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# Inherent Problems in SHG Formation in Rural Punjab – An Exploratory Study

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**Abstract**---The interface between the banks and the rural women oriented Self Help Groups in Punjab has been to assist the women, the National Bank for Agriculture and Rural Development (NABARD) is helping promotes the SHG Bank Linkage Programme which has facilitated the as well formation saving linkage of around 50,000 and credit linkage of 31,300 SHGs in Punjab. Women members of self help groups are being deterred by a series of problems that create hurdles in their attainment of success. The concept of SHGs in Punjab for women empowerment needs to evolve much more. Hence, efforts are required by members to prepare them to take decisions indecently and inculcate exemplary and sustainable leadership traits that would enable them to face various hurdles in their quest for obtaining financial inclusion as well as socio-economic empowerment.

**Keywords**---SHG formation, rural Punjab, socio-economic, financial.

## Introduction

Microfinance has been envisaged to be one of the most effective programmes for reducing poverty in rural Punjab. Most people in the rural areas have the needs for of loans to help them in setting up income generating activities. The micro finance programme in India is principally based on banks and a handful of other institutions working at the district and national levels. SHG bank linkage programme is prominently concerned with banks largely because banks are the major source of disbursing loans to the priority sector. The interface between the banks and the rural women oriented Self Help Groups in Punjab has been to assist the women, the National Bank for Agriculture and Rural Development (NABARD) is helping promotes the SHG Bank Linkage Programme which has

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facilitated the as well formation saving linkage of around 50,000 and credit linkage of 31,300 SHGs in Punjab.

NABARD has taken on the highly responsible task of facilitating the SHGs to avail institutionalized credit for a number of economic activities, impart skills and help them stand on their own two feet. According to UNDP reports (2004) while 67 per cent of all the work contributing to the household sustenance is done by women only 10 per cent is reflected as earned by them and contributed towards the global income. In India 50 per cent of the total population constitutes women and yet the enumerated recognized and acknowledged women workers constitute only 16 per cent of the total population (Sunder et al., 2001). Self Help Groups (SHGs) could and have been envisioned as playing a vital role especially in developing micro entrepreneurs among the women in the rural areas. The objective of forming an SHG is that a number of beneficiaries are engaged collectively in fruitful enterprise.

In Punjab most of the rural women continue to live in ignorance and poverty. They have unexplored potential and individuality. They have an urge to participate in various income generating activities through their Self Help Groups (SHGs). The socio-economic environment, in which they live in, forces them to face a number of problems, however, as such that even after formation the SHGs cannot be stable for long from the early stage of their joining the Self Help Groups (SHGs) to the entire process of their involvement in such activities. In this context the present paper is aimed at highlighting the problems faced by the rural women members of self-help groups (SHGs) in carrying out the SHG activities in Ghanaur Block of Patiala district in Punjab.

### **Research Methodology**

The main objective of the present study is to analyze the various problems and challenges faced by bank managers in Punjab while they were dealing with the Self Help Groups (SHGs). The mixed method approach has been used to obtain quantitative and qualitative data from the samples population of Ghanaur block of Patiala District in Punjab.

### **Review of Literature**

Poornima and Ramanaiah (2019) in their study identified that no stable price for the products manufactured, lack of practical knowledge and marketing problems are the prominent problems faced by SHG Entrepreneurs.

Priyanka Kumawat and Vishakha Bansal (2018) in their study ascertained that inadequate training facilities, problems in marketing the products, poor support from financial institutions etc. are the problems faced by SHG members.

Vinodha Devi (2017) in her study identified that scarcity of raw materials for production, followed by shortage of power, insufficient finance for promoting and running an enterprise etc. are the problems faced by women entrepreneurs.

Swami Doss and Manjula Devi (2013) in their study identified that heavy competition, inadequate marketing strategy, shortage of raw materials and shortage of finance are the problems faced by SHG members.

