



Challenges of SHGs: A study on SHGs members of Barpeta district of Assam.

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Abstract

This study has been conducted to see the challenges faced by SHGs under NRLM in Barpeta District of Assam. Microfinance mechanisms were implemented to provide various microfinance services to the rural poor for their socio-economic development. But despite of having the microfinance services, the socio-economic condition of the rural population of the country have not changed upto the expected level. Still, almost 25.70 percent rural populations in the country have been living below poverty line (Economic Survey, 2017-18). So, the study has been design to analyse the key factors responsible for slow development of socio-economic condition of rural poor especially women of rural areas of our country. Hence, the main objective of this paper is to study the problems faced by the members of SHGs under NRLM in Barpeta District of Assam. The study is both descriptive and empirical in nature and both primary and secondary sources of data has been used. The primary data has been collected from the respondents of the study area through schedule and the secondary data has collected from secondary sources. The SPSS statistical tool has used to analyze the data collected from the study area. This empirical study focuses on different problems faced by SHG members. The study has found that lack of cooperation among the members of the SHG group, high rate of interest charged by NRLM on the loan borrowed, problems of repay the interest as well as the principal amount, irregular support from government and other regulatory agencies, lack of formal education, Lack of proper training and skill development programmes, domestic work load, etc., are the major problem faced by the members of SHGs under NRLM in study area.

Keywords: Microfinance, Microfinance Services, SHGs, Women, Challenges, etc.

1. Introduction

Women are crucial in nation's development, ranging locally and globally (Kumawat & Bansal, 2018). Therefore, the development of the socio-economic status of women is important for the overall development of the nation (Sarania, 2015). Microfinance is the appropriate mechanism to bring these economic and social changes among the women folk of our society. Microfinance is crucial for poverty eradication and social unity, as it ensures easy access for vulnerable groups, promoting inclusive growth (Sharma et al., 2017). Microfinance empowers poor and fights poverty through Self Help Groups, transforming vulnerable women's lives and reducing

their dependency on men (Vasantha, 2014).

Microfinance is providing various microfinance services to needy rural poor through its various models for bring socio-economic development among them. Among the various models Self-Help Groups is the most popular and useful model. Self-Help Groups (SHGs) are small associations of village people, ideally from the same socio-economic background, working together to solve common problems and support financial status. Typically, SHGs have 20 members, primarily women, and help them participate in family affairs and society (Vinodhini & Vajjyanthi, 2016). Self-help groups aim to bring personal and social-economic change for members and society through

face-to-face interaction and enhancing personal identity through values and ideologies (Chandrashekar & Lokesh, 2009). Though, Self Help Groups are various microfinance services, the socio-economic condition of the rural population of the country have not changed upto the expected level. Still, almost 25.70 percent rural populations in the country have been living below poverty line (Economic Survey, 2017-18). Thus, the study has been design to analyse the key factors responsible for slow development of socio-economic condition of rural poor especially women of rural areas of our country.

2. Review of literatures

Vasantha, S. (2014) has found that SHG members face challenges like lack of support, inadequate finance, skill, poor entrepreneurial support, and personal barriers. Further, the author suggests setting up of training centers and conducting training programs to improve capacity, capabilities, professional and entrepreneurial skills of SHG members, which will help them engage in income generation activities and also argues that training programs will boost their confidence, positive attitude bring and develop entrepreneurial skills and knowledge towards dealing with various problems.

Singh, R. & Dewangan, R. (2016) has identified family constraints, social taboo, lack of conveyance facilities, indifferent attitude of bankers, defaulters in family, lack of awareness, lack of training and capacity building, lack of adequate marketing facilities, etc. as the major challenges of SHG members.

Sharma et al., (2017) in their study has mentioned that, conflict among members was noted as the most common problem faced by SHG members, followed by lack of knowledge about books of accounts, inability to grasp market trends, and lack of family support. The authors suggested various measures like conducting behavioral training, counselling, training of SHG members on how to maintain ledger books, establishment of cooperative local markets in rural areas etc.

