

Factors contributing to the Success and Failure of Self-help Groups in India : A detailed SWOT Analysis

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The Government of India along with various state governments have invested quite an effort in the formation and growth of self-help groups, realizing their potential in economic development. The success of self-help groups as a business organization generating employment opportunities is crucial for making the efforts justified. For a formal and large organization, it is easy to source the required skill set by hiring resources, marketing their products, and reaching out to their customers in a profitable manner, but the same may not be true for micro-enterprises like SHGs, who don't have sufficient funds and expertise in management practices. Self-help groups rely on the capabilities of its members and the support of various Government agencies and NGOs for carrying out its operations. A careful SWOT analysis of these groups can help building their strengths, overcoming the weaknesses, tapping on to the market opportunities and avoiding the potential threats to their business operations. If the analysis is done

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successfully and implemented carefully there is a huge potential for these micro-organizations to excel in their business operations. The present study focuses on doing an extensive SWOT analysis on Self-Help groups in India and tries to recommend the right set of actions that can be used by various agencies to help these SHGs.

[**Keywords :** Self-help Groups, SWOT analysis, Strengths, Weakness, Opportunity, Threats, SHG, Rural development, Women empowerment]

1. Introduction

Since 1980s, the government of India has invested quite a time, energy and money on the formation and uplift of Self-help groups across the country. The success of the SHGs model in China and Bangladesh has paved way for engaging the poor and unemployed (especially women) into productive activities and thus, generating employment in the country. The Self-Help groups are formed by bringing together 10-20 members from the society who contribute themselves in terms of time and money and get registered with any banking organization. They get involved into productive activities and help the members achieving financial and social security. SHGs can contribute a lot in women empowerment in country and uplift of standard of living among urban and rural poor.

Over the years, the government has left no stone unturned to assist these SHGs by instructing banks and micro-finance institutions to provide them easy loans. As capital is no longer an issue for the SHGs, they need to channelize their energy into management of operations of the group effectively. As per NABARD Report (2011), in India, 53.4 percent of deprived rural families are covered under SHG - bank linkage program. Government and NGOs also provide various marketing support to some extent to the self-help groups to market their products. The success of a group and its sustainability is vital not only for the members but also for the agencies involved in the nurturing of the SHGs.

Unfortunately, very few of the self-help groups have been successful in making a mark in the market. There is no problem with the intention of the government agencies as they see SHGs an engine for rural development. Also, there is no lack of intention among SHG members as most of them want to distinguish themselves in the family and society. So, it is important to carefully identify and analyze the strengths, weaknesses, opportunities and threats available to these self-help groups.

2. Need and Scope of the Study

As the Indian economy and employment opportunities are already affected due to the global pandemic situation, self-help groups are a ray of hope in generating income at grass root. Financially and socially independent women are strength of any society and can contribute to increase the HDI and per-capita of the country. Although at smaller scale, SHGs are also doing business operations and the rules of the business applies to them as well. Be it arranging the finance, conceptualizing and producing market worthy products, managing the workforce, training the workforce, building a brand and trademark and promoting them, and distributing the final products to the potential market, SHGs need to do every step without any error to attain sustainability and success.

India is home to almost 136 crore population (<https://data.worldbank.org/>). With huge number of its residents living in rural areas and dependent on primary sector for employment, it makes a worrisome situation for policy makers to generate gainful employment opportunities to them. The social structure especially the male dominated society and many orthodox beliefs make the situation of women vulnerable. The caste system also contributes to disparity and unequal distribution of wealth among the population of the country. Self-help groups engage the poor and vulnerable section of society and give them opportunities for gainful employment. Also, SHGs contribute in financial inclusion and improvement of standard of living in the society. The most important outcome of self-help groups is women empowerment by engaging them into productive work and increase in their savings.

SHGs contribute considerably in increasing the employment opportunities to the poor population and providing financial and social security to the vulnerable section of the society, especially women. So, the sustainability of self-help groups is vital for rural development. A careful SWOT analysis can pave ways for corrective measures and guidelines for many government agencies and NGOs who are working hard to nurture self-help groups in the country in better manner. A SWOT analysis is the subjective assessment of internal and external environmental situation for an organization. The internal or controllable environmental factors are classified into strengths and weakness, whereas the external uncontrollable factors are classified into opportunities and threats.

