



Beyond Financial Inclusion: Self-Help Groups, Catalysing Climate Resilience

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At first glance, a Self-Help Group (SHG) might seem like a simple financial group: a small, homogeneous community of 10–12 women who save together, lend to each other, and access institutional credit and support. But in Andhra Pradesh, these groups have evolved into powerful platforms for empowerment, collective action, and climate adaptation.

SHG membership brings access to collateral-free credit of Rs. 1 to 2 lakh per woman or even more, usually with a repayment period of 2 to 3 years, depending on their regular savings and financial discipline (Shylendra, 2021). As participation in SHGs facilitated technical and moral support along with financial backing, members gradually start income-generating activities such as livestock rearing, petty shops, tea stalls or small hotels, fancy or bangle stores, and tailoring. Thus, SHG participation enables members to gain confidence, acquire leadership skills and improve their risk-taking ability, thereby empowering them to diversify their income sources and to strengthen their household financial security (Atieno et al., 2024). This resulted in drastic improvement in the economic outlook of SHG members and ultimately shaped into increased annual income and higher employment days (Jayasree and Reddy, 2016). Improved financial discipline through regular savings, group-based loans, access to emergency funds, and diversified household income significantly enhances the economic resilience of member households (Bandara et al., 2021). Access to emergency funds, primarily through the internal lending mechanisms of SHGs, ensures that families can cope with sudden disasters.

Along with enhanced economic resilience, SHG members gain greater awareness on financial, health, and nutritional issues due to their exposure to credit and debit activities, trainings, and capacity-building programmes, which broaden their overall outlook and aids in reducing underlying vulnerabilities (Atieno et al., 2024).

SHG membership facilitates social protection by encouraging and promoting enrolment in health/life insurance schemes such as Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Aam Admi Bima Yojana (AABY), ensuring basic financial protection. Furthermore, the state has initiated Abhaya Hastham Pension Scheme especially for SHG women to secure their livelihoods (GoAP, 2024). In this way, SHGs enable members to sustain long-term resilience-building efforts.

Federation Structure: From Village to District

SHGs do not operate in isolation and to sustain and scale these benefits, they are federated into financially independent institutions at multiple levels, ranging from individual to block level or sometimes district level (as seen in Andhra Pradesh). SHG groups in Andhra Pradesh are federated at village level as Village Organizations (VO), block level as Mandal Samakhya (MS) and finally at district level as Zilla Samakhya (ZS). Their structure is explained as follows and illustrated in Figure 1.

- **Village Organizations (VOs):** Leaders from each SHG come together to form the VO and are called Executive Members (EC) of VO. Office bearers of VO (president, secretary, and treasurer) are selected for every two years through elections among EC.
- **Mandal Samakhya (MS):** Similarly, office bearers of all VOs at a block/mandal level are federated into Mandal Samakhya (MS) and are referred as EC of MS. Through the elections among the EC members of MS, its office bearers (president, vice president, secretary, joint secretary, and treasurer) are selected for every two years.
- **Zilla Samakhya (ZS):** Finally, MS office bearers of all mandals/blocks at a district level form the EC of ZS. Its office bearers (president, vice president, secretary, joint secretary, and treasurer) are elected through elections among its EC members.

Elections ensure democratic leadership at every level, while registration of SHG federations under the Mutually Aided Co-operative Societies (MACS) act, 1995, as seen in AP prevents political and bureaucratic control over their functioning (Ramesh, 2007). These SHG Federations, their regular group meetings, and their savings and credit disbursal patterns strengthen network connectivity and collaboration, helping to build stronger community networks and increase information sharing (Nichols, 2021; Carmen et al., 2022). They also support collective action against climate stresses and shocks and improve households' ability to respond to climate change.

