



## SBI's Study on Empowering Women Through SHGs

**For Prelims:** [Lakhpati Didis](#), [Self-Help Groups](#), [NABARD](#), [SHG-Bank Linkage Programme](#), [DAY – NRLM](#)

**For Mains:** Role of SHGs in Empowering Women, Initiatives Related to SHGs

**Source:** [SBI's Study on Empowering Women Through Self-Help Groups](#)

### Why in News?

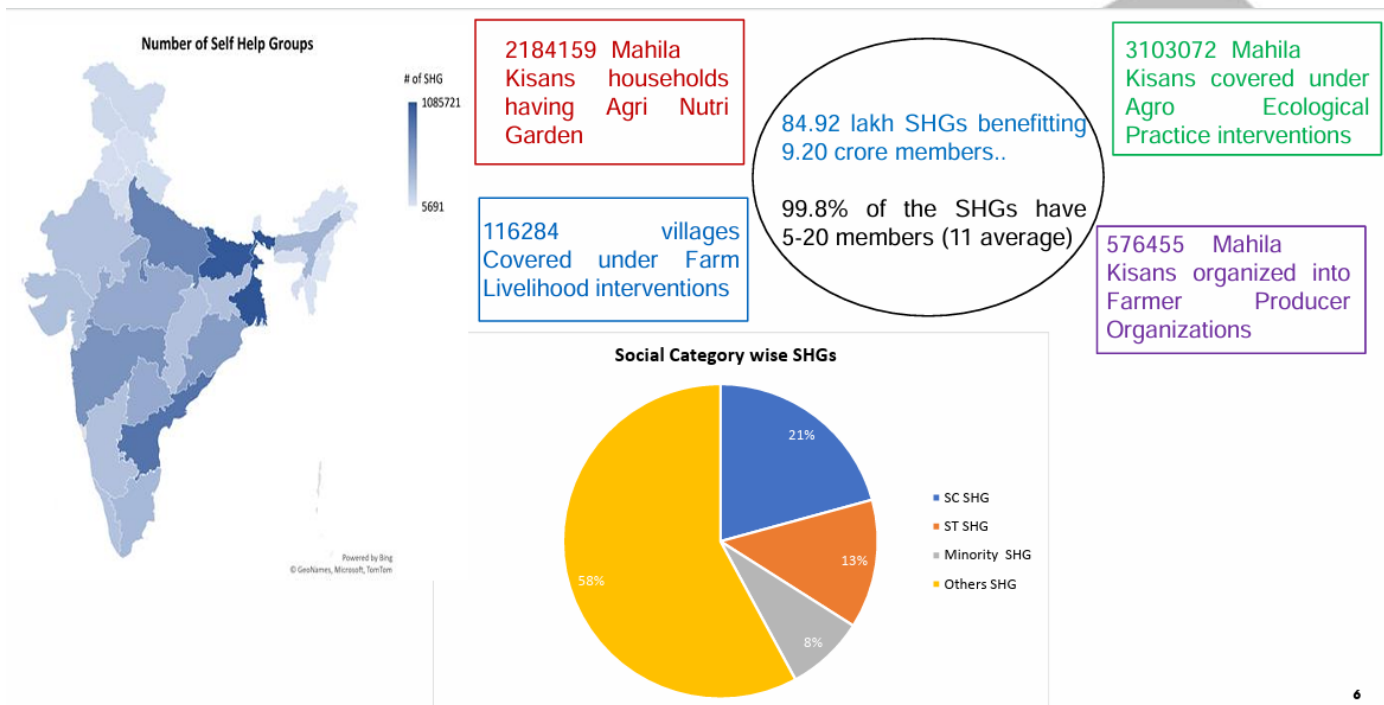
The **State Bank of India (SBI)** recently unveiled a research study highlighting the evolving dynamics of **Self-Help Groups (SHGs)** in India.

- This study delves into the patterns of credit utilisation and digital behaviours among SHGs, their members, and the emerging group known as '**Lakhpati Didis**'.

