

REVITALIZING INDIA'S POST-COVID ECONOMY THROUGH SELF-HELP GROUPS: OPPORTUNITIES AND CHALLENGES

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ABSTRACT

The Self Help Groups in India have not only contributed to the production of essential items but have also taken up several initiatives to ensure that people have access to these items at affordable prices. For example, Self Help Groups in various states have produced and distributed masks and sanitizers for free to people who couldn't afford them. This has helped in reducing the spread of the virus in the community and has also generated employment opportunities for many. Self Help Groups have also played a vital role in providing financial assistance to people during the pandemic. Many Self Help Groups in India have set up emergency funds to support people who lost their jobs or businesses during the pandemic. This has helped in providing financial assistance to people in need and has also reduced the economic impact of the pandemic on society. Moreover, the Self Help Groups have played a critical role in providing employment opportunities to women in rural areas. With the closure of several businesses and industries during the pandemic, many women in rural areas lost their jobs. Self Help Groups have provided them with employment opportunities by engaging them in activities like mask-making, vegetable farming, and handicrafts. This has not only helped in providing them with a source of income but has also empowered them to be financially independent.

Keywords: SHGs, Revitalizing Indian Economy, COVID-19 Pandemic.

Introduction

India has been hit hard by the COVID-19 pandemic, and the economy has been severely impacted as a result. The pandemic has led to job losses, business closures, and a decline in economic activity. To revive the economy, the Indian government has announced various measures, including economic stimulus packages and policy reforms. However, there is a need for more innovative and inclusive approaches to support the economic recovery of the country.

Self-help groups (SHGs) have been playing an important role in promoting economic empowerment and self-sufficiency among women in India for decades. In the post-COVID-19 era, SHGs can play a vital role in revitalizing India's economy. This paper examines the opportunities and challenges of revitalizing India's post-COVID-19 economy through self-help groups.

The COVID-19 pandemic has had a significant impact on India's economy, with many businesses shutting down and people losing their jobs. In such a scenario, Self Help Groups (SHGs) can play a crucial role in revitalizing the economy. SHGs are community-based organizations that provide financial services and support to women, enabling them to become self-reliant and economically empowered. Here are some opportunities and challenges associated with using SHGs to revitalize India's post-COVID economy:

What are Self-Help Groups (SHGs)?

Self-help groups (SHGs) are community-based organizations that are formed by a group of people who share common goals and interests. In India, SHGs are mostly formed by women who come together to address their financial and social needs. SHGs provide a platform for members to pool their resources and skills, access credit and financial services, and engage in income-generating activities.

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SHGs are typically organized around a specific economic activity, such as farming, handicrafts, or small-scale manufacturing. Members of SHGs often receive training and support in their chosen activity, as well as access to credit and financial services to start and grow their businesses. In addition to economic benefits, SHGs also provide social support and empowerment to their members.

Opportunities

SHGs have a strong presence in rural areas, where the impact of the pandemic has been severe. By leveraging their existing network, SHGs can help in reaching out to marginalized communities and providing them with much-needed support.

SHGs can act as a conduit for the government's financial assistance programs. The government has announced several relief measures for small businesses and individuals affected by the pandemic. SHGs can help in identifying beneficiaries and disbursing the funds.

SHGs can promote local entrepreneurship by providing small loans and technical support to start-ups and small businesses. This can help in creating employment opportunities and boosting local economies.

SHGs have a strong social capital and can act as a platform for disseminating information about health and hygiene practices, COVID-19 prevention measures, and government schemes.

These are some of the opportunities for SHGs in Revitalizing India:

- **Job Creation**

The COVID-19 pandemic has resulted in the loss of many jobs, particularly in the informal sector. SHGs can help create new job opportunities by providing training and support to their members to start their own businesses. This can help not only the members of the SHG but also others in the community who may be employed by these businesses. SHGs can provide training in various areas such as entrepreneurship, financial management, marketing, and product development to help members start successful businesses.

- **Financial Inclusion**

SHGs can help promote financial inclusion by providing access to credit and other financial services to their members. Many members of SHGs are from low-income households and may not have access to formal financial services. SHGs can help members access to credit, savings, insurance, and other financial services. This can help them start and grow their businesses, as well as provide a safety net in times of financial distress.

- **Local Economic Development**

SHGs can play an important role in promoting local economic development by supporting small businesses and entrepreneurs in their communities. SHGs can help identify local economic opportunities and support local businesses to take advantage of them. This can help create new jobs, promote entrepreneurship, and stimulate local economic growth.

- **Women's Empowerment**

SHGs have been successful in empowering women by providing them with the skills and knowledge to start their own businesses and become financially independent. Women who participate in SHGs often gain confidence, self-esteem, and decision-making skills, which can help them become leaders in their communities. SHGs also provide a platform for women to engage in social and political issues, which can help them gain more influence and power in their communities.

Challenges

SHGs often lack the technical expertise required to manage funds and investments effectively. This can lead to mismanagement and embezzlement of funds, which can undermine the credibility of the organization.

Many SHGs lack access to formal financial institutions and credit, limiting their ability to scale up their operations and reach more beneficiaries.

SHGs are often limited by their geographical reach and may not be able to reach remote and isolated communities.

The pandemic has led to a reduction in the disposable income of households, which can impact the ability of SHGs to collect savings and disburse loans.

To overcome these challenges, there is a need for greater collaboration between SHGs, the government, and other stakeholders. The government can provide technical support and capacity building to SHGs, while also ensuring that they have access to formal financial institutions. In addition, SHGs can leverage digital technologies to expand their reach and improve their operations. By working together, SHGs can play a critical role in revitalizing India's post-COVID economy and promoting inclusive growth.