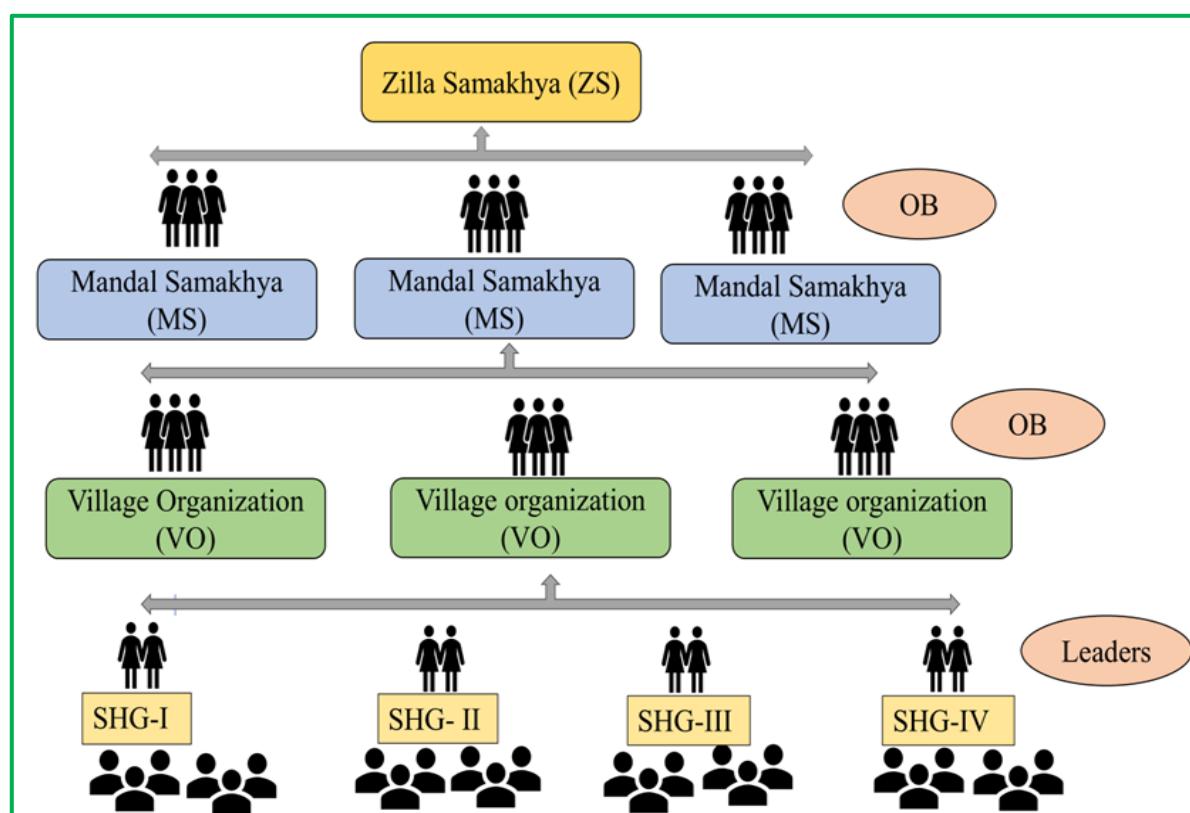


Figure 1 Structure of SHG federations

(Source: Primary survey, 2024)

Income and Sustainability of SHG Federations

SHG federations in Andhra Pradesh became financially independent and generate income through multiple channels as shown in Table 1. These financial streams not only sustain the federations but also provide resources to help members recover from climate-related losses quickly.

Table 1 Income sources of SHG federations

VO	MS	ZS
SHG membership fees	VO membership fees	MS membership
Savings from SHG groups	Savings from VOs	Commission earned from marketing activities of VOs

Marketing activities (mostly procurement of paddy and red gram)	Interest earned on CIF loans advanced to VOs	Interest earned on fixed deposits (PSB and Stree Nidhi co-operative)
Interest differential on CIF loans advanced to SHG groups/members	Interest earned on fixed deposits	Rental income
Interest earned on fixed deposits	Rental income	Fines and others
Rental income	Fines and others	-
Fines and others	-	-

Note: CIF refers to Community Investment Fund while Stree Nidhi is a Women's cooperative bank formed by the SHG collectives in the states of Andhra Pradesh and Telangana.

(Source: Primary survey, 2024)

Conclusion

SHGs act as engines of climate resilience by promoting financial inclusion, skill development, livelihood diversification, social networks, and social protection. Diversified livelihoods reduce dependence on a single income source, while strong community networks facilitate collective responses to climate shocks. Resilience emerges from bottom-up responses built on local community networks, and SHGs play a significant role in strengthening these networks and building confidence among members. In essence, SHG membership not only strengthens individual dimensions of resilience but fosters an integrated system of support that enables households to cope with, adapt to, and transform in the face of climate change risk. They not only help families survive disasters but empower members to drive long-term, transformative resilience, shaping Andhra Pradesh's rural communities into strong, adaptive, and forward-looking ecosystems.

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