### What are the Key Highlights of the Study?

- **Rise of SHGs and Lakhpati Didis:**
  - The SHGs in India, numbering **approximately 8.5 million with approximately 92.1 million members**, are spearheading a transformative revolution.
    - A notable outcome of this movement is the rising proportion of **Lakhpati Didis**.
      - Lakhpati Didi is a government initiative that aims to empower **women in SHGs to earn at least Rs 1,00,000 per year** through sustainable livelihood practices.
      - The program was launched in 2023 with an initial target of 2 crore women, but the target has been increased to 3 crore in 2024-25.
    - This movement underscores the **growing contribution of women to [Gross Value Added \(GVA\)](#) and economic output**.
    - Through formalisation initiatives, the increasing participation of women in the formal sector is evident, as reflected in the **rising [female Labor Force Participation Rate \(LFPR\)](#)**.
- **Bank Linkage and Credit Access:**
  - **[SHG Bank Linkage Programme \(SHG-BLP\)](#)**, stands as a game-changer with approximately **97.5% of SHGs now holding bank accounts**.
    - This robust banking relationship enables timely credit access, critical for economic value addition. With **optimal funds at reduced interest rates**, SHGs overcome roadblocks, unlocking their full marketing potential.
    - The SHG portfolio of **[Scheduled Commercial Banks \(SCBs\)](#)** is now nearing Rs 2 trillion.
- **Credit Utilisation and Repayment:**
  - Average limit sanctioned to SHGs has increased **2.2 times in FY24 compared to FY19**.
  - Credit repayment has significantly improved, with average repayment increasing by 3.9 times in FY24 compared to FY19, demonstrating judicious and timely repayment.
- **Digital Inclusion:**

- **Bank Mitras** and **Digital Didis** are enabling financialisation at an unprecedented scale.
- Initiatives like **SARAS Melas** are commendable but can be further augmented by onboarding them onto digital platforms like **Open Network for Digital Commerce (ONDC)**.
- Expenditure through the **Aadhar Enabled Payment system** increased by at least 3 times in FY24 from FY23 in all regions.
- **Income Growth:**
  - Female SHG member incomes have tripled during FY19-FY24, with urban members seeing a 4.6 times increase.
  - Around 65% of rural SHG members have moved upwards in relative income in FY24 vs FY19.
- **State-wise Progress:**
  - While Andhra Pradesh and Telangana lead in SHGs, other states like Tamil Nadu, Uttarakhand, Kerala, Punjab, and Gujarat have also increased female SHG incomes significantly.
    - By FY27, India is expected to have millions of Lakhpati Didis in almost every state.



## Self-Help Groups (SHGs)

- Self-help groups (SHGs) are **informal associations of individuals with similar socio-economic backgrounds**, aiming to collectively address common issues such as **poverty, illiteracy, and lack of skills**.
- These groups promote self-governance and peer support, fostering self-employment and poverty alleviation within marginalised communities.
- The SHG model was introduced in India in 1984, inspired by **Prof. Yunus's Grameen Bank model**.
  - **Kudumbashree in Kerala**, **Mahila Arthik Vikas Mahamandal in Maharashtra**, and **Looms of Ladakh** are a few examples of **success stories from SHGs**.
    - **Looms of Ladakh, a Pashmina brand** with 427 women SHG members, recorded sales of Rs 34 lakh in FY 2022-23 and Rs 42 lakh in the first 10 months of 2023-24, showcasing exponential growth.

## SHG-Bank Linkage Programme (SHG-BLP)

- The SHG-BLP, initiated by the **National Bank for Agriculture and Rural Development (NABARD)** in 1989, evolved from an action research to a pilot project by 1992.

- This collaborative effort between SHGs, banks, and NGOs, with support from the [Reserve Bank of India \(RBI\)](#) and **NABARD**, aimed to provide financial services to underserved poor households.
- Over time, it has transformed into the **largest microfinance program globally**, covering approximately **16.19 crore households**, predominantly women groups, thus empowering women across the country.
- NABARD's efforts include policy advocacy, training programs, and capacity building for all stakeholders, contributing to the success of this savings-led microfinance model.