Prathap, B. N. et al., (2018) in their study have mentioned that MFIs have faced various problems in financing the rural poor people such as, not access to microfinance services by the poor, inadequate capital, gap in the demand and supply of micro credit and savings, lack of knowledge, marketing, low profitability, high transaction cost, problem of documentary evidence and collaterals, problems of repayment, etc.

Saikia, B. & Rajkonwar, A. B., (2019) has

identified various problems of rural women self help groups such as lack of finance, household poverty, low market rate, lack of education, lack of communication network, etc. The authors has suggested that, the BDO, DRDA agencies, panchayats office and government should take necessary steps to provide financial assistance and conduct motivational and leadership training programmes to improve their skills.

Baruah, et al., (2022) in their study it has found that short period for repayment of loan is the most common problem faced by the microfinance borrowers, followed by not clear about the interest rate and credit expenditure on family crisis. Further, the authors also suggested to conduct awareness programs for various microfinance products, training programs for skill development, reducing loan interest rates to encourage and attract new customers, make family members especially husband as co-applicants for trouble-free use of loans made as payment.

3. Objectives of the study

Based on the above literature review, it has been observed that, SHGs faces many difficulties while dealing with micro finance activities. Hence, the main objective of this paper is to study the problems faced by the members of SHGs under NRLM in Barpeta District of Assam.

4. Research methodology

The methodology adopted for this study includes both primary and secondary sources of data. The study is both descriptive and empirical in nature. The primary data has been collected from the respondents of the study area through schedule and the secondary data has collected from secondary sources, i.e., from Books, Newspaper, Magazine, E-resources etc. The area for the study is chosen as Barpeta District of Assam and Simple Random Sampling Method has been followed to collect the data. The population for the study will be the members of SHGs formed under NRLM in Barpeta District of Assam. As reported by NRLM official approximately there are 1,32,340 members are associated with SHGs in Barpeta district. The sample size considered for the study is 200 SHG members which is calculated by using both qualitative and quantitative methods. The data has analyzed through descriptive statistics like mean, correlation, tabulation, etc. Both nominal and ordinal scale has been used to measure the data (5-point rating scale is used). The SPSS statistical tool also used to analyze the data.

5. Discussion

Table 1: Demographic Profile

Age		
Particulars	Frequency	Percentage
18-25 Years	26	13%
25-35 Years	68	34%
35-50 Years	72	36%
Above 50 Years	34	17%
Total	200	100%
Caste		
General	32	16%
OBC	51	25.50%
SC	82	41%
ST	35	17.50%
Total	200	100%
Marital Status		
Unmarried	14	7%
Married	176	88%
Divorcee	3	1.50%
Widow	7	3.50%
Total	200	100%
Types of Family		
Nuclear	61	30.50%
Joint	139	69.50%
Total	200	100%
Economic Status		
APL	52	26%
BPL	148	74%
Total	200	100%
Educational Qualification		
Illiterate	9	4.50%
Primary	145	72.50%
Secondary	22	11%
Higher Secondary	18	9%
Under Graduate	6	3%
Post Graduate	0	0%
Total	200	100%

* OBC= Other Backward Caste, SC= Schedule Caste, ST= Schedule Tribe, APL= Above Poverty Line, BPL= Below Poverty Line

Source: Field study

The demographic profile of the respondents is presented in table 1 and it has been observed that the majority of the respondents are in the age group of 35 to 50 years. It is also found that majority of them belong to Scheduled Castes and most of them are married. Furthermore, the table also shows that, the vast

majority of the respondents in the study area live below the poverty line and come from joint families. Analyzing the educational qualifications of the respondents shows that, since they lived in rural areas, they are educationally backward.

