

Self-Help Groups in Uttar Pradesh: Issues and Challenges

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Abstract

Today, the self-help group (S.H.G.) is one of the most critical matters of the twenty-first century. These are primarily designed to empower women in low-income socio-economic areas. In our daily lives, we can see self-help groups are insufficient to empower women since they are small voluntary associations of less than twenty people, either registered or unregistered, preferably from the same and lower socio-economic background. In India, S.H.G. has become the main objective of eradicating poverty and uplifting women. This movement has gained momentum worldwide, especially in India, due to the uncounted emergence of community-based N.G.O. Although, working these community-based N.G.O. is a significant challenge. The study is based purely on secondary sources. This article aims to raise awareness of the problems that S.H.G.s face in Uttar Pradesh and offer solutions.

Key Words: Self-Help Groups, Community Based N.G.O.s, Socio-economic Conditions.

PAPER/ARTICLE INFO

RECEIVED ON: 09/09/2021

ACCEPTED ON: 12/10/2021

Reference to this paper should be made as follows:

Jain, M.K. & Mittal S. (2021), "Self-Help Groups in Uttar Pradesh: Issues and Challenges", *Int. J. of Trade and Commerce-IIARTC*, Vol. 10, No. 2, pp: 308-316

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DOI: 10.46333/ijtc/10/2/9

1. Introduction

We see both formal and informal financial institutions in the Indian financial system. Most banks and legal institutions served only the rich, business people, and industries. On the other hand, the mass population of India, which belongs to the poor and lower-income group, has no choice but to go for the informal financial system. It is because of the lack of documents and paperwork required for collateral securities due to the risks involved in lending. The formal financial system usually provides loans for productive purposes with proper safety. Still, the poor who lack assets and knowledge are far behind in obtaining loans and credit from the formal financial system. Therefore, traditional financial institutions are inaccessible to the largely rural area population. Contrary to this, persons and institutions engaged in the informal economic system provide loans and credit even on a simple guarantee. Still, they charge interest at a very high rate, and the poor are trapped in the indebtedness for a long time.

As a result of the inadequate service provided by formal financial institutions in rural areas and the excessive and ridiculous terms imposed by informal credit, there is a strong need for and ample space for innovative approaches to serving the funding requirements of rural and poor citizens in India.

The most innovative tool to manage the problem, as mentioned earlier, is Self Help Groups (S.H.G.s), which have changed some rural areas, uplifting the lives of the poorest and marginalized persons. As this problem is significant and as a proverb, a lone gram can't bust the oven', this situation cannot be handled alone by a single agency. In the same way 'Drop by drop, the ocean is made' Government, Various financial institutions such as R.B.I., NABARD and Rural Banks and C.B.O.s and N.G.O.s have come forward to help these poor, marginalized people.

In recent years, the Indian government has implemented numerous schemes, including the NFBS (National Family Benefit Scheme), IRDP (Integrated Rural Development Program), JGSY (Jawahar Gram Samridhi Yojana), Food for Work Programme, SGRY (Sampoorna Gramin Rozgar Yojana), MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act), SwarnJayanti Swrojgar Yojna, and Antodya Yojna.

R.B.I. has provided various agencies and frameworks for properly implementing the above schemes. Still, the plan of eradication of poverty could not be performed successfully due to some loopholes in the system.

Therefore, small groups of 20 persons basically in women's leadership join hands, come together with their skills, resources, and talent to improve their lives. This togetherness is called a Self-help Group. These groups establish the relationship among the marginalized to join hands to improve their lives and solve their problems. The government has successfully implemented this system with the help of Community-Based organizations (C.B.O.s) and Non-Government Organizations (N.G.O.s) in achieving various targets. S.H.G.s play the roles of collective banks and enterprises, ensuring better access to low-interest loans for small and micro-enterprises.

With over 1.35 billion people, India is the world's second-most populous country. The 67 percent population still depends on agriculture, and 25 percent lives below the poverty line. The importance of social welfare schemes like S.H.G.s has been more than in any other economic condition. These innovative ideas can eradicate rural poverty and bring the marginal class of households to the mainstream line of the country.

India has introduced its microfinance and microcredit model based on the SHG-Bank linkage model in February 1992 rather than other available models of S.H.G.s the world over. R.B.I. and NABARD issued a proper set of guidelines cards.

