



Socio-Economics Issues and Challenges of Self-Help Groups in Uttar Pradesh:

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Abstract: Today the Self-help group has become one of the most important concerns of 21st century. These are practically meant for women empowerment in backward socio-economic areas. We observe in our day-to-day life that Self-help Groups are not resulting alone to empower the women as these are small voluntary association of less than twenty people either registered or unregistered preferably from the same and backward socio-economic background. In India, SHGs have become the main objectives to eradicate poverty and upliftment of women. This movement has gain momentum world over especially in India due to uncounted emergence of Community Based NGOs. Although, the working of these Community Based NGOs, is major challenge. The study is based on purely from secondary sources. The main objective of this paper is to enlighten the problems confronted by SHG in Uttar Pradesh and to provide suggestions to overcome the problems.

Key Words: Self-Help Groups, Community Based NGOs, Socio-economic Conditions.

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I. INTRODUCTION

We see both formal and informal financial institutions in Indian financial system. Most of the bank and formal institutions served only the rich, businessmen and industries. On the other hand, the mass population of India which belong from the poor and lower-income group have no choice but to go for informal financial system and this is on account of lack of documents and paper work required for collateral securities due to risks involved in lending. The formal financial system usually provide loan for productive purpose with proper safety, but the poor who are lack of assets and knowledge are far behind to obtain loan and credit from the formal financial system. Therefore, the formal financial institutions are inaccessible for the large population of rural area. Contrary to this, persons and institutions engaged in informal financial system provide loan and credit even on simple guarantee, but they charge interest at a very high rate and the poor are trap in the indebt-ness for a long time.

Therefore, this inadequate service of formal financial institutions in rural area and the excessive and ridiculous terms enforced by informal credit make a way for a strong need and ample space for innovative approaches to serve the financial supports of the rural and poor citizens in India.

The most innovative tool to manage above mentioned problem is Self Help Groups (SHGs), which have changed some scenario in the rural areas, uplifting the lives of the poorest and marginalized persons. As this problem is big 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 RBI, NABARD and Rural Banks and CBOs and NGOs have come forward to help these poor and marginalised people.

Government of India has come out with many schemes in the last many years such as Integrated Rural Development Programme (IRDP), National Family Benefit Scheme (NFBS), Jawahar Gram Samridhi Yojana (JGSY), Food for Work Programme, Sampoorna Gramin Rozgar Yojana (SGRY) Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Swarn Jayanti Swrojgar Yojna and Antodya Yojna.

RBI has provided various agency and framework for the proper implementation of the above schemes, but 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 the leadership of woman join hand, come together with their skills, resources and talent to improve their lives. This togetherness is called Self-help Group. These groups establish the relationship among the marginalized to join hands to improve their lives and sort out their problems. This system has been successfully implemented by the government with the help of Community

Based Organisation (CBOs) and Non-Government Organizations (NGOs) in achieving various targets. SHG performs the role of collective banks and enterprises and ensure better access to loans with a lower rate of interest to start or micro unit enterprises.

India being the second most populated country of the world with a population of more than 1.35 billion. The 67 percent population still depend on agricultural and 25 percent population live below poverty line. The importance of social welfare scheme like SHGs has been more than in any other economic condition as these innovative ideas can be able to eradicate rural poverty and bring marginally class of households in the main stream 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 SHGs world over. A proper set of guidelines were issued by RBI and NABARD.

Since the launched of this programme uncounted studies have been done and justified the inception of SHG-Bank linkage model in eradication of poverty. Even than there are some issues and challenges which are faced by the SHGs to bring poor, rural and marginally households in the main stream of economy, so that, our country may be as prosper as the developed world.

II. REVIEW OF LITERATURE

NABARD (2001) says Micro finance and microcredit is all about of small amount of saving, credit and counselling regarding all financial matters and products in every area of the nation for poor and marginally households also to enhance their lives.

