

SHGs : An Indian Perspective



Presentation by –


*National Bank for Agriculture and Rural
Development, India*

What is a Self Help Group ?



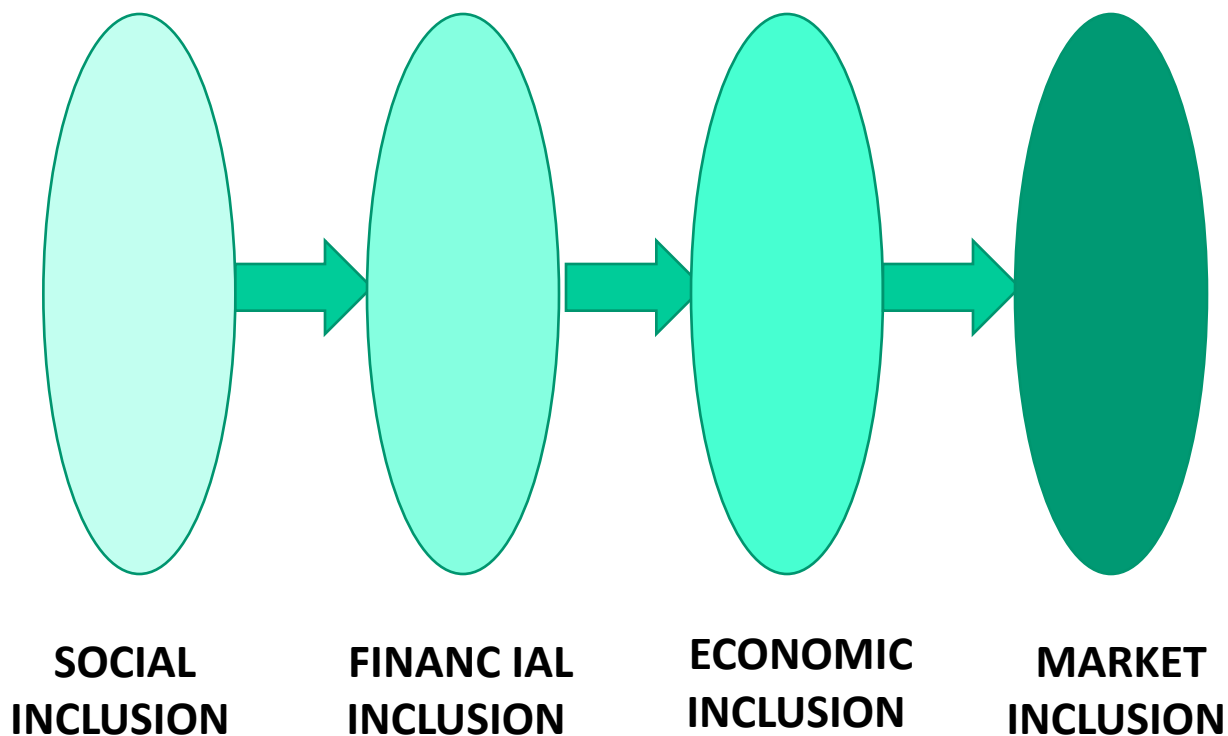
Genesis

- Deep socio cultural understanding
- Deep understanding of the Inclusion Hierarchy
- Experimentation by NGO (MYRADA)
- NABARD-MYRADA Pilot Initiatives
- RBIs acceptance of the Model
- Issue of Guidelines by NABARD
- Mainstreaming of the Project by RBI
- SHG- Bank Linkage Project gains traction