Since the launch of this program, numerous studies have justified the inception of the SHG-Bank linkage model to eradicate poverty. Even then, there are some issues and challenges which the S.H.G.s face to bring poor, rural, and marginally households into the mainstream of the economy so that our country may be as prosperous as the developed world.

2. Review of Literature

NABARD (2001) says Microfinance and microcredit are all about small amounts of saving, credit, and counseling regarding all financial matters and products in every nation for poor and marginal households and to enhance their lives.

Reddy and Malik (2011) explained that Microfinance became the most common name among Indian on account of providing different aids to the poor. Self Help Groups (S.H.G.s) and Microfinance became a synonym for poverty eradication in India. The government initiated a program SBLP (S.H.G.-Bank Linkage Programme) in 1992. This program's main objective is to develop a formal financial system in India. A significant part of the population (51.4%) was deprived of formal and informal financial assistance in India, as per NSSO data. This reveals that around 45.9 mm farm households in India (approximately 51.4%), out of the remaining 49.6%, only 27 percent of people were in the net of the formal banking system, which has a vast network of branches. The situation is further worsened in the North Eastern States, Eastern States, and the Central States. According to the study, to promote the SHG-Bank linkage programs, Grameen Banks are far ahead of commercial banks.

Furthermore, most of the loan is being used for milk production, purchase of hybrid buffalo, and goat rearing. The study suggested that banks maintain proper transparency in SHG-Bank Linkage Programme by banks, taking the help of NABARD. That should emerge a common agenda for all S.H.G.s and easy record keeping.

In their study, C.M.A. Roy, T. and C.M.A. Sen, K. (2015) have mentioned that microfinance plays a vital role in the growth of S.H.G.s in India. It activates not only people but empowers them financially and mentally also. The study used the data regarding income, expenditure, and saving of Jammu Region, namely Samba, Jammu, Udhampur, Kathua, Reasi, Ramban, Doda, Rajouri & Poonch of before and after joining the Self-Help Groups. The study revealed that the primary goal to form the S.H.G.s in this field is to attain financial assistance from the N.G.O.s, government, and the banks to enhance their economic status. The result showed that the monthly savings of each family member at the time of entering the group was Rs. 20 to 50, which increased to Rs. 100 to 150 after two years of joining.

Chary, T. S. and Singh M. P. (2015) investigate the need for microfinance among the poor. Microfinance has appeared as the latest source of financing among the poor. It works on the guideline of R.B.I. with the help of S.H.G.s and provides various services like financing, savings, and insurance. These S.H.G.s also offer to counsel for their members. Repeated borrowing is a distinguishing feature of microfinance recipients. When a loan is repaid, the beneficiary is enticed to obtain another loan. After becoming financially weak, the members and the head of the S.H. are unable to decide where to invest, whom to borrow, and the interest rate. The C.B.O. helps its

members to make proper decisions to handle the situation. The study concluded that behavioral microfinance is one of the essential needs of this present time to resolve significant issues so that the members of S.H.G. should not be fallen into a debt trap.

According to Jana, M. M. (2015), microfinance has been known as a cost-effective tool for providing financial assistance to the unapproachable poor. It offers financial aid to rural poor women and strengthens their collective self-help capabilities resulting in their empowerment. The study aims to determine the best banking module for eradicating poverty among the poor. The study revealed that various non-financial aspects, such as Cultural, Educational, Awareness, Legal and Social, are equally important with Economic and Financial factors for empowering poor people. According to the study, microfinance provides easy access to financial services and credit to S.H.G.s formed by rural and poor women to help them overcome financial difficulties. The study also recommends that the newly drafted micro-finance bill 2011 be fully implemented to reduce the gap between women's exclusive savings in banks and S.H.G. savings to 72.57 percent as of March 31st, 2010.

Duttand Samanta (2006) explained that the group tactic is the most successful in the rural micro-finance midst female. Group tactic has sparked a desire to attain the required growth in rural community growth while ignoring the class, caste, and religious hierarchies that cause gender disparities. The study looked into the failure of some S.H.G.s in India that used the DWCRA model, i.e., the Development of Women and Children in Rural Areas model. According to the study, the critical reason for DWCRA's low performance is that females are "targets" of action, and their words are rarely heard. The issue with "self-help" programs for a female is that they problematize the "self," usually in the image of the administrator, rather than the female for whom these programs are designed.

