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Self help groups: The challenges faced and strategies to overcome them: A case of Punjab

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Abstract

The Self Help Groups have been instrumental in ensuring women are empowered socio-economically in our country and in the state of Punjab. They are becoming financially independent and have been helping their families and people around them become self-dependent. The governments are also making efforts to ensure that they can help the members of these SHG's through the financial inclusion and other related tools. Punjab also has been working hard to ensure that they also promote the culture of SHG's centered around agriculture and allied activities and a lot of other income generating activities. Despite the efforts Punjab still lags behind in terms of the coverage of rural households under SHGs. The current paper made an attempt to try and identify reasons as to why Punjab is falling behind in terms of penetration and effectiveness of SHG's, despite the enormous opportunities. The challenges faced by the SHGs in Punjab were identified followed by the different strategies that can be used to overcome the challenges faced by the SHG's. The strategies suggested in the paper can go a long way in helping the SHGs of Punjab to achieve greater heights and thereby helping the rural economy become self-reliant and self-sustained.

Keywords: Self help groups, sustainable, financial inclusion, income generating activities, SHG

Introduction

The Self Help Groups are playing a very important role in making sure that women in our country and the state of Punjab can be provided a platform for both social and economic empowerment. This has been facilitated by the financial inclusion goal being pursued by successive governments. The governments are trying to use financial inclusion as a tool for helping the deprived sections of the society to overcome the problems being faced by them. To achieve the objective of financial inclusion, Self Help Groups have emerged as a very vital and important tool. The prior research does indicate that SHG's and facilities related to microfinance have contributed immensely to the bring about a social change and empowerment levels of women in rural India (Maheshwari & Goyal, 2014) ^[11].

As per NABARD, "SHG's are small economical homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute a common fund to be lent to its members as per group decision".

These groups ensure that people who are associated with them have a common aim in mind are able to overcome the social and economic challenges that they confront in their daily lives. The SHGs have been somewhat successful in helping people achieve these objectives, but still there is a long way to go for them. They have been contributing immensely for the achievement of the objectives of financial and social empowerment to women and the people associated with these groups. But the overall effectiveness of these groups is still a question of debate as there are people both in favour and against the effective benefits achieved through Self Help groups. Before getting into this debate, let's have a look at how the journey of Self Help Groups has been since coming into prominence.

In the subcontinent it was the work and efforts of Mohammad Yunus from Bangladesh, who brought this model into prominence. In India, this model got a real push in the 1990's with a lot of support from NABARD and further promoted by Government of India backed programs like Swarn Jayanti Gram Swarajgar Yojana in 1999 and then National Rural Livelihood Mission in 2011. Such schemes by the successive governments have ensured that around 100 million families are receiving help of one kind or other under these schemes. The effectiveness of this credit system can be gauged from the fact that for the total credit disbursed under this

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scheme only 6.5 percent was NPA as compared to the national NPA percentage of 10.2 percent for the Indian banks. SHG's are performing a troika of functions by acting as business units generating employment and empowering people and especially women, helping deliver government services in rural areas and to combat social problems prevalent in the rural areas where these groups function (Mishra, 2018).

The importance of Self Help Group's can be judged from the data on number of Self Help Groups in India shared by the report by NABARD there are around 1 crore plus Self Help groups across the country which are benefitting around 12 crore households, with annual deposits amounting to 23 thousand crores and loan outstanding of around 87 thousand crores. Out of the total number of SHG's in India 44.61 lakh are women SHG's who have taken a credit of 79,232 crores only and out of this only 4.5 percent is NPA which is even better than total NPA data for SHG's (Mishra, 2020) [12, 13]. The states across the country have contributed their fair share in the establishment of Self Help groups. A lot of states have been contributing immensely for the development of women Self Help Groups in the country. As per the data of Ministry of Rural Development, it is clearly evident that the states in the North Western part of India have a very low penetration of Self Help Groups as compared to the states and UT's across the country. Despite these figures the SHG's have their fair share of challenges and opportunities and the administrations across the country are trying to overcome the challenges and leverage the opportunities. The states are trying to make sure that the benefits of SHG's can be made available to the majority of the people for whom this scheme is intended for. The authorities helping in the development of SHG's are working very hard to make sure that the benefits through SHG's can reach out to as many people as possible. Punjab also has its own share of Self Help groups revolving mainly around agriculture and its allied activities. Furthermore, Punjab is among the group of states with lowest amount of percentage coverage of rural households under the SHG-Bank Linkage program (Dhiman & Rani, 2014) [5]. Along with this, there are some other issues that are not allowing SHG's to flourish in the prosperous state like Punjab, despite a good amount of support from the government. The current paper has made an attempt to identify the reasons why Punjab is falling behind in terms of penetration and effectiveness of SHG's, despite the enormous opportunities. This paper has been structured in three sections – the challenges confronting the SHG's, the opportunities for the SHG's followed by the strategies to be adopted by the concerned authorities to overcome the challenges and take maximum advantage of the opportunities available for people under these schemes.