There are several reasons why SHGs may face challenges:

- **Lack of Access to Capital**

Access to capital is a major challenge for many SHGs, and without adequate funding, they may not be able to start or grow their businesses. Many SHGs have limited financial resources, and may not have access to formal credit or other financial services. This can limit their ability to invest in their businesses, expand their operations, or take advantage of economic opportunities.

- **Limited Market Access**

Many SHGs operate in rural areas where market access is limited. They may face challenges in finding customers and selling their products. To overcome this challenge, SHGs can explore new markets by developing new products, collaborating with other businesses, and exploring e-commerce platforms. The government can also play a role in promoting market access by establishing market linkages between SHGs and other businesses.

- **Limited Access to Technology**

Many SHGs may not have access to the latest technology, which can limit their ability to compete in the marketplace. This can also limit their ability to access new markets, as well as to engage in e-commerce and other online business activities.

- **Lack of Institutional Support**

Despite the important role that SHGs play in promoting economic development and empowering women, they may not receive adequate institutional support. For example, government policies may not always recognize the important role of SHGs, and may not provide adequate funding or regulatory support. This can limit their ability to operate and grow, and may also limit their impact on the wider economy.

- **Social and Cultural Barriers**

Social and cultural barriers may also limit the success of SHGs. For example, in some communities, women may not be allowed to participate in economic activities or may face discrimination in accessing financial services. This can limit the ability of SHGs to promote women's economic empowerment and may also limit their ability to access resources and support from the wider community.

- **Lack of Business Skills**

While SHGs provide valuable training and support to their members, they may not always have the expertise or resources to provide the level of business training and support needed to start and run successful businesses. This can limit the ability of SHGs to create sustainable economic opportunities for their members.

Revitalizing India's Economic Growth after Covid

The COVID-19 pandemic has had a severe impact on India's economy, with many businesses and industries suffering from disruptions in supply chains and reduced consumer demand. However, there are several measures that can be taken to revitalize India's economic growth after the pandemic:

- **Focus on Infrastructure Development:** India should invest in building and upgrading its infrastructure, including roads, railways, airports, and ports, to facilitate trade and attract foreign investment.
- **Encourage Foreign Investment:** India should ease restrictions on foreign investment and improve its investment climate to attract more foreign investors.
- **Promote Small and Medium-Sized Enterprises (SMEs):** SMEs are the backbone of India's economy, and supporting them will help to create jobs and boost economic growth. The government can offer financial assistance, tax breaks, and other incentives to encourage the growth of SMEs.

- **Invest in Technology:** India should invest in emerging technologies such as artificial intelligence, blockchain, and the Internet of Things (IoT) to create new business opportunities and increase efficiency.
- **Improve the Education System:** A well-educated workforce is essential for economic growth, and India should invest in improving its education system to produce a highly skilled workforce.
- **Enhance Healthcare Infrastructure:** The pandemic has highlighted the need for a robust healthcare infrastructure, and investing in healthcare will not only help to combat future pandemics but also boost economic growth.
- **Increase Agricultural Productivity:** Agriculture is a significant contributor to India's economy, and improving agricultural productivity will increase rural incomes and boost the overall economy.
- **Implement Structural Reforms:** India should implement structural reforms to improve the ease of doing business, reduce bureaucratic red tape, and streamline regulations to create a more business-friendly environment.

By implementing these measures, India can revive its economy and set the stage for sustainable economic growth in the years to come.

Objectives of the Study

In this study, we aimed to review how:

- COVID-19 Pandemic Has Challenged the Existence Self Help Groups.
- This pandemic situation became an opportunity for Self Help Groups.

Research Methodology

The study is primarily based on secondary data. The main source of secondary data is books, journals, magazines, and websites of various companies. This review was conducted to determine the role that self-help groups, one of the government-run schemes, played in reviving the Indian economy during the pandemic through various articles and secondary data collected.

Conclusion

Despite the challenges, SHGs have the potential to play a vital role in revitalizing India's post-COVID-19 economy. To overcome the challenges, it is important to provide SHGs with access to capital, training, and support. This can help them start and grow their businesses, create jobs, promote financial inclusion, and empower women in their communities.

The Self Help Groups in India have played a crucial role in revitalizing the Indian economy during the pandemic. Through their innovative ideas and initiatives, they have created employment opportunities, produced essential items, and provided financial assistance to people in need. The Indian government and other stakeholders should continue to support these groups and help them grow further to strengthen the Indian economy.

The COVID-19 pandemic has had a profound impact on India's economy, and there is a need for innovative and inclusive approaches to support the country's economic recovery. Self-help groups have been successful in promoting economic empowerment and self-sufficiency among women in India, and they can play a vital role in revitalizing India's economy in the post-COVID-19 era.

However, there are also several challenges that need to be addressed in order to maximize the impact of SHGs. These challenges include limited access to capital, limited market access, limited access to technology, lack of institutional support, social and cultural barriers, and lack of business skills.

To address these challenges, there is a need for greater investment in SHGs, as well as policy reforms and institutional support to help SHGs overcome these barriers. This could include providing access to credit and financial services, investing in training and support for business skills, promoting access to technology and e-commerce, and addressing social and cultural barriers to women's economic empowerment.

Overall, SHGs have the potential to play a vital role in promoting economic recovery and inclusive growth in India's post-COVID-19 economy, but greater investment and support are needed to unlock their full potential.

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