

Development of Women to Development led by Women

.... India's journey

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Women SHGs – Quick Recap

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SHGs in Telangana & AP

DAY (NRLM)

Role of NABARD, RBI & Banks

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Women SHGs- A quick recap

The concept of Self-Help Groups

Small, voluntary associations of **women from similar socio-economic background.**

Serve as platform for **regular savings, internal credit, and mutual support.**



It is an effective instrument for **poverty alleviation and women's empowerment.**

Function on the principles of **collective responsibility, transparency, and democratic decision-making.**

Operational Framework

- The SHG group consists of 10-20 members who meet regularly and contribute savings and deposits to a bank account.
 - started with Re 1 / day/member in the 80s, currently Rs 10-100.
- Individual Members avail **small loans from the group's savings** to meet their needs at **lower interest rates (12% approx.)** without depending on moneylenders.
- Panchasutras – The group is nurtured to follow 5 non-negotiables: **Regular meetings, Savings, Internal loaning, Repayment and Bookkeeping.**
- Capitalization : Receive grants (RF/CIF) from the Govt. & loans from the Bank.
 - All Govt. Grants & Bank Loans are given in the group's name.
- A mature SHG's financial kitty is comprised of their own Savings, Govt. Grants, Bank loans, interest earned, Fines collected & income from their enterprise activities.

“Savings first – Credit later”.

Operational Framework

Mutual Support & Problem-Solving:

- Decisions regarding savings, loans, and repayment terms are **made collectively** by the group members.
- The group **collectively addresses** any issues of non-repayment of loans by a member.
- SHGs encourage members to discuss challenges/issues faced by the members at the personal / family level and address them collectively to resolve.

Through mutual support, members develop solutions to both group level SHG issues and individual problems.

Evolution of SHG Movement in India

Milestones in SHG concept

- 1972: SEWA (Self-Employed Women's Association) in Ahmadabad by Ilaben Bhat –worked with women in unorganized sector & SEWA Bank extended micro credit for petty businesses.
- 1980s: Concept of SHGs began informally in rural India, promoted by NGOs such as MYRADA (Mysore Resettlement and Development Agency - SAG) in Karnataka. Some of the projects were funded by IFAD
- 1987: NABARD (National Bank for Agriculture and Rural Development) conducted pilot projects on informal group-based savings and lending.
- 1990s: rapid expansion of SHGs –due to Govt, NABARD & NGO efforts; especially in South India (Andhra Pradesh, Tamil Nadu, Kerala, Karnataka).

Milestones in SHG financial products

1. SHG Savings bank account – A zero balance account in the name of an unregistered Group
2. SHG Bank Linkage Programme (SBLP) :
 - Banks lend to informal / Unregistered SHGs.
 - Untied loans. No need to disclose the purpose of the loan.
 - No collateral.
3. SBLP is included in the Rural Priority Sector Lending
 - By the late 1990's, SBLP was scaled up nationally – opening doors of the formal financial sector to SHGs in a big way.

Milestones in mainstreaming by Government

- 1980s : DWACRA
- 1999: Launch of Swarnjayanti Gram Swarozgar Yojana (SGSY) – *integrated SHGs into the poverty alleviation strategy* – **Target based approach**
- 2000s: **Southern states** : Andhra Pradesh, Tamil Nadu, Karnataka & Kerala became leaders in SHG federations, with strong government-NGO collaboration.
- 2006: India declared 2006 as the “Year of Microfinance”, boosting awareness and policy support.
- 2011: Launch of NRLM (Aajeevika) to replace SGSY - **universal mobilisation of rural poor women** into SHGs and federations – **Universal approach**
- 2015 onwards: Government of India **integrated SHGs with schemes** like Deen Dayal Antyodaya Yojana (DAY-NRLM), Jan Dhan Yojana, and digital financial literacy campaigns. **Convergence**

International Perspective

SHG Movement - Bangladesh

- 1972 – After independence, NGOs began experimenting with group-based microcredit for the rural poor, especially women.
- 1976 – Prof. Muhammad Yunus started lending to poor women in Jobra village, Chittagong, which became the foundation of the Grameen Bank.
- 1983 – Grameen Bank was formally established, pioneering the model of joint-liability lending through small groups (usually 5–7 members).
- 1990s onwards – NGOs such as BRAC, ASA, PROSHIKA scaled up microfinance and women's empowerment programmes, integrating SHG-like structures into livelihoods, education, and health.
- Nobel Peace Prize in 2006 - Prof. Muhammad Yunus & Grameen Bank.