Sandhu (2013) discussed the problems being faced by Self Help Groups in Ludhiana and Amritsar districts. Their study revealed that SHGs were formed for a variety of purposes and by a variety of people in Punjab. The study focused on SHGs formed by rural people with the objective of improving their livelihoods through collective savings and investments in income-generating activities. The study found that SHGs faced a number of problems like limited credit; non repayment of loans by members, difficulty in formation, high turnover of members and also the information regarding the new schemes and incentives by the government to be dispersed through these groups slowly.

### **The microfinance and microenterprises route**

Mr. Brahm Mohindra, Local Bodies Minister (2021) in a press statement informed that at present out of the total 6200 SHGs formed by the department only 400 are active. Brahm Mohindra (2021) added that the SHGs have been formed under the Punjab Urban Livelihood Mission by the Department of Local Government. He said that after a period of three months of formation the department give them Rs. 10,000 per SHG as Revolving Fund for inter lending purpose. He said that the SHGs were situated at various locations in Punjab.

There are many women and NGOs engaged in transforming the lives of micro-enterprises established by rural women through self-help groups. The unemployed rural women are now earning between Rs 5,000 and Rs 20,000 per month on the basis of their having initiated micro-enterprises with the help of their bank linkages. Various inputs in terms of training, raw material, standardization product development sales and distribution has contributed to their success stories.

Deepika Sindhwani, President, Mahila Kalyan Samiti (NGO), said, “We sought help from NIIFT for phulkari (design and colour combination). These women are now earning anywhere between Rs 10,000 and Rs 15,000”. Deepika is working in Mohali and Fatehgarh Sahib district as an entrepreneur.

Kumawat Priyanka and Bansal Vishakha (2018) in “A Study on Problems Faced by SHG Members in carryout the SHG Activities” reported that women were “facing problem in joining of the self-help group in terms of information support and technical support”. The financial support for the running group was sustained by the women who were enthusiastic to join an SHG. Those who were not enthusiastic enough were probably due to lack of appropriate assistance. They felt idle and ill-informed. Hence the women perceived several major problems. The current study looks into the working of the Self Help Groups and the position of their members.

## Research Findings and Discussion

An attempt has been made by the researcher to determine the activities performed by women towards self-empowerment through self-help group. The major problems are listed as:

### Most problems faced by Self Help Groups (SHGs) in rural Punjab:

- Rampant ignorance among members of SHGs regarding their formation
- Inadequate training on aspects of life skills and inherent talents
- Problems related with procurement of raw materials
- Exploitation of resources by the stronger members
- Poor knowledge of financial management
- Lack of information on banking and financial institutions
- Poor linkage with the marketing agencies
- Absence of standardization of products
- Poor packing and display skills
- Absence of quality checks on products made with traditional technology
- Poor market awareness for purchase of raw material and sale of finished goods
- Absence of supportive and reliable channels of distribution for marketing tie-ups.

The major problems reported by the SHGs survey are depicted in Table 1. The responses have been calculated to be for more than one parameter therefore causing a major overlap.

Table 1  
Problems faced by Self Help Group members in carrying out SHG activities

Sr. No.	Problems	% age
1	Inadequate training facilities	23
2	Problems in marketing of products	55
3	Non cooperative attitude of the financial institutions	5
4	Lack of confidence	15
5	Lack of technical knowledge	43
6	Non-cooperation of family members	8
7	Inadequate support from governmental for empowerment activities	13
8	Lack of skill training to engage in any micro or small scale business	4
9	Lack of guidance for group formation	1
10	Problem in maintenance of register due to illiteracy	10
11	Ignorance about activities of the SHG	1
12	Lack of stability and unity among different SHGs	31
13	Lack of qualified resource personnel	7
14	Lack of managerial skills	21
15	Problem in opening SHG account	13

16	Members leave SHG in between	65
17	Lack of knowledge about maintaining the registers	12
18	Lack of knowledge about government schemes	14
19	Problem in repayment of loan	2
20	Conflict among the SHG members	18