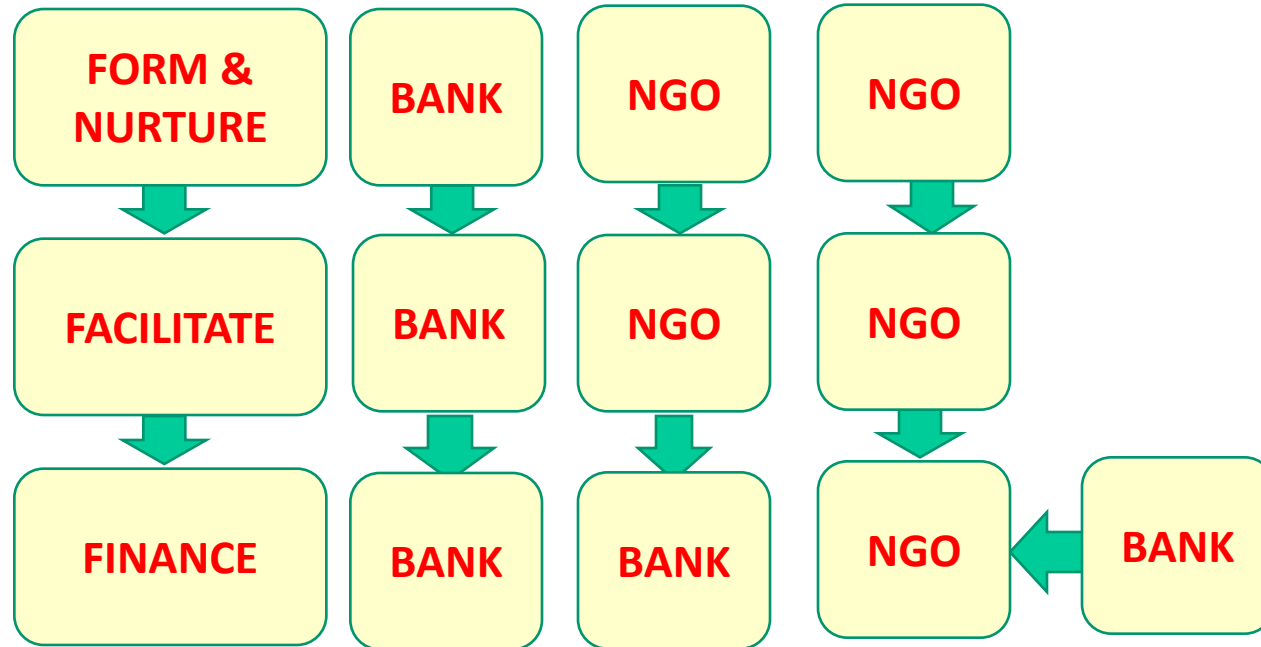
Non registered group
without collateral
can open deposit &
loan accounts

Process of Inclusive Growth



HOLISTIC INTEGRATION INTO MAINSTREAM

Genesis



Model II has emerged as the most popular with covering approx. 72% of SHGs (Model I covers approx 20% whereas Model III approx. 8%). All banks, Co-operative have been actively participating in the SBLP

While the SBLP model remains the most widely used model of micro finance in India, the MFI model has also gained momentum in the recent past.