“Credit first – Savings later”

SHG Movement - Pakistan

- 1980s–1990s – Started with the Aga Khan Rural Support Programme (AKRSP) in Gilgit-Baltistan, focusing on Women SHGs, VOs, savings and credit.
- 2000s – Expansion of Rural Support Programme (RSP) across provinces, with NGOs & donors (WB, UNDP, USAID)
- 2000 – Establishment of Pakistan Poverty Alleviation Fund (PPAF), which supported microfinance and SHG-like community organisations.
- 2010 onwards – Women SHGs linked with Benazir Income Support Programme (BISP) for cash transfers and poverty reduction.
- Current Status:
 - SHGs exist mostly in NGO-led projects and microfinance institutions with limited Government role.
 - Pakistan's SHGs are fewer in number compared to India or Bangladesh.

SHG Movement – Comparison in a Nutshell

Country	Nature of SHG Movement	Key Drivers	Spread
India	Savings-first, Govt. + NGO supported, commercial Banks play a central role.	NABARD, State & Central Government, NGOs	Nationwide
Bangladesh	Credit-first, microfinance-centric, NGO-led	Grameen Bank, BRAC, ASA	Nationwide
Pakistan	Smaller, project-based, NGO & donor-driven	AKRSP, RSPs, PPAF	Limited spread, not nationwide

SHG Movement in Telugu states (Telangana & A.P)

UNDP Pilot on SHGs in combined Andhra Pradesh (Early 1990s)

South Asia Poverty Alleviation Programme (SAPAP)

- Hypothesis: The Poor are capable of coming out of poverty through their own collective effort.
- **Process cycle :**
 - Savings First
 - Internal Lending
 - Capitalisation – Government funding, Bank linkage
 - On-lending - The group lends this money to members for income-generating activities, emergencies, education, etc.
 - Repayment - The Group takes responsibility for timely repayment to the Bank.
- And this cycle of loans & repayment continues.

The project was implemented for 5 years in a few identified Blocks in 3 Districts of undivided AP

UNDP Pilot on SHGs in the combined Andhra Pradesh

- Key learnings & outcomes :
 - i. **Saturation approach & Demonstration of scale:**
It is the first large-scale experiment in India in which SHGs were systematically promoted to saturation.
 - ii. **Credit Worthiness:**
Proved that poor rural women could save regularly and repay loans on time if organised in groups.
 - iii. **Demonstrated a feasible administrative model:**
By creating a Federation at the village level, UNDP paved the way for an administratively feasible model.
 - iv. **Self-Managed Federations:**
Created early institutional structures that later evolved into large SHG federations – self-managed institutions :
 - VO – Village Organisation
 - MMS – Mandal Mahila Samakhya
 - ZMS – Zilla Mahila Samakhya