In the era of cut-throat competition, the success and sustainability of any economic activity depends on effective use of knowledge and taking the right steps at the right time. Market information based on SWOT analysis can be very useful for organization to achieve success. With the kind of growth India has seen in the last three decades, consumer markets have become large and attractive but the same time it has become too much competitive for business houses. Implementing proper managerial tools & techniques increases the chance of any business venture to attain success.

3. Review of Literature

Subramaniam (2001) suggested in his study that the self - help groups who got assistance from NGOs, performed better in terms of sustainability and profitability in comparison to those who did not get that support. Although, he pointed out the government agencies at times doubt the role of NGOs in SHG development. In most occasions, NGOs don't get importance and support from government agencies. He also pointed out the success of Swarna Jayanti Gram Swarojgar Yojana (SJGSY) in formation and growth of SHGs in country. The groups although lacked marketing support and were having poor infrastructure to fight with the existing organized players (Purushotham, 2004). The SHGs should emphasis on watchful approach before planning, producing, market targeting and positioning their produce in the marketplace. To compete successfully with the organized sector, they must devise the price strategies of the product before launching it in the market (Subashini Muthukrishnan, 2005).

A most important and heartening outcome of self-help group operations in the country is 'women empowerment' (Chiranjeevulu, 2003). Self-help group contributed to the confidence building of women in society and made them stronger in terms of savings. Ganapathi and Sannasi (2008) did a study identifying the factors that influence and motive the women to get associated with the group. The similar social and financial status of women influenced them to cooperate with one another and work in a group. The study also shows the challenges faced by these women entrepreneur. The final analysis of their study suggests motivation to get social acceptance and recognition is the most important factor for self-help groups.

Self-help groups helped a lot to the village women in the production of homemade *papad*, *achar*, *Agarbattis*, pottery and vermicompost, fur toys, coir products, mattresses etc. (Kumararaja 2009). The groups also worked on social issues like alcoholism, open defecation, child abuse, domestic violence, nutrition and family planning and helped improve the situation of women in the society. Dhiman and Rani (2014) showed the importance of marketing for SHGs in taking their products to the market. Kapoor Shikha (2019) also pointed out in her study about the role of SHGs in increasing the economic activities among poor women in Nithari village of Noida.

4. Research Gap

A lot of studies happened on self-help groups to find out the role of micro-finance, savings, marketing and other things in the sustainability of the group. Also, many studies are available on the contribution of self-help groups on women empowerment and uplift of the social status of women in society. Studies are also available to analyse the self-help groups' role in improving standard of living, per capita income, and overall improvement in the socio-economic status of its members. Thus, their success and sustainability are crucial. If all the variables affecting SHGs - controllable and uncontrollable factors, which affect them in positive manner or negative manner, are studied minutely, and their actions augmented accordingly, it will be a huge benefit for all the stake holders involved in the process.

There is a definite research gap to find out the various factors contributing to strength, weaknesses, opportunities and threats to these groups and their business operations in recent times. In the post-Covid era, market dynamics seem to have undergone some changes and offering a changed set of opportunities and challenges to the business enterprises. A detailed SWOT analysis is much required to throw some light on it, so that policy makers and other agencies involved in the formation and nurturing self-help groups can utilize the findings of the study.

5. Objective of the Study

The objective of the study is as follows :

1. To do a detailed SWOT analysis on the self-help groups operating in India.

6. Research Methodology

This research is done as per descriptive research design. Before the statement of the problem and laying out the research objectives, extensive review of literature was done to identify the research gap. Based on that, secondary data from journal, books and through various websites has been collected by the researcher and to develop the model of a SWOT analysis of self-help groups operating in India.

7. Findings and Discussion

Self-help groups get affected by many factors. Some are controllable (strengths and weaknesses) and some are uncontrollable (opportunities and threats). The SWOT analysis acts as an instrument to support the Self-Help Groups for aiding their decision-making in critical business situations and to take the right set of decisions. Also, to understand positive and negative implications of any event in internal as well as external dimensions. There is a dire need to support the self-help groups in capitalizing the strengths associated to each group. The group should also understand their limitations and weaknesses and try to overcome them as quickly as possible. Considering the dynamic condition of the market, opportunities need to be tracked and captured well in time to excel. Also, there is a great need to prepare for the any threat that can affect their businesses. SWOT analysis from time to time hovers a business towards success.