SHGs Bank Linkage – Progress



No. of SHGs

Total Bank
Saving

Outstanding
Bank Credit

Geographical
Spread

Pilot
phase
1992-95

4750

A few
thousand
dollars

\$ 1.10 Million

Mostly in
Andhra Pradesh
and Karnataka

As on 31
Mar 2014

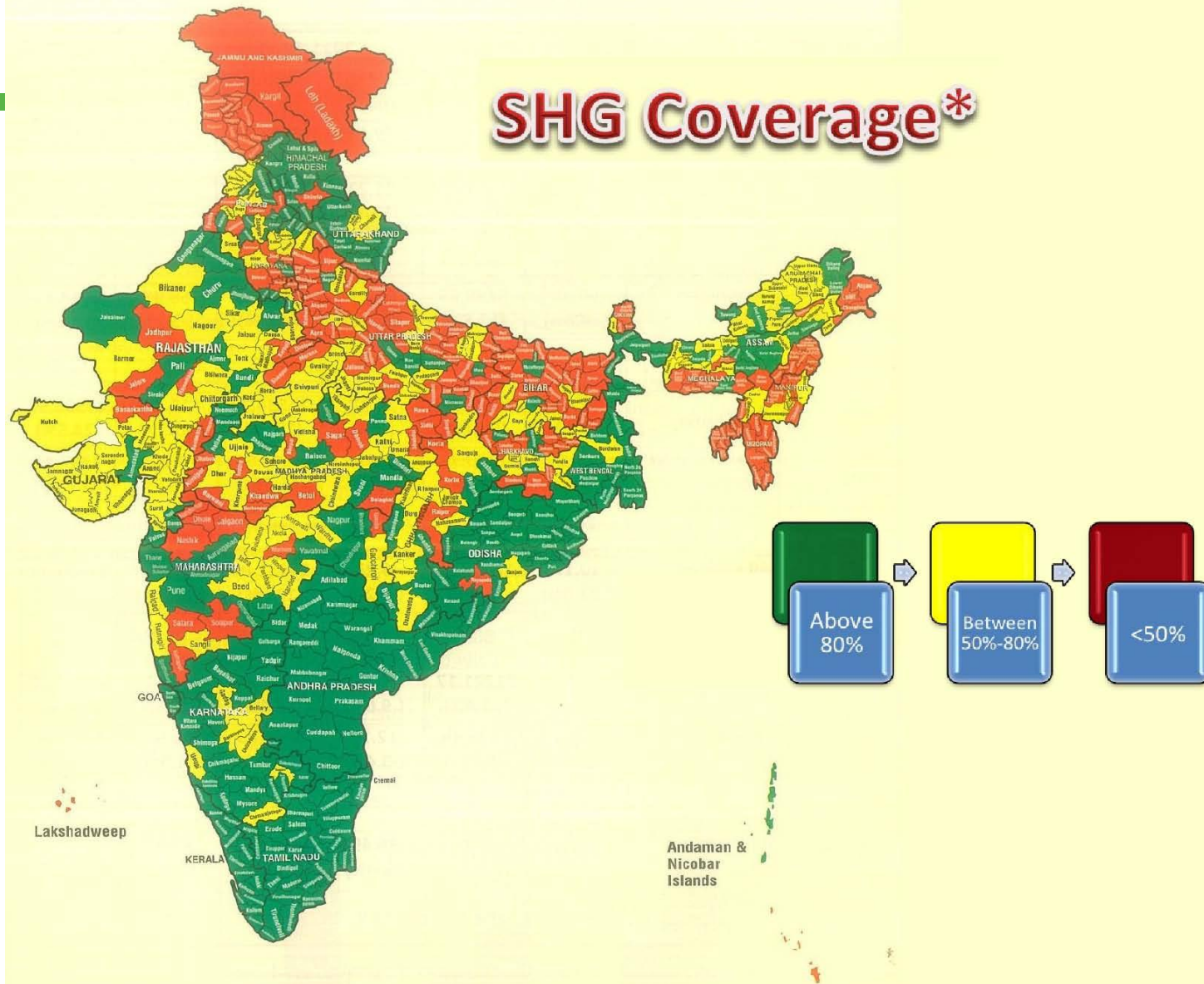
7.43 Million

\$ 1650 Million

\$ 7155 Million

29 States & 6
UTs

SHG Coverage*



Uniformity in Model through NABARD Initiative



- Guidelines issued by NABARD
- Training programme for Bank Managers with NABARD Support
- Incentives to facilitators for formation of groups by NABARD
- 10% of total groups in India formed with NABARD Support
- Significant role of NGOs supported & enriched by NABARD
- Capacity building of SHG members
- Graduation of groups to micro enterprises

Empowerment / Impact Assessment



Positive impacts emerged out of various pre & post evaluation study conducted under NABARD aegis indicates -

