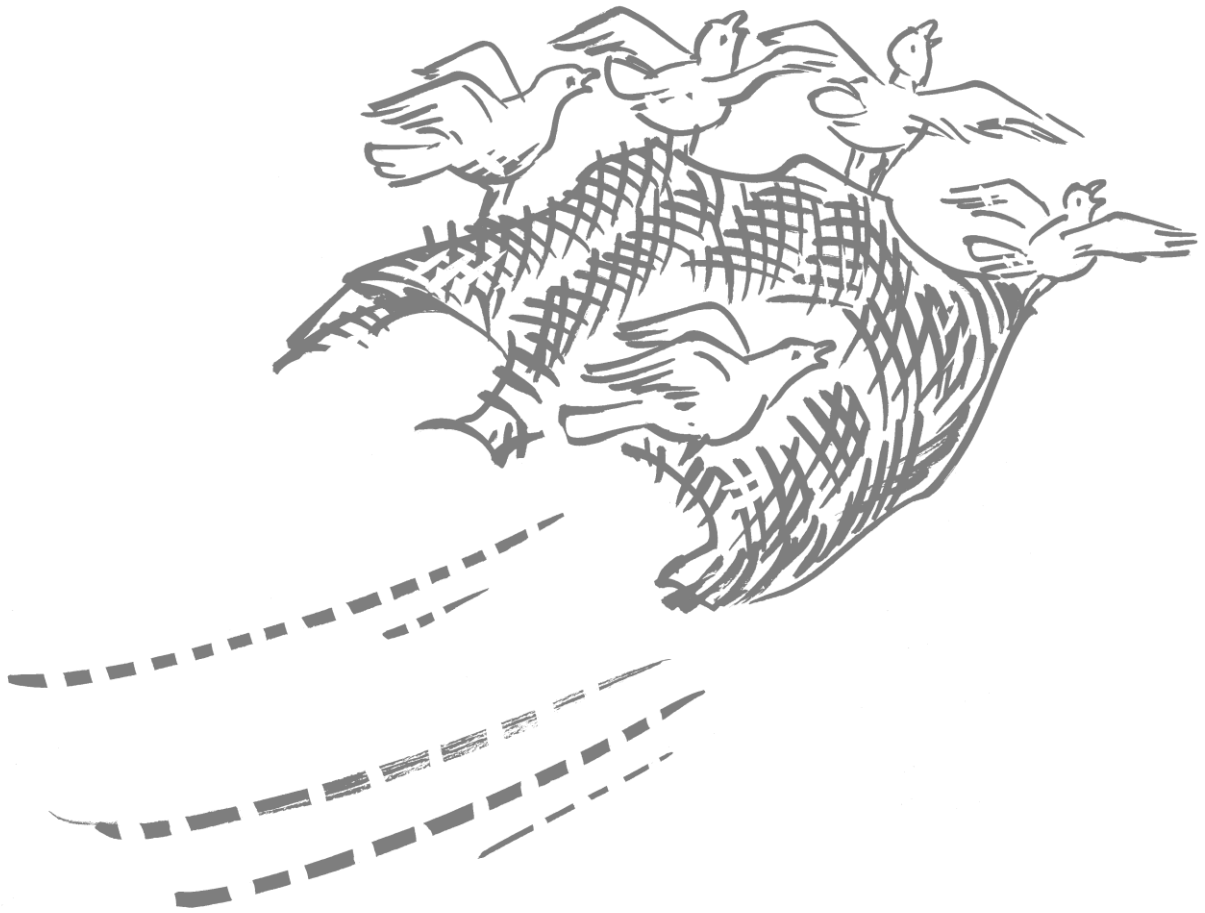


What is Self Help?

From our childhood days, we hear sayings like

- ‘Self-help is the best help’
- ‘Unity is strength’
- ‘United we stand, divided we fall’



We have heard the story of the birds caught in a net. They could not escape one by one. But when they flew together in a group, they escaped. We know that one stick is easy to break. But it is difficult to break a bundle (group) of sticks. The SHGs show us how unity is strength. They show us how self-help could be the best help.

It is useful if we can encourage and help poor people to form SHGs.



What are SHGs?

- Self-Help Groups (SHGs) are informal associations of people who choose to come together to find ways to improve their living conditions.
- It can be defined as self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose.
- Villages face numerous problems related to poverty, illiteracy, lack of skills, lack of formal credit etc. These problems cannot be tackled at an individual level and need collective efforts.
- Thus SHG can become a vehicle of change for the poor and marginalized. SHG rely on the notion of “Self Help” to encourage self-employment and poverty alleviation.

Genesis of SHG

- The Genesis of SHG in India can be traced to formation of Self-Employed Women's Association (SEWA) in 1970.
- The SHG Bank Linkage Project launched by NABARD in 1992 has blossomed into the world's largest microfinance project.
- NABARD alongwith RBI permitted SHGs to have a savings account in banks from the year of 1993. This action gave a considerable boost to the SHG movement and paved the way for the SHG-Bank linkage program.
- In 1999, Government of India, introduced Swarn Jayanti Gram Swarozgar Yojana (SGSY) to promote self-employment in rural areas through formation and skilling of SHGs.
- The programme evolved as a national movement in 2011 and became National Rural Livelihoods Mission (NRLM) - world's largest poverty alleviation programme.
- Today, State Rural Livelihood Missions (SRLMs) are operational in 29 states and 5 UTs (except Delhi and Chandigarh).
- NRLM facilitated universal access to the affordable cost-effective reliable financial services to the poor like financial literacy, bank account, savings, credit, insurance, remittance, pension and counselling on financial services.

Need for SHGs

- One of the reasons for rural poverty in our country is low access to credit and financial services.
- A Committee constituted under the chairmanship of **Dr. C. Rangarajan** to prepare a comprehensive report on '**Financial Inclusion in the Country**' identified four major reasons for lack of financial inclusion:
 - Inability to provide collateral security,
 - Poor credit absorption capacity,
 - Inadequate reach of the institutions, and
 - Weak community network.
- The existence of sound community networks in villages is increasingly being recognised as one of the most important elements of credit linkage in the rural areas.
- They help in accessing credit to the poor and thus, play a critical role in poverty alleviation.
- They also help to build social capital among the poor, especially women. This empowers women and gives them greater voice in the society.
- Financial independence through self-employment has many externalities such as improved literacy levels, better health care and even better family planning.