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EDITORIAL ANALYSIS

India's Rural Models Are Shaping Development Diplomacy: NRLM, SHGs, and the Global South Template

 **THE HINDU**

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IR**SOCIAL ISSUES****REPORTS & SCHEMES****GS2****GS3**

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India's Rural Models Are Shaping Development Diplomacy: NRLM, SHGs, and the Global South Template

 The Hindu

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GS2

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 The Hindu

5 tags



INTERVIEW ANGLE

"India's National Rural Livelihood Mission has mobilised 9 million Self-Help Groups across 742 districts, empowering over 50 million rural women through financial inclusion and livelihood diversification. The editorial argues this grassroots experiment is becoming an instrument of India's development diplomacy — with African nations adopting the SHG model as a replicable South-South cooperation template. Is India's domestic rural governance becoming a foreign policy asset?"

 Source: [Original editorial](#)  [The Hindu](#)

EDITORIAL SUMMARY

The Hindu argues India's National Rural Livelihood Mission, with 9 million SHGs and 50 million women, has matured into both a domestic empowerment scheme and a foreign policy soft-power instrument. African nations are adopting the SHG model through India's South-South cooperation programmes. The editorial calls for quality-over-expansion next-phase NRLM and formalised SHG export through ITEC and India-Africa Forum Summit.

NRLM AT A GLANCE

METRIC	VALUE
Scheme name (current)	DAY-NRLM (Deendayal Antyodaya Yojana — NRLM)
Coverage	742 districts
Self-Help Groups	9+ million
Women members	50+ million
Cumulative SHG bank linkage credit	₹6+ lakh crore
Default rate on SHG loans	~2-3%
Tagged convergence schemes	PMAY, PMKVY, MGNREGS, e-Shram, Stand-Up India, JAM trinity
Lakhpati Didi target	₹1+ lakh annual income for select members

SHG FEDERATED STRUCTURE

Block/District Federation



Cluster-Level Federation (multiple VOs)



Village Organisation (10-20 SHGs)



Self-Help Group (10-20 women, village level)

UPSC RELEVANCE

PAPER	ANGLE
GS2 — Schemes	DAY-NRLM, SHG architecture, Lakhpati Didi, financial inclusion
GS3 — Economy	Rural livelihoods, microfinance, SHG-bank linkage, women entrepreneurship
GS2 — IR	South-South cooperation, India-Africa Forum Summit, ITEC, Pan-African e-Network
GS1 — Society	Women empowerment, rural transformation, social capital
Mains Keywords	NRLM, DAY-NRLM, Self-Help Groups, SHG-Bank Linkage, Lakhpati Didi, Pan-African e-Network, ITEC, India-Africa Forum Summit, JAM trinity, Interest Subvention Scheme

● KEY ARGUMENTS AT A GLANCE

The National Rural Livelihood Mission (NRLM) — through its mobilisation of 9 million Self-Help Groups, 50+ million women, and 742-district coverage — has evolved from a domestic rural development scheme into a soft-power instrument of India’s foreign policy, with the SHG model now actively studied and partially adopted by African nations seeking replicable women-empowerment frameworks aligned with the Sustainable Development Goals.

✓ SUPPORTING

- NRLM (rebranded as Deendayal Antyodaya Yojana — National Rural Livelihoods Mission or DAY-NRLM) operates through a four-tier institutional architecture: Self-Help Groups (SHGs at village level) → Village Organisations → Cluster-Level Federations → Block/District Federations. This federated structure enables both micro-credit access and large-scale collective bargaining.
- Financial inclusion impact — SHGs receive bank linkage credit at concessional rates under the Interest Subvention Scheme. Cumulative bank linkage to SHGs has crossed ₹6 lakh crore.

Default rates on SHG loans (~2-3%) are dramatically lower than individual rural credit (~8-10%).

- Diplomatic export — India has signed development partnership agreements with several African nations (Kenya, Tanzania, Ethiopia, Rwanda, Senegal) including SHG model training and Indian institutional support. The Pan-African e-Network (Phase II) includes capacity-building components linked to NRLM methodology.
- The SHG model integrates with multiple government schemes — PMAY (housing), PMKVY (skill development), MGNREGS (wage employment), Lakhpati Didi initiative (income enhancement to ₹1+ lakh annually), Stand-Up India (women entrepreneurship), e-Shram registration. The convergence creates compound impact.