Challenges for Self Help Groups In Punjab

The government and its supporting agencies have been making a lot of efforts to make sure that the Self Help Groups face no dearth of credit and are continuously trained through different government agencies to learn the necessary skills and ways to run a business and are provided as much support as possible to help them reach out to the customers and markets. Despite these efforts these SHG's are still facing a lot of challenges which act as obstacles to the success that SHGs can achieve. The different challenges which are either specific to SHG's in Punjab and some others which are generic in nature for SHG's are discussed below -

Financial Challenges: The governments have been working very hard in ensuring that they are able to achieve the target of financial inclusion. But in most of the cases the sole responsibility lies with only government banks which are bearing the burden of ensuring credit availability to the self-help groups (Singh, 2012) [15]. The private banks have been contributing but majority of the share for ensuring credit availability don't take initiatives to ensure that level of credit availability like the government or public sector banks. The major issues in ensuring the credit availability to SHG's, lies in the problem with the irregularity in payments received by them, savings, repayment of loans etc. The most important issues that sometimes make the lenders circumspect about lending to SHG's is that loans disbursed for SHG purpose are used more for consumption activities rather than the income generating activities by the members (Singh, 2012) [15]. The study conducted by Kaur and Sachan also validates these challenges where they talk about challenges like delay in credit availability, lack of funds for raw material purchase, funds availed for SHG not being used for the same purposes, lack of accounting skills and inability to maintain accounts as financial challenges being faced by the members (Kaur & Sachan, 2016) [9]. As per Devi, Kumar & Bera, 2018 [4], collection of savings in the groups was another major challenge faced by the group members due to lack of income and earning opportunities. They lacked knowledge to manage account books and had problem with repayment of loans (Devi *et al.* 2018) [4]. Loan payment defaults and lack of trust on SHG's by banks which led to lack of co-operation from banks for SHG members has been cited as major challenges for SHG's in another study (Kaur, 2017) [8]. The self-help groups also face difficulties in getting credit on time and this is also a major obstacle they faced in their sustainability and expansion. These challenges need to be tackled so that the SHG's can get access to easy credit for which steps are being taken, but the grass root level workers dealing directly with the SHG's need to take the ownership to ensure that this information is reaching the SHG members accurately and timely.

Psychological Challenges: The Self-help group members usually come from the same strata of society and have a tendency not to trust each other. This lack of trust among the team members acts as a major challenge for the success of the groups at later stages of their development. When the groups start growing and making good amount of money many times the conflicts start appearing among the group members in terms of distribution of profits among the team members. Furthermore some members only join the group to get access to cheaper and easier credit sources for personal use and this puts a dent on the overall credit worthiness of the groups for them to be able to get future credit available (Singh, 2012) [15]. Again these challenges are also validated by the study by Kaur and Sachan where they also talk about lack of trust and unity, conflict management and improper communication as reasons for lack of performance by the SHG's across Punjab (Kaur & Sachan, 2016) [9]. Devi *et al* 2018 [4] also cited the existence of conflicts among group members while taking major decisions and lack of activities involving group members as major obstacles and challenges for SHG's in Punjab. These challenges have been a major roadblock in the success of a SHG. The group members many times find it very difficult to sustain the same level of cohesiveness and this has a great bearing on the moves forward for the SHG's. In this case it is the group members only who need to make

sure that they join forces with people who are like minded and socio economically equal, so that there is less scope for the conflicts to arise later on.