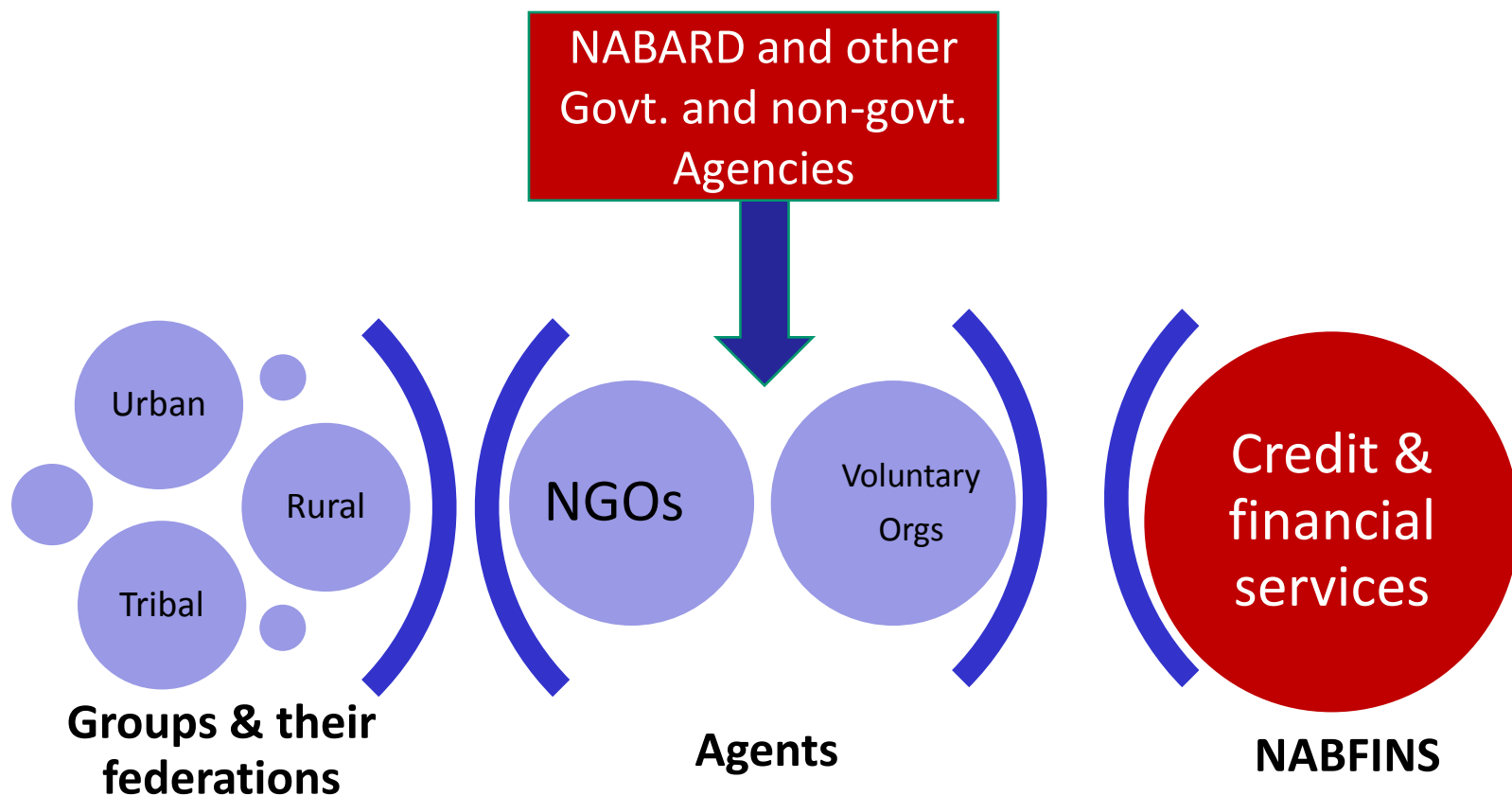
- Household savings increased between 100 to 200%,
- Average value of assets per household by 50 to 150 %
- Employment increased by 15 to 30%
- Fifteen per cent of the SHG member households living in poverty moved above poverty line
- Social empowerment of SHG members (particularly women) improved significantly in terms of improved self-confidence, better treatment from family members, improved communication space for freely talking to others and taking joint decisions.

