



## ANALYSING THE IMPACT OF NOVEL CORONA VIRUS (COVID 19) ON SELF HELP GROUPS

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### ABSTRACT:

This paper would look at the impact of the COVID 19 on the SHG, also into the problems faced by SHGs since lockdown was initiated. Study conducted used survey method to collect data from the Jaipur District, Rajasthan. Study found that all the variables that were studied indicated that there has been negative impact on the members as well as on SHG both in their daily operations and in financial aspects as well. Also, it presented that among many problems it is credit crisis which is hampering it most and which poses threat on survival of these SHGs.

**Keywords:** SHGs, COVID 19, SHG members

### INTRODUCTION:

Novel Corona Virus (COVID 19) Pandemic outbreak took the world economy into a distress that it last saw during the great depression of 1930. Since then there were many recessions but none of this scale. COVID 19 disrupted not only the Demand but the supply chain as well. This pandemic crippled the economy to a standstill throughout the globe as running global trade was now crawling. Only essentials were crossing borders. For long the driving force for the major decisions made by different countries had become the trade benefits it could generate and suddenly trade-profits took a back seat and survival have become the main priority. The rise in the number of cases and the continuous trembling economy of the country puts out the complexity and severity of the situation. The cases in India kept on rising and government did prepare during lockdown as if needed enough of beds and other infrastructure would be available if required

The prolonged lockdown of India started with 'JantaCerfew' which was followed by the complete lockdown of country on March 25<sup>th</sup>, 2020. The lockdown in India was said to be one of the stringiest among all nations allowing only

essential services to be run with aim of 'flattening the curve'. The people most affected during this prolonged nation-wide lockdown were poor and marginalised section of the country. For living, most of them depends majorly on daily wage work in construction, factories or into other industries. During such time of crisis and distress, one of the initiative that is in heart of reducing the poverty and women empowerment as well as generation of employment i.e. Self Help Group initiative by NABARD also faced a challenged like never before.

"By obtaining microfinance, an SHG generally takes three to five years to mature and reach the stage of self-sustainability, graduating from consumption and low-productive activities to economic enterprises."(Srikanth & Saravanan, 2020). There are many such problems which have surfaced due to the pandemic for SHGs as credits dried and due to lockdown it became impossible for them to payback the amount taken as loan. Rate of default was also presumed to rise and show a spike in default cases as everything was standstill. This paper would look at the impact of the COVID 19 on the SHG, also into the

problems faced by SHGs since lockdown was initiated.

## 1. REVIEW OF LITERATURE

Review of literature is given below in form of journals/Paper/ Article on COVID 19 and State of economy, and its impact on SHGs.

### 1.1 Journal/ Research Paper/ Research Article

**Scott R. Baker, Nicholas Bloom, Steven J. Davis, and Stephen J. Terry** in their working paper, **COVID Induced Economic Uncertainty** have stated that “The COVID-19 pandemic has created an enormous uncertainty shock – larger than the one associated with the financial crisis of 2008-09 and more similar in magnitude to the rise in uncertainty during the Great Depression of 1929-1933. We can track and characterize this massive increase in uncertainty in near real time using stock market volatility measures, newspaper-based measures of economic uncertainty, and by aggregating over responses to survey questions about perceived business-level uncertainty. Our illustrative exercise implies that more than half of the contraction is caused by COVID-induced uncertainty. To be sure, the confidence intervals around our GDP growth projections are wide. And, as we discuss, there are reasons to think that our illustrative exercise understates the likely output effect of the COVID-19 pandemic.”

**Nuno Fernandes** in his paper “**Economic Effects of Coronavirus Outbreak (COVID-19) on the World Economy**” stated that, “Service-oriented economies will be particularly negatively affected, and have more jobs at risk. Countries like Greece, Portugal, and Spain that are more reliant on tourism (more than 15% of GDP) will be more affected by this crisis. This current crisis is generating spill-over effects throughout supply chains. Therefore, countries highly dependent on foreign trade are more negatively affected. The results suggest that on

average, each additional month of crisis costs 2.5-3% of global GDP.”

