



Why Many SHGs Fail to Find Success

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Abstract

Self-help groups (SHGs) have become a significant development tool in South Asia, with the Indian government's National Rural Livelihood Mission accelerating their growth. However, in SHGs, the Development of Women and Children in Rural Area scheme faces challenges due to its inability to coordinate, communicate, and address issues beyond caste and class boundaries. Factors like lack of market links, social and cultural factors, and restrictions on women's economic activities also contribute to SHG failure. To ensure their success, SHGs must overcome significant obstacles and various challenges.

Keywords: SHG, Rural, Challenges, Lack, Government, Growth

Acronyms

SHG; Self Help Groups

NRLM: National Rural Livelihood Mission

DRDA: District Rural Development Authority

DWCRA: Development of Women and Children in Rural Areas

Self-help groups (SHGs) are groups which are made up of 8–20 women who participate in loan and saving activities, have taken over the development scene, especially in South Asia. Since 2011, the National Rural Livelihood Mission (NRLM), an initiative of the Indian central government, has acted as a catalyst for the growth of SHGs. The goal of NRLM is to enrol one woman from each low-income home in a SHG. The program mobilized up to 60 million women in close to 6 million SHGs by May 2019. The Indian government, NGOs, and funding organizations have increasingly pushed to "deliver development" through SHGs by layering theme interventions upon basic loan and saving operations. This has been done by expanding the SHG model.

Governments and funders are drawn to using SHGs as venues for development programs for a variety of reasons. Increased efficiency and cost-effectiveness if information is sent to groups rather than individuals are promised. Additionally, "economies of scope" have the potential to allow development organizations to deliver a number of programs using a single intervention platform (Gugerty *et al.*, 2019: 133). SHGs with substantial social capital stocks have been observed acting collectively to seek public goods. Consider socioeconomic variables, including wealth levels, caste, and gender standards, as well as social capital such as reciprocity and trust norms. This article offers greater understanding of the dynamics of 'layering' additional programming atop SHGs core lending and saving activities, which is crucial as the NRLM program intends to increase these efforts over the next ten years (Mitra *et al.*, 2020).



The Development of Women and Children in Rural Area (DWCRA) scheme, examined the reasons behind the failure of self-help groups (SHGs). The analysis is based on information from the District Rural Development Authority (DRDA), local statistics, available census materials, interviews with government officials in charge of carrying out the program, and, most importantly, with the rural women who are the program's purported beneficiaries.

Limited levels of literacy, limited purchasing power, poor health, low participation rates in the formal economy, and low levels of empowerment in the family and society are the key characteristics of rural women's marginalisation. However, despite the fact that Indian society is characterised by numerous hierarchies, development interventions are simple to operationalize because women are typically viewed as a homogenous group or set of groups. An overemphasis on the group fails to recognise the numerous limitations faced by poor rural women in particular circumstances and cannot guarantee their success across the board in all rural environments. As a matter of fact, it has been argued (Pretes, 2002) that the entire focus on microfinancing rural development has now changed to "micro-credit" from aid or assistance such as the giving of start-up cash.

Hidden obstacles of SHGs

SHGs are not functioning properly, and most groups are experiencing a fall in membership. The administrators were made aware of some studies suggesting that women appear to find group volunteering to be substantially less enticing.

- Younger women in groups performed fewer scheduled tasks like housekeeping production compared to older women. Lack of money placed restrictions on the operational organizations, which affected their ability to market their products.
- Six categories can be used to classify the issues that have caused SHGs to close: production and technology, organization, raw materials, infrastructure, finance and capital flow, and marketing.
- The group members' inability to coordinate and communicate with one another was more to blame for the failure.
- The challenges of contact between members beyond their caste and class boundaries were mentioned as grounds for failure.

Case Study of group's unsuccessful journey

Locality Name: Vellamadam

Block Name: Thovala

District: Kanyakumari

State: Tamil Nadu

Vellampadam SHG: started in 1994, was one of the best SHGs groups in the beginning. This co-operation and unity among the members of this group was a model worth emulating. After bank linkage, members started getting loans ranging from Rs 1000 to Rs 5000. Loans were taken mainly for productive purposes. However, in course of time, a few of them defaulted payment of instalments. When other members and group leaders started pestering them, they even kept away from the group meetings. It is found, in general, that when a member makes default in repayment and other members feel that the default was wilful, they also withhold repayment. The other members lost confidence in the group and withdrew their membership. At present, the group is inactive, meetings are not held and records are not maintained. The President and the Secretary are unable to maintain the earlier tempo of activities. We feel that the members are yet to conceptualise the goal behind the SHG strategy and become aware of the returns other than material benefits that they would be able to get in course of time.

- Due to the leader's lack of transparency in the account book, which gave the impression that he was trying to cheat, groups broke out because of a lack of confidence.
- The leader, who kept track of income and expenses, acted in such secrecy that miscommunication on loan repayments eventually caused the group to dissolve.
- The group ran into difficulties since the team leader had not gotten much more education than the other team members.
- The issue of religious diversity among rural women was another element that contributed to the breakdown of the group.
- The main cause of failure is also a lack of communication and information flow within the group.
- Another issue that many SHGs have is a lack of market links. Even if SHG members are able to launch a microbusiness with success, they could have trouble finding clients for their goods or services. This might result in monetary losses and, ultimately, corporate failure.
- Last but not least, social and cultural variables may also be responsible for SHG failure. For instance, in some areas, women may not be permitted to engage in economic activities or may experience difficulties obtaining credit, which can hinder the effectiveness of SHGs that place a strong emphasis on empowering women.

Overall, SHGs do confront considerable obstacles that must be overcome to assure their success, even if they have the potential to be an effective instrument for empowering underprivileged groups.

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