



# SELF-HELP GROUPS: ISSUES AND CHALLENGES (A STUDY IN HARYANA)

Dr. Nidhi Garg<sup>1</sup> and Dr. Santosh Mittal<sup>2</sup>

<sup>1</sup>Assistant Professor, Vaish Mahila Mahavidyalya, Rohtak.

<sup>2</sup>Associate Professor, Vaish Mahila Mahavidyalya, Rohtak.

## ABSTRACT

Self-help group is a small voluntary association of ten or twelve people either registered or unregistered from the same socio-economic background. They come together for the purpose of solving their common problem through self-help and mutual help. The SHGs have helped mobilizing millions of rural women, addressed their credit needs and help them earn livelihood. SHGs provides a platform for rural women to show their capabilities. Despite the positive outcomes of the SHGs approach but there are some issues and challenges that comes in the way of the SHGs. To identify the issues and challenges faced by group members, the present study was carried out in Haryana state with a sample size of 520 members. Data was collected using self-structured questionnaire and appropriate statistical tools were used to analyze the data.

## KEYWORDS

Self-help Groups, Finance, Marketing.

## INTRODUCTION

Micro finance has promoted as an entry point into the process leading to successful social and economic empowerment of beneficiaries. Both government and NGOs are working in implementing micro-finance programs in rural areas. The program is based on the principal of self-help to build sustainable livelihood in rural areas by increasing economic mobilization of poor. The micro finance policy has been based on the prime principle of quality and group formation for community development with the help of regular saving and loan activities. Micro finance has been regarded as the strategy for socio-economic development and poverty alleviation empowerment of the poor. So, it is important to analyze the performance of this innovative credit delivery system.

Self-help groups are small groups consisting of around 10-15 members of same economic background and generally women. Women are encouraged to form a group and start saving with small amount to generate a fund. After six months, they are eligible to take loan from bank and carrying out income generating activities.

From the profit gained out of the economic activities, the bank loan is repaid and this process goes on.

The self-help group members are trained for free by the government to improve their skill and knowledge. Along with training program, financial help such as revolving funds are provided to SHGs to support and encourage the group members.

Despite, all these positive outcomes, there are some challenges and problem faced by group members. There are many gaps and loopholes in the system that ultimately affects the functioning of the SHGs. There are many issues and challenges faced by the SHGs in different regions in India. To understand these challenges properly, this study has been designed to identify the problem faced by the group members and how they can be addressed.

## REVIEW OF LITERATURE

**Nimisha M, Dharmaraj Arumugam (2019)** analyzed the self and social awareness among women entrepreneurs after being a part of self-help groups. SHGs play a major role in eradicating poverty and women empowerment in both urban and rural areas with a positive improvement in the role and performance of the members and also socio-economic improvement regarding saving, decision making, credit, and repayment of loans. The study examined the effectiveness of self-help groups in economic empowerment of entrepreneurs in Coimbatore district.

**Chatterjee (2014)** analyzed the role of Self-help Groups towards the economic empowerment of women in West Bengal. SHGs encouraged women to form voluntary association and emerged as a group of saver-cum-borrowers. Positive sign of employment generation was found in rural economy of Khejuri. Income has a favorable effect on consumption expenditure in general and on education, health, social and familial status of members in particular.

**Sahoo (2010)** confers that women are still not empowered as per the expectation. The study analyzed the role and performance of SHGs in promoting women empowerment in Cuttack District of Odisha.

**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 were associated with the SHG activity positively succeed to gain empowerment. He has concluded the micro-finance programs being promoted as a key strategy for addressing both poverty alleviation and women's empowerment.

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

## METHODOLOGY

The present study was conducted in Haryana state. The state of Haryana is divided into six revenue divisions namely Ambala, Faridabad, Gurugram, Hissar, Rohtak and Karnal. Multistage sampling is used in this study. One district from each division is selected for the present study on the basis of the highest self-help groups formation as per record of data. A questionnaire was developed for the primary data collection. Simple percentage has been used to analyze the primary data collected out of 520 group members.

## RESULTS AND DISCUSSION

While operating the self-help groups, there are many challenges and problems that come in the way. After interviewing the sample respondents, there problems were basically classified into six categories.

The table 1 points out the types of problems/challenges faced by the respondents.