According to Chaudhary V. (2019), the Indian microfinance sector has experienced phenomenal growth in recent years. In India, two models are used to provide microfinance. The SHG-BLM (SHG-Bank Linkage Model) and M.F.I. (Microfinance Institution)-Bank Linkage Model are two. Even though the study mentioned the third model of providing microfinance in India, which is S.H.G.s financed by banks with the help of N.G.O.s as financial intermediaries. NABARD's SHG-BLM model is thought to be the best microfinance model in use in India. According to the study, this program is significant interference in economic enablement and monetary inclusion for the bottommost of the pyramid.

According to Brody et al. (2015), females bear an unevenly part of the global poverty burden because of structural and societal barriers. Women's S.H.G.s are one-way grassroots women's groups, governments, and development agencies have attempted to address these inequalities. This review aims to examine the effects of S.H.G.s with a wide range of collective finance, livelihood, and enterprise components on women's political, economic, psychological, and social empowerment. The study discovered that women's financial self-help groups have statistically substantial positive effects on different dimensions of female empowerment, including social, political, and economic empowerment. Still, there was no statistical evidence of women's S.H.G.s having adverse effects.

Raghunathan, K., Kannan, S., and Quisumbing, A. R. (2018) explained that the role of S.H.G.s is not limited to removing poverty only but enhancing the Nutrition value in the meal of the meal members also. The study was undertaken to understand ways to expand agricultural practices

among female agriculturalists in India. The study looks into whether a platform for women's S.H.G.s could efficiently improve access to farming practices, information, women's empowerment in production, and agriculture diversity. According to the study, membership in an S.H.G. improves women's access to information and participation in some agricultural decisions. Still, it has little impact on farming practices or outcomes, probably due to budgetary restrictions, societal norms, and women's household duties.

3. Objective of the Study

The study's primary goal is to examine the issues and challenges that S.H.G.s face in Uttar Pradesh. The paper also throws light on the following:

- The present state of S.H.G.s in India.
- The current state of S.H.G.s in Uttar Pradesh.
- Issues faced by S.H.G.s in Uttar Pradesh.
- Suggestive measures.

4. Self-Help Groups

SHG (Self Help Group) is a small group. It is an association of 10-20 poor people. These people belong to the same socio-economic background, and the association is purely voluntary. Together, togetherness aims to solve their common problems by working together. The S.H.G. helps small savings in a bank among its members. S.H.G. members have various financial needs and services, including consumer credit, savings, insurance, production credit, and remittance facilities, met through group inter-loans and bank loans. The paperwork is the least when the group members provide loans. The group member paid the old loan and went for another loan if required regularly. The period of the loan is concise. S.H.G. charges a nominal interest rate on loans provided to its members. The S.H.G. members meet and save periodically for future growth. All transactions are recorded and maintained correctly. After completing six months of working, S.H.G. becomes eligible to take a loan from the bank to start new ventures. In each S.H.G., members will elect a President, A secretary, and a Treasurer democratically. The main goal of this program is to collectively develop the women's capacity and empower them to deal with the socio-economic aspects of their lives.

In India, Microfinance, Microcredit, and Microenterprises are the three basic concepts of S.H.G.s. Since 1992, when NABARD and R.B.I. issued guidelines, most studies focused on Microfinance. Contrary to this, Microcredit and Microenterprises are a new phenomenon in the framework of S.H.G.s.

4.1 Self Help Group in India

In 1972, S.H.G.s originated in India with the foundation of the SEWA (Self-Employed Women's Association). Previous to that, there had been small efforts at self-organization. For example, in 1954, the T.L.A. (Textile Labour Association), Ahmedabad established a female wing to train females from the families working in mills to skill them in knitting, sewing, etc. SEWA was founded by Ela Bhatt, who organized self-employed and poor female workers in the unorganized sector, such as potters, weavers, hawkers, and others, to increase their incomes. In the year 1992, NABARD established the S.H.G. Bank Linkage Project. Nowadays, it is the world's largest micro-finance project. Since 1993, the Reserve Bank of India and NABARD have allowed S.H.G.s to open

savings accounts with banks. In 1999, the GoI launched the SJGSY (Swarn Jayanti Gram Swarozgar Yojana) to encourage self-employment in rural parts by establishing and skilling such small groups. In 2011, SJGSY renamed the National Rural Livelihoods Mission (NRLM).

