

A Study on the hitches and obstacles faced by Self Help Groups with special reference to Nagpur District: A Micro Study

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Abstract

Self Help Groups are very critical for rural development and women empowerment. But these SHGs are facing many challenges, issues and problems which include marketing, promotion, finance, infrastructure, product quality and facilitator's support. Therefore, various recommendations like provision of adequate and prompt finance along with various marketing and branding activities should be implemented to resolve their glitches. Adequate infrastructural facilities along with training and skill development programmes should also be arranged to improve the working of Self Help Groups leading to the rural development. This study is predicated on both primary and secondary data.

Keywords: *Women Empowerment, Critical, SHG, Rural Development, Facilitator, Infrastructure, Finance, Marketing, Glitches, Skill Development.*

Introduction

There is no dearth of talent in the rural Nagpur as is evident by the number of SHGs formed in rural Nagpur. However there is also no limitation to the issues faced by such groups when it comes to implementation of their programs and application of their skills. Government agencies along with NGOs have been strenuously trying to put these groups into the mainstream by making available micro finances, skill development and training, raw material supply, marketing programs, product procurement, etc.

The Indian micro-finance sector has grown substantially in the past decade. NABARD has estimated that as on March, 31. 2018, there were around 172 lakhs SHGs linked to banks under various micro-finance programmes and credit has been disbursed to them. Around 90 per cent of the total groups linked to banks were exclusively women groups. Out of the total SHGs linked to banks or formal financial institutions, 75 per cent groups are exclusively constituted as per SHG Bank linkage model. Under this model, SHGs

are formed and nurtured by facilitating agencies like the Government and NGOs and are linked directly with banks for the purpose of receiving credit. Y.V.Reddy, the Ex-Governor of RBI viewed that micro finance institutions are very much exploitative and they are as usurious as the money lenders. So in his opinion the activities of micro-financial institutions should be rationalized and regulated. In this regard a policy is formulated to regulate the activities of micro-finance institutions which are placed in Parliament for discussion.

SHGs play a vital role in the rural upliftment in areas like education, health, economy, psychology, sociology, etc. Hence it has become imperative to ascertain the constrictions to which the SHGs are exposed at the ground level.

OBJECTIVES

- The major objectives of the present study are as follows:

1. To identify the problems faced by the SHGs in Nagpur District.
2. To provide appropriate resolutions for successful working of the SHGs.

METHODOLOGY:

For this study the area of focus has been restricted to Nagpur district of Maharashtra. The study is based on both primary and secondary data. The primary data have been collected by using finely organized and established interview schedule. A multi-pronged sampling method is used to extract primary data from the respondents. Ten community Development Blocks of the district are chosen. From each CDB, three Gram Panchayats are selected randomly. From each selected Gram Panchayat, five SHGs are selected which are formed and financed in 2020-21. Response from one leader and one member of each selected SHG is obtained through the elementary schedules. Thus a total of 430 beneficiary

respondents from 250 SHGs are covered in this study. Furthermore information from five non-SHG members in each sample panchayat is elicited for comparative study. The secondary data have been obtained from various published and unpublished reports of the departments such as Directorate of Economics and Statistics, Department of Panchayat Raj and Department of planning and coordination.

DIFFICULTIES ENCOUNTERED WHILE OPERATING SELF-EMPLOYMENT VENTURE

The difficulties faced by SHG beneficiaries while operating self-employment venture are shown in Table-1

Distribution of Sample respondents by Difficulties Encountered while operating self-employment ventures. Difficulty Categories	No. of Sample Respondents	% to Total
Finance	230	53.49
Marketing	120	27.91
Quality of Products	50	11.63
Infrastructure	25	5.81
Support	5	1.16
Total	430	100

Source: Primary Data

The respondents were enquired about the shortcomings they have been experiencing in the implementation of self-employment activities under the developmental programs. The wide classification of the problems is finance, marketing, quality of products, infrastructure and Initiators' support. It is seen from Table 1 that 53.49 per cent experienced problems pertaining

to timely and adequate availability of finance and 27.91 per cent of the total sample respondents perceived marketing as the main problem. While 11.63 per cent of respondents perceive product quality as the main problem in the successful implementation of their self – employment ventures, only 5.81 and 1.16 attributed

infrastructure and lack of support as the problem area respectively.