**Table 1: Distribution of the respondents based on the type of challenges / problem they are facing in operating the SHG**

Sl. No.	Types of problem facing	Yes		No		Total	
		Number	Percentage	Number	Percentage	Number	Percentage
1	Finance problem	351	67.5	169	32.5	520	100.00
2	Marketing Problem	315	60.5	205	39.4	520	100.00
3	Internal Problem	107	20.5	413	79.42	520	100.00
4	Socio-Cultural Problem	183	35.1	337	64.9	520	100.00
5	Production Problem	72	13.8	448	86.2	520	100.00
6	Problem regarding Government Assistance	108	20.8	412	79.2	520	100.00

The table 1 points out the different types of problem faced by group members. Majority of respondents (67.5%) stated to be facing finance related problem, followed by marketing problems, internal problem 20.5%, socio-cultural problem 35.1%, Production problem 13.8%, and problem regarding Government assistance 20.8%. It was found that the respondents very commonly faced finance problem and marketing problem.

### FINANCIAL PROBLEM

Finance is a powerful element in case of starting / operating a micro enterprise like SHGs. Finance is the backbone of any economic venture. It involves both demand and supply related problems. It is observed that financial institutions are not providing adequate finance to the SHGs which relates to supply side and SHG beneficiaries are interested to get more finance which is a demand related problem. The stake holders argue that they are facing financial problems due to inadequate financial assistance and non-co-operative attitude of the bankers. The members of SHGs are mostly rural poor women like who have little knowledge about formal banking and credit system. As seen from table - 1, out of 520 respondent' smajority 351 respondents (67.5%) stated they were facing finance related problems whileoperating SHGs. The table - 2 shows what and how much type of financial problems they were facing.

**Table 2: Distribution of the respondents based on the type of finance related problems faced by them**

Sl. No.	Types of financial problem facing	Yes		No		Total	
		Number	Percentage	Number	Percentage	Number	Percentage
1	Lack of finance	64	18.23	287	81.76	351	100.00
2	Rigidity in Banking Procedure	114	32.47	237	67.52	351	100.00
3	Unable to pay loan amount	16	4.55	335	95.44	351	100.00
4	High rate of Interest	234	66.67	117	33.33	351	100.00
5	Insufficient Financial Assistance	265	75.49	86	24.50	351	100.00
6	Delay in getting Loan	192	54.70	159	45.29	351	100.00
7	Complex procedure for Loan	212	60.39	139	39.60	351	100.00
8	Inability to understand nitty-gritty of financial Management	105	29.91	246	70.08	351	100.00
9	No Specific government policy to create an awakening in generating extra income	95	27.06	256	72.93	351	100.00
10	Miscellaneous	40	11.39	311	88.60	351	100.00

The table 2 shows that majority of the respondents were facing financial problem due to high insufficient financial assistance (75.49%), whereas a second major finance related faced by the respondents was high rate of interest (66.67%) charged by financial institution. Other financial problem faced by the respondents complex procedure for loan (60.39%), delay in getting loan (54.70%), (32.47%) facing problem regarding rigidity in banking procedure, (29.9%) of respondents have inability to understand nitty-gritty of financial management, (27.06%) respondents have problem regarding government have not any policy to create an awakening in generating extra income, lack of finance (18.23%) and (11.30%) respondent have also found miscellaneous financial problems in the smooth running of their micro enterprise because of this social and domestic pressure such as daughter's marriage, spending on higher education of their children, etc. It can be concluded from the table 2 that majority respondents have faced financial problem in smooth running of micro enterprise or agriculture activities / economic activities.

**MARKETING PROBLEM**

Like finance, marketing is also another powerful element that determines the success or failure of a business enterprise/venture. In case of the SHGs, proper marketing is necessary to be successful. The second most problem faced by them was the marketing problem. Table -3 shows the type of marketing problems faced by SHGs members.

**Table 3: Distribution of the respondents based on the type of marketing problems faced by them**

Sl. No.	Type of marketing problems	Yes		No		Total	
		Number	Percentage	Number	Percentage	Number	Percentage
1	Lack of branding and labelling	70	22.2	245	77.77	315	100.00
2	Lack of marketing Facilities	247	78.4	68	21.5	315	100.00
3	Poor quality of product	80	25.3	235	74.6	315	100.00
4	Lack of advertisement	145	46.0	170	54.0	315	100.00
5	Heavy completion Cost	58	18.4	257	81.5	315	100.00
6	Competitive challenges	285	90.47	30	9.52	315	100.00
7	Lack of encouraging response from the customer	102	32.3	213	67.6	315	100.00
8	Lack of travelling mobility and facility	159	50.4	156	49.5	315	100.00
9	Lack of adequate publicity in the midst of competitive market forces	85	26.9	230	73.1	315	100.00

This is evident from table - 3, majority of the respondents were facing marketing problem due to heavy competition (78.4 percent) and lack of marketing facility (78.4 percent), lack of advertisement (46.6 percent) was also a factor in poor marketing. Some respondents also reported that they were facing marketing problem due to lack of branding and labelling (22.2 percent), lack of encouraging response from the costumers (32.3 percent), heavy completion cost (18.4 percent), lack of adequate publicity in the midst of competitive market forces (26.9 percent), lack of travelling and mobility facility (50.4 percent) faced by self-help group members.

