

## A STUDY OF POST-PANDEMIC HURDLES CONFRONTING SELF-HELP GROUPS (SHGs): A CASE STUDY OF BHAGALPUR DISTRICT

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### ABSTRACT

*This paper delves into the challenges encountered by Self-Help Groups (SHGs) in Bhagalpur District after the pandemic, emphasizing their resilience and the necessity for assistance. It examines the financial aspect of small-scale businesses, underscoring the role of inclusive financial mechanisms like Microfinance and SHGs in empowering communities. Despite the rural-urban demographic disparity, SHGs remain pivotal for rural development. However, the COVID-19 pandemic has disrupted their functioning, resulting in economic slowdown, reduced cash flow, declining sales, and increased unemployment among members. Through primary and secondary data analysis, including a content analysis of 150 SHG members and interviews with small and medium enterprises within the SHGs, this study identifies key challenges and demographic trends. Notably, it observes a significant presence of middle-aged participants, particularly housewives, engaged with SHGs over extended periods. The primary post-pandemic concern revolves around declining sales, indicating a profound impact on income sources. These findings underscore the resilience of SHGs and highlight the need for targeted support measures to navigate post-pandemic uncertainties effectively. The study concludes by offering actionable insights and recommendations aimed at strengthening the resilience and effectiveness of SHGs, ensuring sustained community empowerment in the face of adversity.*

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**Keywords:** Self-Help Groups (SHGs), Post-Pandemic Challenges, Microfinance, Rural Development, Economic Resilience.

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### Introduction

Finance serves as the lifeblood of any business entity, irrespective of its size—small, medium, or large. It acts as the fuel propelling entrepreneurial endeavors forward, facilitating growth, innovation, and sustainability. Across the financial landscape, numerous sources exist for procuring capital, including traditional institutions like banks, money lenders, private finance corporations, among others. However, navigating through the stringent regulations, compliance norms, and collateral requirements set forth by these entities poses significant challenges for aspiring entrepreneurs and small businesses. In 1983, Mohammad Yunus revolutionized the concept of finance accessibility by introducing the innovative Microfinance scheme through the establishment of Grameen Bank. This groundbreaking initiative aimed to extend financial assistance to underserved communities, particularly those lacking substantial collateral securities. By embracing the principles of inclusivity and empowerment, Microfinance transcended conventional barriers, offering loans to the economically disadvantaged without the conventional prerequisites demanded by traditional financial institutions.

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Delving into the demographic landscape of Bhagalpur city, the 2011 census data reveals a pronounced urban-rural divide, with urban areas constituting 80.71% of the population and rural areas comprising the remaining 19.83%. This statistical representation underscores the substantial rural presence within the district, accounting for approximately 32% of the total area. Recognizing the pivotal role of rural development, the government has launched an array of initiatives, with Microfinance emerging as a cornerstone strategy aimed at fostering inclusive growth and empowerment within these communities. Within the realm of Microfinance, the Self-Help Group (SHG) model has emerged as a prevailing paradigm, exemplifying the collective spirit of mutual assistance and solidarity among community members. Comprising typically 8-10 individuals hailing from the same locality or region, SHGs epitomize the ethos of cooperation and collaboration. Members pool their financial resources, contributing towards a common fund that is subsequently deposited in a bank account. This communal pool serves as the reservoir from which members can avail loans as per their individual needs and aspirations, all without the imposition of collateral requirements.

However, the onset of the global pandemic ushered in an unprecedented era of disruption and uncertainty, profoundly impacting the operational dynamics of SHGs. Foremost among the challenges faced by these groups is the dwindling ability to collect funds from members, exacerbated by economic distress and financial uncertainties plaguing individuals and households. With livelihoods disrupted and income streams dwindling, members find themselves grappling with the dual burdens of repayment obligations and economic instability. Moreover, the pandemic-induced slowdown has cast a shadow over the viability and sustainability of small-scale businesses, which form the bedrock of many SHG members' livelihoods. Supply chain disruptions, reduced consumer spending, and logistical challenges have emerged as formidable obstacles, impeding the smooth functioning of these enterprises. As a consequence, SHGs find themselves navigating through uncharted territory, grappling with existential challenges that threaten their very survival.

