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Self-Help Groups: Small Steps towards Big Change

Harsha[1], Rishabh Yadav[2], Manoj Kumar[3]*, Suneel Kumar[4]

Abstract: -

Self-Help Groups (SHGs) play an important role in promoting financial inclusion, livelihood diversification, and women's empowerment in rural India. Through collective savings, internal lending, decision-making, skill development, and access to formal financial institutions, SHGs strengthen rural livelihoods and entrepreneurship. Programmes such as the SHG–Bank Linkage Programme and National Rural Livelihoods Mission have further supported these efforts. The case of the Jai Maa Durge Self-Help Group in Banda, Uttar Pradesh, highlights the potential of SHGs for local resource utilisation, value addition, and livelihood diversification through herbal gulal production. Overall, SHGs serve as an effective platform for collective action, capacity building, women's empowerment, and sustainable rural development.

Keywords: Self-Help Groups, women empowerment, financial inclusion, rural livelihoods, entrepreneurship, SHG–Bank Linkage, sustainable rural development.

"A bird cannot fly with only one wing; a nation cannot move forward if its women are left behind." - Swami Vivekananda

Walk into almost any village in India today and you're likely to find a small group of women sitting together once a week- some counting coins into a tin box, others discussing a loan for a sewing machine or a milch cow. This quiet, everyday scene is the heart of one

Harsha[1], Rishabh Yadav[2], Manoj Kumar[3]*, Suneel Kumar[4]

[1]Research Scholar, Department of Agricultural Extension and Communication Sardar Vallabhbhai Patel University of Agriculture and Technology, Meerut, U. P.–250110, India.

[2]Assistant professor, College of Smart Agriculture, COER University, Roorkee, Haridwar-247667

[3]Assistant Professor, Department of Agricultural Extension- Institute of Agriculture and Natural Sciences, Deen Dayal Upadhyaya Gorakhpur University, Gorakhpur, U. P. -273009, India.

[4]Senior Research Fellow, ICAR-Indian Institute of Farming System Research, Modipuram, Meerut

of India's most powerful grassroots movements: the Self-Help Group or SHG. It doesn't look like much from the outside. No office, no branding, sometimes not even a proper roof over their heads. But over the last three decades, this simple idea has helped lakhs of rural families climb out of poverty and it has helped millions of women find a voice they never had before.

Introduction

At its core, an SHG is refreshingly simple. It's a small group usually 10 to 20 people from the same village or neighbourhood, most often women who come together voluntarily to save small amounts of money regularly. This shared pool of savings is then lent out to members who need it, with the group itself deciding who gets a loan and when. There's no bank manager sitting across a desk, no intimidating paperwork, no collateral demanded from someone who owns nothing to put up as security. Just neighbours who know and trust each other, pooling what little they have and lending it back to whoever needs it most that month. The idea be situated originally Indian. It traces back to the Grameen Bank model pioneered by Mohammed Yunus in Bangladesh in the mid-1970s. India adopted and adapted the concept through NABARD in the late 1980s and it has since grown into something far bigger than anyone initially imagined — today spanning every state in the country, from Kerala's backwaters to the villages of Uttar Pradesh's Bundelkhand region.

Needs of SHG

For decades, rural poor households — and rural women in particular — had almost no access to formal credit. Banks saw them as too small, too risky, too much trouble for too little return. So people turned to moneylenders, often at crushing interest rates or simply did without. SHGs quietly fixed this gap. By pooling savings and building a track record of responsible repayment as a group, members earned the trust of banks that individuals never could on their own. This is what's known as the SHG-Bank Linkage Programme and it has grown into the largest microfinance initiative anywhere in the world.

Government support strengthened this further. Programmes like the Swarnjayanti Gram Swarozgar Yojana and later the more ambitious National Rural Livelihood Mission (NRLM), gave SHGs access to revolving funds, community investment funds and structured bank credit — all designed to help a group of ordinary savers eventually access loans running into lakhs of rupees.

More than just money

Ask any woman who's been part of an SHG for a few years and she'll rarely talk about interest rates first. She'll talk about confidence. That's really the deeper story here.

