



## THE ISSUES AND CHALLENGES OF SELF HELP GROUPS: A STUDY IN CHATTISGARH

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**Abstract:** This paper tries to discuss the issues SHGs in Chhattisgarh are facing and offer answers. The goals are to identify the issues SHGs in Chhattisgarh are facing and offer solutions. In this paper, we concentrate on the issues SHGs in Chhattisgarh are offer solutions and countermeasures. We hope to offer solutions to the issues SHGs in Chhattisgarh are facing in this article. The analysis and recommendations of solutions to the issues SHGs in Chhattisgarh are facing are the main goals of this article. This essay seeks to pinpoint the issues SHGs in Chhattisgarh are facing and to propose potential solutions. The analysis and recommendations of solutions to the issues SHGs in Chhattisgarh are facing are the main goals of this article. In this article, we concentrate on the issues SHGs in Chhattisgarh are facing and offer solutions and actions.

**Keyword: Self Help Groups, Socio economic back ground, Community Based Organizations.**

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### INTRODUCTION

The concept of Women's Self Help Group is born in Bangladesh and Mohammad Yunus is the father of Women's Self Help Group. Women's Self Help Group is a self voluntary organization & the main aim is to make capital formation for providing loan to the members at easy condition & to promote self employment. Group is an unofficial organization working on the basis of mutual trust and help. Self Help Group is not needed to be registered through any act. Group is formed of 10 to 20 members of same economic and social status. In group decisions should be made unanimously on the basis of equality. So far possible group should be formed of members related to the same economic status i.e. group of members above poverty line should be formed different from the group of members of below poverty line. India has a dual financial system with an informal and a formal financial sector. The poor and lower income people are usually left out from the formal financial system. The lack of access to the formal financial sector is due to the lack of the collateral required due to risks involved in lending but also due to high costs involved in small-scale financial services and weak legal enforcement (Ray 1998). The banks have always been reluctant to serve the poor, especially the asset-less, who cannot offer any collateral (Sayantan Bera, 2008). Moreover, rural poor found the formal institutions alien and inaccessible. Inadequacies in rural access to formal finance and the exorbitant terms of informal credit for the poor provide for a strong need and ample space for innovative approaches to serve the financial needs of the poor households in countries like India. Self Help Groups (SHGs) have become the vehicle of change in the rural areas, transforming the lives of the marginalized. Realizing that problems cannot be solved alone, or by a single agency, small voluntary groups get together to pool their resources, skills and talent to better their lives. SHGs organize the poor and the marginalized to join hands to solve their problems and the method has been very successfully used by the government and the Non Government Organizations in achieving several goals. As a form or enterprise, SHG performs the role of collective banks and enterprises and ensure better access to loans with a lower rate of interest to start or micro unit enterprises. In India where the population is more than 1.3 billion and in its rural areas where almost half of its residents live below the poverty line. The ideology of Self Help Group (SHG) bears enormous potentialities to offer some alternative and innovative ways for such nation to get rid of rural

poverty. The SHG-Bank linkage programme, later on recognized as the Indian Microfinance Model, was officially introduced in February 1992 following a set of guidelines passed by National Bank for Agriculture and Rural Development (NABARD) and Reserve Bank of India (RBI). In the last two decades, since the inception of this pioneering microfinance model, numerous pilot studies and researches conducted have explored the multifaceted significance of SHG-approach which was instrumental in providing a major impetus to sustainable rural growth of the nation. But still there are many issues and challenges which are faced by the SHG, an complete understanding of it is necessary so that steps can be taken to minimize it and ensure proper Financial Inclusion.

## **REVIEW OF LITERATURE**

NABARD (2001) says Micro finance is all about provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi urban and urban areas for enhancing their standard of living.

Puhazhendi & Badyata, (2002) states that after joining in the SHGs, women members income increased and increased opportunities of employment in non-farm and off farm employment in addition to social empowerment.

Rajagopalan, 2005 says Women gained very significantly in terms of mobility, self confidence, access to financial services, building of own savings, competence in public affairs and improved status at home and in the community.

Mohanty, Das & Mohanty, 2013 states that the rural Chhattisgarh women's decision-making and capacity building through participation in Self Help Groups and microenterprises.

