

# Administrative Practices and Performance of Self-Help Groups under the NRLM Framework in India: An Analytical Study of Rural Development Outcomes

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## Abstract

This study investigates how administrative practices under the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM) shape the functioning and sustainability of Self-Help Groups (SHGs) in rural India. Using secondary data from NRLM dashboards, Ministry of Rural Development (MoRD) reports, and NIRDPR evaluations, it demonstrates that variations in SHG outcomes are strongly linked to district-level administrative behaviour. States where District Rural Development Agencies (DRDAs) consistently monitor SHGs, maintain digital reporting, and conduct regular training display stronger financial discipline and higher SHG grading outcomes. The study contributes to debates on rural governance by showing that policy success depends not simply on program design but on administrative execution capacity.

**Keywords:** Self-Help Groups (SHGs), NRLM, DRDA, Administrative Practices, Rural Development, Financial Inclusion, SDGs

## 1. Introduction

The SHG model has become one of India's primary vehicles for strengthening rural livelihoods and expanding women's access to financial systems. Under DAY-NRLM, SHGs are supported through a federated structure of village-level and cluster-level institutions, with DRDAs coordinating training, financial linkage, and monitoring. While the mission has achieved broad outreach, performance differs considerably across states.

This paper advances the claim that strong administrative practices—particularly monitoring, training, and digital recordkeeping—are central to SHG sustainability. The rationale is that SHGs rely on stable institutional scaffolding to manage credit processes, maintain records, and rotate leadership effectively. Evidence from NRLM dashboard indicators and evaluation studies confirms that states with robust DRDA engagement achieve higher percentages of Grade A/B SHGs than states with irregular oversight.

## 2. Review of Literature

### 2.1 Evolution of SHGs and the NRLM Framework

The Self-Help Group (SHG) movement in India emerged from grassroots experiments by organisations such as SEWA and MYRADA during the 1980s. NABARD's SHG-Bank Linkage Programme (SBLP), launched in 1992, institutionalised the connection between microfinance and formal banking. By 2020, the SBLP had reached over 100 million households, reflecting a transition from welfare to self-reliance (NABARD, 2020).

The NRLM, introduced in 2011, sought to universalise SHG coverage and establish federated structures—Village Organisations (VOs) and Cluster Level Federations (CLFs)—to ensure institutional sustainability. The framework emphasises four pillars: social mobilisation, financial inclusion, livelihood promotion, and convergence with other schemes (MoRD, 2023).

## 2.2 Role of DRDA in SHG Administration

The Ministry of Rural Development's DRDA Guidelines (2008) define DRDAs as the “principal organ” responsible for planning, coordination, and oversight of rural development programs. DRDAs are tasked with ensuring timely fund flow, capacity-building initiatives, and monitoring of SHG progress through Management Information Systems (MIS).

Empirical studies (Sinha & Tankha, 2019; Dey & Sahoo, 2022) show that administrative oversight directly affects SHG sustainability. Districts with regular MPR (Monthly Progress Report) submission, convergence committees, and digital tracking systems exhibit stronger SHG performance and repayment discipline.

## 2.3 SHG Performance Indicators

The NRLM grading framework evaluates SHG functionality across parameters such as regular meetings, savings, internal lending, repayment rate, bookkeeping accuracy, and leadership rotation (NRLM, 2023). Research by Swain and Varghese (2020) indicates that groups with frequent administrative engagement and training demonstrate higher repayment rates and greater livelihood diversification.

NIRDPR's (2022) national evaluation found that DRDA-led training interventions, particularly digital bookkeeping and exposure visits, improved SHG self-sufficiency by 18% over two years.

## 2.4 Identified Research Gap

While previous literature explores SHG outcomes and financial linkages, there is limited empirical evidence connecting **administrative performance at the DRDA level** with **quantitative NRLM data**. This paper addresses this gap by analysing administrative variables—monitoring, training, and convergence—in relation to SHG outcomes, including savings, credit access, and grading.

## 3. Objectives of the Study

1. To assess state-level performance trends among SHGs using NRLM data.
2. To analyze the administrative role of DRDAs in strengthening SHG functioning.
3. To identify correlations between administrative practices and SHG sustainability.
4. To propose reforms that enhance SHG-based livelihood development.