Against this backdrop, the present study endeavors to shed light on the multifaceted challenges confronting SHGs in the aftermath of the pandemic. By elucidating the intricate interplay of socio-economic factors, institutional dynamics, and policy imperatives, the study aims to offer actionable insights and recommendations aimed at bolstering the resilience and efficacy of SHGs. Through collaborative efforts and targeted interventions, stakeholders can chart a path towards recovery and renewal, ensuring that the spirit of entrepreneurship and community empowerment continues to thrive even amidst adversity.

### Review of Literature

**Sammaiah (2022)** In this study, Self-help empowerment is examined. Groups were made up of impoverished rural residents who decided to group together in order to end their own poverty. The Self - Help Group program boosted rural people's general knowledge and awareness as well as their ability to bargain. Their economic status has significantly improved, indicating that rural women are adequately prepared for empowerment in every way.

**Vermani & Sihag (2022)** The study looks at self-help groups (SHGs) as a practical tool for promoting women's economic empowerment. Empowering women is essential to laying the groundwork for change and to the economic success of a country. The outcome showed that joining the SHG had a beneficial impact on measures of income, employment, and savings. Thus, the study came to the conclusion that SHGs have been essential to rural women's empowerment in the studied region.

**Shalini & Jaganathan (2021)** The study looks for links between SHGs and the overall and female financial advancement of rural India and further proposes suitable strategies for the successful development of SHG functioning in enhancing individual financial situations in the nation. It has been noted that SHGs founded by NGOs have a more favourable effect on overall quality of life and have also held more training sessions than other SHGs.

**Salvi (2019)** Self-help groups are the most recent innovation for women that may help them develop and become independent and self-employed. This study focuses on the role rural SHGs play in empowering women. Political activism, the advancement of social harmony and justice, infrastructure development, marketing, support for technological training, member communication, member self-assurance, change in family violence, change in saving habits, and change in the average monthly savings rate of SHG members are all areas where self-help groups have made a significant contribution.

**Chakraborty, (2018)** The study's primary focus is gender-based violence, a global health, human rights, and development issue that transcends location, class, culture, age, race, and religion to harm every country and community on every continent. These programs are being developed across the

country to gradually provide support and assistance to women who have been the victims of violence under one roof, in both private and public settings. The focus of the current paper was on India's one-stop center operating system.

**Pavithra (2017)** According to the study, Mahila E-Haat is a project that aims to satisfy the needs of female entrepreneurs. This new Rashtriya Mahila Kosh website uses technology to highlight goods created, produced, and sold by female entrepreneurs, it serves as a catalyst by giving women entrepreneurs a web-based marketing platform to sell their products directly.

**Narasimha & Anand (2016)** The extent of self-help groups involvement in health-related issues as well as to identify additional tactics that may be employed to increase this involvement. According to a study done in a rural hospital in Bangalore, SHG has given women a helpful platform to improve their health by giving them financial stability in times of medical emergencies.

### Objectives

- To identify, analyze, and understand the primary challenges and hurdles confronted by SHGs operating within Bhagalpur District.
- To provide effective policy recommendations aimed at enhancing the operational efficacy and sustainability of SHGs in the study area.

### Methodology

The study focuses on Bhagalpur district in Bihar, incorporating both primary and secondary data sources. Primary data collection employed structured questionnaires, observations, and pre-tested interview schedules, utilizing a simple random sampling technique. A sample size of 150 beneficiaries from diverse SHGs was surveyed. Secondary data were gathered from research articles, books, NABARD reports, and the Reserve Bank of India, enhancing the depth and breadth of the study's insights. This comprehensive approach ensures a robust analysis of the challenges faced by SHGs post-pandemic, offering valuable insights for policy formulation and intervention strategies.

### Challenges Faced by Self-Help Groups (SHGs)

The SHGs have long served as pillars of community resilience and economic empowerment, but the onset of the COVID-19 pandemic has presented them with a barrage of unprecedented challenges. As the world grapples with the aftermath of the crisis, SHGs find themselves navigating a landscape fraught with economic turbulence and uncertainty:

