

The Challenges Faced by Self-Help Groups (SHGs) for Sustainable Development in Karnataka

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ABSTRACT

Self Help Groups and Microfinance are the vital tools for poverty eradication. A group of 4 to 20 members can form a self-help group as per NABARD. They develop a habit of savings. The amount so collected is used for disbursement of loan. Those who do not have formal banking facilities can avail these loans for self-employment and livelihood. The self-help group and microfinance is for those who do not have access to formal credit facilities such as banks or co-operative societies. Self-help groups become the basis for action and change. It is facing social, economic, political and marketing problems. This study focuses on those problems and gives suggestions. Self-help groups disburses small loans to the rural and urban poor for the purpose of making them self-reliant and encouraging them to enter in to the mainstream of economic activities. Access to microfinance enhances the position of women and others. Ultimately results in financial inclusion.

Keywords: Self-help groups, Microfinance, Savings, Women Empowerment, Economic Independence, Sustainable Development.

INTRODUCTION

Self Help Groups (SHGs) play a crucial role in promoting financial inclusion and empowering women, particularly in rural areas. An SHG typically consists of 4 to 20 members from the same locality or village who unite to address common social and economic challenges. These groups help in poverty alleviation through the collective mobilization of financial resources via regular individual savings. The funds collected are used to provide loans among members, promoting self-employment and financial independence. However, awareness about SHGs is relatively low in rural areas. Compared to urban regions, rural populations face several limitations in accessing basic resources such as education, financial assistance, transportation, training facilities, and up-to-date information. Despite these challenges, rural individuals often possess hidden talents that, if properly guided, can significantly contribute to personal and community development.

The Government and NGOs to step in and provide necessary support such as financial education, marketing knowledge, and training in income-generating activities. Organizations like NABARD and various NGOs conduct skill development programs to enhance the abilities of SHG members. Even so, SHG members continue to face multiple issues, including poor infrastructure, lack of market exposure, and inadequate support systems. This research aims to analyze such problems and offers practical suggestions to help overcome these barriers.

Self-Help groups have greater importance, which is considered as the most necessary tool to adopt participatory approach for the social, economical, marketing and financial improvement of SHG members. This study focuses on social problems, personal problems and financial problems of SHG members. These problems are hurdles for financial inclusion, poverty eradication and sustainable development.

LITERATURE REVIEW

Sarita Takur (2021) At the grass-root level the microfinance scheme is being implemented through commercial banks, co-operative banks, co-operative societies and regional rural

banks with government agencies. The findings of the study revealed that microfinance can contribute to poverty eradication.

Shijina. A. S and P.Ezreth (2019) The study emphasize that SHGs are the financial measure for the illiterate and ensures social commitment to its members.

Somasekar K (2017) The study has noted that SHGs play a vital role to earn livelihood. However, the microfinance programmes confront many challenges. These need immediate remedial measures with regard to financial inclusion.

Jun Goto (2016) The impact of self-help group programmes: Experimental and survey evidence from South India. The result of the study of SHGs by a foreign scholar shows that group members who are rich are very likely to be benefited economically. In the case of poor members asset creation and consumption needs are taking out poverty through self-help group model of microfinance.

Karmakar (2008) Reported various expert studies that Self Help Groups and microfinance have indeed helped in the social and economic empowerment of rural women at the same time delivering important financial services.

Dogra (2005) Studied Self Help Groups in Saharanpur district of Uttar Pradesh found Self Help Groups are successful in breaking the stronghold of private money lenders, and families do not go to private money lenders as forced labour and need not mortgage land or valuables as a result of SHG intervention.

OBJECTIVES OF THE STUDY

1. To study the self-help groups in rural areas.
2. To study the socio-economic characteristics of the respondents.
3. To find out the challenges faced by members of self-help groups.
4. To give suggestions to overcome those problems.

SCOPE OF THE STUDY

The study is restricted to the Doddabelavangala Hobli, Doddaballapur Taluk of Bangalore Rural District in Karnataka. The sample is selected in the study area. Since the study focuses on the problems faced by the members of Self- Help groups only those aspects related to SHG members were collected, analyzed and interpreted.

RESEARCH METHODOLOGY

The present research work is carried out in the Doddabelavangala Hobli, Doddaballapur Taluk of Bangalore Rural District in Karnataka. Primary data is collected through questionnaire. Analysis is made using tables and percentages. Statistical tools like chi-square test, ratios, and hypothesis were used for interpretation and to give suggestions.

The survey has been carried out in Doddabelavangala Hobli, Doddaballapur Taluk of Bangalore Rural District in Karnataka state. It covers 170 respondents in the study area. The sample size is 170 respondents from 20 self-help groups.