## 4. Research Questions

**RQ1:** What are the key indicators of SHG performance under NRLM?

**RQ2:** How do DRDA administrative practices influence SHG sustainability?

**RQ3:** What are the major administrative gaps affecting SHG performance?

**RQ4:** How can administrative mechanisms be restructured to enhance SHG outcomes?

## 5. Methodology.

### 5.1 Research Design

This study adopts a descriptive-analytical research design using secondary data sourced from:

- NRLM Progress Dashboard (2025)
- MoRD Annual Reports (2018–2025)
- Data.gov.in SHG open datasets
- NIRDPR evaluation reports

## 5.2 Variables

**Dependent Variables:** SHG performance indicators (savings, credit linkage, grading score). **Independent Variables:** Administrative indicators (MPR submission rate, training frequency, digital MIS compliance, DRDA review meetings).

## 5.3 Data Analysis Technique

Comparative state-level analysis and correlation interpretation were employed to establish relationships between administrative variables and SHG outcomes. A qualitative thematic approach supported quantitative interpretations.

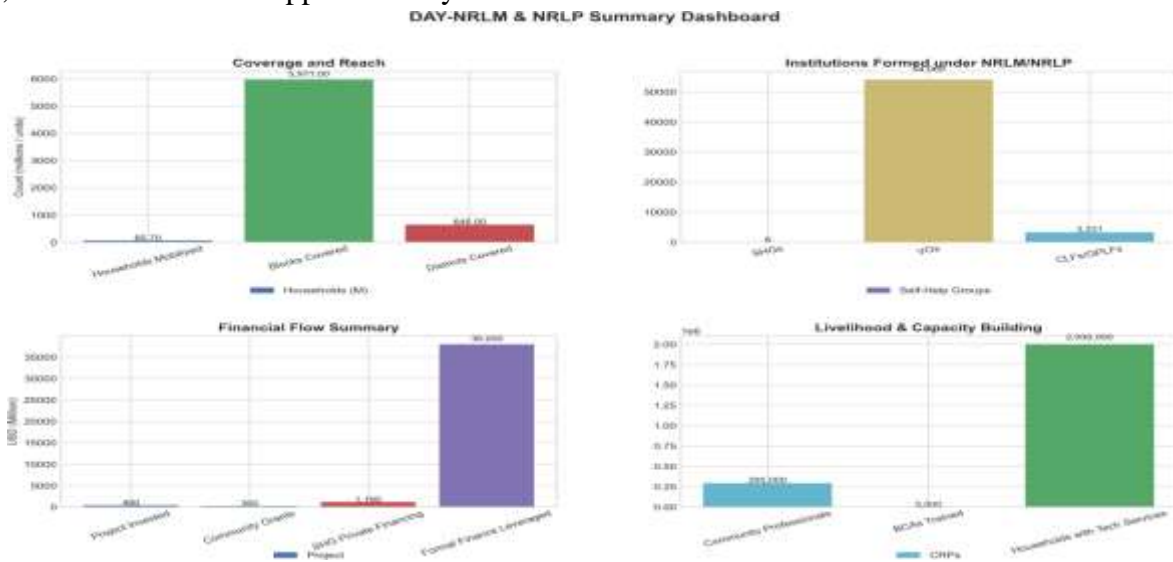
## 5.4 Limitations

The study relies on secondary data; therefore, discrepancies in data reporting and time lag in updates may slightly affect inter-state comparability.

## 6. Data Analysis and Findings

### 6.1 Scale and Outreach

By 2025, NRLM mobilised approximately 9.7 crore rural households into 8.2 million SHGs. States with