4.2 Self Help Group in Uttar Pradesh

In Uttar Pradesh, the S.H.G. movement begins with economic empowerment for women, which includes their judicial, legal, and social rights and entitlements. Uttar Pradesh is one of the most naturally rich states in terms of natural resources; despite that poverty rate in UP has one of the highest rates in the country. Around 40% of households fall below the poverty line in UP, whereas the national average is 26%. Backwardness and poverty of females in UP are so severe that they must be addressed on priority. On account of poverty, female and kids are the most sufferers. Female literacy rates in UP have consistently been reasonably poor than the literacy rate of males. Animal farming, agriculture, fishery, mining, forestry, quarrying, plantations, and allied activities account for up to 54 percent of all female workers in the unorganized primary sector. Household industries employ nearly 10% of female workers, while other sectors of the economy employ 12% of female workers. Even though women make up a hefty proportion of the labor force, their unpaid economic activities and contributions to the domestic sector go primarily unreported and unacknowledged. At the same time, the self-help movement in the state like Orissa has directly influenced the goal of female empowerment. However, a lot remains to be done in terms of the overall improvement of females in the current circumstances. We have to thank Reena Mahanand, national winner of the city group micro-enterprise award from a self-help group in Sambalpur, for the positive change in the air. It is observed that microfinance has become one of the fastest-growing and the most promising interventions taking the issues of women's empowerment and helping poverty reduction in UP over the last five years. N.G.O.s (Non-Governmental Organizations) pioneered this drive in the mid-1990s. Since then, the government has supported existing S.H.G.s and developed new ones to give the S.H.G. (Self Help Group) movement a boost in the UP.

5. Prominent SHGs in Uttar Pradesh

Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP)

Rajiv Gandhi Mahila Vikas Pariyojana works for women's empowerment, rural development, and poverty reduction in Uttar Pradesh.

In Uttar Pradesh, RGMVP is a rights-based organization dedicated to poverty reduction, women's empowerment, and rural development. RGMVP organizes women from poor rural backgrounds into community organizations to form the S.H.G.s. In each S.H.G., there are ten to twenty women. They work with a dedication to the poor's strong desire and intrinsic potential to remove poverty. S.H.G.s are social platforms that help people gain access to their rights and entitlements while addressing concerns including financial inclusion, healthcare, livelihood, education, and environmental protection. As of June 2020, 1.5 million poor households are benefited from RGMVP. They belong to 292 blocks across 48 districts in some of the world's poorest regions. "The underprivileged have a strong desire and intrinsic aptitude to escape poverty," RGMVP thinks. Its goal is to bring disadvantaged rural women together to form community institutions that

promote financial inclusion, health care, education, livelihood enhancement, and environmental protection.

Khwaja Garib Nawaj Prabodhini Mahila SHG

Under the WSHG scheme, Mahila Prabodhini Foundation (MPF), Mirzapur created Khwaja Garib Nawaj Prabodhini Mahila SHG, which has ten members. For these members, M.P.F. organized a 10-day skill development training under LEDP with grant assistance of Rs.5 lakh. A visit to several manufacturing units in Jaunpur and Bhadohi was managed. A refresher course in product design has also been scheduled. Aside from several sorts of training, the group was given hands-on assistance with product production and marketing. They purchase the raw materials from the local market; N.G.O. established tie-ups with different carpet-related industries. On the contrary, they sold the finished items directly to various firms/outlets due to the S.H.G. members. Allahabad UPGB has provided a loan of Rs. 0.50 lakh.

Pragati S.H.G.,

Arpit Gramudyog Sansthan trained eleven women from Pragati S.H.G. at Synd Rseti Baghpat to manufacture the candle. For this purpose, they receive a grant of Rs.1 lakh from NABARD and Rs.2.25 lakh from RSETI. To provide the experience to raw material markets, field trips to Delhi and Meerut were also scheduled. S.H.G. members set up stalls at the village level during the holiday seasons of Dussehra, Diwali, and Navratras. Another marketing tactic used by the members was word-of-mouth advertisement. Members also used their products to participate in all banker's programs, Prerna divas, and block-level programs. The Syndicate Bank granted the group a credit ceiling of Rs. 0.50 lakh in August 2016 and May 2018.