- **Economic Slowdown:** At the heart of the challenges faced by SHGs lies the palpable slowdown in economic activity triggered by the pandemic. With lockdowns and restrictions shuttering businesses and disrupting supply chains, members of SHGs are confronted with diminished earnings across various sectors. Industries such as hospitality, tourism, and small-scale manufacturing have been particularly hard-hit, leaving SHG members grappling with the harsh reality of dwindling income streams.
- **Cash Flow Reduction:** The ripple effects of the economic slowdown are keenly felt within SHGs, where cash flow has been drastically reduced. Decreased economic activity, coupled with uncertain market conditions, has led to a tightening of financial resources within these groups. As businesses struggle to stay afloat amidst the crisis, SHG members find themselves grappling with the challenge of managing their finances in an environment fraught with uncertainty.
- **Declining Sales:** For SHG members engaged in entrepreneurial ventures, the pandemic has ushered in a period of declining sales. Reduced consumer spending, changes in consumer behavior, and disruptions in supply chains have all contributed to this decline. With fewer customers and dampened demand for their products and services, SHG entrepreneurs are left struggling to sustain their businesses in the face of unprecedented challenges.
- **Principal Payment Rescheduling:** The economic fallout from the pandemic has left many SHG members facing difficulties in meeting their financial obligations. As income streams dwindle and cash reserves run dry, the need for rescheduling principal payments becomes increasingly pressing. Without intervention, the strain of meeting financial commitments threatens to exacerbate the already precarious financial situation faced by SHGs.
- **Unemployment and Income Reduction:** Perhaps most concerning is the widespread unemployment and income reduction experienced by SHG members in the wake of the pandemic. As businesses shutter and job opportunities evaporate, many find themselves thrust

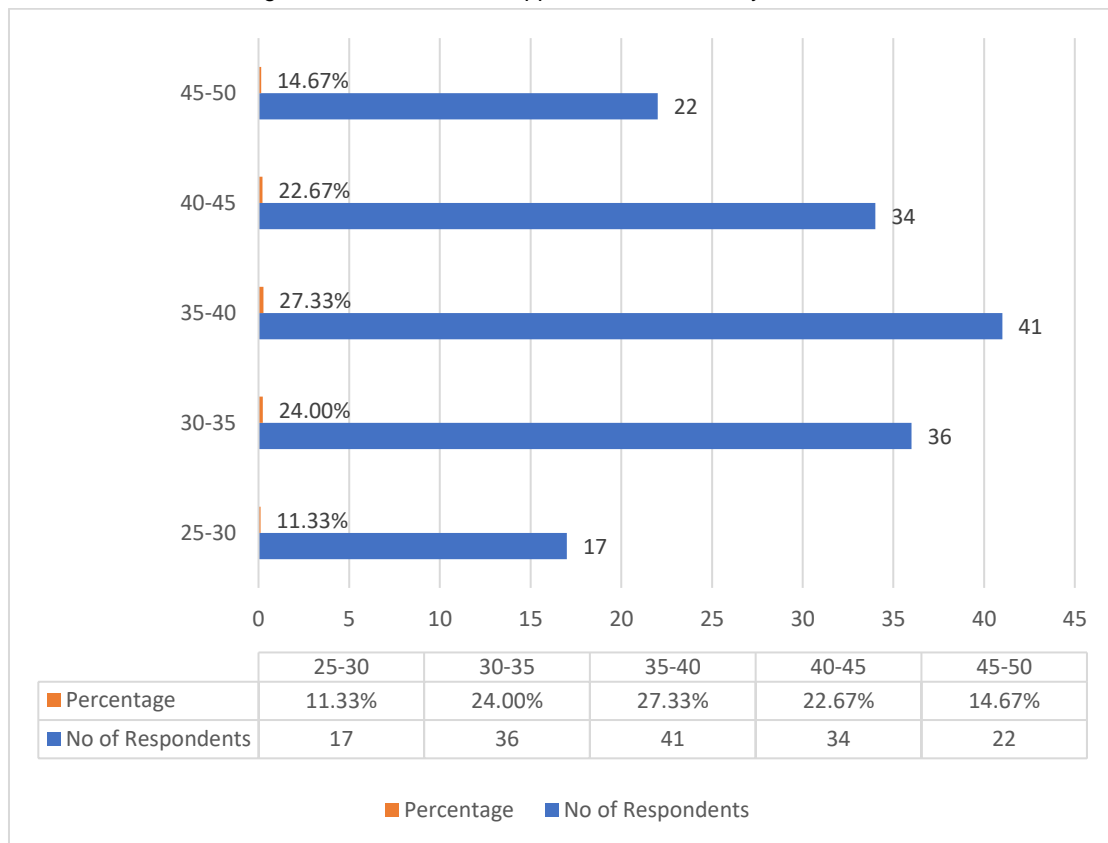
into financial uncertainty. The loss of livelihoods not only undermines the economic stability of SHG members but also jeopardizes their ability to provide for themselves and their families.