Reddy, A. A., and Malik, D. P. (2011), explained that Microfinance became the most common name among Indian on account of providing different aids to the poor. Self Help Groups (SHGs) and Microfinance became synonym for the poverty eradication in India. Government initiated a programme named 'SHG-Bank Linkage Programme (SBLP)' in 1992. The main object of this programme is to develop formal financial system in India. A major part of the population (51.4%) was deprived of formal and informal financial assistance in India as per NSSO data. reveal that 45.9 million farm households in the country (51.4%), out of the remaining 49.6% only 27 percent people were in the net of formal banking system which has a wide network of branches. The situation is further worse in the North Eastern States, Eastern States and Central States of the country. The study revealed that the Grameen Banks are far ahead of commercial banks in promoting SHG-Bank linkage program. Moreover, most of the loan is utilized for milk production, goat rearing and for purchasing hybrid buffalo. The study suggested that proper transparency should be maintained in SHG-Bank Linkage Programme by banks, with the help of NABARD, which should evolve a common checklist for all SHGs with very simple record keeping.

CMA Roy, T. and CMA Sen, K. (2015), has clearly mentioned in their study that Micro-finance is playing a key role in the growth of SHGs in India. It activates not only people but empowered them financially and mentally also. The study used the data regarding income, expenditure and saving of people of Jammu Region namely Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Rajouri & Poonch of before and after joining the Self-Help Groups. The study revealed that the main object of forming the SHGs in this area is to acquire financial assistance from the government, NGOs, and the banks to improve their economic status. The result showed that the monthly savings per member at the time of joining 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), investigates the need of Micro-finance among poor. Microfinance has appeared as the latest source of financing among the poorest of poor. It works on the guideline of RBI with the help of SHGs and provides various services like financing, savings and insurance. These SHGs also offer counselling for their members. The distinctive feature among the beneficiaries of Microfinance is repeated borrowing. Once a loan is repaid, the beneficiary is lured to a further loan. Being financially weak, the members and the head of the SHG is unable to take proper decision regarding where to invest, whom to borrow and what will be the rate of interest. The CBO helps their members to take proper decisions to handle the situation. The study concluded that behavioural microfinance is one of the most important need of this present time to resolve big issues so that the members of SHG should not be fallen into debt trap.

Jana, M. M. (2015), stated that Micro-finance has been known as a cost-effective tool for providing financial assistance to the unapproachable poor offering not only meeting the financial help of rural poor women but also strengthening the collective self-help capabilities of the poor leading to their empowerment. The objective of the study is to know the best banking module to eradicate poverty of 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 aspects for empowering poor people. The study concluded that Micro-finance ensures easy access in financial services and credit to SHGs formed by rural and poor women to overcome their financial problems. The study also suggests that the newly drafted micro-finance bill 2011

should be exhaustively implemented to reduce the gap of women exclusive saving in banks of 72.57% of SHGs savings as on 31st March, 2010.

Dutt, K. L. and Samanta, G. (2006), explained that the group approach is the most successful approach in rural micro-finance among women. It has inspired the propensity to attain the desirable growth in rural community development without recognizing the caste, class and religious hierarchies that lead to diversities among women. The study examined the failure of some SHGs which used the Development of Women and Children in Rural Areas (DWCRA) experience in India. The study concluded that the primary reason for the poor performance of DWCRA is that women are 'targets' of action and their voices are rarely heard. The problem with 'self-help' schemes for women is the way they problematise the 'self', mostly in the mould of the bureaucrat's own image, rather than the women for whom these schemes are made.

Chaudhary, V. (2019), states that the Indian Microfinance Sector has supposed an unbelievable growth over the earlier few years. Two models are used in India to provide Micro-finance. These are SHG-Bank Linkage Model (SHG-BLM) and Microfinance Institution (MFI)-Bank Linkage Model. Although the study also mentioned the third model of providing Micro-finance in India and that is SHGs financed by banks using NGOs as financial intermediaries. The SHG-BLM established by NABARD is supposed the best model of micro finance used in India. The study conclude that this Programme is a strong intervention in economic enablement and financial inclusion for the bottom of the pyramid.