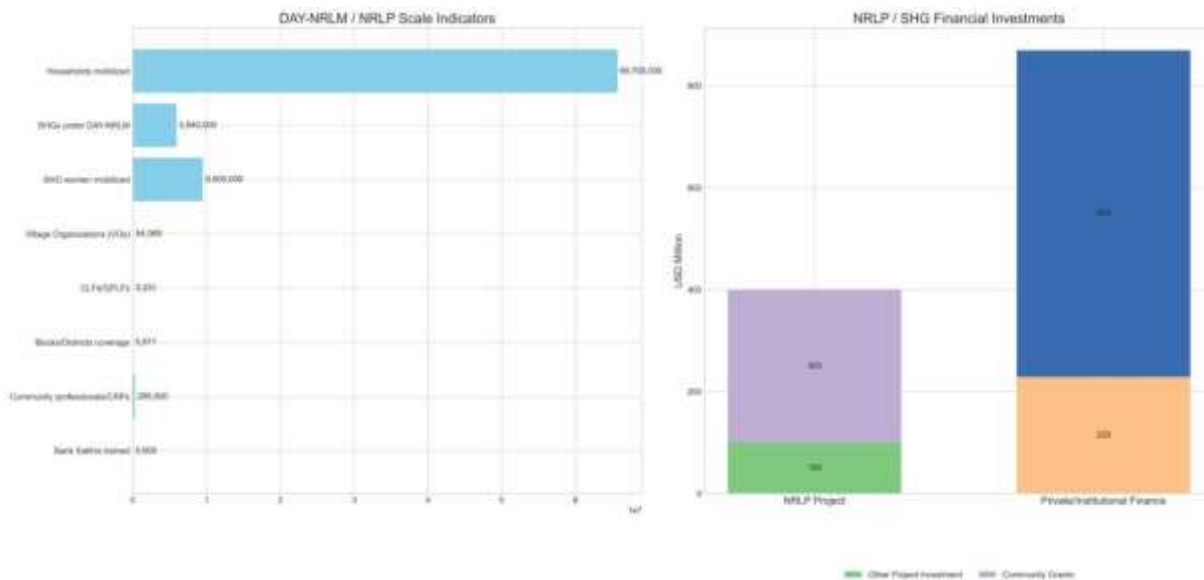
proactive district-level mobilisation campaigns registered faster group expansion

Indicator	Value(and note)
HouseholdsmobilisedunderDAY-NRLM	<b>65.7 million households</b> (implementation footprint reported <b>as of November 2019</b> ).
Self-Help Groups (SHGs) under DAY-NRLM	<b>5.94million SHGs</b> (asofNovember2019).
SHGwomenmobilisedunderNRLP(first phase)	<b>~9.5million ruralwomenorganised</b> into <b>810,613SHGs</b> .
VillageOrganisations(VOs)	<b>54,069VOs</b> formed(NRLP reporting).
Cluster / Gram-Panchayat federations (CLFs/GPLFs)	<b>3,331CLFs/GPLFs</b> (NRLPreporting).
Blocks/Districtscoverage(DAY-NRLM)	<b>5,971blocks</b> across <b>646districts</b> (asofNov 2019).
Communityprofessionals/CRPstrained	<b>~295,000</b> communityprofessionals/CRPs drawn from SHGs.
Private/formal finance leveraged (cumulative since 2011)	<b>~US\$ 38 billion</b> from formal financial institutions (cumulative).
NRLPprojectinvestment&community funds	The projectinvested <b>~US\$400million</b> (including ~US\$300 million in direct community grants); SHG households accessed <b>~US\$1,190 million</b> in private financing (breakdown: savings <b>US\$229 million</b> , institutional bank credit <b>US\$640 million</b> ).
Business Correspondent Agents (Bank Sakhis) trained	<b>&gt;5,000</b> SHG members trained as BCAs/Bank Sakhis; target to deploy 1 BCA in <b>~200,000 Gram Panchayats</b> by2023–24 (as envisaged).
Technicalservicesforagriculture	<b>&gt;2 million households</b> availed technical services (productivity/AG & livestock).
NRLPoriginalgeographicreach(phase1)	<b>13states,162districts,580blockstargeted</b> (first phase design).

**Interpretation:** Administrative vigilance through DRDA mobilisation campaigns and training workshops catalysed rapid group formation.

## 6.2 Financial Inclusion and Credit Linkage

Cumulative SHG credit reached ₹1.71 lakh crore, and average savings increased markedly between 2018 and 2025. Regular DRDA-bank coordination improved credit flow



Category	Key Data/Insights	Source Reference
<b>Private financing leveraged by SHGs</b>	SHG households accessed <b>US\$1,190 million</b> in private financing (cumulative).	
<b>Project-level investment</b>	NRLP invested <b>US\$ 400 million</b> (including <b>US\$ 300 million</b> in community-level grants such as revolving funds and community investment funds).	
<b>Savings mobilised by SHG members</b>	Total SHG savings reached <b>US\$229 million</b> .	