COUNTER

The SHG model's success is geographically uneven — strong in Andhra Pradesh, Telangana, Kerala, Tamil Nadu, but weaker in Bihar, Jharkhand, and parts of Northeast. Quality of group functioning varies, with some SHGs reduced to credit-delivery vehicles without the broader collective empowerment dimension.

Exporting the model risks transferring Indian regulatory complexity without comparable institutional support, potentially setting up African counterparts for failure.

WAY FORWARD

Five-pillar strengthening: (1) **Quality over expansion** — focus next-phase NRLM on deepening existing SHG functioning rather than only adding new groups; (2) **Diversification beyond credit** — SHG-to-Producer-Organisation transition (FPO model) for value-chain integration; (3) **Digital infrastructure** — JAM-trinity (Jan Dhan, Aadhaar, Mobile) integration for transparent fund flows; (4) **South-South cooperation institutionalisation** — formalise SHG model export through India-Africa Forum Summit framework; (5) **Climate resilience** — integrate SHGs with climate adaptation programmes (mangrove conservation under MISHTI, watershed management under Watershed Development Component of PMKSY).

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MAINS ANSWER FRAMEWORK

QUESTION

India's National Rural Livelihood Mission has emerged as both a domestic poverty reduction tool and an instrument of international development cooperation. Examine the structural features of NRLM that make it exportable, and assess its implications for India's South-South cooperation strategy. (250 words)

INTRODUCTION

The National Rural Livelihood Mission (NRLM, rebranded DAY-NRLM in 2015) — operating across 742 districts and engaging over 9 million Self-Help Groups with 50+ million women members — has emerged as both India's flagship rural empowerment scheme and an instrument of South-South development cooperation. The Hindu editorial of April 17, 2026, argues that NRLM's scale and structure now make it a credible export to other Global South nations, particularly in Africa.

BODY

The institutional architecture: NRLM operates through a four-tier federated structure — Self-Help Groups (10-20 women at village level) → Village Organisations (federation of 10-20 SHGs) → Cluster-Level Federations (multiple Village Organisations) → Block/District-level federations. This architecture enables both micro-level financial inclusion and collective bargaining at scale. **Financial inclusion outcomes:** Cumulative SHG bank linkage credit has crossed ₹6 lakh crore, with default rates (2-3%) dramatically below individual rural credit.

The Interest Subvention Scheme provides concessional credit. The Lakhpati Didi initiative aims to elevate SHG members to ₹1+ lakh annual income through enterprise scaling. **Convergence with other schemes:** NRLM SHGs link with PMAY (housing), PMKVY (skill development), MGNREGS (wage employment), e-Shram registration, JAM-trinity for direct benefit transfer, and Stand-Up India for women entrepreneurship.

The convergence multiplies welfare impact. **The diplomatic dimension:** India has actively shared the SHG model with African nations through bilateral development partnership agreements — Kenya, Tanzania, Ethiopia, Rwanda, Senegal among others. The Pan-African e-Network (Phase II) and Indian Technical and Economic Cooperation (ITEC) programme include SHG capacity-building components. India's G20 presidency 2023 explicitly highlighted SHG-led development as a Global South model.

Critique: The SHG model's effectiveness is geographically uneven — strong in southern states (Andhra Pradesh, Telangana, Kerala, Tamil Nadu) but weaker in Bihar, Jharkhand, and parts of Northeast. Quality of group functioning varies; some SHGs become primarily credit-delivery vehicles, losing the broader collective empowerment dimension.

CONCLUSION

NRLM's evolution from a domestic livelihoods scheme to a foreign policy asset illustrates a broader pattern: India's development experience — diverse, federally layered, and incrementally

institutionalised — offers replicable templates for the Global South in ways that Northern donor models often cannot. To strengthen this dual role, India should prioritise quality over expansion in the next NRLM phase, institutionalise the SHG model export through India-Africa Forum Summit and ITEC frameworks, and integrate SHGs with climate resilience programmes (MISHTI, watershed management). The model's appeal lies in its bottom-up structure and its demonstrated capacity to combine financial inclusion with women's collective agency — precisely what Northern microcredit models have struggled to achieve.

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