Table 2: Reason for Joining SHG

Variables	Mean	SD
To develop entrepreneurial skills	3.90	.788
To become self-dependent/independent	4.10	1.021
For personality development	2.95	1.050
To exhibits own talent	2.95	.759
To pass idle time	1.80	.616
To increase income	4.05	.759
To increase saving habit	4.15	.745
To improve status in the family	3.35	.671
To improve status in the society	3.00	.649
To support family financially	4.30	.657
To obtain microfinance services	3.85	.671
To join various training & skill development programmes	2.35	.745
To participate in community development activities	2.05	.759
To gain financial literacy to perform bank related activities	4.15	.745
Influenced by family and friends	3.00	.725

* 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree

Source: Field study

Table 2, shows that, to become self-dependent/independent, to increase income, to increase saving habit, to support family financially and to gain financial literacy to perform bank related activities are the most influencing factor behind joining SHG by the members of the study area. The table also reveal that, factors

like, to pass idle time, to participate in community development activities, to join various training & skill development programmes, to exhibits own talent and personality development are the least significant factors behind joining SHG by the members.

Table 3: Problems faced by Members

Variables	Mean	SD
Lack of co-operation among the members	4.05	1.099
Conflicts in the group among the members	1.65	.587
Group meeting	4.05	.887
Limited amount of loan	3.70	1.081
Loan is not sanction on time	3.85	.988
High rate of interest charged	4.10	.718

Re-payment of loan	3.50	1.147
Lack of support from regulatory agency	4.05	1.146
Absence of useful training programmes	3.65	.988
Lack of marketing skills	3.85	.745
Lack of formal education to take up responsibilities	4.15	.718
Lack of confidence	3.45	.999
Domestic work load of members	4.05	.686
Unwillingness/support of family	2.65	.933
Mind setup of the society	3.20	.616

* 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree

Source: Field study

The table 3 revealed that, lack of co-operation among the members, group meeting, high rate of interest charged, lack of support from regulatory agency, lack of formal education to take up responsibilities and domestic work load of members are the major problems faced by the SHG members in the study area.

6. Findings

The major findings of the study are:

1. From the demographic profile, it has been observed that majority of the women are from the age group of 35-50 years of age and mostly they are married and some are widow.
2. Most of them belongs to below poverty line and their literacy rate is limited to only primary education.
3. Majority of the respondents are belonged to SC community followed by OBC, General and ST community.
4. Most of the women of the study are belongs to joint family.
5. It is found that the women have join SHGs to become self-dependent/independent. Increase their income and saving habit is also the factors responsible for joining SHGs by the respondents, they also want to support their family financially like the male members of the family. Further it also found that they have join SHGs to gain financial literacy to perform bank related works.
6. It has been observed from the table 3 that, majority of the members of SHGs state that lack of cooperation among the members of the SHG group is one of the drawbacks for proper implementation of plans for financial inclusion. The interest charged by NRLM on the loan

borrowed to SHG members is very high, the members are facing problems to repay the interest as well as the principal amount of the loan. They have also stated that, due to irregular support from government and other regulatory agencies, they were not able to grow as desired. Another very interesting finding is that the members agrees that their lack of formal education is one of the hindrances in their progress, which can be eliminated with proper training and skill development programmes. As we have considered women members of SHGs for this study, it has also been observed that, due to their household works they were overloaded with domestic and professional works.

7. Conclusion and suggestions

Despite substantial efforts by government and other regulatory agencies to uplift the financial condition of the poor in India, the impact is still very low. This study has been done in a remote area of Assam i.e., Barpeta district. Where forty women SHG members under NRLM were selected for the study. Though they have many aspirations like improving standard of living, gaining financial literacy, to support their families etc., because of lack of proper education and training, they are unable to reap the benefit. They also stated that there are some irregularities in sanctioning of loan in time etc. Even though the financial situation of the women SHG members are improving but the rate is very slow. If the regulatory bodies take active initiation for training and development of the members and group cohesion exists, the SHGs can perform better in near future.

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