Agent & Linkage Hybrid Banking Model : NABFINS - A NABARD Initiative

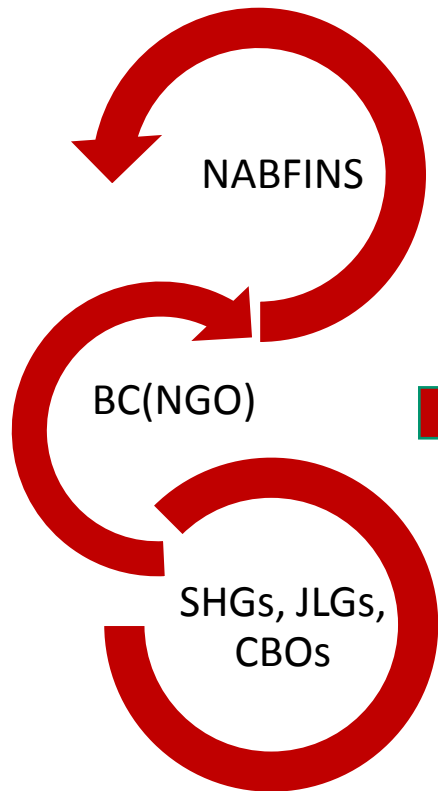


- Promoted Micro finance Institutions in 2008 following Micro finance Crisis in India
- Promoted Subsidiary following Micro finance crisis in India
- NABFINS Launched
- Follow a unique Agent cum Linkage Hybrid financing Model
- Replicable model