- Limited Resource Utilization:** Faced with dwindling income sources and mounting financial pressures, SHG members are forced to make difficult decisions about resource allocation. With limited financial resources at their disposal, prioritizing essential needs and identifying productive areas becomes paramount. Yet, the specter of uncertainty looms large, casting a shadow of doubt over the future prospects of these resilient communities.

In light of these challenges, the imperative for targeted support measures aimed at bolstering the resilience of SHGs has never been greater. Financial assistance, skill development programs, and access to markets are but a few of the critical interventions needed to help SHGs weather the storm and emerge stronger on the other side. As the world continues to grapple with the ongoing economic uncertainties unleashed by the pandemic, the resilience and tenacity of SHGs serve as a beacon of hope in an otherwise uncertain landscape.

**Data Analysis and Interpretation**

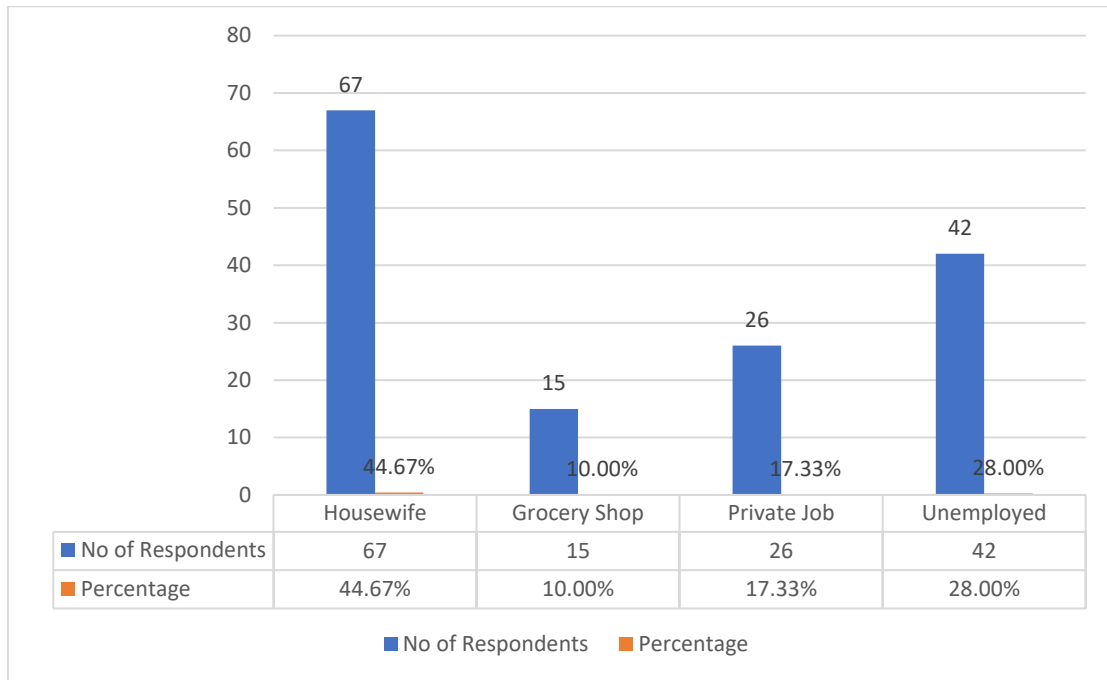
It involves examining the collected data to derive meaningful insights. In this study, analysis of demographic data, such as age, occupation, and duration of SHG membership, provides valuable insights into member engagement and challenges faced post-pandemic. These findings inform recommendations for targeted interventions to support SHGs effectively:



**Figure 1: Age of The Respondents**

Source: Based on Primary Data

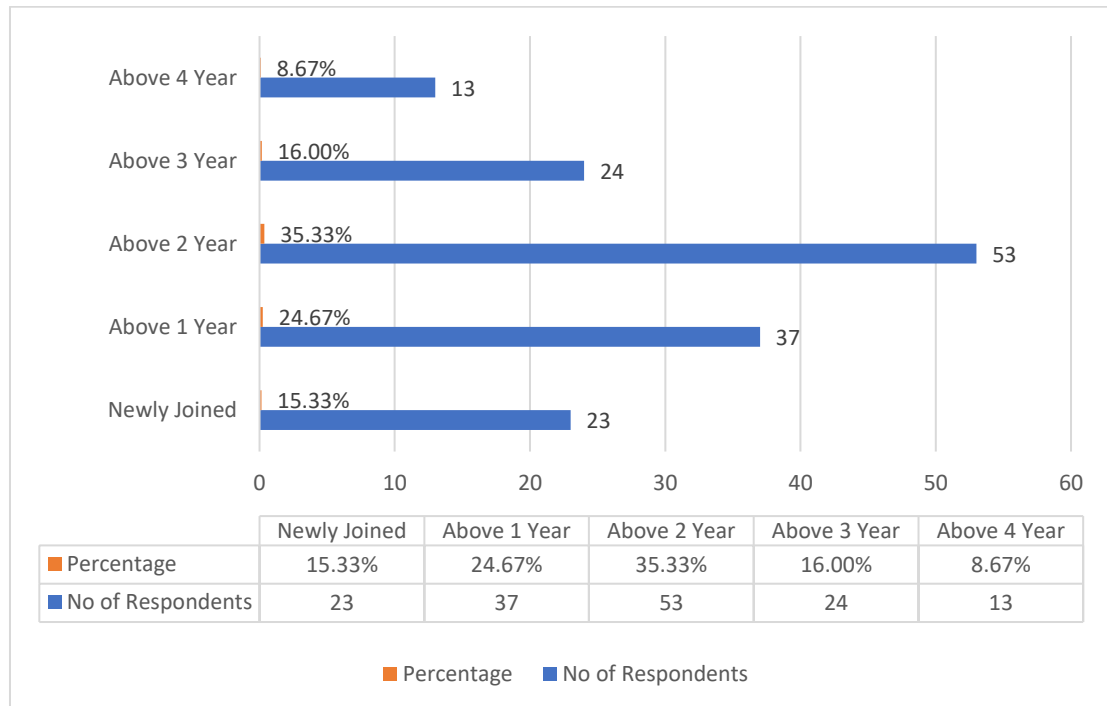
The analysis of Fig. 1 shows a notable concentration of participants aged 35-40, indicating active engagement and benefits from Self-Help Groups within this demographic. This underscores the effectiveness and relevance of SHGs in addressing the needs and aspirations of individuals in this age group.



**Figure 2: Occupation of The Respondents**

Source: Based on Primary Data

The above Figure 1.2 illustrates the occupations of the respondents, and the analysis of the data indicates that the majority of respondents identify as Housewife, reflecting a predominant demographic trend within the surveyed population.