**INTERNAL PROBLEMS**

Internal problems that arise due to improper setting of the internal environment in which SHGs operates. Internal problems are usually controllable as compared to other problems. Internal problems include lack of cooperation among members, lack of education, lack of interest, lack of motivation, limited resources for income generating activities, group conflicts, irregular meeting / book keeping etc. The group leader plays an important role to solve the internal problems of the group by sensitively addressing the issues of the members. A leader controls all group members and motivates them to earn money with the help of co-ordination and generates income activities.

**Table 4: Distribution of the respondents based on the type of internal problems faced by them**

Sl. No.	Type of internal problem	Yes		No		Total	
		Number	Percentage	Number	Percentage	Number	Percentage
1	Lack of co-operation among members	97	90.6	10	9.4	107	100.00
2	Lack of Education	190	84.11	17	15.9	107	100.00
3	Lack of Interest	20	18.6	87	81.4	107	100.00
4	Lack of motivation	13	12.1	94	87.9	107	100.00
5	Irregular meeting	31	28.9	76	71.1	107	100.00
6	Personal problem of the members	95	88.7	12	11.3	107	100.00
7	Group conflict	105	98.1	02	1.9	107	100.00
8	Multiple duties	88	88.2	19	17.8	107	100.00
9	Limited Resources	92	85.9	15	14.1	107	100.00
10	Lack of self confidence	22	20.5	85	79.5	107	100.00
11	Miscellaneous	17	15.8	90	84.2	107	100.00

The growth and prosperity of SHGs mainly depends on the efficient management of group activities and finance. During the course of data collection 107 respondents (20.5%) of total respondents have faced a number of personal problems or internal problem relating to group members.

As illustrated in the table - 4, majority of the respondents were facing internal problem due to lack of co-operation among members 90.6%, group conflict 98.1%, personal problem of the members arise 88.7%, 85.9%

group members faces problem regarding lack of limited resources, 84.11% members feels lack of education, 82.2% of respondents have face problem regarding multiple duties, 28.9% members informed that group meetings are not regular, not proper planning for group activities not carried out by leader. 20.5% lack of self-confidence, 18.6% respondents have not taken interest in group activities, 15.8% respondents have miscellaneous problems faced and only 12.1% respondent have felt lack of motivation. After analysis this table, it could be seen that majority of group members faces group conflict and lackof co-operation with members.

## SOCIO-CULTURAL PROBLEM

The SHGs operates in a social system. The socio-cultural problems are the problems that arise due to the social or cultural setting of the particular area. There are many restrictions on women imposed by the society. There is little or no control over the activities as they happen freely in the social strata. 183 respondents (35.1 percent of total) in our sample did face a considerable number of socio-cultural problems arising out of their social commitment to their families. These challenges and problems faced by the respondents have been studied at length through the table shown below:

**Table 5: Distribution of the respondents based on the type of socio-cultural related faced by them**

Sl. No.	Type of Socio-cultural problem	Yes		No		Total	
		Number	Percentage	Number	Percentage	Number	Percentage
1	Lack of social mobility	42	22.9	141	77.1	183	100.00
2	Lack of Knowledge and education	90	49.1	93	50.9	183	100.00
3	Male domination	135	73.7	98	26.3	183	100.00
4	Lack of family support	10	5.46	173	94.5	183	100.00
5	Dual kind of duties	72	29.3	111	60.7	183	100.00
6	Indifferent attitude to the society	56	30.6	127	69.4	183	100.00
7	Limited liberty to women	36	19.6	147	80.4	183	100.00
8	Miscellaneous	28	15.3	155	84.7	183	100.00

As illustrated in the table 5, it was found that majority of the respondents were facing socio-culture problem due to male domination 73.7%. Other socio-cultural problems faced by the respondents were lack of knowledge and education 49.1%, dual kind of duties 39.3%, indifferent attitude of the society 30.6%, lack of social mobility

22.9%, limited liberty to women 19.6%, lack of family support 5.46% and other miscellaneous problem are faced by 15.3% group members. After analyzing table - 5 it could be concluded that male domination is the main social-cultural problem facing by the group members.