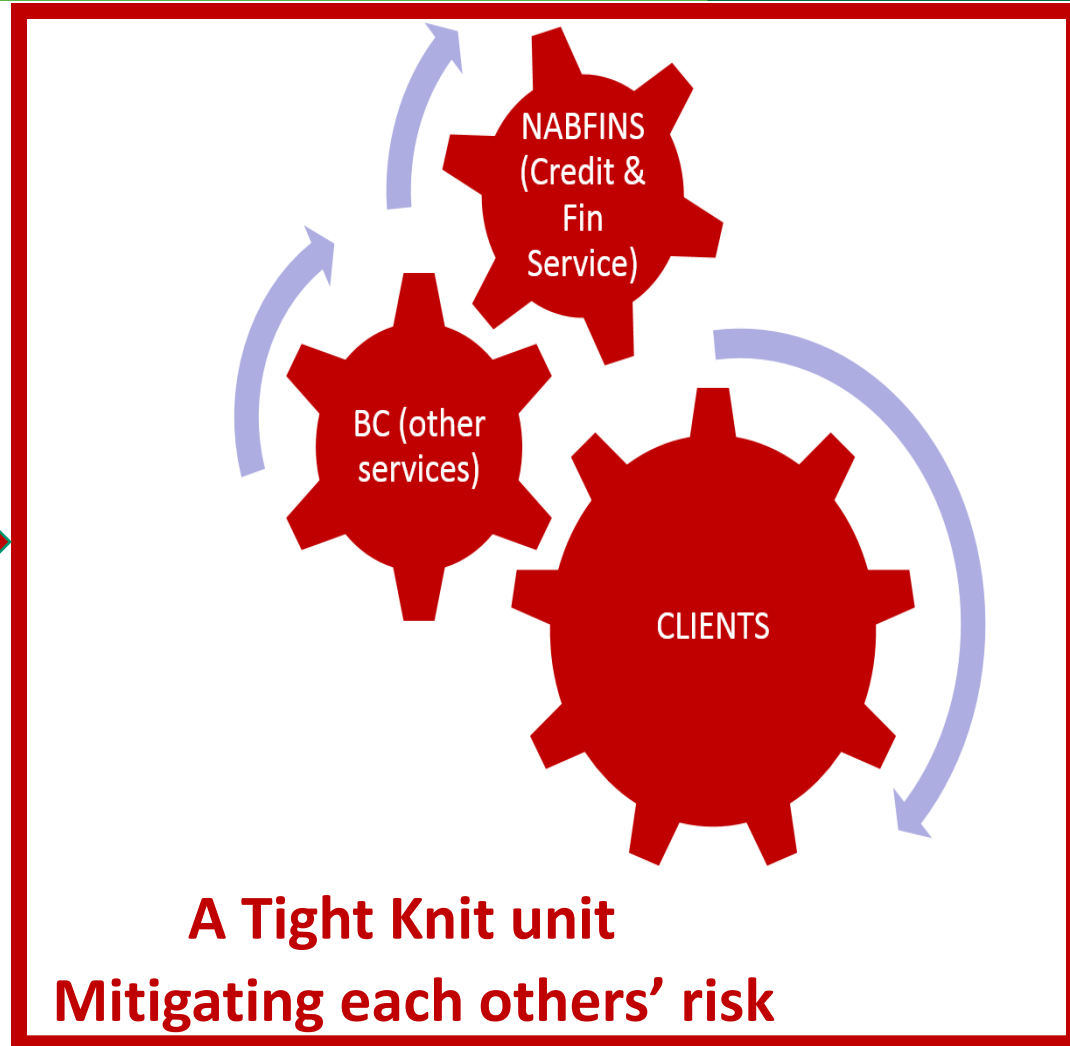
Formation of Key Players



Chain and Integration



Flow of input and services



Success Stories



Creating wealth from waste - SHG members in Ambaji Village, Gujarat



Making money from plastic - SHG members in Dindigul, Tamil Nadu

Success Stories



Learning is child's play now - SHG members managing mid day meal in Balaghat, Madhya Pradesh



Keeping God's own country clean - SHG members in Thiruvananthapuram, Kerala

Issues/Challenges



- Inadequate financing;
- Quality issue due to which SHGs are not able to work as microenterprises
- Lack of entrepreneurial skills in the members