Social Challenges: The SHG members especially in a patriarchal society like Punjab lack support from family and spouses which is another major challenge faced by the SHG's. In many cases the women folk do want to work, but the husband's do not allow them to work as it goes against their egos. Even in some cases where they are allowed they are only used as a face for the business, whereas the actual work is done by the male members only. This is basically to get easy access to the credit available (Singh, 2012) [15]. Other studies also validate these reasons where the lack of support by family, not allowing the ladies to go and attend the outstation trainings and patriarchal mindset have been cited as major challenges for SHG's (Kaur & Sachan, 2016) [9]. This is also a big issue for the expansion and penetration of Self Help groups in Punjab and is acting as a hindrance to the efforts of financial inclusion and women empowerment. The patriarchal mindsets of the societies need to be changed for this aspect to be improved for the growth and penetration of the SHG's in rural Punjab so that it leads to social and economic upliftment of the women folk.

Legal Hassles: The SHG's also face some legal problems as the future expansion of SHG's becomes an issue because a SHG cannot have more than 20 members. The criterion was put in place as it is difficult to ensure active participation of all the members if the groups become large. This can also lead to more conflicts among the group members due to more diverse viewpoints emerging among themselves. Along with this the legal support for them to grow from an institution at the stage of availing micro finance to become a Micro enterprise is also a major issue (Singh, 2012) [15]. The legal support is a major challenge as the majority of the members in these groups are not that the expansion of SHG's is also a problem as a SHG cannot be expanded beyond 20 members, lack of support to move from a stage of micro finance to micro enterprises.

Education and Literacy Levels: The education and literacy levels of the self-help group members is also a challenge for the self-help groups. As per the study by Kaur and Sachan, 2016 [9] the literacy levels of majority of the members of the self help groups were till secondary school education only. Illiteracy and lack of awareness were also cited as reasons for the lack of performance of SHG's in Punjab region as this was a major hindrance in the linkage between banks and the members of SHG's seeking credit facilities (Kaur, 2017) [8]. This is a major challenge as it impacts the other aspects like lack of leadership availability, legal issues, psychological and social issues also. The governments need to work in collaboration with other stakeholders to ensure that the literacy levels of the SHG members can be improved further with the help of some adult literacy courses or through other mechanisms to ensure that this challenge can be overcome.

Leadership as a challenge: Another major challenge confronting the SHG's is lack of leadership qualities among group members. The reason behind this was lack of education and socio economic background of members of the SHG's in rural areas of Punjab (Singh, 2012) [15]. As per Kaur & Sachan, 2016 [9] members due to lack of education and confidence levels are very reluctant to take leadership roles

and this leads to group lacking the commitment to ensure success of the group. Reluctance among the group members to take up leadership roles was cited as reason in another study too (Devi et. al, 2018) [4]. The lack of leadership does not allow the groups to grow beyond a certain level as the group members lack vision to think beyond that level. The group members have no guidance to make them perform beyond their potentials and break that mental barrier of performance. This is another area which needs to be tackled to ensure that more and more groups can break the barrier of being micro finance supported institutions to becoming micro enterprises and further. All the stakeholders involved (the administration at all levels, the NGO's, Banks, Universities and other agencies involved) must take initiatives to ensure that they can provide help in grooming the leaders at the grass roots level.

Marketing challenges: The most important challenge out of all the challenges for the Self-help groups despite having a very good product and a good team is the lack of marketing support to ensure that they can make their product available in the market through efficient market linkages. This acts as a major challenge as most of the members lack the marketing expertise to negotiate with the channels in market and take advantage of these linkages to grow their business (Singh, 2012) [15]. According to Kaur and Sachan, 2016 [9], lack of facilities to facilitate transport of final product to end consumers, lack of adequate pricing for the products produced by them and difficulty to take the product to market and ultimate consumers were the major challenges confronting the members of self-help groups. Lack of availability of raw materials, or funds and cost of raw materials was another reason acting as hurdle to growth of SHG's in Punjab (Devi et al, 2018) [4]. These act as the major hindrance to the growth of SHG's as they are not able to reach out to relevant customers and markets for their products. Due to lack of resources it is also difficult for the SHGs to gain access to raw materials and compete with bigger and more established players in the market. Due to lack of marketing resources at their disposal it is very difficult for the SHG's to be able to generate a substantial amount of income for their survival and future growth. Helping them overcome this challenge is the most important and this can be done by educating them about some basic marketing concepts like how to develop a unique selling proposition for their product and how to differentiate their product from the rest of the competing products in the markets.

The above section has clearly discussed that despite all the support by the Punjab Government and other stakeholders, the Self Help groups are still facing a lot of challenges which are impeding their growth. The next section will discuss some of the suggested strategies that can be used to help the Self Help Groups in Punjab overcome these challenges and chart a path of growth for them.