Brody, C. and at. el. (2015), explained that women bear an unequal share of the burden of poverty globally due to societal and structural barriers. One way that governments, development agencies, and grassroots women's groups have tried to address these inequalities is through women's SHGs. This review focuses on the impacts of SHGs with a broad range of collective finance, enterprise, and livelihood components on women's political, economic, social, and psychological empowerment. The study found that women's economic SHGs have positive statistically significant effects on various dimensions of women's empowerment, including economic, social and political empowerment but there was no statistical evidence of adverse effects of women's SHGs.

Raghunathan, K., Kannan, S. and Quisumbing, A. R. (2018), explained that the role of Self-Help Groups is not limited to eradicate poverty only but to improve the Nutrition value in the meal of the members also. The study was undertaken to understand ways to improve agricultural practices among women farmers in India. The study investigates whether a women's self-help group platform could be an effective way of improving access to information, women's empowerment in agriculture, agricultural practices, and production diversity. The study found that that participation in an SHG increases women's access to information and their participation in some agricultural decisions, but has limited impact on agricultural practices or outcomes, possibly due to financial constraints, social norms, and women's domestic responsibilities.

OBJECTIVE OF THE STUDY

The main objective of the study is to analyse the issues and challenges faced by SHG in Uttar Pradesh. The paper also throws light on the following:

- The present state of SHGs in India.
- The present state of SHGs in Uttar Pradesh.
- Issues faced by SHGs in Uttar Pradesh.
- Suggestive measures.

SELF-HELP GROUPS

Self Help Group (SHG) is a small group. It is an association of 10-20 poor people. These people belong to same socio-economic background and the association is purely based on voluntary basis. The purpose of togetherness is to solve their common problems through mutual help in the group basis. The SHG promotes small savings with a bank among its members. There are different types of financial needs and services, viz. savings, consumption credit, production credit, insurance and remittance facilities of SHG member which are met through inter loaning in the group and bank loan. The paper work is the least when the group members provide loan to each other. The member of the group paid old loan and go for another loan if required on regular basis. The period of loan is very short. SHG charges nominal rate of interest on the loan provided to its members. The SHG members meet and save regularly for the future growth. All transactions are recorded and maintained properly. After the successful completion of six month working, SHG becomes eligible to take loan from bank to start new ventures. In each SHG members will elect democratically among themselves a President, A secretary and a Treasurer. The key focus of this program is to develop the capacity of the women collectively 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 SHGs. Since 1992, when NABARD and RBI issued guideline, most of the studies focussed on Microfinance. Contrary to this, Microcredit and Microenterprises ai an new phenomenon in the context of SHGs.

SELF HELP GROUP IN INDIA

The origin of SHGs in India can be traced back to the establishment of the Self-Employed Women's Association (SEWA) in 1972. Even before, there were small efforts at self-organising. For example, in 1954, the Textile Labour Association (TLA) of Ahmedabad formed its women's wing in order to train the women belonging to families of mill workers in skills such as sewing, knitting, etc. **Ela Bhatt**, who formed SEWA, organised poor and self-employed women workers such as weavers, potters, hawkers, and others in the unorganised sector, with the objective of enhancing their incomes. NABARD, in 1992, formed the SHG Bank Linkage Project, which is today the world's largest microfinance project. From 1993 onwards, NABARD, along with the Reserve Bank of India, allowed SHGs to open savings bank accounts in banks. The Swarn Jayanti Gram Swarozgar Yojana was introduced in 1999 by GOI with the intention of promoting self-employment in rural areas through formation and skilling of such groups. This evolved into the National Rural Livelihoods Mission (NRLM) in 2011.