HYPOTHESIS OF THE STUDY

1. H1: There is significant relationship between the Age and Personal problems of respondents.
2. H2: There is significant relationship between the Loan availed and Social problems of respondents.
3. H3: There is significant relationship between the Marital status and Marketing problems of the respondents
4. H4: There is significant relationship between the Motivation and Financial problems of the respondents.

DATA ANALYSIS

For the purpose of study the primary data were collected through the questionnaire. Secondary data is collected through articles, journals containing questions relating to problems faced by members of SHGs.

Table-1: Gender of the Respondents

Sl. No.	Gender	No. of Respondents	Percentage
1	Male	43	25.3
2	Female	127	74.7
	Total	170	100

Interpretation: The table reveals that out of total respondents taken for the study, 25.3% of the respondents are the male members 74.7% of the respondents are female members.

Table-2: Age of Respondents

Sl. No.	Age	No. of Respondents	Percentage
1	25-30	69	40.4
2	31-35	57	33.3
3	36-40	25	14.9
4	Above 41	19	11.4
	Total	170	100

Interpretation: Table 2 represents the age wise respondents. Among the respondent 40.4% belongs to the age of 25-30, 33.3% belongs to the age of 31-35, 14.9% belongs to the age of 36-40, 11.4% belongs to the age of above 41 and above.

Table-3: Marital Status of Respondents

Sl. No.	Marital Status	No. of Respondents	Percentage
1	Married	93	54.4
2	Unmarried	33	19.3
3	Divorced	25	14.9
4	Widow	19	11.4
	Total	170	100

Interpretation: The table 3 represents that the marital status of respondents, 54.4% represents the married respondents, 19.3% represents un-married respondents, 14.9% represents divorced respondents and 11.4% represents widow respondents.

Table-4: Motivation of Respondents

Sl. No.	Motivation	No. of Respondents	Percentage
1	NGO	52	30.7
2	Members in the group	63	36.8
3	Government Agency	18	10.5
4	Neighbours and friends	37	22.0
	Total	170	100

Interpretation: The table 4 shows motivation of members, 30.7% of respondents says NGO, 36.8% of respondents says members in the group, 10.5% of respondents says government agency, 21.9% respondents says neighbours and friends.

Table-5: Loan availed by the Respondents

Sl. No.	Loan availed	No. of Respondents	Percentage
1	Up to Rs. 20,000	30	17.6
2	Rs. 20,000 Rs. 30,000	79	46.5
3	Rs. 30,000 Rs. 40,000	42	24.7
4	Rs. 40,000 Rs. 50,000	12	7.1
5	Above 50,000	7	4.1
	Total	170	100

Interpretation: The table 5 shows the loan availed by the members of SHGs, 17.6% members availed Rs.20,000, 46.5% of members availed loan Rs.20,000-30,000, 24.7% of members availed Rs.30,000-40,000 and 7.1% of members availed Rs.40,000-50,000 and 4.1% of members availed above Rs.50,000.

Table-6: Personal Problems of SHG Members

Sl. No.	Personal Problems	No. of Respondents	Percentage
1	Lack of Training	22	13.2
2	Lack of Encouragement	21	12.3
3	Family Responsibilities	48	28.1
4	Lack of Formal Education	66	38.6
5	Lack of Freedom to take Decisions	13	7.8
	Total	170	100

Interpretation: The table 6 reveals that 13.2% of the respondents say lack of training, 12.3% of the respondents says lack of encouragement, 28.1% of the respondents due to family responsibilities, 38.6% of the respondents is that they do not have formal education, 7.8% of the respondents do not have freedom to take decisions.

Table-7: Chi-Square Tests

Age and Personal problems	Value	df	Assymp.sig (2 sided)
Pearson Chi-Square	163.571a	12	.025
Likelihood Ratio	162.551	12	.002

Linear-by-Linear Association	72.366	1	.206
N of Valid Cases	170		
a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is 1.03.			

Interpretation: Table 7 shows that the chi-square between the age and personal problems of respondents and the Pearson chi-square is (.025) significant value is less than 5. Hence, the null hypothesis is accepted (H₀).

Table-8: Social Problems of SHG Members

Sl. No.	Social Problems	No. of Respondents	Percentage
1	Lack of Leadership	33	19.3
2	Lack of Communication Skills	39	22.8
3	Non-cooperation from the group	22	13.2
4	Lack of Social Mobility	19	11.4
5	Conflicts among group members	57	33.3
	Total	170	100

Interpretation: The table 8 reveals that 19.3 % of the respondents due to lack to leadership, 22.8% of the respondents have a lack of communication skills, 13.2% of the respondents due to non-co-operation from the group, 11.4% of the respondents due to lack of social mobility, 33.3% of the respondents due to conflicts among the group members.

