

15. *Self Help Groups (SHGs) are vehicles of rural development, which help in the upliftment of marginalized groups. Elucidate. Further, mention the constraints faced by SHGs and how they can be addressed.* (250 words) 15

Approach:

- Write a brief introduction on SHGs.
- State their role in rural development and upliftment of marginalized groups.
- Mention the constraints faced by SHGs.
- Suggest remedial measures.

Answer:

Self-Help Groups (SHGs) are small voluntary associations of rural poor approximately 10-20 members each, who come together for the purpose of solving their common problems through mutual help.

Role of SHGs in rural development and upliftment of marginalized groups:

- **Promotion of enterprises:** SHGs promote entrepreneurship among poor through credit support, product development, marketing etc.
- **Access to Credit:** SHGs pool their savings and re-lend the pooled fund to the needy members at low interest rates. This protects marginalised groups such as women, tribals, minorities etc. from the clutches of informal indebtedness due to lack of institutional credit.
- **Increase in income especially of rural women:** SHGs have mobilised about 46 million women in India and have raised their income and standard of living.
- **Pressure group in Gram Panchyats:** They act as pressure groups against issues such as dowry, alcoholism etc. of which women are the primary targets.
- **Capacity Building:** SHGs play an important role in enhancing human capital through training, workshop, imparting skills etc.
- **Collective voice:** SHGs provide a platform for collective bargaining for the marginalised groups.
- **Promoting inclusion of disabled people:** SHGs of people with disabilities are engaged in a whole range of activities including health care, rehabilitation, education, microcredit and campaigning.

Some constraints faced by the SHGs include:

SHGs are inherently informal organisations. Since they constitute mostly the poor and vulnerable, they do not have much funds at their disposal for lending. In this regard, they are often supported by the government through various schemes such as by pushing banks to give them loans at reasonable interest rates. Still, they face multiple problems such as:

- **Inadequate financial assistance:** The government assists SHGs through Deen Dayal Upadhyay-National Rural Livelihood Mission (DAY-NRLM) in rural areas and DAY-NULM in urban areas. The assistance is meant to make SHGs viable till they achieve an appreciable increase in their income and come out of abject poverty. Due to constraint of resources, this funding is insufficient.
- **Difficulty in getting loans:** SHGs' capability to repay the loans is difficult to assess. Banks are usually not forthcoming in lending to them.
- **Inadequate training facilities:** Training given to members of SHGs in areas like production techniques, managerial ability, etc. are often inadequate for them to compete with big industrial units.
- **Problems related to marketing:** SHGs face issues regarding marketing of their products such as lack of sufficient orders, absence of a viable brand name etc.
- **Internal discrepancies:** Several studies have noted issues related to governance, transparency, accountability, irregularity etc. in the functioning of SHGs.
- **Low level of literacy and lack of skilling of members:** A large number of SHG members especially women have low levels of literacy and have not undergone skill training.