

SELF HELP GROUPS

A TRIUMPH, OR A
DISASTER IN THE
MAKING ?

S.H.Gs - THE PERFECT MODEL FOR MICRO-FINANCE

- 3.2 MILLION LINKED TO BANKS
- 40 MILLION MEMBERS
- THE WORLD'S LARGEST
MICROFINANCE PROGRAMME

RIGHT FOR INDIA, WITH EXISTING 1.5
LAKHS FORMAL FINANCE OUTLETS

USES EXISTING STRONG REGULATED
INSTITUTIONS. BETTER THAN MFIs

ANY BANK BRANCH CAN SERVICE AN
SHG, NO DEDICATED INSTITUTION

MEMBERS CAN 'GRADUATE' WITHIN
THE SAME INSTITUTION

96% WOMEN, IN INDIA !

GENUINE EMPOWERMENT, RUN
OWN "BANK"

THEY DECIDE INTEREST RATES,
USES, AMOUNTS

THE INSTITUTION CAN SPREAD
RISKS, NOT DEPENDENT ON M-F

BUT, SHGs:

- BUILD DEBT DEPENDENCE –SUICIDES
- MISUSED BY GOVERNMENT
- PREY TO POLITICIANS

- FEDERATED FOR 'OUR' BENEFIT
- DO NOT ADMIT THE POOREST
- EXPLOITED BY MARKETERS

SHGs ARE SECOND RATE BANKING

- INEQUITABLE FOR MEMBERS
- DISCOURAGE REAL ENTREPRENEURS
- TIME CONSUMING, UNREMUNERATED OUT-SOURCING
- COMPLEX TO MANAGE, THE OLDER THEY GET, THE HARDER IT GETS

HENCE- WHAT IS THE FUTURE FOR SHGs ?

- BUILD YET ANOTHER NEW STRUCTURE OF MEMBER-OWNED FINANCIAL INSTITUTIONS
- WILL BE OVERTAKEN BY MFIs
- MEMBERS WILL GRADUATE INTO 'REAL' BANK ACCOUNTS
- DEVOLVE INTO CONDUIT FOR SUBSIDIES
- EVOLVE INTO MULTI-PURPOSE RURAL SERVICE INSTITUTIONS