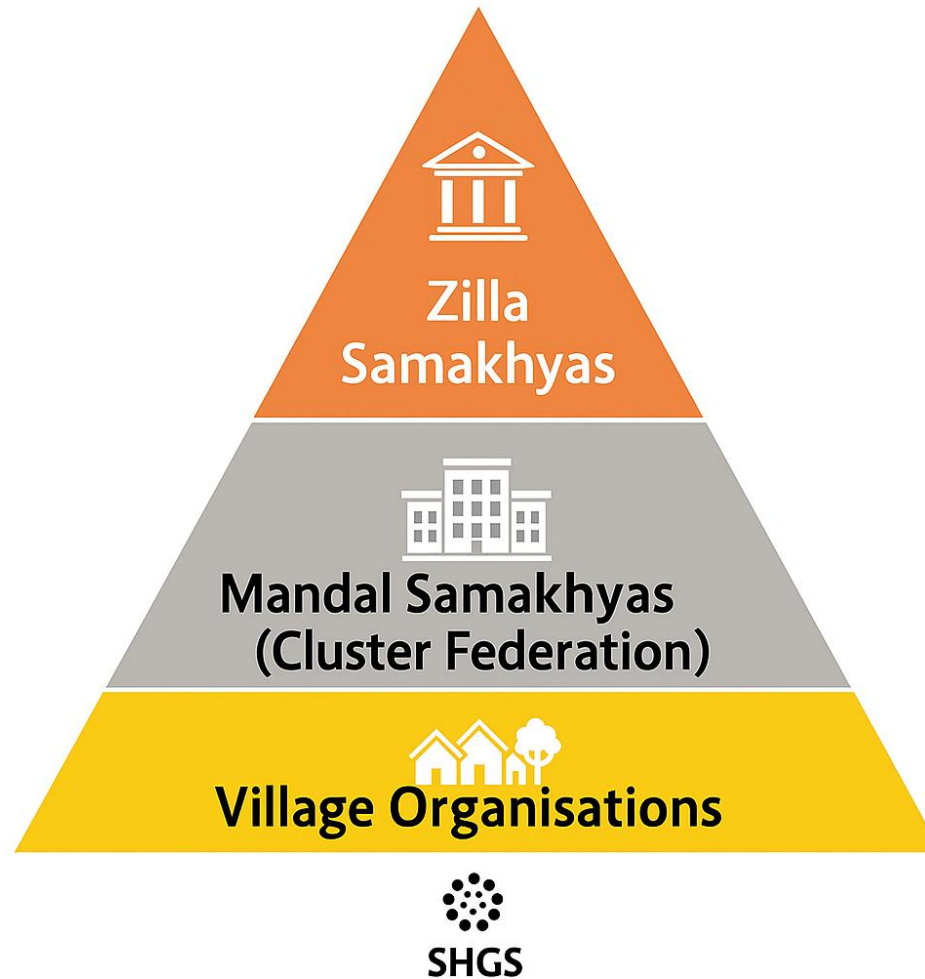
SAPAP is rated “Highly successful”

The Birth of the first Statewide program - (2000 – 2009)

APDPIP & APRPRP: SHG promotion is the key Rural Development strategy

1. Saturation approach to mobilize women into thrift and credit groups
2. Create Dedicated institutional support - SERP
3. Build capacities – SHG members, leaders & paid functionaries
4. Accelerate Capitalisation – Revolving fund (RF) & Capital Investment Fund (CIF)
5. Demystified bank linkage – “Bank Mitras” to accelerate credit flow Banks → SHGs
6. 3-tier federation structure-village, Mandal & District Level Federations
7. Special focus on vulnerable groups – POP, differently abled, etc.
8. Social action – against child labour, domestic violence, etc.
9. Community Resource Persons - CRPs

3 Tier Federation Structure



Telugu States Eventually, served as the blueprint for DAY-NRLM

Deendayal Antyodaya Yojana National Rural Livelihood Mission (DAY-NRLM)

- "To reduce poverty by enabling the rural poor households to access gainful self-employment and skilled wage employment opportunities, resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots institutions of the poor."
- Build financial discipline- Repayment and collective responsibility.
- **Converge** all compatible programmes – Village entrepreneurship, Micro enterprises, Skill trainings, Agriculture.

Other successful state level projects

- Kutumbashree – Kerala
- Corporation for the Development of Women - Tamil Nadu
- Jeevika – Bihar
- Stree Shakti - Karnataka
- Mission Shakti / Subhadra - Odisha
- Umeed – J & K
- SRLMs