Tanmoyee Banerjee (Chatterjee) (2009) published on —Economic Impact of Self-Help Groups: A Case Study in Journal of Rural Development“ Jitendra Ahirrao (2009) has analyzed the role of National Agricultural Bank for Rural Development (NABARD) in working as a catalyst in promoting and linking SHGs to the banking system. He has observed that majority of the rural women who are 61 associated with the SHG activity positively succeeded to gain them empowered. He has concluded that micro-finance programmes being promoted as a key strategy for addressing both poverty alleviation and women's empowerment.

Das (2012) states that the quality of groups is quite low in the selected Development Blocks compare to other blocks or states. Strict random selection of sample could be one of the reasons. Overall environment in the block/district and popular perceptions about the status of SHG movement in the state appears to be aptly reflected by the grades of the groups. In most other studies, the quality of groups does not follow any definite pattern.

Sahoo (2010) confers women are still not empowered as per the expectation. The present study is an attempt to analyze the role and performance of SHGs in promoting women's empowerment in Cuttack District of Chhattisgarh.

## **OBJECTIVE OF THE STUDY**

The main objective of the study is to analyze the issues and challenges faced by SHG in Chhattisgarh. The paper also throws light on the following: - The present state of SHGs in India. - The present state of SHGs in Chhattisgarh. - Issues faced by SHGs in Chhattisgarh - Suggestive measures. SELF-HELP GROUPS Self Help Group (SHG) is a small voluntary association of 10-20 people either registered or unregistered preferably from the same socio-economic background. They come together for the purpose of solving their common problems through self help and mutual help. The SHG promotes small savings with a bank among its members. The SHG member have different types of financial needs and services, viz. savings, consumption credit, production credit, insurance and remittance facilities which are met through inter loaning in the group and bank loan encompassing allied services. All loans within the group and from the banks are given with minimum documentation and without any security. The inter loans among the SHG's for consumption and productive purposes are small, frequent, of short duration and at low interest rates. The groups meet and save regularly, recording all the transactions in their account books. After 6 months of formation the SHG become eligible for loan from the banks, to start new enterprise. Each group evolves a

flexible system of working and managing pooled resources in a democratic way. They also democratically elect a President, Secretary and Treasurer among themselves as office bearers of their group. The key focus of this program is to develop the capacity of the women collectively and empower them to deal with the socio-economic aspects of their lives. SHGs are broadly studied on two basis-Microfinance and Microenterprises. Since late 1990s several studies have been undertaken on Microfinance. Development of Microenterprises is relatively a new phenomenon.

As per the study of M. Kunhaman, 2012 SHGs can better promote Microenterprises, especially in rural areas. The general framework for development and promotion of SHGs is as below SELF HELP GROUP IN INDIA The SHG in India was first developed through the Self-help Affinity Groups facilitated by the Mysore Resettlement and Development Agency (MYRADA) in 1985 since which more than two million self help groups have been created across the country (NABARD 2005-2006).

In 1986-87, there were about 300 SHGs in Myrada's projects, many of which had emerged from the breakdown of large cooperatives because of lack of confidence in the leadership and poor management. Effort to support SHGs in India, however, came in the late 1990s when the central government of India introduced a holistic program, Swarnjayanti Gram Swarozgar Yojana (SGSY) based on the group approach for rural development. The SGSY approach was to encourage the rural poor to organize themselves into SHGs and to independently take up viable economic activities as microenterprises with support from government subsidies and bank credit (Tripathy 2004).

This SHG strategy has become an important component of the Government of India, included in every annual plan since 2000. Follow up for SHGs is provided by the Indian Banks Association, State-Level Bankers Committees, District Consultative Committees, Sponsor Banks, and the National Bank for Agriculture and Rural Development (NABARD), facilitating NGOs and appointed research teams and research institutions. Indian SHG self-help guides have been developed and are now available free of charge on the Internet.

## **ISSUES AND PROBLEMS**

1. Ignorance of Members/Participants: Even though the authorities take measures for creating awareness among the group members about the schemes beneficial to them, still majority of the group are unaware of the schemes of assistance offered to them.

2. Inadequate Training Facilities: The training facilities given to the members of SHGs in the specific areas of product selection, quality of products, production techniques, managerial ability, packing, other technical knowledge are not adequate to compete with that of strong units.

3. Problems Related with Raw Materials: Normally each SHG procures raw materials individually from the suppliers. They purchase raw materials in smaller quantities and hence they may not be able to enjoy the benefits of large scale purchase like discount, credit facilities etc.