## What are the Challenges Faced by SHGs?

- **Limited Resources:**
  - SHGs typically operate with **limited financial resources**, making it difficult to invest in infrastructure, marketing, and distribution channels required for scaling up operations.
- **Quality control and standardisation:**
  - Ensuring **consistent quality and standardisation of products** or services can be a challenge for SHGs, particularly when operating on a small scale with **limited resources and technical expertise**.
- **Access to Technology:**
  - Limited access to modern technologies, such as digital platforms, e-commerce solutions, and automated production processes, can hinder SHGs' ability to scale efficiently and reach wider markets.
- **Limited Market Access:**
  - SHGs often struggle to access wider markets beyond their local communities due to **factors such as lack of market information, limited distribution channels, and competition from established businesses**.
- **Socio-Cultural Barriers:**
  - In some communities, SHGs may face sociocultural barriers, such as **gender discrimination, lack of support from family members**, or resistance to change, which can hinder their growth and acceptance.

## What are the Initiatives Related to SHGs?

- **[Deendayal Antyodaya Yojana - National Rural Livelihoods Mission \(DAY - NRLM\)](#):** It is implemented in mission mode to organise rural poor women into Self-Help Groups (SHGs).
  - Aims to nurture and support SHGs until they achieve increased incomes and improved quality of life.
  - Implements **[Start-up Village Entrepreneurship Programme \(SVEP\)](#)** and **[Mahila Kisan Sashaktikaran Pariyojana \(MKSP\)](#)** as sub-schemes.
    - SVEP aims to assist SHG members in setting up enterprises at the village level in non-farm sectors.
    - MKSP empowers women in agriculture, covering about 1.77 crore women farmers nationwide.
- **Micro Enterprise Development Programme (MEDPs):**
  - **NABARD**, since 2006, has been supporting need-based skill development programmes (MEDPs) for matured SHGs that already have access to finance from Banks.
    - MEDPs are on-location skill development training programmes that attempt to **bridge the skill deficits or facilitate the optimisation of production activities** already pursued by the SHG members.
- **Scheme for Promotion of Women Self-Help Groups (WSHGs) in Backward and [Left Wing Extremism \(LWE\)](#) Districts of India:**
  - The scheme aims to **establish sustainable WSHGs** with the help of anchor agencies, facilitate credit linkage with banks, provide support for livelihoods, and ensure loan repayments.

## Way Forward

- Expand the reach of the SHG-BLP to remote areas and **underserved communities**.
  - Simplify credit application processes and provide **tailored financial products to suit the diverse needs of SHGs**.
- Facilitate market linkages between SHGs and larger corporations, retail chains, and e-commerce platforms.
  - Promote the **branding and marketing of SHG products** through participation in **exhibitions, trade fairs, and online marketplaces**.
- Invest in developing infrastructure such as **storage facilities, transportation networks, and common production centres** to support SHG activities.
- Encourage **public-private partnerships** to leverage resources, expertise, and networks for the holistic development of SHGs.

## UPSC Civil Services Examination Previous Year Questions (PYQs)

### **Prelims**

**Q. How does the National Rural Livelihood Mission seek to improve livelihood options of rural poor? (2012)**

1. By setting up a large number of new manufacturing industries and agribusiness centres in rural areas
2. By strengthening 'self-help groups' and providing skill development
3. By supplying seeds, fertilizers, diesel pump-sets and micro-irrigation equipment free of cost to farmers

**Select the correct answer using the codes given below:**

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

**Ans: (b)**

### **Mains**

**Q.** "The emergence of Self-Help Groups (SHGs) in contemporary times points to the slow but steady withdrawal of the State from developmental activities". Examine the role of the SHGs in developmental activities and the measures taken by the Government of India to promote the SHGs. **(2017)**

**Q.** The Self-Help Group (SHG) Bank Linkage Programme (SBLP), which is India's own innovation, has proved to be one of the most effective poverty alleviation and women empowerment programmes. Elucidate. **(2015)**