## PRODUCTION RELATED PROBLEMS

The production process in a manufacturing enterprise is related to a number of activities and coordinative factors while some of the activities can be successfully managed by group members, but there are some activities which are not in the control of the entrepreneurs. In our sample 72 respondents 13.84% have faced production constraints. There challenges and problems faced by our respondents relating to production have been shown in the table 6.

**Table 6: Distribution of the respondents based on the type of production related problems faced by them**

Sl. No.	Type of production problems Facing	Yes		No		Total	
		Number	Percentage	Number	Percentage	Number	Percentage
1	Lack of machinery	12	16.6	60	88.4	72	100.00
2	Lack of trained manpower	60	83.3	12	16.7	72	100.00
3	Lack of storage and infrastructure	69	95.9	03	80.3	72	100.00
4	Lack of skill and knowledge	49	68.0	23	32.0	72	100.00
5	Power issue	02	2.7	70	97.3	72	100.00
6	Shortage of raw Material	25	34.8	47	65.2	72	100.00

As is evident from the table- 6, that majority of the respondents were facing production related problem due to lack of storage and infrastructure 95.9% and lack of trained manpower 983.3% also a factor in poor production, lack of skill and knowledge 68.0%, 34.8% of the respondents cited the problem of non-availability of raw material. The problem of frequent price rise of raw material which results in increasing the production cost, and thereby affecting the profitability of the unit has also been highlighted as the cause of the slow progress of their projects/enterprise. 16.6% respondents have the problem lack of machinery very few respondents also reported that they were facing problem due to power issues in production. It could be concluded that 13.8% group members were facing problem regarding production.



**PROBLEM IN AVAILING GOVERNMENT' S SUPPORT/AID**

The procurement of financial assistance from the government stories is no less problematic for the group members. Many times, they have to put in much more elaborate efforts in convincing the authorities to sanction financial funds to them. During the course of the field work, 108 group members (20.8% of total) were found to be facing some problems pertaining to the government aid/assistance which can be prove quite handy at the hour of need but often remain out of their reach. Table -7 shows these problems and challenges faced by sample respondents.

**Table 7: Problem pertaining to government aid/assistance faced by respondents**

Sl. No.	Types of problems	Yes		No		Total	
		Number	Percentage	Number	Percentage	Number	Percentage
1	A large number of official formalities	38	35.1	70	64.9	108	100.00
2	Lack of specific policy towards the protection of the interest of group members	92	85.1	16	14.9	108	100.00
3	Miscellaneous	37	34.2	71	65.8	108	100.00

As is evident from the table 7, 35.1% respondents faced problem of a large number of official formalities in government organizations. 85.1% respondents complained about lack of specific government policy towards the protection of group members. 34.2% respondents have miscellaneous problems. It can be concluded from the table that group members have faced many challenges and problems regarding government help.

**CONCLUSION**

From the study it was found that majority of the respondents (67.5%) stated finance related problem, followed by marketing problem (60.5%). Finance and marketing are two main elements for the success of an enterprise. The respondents were from poor background and had very less education, majority of the respondents stated to be facing financial problem due to insufficient financial assistance and high rate of interest. Also, majority of the respondents were facing marketing problem due to competitive challenges, lack of marketing facility and lack of travelling mobility and facility. Group members have little or no knowledge regarding marketing.

Some respondents were facing internal problems, mostly due to lack of cooperation among members, limited sources and personal problem of the members. The socio-cultural problems faced by the respondents were mainly due to male dominance. The market place is mainly operated by the males and the group members were paid very less in comparison to male entrepreneurs. 13.84% have faced production problems and 20.8% were found to be facing problems pertaining to the government assistance which can be prove quite handy at the hour of need but open remain out of their reach.

## SUGGESTIONS

The government should take appropriate measure regarding credit facility to the SHG members. The rate of interest should be reduced ensuring sufficient financial help to the Group members. There is a dire need to ensure transparency in the system that gives benefits to the SHGs. Marketing problems of the SHGs need be addressed properly. There is a need to provide a safer and bigger platform to the SHGs to market their product. The state Govt. Instead of focusing on paper work should focus on providing real benefits to the SHGs and ensure measures to prevent exploitation by the intermediaries so that the real fruit of the SHG approach can be reaped for the benefit of the rural poor.

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