Moreover, there is no systematic arrangement to collect raw materials in bulk quantities and preserve them properly. There is no linkage with major suppliers of raw materials. Most of the SHGs are ignorant about the major raw material suppliers and their terms and conditions. All these causes high cost of raw materials.

4. Problems of Marketing: Marketing is an important area of functioning of the SHGs. However they face different problems in the marketing of products produced by them. Following are the major problems relating to marketing.

- (a) Lack of sufficient orders.
- (b) Lack of linkage with the marketing agencies.
- (c) Lack of adequate sales promotion measures.

- (d) Lack of permanent market for the products of SHGs.
- (e) Absence of proper brand name.
- (f) Poor/unattractive packing system.
- (g) Poor quality of products due to the application of traditional technology, resulting In poor market,
- (h) Stiff competition from other major suppliers.
- (i) Lack of a well defined and well knit channel of distribution for marketing.

5. Lack of Stability and Unity Especially among women SHGs:

In the case of SHGs dominated by women, it is found that there is no stability of the units as, many married women are not in a position to associate with the group due to the shift of their place of residence. Moreover, there is no unity among women members owing to personal reasons.

6. Exploitation by Strong Members: It is also observed that in the case of many SHGs, strong members try to earn a lion's share of the profit of the group, by exploiting the ignorance and illiterate members.

7. Weak Financial Management: It is also found that in certain units the return from the business is not properly invested further in the units, and the funds diverted for other personal and domestic purposes like marriage, construction of house etc.

8. Low Return: The return on investment is not attractive in certain groups due to inefficient management, high cost of production, absence of quality consciousness etc.

9. Inadequate Financial Assistance: It is found that in most of the SHGs, the financial assistance provided to them by the agencies concerned is not adequate to meet their actual requirements. The financial authorities are not giving adequate subsidy to meet even the labor cost requirements.

10. Non-co-operative Attitude of the Financial Institutions: The Financial Institutions do not consider SHGs seriously while providing finance and other help.

11. Inadequate Support from Line Department: For obtaining assistance and support, the group members have to approach the line officers. However the line officers are not co-operative with the SHGs. This will hamper the very objective of the schemes.

Suggestions to Minimize the Problems Faced by SHGs: The following suggestions are offered to minimize the above mentioned issues of SHGs:

1. Information about locally available materials and their varied uses should be disseminated to SHGs. Proper encouragement and training should be given to them to make innovative products by using these materials. In order to have a knowledge base about the availability of materials, in panchayat levels, surveys can be conducted under the auspices of local authorities.

2. In order to solve the various problems relating to marketing of SHGs, the state level organizations should extend the activities throughout the state instead of limiting its operations in a particular area.

3. Various SHGs functioning in a particular panchayat area can form a co-operative society. This society may be entrusted with the task of marketing the products of different SHGs under a common brand name. Further, the society can undertake sales promotion activities and procure rare raw materials for the benefits of member SHGs.

4. Non-Government Organizations (NGOs) can play a significant role in empowering women entrepreneurs by providing basic education, motivation training, and financial help and so on.
5. All the members in the SHGs may not have the same caliber and expertise. NGOs can identify the inefficient members of the group and can impart proper training to them in order to make them competent. For this purpose, short term training programmes can be arranged at the panchayat level.
6. Frequent awareness camps can be organized by the Rural Development department authorities to create awareness about the different schemes of assistance available to the participants in the SHGs.
7. Lastly, arrangements may be made by the financial institutions for providing adequate financial assistance to the SHGs strictly on the basis of their actual performance without any discrimination of caste, politics etc.
8. In the emerging changes in the values and attitudes of the members of the SHGs are a clear manifestation of socio-economic empowerment interventions yielding relatively quicker results. The socio-economic programmes reinforce each other and promote all-round development of the children, the women, the households and the communities.
9. It is a process which ultimately leads to self-fulfillment of each member of the society. It is in this direction that SHGs are moving towards fulfilling their objectives with a meaningful strategic direction.

## **CONCLUSION**

Self-Help Groups are fast emerging as powerful social tool for socio-economic empowerment of the rural poor in India. In many instances, they have improved the socio-economic conditions of their members by way of positive impact on income, saving and self confidence. Self-Help Groups serve as an ideal mechanism for bringing women out of their homes by making them more articulate. Self-help Groups are micro institutions, but their impact is macro.

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