



Self Help Groups (SHGs) Movement & Challenges Ahead

Sa-Dhan is the network of diverse legal and operational models ranging from Self Help Promoting NGOs to financial institutions like NBFCs, Societies, Trusts, Section-25 companies, Cooperatives, Capacity Building Institutions, Banks, Rating Agencies, and Investors etc. It works towards helping its members and associate institutions to better serve low income households, particularly women, in both rural and urban India, in their quest for establishing stable livelihoods and improving the quality of life.

One of the distinguished roles Sa-Dhan plays is strengthening the Self Help Group (SHG) movement in India initiated by its member NGOs to take financial services to the last-mile and aspire for financial democracy in our country. Further, it works for capacity building of its member NGOs to provide necessary support to the SHGs and their federations, adherence to voluntary code of conduct and converge with government programs related to SHGs.

Moreover the association has taken several measures to yield maximum benefits from the flagship programmes/projects of Government viz. National Rural Livelihood Mission (NRLM) and Women Self Help Group (WSHG) related to SHGs. Also it has worked closely with important stakeholders such as MoF, MoRD, NABARD, and Public Sector Banks.

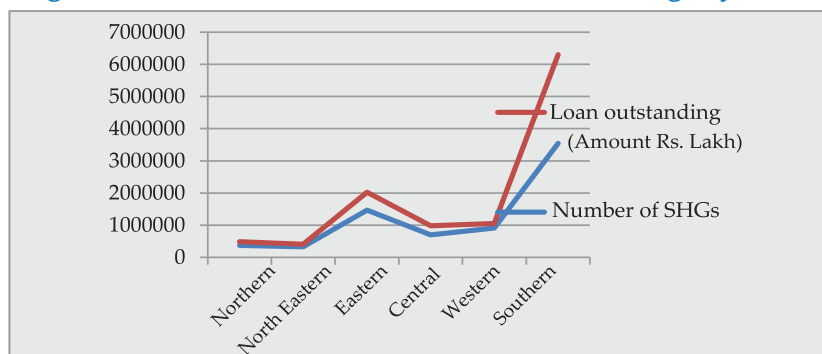
The Self Help Group (SHG) movement in India is one of the largest movements working towards poverty alleviation, social transformation, women empowerment and financial inclusion. Over more than two decades NGOs have worked in partnership with institutions like NABARD and presently working with the flagship program NRLM and demonstrated the mechanism to reach out to the last-mile through SHGs. They have been successful in attracting due attention from the policy makers and mainstream financial institutions. However, challenges persist to SHGs and their federations towards improving the lives and livelihoods of its members, and in this regard enhanced participation of Self Help Promoting NGOs would be imperative.



Critical Challenges

- Ensuring regularity of bank loans to SHGs.
- Assuring amount of loan to the SHGs in line with their asset building activities.
- Taking corrective measures on increasing NPAs of banks.
- Reduce the statewide variation in the spread and depth of SHG program including the bank linkage portfolio.
- Ensuring sustainability and financial viability of SHGs.
- Capacity building of SHGs and providing technical support to SHGs for setting up of financial records, audits, account keeping.
- Convergence of different government schemes targeted to poor households and delivering them through SHG route.

Region wise number of SHGs and loan outstanding in year 2013



Source: Status of Microfinance in India, NABARD Report 2012-13

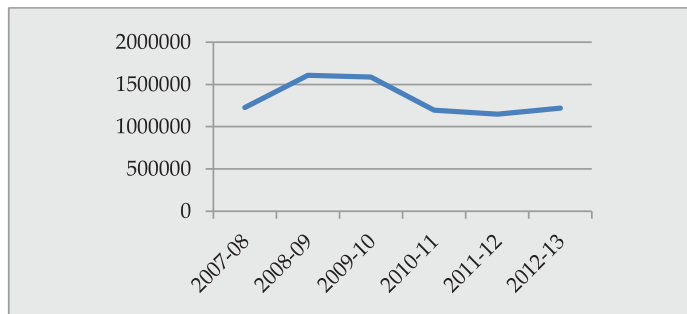
Present Scenario on SHGs as on March, 2013

Estimated no. of families covered – 95 million
 No. of SHGs linked with banks – 73.18 lakhs
 Total savings of SHGs at Bank – 8217.25 crores
 No. of SHGs having loan outstanding at Bank – 44 lakhs
 Total loan disbursed (2012-13) 20585.36 crores
 Total outstanding amount – 39375.3 crores

(Source: Status of Microfinance in India, NABARD Report 2012-13)

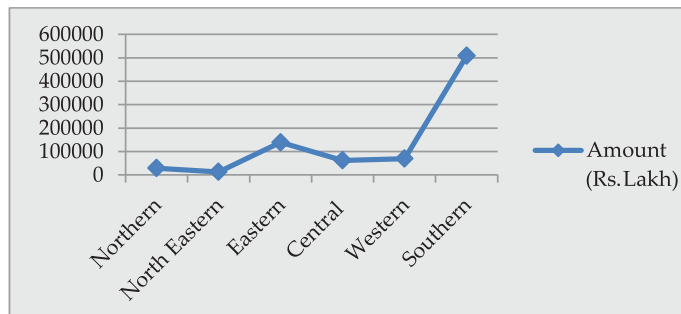


Number of SHGs, availed loan over the years



Source: Status of Microfinance in India, NABARD Report 2012-13

Region wise total savings of SHGs in year 2013



Source: Status of Microfinance in India, NABARD Report 2012-13

Current flagship programs related to SHGs

National Rural Livelihood Mission (NRLM)¹

In order to further strengthen the SHGs, the SGSY program has been restructured as NRLM. The basic purpose of the NRLM is to put in place a dedicated and sensitive support structure from the national level to the sub-district level focused on the poor, build and sustain their organizations at different level, and strengthen existing institutions. Self Help Promoting Sa-Dhan members are playing critical role in giving advisory to the NRLM, and providing support in strengthening SHGs and their federations to converge with NRLM.

Current Status:

- ✓ Total states covered: 19
- ✓ Total districts covered: 443
- ✓ Intensive districts covered: 118
- ✓ Total blocks covered: 4,333
- ✓ Intensive blocks covered: 444

Women Self Help Group (WSHG)²

The Ministry of Finance (MoF), Government of India (GoI) launched WSHG scheme for promotion and financing of women SHGs. It is to be implemented in 150 most backward and Left Wing Extremist (LWE) affected district of country through the Lead bank of a particular district and joining hands with selected NGOs. Several Sa-Dhan member NGOs have been selected as anchor for this program and it is providing critical feedbacks to the concerned department.

Current Status:

- ✓ No. of MoU between anchor NGOs and Banks: 239
- ✓ Total SHGs formed: 70,000
- ✓ Total SHGs credit linked: 18,000
- ✓ During year 2012-13, 16.94 crores has been utilized towards promotional grant assistance to anchor NGOs

¹ National Rural Livelihood Mission, Framework for implementation, MoRD, GoI
² NF.No. 3/6/2011-AC (Vol. II), Government of India, Ministry of Finance, Department of Financial Services

Appeal

We urge to all the stakeholders to stand behind the SHG movement and enable making a favorable policy environment towards it. SHGs shouldn't only be seen as thrift and credit institution but can impart critical roles like watchdog to the government schemes, help strengthening Panchayati Raj Institutions, and act as a platform to advocate for pro-poor government policies. Moreover, NGOs have played critical roles in the evolution of SHG movement and still their support is required to address next level challenges. Therefore, we request for projecting and strengthening SHGs and the promoting NGOs in a holistic way and providing them continuous financial and policy support.



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