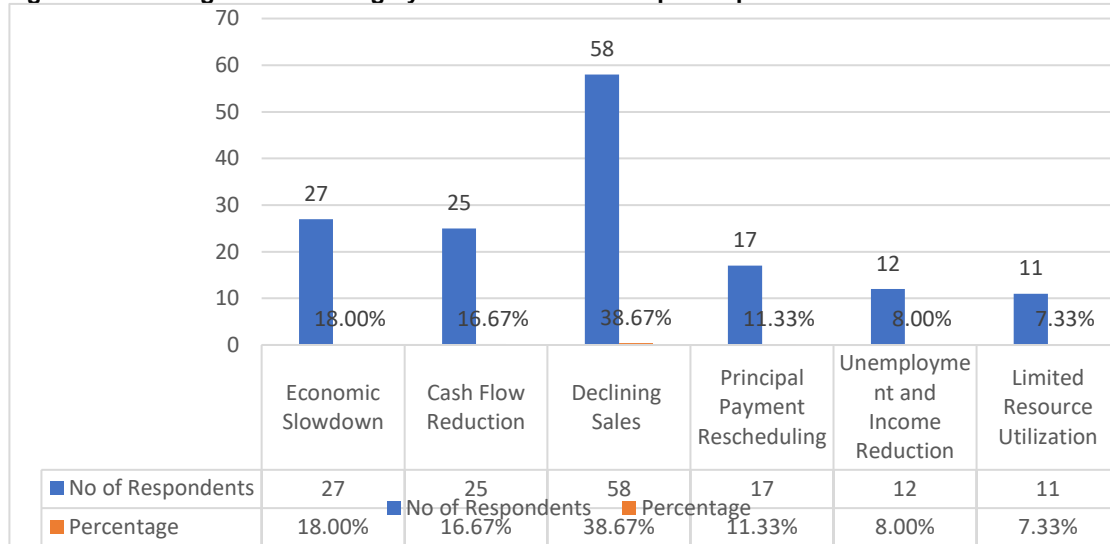


**Figure 3: Time Duration of SHGs Members**

Source: Based on Primary Data

The data analysis of Fig: 3 indicates that a significant proportion of members have been engaged with the Self-Help Group (SHG) for over two years, implying their continuous participation and utilization of SHG resources and services during this period. This suggests a sustained commitment to the SHG model, with members benefiting from its support, opportunities, and empowerment initiatives for an extended duration spanning the past two years.

**Figure 4: Challenges Confronting by Members of Self-Help Groups**



Source: Based on Primary Data

Following the pandemic, members of the Self-Help Group (SHG) are encountering a myriad of obstacles, including an economic slowdown, cash flow reduction, declining sales, principal payment rescheduling and the unemployment and income reduction. However, the predominant concern among members post-pandemic appears to be centered around sales. The pandemic has severely impacted people's income sources, resulting in a gradual decline and a surge in unemployment. Consequently, individuals are compelled to judiciously allocate their limited financial resources. A significant portion, accounting for 38.67% of respondents, highlight sales as a major issue following the pandemic.

**Result and Discussion**

The analysis of the data reveals several significant findings. Firstly, in Figure 1.1, a notable concentration of participants aged 35-40 suggests active engagement and benefits from Self-Help Groups within this demographic, highlighting the effectiveness of SHGs in meeting the needs of this age group. Additionally, Figure 1.2 indicates that the majority of respondents identify as housewives, emphasizing a predominant demographic trend within the surveyed population. Furthermore, Figure 1.3 demonstrates that a significant proportion of SHG members have remained engaged for over two years, indicating sustained commitment and utilization of SHG resources. Lastly, Figure 1.4 underscores the challenges faced by SHG members post-pandemic, particularly regarding economic slowdown, cash flow reduction, and declining sales. Sales emerge as a primary concern, reflecting the pandemic's profound impact on income sources and employment. These findings highlight the resilience of SHGs amidst challenges and the need for targeted support to address post-pandemic economic uncertainties.

**Suggestion**

- Conduct business-oriented training programs with professional experts from business and industrial sites to enhance the entrepreneurial skills of SHG members.
- Arrange suitable insurance coverage for business units promoted by SHGs to safeguard members' interests against financial losses.
- Facilitate access to finance for the expansion of SHG members' operations by helping them obtain loans from government and other agencies through NGOs.
- Enhance the literacy level of SHG members through educational initiatives led by NGOs officials to improve their financial management skills.

- Advise SHG members to utilize funds solely for carrying out assigned tasks to ensure effective resource utilization and project sustainability.
- Implement regular monitoring and evaluation mechanisms to track the progress of SHG members and ensure efficient utilization of resources.
- Facilitate networking opportunities for SHG members to connect with other entrepreneurs, clients, and mentors to expand their professional network.
- Organize capacity-building workshops on financial management, marketing strategies, and business planning to equip SHG members with necessary skills.
- Collaborate with local government bodies and financial institutions to ease access to credit facilities and other financial resources for SHG members.
- Provide continuous support and mentorship to SHG members throughout their entrepreneurial journey to help them overcome challenges and achieve their business goals.

### Conclusion

The study underscores the formidable challenges facing SHGs in Bhagalpur District post-pandemic while emphasizing their resilience and the urgent need for support. The economic slowdown, cash flow reduction, declining sales, and unemployment among members have significantly impacted SHGs. Through comprehensive data analysis, including demographic trends and challenges confronting SHG members, the study highlights the pressing need for targeted interventions to navigate post-pandemic uncertainties effectively. The findings emphasize the pivotal role of SHGs in rural development and community empowerment, despite the rural-urban demographic divide. Addressing challenges such as declining sales and unemployment requires collaborative efforts and tailored support measures. Recommendations include business-oriented training, insurance coverage, access to finance, and capacity-building workshops to bolster SHG members' resilience and efficacy. By implementing these suggestions and fostering a supportive ecosystem, stakeholders can ensure the continued empowerment and sustainability of SHGs, thereby enabling communities to thrive amidst adversity.

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