Problems of finance:

Finance is the lifeline of any business venture. It handles both demand and supply driven issues. It is observed that financial institutions are not adequately making finances available to the SHGs which caters to supply side and SHG beneficiaries are keen to get more finances which is a demand related problem. The non co-operative attitude of the financiers and the lack of faith in SHGs is the core of this problem which has created this situation of inadequate funds. Whatever funds, combining all the sources, have been made available to these groups are exponentially lesser than what is genuinely required by them. Apart from this the subsidies to which these groups are eligible are also not available on time so as to reduce their burden of expenditure. Thereby the SHGs are not able to be self-sufficient. For basing their trusts in these groups the bankers need to know them in and out and have a thorough knowledge about their businesses. However there is complete lack of such knowledge as most of the bankers are outsiders who don't understand even the local dialect of these groups let alone be their style and nature of business. This communication barrier has created a huge divide between what bankers can do for these groups and what is actually being done. On the flip side, financial institutions who are driven by their profit motive are not willing to take risks for the development of the rural parts. They cite various reasons like poor financial management, low returns and weak documentation for limiting the provision of credit. Furthermore it was enquired from the respondents about the approach of the financiers while providing loans. The outcome of this study showed that only 10 percent of the bankers visited the site for inspection and 90 percent neither visited before sanction or after sanction of the loan amount thereby

indicating the disinterest with which the financing activities are carried out in this region. This is a direct indication that SHGs are not being given the due consideration which they rightfully deserve for playing a vital role in nation building.

Problems relating to Product and Quality:

This is yet another major hurdle among SHGs. Lack of proper training has led to production of poor quality products rendering them uncompetitive in local markets. There are shortcomings on all the fronts ranging from product selection, quality of product, production techniques, managerial ability, packing to other technical knowledge. It is found that in Parsodi, Velahari, Shankarpur, and Bokhara Blocks, most of the SHGs are engaged in bags making, mat and broom making in a traditional way. Till date traditional methods are being implemented in agriculture and food processing and modern methods have yet not seen the light of the day in these areas thereby adversely affecting the quality of the products making it impossible to earn sizeable returns jeopardizing the sustainability of these SHGs.

Problem of infrastructure:

This is a most common problem prevalent in rural areas. Due to lack of infrastructures like roads and railways, cold storage, vending zones, SEZ, regulated markets etc., the produce is not taken to the viable markets where the returns could be much higher. All the segments of activities like, agriculture, commercial, livestock, etc are facing stark infrastructure problems forcing them to opt for distress sale to save themselves from losses owing to perishable nature of the produce. Trade & commerce activities and industries have taken a huge hit in rural areas owing to lack of communication, transport and internet facilities.

Problem of Support:

As the villagers are mostly illiterate people and don't know how to get bank loan, maintain records, cash book and ledger they largely depend on officers for getting any sort of work done. However, the officers are not very co-operative with the SHGs. Sometimes the officers are not able to understand the local language which creates a communication gap between the SHG members and high level officials which opens a grey area for middleman to act as a bridge between the government schemes and its beneficiaries resulting in a loss of huge chunk of profits intended for the poor. This problem is found in Dhuti, Kuhi, Shivmadka, Mondha, and Navarmari Blocks.

RECOMMENDATIONS AND PROPOSALS:

Suggestions for upliftment and advancement of the SHGs are laid down hereunder:

1. Dedicated implementation of the finance programs already existing and creation of new ones with suitable relaxations giving an impetus to the SHGs.
2. Provision of upgraded raw material and hi-tech machinery to boost the quality of products along with minimizing costs to make those competitive in all markets
3. Imparting skills at all levels viz basic, intermediate and advanced to make the people of rural areas updated, competent and proficient thereby minimizing the need to relocate from villages to towns for mere sustenance.
4. Strong banking network with energetic and motivated employees to understand the rural environment and its inhabitants so as to propel their welfare and development.
5. Providing sufficient infrastructure to smoothen the process right from manufacturing to management to sales and services. To create connectivity and reach

towards competitive suppliers and providing multiple options for markets to offer sales at lucrative prices. In other words giving options to SHGs rather than making it distressful to make purchases and sales from and to limited people.

6. Ruling political parties should deploy such representatives at these rural areas who have a strong willingness to give service to these people and heed to their grievances and resolve all their issues in a timely manner.

CONCLUSION:

From the above discussion it has become ample clear that SHGs are facing copious problems which can be summarized as finances, product quality and competitiveness, infrastructure, marketing and support. To overcome the abovementioned issues suggestions such as, provision of finances being timely and adequate in nature, availability of upgraded raw material and hi-tech machinery sufficient infrastructure, skill development programs, strong banking network, creation of adequate infrastructure and marketing facilities, political inclination and willingness are recommended to reform and restructure the SHG scenario prevalent in current scenario thereby paving the way for their unhindered and unimpeded growth.

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