



# REVIEW OF RESEARCH

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## PROBLEMS FACED BY SELF-HELP GROUPS: A SPECIAL REFERENCE TO CHHATRAPATI SAMBHAJI NAGAR

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### ABSTRACT

*Self-Help Groups (SHGs) have emerged as a powerful tool for socio-economic empowerment, particularly for women in rural and semi-urban areas. It have emerged as a vital tool for socio-economic empowerment, particularly for women in developing nations like India. Despite their positive impact, SHGs encounter multiple challenges that hinder their efficiency, growth and sustainability.*

**KEYWORDS:** *Self-Help Groups (SHGs), semi-urban areas, positive impact, growth and sustainability.*



### INTRODUCTION :

This paper explores the major problems faced by SHGs, with a special focus on Chhatrapati Sambhaji Nagar, including financial constraints, lack of training, inadequate market linkages, socio-cultural barriers, and policy implementation gaps. The study also provides suggestions for overcoming these challenges and enhancing the effectiveness of SHGs in fostering economic and social development. The findings of this research will also contribute to the broader discourse on SHG sustainability and women's empowerment, offering insights for policymakers, financial institutions, and development organizations.

### REVIEW OF LITERATURE:

**NABARD (2022)** reported that despite the success of the SHG-Bank Linkage Program (SBLP) many groups face difficulties in securing institutional credit due to a lack of collateral, lengthy documentation processes, and irregular savings contributions.

**Yunus (2006)** in his work on microfinance, highlighted the importance of collateral-free lending, which remains a major challenge for SHGs in India.

A study by **Ghosh (2019)** found that high-interest rates from private moneylenders and delays in loan disbursement from banks push SHG members into debt traps, limiting their ability to expand income-generating activities.

**Kumar & Reddy (2020)** found that inadequate training in financial literacy, entrepreneurship, and digital skills prevents SHGs from sustaining their businesses.

According to **Singh (2018)**, many SHGs fail due to poor product quality, weak pricing strategies, and lack of market knowledge, which result from insufficient training.

**Sharma (2021)** pointed out that while government programs offer training, outreach remains limited, and many SHG members are unaware of available opportunities.

### **OBJECTIVES:**

- To examine the financial challenges faced by SHGs in Chhatrapati Sambhaji Nagar, including access to credit, loan repayment issues, and financial mismanagement.
- To analyse the impact of inadequate training and skill development on SHG members' ability to manage businesses, financial resources, and group activities.
- To study the role of governance and leadership issues in the functioning and sustainability of SHGs, including decision-making, internal conflicts, and transparency.
- To evaluate the barriers in market linkages that affect SHGs' ability to sell their products, access larger markets, and integrate with digital and formal business networks.
- To identify socio-cultural challenges such as gender biases, family restrictions, mobility issues, and caste-based discrimination that hinder SHG participation and growth.
- To assess the gaps in policy implementation related to government schemes, financial aid, and training programs intended for SHGs in the region.
- To suggest policy recommendations and strategic interventions to overcome the challenges faced by SHGs and enhance their contribution to women's empowerment and economic development.

### **RESEARCH DISCUSSION:**

In the realm of financial inclusion and grassroots empowerment, Dr. Muhammad Yunus, the Nobel Prize-winning economist from Bangladesh, has been a pioneering figure. Through the establishment of the Grameen Bank in 1983, Yunus introduced the concept of microfinance, providing small, collateral-free loans to impoverished individuals, primarily women to foster self-sufficiency and entrepreneurship. His model demonstrated that financial support at the grassroots level can significantly improve economic conditions, enhance decision-making power, and contribute to sustainable community development.

Inspired by Yunus' vision, India has integrated Self-Help Groups (SHGs) as a vital mechanism to promote financial inclusion and women's empowerment. SHGs function as community-based savings and credit institutions, enabling members to access credit, develop entrepreneurial ventures, and gain financial independence. It play a vital role in socio-economic development by providing financial assistance, skill training, and empowerment opportunities to marginalized communities, especially women. However, despite their transformative potential, SHGs face numerous challenges that hinder their growth and sustainability. Limited access to institutional credit, inadequate financial literacy, poor market linkages, administrative inefficiencies, and socio-cultural barriers continue to restrict their effectiveness.

