

## Examining Self-Help Groups in India: A Review of Challenges and Issues

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### ABSTRACT

Basic purpose of this study is to review the challenges and issues faced by SHGs in India. It was found that SHG's facilitated the members to become self dependent for solving their social & economic problems and enhances the social status of members by virtue of their being members to the group. Self help groups are small informal association of the poor created at the grass root level for the purpose of enabling members to reap economic benefits out of mutual help solidarity and joint responsibility. Self help groups are formed voluntarily by the rural and urban poor to save and contribute to a common fund to be lent to its members as per group decision and for working together for social and economic uplift of their families and community. The SHGs, being a group of like-minded persons, get empowered to solve most of its problems of a non-financial nature such as a raw material and input supply marketing, better adopting the technology, education and training for realization of its objectives for development. Thus, self help groups disburse microcredit to the rural women for the purpose of making them enterprising women and encouraging them to inter into entrepreneurial activities. Credit needs of the rural and urban poor women are fulfilled totally through the SHGs. SHGs enhance equality of status of women as participation, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life.

**KEYWORDS:** SHG'S, NGOs, Women Participation.

### INTRODUCTION

A self-help group is village-based financial intermediary committee usually composed of 10-20 local women or men. A mixed group is generally not preferred. Most self-help groups are located in India, though SHGs can be found in other countries, especially in south Asia and Southeast Asia. Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro-credit. SHGs are novel and innovative organizational setup in India for women upliftment and welfare. All women in India are given chance to join any one of SHGs for training and development, so as to be prospective entrepreneur and skilled worker. The SHGs are promoted by the Government. When the SHGs arrange training facilities to carry out certain kind of work which are suitable for women in India Bank must arrange financial assistance to carry out manufacturing and trading activities arranging marketing facilities.

### OBJECTIVES

- 1) To know about the basics of SHGs in India.
- 2) To find various issues and challenges faced by SHG's in India.

### METHODOLOGY

For this research secondary data is used to know about the SHG's and to find the challenges and issues persist within SHGs in India. Various sources such as online and offline (print) published material such as research papers published in journals, articles and books were used to draw the issues and challenges and to arrive at conclusion.

#### Meaning of SHG

Self Help Groups, also known as mutual help, mutual aid, or support groups are groups of people who provide mutual support for each other. In a self-help group, the members share a common problem, often a common problem, often a common disease or addiction.

### NEED AND IMPORTANCE OF SELF HELP GROUP

1. To mobilize the resources of the individual members for their collective economic development.
2. To uplift the living conditions of the poor.
3. To create a habit of savings, utilization of local resources.
4. To mobilize individual skills for groups interest.
5. To create awareness about right.
6. To assist the members financial at the time of need.
7. Entrepreneurship development.

8. To identify problems, analyzing and finding solutions in the groups.
9. To act as a media for socio – economic development of village.
10. To develop linkage with institution of NGOs.
11. To organize training for skill development.
12. To help in recovery of loans.
13. To gain mutual understanding, develop trust and self-confidence.
14. To build up teamwork.
15. To develop leadership qualities.
16. To use it as an effective delivery channel for rural credit.

### **CHARACTERISTICS OF SHGS**

The important characteristics of self help groups are as follows:

- 1- They usually create a common fund by contributing their small savings on a regular basis.
- 2- The groups evolve a flexible system of operations often with the help of the non-governmental organizations (NGOs) and manage their common pooled resource in a democratic manner.
- 3- Groups consider loan requests in periodical meetings, with competing claims on limited resources being settled by consensus regarding greater needs.
- 4- Loaning is mainly on the basis of mutual need and trust with minimum documentation and without any tangible security.
- 5- The amounts loaned are small, frequent and for short duration.
- 6- Rates of interest vary from group to group depending upon the purpose of loans and are often higher than those of banks but lower than those of moneylenders.
- 7- At periodical meetings, besides collecting money, emerging rural, social and economic issues are discussed.

### **THE FEATURE OF SELF HELP GROUPS**

According to Dsouza the SHGs are basically small informal groups, characterized by voluntary memberships, a democratic and consultative structure of governance, economic participation of members, autonomy, education and training and concerns for the poor. Apart from a number of things, the member do as a group, they pool their savings and lend within the group to meet the credit needs of the members. Creation of a common fund by regular contribution of members and insurance of loan with minimum documents and often without any security are, in fact, the key features of SHGs.

Fund generation in the initial stages may be substantially low in these groups. Such funds though meager, will be supplemented by external resources mainly, loans from banks or grants given by NGOs, which promote them. SHGs offer to members preliminary banking services characterized by cost effectiveness, flexibility and freedom from defaults. Assessment of the credit needs of members is done periodically at group meetings, The claims for credit are settle within the group by consensus, In case of any surplus, the amount is deposited in the bank or post offices, Defaulters are subjected to severe penalties but such occurrences are unusual. There is always peer group pressure on those who avail loans which to a large extent prevent defaults. The influence of the group on members is very powerful because it can put actions against defaulters and monitor the behavior of members in order to forestall default.

### **CHALLENGES OF SHGS**

- 1- It has facilitated the members to become self dependent for solving their social & Economic problems.
- 2- Training of women on certain skill.
- 3- Gathering family support.
- 4- Reducing bad debt of the banks.
- 5- Encourage members of SHG to pay interest.
- 6- Create as are new about say employment opportunities generated by SHGs.
- 7- Close monitoring by banks for SHGs.
- 8- To bypass the money lenders.
- 9- To discourage habit of hoarding by women.

### **CONCLUSION**

1. It has facilitated the members to become self dependent for solving their social & economic problems.
2. Enhancing the social status of members by virtue of their being members to the group.
3. Providing a platform for members for exchange of idea.
4. Developing and encouraging the decision making capacity of members.

5. Instilling in members a sense of strength and confidence which they need for solving their problems.
6. Providing organizational strength to members.
7. Providing literacy and increasing general awareness among members, and
8. Promoting numerically and equipping the poor with basic skills required for understanding monetary transaction.

Thus the SHGs function on the principle of the five p s.

- I. Propagator of voluntarism
- II. Practitioner of mutual help
- III. Provider of timely emergency loan
- IV. Promoter of thrift and savings, and
- V. Purveyor of credit

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