changing the status of women within the family structure, and a pervasive lack of awareness regarding SHG practices.

### Self Help Groups (SHGs):

- SHGs are voluntary units made up of 10–20 individuals, typically women, belonging to similar economic and social backgrounds.
- Instituted in 2011 under the government's National Rural Livelihoods Mission (NRLM), India's 83 million SHGs have mobilised more than 75 million Indian households.
- Self-Help Groups (SHGs) are **small, informal and voluntary associations** of poor people, who come together for the purpose of solving their common problems through self-help and mutual help.
- The SHGs usually comprise very poor people who do not have access to formal financial institutions.
- Almost nine out of ten SHGs are exclusively composed of women.
- **Example:** SEWA in Gujarat, MYRADA in Karnataka, TANWA in Tamil Nadu, Ramkrishna mission in Jharkhand, ADITHI in Bihar.

### Functions of SHGs:

#### 1. Savings and Investment:

- All SHG members regularly save a small amount. The amount may be small, but savings have to be a regular and continuous habit with all the members.



- “Savings first - Credit later” should be the motto of every SHG member.
- SHG members take a step towards **self-dependence** when they start small savings. They learn financial discipline through savings and internal lending.

## 2. Internal lending:

- The SHG should use the savings amount for giving loans to members.
- The purpose, amount, rate of interest, schedule of repayment etc., are to be decided by the group itself.
- Proper accounts are to be kept by the SHG.

## 3. Discussing problems:

- In every meeting, the SHG should be encouraged to discuss and try to find solutions to the problems faced by the members of the group.
- Individually, the poor people are weak and lack the resources to solve their problems. When the group tries to help its members, it becomes easier for them to face the difficulties and come up with solutions.

## 4. Taking bank loans: The SHG takes loans from the bank and gives them as loans to its members.

## Objectives:

- To sensitize people of the target area for the need of SHG and its relevance in their empowerment process.
- To create **group feeling** among members.
- To enhance the **confidence and capabilities of members.**
- To develop **collective decision making** among members.
- To encourage the **habit of saving** among members and facilitate the accumulation of their own capital resource base.
- To **motivate members taking up social responsibilities** particularly related to development.

## Significance of the SHGs:

### 1. Social Capital:

- The SHGs provide a forum in which people can meet on a regular basis and discuss various issues or concerns that the members face in their **day-to-day life** which acts as the basic source of social capital generation.
- SHGs play a crucial role in **overcoming social evils** like alcoholism, drug addiction, gambling, etc.

### 2. Women empowerment:

- Women's SHGs make their members **independent from social constraints** and allow them to make independent decisions. They can even actively participate in the Gram Sabha.
- SHGs can actively participate in the aspects of **local governance.** This would mean the inclusion of weaker and marginalised sections of the society in the local governance.

### 3. Entrepreneurship:

- It allows for micro-level entrepreneurship within the rural society and reduces too much dependence on agriculture.



## 4. Rural poverty:

- SHGs have become a vehicle to lift people from below poverty line, generate awareness about welfare and developmental schemes of the government, monitor its implementation etc.
- Positive correlation between SHGs and poverty can be inferred from the fact that southern states with a high number of SHGs (71%) have an average poverty rate at 9% as against the nation's average of 21%.

## 5. Livelihood:

- Improves the standard of living, family planning, and healthcare, of the vulnerable sections of society.

## 6. Financial inclusion:

- The members of the SHGs are encouraged to open savings accounts in banks. This assures improved living conditions, increased spending on education, health, etc.

## 7. Literacy rates:

- With more women participation and their enhanced status address issues such as nutrition poverty and low literacy rate.

## 8. Skill development:

- Skill development program undertaken by SHGs improves employability of members involved.

## 9. Pressure Groups:

- SHGs act as pressure groups through which pressure can be mounted on the government to act on important issues.