**Maria Nicola, Zaid Alsafi, Catrin Sorabhi, et.al** in their paper, “**The socio-economic implications of the coronavirus pandemic (COVID-19): A review**” have stated that “with fears of a new recession and financial collapse, times like these call for resilient and strong leadership in healthcare, business, government and wider society. Immediate relief measures need to be implemented and adjusted for those that may fall through the cracks. Medium and longer term planning is needed to re-balance and re-energize the economy following this crisis. A broad socioeconomic development plan including sector by sector plans and an ecosystem that encourages entrepreneurship is also needed so that those with robust and sustainable business models can flourish.”

**Kumar, Sunil** in his research paper “**Impact of coronavirus (COVID-19) on Indian economy**” stated that, “Globally coronavirus has produced an unstable environment for people. This has spread all over the world and called as a pandemic by World Health organization. This is stopped many of economic activities due to contagious disease and has no cured till date to fight with corona. It has produced economic impact on globe and India. It may produce recession in many part of the world. In every sector in India most of the products are imported from China, especially in medicine and manufacturing industry.”

## 2. RESEARCH METHODOLOGY

The research is based on the primary data collected through Survey method as well as secondary data based on newspaper articles. Questionnaire was used to collect data from the SHG members over various online platform which included Google form and Scanned PDF.

Sampling was done through Convenience Sampling. Area of research was confined to the Jaipur, Rajasthan. For this, few known SHG were selected and then sample was collected from members of these SHGs. Population for the study was SHG members of Jaipur.

### 2.1 Rationale of The Study

The study was necessary as the lockdown has taken away the livelihood of the poor of the country and SHG was an initiative to provide livelihood to bring people above poverty and provide them some sort of employment with special focus being on women. After lockdown was announced these are among category which was hit from the day one and it became important to adapt.

### 2.2 Limitation of The Study

The is confined to very small area due to the constraint of time, and reach as there are few who can be educated and are skilled enough to use technology. It is possible to carry this study further in future to more precisely understand the impact. Also, method of sampling used was convenience sampling instead the most appropriate method considered is Random Sampling.

### 2.3 Research Objective

- Understanding the impact of COVID 19 on SHG.
- Understanding the problems in production by SHG due to COVID 19.

## 3. DATA ANALYSIS AND INTERPRETATION

In this section we will look into the analysis of the data collected using graphs and charts. Analysis is divided in two parts as first will look into basic description of SHG members and second would look at the data showing detailed analysis for the objective's study.

### 3.1 General Demographic of Sample

In this sub section of data analysis, there would be focus on the demographic characteristics of

the sample. There are four aspects that covered in here are Gender, Age, Marital Status and Family Income. Following is the description:

In figure 1, it is shown that majority of the members in SHGs are female (85.7%) and rest are male (14.3%). The reason for this is the majority of SHGs are run and operated with the objective of women empowerment through employment generation. It is also true for nation-wide as specialised SHGs are promoted by NABARD.

Figure 2, it shows the age group of members in which most of SHG members belong to, it is found that rather young members of 18 - 30 years are forming majority (40.5%) followed by 30 - 40 years (33.3%) and then 40-50 years (16.7%) and above 50 years (9.5%). This could be area specific as in other studies it has been found to be older age group having majority of members. The reasoning could be success of SHG in these areas in improving lives of poor families.

In the figure 3, it is shown that mostly members are married (61.9%) and only unmarried (31%) rest small portion includes widow and divorced.

Figure 4, it shows that Income group of ₹10000 to ₹20000 has almost 41% of members. Rest of them i.e. ₹20000-₹30000, below ₹10000 and above ₹30000 are 23.8%, 19% and 16.7% respectively.

### 3.2 Data Analysis

Now, in this sub-section study would look at the analysis focusing on the understanding objectives and studying variable's trend to look the outcomes that it presents.

Objective (a): To understand the impact of COVID 19 on SHG.

To draw result for study's first objective we would look into different variables studied under. Those are further divided among two categories (i) that would show impact on daily working on, that includes frequency of meetings,

social distancing at workplace, internal election, change in product, mental health and fall in number of members; (ii) that would show impact on financials of SHG such as Saving, bank loan repayment, credit crisis, and ease in receiving due payment.

(i) Impact on daily working of the SHG

In figure 5, it is to understand that the impact of COVID 19 on the regularity of the meeting of members that needs to be done in accordance to the condition of SHG-BLP initiative. Data indicates whether things would normalise after lockdown or not. 45.3 % of the respondent thought, it would not be possible to conduct meeting as timely and other 31% suggest once lockdown is lifted there would be meetings conducted whenever required.