Source: Compiled by researcher

Most of the group members were dissatisfied by the inadequate training facilities lack of technical knowledge, problem in maintenance of register due to illiteracy, ignorance about activities of the SHG lack of stability and unity especially because of constant conflict due to personal inadequacies of the women. Other problems were due to lack of qualified resource personnel, lack of managerial skills, members who tend to leave the SHG in between, lack of knowledge about government schemes and bickering constantly leading to conflict among the SHG members. The maximum problems assessed were due to infighting among the SHGs. "Most of the women members were always dissatisfied. They always distrust the proposals put forth by the members. There is no trust. How can the SHG remain stable?" (Ekta SHGs)

"Many times we have changed members returned savings added members but this is not good for the stability of the group. Why should only few members suffer because of others" (Pritlehar SHGs).

### **Discussion on Results and Research Findings**

The authors have made an attempt to identify the strategies to be adopted to ensure that SHG's can overcome the overall difficulties and promote the socio-economic growth and empowerment of the women. The results have been corroborated with the help of earlier studies conducted in the field on similar parameters.

The banks need to help groups by arranging trainings and consequent financial support related to income generating activities to help them generate income and repay the loans taken as also improve their financial condition (Devi, Kumar and Bera, 2018). The banks and other relevant agencies supporting SHG's must guide them for the insurance coverages they have available for them to ensure against the financial losses they may suffer due to any unforeseen circumstances banks need to educate them properly for credit facilities available for the SHG's to expand their business. There is need for proper education and guidance to ensure that the SHG members do not utilize the credit granted to them for any other purposes than income generation by the setting up of their micro-enterprises.

Most of the SHGs members complained that they felt helpless where if came to the marketing of their products. Imparting marketing skills to reach audiences beyond their neighborhoods or traditional melas where they majorly sell their products is desired by most of the SHG members. The members and their leaders are required to be trained in basic marketing concepts and strategies that can be adopted in case they want to be market leaders or have innovative products or even if they want to expand their business (Gandhi and Uday Kumari, 2013).

They need to be trained on the use of different media to promote their products and practices other than the traditional media like meals, haats, mandis etc. These efforts are required to be made by different stakeholders like NGO's Banks. It is proposed that services of marketing experts in Punjab should be used under the CSR initiatives to help the SHG members in a professional manner. "We had one institution that sent its students to look at our products and then design a website to showcase them. We are very excited as we know nothing about this and want to see what kind of results we will get from this first time venture" (Guru Har Rai SHG).

SHGs are the real pathfinders in the life of rural Indian women (Kumar 2005). A Self-help group consists of like-minded people coming together who are affected by a particular issue, experience, disadvantage and discrimination (Arjun and Pangannavar, 2015) and yet the formation and sustenance of SHGs has proven to be a challenge in Punjab. The SHGs interviewed in the self-help group is a village-based financial intermediary committee usually composed of 10-20 local women.

"Our group was large having 18 members. There was fighting always and many of the women never understood the idea of empowerment. Illiteracy has been a major curse. Now we are just members and things are being managed easily (Mata Gujri SHGs)

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. Overall empowerment of women is a manifestation of their economic empowerment. Socially these Self-help groups are enabled in a manner that they can participate most actively in the health, sanitation, nutrition, agriculture, forestry etc around them (Kaur et al. 2011).

"Inter Loaning is very good. We women do not have to ask the men for small amounts. Now we can easily borrow from SHGs and repay back in easy installments. I am doing this regularly.

Self-help groups in Punjab are, however, still a long way from attaining such esoteric goals. They are still to garner their powers for the upliftment of rural farmers and farmwomen so as to enable them to raise their income levels and also improve their standard of living. When examining rural development as the instrument of rural empowerment the Self-help group were recognized to be the informal associations of rural poor women, voluntarily working on their own economic, social and political development. The Self-help group is the "appropriate approach to empower the rural poor women who are the paradigm of rural empowerment via rural development through eradication of rural poverty in particular and the all sided-sustainable-development of the country in general" (Pangannavar, 2015).

