



Self Help Groups and Federations

Building Solidarity and Resilience for Sustainable Action

FINANCIAL INCLUSION AND SOCIAL CAPITAL DEVELOPMENT

Self Help Groups (SHGs) have played an instrumental role in poverty alleviation in India. SHGs are groups of 20 or fewer individuals who come together for regular meetings to focus on savings, internal lending, repayment, bookkeeping, and social bonding. The integration of SHGs at the apex level forms a federation, leading to an increase in collective bargaining power. This has been catalytic for empowering people, especially women - elevating their confidence level, leadership qualities, and economic status, by reducing poverty and providing support in dealing with external agencies, governmental systems, and banks. Over the years, the role of SHGs has expanded beyond vehicles for community-based rural micro-finance. **SHG members now have increased decision-making powers in local development processes and are involved in the delivery and management of local resources for health, sanitation, nutrition, water, energy, and agriculture.**

THE CHALLENGES

Even though the majority of SHGs in India are women-based groups, rural women often fail to augment their collateral corpus as they have little financial independence, making banks reluctant to provide finance. Low financial literacy levels in rural areas, also prove to be a major barrier in the management of records. This affects the productivity of the SHG and can render it non-functioning. **Thus, the main challenge is for women to gather support to establish themselves as valued clients of the bank and build knowledge of financial systems for regularity in functioning and capital formation.**

THE OPPORTUNITIES

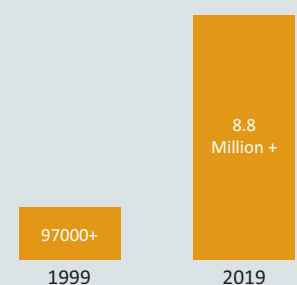
SHGs have emerged as a holistic model for inclusive growth for enhancing the leadership of women and disrupting patriarchal norms. Despite the great progress in the formation and saving linkage of SHGs, there is still scope for more SHGs in India to be credit-linked. **By enabling access to opportunities and proper mentoring, women can be supported to become change makers which will initiate sustainable development at all levels - individual, household, and societal.**

Source: Micro Finance in India Reports, NABARD

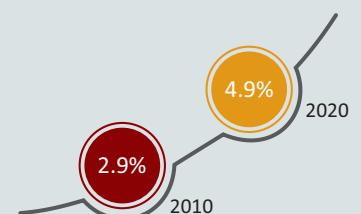
National Rural Livelihoods Mission (NRLM) - world's largest poverty alleviation programme supports **8.5 Million** SHGs with savings deposit of approx. **INR 161 billion.**



9 out of 10 SHGs in India are women-based groups



The number of women-led SHGs have grown by nearly **90%** in the last **20 years** and evidences show a strong nexus between credit linkages, poverty alleviation, increase in assets and women empowerment.



Increase in Non-Performing Assets (NPAs) in respect to bank loans provided to SHGs in the last 10 years.

Development Alternatives

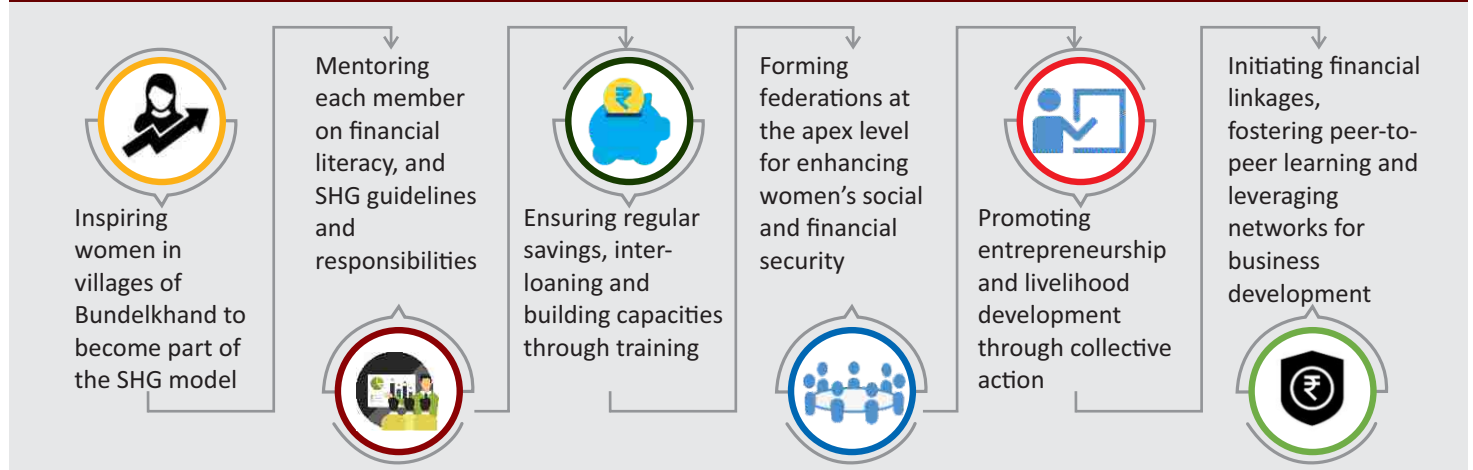
Empowering Women through Community based Livelihood Interventions

SHGs - PATHWAYS FOR INCLUSIVE DEVELOPMENT

Development Alternatives (DA) promotes the formation and builds capacities of SHGs to foster social cohesiveness and develop local leadership of women in villages of Bundelkhand region that spans across 14 districts of Madhya Pradesh and Uttar Pradesh. In the last 20 years, SHGs enabled by DA, have emerged as localised special purpose vehicles for social-financial inclusion, co-creation, and livelihood promotion. SHGs have also formed their federations at the apex level where they are a force for strengthening the rural economy. Through regular support and training, an ecosystem has been build where women have gained increased financial security and decision-making powers, and are driving change in their communities.



SHG APPROACH OF DA



DA's MODELS FOR SUSTAINABILITY OF FEDERATIONS



Access to livelihood development solutions: The federations are empowered to provide services to its members such as access to credit, forward and backward linkages, value addition and aggregation for marketing.



Access to products and agriculture inputs: The federations establish market linkages for procurement of agricultural inputs and create demand amongst the community.



Management of community infrastructure: The federations operate infrastructure for basic needs such as drinking water, home electrification, and sanitation facilities through Locally Owned and Community Operated (LOCO) Models.



Act as change agents: The federations play an active role in creating awareness for behavioural change for hygiene, sanitation, education and gender equality, and mobilises multiple stakeholders to engage in collective advocacy and action for development.

OUR IMPACT IN THE LAST DECADE



- **3,273 SHGs** in **418 villages** of Bundelkhand with 36000+ members



- **5 federations** in **111 villages**, with over **10,000 members**



- SHG members have been stakeholders in **3,359 community institutions** for rural development such as doorstep water availability, farmer's empowerment, awareness generation for sanitation, and micro credit facility for enterprise development



- **INR 55.7 Million+** deposited; credit access **INR 11 Million+**



- SHG members are servicing **22,500 Households** by operating rural infrastructures for basic need fulfillment



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