6. Issues and Problems

6.1 Lack of Knowledge among members: Government and other officials have been doing a lot of measures to make the public aware of the benefits of the different schemes run by the Central and State Government even than a large group of Indian populations being lived in rural and backward areas are still unaware of the systems.

6.2 Lack of Training Infrastructure: The SHGS are run in India in rural and financially backward areas where people are still illiterate. They cannot make proper decisions regarding product selection, quality of products, production techniques, managerial ability, packing, and technical knowledge. In India, appropriate and adequate training infrastructure is still not developed.

6.3 Problems of Materials: S.H.G.s do their business in a small-scale format. These S.H.G.s purchase raw materials in smaller quantities from different suppliers individually. So S.H.G.s are unaware of the benefits of large-scale purchases like discounts, credit facilities, etc. Without financial assistance, S.H.G.s could not procure raw materials in bulk quantities and store materials properly. Every time they have to bargain for the rate with the different suppliers, there is no commitment to supply raw materials in the future. All these cause the high cost of raw materials.

6.4 Marketing problems: Almost all the S.H.G.s are either manufacturing or trading articles. As they faced difficulties in procuring goods, they have also faced different issues in marketing

the goods manufactured by them. S.H.G.s faces problems of procuring orders, lack of advertisement, no brand name, improper packing of manufactured goods, quality of production, and issue of distribution channel.

6.5 The problem of Unity: These S.H.G.s are more or less controlled by women from rural and economically backward areas of the society. Most of them are rarely educated. In many cases, it is observed that they could not join the group after marriage due to the change of their residence. Moreover, their rural and economically backwardness could not allow them to remain united.

6.6 The problem of Exploitation: Society has noticed that assets accumulated with influential persons. S.H.G.s are not the exception. Some members make a strong group inside S.H.G. and try to acquire a significant part of the profit in the group. In this act, they exploit the illiterate members of the group.

6.7 Problem financial Management: The S.H.G.s members came from rural and economically backward societies. They do not know the business strategies. In most cases, they used the borrowed money for personal purposes like children's education, marriage, construction of the house, etc.

7. Measures to overcome the Problems Faced by S.H.G.s

Following ideas are suggested to overcome the problems faced by S.H.G.s:

7.1 Knowledge and training: It is the first and foremost responsibility of Central and State Government and Local administration to provide complete training. It should also offer all types of knowledge of 'what to manufacture, how to manufacture and where and how to sell' so that even illiterate members of the group may learn.

7.2 Raw Material: Without material, nothing can be produced. The problem of raw material is not only the problem of S.H.G.s but of large industries also in India. Local Authorities can cater to the need of raw material of S.H.G.s, as S.H.G.s are formed under their administration. They (L.A.) are well worse with the requirement of S.H.G.s in their areas.

7.3 Marketing: To address the different issues surrounding the marketing of S.H.G.s, local and state-level organizations should expand their operations across the state rather than focusing on a single region. S.H.G.s should be given unique stalls at various fairs held throughout the state. Gram panchayats can organize a cooperative society at the local level. This society should do S.H.G. marketing under a single brand name.

7.4 Unity: Local Administration, with the help of N.G.O.s, can significantly play a role in empowering women and other members by providing primary education, motivation training, financial aid, etc. It will not only unite the members but also help them to make proper financial decisions.

7.5 Exploitation: However, education and information are the only solutions to this dilemma. Every member may not be of the same caliber or have the same experience level. The group's inefficient members should be identified and given appropriate training to help them become competent. Rural Development Department officials and local gram panchayats can hold periodic awareness camps for this purpose.

7.6 Financial Management: Finally, financial institutions may make arrangements to offer adequate financial assistance to S.H.G.s only based on their actual performance, with no discrimination based on caste, politics, or other factors. Financial organizations should also pay close attention to how money is used for beneficial reasons.

8. Conclusion

It can be said that S.H.G.s is evolving as a powerful tool to empower rural and economically backward people in India. In many examples, S.H.G.s have positively impacted the socio-economic conditions of their members by increasing income, saving, and self-confidence. Self-Help Groups in India have brought rural and economically weaker women into the stream-line. Now she (Women S.H.G.s Members) serves the nation as a businesswoman. Through Self-Help Groups are micro institutions, their impact on the economy is macro.

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