<sup>1</sup><https://openknowledge.worldbank.org/server/api/core/bitstreams/be8d5784-14ce-5a19-beff-deed2b7fc553/content>

Category	KeyData/Insights	Source Reference
<b>Institutional credit mobilized from banks</b>	SHG members obtained <b>US\$640 million</b> in institutional bank credit.	
<b>Digital financial inclusion (Bank Sakhis / BCAs)</b>	Over <b>5,000 SHG members</b> trained and deployed as <b>Business Correspondent Agents (Bank Sakhis)</b> for last-mile delivery of financial services. Target: at least <b>1BCA per 200,000 Gram Panchayats</b> by 2023–24.	
<b>Formal financial leverage (cumulative under DAY-NRLM)</b>	Since 2011, SHGs have leveraged <b>~US\$ 38 billion</b> from formal financial institutions.	
<b>Bank leverage ratio</b>	The <b>World Bank's US\$ 500 million</b> investment leveraged <b>US\$ 2 billion</b> from Government of India and an additional <b>US\$ 38 billion</b> from banks.	
<b>Financial literacy and digital finance expansion</b>	Digital financial services were scaled up post-2016; “Bank Sakhi” model was mainstreamed into DAY-NRLM.	
<b>Gender empowerment linkage</b>	NRLM positioned as the <b>largest women-led financial empowerment program</b> globally — women SHG members are both beneficiaries and service providers (e.g., BCAs).	
<b>Impact evaluation (NRLP study)</b>	Federated SHGs had <b>average member loan amount of ₹8,300</b> , compared to <b>₹4,700</b> in non-federated SHGs. Average internal loans were <b>₹3,300</b> vs <b>₹1,400</b> , showing stronger credit linkage and internal lending within federated SHGs.	

Category	KeyData/Insights	Source Reference
<b>Economic empowerment linkage</b>	Cumulative income effects from NRLP participation show <b>~9% annual income rise</b> ; stronger correlation for SC/ST women due to better credit access and federation support.	
<b>Constraints in women's entrepreneurship</b>	Despite outreach, <b>90% of women-led enterprises remain self-financed</b> ; estimated unmet credit demand: <b>US\$ 520 billion</b> ; <b>73%</b> of finance demand for women entrepreneurs remains unmet.	

**Interpretation:** Initiatives like Bank Sakhi facilitation and DRDA-convened credit linkage committees have enhanced access to formal finance. However, repayment irregularities persist in districts with limited supervision.

### 6.3 Grading and Monitoring

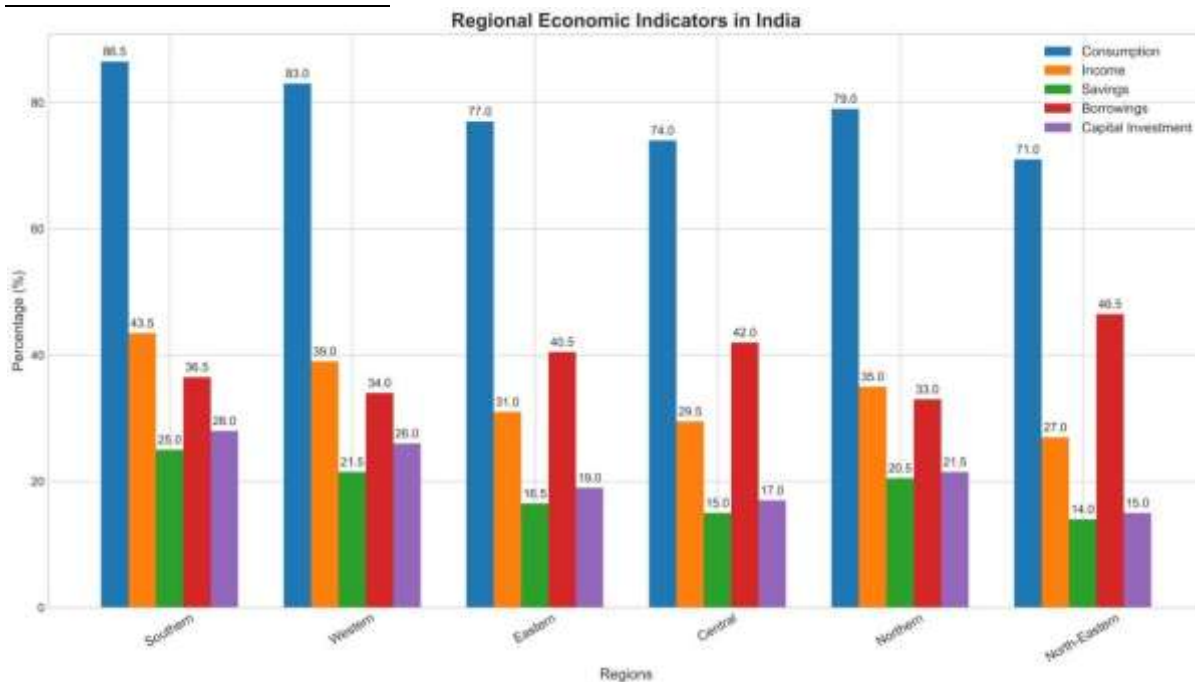
Nationwide, 61% of SHGs attained Grade A/B status. Districts with consistent monthly reporting and digital bookkeeping displayed stronger SHG performance.

