Women’s SHGs increasingly facilitate the decentralized delivery of agriculture and nutrition interventions around the world. Since their origins in the microfinance revolution of the 1980s, SHGs in India have brought rural women together and provided them with access to formal banking, income-generating opportunities, training, and exposure to public welfare schemes. Given their unique status as savings and credit organizations with considerable autonomy in scope and functioning, these groups build social capital and empowerment that can be leveraged to attain developmental goals and delivery of basic service amenities.

Assessments of SHG participation find positive effects on indicators of social capital, women’s empowerment, health, and nutrition, but SHG-based programs often fail. Several studies raise important questions regarding the sustainability and evolution of such groups as well as the characteristics distinguishing those that are capable of being true agents of change from those that lack sufficient social capital. Conclusive evidence is also not yet present on the ability and performance of SHGs.

Figure 1. Conceptual framework for multidimensional metric of SHG performance. Source: Kannan 2017.
suitability of SHGs to take on causes beyond their primary savings and credit responsibilities, such as improving agriculture and nutrition.

In this context, development practitioners can benefit from better process evaluation and more effective metrics for gauging the performance and potential of women’s SHGs to meet these new expectations. However, given the multiple roles SHGs perform, group success cannot be captured by any single indicator. Current measures focus heavily on group administration and repayment discipline, serving more as credit-rating tools for lenders and indicators of administrative self-sufficiency for self-help promoting institutions (SHPIs). Few measures represent the full range of responsibilities and expectations currently placed on SHGs, and those that do are often not generalizable across SHGs established by distinct SHPIs.

The TCI has endeavored to create a metric of group performance that can be used to assess an SHG’s success, resulting in a representative index to score SHG performance. The aim was to ensure that the resulting tool would be flexible and easy to use when comparing multiple SHG typologies and when used by program implementers in multiple contexts. The study draws on the latest theory and current policy environment involving SHGs and is based on primary data on 170 SHGs collected in Odisha over three weeks in the summer of 2015. The study's major contribution is in treating SHG performance as a multidimensional construct encompassing multiple definitions of SHG success.

There is, however, no consensus on defining group success. While most SHGs are mandated to follow a few basic rules, wide variation exists in the norms promoted by the institutions involved. Additionally, SHPIs use their own unique performance measures. In an attempt to define a standard yet flexible performance metric relevant to all stakeholders, we reviewed the literature on collective action and organizational behavior and specific studies on “Membership Based Organizations of the Poor (MBOP)” (Chen, Jhabvala, Kanbur, and Richards 2007). The multidimensional nature of SHG performance is understood as encompassing both internal aspects (of group functioning and adherence to norms) and external aspects (of engagement with development policy) to fully capture the role played by SHGs in participatory development (Figure 1). Data from the primary survey were used to develop and test a representative index.

The empirical challenge is finding techniques suitable to the large number of categorical indicators of performance and shortlisting appropriate indicators that may represent the dimensions identified by theory. We used, in part, the Alkire-Foster count method to create the index and employed several tests of reliability, validity, and internal consistency to identify the best measure from available data. Our analysis indicates that the final index displayed consistent and meaningful relationships with other indicators of positive performance that were not included as well as with a set of expected determinants. The distribution of groups by adjusted index score (0-10) is displayed in Figure 2. Using this SHG index methodology we can also identify the specific dimension along which an SHG is performing poorly. In our sample, we

Figure 2. Distribution of SHGs by adjusted index score (0-10). Source: Kannan 2017.
found that groups performed most poorly in “external engagement” (38% of the groups) and “cooperation” (33%) compared with performance along the “coordination” dimension (9%), which consisted primarily of administrative requirements that are typically well understood and easily monitored by SHPIs.

This work identifies and formalizes a multi-dimensional framework for evaluating SHG performance that can be used by stakeholders during development and engagement with SHGs, providing a more accurate understanding and better representation of an SHG’s capacity to play a role in community development. Our SHG index is applicable across various SHG typologies with scope for further validation, refinement, and expansion. Going forward, the index’s external and predictive validity will need to be tested in other program contexts using other SHG datasets. The TCI is committed to expanding the knowledge base on what defines SHG success. We support our partners who work to build capacity among these groups and impress upon them and other development agencies the importance of evaluating and nurturing SHGs before, during, and after utilizing them as a platform for program implementation.


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