Figure 6 studies the situation after lockdown in which, whether Social Distancing norms are properly followed by members at workplace. It clearly shows that overwhelmingly people and SHGs are following the social distancing in their workplace with 68.3%. Still there are 5% who are not being able to follow social distancing, reason stated for these were mostly due to lack of space.

In figure 7, it is shown that, whether SHGs would conduct election (if falls during this period) for the president (or chairperson). Analysis clearly showed that it was almost not possible to conduct election 22% disagreeing and merely 7% agreeing with it. Also 12% remained neutral. The reason being, it is already rare to select someone new in these SHGs as there are few who wants to take up the role, also they president tends to have stronger hold among the group.

Figure 8 shows, whether there would be need to change the ways of working or change in product itself due to COVID 19. Analysis showed that there are 0 person who strongly disagreed with this as members certainly feel changes are must during this pandemic. Although there are

16.7% who disagreed but 64.2% agreed. It shows that Innovation and training is what SHG need to adapt in this environment. Response shows that there is need to change the way thing are done and also the products in many cases to match the need of current scenario.

Figure 9 looked at pressure that arises due to going out on work as it puts family to risk as well the family' pressure to not do the work. It is clear from the collected data that majority of members feels mental pressure (57.1%). Reasoning for this is women constitute chunk as member and they do feel concerned as COVID 19 is highly transmittable disease and many times doesn't even show symptoms for days. Thus, putting their family at risk.

In Figure 10, shows the impact that COVID 19 had on number of members in SHG. Data shows that many SHG faced that there is fall in number of members as they are unable to contribute in regular saving amount need to be pooled. Thus, making it difficult to work. Data shows 59.6% of respondent agreed that there could be permanent reduction in the group. 29.2% remained neutral regarding matter. There was no respondent that strongly disagreed with it.

(ii) Impact on the financial aspect of the SHGs

Figure 11: This figure shows that most of the respondents believe that due to COVID 19 there regular saving of the members have gone down and thus their ability to contribute to the SHG's saving required by norms for five years to attain status also suffers. It was all agreed that savings are gone as 95.3% agreed that this Pandemic would eat in their income and thus into the capability to save. There are 0 respondents who disagreed.

The figure 12 shows ability to pay-back loans taken from bank. Respondent was asked if they think that it would be possible for the SHG to pay back money borrowed in response it was

surprising to see that even after such slowdown and the state in which economy is, there are 35% still believe that there would no default. 40.5% though that most likely there would difficulties in repayment of loan to banks.

Figure 13: It would show whether payments due to customers are paying SHGs or not. This again went on to show that mostly disagreed as there were customers who were not paying thus making income to be due and thus making hard to pay for SHGs to pay-back to their lenders. 52.4% disagree that payments are not being received smoothly and only 28.6% agrees with the same. The reason is as it is already stated i.e. state in which economy is.

Figure 14: This figure shows the chances of SHG falling apart due to this Pandemic leads to lack of credit. The response does say that scenario in which SHGs are currently working, it is more likely to fall apart if nothing is done to support them. 54.8 agree with this problem of credit crisis.

Graphical analysis of these data collected by respondent does suggest that COVID 19 has impact on the SHG. All the variables that were studied indicated that there has been negative impact on the members as well as on SHG both in their daily operations and in financial aspects as well.

Objective (b): To understand the problems in production by SHG due to COVID 19.

First, we asked respondents regarding the problems faced by the SHG due to COVID 19 in their production. Variables for that were availability of raw material, transportation, no product demand, Credit crisis, and production of non- essential goods. They were allowed to select more than one problem if faced together. As the figure shows 61.9% of responded said that the biggest problem faced by them was credit crisis. During lockdown there very few businesses were allowed and it was highly risky to go outside to work even if it was allowed. That

let to money crunch in every business as flow of funds stopped. SHGs already work with minimal liquidity and very small sum of capital. Which goes on to show the reason of credit crisis in SHG.

The problem of availability and problem of transportation were next as 40.5% and 38.1% respectively. These reasons are somewhat connected as there no production happening, thus no raw material would be available and also lockdown made transportation also being not there to deliver goods or to receive raw material.

The last two problems among the given variables were lack of demand (33.3%) and produce of SHG was non-essential product (31%).

