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Problems faced by the SHGs in South Gujarat

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Abstract

Self-Help Groups (SHGs) play a crucial role in poverty alleviation, women's empowerment, and financial inclusion in rural India. This research examines the functioning, challenges, and impact of SHGs in South Gujarat, specifically in the districts of Navsari, Valsad, Surat, and Tapi. The study focuses on the role of SHGs in promoting economic and social development, particularly for rural women. A sample of 360 SHG members from these districts was surveyed to understand their experiences, challenges, and the outcomes of participation in SHGs. While SHGs have facilitated access to savings, credit, and income-generating activities, they face significant barriers, including financial mismanagement, governance issues, lack of market access and inadequate skills. The study identifies key challenges such as limited marketing information, poor infrastructure, high transportation costs, and resistance from family members, which hinder the growth and sustainability of these groups. Despite these challenges, SHGs have made notable progress, particularly in sectors like dairy farming, handicrafts, and agriculture. The research also highlights the critical role of external support from government schemes and NGOs, but emphasizes the need for better capacity building and self-sufficiency among SHGs.

Keywords: Self-help groups, women empowerment, rural development, South Gujarat, financial inclusion, market access, challenges

Introduction

Self-Help Groups (SHGs) have emerged as a crucial tool for poverty alleviation, women's empowerment, and financial inclusion, particularly in rural India. They are voluntary associations of individuals who come together to promote collective economic and social development through mutual support, resource pooling, and collective action. The essence of the SHG model lies in its ability to empower marginalized communities, especially women, to take charge of their own development. Through SHGs, individuals can access savings and credit, start income-generating activities, improve their living standards, and become more active participants in decision-making processes. Despite the significant successes of SHGs, various challenges continue to impede their growth and sustainability. This research paper explores the functioning of SHGs, the problems they face, and their impact on rural development, particularly in the context of India and the state of Gujarat.

An SHG typically consists of a small group of 10-20 members who contribute small, regular amounts to a common fund. This pool of funds can be used for credit purposes, emergency needs, or to finance income-generating activities. The group members meet regularly, often monthly, to discuss various matters, save money, and share knowledge. SHGs are designed to promote mutual trust, collective decision-making, and support, making them an effective tool for both economic and social empowerment, especially for women.

SHGs in India can be categorized into two broad types: informal SHGs, which operate without external institutional

support, and formal SHGs, which are linked to financial institutions, non-governmental organizations (NGOs), or government schemes such as the National Rural Livelihood Mission (NRLM). The SHG-Bank Linkage Program (SBLP) introduced by NABARD (National Bank for Agriculture and Rural Development) has been instrumental in providing access to formal credit for these groups. Over the years, SHGs have expanded their activities into various sectors such as agriculture, dairy farming, handicrafts, and small-scale manufacturing.

In terms of structure, SHGs are designed to promote gender equity and social cohesion by giving rural women opportunities to engage in economic activities and decision-making processes. While the SHG model has been successful in improving rural livelihoods, it faces several issues that threaten its long-term sustainability and effectiveness. These challenges range from financial mismanagement, governance issues, and poor market access to a lack of adequate training and capacity building.

The Indian Scenario of SHGs

In India, SHGs have witnessed exponential growth over the past few decades, thanks to the support of government initiatives and NGOs. As of the latest available data, the National Rural Livelihood Mission (NRLM) has facilitated the creation of over 8.7 million SHGs, encompassing approximately 100 million members across the country. These SHGs have contributed to the growth of rural economies by encouraging savings, increasing access to credit, and promoting income-generating activities. As of 2023, these groups collectively have saved more than ₹2.5

lakh crore and have accessed ₹3.3 lakh crore in loans. The SHG model has proven particularly effective in improving the economic conditions of women in rural areas. By providing them access to credit and business opportunities, SHGs have empowered women to become economically self-sufficient and active contributors to family income. The government's NRLM, along with state-level initiatives, has worked towards ensuring that these groups are well-integrated into national development plans.