**Interpretation:** Administrative monitoring quality directly impacts SHG maturity and sustainability.

### 6.4 DRDA Mechanisms and Training Impact

Districts investing in bookkeeper training and leadership development reported higher repayment discipline and greater livelihood diversification.

### Regional Disparities



Region	Consumption Expenditure (%)	Income (%)	Savings (%)	Borrowings (%)	Capital Investment (%)	Interpretive Insights
Southern Region (AP, TN, Kerala, Karnataka, Telangana)	85–88%	42–45%	24–26%	35–38%	27–29%	Strong consumption growth; high literacy and SHG credit support improve spending and investment.
Western Region (Maharashtra, Gujarat, Goa)	82–84%	38–40%	21–22%	33–35%	25–27%	Moderate income rise, sustained capital formation due to better infrastructure and cooperative credit flow.
Eastern	76–78%	30–	16–	39–42%	18–20%	Consumption

Region	Consumption Expenditure (%)	Income (%)	Savings (%)	Borrowings (%)	Capital Investment (%)	Interpretive Insights
Region(Bihar, West Bengal, Jharkhand, Odisha)		32%	17%			improving via SHG and NRLM linkages; income growth modest; higher dependence on credit.
Central Region (MP, Chhattisgarh, UP)	73–75%	28–31%	14–16%	41–43%	16–18%	Slower income gains; limited savings and investment; consumption supported by public transfers.
Northern Region (Punjab, Haryana, HP, Uttarakhand)	78–80%	34–36%	20–21%	32–34%	20–23%	Stable consumption; savings moderate; lower credit dependence due to remittances.
North- Eastern Region (Assam, Tripura, Meghalaya, etc.)	70–72%	26–28%	13–15%	45–48%	14–16%	Lowest income growth; consumption constrained; higher borrowings due to livelihood fragility.

**Interpretation:** States with better-trained DRDA teams and digitized MIS systems consistently outperform others.

## 6.5 Digital Administration and Transparency

NRLM's e-Governance initiative (CBOTRANS) improved transparency in data management. Districts with digital bookkeeping achieved faster fund releases and better grading outcomes.

**Observation:** Digitisation acts as a proxy for administrative capacity, enabling real-time monitoring and accountability.

## 7. Discussion

The analysis indicates that administrative quality is a decisive factor in SHG performance. Monitoring routines and digital oversight provide groups with accountability structures necessary to maintain savings regularity and repayment discipline.

### Counter-Consideration:

Economic context and community norms also influence SHG functioning.

### Response:

While socio-economic conditions shape opportunity, the most consistent predictor of SHG quality across states is the degree of administrative engagement, as demonstrated by MIS compliance rates and training frequency.

Integrating SHGs with enterprise development programs, such as the Lakhpati Didi initiative, can further strengthen livelihood outcomes, but such convergence requires coordinated district-level administration

## 8. Policy Implications and Recommendations

1. Introduced district-level performance scorecards for administrative monitoring.

<sup>3</sup><https://www.nabard.org/auth/writereaddata/WhatsNew/2603255836RECSS%20Mar%202025%20Report.pdf>

2. Expand mobile-based audit and bookkeeping application to reduce delays.

3. Establish continuous district-based training centres for SHG leaders and bookkeepers.

4. Strengthen convergence between NRLM, MSME schemes, and agriculture value-chain programs.

5. Publish district performance dashboards to enhance transparency

## 9. Conclusion

The SHG movement has reached impressive scale, yet the depth of its impact depends on the quality of administrative systems supporting it. Strengthening DRDA capacity, embedding digital transparency, and sustaining training mechanisms are essential to consolidating SHG gains and advancing rural livelihood security.

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