#### CONCLUSION :

COVID 19 has impacted the whole wide world and there is no certainty how long will it keep hitting the world. In case of India the number of cases are still rising at the alarming rate and it is hampering the economy badly. This study was to look at the impact on SHG due to this pandemic. We concluded that SHG has been impacted very badly and there is need for changes to be made to re start the work that was continuing for last three decades with the aim of uplifting of poor. Though many NGOs have come forward to help there is long road ahead. With the aim that more SHG need work like manufacturing mask, sanitizer which would uplift them out of danger of hunger and joblessness. The paper shows that there is negative impact of COVID 19 on daily workings as well as on financial aspects. Also, it presented that among many problems it is credit crisis which is hampering it most and which poses threat on survival of these SHGs.

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Gender  
42 responses

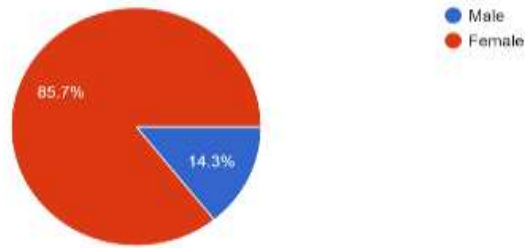


Figure 1: Gender

Age  
42 responses

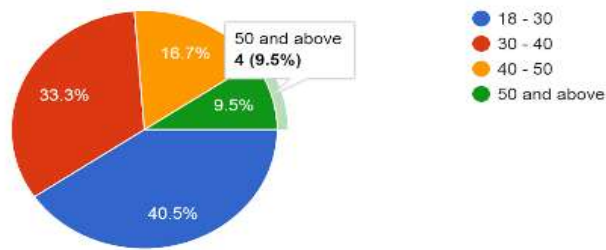


Figure 2: Age

Marital Status  
42 responses

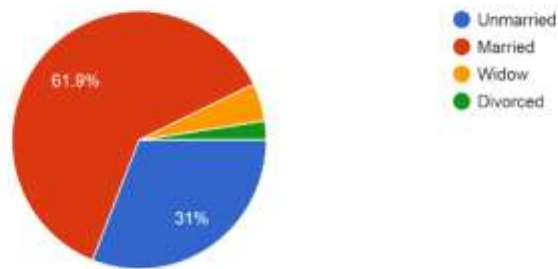


Figure 3: Marital Status

Monthly Family Income  
42 responses

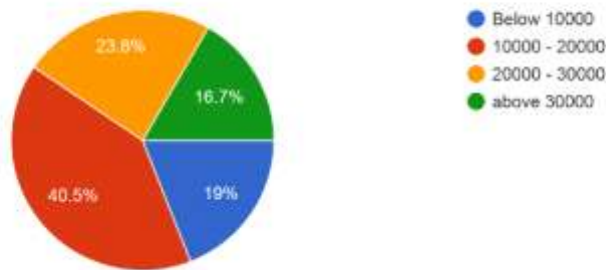


Figure 4: Monthly Family Income

There would be regular meeting of SHG after lockdown ends  
42 responses

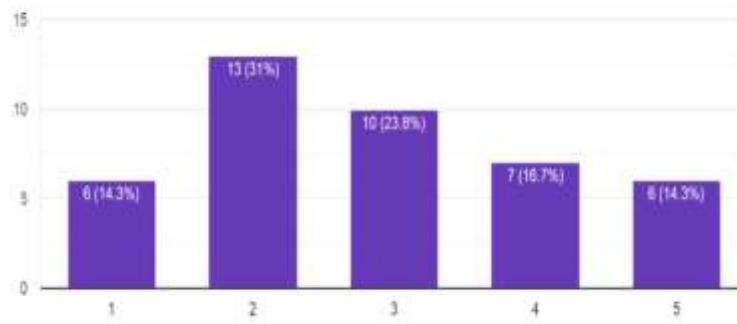


Figure:5

Able to follow social distancing at your workplace?  
41 responses

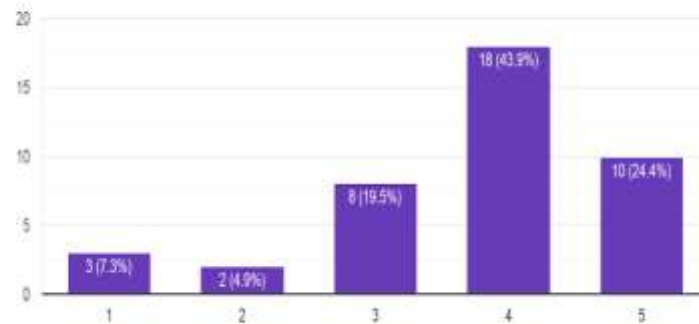


Figure:6



Election for choosing president would be executed if fails with this period

42 responses

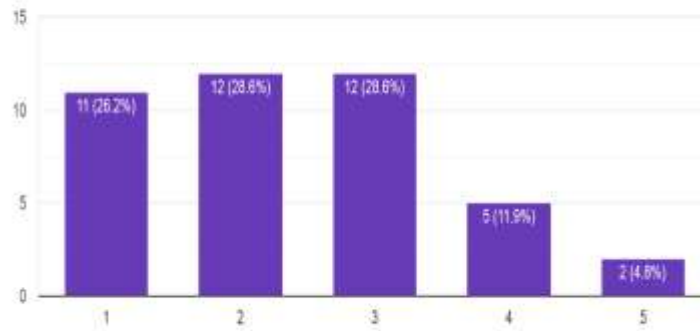


Figure:7

There would be need to change the working method of SHG and do some new type of work