The Gujarat Scenario of SHGs

Gujarat has been one of the leading states in promoting the SHG model, particularly for rural women. The state's initiatives, such as the Sahajeevan Project and the Gujarat Livelihood Promotion Company (GLPC), have played a key role in enhancing the economic empowerment of women in rural areas. Gujarat has also leveraged state-level programs to integrate rural women into the broader economic framework through training, credit access, and market linkages.

As of the most recent reports, over 1 million women in Gujarat are part of more than 50,000 SHGs. These SHGs have made notable strides in various sectors, such as dairy farming, agriculture, handicrafts, and rural entrepreneurship. The dairy cooperative model, particularly through Amul, has been a major success, allowing women to engage in milk production and processing, leading to enhanced income levels. Additionally, Gujarat's SHGs have increasingly participated in sectors like agriculture, food processing, and handicrafts, with a focus on creating market linkages to increase profitability.

Problems Faced by SHGs in India and Gujarat

1. Financial Challenges

Despite significant progress, SHGs continue to face financial instability due to poor financial literacy, inadequate capital, and limited access to formal financial services. In Gujarat, although financial inclusion has improved, many SHGs still struggle with managing their funds effectively, resulting in loan defaults and financial mismanagement.

2. Governance Issues

The governance structures within SHGs are often weak, with a few members often taking control of decision-making processes. This lack of democratic leadership can lead to internal conflicts, inefficiency, and poor accountability. In Gujarat, while some SHGs have successfully managed their operations, many still face challenges related to transparency and leadership.

3. Capacity Building and Skill Development

There is a significant gap in capacity building for SHG members, particularly in areas like financial management, marketing, and business operations. While Gujarat has made strides in providing training through RSETIs and other local

programs, many SHGs continue to lack the necessary skills to diversify and scale their income-generating activities effectively.

4. Market Access and Product Diversification

While Gujarat has seen success in linking SHGs to local and national markets, particularly in the dairy sector, many other SHGs face significant challenges in marketing their products. Issues such as limited infrastructure, poor road connectivity, and lack of market knowledge often prevent SHGs from tapping into larger markets.

5. Cultural and Social Barriers

In both India and Gujarat, traditional gender norms continue to restrict women's participation in leadership positions within SHGs. This resistance from family and community members can limit the potential of women to fully engage in SHGs and utilize them as platforms for empowerment.

6. Sustainability and Dependency on External Support

Many SHGs rely heavily on external financial aid or government schemes to sustain their operations. In Gujarat, while state and national government schemes have provided initial support, the long-term sustainability of SHGs remains a challenge. Groups that fail to achieve financial self-sufficiency are often unable to scale or continue their operations independently.

This study employed a descriptive cross-sectional research design, assessing the sample at a specific point in time without inferring causal relationships. The research was conducted in four districts of South Gujarat-Navsari, Surat, Valsad, and Tapi-using a multi-stage sampling method. In the first stage, these districts were purposively selected based on the highest number of Self-Help Groups (SHGs). In the second stage, three talukas were randomly chosen from each district. The third stage involved purposively selecting 10 SHGs per taluka (30 per district), ensuring the groups were involved in food and agribusiness activities and had been operational for over three years. Finally, the fourth stage included selecting the group leader and two ordinary members from each of the 120 SHGs, resulting in a total sample of 360 respondents. The sample comprised 120 group leaders and 240 ordinary members. The distribution of respondents across districts was as follows: 90 from Navsari, 90 from Valsad, 90 from Surat, and 90 from Tapi, for a total of 360 SHG members. Garret's ranking method was used for analyzing the problems faced by SHG members

Results and Discussion

Keeping all these problems in mind, Garrett ranking method was used to study and analyse the problems faced by SHG members in South Gujarat. The Garrett ranks were calculated by using appropriate Garrett Ranking formula. Table 1 shows the ranks given by the SHG members to all 23 problem statements.