Block	Household	SHG	Village Organisations	SGH's Providing revolving fund	SGH's community investment fund.
Chatrapati sambhaji nagar	27,182	2,640	3434	1682	180
Gangapur	24,500	2,411	3230	1195	21
Kannad	24,953	2,530	2992	1283	1
Khultabad	12,496	1,274	1598	939	237
Paithan	28,946	2,980	3638	1767	100
Phulambri	14,565	1,478	2108	829	10
Sillod	30,691	3,167	3536	1601	1
Soegaon	9,934	985	1360	703	5
Vaijapur	17,660	1,763	2482	1000	41

Sources: <https://nrlm.gov.in>

This research paper critically examines the problems faced by SHGs in Chhatrapati Sambhaji Nagar, Maharashtra, with a focus on the structural, financial, and operational barriers that limit their success. By drawing parallels with the microfinance principles championed by Dr. Yunus, this study seeks to explore strategies for strengthening SHGs and enhancing their role in socio-economic development. Through a mixed-method approach, this research aims to provide insights into the challenges and potential solutions for ensuring the long-term sustainability of SHGs in the region.

### Let's discuss this problem:

#### 1. Financial Problem :

Nagar, Self-Help Groups (SHGs) are essential for advancing women's empowerment and financial inclusion. However, their restricted access to institute Many SHGs face difficulties because national credit is one of their main problems. e of stringent qualifying requirements, a lack of credit history, and bureaucratic hold-ups, even though government programs like the SHG-Bank Linkage Program (SBLP) are designed to offer loans. It is frequently difficult for members to obtain official loans since they lack the required paperwork, such as identity documents and land ownership records. Because of this, a lot of SHGs rely on internal savings, which are frequently insufficient for growing their businesses or making investments in ventures that generate revenue.

The high percentage of loan defaults and low financial literacy represent yet another significant financial obstacle. Due to their lack of formal education, many SHG members are not well-versed in loan management, interest rates, or repayment plans. Members sometimes use borrowed money for home costs instead of productive endeavours, which makes repayment challenging. Furthermore, many SHGs neglect to keep accurate bookkeeping and financial records as a result of insufficient financial training, which makes it more difficult to keep track of spending and submit loan applications. Internal disputes and improper money distribution are frequent outcomes of unstructured financial administration.

Additionally, reliance on unofficial money lenders continues to be a major problem for SHGs in the area. Many groups resort to high-interest private lenders when bank loans are unavailable, which creates a debt cycle. Since many SHG members find it difficult to sell their goods at competitive prices, the lack of market connections and business training exacerbates financial stability. SHGs struggle to become financially independent if they don't invest enough in digital payments, branding, and commercial expansion. Stronger policy interventions, improved training accessibility, and more adaptable financing options catered to the need of SHGs in Chhatrapati Sambhaji Nagar are all necessary to address these financial difficulties.

## **2. Lack of Training and Management Problems Faced by SHGs in Chhatrapati Sambhaji Nagar**

The development and sustainability of Self-Help Groups (SHGs) in Chhatrapati Sambhaji Nagar are hampered by a lack of adequate management and training. Access to skill development programs that are necessary for managing funds, operating small companies, and preserving group cohesion is restricted for many SHG members, particularly women from rural and economically disadvantaged areas. Members who lack formal entrepreneurship training frequently struggle with pricing tactics, marketing, financial management, and improving the quality of their products, which results in unsuccessful business endeavours. Additionally, SHGs are unable to grow their operations outside of their local markets due to a lack of knowledge about contemporary technology and digital payment systems.

The ineffective leadership and administration of SHGs is another serious problem that hinders their capacity to operate efficiently. Many organizations lack qualified leaders capable of organizing events, settling disputes, and guaranteeing responsible financial behaviour. SHGs frequently have financial irregularities and misallocation of funds as a result of inadequate training in budgeting, record-keeping, and loan administration. Internal conflicts over loan repayments, profit-sharing, and savings contributions can erode group cohesiveness and increase the dropout rate. In the absence of adequate training in governance, leadership, and decision-making, SHGs find it difficult to maintain themselves over time.

Furthermore, because of poor outreach, insufficient infrastructure, and mobility restrictions, many SHG members are still ignorant of the existence of government and non-governmental organization-led training programs. Even when training programs are offered, they are frequently not tailored to the unique requirements of SHGs in industries such as food processing, dairy farming, handicrafts, and tailoring. Members consequently miss out on learning important skills that could improve their revenue-generating endeavours. Stronger policy support, regional training programs, and improved cooperation between governmental organizations, financial institutions, and non-governmental organizations are all needed to address these issues and provide SHGs with the management know-how and skills they need to be sustainable over the long run.