SELF HELP GROUP IN UTTAR PRADESH

The SHG movement in Uttar Pradesh begins with economic empowerment of women including their legal, judicial and social rights and entitlements. Despite being one of the most naturally endowed states in terms of natural resources, Uttar Pradesh has one of the highest incidences of poverty in the country with 40% households below the poverty line compared to all India average of 26%. Poverty and backwardness of women in the state are so huge in proportions that need redressal. Women and children suffer more on account of poverty. Female literacy rate in the State has consistently been lower than that of the males. The un-organised primary sector, which includes agriculture, animal husbandry, fishery, forestry, mining and quarrying, plantations and allied activities absorbs as much as 54% of the total female workers. Nearly 10% of the female workers are engaged in household industries, and other sectors of the economy provide employment to 12% of female workers. Though women constitute an important segment of the labour force, the unpaid economic activities of women and their contribution in the domestic sector remain unreported and go largely unrecognised. While the self-help movement in Orissa has been a direct consequence of the goal towards empowerment, under the present circumstances, a lot remains to be achieved in terms of overall improvement of women's lot. There are winds of positive change blowing like Reena Mahanand from a SHG in Sambalpur is the National Winner of City Group micro-enterprise award. In Uttar Pradesh, micro-Finance has emerged over the last five years as one of the fastest growing and most promising interventions addressing the issues of women's empowerment and poverty reduction. While NGOs (Non-Government Organisations) pioneered this movement in the mid-nineties, the Government, realising its potential, has since then come forward to strengthen the existing SHGs and developing new ones in order to give the SHG (Self Help Group) movement a boost in the state.

PROMINENT SHGs IN UTTAR PRADESH

Rajiv Gandhi Mahila Vikas Pariyojana

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

RGMVP is a rights-based organisation working for poverty reduction, women's empowerment and rural development in Uttar Pradesh. With a commitment to the poor's strong desire and innate ability to overcome poverty, RGMVP organises poor rural women into community organisations in the form of Self-Help Groups (SHGs), each with ten to twenty women. SHGs are social platforms to access rights and entitlements, and address issues of financial inclusion, livelihood, healthcare, education, and the environment. As of June 2018, RGMVP has reached out to over 1.5 million poor households in 292 blocks of 48 districts in some of the most backward and poverty-stricken regions. RGMVP believes that "the poor have a strong desire and innate ability to overcome poverty". It aims to organise poor rural women into community institutions and promotes financial inclusion, health-care, livelihood enhancement, education and environment.

Khwaja Garib NawajPrabodhini Mahila SHG

Khwaja Garib NawajPrabodhini Mahila SHG comprising of 10 members was promoted by Mahila Prabodhini Foundation (MPF), Mirzapur in 2014 under WSHG scheme. A 10 days' training on skill development under LEDP involving grant assistance of Rs.5 lakh was organised for 10 members of Khwaja Garib NawajPrabodhini Mahila by MPF. An exposure visit to various production units in Bhadohi and Jaunpur was taken up. A refresher training on designing the product had also been arranged. Apart from various types of training, the group was provided with hand holding support for production and marketing of product. Raw materials were procured locally and NGO had tie-up arrangement with several agencies in the carpet industry. Due to the awareness among the SHG members, they were able to directly sell the finished product to various firms/outlets. A loan of Rs.0.50 lakh was received from Allahabad UPGB.

Pragati SHG,

11 women members of Pragati SHG were trained in candle making by Arpit Gramudyog Sansthan at Synderi Baghat with a grant assistance of Rs.1 lakh from NABARD for the group and Rs.2.25 lakh to RSETI. Field visits at Delhi and Meerut were arranged to provide exposure to the markets where raw materials are available. Village level stalls were arranged during the festive season of Dussehra, Diwali and Navratras by the SHG members. Word of mouth publicity was another marketing strategy adopted by the members. Members also participated in all the Bankers programmes, Prerna divas, Block Level programmes with their products. The group was sanctioned a credit limit of Rs.0.50 lakh each in August 2016 and in May 2018 by the Syndicate Bank.