42 responses

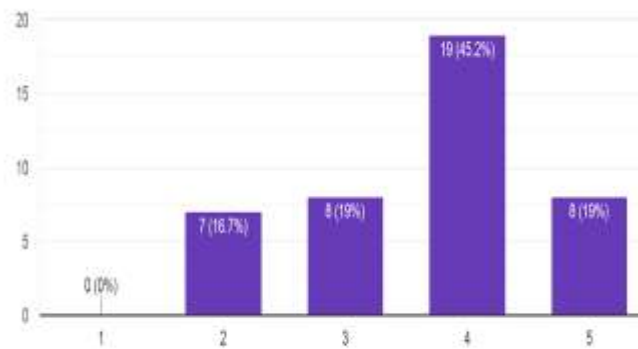


Figure:8

Mental pressure of family being put to risk , if you go to work

42 responses

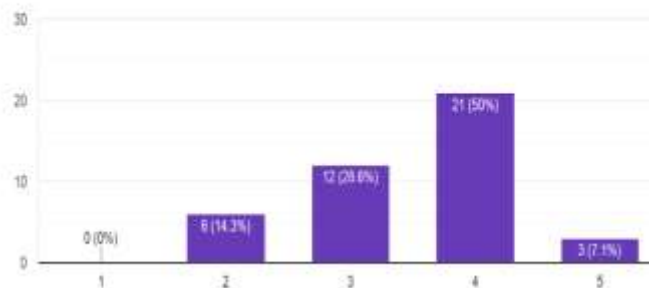


Figure: 9

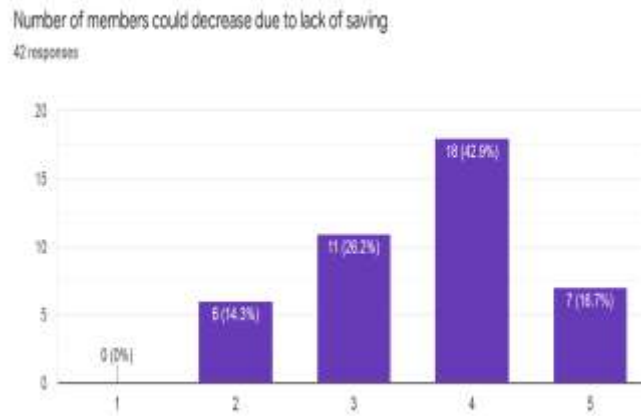


Figure: 10