## **3. Problem of Inadequate Market Linkages Faced by SHGs in Chhatrapati Sambhaji Nagar**

One of the major challenges faced by Self-Help Groups (SHGs) in Chhatrapati Sambhaji Nagar is the lack of proper market linkages, which limits their ability to sell products, expand businesses, and achieve financial sustainability. Many SHGs produce handicrafts, textiles, dairy products, food items, and pottery, but they struggle to find consistent and profitable markets. Due to inadequate connections with wholesalers, retailers, and e-commerce platforms, SHG members are often forced to sell their products at lower prices in local markets, leading to low profit margins. Additionally, the absence of structured supply chains and bulk-buying customers restricts their capacity to scale up their businesses.

Another critical issue is the lack of branding, packaging, and marketing knowledge among SHG members. Most SHG products are unbranded and lack attractive packaging, making them less competitive compared to mass-produced goods. Without proper training in market trends, consumer preferences, and digital marketing, SHGs struggle to promote their products effectively. Furthermore, many SHGs do not have access to government exhibitions, trade fairs, or cooperative marketplaces,

where they could showcase their products to a larger audience. The absence of digital platforms and online sales channels further limits their reach, as many SHGs are unaware of e-commerce opportunities like Amazon Saheli, Flipkart Samarth, or social media marketing.

Additionally, transportation and logistical challenges make it difficult for SHGs in rural areas to distribute their products to urban markets. High transportation costs, lack of storage facilities, and middlemen exploitation reduce their earnings. To address this issue, government agencies, NGOs, and private companies need to step in by facilitating direct market access, improving product branding, and promoting SHG participation in online marketplaces. Encouraging collaborations with corporate buyers, supermarkets, and government procurement programs can help SHGs in Chhatrapati Sambhaji Nagar overcome these market linkage barriers and establish sustainable businesses.

#### **4. Problem of Socio-Cultural Barriers Faced by SHGs in Chhatrapati Sambhaji Nagar**

In Chhatrapati Sambhaji Nagar, self-help groups (SHGs) encounter major sociocultural obstacles that impede their expansion, involvement, and general efficacy. The ingrained patriarchal mentality that restricts women's financial autonomy and decision-making authority is one of the main obstacles. Due to traditional ideas that limit women to domestic duties, many families prohibit them from taking part in SHG activities. Financial decisions are frequently made by male family members, which limits women's capacity to take out loans or invest in company ventures. Furthermore, the social stigma associated with women participating in public affairs or entrepreneurship breeds community opposition, which hinders SHGs' ability to function effectively.

Another challenge is the lack of mobility and social restrictions on women, which prevents them from attending training programs, market exhibitions, or financial meetings. Many women in SHGs face family opposition when traveling outside their villages for business-related activities. In rural areas, cultural norms discourage women from interacting with bank officials, customers, and market intermediaries, leading to a dependency on male relatives for conducting financial transactions. This not only slows down SHG operations but also limits women's exposure to market trends, networking opportunities, and financial literacy programs.

Additionally, societal hierarchies and prejudice based on caste have an impact on how SHGs operate in some communities. Due to social biases, some women—particularly those from marginalized backgrounds are excluded from SHG leadership positions, training opportunities, and financial resources. Furthermore, SHGs are frequently unable to embrace contemporary economic methods like digital transactions or partnerships with corporate customers due to community constraints. More awareness, legislative changes, and community involvement initiatives are needed to break down these sociocultural hurdles and advance financial inclusion, gender equality, and the societal acceptance of SHG-led business in Chhatrapati Sambhaji Nagar.

#### **5. Problem of Poor Governance and Leadership Issues Faced by SHGs in Chhatrapati Sambhaji Nagar**

Poor leadership and governance are two of the biggest issues facing Self-Help Groups (SHGs) in Chhatrapati Sambhaji Nagar. These issues have a direct effect on the SHGs' long-term viability and efficiency. Many SHGs lack competent and experienced executives who can oversee group operations, settle disputes, and guarantee financial transactions are transparent. SHG leaders are frequently selected more for their social influence or seniority than their managerial skills, which results in poor decision-making. In addition, many leaders struggle with budgeting, loan administration, record-keeping, and group activity coordination because of their low educational attainment and lack of leadership training. This leads to internal conflicts and financial mismanagement.