Role of NABARD, RBI & Banks

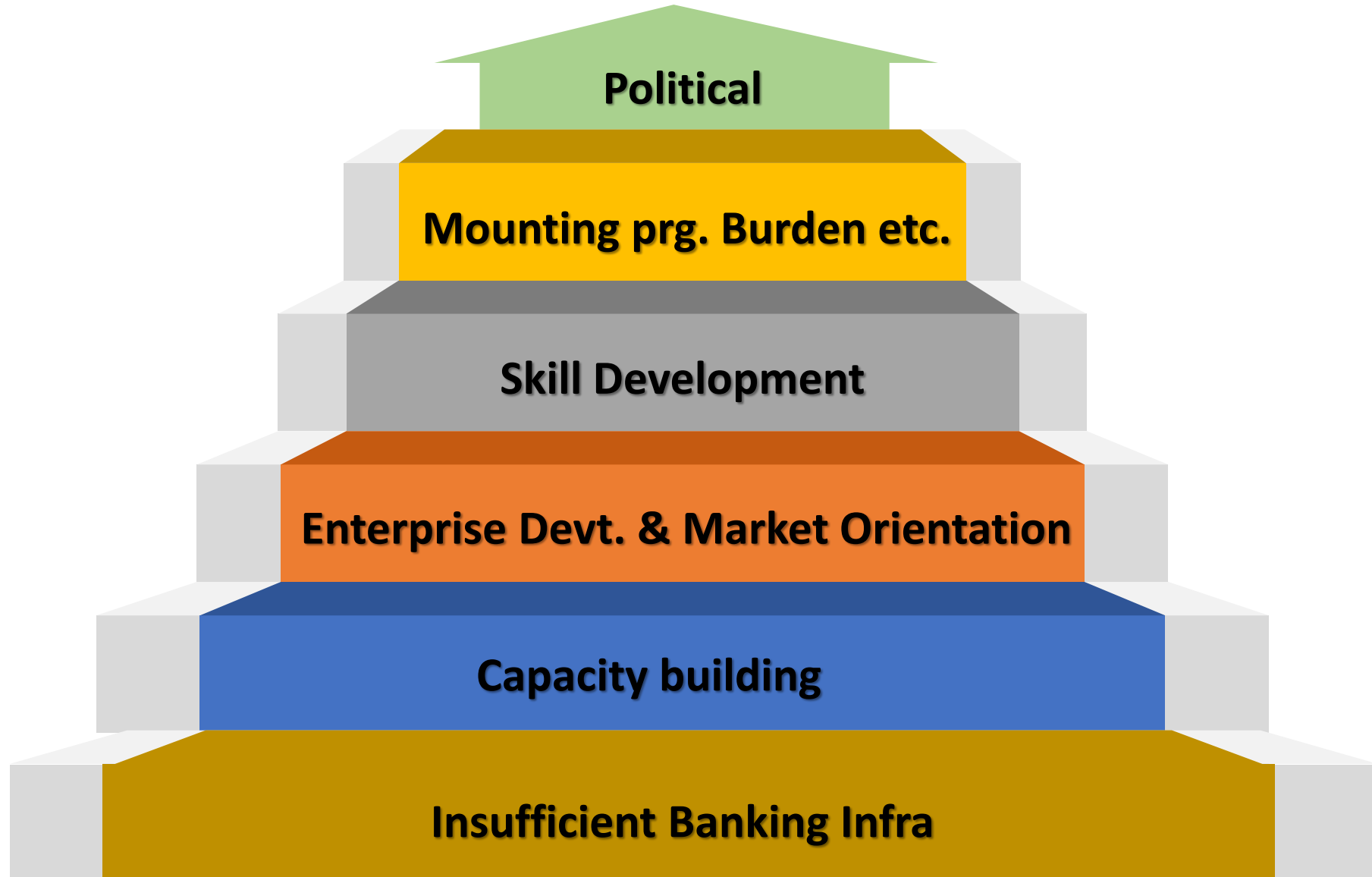
- i. Pro-poor financial products: SHG Savings account, SBLP & Inclusion in priority sector lending
- ii. Initial Funding of NGOs such as MYRADA that led to creation of SHG model
- iii. Establishment of a dedicated “Micro Finance Equity Development Fund”, “Micro-Enterprises Development Fund”, NABFINS, JLG Scheme, etc.
- iv. Introduction of “Business correspondents” model for rural branchless banking (2006)
- v. Establishment of “Centre for Micro-finance Research”
- vi. Continuous capacity building to Banks, NGOs
- vii. Regular Monitoring & Facilitation, introduction of Technology, etc.