The careful SWOT analysis model developed through careful analysis of secondary data gives the following results :

7.1 Strengths of Self-help Groups

1. Motivated workforce who come together voluntarily and want to prove themselves to their family members and society.
2. Production of homemade items and knowledge of recipes that are unavailable with organized multinational companies.
3. Self-reliance by accumulation of money by member for credit related uses when in need.

4. Capital formation by group contribution.
5. Staunch support from Government agencies through implementation of various schemes targeted to SHGs from time to time.
6. Easy availability of credit due to SHG - bank linkage programs.
7. Seen as an engine for moving towards rural development and women empowerment.
8. Having a strong bond among members.
9. Having a competitive spirit among members regarding performance and status.
10. Self-help group members have a tend to do the of self-consumption of their products that reduces dependability of the group on market conditions.
11. Scope of regular meetings among members and an environment where every member can keep forward his/her views.
12. Faster decision-making process than formal organizations.
13. No cost as salary expenses to members.

7.2 Weaknesses of Self-help Groups

1. Improper management of finances.
2. Members come from poor and marginalized section of society that has very low savings.
3. Diversion of SHG funds from business activities to the personal and domestic use.
4. Default by members in repayment of funds due to their grim economic conditions.
5. Lack of education and managerial competence of members.
6. Lack of knowledge about management practices.
7. Lack of technological knowledge of SHG members.
8. Quality of product especially in terms of packaging and labelling.
9. No established distribution channels to market the finished goods.

10. Very poor implementation of marketing strategies by the groups.
11. Lack of proper training of SHG members.
12. Social hurdles related to engagement of women in productive activities.
13. Absence of able leaders to lead the group. Also, there is an absence in rotation of leadership position.
14. Incidences of demand of collateral security for loan extensions due to default in payments.

7-3 Opportunities available to Self-help Groups

1. Due to the dynamic business conditions and frequent disruptions, SHGs can cash in the opportunity by developing new product ideas, augmenting their business modules.
2. Government focus towards the credit linkage program to the primary sector is a great opportunity to the self-help groups.
3. Changed socio-cultural set up is an opportunity for the group members to engage themselves in productive activities.
4. Increased per capita and disposable income of the population has increased the market potential of the group.
5. Increased literacy rate, and participation of in socio-economic development.
6. Schemes like *Beti Bachao* changed the pre-established thought of the society towards women.
7. Various agencies and NGOs keep launching schemes for fostering self-help groups in the county.
8. The setup of village, block, district, and state level distribution support agencies in few states help in taking the products to a larger market.
9. Growth of a health-conscious market having keen inclination towards homemade, natural and organic products.

7-4 Threats to the Self-help Groups

1. Organized players manipulate market demand by offering relevant products in low cost.
2. Lack of trust by financial institutions towards women SHGs because of high rate of defaulters.

3. High interest rate of the credit.
4. Dynamic market conditions due to events like outbreak of Covid-19 pandemic.
5. Other institutions like MSMEs and Cooperatives can get more government attention and support in future.
6. The challenge to getting constant interest and priority by the administration.
7. Migration of population towards industrial cities can cause lack of human capital.
8. Changes in political leadership leading to changed viewpoints towards economic development schemes and so on SHGs.
9. Social and political differences can be a threat in long run.



A Model on SWOT Analysis of SHGs developed by the authors.

8. Conclusion

Self-help groups are driving force behind rural development and women empowerment. Although, a lot of efforts have been made to foster them in our country, but very few self-help groups are able to sustain their operations profitably for longer period of time. For the success of any enterprise, accurate and timely information is the key. There are many points in which the SHGs are doing excellent job, but there are certain aspects where they need to work on their weaknesses and convert them into their strengths. There is not lack of support from government and various agencies, but identification of opportunities as mentioned and taking proper steps to tap them will enhance the chances of success of these micro-enterprises. Business

markets are full of cutthroat competition, and timely identification and fortification against threats are the key to success.

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