The unequal allocation of power within SHGs and the absence of democratic decision-making are two more serious problems. Occasionally, a small number of powerful individuals dominate the decision-making process, marginalizing other group members and causing discontent inside the SHG. Conflicts, mistrust, and even group breakup are frequently the results of this. It is also difficult for SHGs to maintain accountability when there is poor governance since it leads to erratic meetings, opaque

cash allocation, and loan abuse. Furthermore, rather than putting the welfare of the members first, some SHGs are influenced by local political figures or intermediaries who take advantage of the group for their own or their political advantage.

Additionally, the region's SHGs lack adequate monitoring and evaluation systems, which makes it challenging to assess their advancement and pinpoint areas in need of development. It is difficult for SHG leaders to put best practices that guarantee sustainability and efficiency into practice without consistent training in financial management, governance, and leadership. To overcome these obstacles and operate more efficiently, SHGs in Chhatrapati Sambhaji Nagar can benefit from strengthening governance structures through external audits, leadership development programs, and capacity-building initiatives. Long-term success and SHG administration will be greatly enhanced by establishing clear guidelines for leadership selection, encouraging more engagement from all members in decision-making, and fostering openness in financial transactions.

## 6. Problem of Policy Implementation Gaps Faced by SHGs in Chhatrapati Sambhaji Nagar

Despite various government schemes and programs aimed at strengthening Self-Help Groups (SHGs), gaps in policy implementation remain a significant challenge in Chhatrapati Sambhaji Nagar. Many SHGs struggle to access financial aid, training programs, and market linkages due to bureaucratic hurdles, lack of awareness, and inefficient execution of policies. While initiatives like the National Rural Livelihood Mission (NRLM) and Maharashtra State Rural Livelihoods Mission (MSRLM) offer financial assistance and skill development, many SHGs fail to benefit from them due to complicated application procedures, delays in fund disbursement, and corruption at the local level. Additionally, the involvement of middlemen often leads to misallocation of resources, where benefits do not reach the intended SHG members.

Another major issue is the lack of proper monitoring and evaluation mechanisms for SHG-related policies. Government agencies and financial institutions often fail to conduct regular assessments to track the progress of SHGs, leading to ineffective policy execution and resource wastage. Many SHGs report inconsistent support from local administrative bodies, making it difficult for them to sustain long-term growth. Moreover, policies designed for SHG development do not always take into account regional economic conditions and sector-specific challenges, resulting in a mismatch between policy objectives and ground realities. For instance, SHGs involved in handicrafts, dairy farming, or small-scale manufacturing struggle to access subsidies and market linkages because policy frameworks do not provide tailored support for these industries.

Furthermore, a lack of coordination between different stakeholders, including government departments, banks, NGOs, and SHG federations, creates confusion and delays in policy implementation. Many SHG members remain unaware of available financial and training opportunities due to inadequate outreach efforts by government bodies. Addressing these gaps requires simplified application processes, improved transparency in fund distribution, regular policy reviews, and stronger coordination between government and grassroots organizations. By bridging these policy implementation gaps, SHGs in Chhatrapati Sambhaji Nagar can achieve greater financial stability, improved skill development, and enhanced market opportunities, ultimately leading to stronger socio-economic empowerment.

### RECOMMENDATIONS:

- **Improvement** To enhance the effectiveness of SHGs in Chhatrapati Sambhaji Nagar, the following measures can be implemented:
- **Improved Financial Support:** Simplifying loan procedures, reducing interest rates, and providing government grants can help SHGs sustain their activities.
- **Comprehensive Training Programs:** Regular workshops on financial literacy, entrepreneurship, and skill development should be conducted specifically for SHGs in this region.
- **Strengthening Market Linkages:** Establishing e-commerce platforms and direct partnerships with industries can help SHGs access wider markets.

- **Encouraging Social Awareness:** Community sensitization programs can help break socio-cultural barriers and promote gender equality in SHG operations.
- **Enhancing Governance and Leadership:** Leadership training and transparent financial management practices should be encouraged.
- **Effective Policy Implementation:** Streamlining bureaucratic processes and ensuring proper monitoring of SHG-related schemes will improve their impact.

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