ISSUES AND PROBLEMS

- 1. Lack of Knowledge among Members:** Government and other officials have been doing a lot of measure to make public aware about 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 area are still unaware of the schemes.
- 2. Lack of Training Infrastructure:** The SHGs are run in India in rural and financially backward area where people are still illiterate. They are not in a situation to take 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.
- 3. Problems of Materials:** SHGs do their business in small scale format. These SHGs purchase raw materials in smaller quantities from different suppliers individually. So SHGs are not aware of the benefits of large-scale purchase like discount, credit facilities etc. Being lack of financial assistance SHGs 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 as there is no commitment of supply of raw materials in future also. All these causes high cost of raw materials.
- 4. Problems of Marketing:** Almost, all the SHGs are either in the manufacturing or trading of articles. As they faced problems in procuring goods, they have also faced different problems in marketing of the goods manufactured by them. SHGs faces problem of procuring orders, lack of advertisement, no brand name, improper packing of manufactured goods, quality of production and problem of distribution channel.
- 5. Problem of Unity:** These SHGs are more or less controlled by women, who came from rural and economically backward area of the society. Most of them are rarely educated. In many cases it has been observed that after marriage, they could not join with the group due to the change of their residence. Moreover, their rural and economically backwardness could not allow them to remain united.
- 6. Problem of Exploitation:** It has been noticed in the society that assets accumulated with powerful persons. SHGs are not the exception, some members make a strong group in side SHG and try to earn a lion's share out of the profit of the group. In this act they exploit the illiterate members of the group.
- 7. Problem of Financial Management:** The SHGs members came from rural and economically backward area of the society. They do not know the business strategies. In most of the cases they used the borrowed money in personal purposes like children education, marriage and construction of house etc.

Measures to overcome the Problems Faced by SHGs: The following suggestions are presented to overcome the problems faced by SHGs:

- 1. Knowledge and Training:** first of all, it is the first and foremost responsibility of Central and State Government as well as Local Administration to provide complete training and provide all types of knowledge of 'what to manufacture, how to manufacture and where and how to sell' in such a manner that even illiterate members of the group may learn.
- 2. Raw Material:** Without material, nothing can be produced. Problem of raw material is not only the problem of SHGs but of large industries also in India. Local Authorities can cater the need of raw material of SHGs, as SHGs are formed under their administration. They (LA) are well worse with the requirement of SHGs in their areas.
- 3. Marketing:** In order to solve the various problems relating to marketing of SHGs, the state and local level organisations should extend the activities throughout the state instead of limiting its operations in a particular area. Special stalls should be allotted to SHGs in different fair organised in the state. At local level gram panchayat can form a co-operative society. This society should do marketing activities for SHGs under a common brand name.
- 4. Unity:** Local Administration with the help of NGOs can significantly play a role in empowering women and other members by providing basic education, motivation training, and financial help and so on. This will not only unite the members but also help them to take proper financial decisions.

5. **Exploitation:** although, education and knowledge are the lone solution to this problem. Every member may not have the same calibre and expertise. The inefficient members of the group should be marked and proper training should be given to them in order to make them competent. For this purpose, frequent awareness camps can be organised by the Rural Development department authorities and local gram panchayat
6. **Financial Management:** Lastly, arrangements may be made by the financial institutions for providing adequate financial assistance to the SHGs strictly on the basis of their actual performance without any discrimination of caste, politics etc. The financial institutions should also be watchful towards the proper use of money in the productive use.

III. CONCLUSION

It can be said that SHGs are evolving as powerful tool to empower people who are rural and economically backward in India. In many examples, SHGs have impacted positively in improving 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 SHGs Members) is serving the nation as a businesswoman. Though, Self-Help Groups are micro institutions, but their impact on economy is macro.

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