

MYRADA — The Organisation That Invented the SHG

The Self-Help Group is now so embedded in Indian development that it is easy to forget it was invented — by specific people, at a specific organisation, in response to specific failures of the existing financial system.

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Women Empowerment

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The existing system, in the early 1980s, was Primary Agriculture Credit Societies. MYRADA's field teams, working with rural communities in Karnataka and Andhra Pradesh, discovered something uncomfortable about PACs: they were dominated by powerful local families who used the institutional structure to extract resources from, rather than deliver services to, the marginalised communities the scheme was designed for. Asking Dalit women to join a credit society whose governance was controlled by the dominant caste household was not empowerment. It was a new mechanism for old exclusion.

MYRADA's response was to encourage marginalised women — Dalit, tribal, and lower-caste — to form their own Credit Management Groups. Small. Homogenous. Built on mutual trust and existing social bonds rather than geographic convenience. And managed entirely by the members themselves.

That design choice — which seemed modest at the time — became the Self-Help Group. And the SHG became the foundational architecture of India's largest anti-poverty programme.

Who They Are

MYRADA — Mysore Resettlement and Development Agency — was founded in 1968 in Bangalore. Initially focused on resettlement of Tibetan refugees, they shifted in 1978 to work with rural communities in backward and drought-prone regions across Karnataka, Andhra Pradesh, and Tamil Nadu. Over five decades, MYRADA has become one of India's most influential rural development organisations — not primarily for the scale of their direct operations but for the scale of the model they created and the institutional change they drove.

MYRADA is renowned for pioneering microfinance and sustainable rural development through people-driven institutions. Their Community Managed Resource Centres — federations of SHGs operating as community institutions with professional management — are the next-generation evolution of the SHG model: groups that have graduated from savings and credit into natural resource management, market linkage, and local governance.

The SHG History: From Experiment to National Policy

MYRADA began structured SHG training in 1986-87. The design: ten to twenty people with a shared social identity (not geographic convenience), meeting regularly to save small amounts, lending to members from the common fund, building collective confidence and financial discipline. The initial focus was not credit — it was group formation, trust-building, and the discipline of attending meetings, speaking, and making decisions.

By the early 1990s, MYRADA had convinced the Reserve Bank of India and NABARD that the SHG could be the link between poor communities and the formal banking system. In 1992, NABARD launched the SHG-Bank Linkage Programme. By 2005, 573 banks through 41,323 branches had aided 4,323 NGOs in training SHGs — reaching 16,18,456 SHGs and around 12 crore impoverished individuals. Dr. C. Rangarajan,

then RBI Governor, described this as the world's largest cooperative microfinance initiative.

By March 2024, India had 144.22 lakh SHGs with Rs 2,09,286 crore in bank loans disbursed annually. The SHG-Bank Linkage Programme had reached 17.75 crore families. MYRADA's experiment in 1986-87 with a handful of Dalit women in Karnataka had become an institution serving nearly 200 million families.

Sanghamithra: The Credit Arm That Stays Local

MYRADA's recognition that financial provision alone was insufficient led to the creation of Sanghamithra Rural Financial Services in 2000 — a non-profit MFI specifically structured to provide credit to mature SHGs when banks were reluctant to lend at the scale they needed.

Sanghamithra lends directly to SHGs (not through intermediaries) at interest rates consistently among the lowest in the microfinance sector. They were the first MFI to lend to the Soliga tribal community in the Malai Mahadeshwara Hills and to sex worker groups organised under the Soukhya programme. Consistent profitability, low NPAs, and a strong credit rating from approved agencies — while lending to populations that commercial MFIs typically avoid — is an unusual combination that reflects MYRADA's specific institutional design choices.

The CMRC Evolution

Community Managed Resource Centres represent MYRADA's current institutional vision: federations of SHGs that have moved beyond credit into comprehensive natural resource management. CMRCs manage watershed programmes, market linkages, and local environmental governance. They represent a stage of institutional development that most SHG federation programmes never reach.

The MYRADA model consistently emphasises this evolution: the SHG is not the end state. It is the entry point. The end state is a community institution capable of

managing its own resources, negotiating its own markets, and governing its own common property — without needing an NGO to facilitate it.

Contact and Further Reading

Website: myrada.org | **For partnerships and knowledge exchange:** contact via website

Key evidence:

- SustainabilityNext: *MYRADA and the Emergence of Self-Help Groups in India* (December 2023) — summary of MYRADA chapter in *Anchoring Change* (Harper Collins/GLF Award 2023)
- NABARD Status of Microfinance in India 2023-24 — documents the SHG ecosystem that MYRADA's model created
- MYRADA website: myrada.org/mpis — Community Managed Resource Centres documentation
- SDSUV Research Journal: *Status of Microfinance in India* — places MYRADA's 1986-87 SHG origins in national context

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