Yes, SHGs exist to solve a credit problem. But something else happens when a group of women who've spent their lives being talked over suddenly have to speak up, take minutes, keep accounts and make decisions together. Slowly, almost without anyone planning it that way, SHGs have become engines of women's empowerment.

Key Changes Experienced by Women through SHG Participation

- **Financial independence:** Regular savings and access to credit mean women are no longer entirely dependent on their husbands or families for money.
- **A seat at the table:** Managing group finances, holding positions like treasurer or secretary and making collective decisions builds confidence that spills over into household and community decisions too.
- **Skills that pay:** Many SHGs evolve into small entrepreneurial ventures- tailoring units, food processing, handicrafts, dairy - giving members a genuine second income.
- **A support system:** Beyond money, SHGs often become spaces where women share problems, resolve disputes and look out for one another.

How a Self-Help Group Comes Together

The process is deliberately uncomplicated, which is part of why it has spread so widely:

- **Finding common ground:** A group of 10 to 20 people from the same community come together, usually people who already know and trust one another.
- **Building trust through meetings:** Early meetings settle the group's purpose, rules and expectations.
- **Choosing leaders:** Members elect a chairperson, secretary and treasurer to manage day-to-day affairs.
- **Opening a bank account:** This is the crucial step that connects the group to the formal financial system.
- **Setting the rules:** A simple constitution lays out savings amounts, loan procedures and how decisions will be made.
- **Getting support:** NGOs and government programmes often step in with training on financial management and small enterprise skills.
- **Starting small, growing steady:** Groups begin with modest internal lending and gradually take on bigger loans and bigger ambitions as trust and experience build.

The Bigger Picture

The scale of this movement is genuinely striking. Across India, lakhs of SHGs now exist, reaching well over three lakh groups nationally, spread across nearly every district and block in the country. States like Andhra Pradesh, Kerala and Tamil Nadu have particularly dense networks, though the model has taken firm root even in less-covered regions like Bundelkhand, where districts such as Banda have seen well over a lakh households mobilised into SHGs in recent years. Government schemes continue to strengthen this ecosystem — from the Jan Dhan Yojana's push for universal bank accounts, to MUDRA loans supporting small entrepreneurs, to NRLM's structured push toward getting every SHG access to meaningful bank credit over time.

Case Study: Jai Maa Durge Self-Help Group, Banda District, Uttar Pradesh

The Jai Maa Durge Self-Help Group, functioning under the National Rural Livelihood Mission (NRLM) in Banda district of the Bundelkhand region, has emerged as a successful example of women-led entrepreneurship through the production of eco-friendly herbal gulal. The group gained recognition in 2024 when its members collaborated with the district administration to produce chemical-free colours for the Holi festival. The enterprise utilized locally available natural ingredients such as beetroot, turmeric, spinach, marigold flowers, rose petals, arrowroot powder, wheat flour and essential oils to prepare skin-friendly and environmentally safe gulal. The products were processed hygienically, packaged attractively and marketed through exhibitions and sales counters established by the district administration. The herbal gulal received widespread appreciation from consumers because it was free from harmful chemicals and suitable for all age groups.The group's innovation transformed a traditional festival product into a sustainable rural enterprise. Members participated in district-level exhibitions and livelihood fairs and their work became a model for other Self-Help Groups in Bundelkhand. The success of the enterprise demonstrated the potential of local resource utilization, value addition and women's collective action in creating livelihood opportunities and promoting environmentally sustainable entrepreneurship in rural areas.

Concussion

Self-Help Groups (SHGs) have become an important platform for strengthening rural livelihoods, financial inclusion, and women's empowerment. Through collective savings, access to credit, skill development, entrepreneurship, and participatory decision-making, SHGs help women build greater economic and social capabilities. The example of the Jai Maa Durga Self-Help Group in

Banda, Uttar Pradesh, demonstrates how collective action and local resource utilisation can create opportunities for value addition and livelihood diversification. Strengthening SHGs through capacity building, institutional support, market linkages, and access to finance can further contribute to inclusive and sustainable rural development.