Strategies to Overcome the Challenges: The authors have made an attempt in the following section to identify different strategies that can be adopted by the different stakeholders involved to ensure that they can help the SHG's overcome the challenges and attain a trajectory of growth which can help in the overall socio economic growth and empowerment of the people (especially women folk) of the areas where these initiatives will be undertaken. Some of the effective strategies that can be undertaken to ensure growth of SHGs are:-

Strategies to help overcome financial challenges: The banking sector needs to take the lead in this aspect by ensuring that they are in continuous touch with rural folk and especially with the members of the SHG's to help overcome the trust deficit that is there between the two parties. This will help the bankers to keep a proper track of the credit disbursed and the utilization of the credit issued. On the other side, they will also be able to ensure that the people can get access to all the benefits that they are entitled to either from the side of the Government or from banking sector itself (Kumar & Kavithasri, 2017) ^[10]. The banks need to be more supportive towards the SHG's and increase the frequency of their interactions with the SHG members. This will help them keep a continuous check on financial health of the SHGs and they can help them take remedial measures at appropriate time if they find any problem. The banks need to have separate and qualified banking practitioners who spend more time with these groups. This will allow these professionals to handle these SHGs and problems faced by them in better manner and come out with appropriate banking products to tackle those specific problems (Kaur, 2017) ^[8].

The banks need to help groups by arranging trainings related to income generating activities as this can help them generate income and repay the loans taken and improve their financial condition (Devi, Kumar & Bera, 2018) ^[4]. The banks and other NBFC's and other relevant agencies supporting SHG's must guide them for the insurance coverages they have available for them to ensure against the financial losses they may suffer due to any unforeseen circumstances. Then banks need to educate them properly for credit facilities available for the SHG's to expand their business. Then proper education and guidance needs to be there to ensure that the members do not utilize credit granted to them for purposes other than income generation. These strategies can go a long way in helping the SHG's become financially independent and viable.

Strategies to overcome Psychological, Social challenges:

The government has been taking different steps to overcome these challenges where in most of the cases the mixed groups which include both men and women are not preferred (Binduja, 2014) ^[3]. Also the other social challenges of lack of trust and conflicts etc. among members, to reduce it most of the times it is ensured that people who have a common objective and are from common social and socio-economic background are chosen as members to overcome other social and psychological challenges confronting them. The SHG's have helped women in patriarchal societies in Africa by helping them gain participation at the community level by gaining access to resources and economic opportunities (Alemu, Kempen, & Ruben, 2018) ^[2]. Though patriarchy is a threat to SHG's but it is the membership and success with SHG's only which enables the women to show strength, reduce risks and external threats and helps them overcome the oppression they face (Rai & Devadasan, 2019) ^[14]. The SHG's need to be helped in inculcating a group approach as this will help them sustain over a longer period of time and become a cohesive unit which is very important for sustainable success of a SHG (Devi, Kumar & Bera, 2018) ^[4]. These instances clearly indicate that despite the psychological or social or other challenges the women must be allowed to join SHG's as with the passage of time, they are able to break all these psychological and social barriers and help themselves, their families and the society they are a part of to move forward and grow.

Strategies to overcome Legal challenges: The government needs to come out with strategies to help the SHG's scale up without losing out on the benefits available to the SHG's because in the initial years even though the SHG's would have attained success, but graduating from an SHG to Micro enterprises is a very big step in the journey of any SHG as it requires organizational changes, financial changes, HR changes and other changes to take place, which is not that easy for untrained manpower of the SHG's to be able to cope up with. Some level of hand holding is still required at early stages so as to ensure that even though they graduate to Micro Enterprise levels, some benefits of SHGs can still be made available to them.

Strategies to overcome Education and literacy levels as challenges:

The stakeholders like NGO's and Agricultural Universities and other agencies must help the SHG members enhance their literacy levels as this helps the members raise their confidence levels and they are able to tackle the challenges they face in a more confident and professional manner (Kumar & Kavithasri, 2017) ^[10]. Along with these the Banks also need to ensure that they also provide adequate training by getting more involved with them, doing training needs analysis for the groups by interacting with the group leaders and then arranging proper trainings on those identified areas through subject matter experts (Kaur, 2017) ^[8].