## Successful case studies:

- **Kudumbashree in Kerala** has helped in providing skill training and poverty eradication of women.
- SHGs like **SEWA, Lizzat** papad promotes entrepreneurial culture among women.

## Challenges of SHGs:

### 1. Illiteracy:

- About 30% of rural people are illiterate according to government data.
- Lack of practical knowledge and information adversely affects the efficacy of SHG.

### 2. Lack of Stability:

- In the case of SHGs dominated by women, it is found that there is no stability of the units as many married women are not in a position to associate with the group due to the shift of their place of residence.

### 3. Social barriers:

- Women SHGs in India face various social barriers. For example, women in villages are still seen as caretakers of children and housewives. They are not allowed to work or participate. This hinders women's participation in SHG.
- Various women, even if they participate, often do not attend the meetings due to house activities.





#### 4. Caste and Religion:

- In rural areas caste and religious systems dominate and are very deep.
- Group formations based on caste and religious lines hinders the working of SHGs.
- People belonging to different castes are not ready to participate and cooperate with each other.

#### 5. Patriarchy:

- Prevalence of patriarchal mindset in the rural areas, see women as weak in all respects.
- Female child discrimination restricts the women to take active part in various decision-making processes.

#### 6. Lack of funding:

- Generally rural people lack funds or are not ready to spend out of pocket.
- It is found that in most of the SHGs, the financial assistance provided to them by the agencies concerned is not adequate to meet their actual requirements.
- Inability to provide collateral security.
- Poor credit absorption capacity.
- Inadequate reach of the institution.
- Weak community network.

#### 7. Exploitation by Strong Members:

- It is also observed that in the case of many SHGs, strong members try to earn a lion's share of the profit of the group, by exploiting the ignorance and illiterate members.

#### 8. Too much dependence on government and NGOs:

- Many SHGs are dependent on the promoter agencies for their survival. In case these agencies withdraw their support, the SHGs are vulnerable to downfall.

### Government Initiatives:

#### 1. DAY-NRLM:

- The objective of Deen Dayal Antyodaya Yojana- National Rural Livelihoods Mission is to **organise the rural poor women into SHGs and continuously nurturing and supporting them to take economic activities** till they attain appreciable increase in income over a period of time to improve their quality of life and come out of abject poverty.
- The programme aims to ensure that at least one woman member from each rural poor household (about 9 crore) is brought into the fold of women SHGs and their federations within a definite time frame.
- National Rural Livelihood Mission (NRLM), aimed at **raising the annual income of each woman in self-help groups (SHGs) to Rs 1 lakh by 2024**, it is aggressively promoting entrepreneurship and economies of scale among them.

#### 2. E-Shakti:

- E-Shakti is a program by NABARD for **digitisation of all Self Help Group (SHG)** in the country. The project is being implemented in 100 districts across the country.



## WAY FORWARD:

- The Government should **create a supportive environment** for the growth and development of the SHG movement in India.
- SHG should be **expanded to credit deficient areas** of the like Madhya Pradesh, Bihar, UP and the north eastern states.
- Efforts should also be made to **increase income generation abilities of the urban poor** who have become a victim of rapid rise in urbanisation.
- Government functionaries should treat the poor and marginalized as a responsible customer and as a possible entrepreneur.
- There is a need to establish a **separate SHG monitoring cell** in every state.
- These cells should have direct links with district and block level monitoring systems.
- Commercial Banks and NABARD in collaboration with the State Government need to continuously innovate and design new financial products for SHG groups.
- Efforts must be made by **removing various taboos** and awarding people about Increasing role of women. Gender sensitisation efforts must be made.
- **Non-Government Organisations (NGOs)** can play a significant role in empowering women entrepreneurs by providing basic education, motivation training, and financial help.

SHG and the socio-economic programmes reinforce each other and promote all-round development of the children, the women, the households and the communities. It is a process which ultimately leads to self-fulfilment of each member of the society. It is in this direction that SHGs are moving towards fulfilling their objectives with a meaningful strategic direction.