Benefits & Challenges

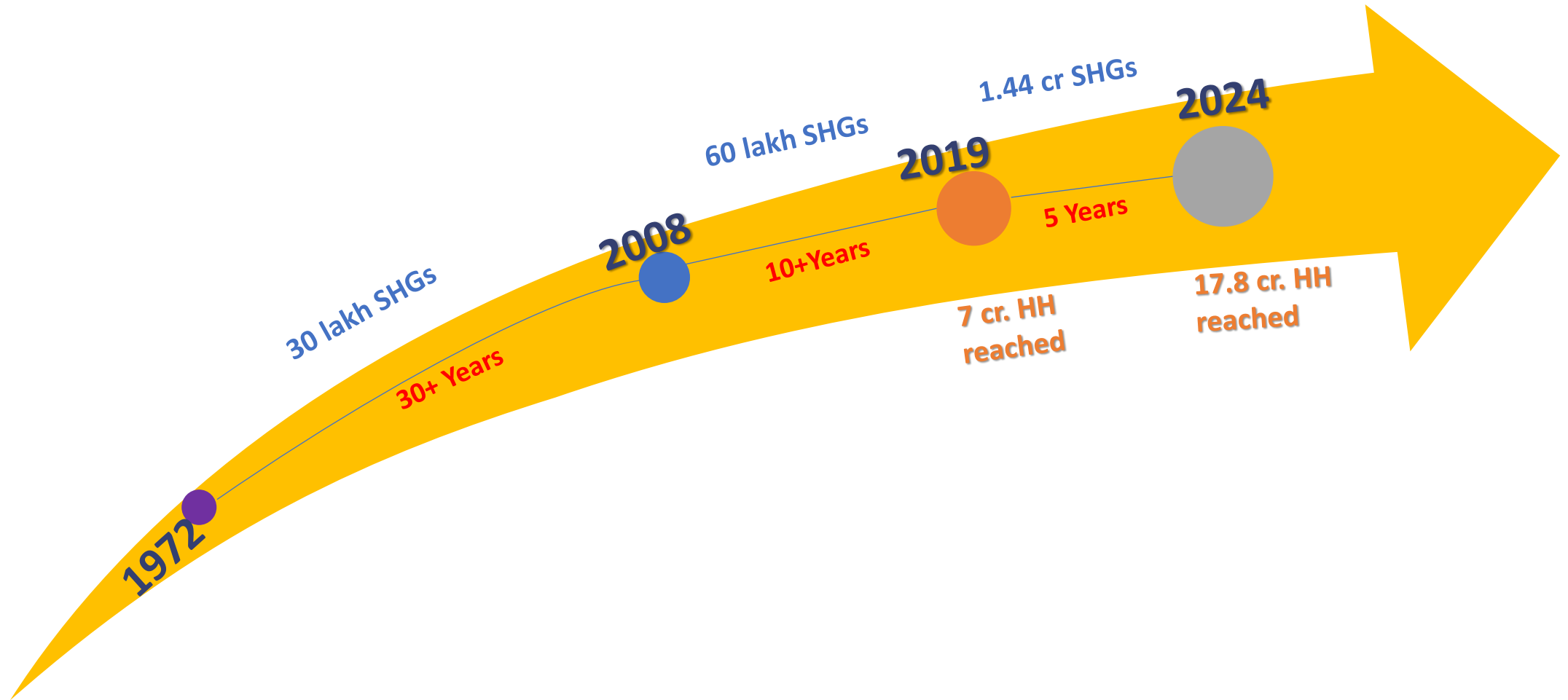
Benefits of Self-Help Group



Challenges



Key statistics – Growth



- The SHG movement has experienced remarkable acceleration, marked by a sharp growth rate.

Key statistics

- Total Savings Deposits : Rs. 65,089.2 cr.
- Total credit linkage : 2.09 Lakh cr.
- Total outstanding loan : Rs 2.59 lakh cr.
- Ave. loan disbursed : Rs 3.8 lakh
- *Loan Repayment: > 98%*, indicating their credit discipline and reliability.
- Growth in SHGs: The No. of credit-linked SHGs has grown at a Compounded Annual Growth Rate (CAGR) of 10.8% over the last 10 years (from FY13 to FY22).
- Credit Disbursement per SHG: Grown at a CAGR of 5.7% during the same period.
- Savings growth rate: 11% (22-23 to 23-24)