Strategies to overcome lack of Leadership Skills:

To overcome the issue of lack of leadership skills different strategies can be adopted. First of all the leadership positions must be handed over to the different members of the SHG's on a rotational basis, so that all the people in the group are able to develop the leadership skills and if the need arises then all the members are capable of taking up the leadership roles (Kumar & Kavithasri, 2017) ^[10]. This strategy was proposed by another study too which suggested that burden on current crop of leaders must be lessened and more future leaders to be identified and trained so that the group can talk about sustainable level of success (Devi, Kumar & Bera, 2018) ^[4]. The experts must be identified by relevant agencies tasked with the development of SHG's to provide practical oriented training to SHG members so that they can gain the requisite skills to help their groups attain a vision and a direction to move forward and become successful.

Strategies to overcome Marketing Challenges:

The marketing challenges faced by the SHGs are not like the routine marketing challenges faced by the urban marketers. As most of the times the SHGs are catering to rural and semi-urban markets, so they need to make sure that they take care of the 4 A's of marketing which must guide their marketing strategies. Self Help Groups need to focus on producing affordable, available and acceptable products and then need to create awareness for those products among their consumers. But the biggest challenge they face in this is, that most of the stakeholders guiding them either provide them trainings on how to make products, how to acquire skills but very rarely is there is focus on helping them develop market linkages with the intermediaries or through direct channels so that they can make their product available to the consumers beyond their traditional markets (Dhiman & Rani, 2014) ^[5]. The Punjab government has been working very hard to ensure that more and more avenues can be made available to the SHGs to showcase their products to a larger audience groups. The government organized a first Mela of SHG's across Punjab

called Laado for 2 days in 2019, to help highlight the work done by the SHGs and women entrepreneurs of Punjab (First Self Help group mela of Punjab - Laado, 2019). Along with this the supply chain linkages need to be improved so that the SHGs find it easier to get quality and affordable raw materials and make their product available to the intended consumers. The linkages need to be developed depending on the type of income generating activity being pursued by the SHG. The focus needs to be on imparting them marketing skills too along with the technical skills so that they can reach to audience beyond their neighborhoods or traditional melas where they majorly sell their products. The members and their leaders need to be trained in basic marketing concepts and strategies that can be adopted in case they want to be market leaders, or have innovative products, or if they want to expand their business (Gandhi & Udaykumari, 2013). Along with these they need to be trained on using different media to promote their products and practices other than the traditional media like melas, haats, mandis etc. The efforts need to be made by different stakeholders like NGO's, Banks, and other agencies in helping get them linked to organized layers like Big Bazaars, More, Easy Day, etc. For achieving this they also need to be trained for getting gradings done for their products and for affordable and efficient packaging of their goods, so that their products can also be promoted on the online platforms and they also look comparable to the internationally branded products. The governments can also organize monthly markets at different identified locations which are able to cover 3-4 districts to make sure that the SHGs have continuous and sustainable avenues available to them for selling their products (Abraham, 2015). The services of marketing experts of the firms operating in Punjab can be used under the CSR initiatives run by the firms to help the SHG members learn the art of marketing their products in a more professional manner. The SHG members need to be trained to build awareness about their initiatives and use the social media for ensuring that they are able to reach a large audience beyond their geographical boundaries. These efforts to help the SHGs learn marketing skills and provide them innovative and latest channels can help them create awareness as well as provide them with sustainable business linkages for sustainable growth.

Conclusion

The SHG's are slowly and steadily becoming the pillars for rural growth and social and economic empowerment of rural women in Punjab. They are also helping to ensure that the governments and other agencies are able to utilize these groups to empower rural economies to become self-sustainable by generating more and more employment opportunities especially for women folk within the geographical boundaries they are in. These initiatives can go a long way in ensuring that government can also achieve the goals of financial inclusion and strengthening of rural economy if proper avenues and support can be provided to the members of SHG's operating out of these areas. Hence it is very important for all the stakeholders involved in the SHG ecosystem to help find solutions for the different problems faced by the SHG's. The Government of Punjab in collaboration with State Agricultural University, Veterinary University, ICAR and KVK's, Banks, NABARD and other financial institutions etc. are taking a lot of steps to help overcome the different challenges being faced by the SHG's in the state. The strategies suggested in the previous section can play a big role in ensuring that the SHG's can drive the

rural economy of Punjab to greater heights and ensure that the rural population especially the women can achieve greater levels of success.

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