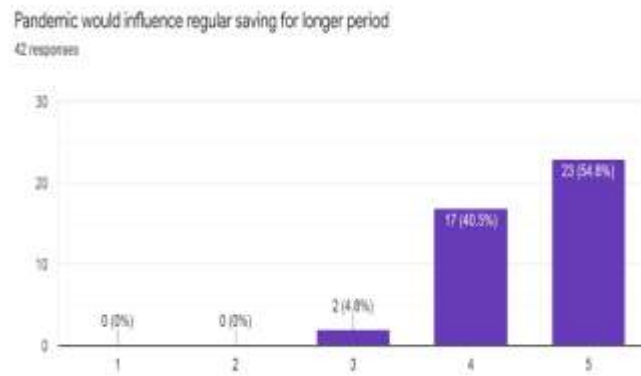


Figure: 11

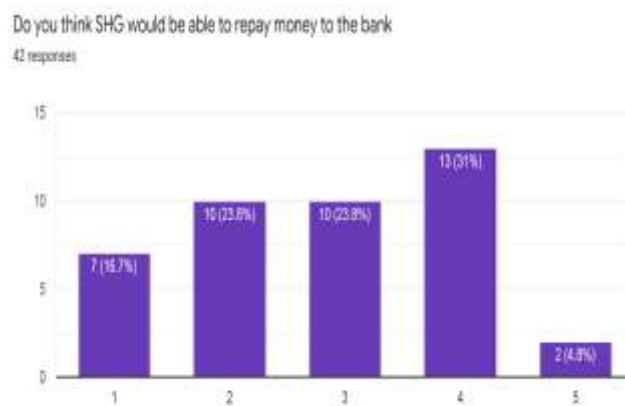


Figure: 12

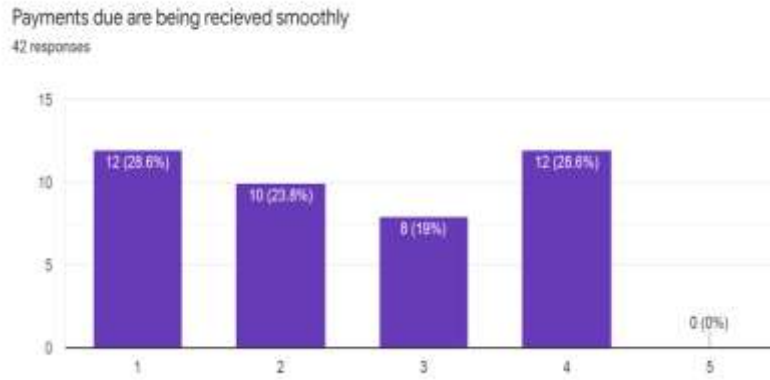


Figure: 13

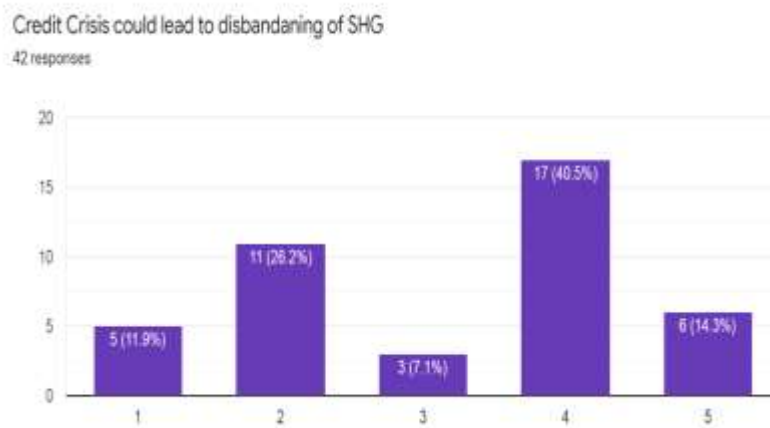


Figure: 14

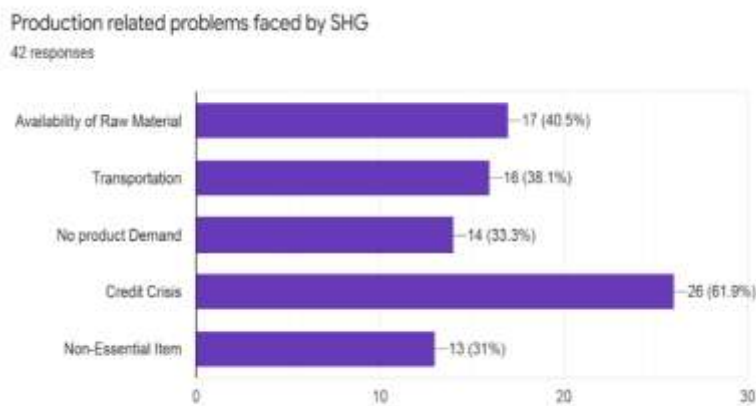


Figure: 15