SHGs have been "successful in improving living conditions of women" (Uma 2012), thereby helping in alleviating poverty besides women empowerment. However, Murugan and Begum (2008) found social and cultural barriers as a prominent "formidable block for the development of women entrepreneurs." While

the SHGs in India are over two decades old their advent in Punjab and overall sustenance is imperative to evaluate the impact of SHGs.

The Self Help Groups of the Ghanaur block of Patiala district were taken as the study area to understand the inherent problems faced by women who had opted to join the self help groups. Secondary data was also consulted especially regarding the Women Self-Help Groups formed by NABARD and various agencies. The groups registered before 2010 were identified with the help of the anganwari workers of the four villages Kallomajra, Jhansla, Fatehpur and Thua.

The year of formation of the SHGs was kept consistent to bring uniformity in assessing the sustainability period. A sample of 20 SHGs and their members was selected. Not more than 4-5 SHG members from one Self Help Group were taken up. The office bearers and members of these groups were interviewed in-depth after determining their age, education and organizational membership. The data regarding empowerment status was gathered on the basis of Focus Group Discussion (FGDs). Data was collected personally through in-depth interview method and analyzed quantitatively and qualitatively to interpret the results.

Economic empowerment has been recognized as the vehicle to determine choices, the power to control their own lives within and outside their homes and their ability to influence the direction of social change in their lives, their community and their habitat. The current study is supported by the work of several other scholars in the field. The study conducted by Thangamani and Muthuselvi (2013) showed the SHGs to have greater impact on both economic and social aspects of the members and their families. Anita and Revenkar (2007) concluded that SHGs not only improved the economic status of women but also brought about several changes in their own and their family's social status. Devi and Narasaiah (2017) found that SHGs helped women in economic development, empowerment and self-reliance.

The observations also showed that the office bearers of the SHGs were the major pushing force in working on income generating activities. Women empowerment being the key to socio-economic development makes the SHG movement a dynamic and multi-dimensional process. The SHGs has proven to be a powerful vehicle of socio-economic development of rural women as it accelerates changes in income, occupation, social participation, spending and decision-making on several family and community issues besides providing leverage for overall development (Bansode et al., 2013).

The memberships and sustenance of the Self-help groups is the most vital instrument in participatory development and women empowerment processes. Educational attainment is the single most prominent aspect to determine the empowerment status of the SHG members and other women associated with them. It can be concluded that leadership role among the SHG members in Punjab is taken up by the younger more educated women. The office bearers are themselves undertaking income generating activities. This was being resented against by most of the other SHG members and increasing friction in the cohesion of the SHG. In depth interviews with members of the SHGs brought out the following problems faced by them in the order given:

- Inadequate support from agency providing facilitation, insufficient innovative training opportunities to enhance skills, lack of guidance from promoting agency to plan future projects.
- Lack of unity among members.
- Lack of mutual trust.
- Lack of communication regarding group activities.
- Conflicts arising during decision making process.
- Discouragement of the members by the family to join the groups.
- Non-cooperation of the family to attend training outstations.
- Male dominance due to patriarchal mind set.

## Conclusions

Women members of self help groups are being deterred by a series of problems that create hurdles in their attainment of success. The concept of SHGs in Punjab for women empowerment needs to evolve much more. Family problems like non-cooperation of the family in the SHG member's desire to attend trainings at outstation locations male dominance restricting the members to limited participation of women in self help group activities and overall discouraging of the younger women amidst social taboos and restrictions to undertake entrepreneurship. The apparent economic prosperity of the rich agricultural State of Punjab has not translated to its women folk. Their situation during the study indicated that women are still not independent and continue to be under the control of father in childhood, her husband after marriage and her son in old age as seen in the villages. Bankers too need to trust SHG's office bearers and their members and help them set up their micro-enterprises individually or collectively.

There is a great need for refining group characteristics and realigning group objectives to ensure the furtherance of the effectiveness of SHGs in translating rural women into a more powerful section of the society. Hence, efforts are required by members to prepare them to take decisions indecently and inculcate exemplary and sustainable leadership traits that would enable them to face various hurdles in their quest for obtaining financial inclusion as well as socio-economic empowerment.

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