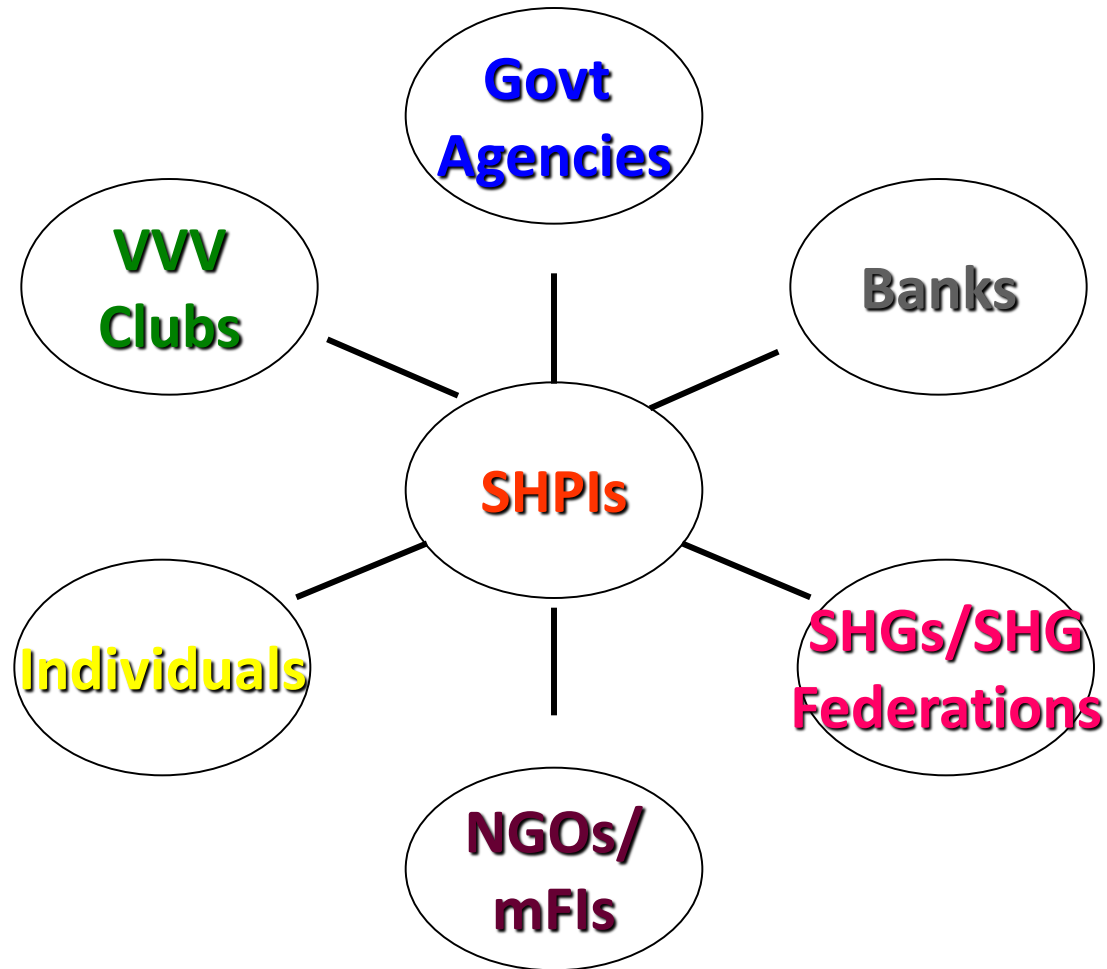
Way Ahead



- Convergence with Government Programmes to maximise benefits to the SHG members.
- Initiate additional financial literacy drive at the SHG level to eliminate over indebtedness
- Special schemes to revive dormant SHGs through effective capacity building and hand holding support
- Graduating SHGs to work as micro finance institution/ micro enterprise
- Priority to shift from promotion of SHGs to provide livelihood opportunities to the SHG members in a calibrated manner through skill building, production optimisation, value chain facilitation and market linkage.
- Community based organizations to be encouraged as the nodal points for promoting livelihood activities of members of SHGs
- ICT based interventions at primary level (SHGs), promoting institutional level (SHPIs) and at National level

THANK YOU

Who can form SHGs?



How an SHG is formed?



- Promoter talks to people in small groups
- Explains benefits of thrift and group formation
- No promises given, not even of sanction of bank loan
- Helps group members to hold initial meetings
- Enables group to find a group leader for holding meetings, keeping books
- Animator guides SHG to become strong and matured
- Training at frequent intervals and in small doses
- Inputs through formal and informal training
- Guidance for opening bank a/c, credit linkage, getting benefits of govt. programmes, social mobilisation etc.

Common factors for membership in SHGs



- Men/Women from very poor households
- Those who depend on moneylenders even for daily necessities
- Those with a per capita income not exceeding Rs.250 per month
- Those having dryland holding less than 1 ha.
- Poor people with common deprivations / social factors (impact of dev.project, social taboos)
- Target groups under specific development projects

Identification of Members



- Living in temporary houses
- Having no access to safe drinking water
- Having no sanitary latrine
- Those who have only one or none employed in the family
- Presence of illiterate adults in the family
- Presence of an alcoholic/drug addict/prolonged illness
- Presence of children below five years in the family
- Family eating two meals or less a day
- Scheduled Caste or Scheduled Tribe Families

A family with at least 4 of the above 9 conditions can be considered poor, and one member of that family can be encouraged to become a member of an SHG

Functions of an SHG



- Meetings - Group should meet regularly. Ideally meetings should be held weekly
- Compulsory Attendance : Full attendance in all the group meetings helps SHG to stabilise
- Compulsory and Regular Savings
- Internal lending among members
- Maintenance of books of accounts
- Availing bank loan for onlending
- Discussing problems & finding solutions
- Group & Social Action