Table 1: Ranking of problems faced by the SHG members

Sr. No.	Problem Statements	Total Garret value	Avg. score	Rank
1	Lack of co-operation among members	8842	24.56	22
2	Lack of administrative experience by members	13344	37.06	18
3	Lack of training	8794	24.42	23
4	Lack of understanding with govt officials	12090	33.58	20
5	Inner conflicts among the members	11845	32.90	21
6	Non co-operation of family members	12321	34.22	19
7	More stress due to multiple responsibilities	19353	53.75	9
8	Resistance from family	17658	49.05	15
9	Lack of time	19302	53.61	11
10	Lack of space in their homes	18074	50.20	14
11	Large amount of paper work	18841	52.33	13
12	Lack of capital	15232	42.31	16
13	Delay in sanctioning loans	14989	41.63	17
14	Lack of infrastructure	22600	62.77	5
15	Inadequate production	20098	55.82	8
16	Difficulties faced in purchasing of raw materials	19325	53.68	10
17	Lack of marketing information and communication	25650	71.25	1
18	Distress sale in off season	18985	52.73	12
19	Poor and high cost of transportation of products to specific market	23169	64.35	4
20	Lack of market access	25126	69.79	2
21	Too much distance from market	21989	61.08	6
22	Lack of proper promotion	24347	67.63	3
23	High competition	20128	55.91	7

The study revealed that, among the various challenges faced by SHG members, the lack of marketing information and communication (71.25) was ranked as the most significant issue. Many SHGs lacked adequate information regarding market prices and trends. Following this, the second most critical problem identified was the lack of market access (69.79), which hindered SHGs from reaching potential customers. The third major issue was the lack of proper promotion (67.63), as most SHGs relied on traditional word-of-mouth methods to advertise their products. The high cost and poor transportation options for delivering products to specific markets (64.35) ranked fourth, particularly when SHGs participated in exhibitions and trade fairs far from their localities. The fifth issue, ranked at 62.77, was the lack of infrastructure for processing and value addition, as many SHGs lacked a dedicated space or proper facilities to produce their goods. The sixth problem was the distance to market place market places (61.08), which made it more difficult for SHGs to reach customers. High competition among SHGs (55.91), particularly because many groups produced similar and undifferentiated products, ranked seventh. Inadequate production to meet demand (55.82) was ranked eighth, as family responsibilities often led to suboptimal production levels.

Other notable issues included stress due to multiple responsibilities (ranked ninth), difficulties in purchasing raw materials (ranked tenth), and lack of time (ranked eleventh) due to family duties. The subsequent problems, ranked from twelfth to twenty-third, included issues such as distress sales during the off-season, excessive paperwork in banks, lack of space at home for SHG activities, resistance from family members when starting a business or joining an SHG, lack of capital or investment, delays in loan sanctioning, lack of administrative experience, family members' non-cooperation, miscommunication with government officials, internal conflicts, lack of cooperation among members, and insufficient training.

Conclusion

Self-Help Groups (SHGs) have emerged as a significant catalyst for empowering rural communities, particularly women, by offering opportunities for savings, credit, and income-generating activities. In both India and Gujarat, SHGs have made notable contributions to rural development, fostering economic independence and promoting gender equality. However, despite their achievements, the SHG model faces a number of ongoing challenges that restrict its long-term growth and sustainability.

The results from the Garrett ranking analysis in South Gujarat indicate that marketing challenges-such as limited market access, inadequate marketing information, and high transportation costs-are the most pressing issues for SHG members. These barriers are further compounded by insufficient infrastructure, high competition, and limited production capacity. Social and cultural obstacles, including resistance from family members, multiple household responsibilities, and time constraints, also continue to limit the full potential of SHGs, particularly for women.

While issues related to financial mismanagement, governance, and administrative experience persist, the most significant hindrance to SHG success is their struggle to access and effectively promote their products in wider markets. Overcoming these challenges will require a multifaceted approach, including the development of stronger market linkages, enhanced capacity-building initiatives, and improvements in infrastructure. Training programs in financial management, marketing, and leadership are vital for SHGs to expand and achieve greater sustainability.

In summary, for SHGs to fully realize their potential as drivers of rural empowerment, focused interventions are necessary at the grassroots level. Strengthening the SHG model requires addressing not only financial and operational challenges but also social and cultural barriers that restrict

women's active participation. By enhancing the capabilities of SHGs and fostering stronger market connections, these groups can continue to play a key role in the socio-economic development of rural India.

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