

Springboard for Powering Women: Three Decades of SHG Movement

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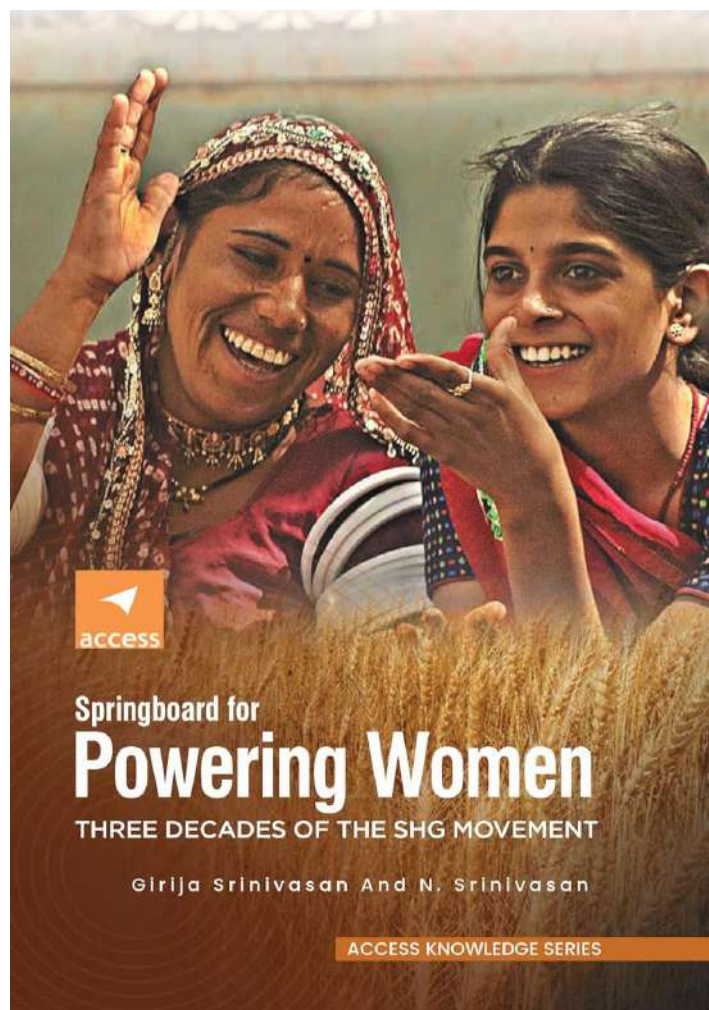
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The SHG (Self-Help Group) movement in India is indeed one of the most remarkable feats achieved by a web of actors in the development, finance, and government spaces. For rural, asset-less women to organize and persevere to transform their and their communities' lives is no mean accomplishment. SHGs—which started as groups of poor people pooling their funds to help each other and transform their social and communal lives—lend their basic model and 'group philosophy' to what we now know as the growing and profitable FPOs (Farmer Producer Organizations), bringing prosperity and progress to all member farmers.

This book is a gift in the way it makes accessible the history and journey of the SHG movement in India, not only through a very well-crafted narrative but also through essential numbers, statistics, and comparisons. It also brings to the reader rare resources such as important circulars, official orders, quotes from landmark speeches, and key timelines from various significant actors in the process, making one feel like a part of history in the making. It charts the chronology of the SHG movement as a creative channel to mainstream banking, microfinance, and a vehicle of socio-economic transformation for underserved populations. The presentation and layout of the chapters are thoughtful and build up progressively, making it an interesting read for both readers acquainted with the subject and the curious, intrigued ones.

The book makes intelligible the mesh of relationships between financial institutions, policies, and programs and their indelible mark on the inception and evolution of SHGs as we know them today. NABARD (National Bank for Agriculture and Rural Development) springboarded the empowerment of rural, destitute populations by



organizing them into CMGs (Credit Management Groups) through MYRADA (Mysore Resettlement and Development Agency) as early as 1987, “to learn from the experience of financially including the very vulnerable poor through group mechanisms (1),” leading to the very first SHG-bank linkages in Rajasthan in 1987 through the Khairtal branch of the Punjab National Bank. Although the first bank linkage occurred in northern India, southern states such as Andhra Pradesh, Tamil Nadu, and Kerala were at the helm of SHG bank linkages as the movement took off in the 1990s. In 1992, the RBI started supporting NABARD to link 500 SHGs with banks over the next two years. The outstanding financial discipline of women in these SHG groups convinced banks to see a business case in these groups of poor, resource-less women, who not only saved regularly and managed their own savings but also serviced loans well, borrowing and returning funds duly. In 1996, the RBI declared that loans to SHGs would be treated as Priority Sector Lending (PSL) and issued concrete guidance on opening accounts for SHGs.

Following this seeding phase, the international development sector played an important role, especially organizations such as the Swiss Agency for Development and Cooperation (SDC), Department for International Development (DFID), Kreditanstalt für Wiederaufbau (KfW), Gesellschaft für Internationale Zusammenarbeit (GIZ), Catholic Relief Services (CRS), Hivos, CARE, and International Fund for Agricultural Development (IFAD), which funded initial stages of capacity building, studies, training, and exposure visits for SHG members.

The simultaneous work of many sectors and agencies, helmed by National Rural Livelihood Mission (NRLM) from the government’s end, eased many misgivings that riddled the movement’s initial life. For example, the situation evolved from struggling to build the capacity of enough groups for bank readiness to where groups couldn’t get credit as soon as they were trained and ready to take loans because banks couldn’t keep up with the pace at which SHGs were becoming qualified for credit. SHGs led the way to higher community organizations such as federations and producer organizations, which strengthened the internal governance and external reach of the SHGs.

A very important feat that this book achieves is to acknowledge the overlapping connotations of terms such as SHGs, Cooperatives, CMGs, FPOs, and Joint Liability Groups (JLGs), promptly distinguishing among these. Whereas some were contemporary terms, others evolved at a certain point in the chronology, even as others became redundant. It also places in context and chronology the popular programs such as *Kudumbashree*, Swarnajayanti Gram Swarozgar Yojana (SGSY), and NRLM, diving deep into the role each of these played in building and strengthening the movement as we know it today.

The chapters describe important landmarks in the history of the movement compellingly. For example, at a point when most rural people had individual bank accounts in their own names, there was a palpable threat to the ‘group philosophy.’ (Why would people come together at all if they all could have individual accounts?) The philosophy was on the brink of becoming redundant. However, an analysis of the amount of credit taken by people individually compared to credit taken as group members showed an almost equal number, marking the success of the SHG movement. Perhaps, in the way it evolved and functioned—encompassing social and economic dimensions—it pre-empted this redundancy.

The book would certainly have benefited from engaging with the international economic scenario, the financial restructuring obligations of India at the time when SHGs were being popularized (the LPG era—Liberalization, Privatization, Globalization), and the advent of neoliberal economic ethos in India. However, the scope laid out in the introduction is justified as the pages turn.

One does not have to be a development economist to understand the intricate numbers or myriad terms attached to the SHG movement, as the book ensures accessibility for the most uninformed, making it suitable for experts and amateurs alike. With detailed and well-written chapters on myriad aspects and actors in the SHG movement, this book serves as a comprehensive guide for understanding the SHG movement in India, especially from an agency perspective. It will be beneficial for students of economics, rural development, social work, gender studies, and agriculture, as well as for development professionals, researchers (quantitative and qualitative), and academicians.

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