Source : “Status of Microfinance in India”, NABARD 23-24

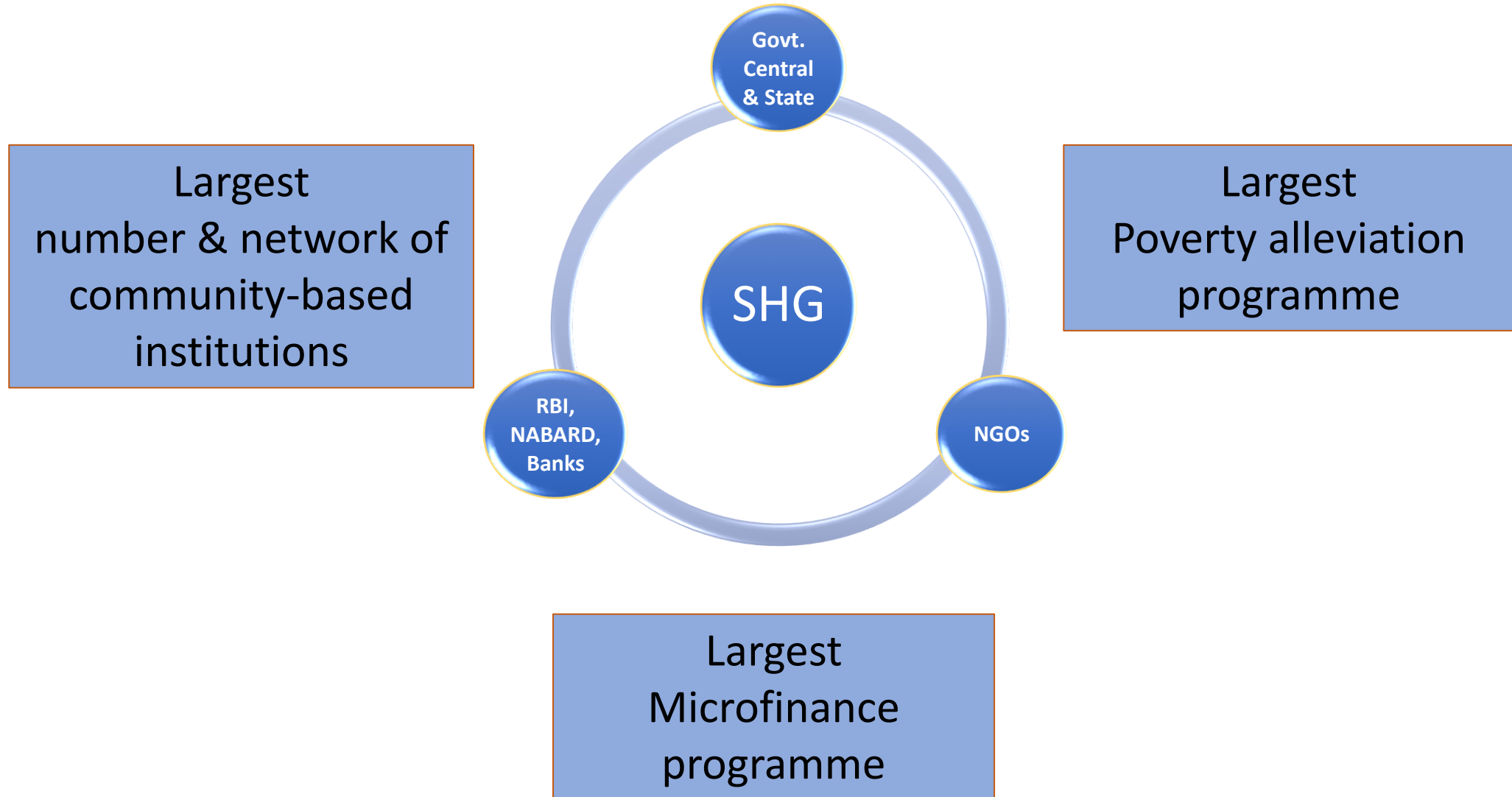
SHG – The key impact areas

- Financial inclusion: with robust repayments demonstrated that the poor are creditworthy and brought millions of rural poor women into the formal banking system

Changed the way Banks and Financial institutions work for the poor.

- Creation of enormous Social capital
- Economic & political empowerment of women
- Community-based institutions are often launch pads for many development programmes.
- Rare combination – but synergies achieved - a big *win–win*.

Indian SHGs - Global Fame



The Game Changers

- Women - group size (10-20 members) – Cohesive, Homogenous
- Group Savings account & SBLP, inclusion in priority sector lending
- Federation structure –Administrative feasibility
- Dedicated institutional support
- Community Resource Persons (CRPs)
- Synergy across – Women, FIs, NGOs, Governments
- Cross learning and replication of successful models