Table-9: Chi-Square Tests

Loan Availed and Social Problems	Value	df	Assymp.sig (2 sided)
Pearson Chi-Square	203.545a	12	.210
Likelihood Ratio	209.608	12	.004
Linear-by-Linear Association	88.507	1	.000
N of Valid Cases	170		
a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is 1.58			

Interpretation: Table 9 shows that the chi-square between the loan availed and social problems of respondents and the Pearson chi-square is (0.210) significant value is less than 5. Hence, the alternate hypothesis is accepted (H₁).

Table-10: Marketing Problems of SHG Members

Sl. No.	Marketing Problems	No. of Respondents	Percentage
1	Heavy competition	67	39.5
2	Lack of experience about	34	20.2

	Marketing		
3	Collection of Bad debts	24	14.0
4	Lack of training in marketing of products	15	8.8
5	Market risks & Un- certainties	30	17.5
	Total	170	100

Interpretation: Table 10 shows that 39.5 % of the respondents say heavy competition, 20.2% of the respondents say lack of experience about marketing, 14.0% of the respondents says collection of bad debts, 8.8% of the respondents says lack of training in marketing of products, 17.5% of the respondents says marketing risks & un-certainties.

Table-11: Chi-Square Tests

Marital Status and Marketing Problems	Value	df	Assymp.sig (2 sided)
Pearson Chi-Square	240.454a	12	.332
Likelihood Ratio	216.765	12	.008
Linear-by-Linear Association	101.879	1	.001
N of Valid Cases	170		
a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is 1.14.			

Interpretation: Table 11 shows that the chi-square between the marital status and marketing problems of respondents and the Pearson chi-square is (0.332) significant value is less than 5. Hence, the alternate hypothesis is accepted (H2).

Table-12: Financial problems of SHG Members

Sl. No.	Financial Problems	No. of Respondents	Percentage
1	Heavy Interest Rate	13	7.9
2	Shortage of Capital	79	46.5
3	Lack of Financial Information	27	15.8
4	Insufficient Loan	39	22.8
5	Lack of Collateral Security	12	7.0
	Total	170	100

Interpretation: Table 12 reveals that 7.9% of the respondents say heavy interest rate, 46.5% of the respondents say shortage of capital, 15.8% of the respondents say lack of financial information, 22.8% of the respondents says insufficient loan, and 7.0% of the respondents says lack of collateral security.

Table-13: Chi-Square Tests

Marital Status and Marketing	Value	df	Assymp.sig (2
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Problems			sided)
Pearson Chi-Square	153.008a	12	.110
Likelihood Ratio	176.419	12	.001
Linear-by-Linear Association	92.413	1	.001
N of Valid Cases	170		
a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is 0.84			

Interpretation: Table 13 shows that the chi-square between the motivation and financial problems of respondents and the Pearson chi-square is (0.110) significant value is less than 5. Hence, the alternate hypothesis is accepted (H3).

RESULTS AND DISCUSSION

1. The practical training programs to be conducted to create awareness among villagers.
2. Insurance coverage should be provided to the business units promoted by SHG against the financial risks to safeguard the interest of the members.
3. The members suffer from shortage of capital for the expansion of their small business; the NGOs may help them in getting loan from the government.
4. The Banks has to organize Financial Literacy camps to inform the SHGs about the new schemes, soft loans, subsidies, interest subvention, etc.
5. NGOs have to increase the literacy level of SHGs members through stage plays in villages.
6. The SHGs members are advised to utilize the amount only for carrying out the income generating activities and not for domestic purposes.
7. Book-keeping and transparency is a must to avoid conflicts among the SHG members.
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CONCLUSION

The study concludes that addressing the challenges faced by Self-Help Groups (SHGs) requires collective effort from society, government, NGOs, banks, NABARD, and financial institutions. These stakeholders must provide formal education, enhance awareness, foster leadership, increase loan amounts, and encourage team-building. Incentives and subsidies can further improve SHG effectiveness. SHGs, if given equal recognition as formal businesses, hold significant human potential to drive economic development. Involving voluntary organizations and establishing supportive policies can make microfinance a transformative tool for poverty alleviation. The success of SHGs depends on their operational efficiency. Therefore, tackling core issues will enhance resource mobilization, employment, women empowerment, financial inclusion, and sustainable development, ultimately unlocking the full potential of SHGs for inclusive societal growth.

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