

# Difference Between SHG and NGO

The important difference between SHG and NGO is that SHGs have a limited number of participants from a specific geographical location but do not have such constraints to the NGOs. The common goal of SHG and NGOs is resolving social crises. Let us now see the comparison of SHG and NGO in detail.

## Key Difference Between SHG and NGO

### SHG vs NGO

#### SHGs

SHG is an independent entity legally accountable to any official body. They are formed on the principle of Article 19 (1), according to which citizens are free to form a group without registering it.

SHGs in India are mobilized mainly by women with similar socio-economic backgrounds to support each other socially, economically, socially, and with mutual collaboration.

Members of SHGs raise funding by pooling their personal resources to fund various projects that support members and their families.

SHGs do not have any specific act under which they file income tax. Members are taxed as individuals.

The scope of SHGs is to transform the lives of its members and their communities.

#### NGOs

An NGO is more organized and must legally register under the Societies Registration Act of 1860.

While some NGOs aim to support women, they span many issues and areas - from child welfare and animal rights to disaster relief and sustainability.

NGOs raise funding from individuals, corporate and independent donors, and via crowdfunding to fund various initiatives.

NGOs file income tax under Section 12A and may have access to some tax exemptions based on their tax bracket.

NGOs can create a regional, national or global impact based on their scale.

## SHGs and NGOs

SHGs and NGOs work on common ground: the rights of people. The level of work may differ as per their functioning, but they work towards the same goals. The NGOs are governed, whereas SHGs are not. The number of participants in the SHGs is relatively less than the number of participants in NGOs.

## What are SHGs?

SHG is an acronym for a Self-Help Group, an informal, self-governed collection of individuals from a village or district from similar socio-economic backgrounds. The aim is to raise their socio-economic status through collaborative activities planned and executed by the members.

- Activities can include starting a self-created banking system, hosting financial literacy workshops, skills training, etc.
- SHGs have emerged as one of the most powerful tools in India for women to upskill, build financial savvy, develop a healthcare ecosystem, and drive a change in their communities.
- The impact of SHGs in India includes reducing poverty, improving food security, and women's economic empowerment.

## What are NGOs?

NGO is an acronym for Non-Governmental Organizations. This is a society created by individuals to serve a specific cause or set of causes. The presence of NGOs has had a transformative impact on society, especially in supporting the vulnerable sections of society and addressing issues that impact the world on a global scale.

- Unlike businesses, NGOs do not have business models that make profits. They raise funds through donors and leverage them to support their flagship causes.
- NGOs are run through core teams of employees and armies of volunteers who feel passionate about the cause of the NGO.

