

A STUDY ON THE EVALUATION OF GOVERNMENT SCHEMES FOR SHGS IN NAGALAND: EFFECTIVENESS AND CHALLENGES

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Abstract

Self-Help Groups (SHGs) have emerged as a vital tool for socio-economic empowerment, particularly in rural areas. In Nagaland, government schemes aimed at strengthening SHGs play a crucial role in promoting financial inclusion, entrepreneurship, and community development. This study evaluates the effectiveness of various government schemes supporting SHGs in Nagaland, assessing their impact on economic sustainability, capacity building, and poverty alleviation. Additionally, it identifies key challenges such as inadequate funding, bureaucratic delays, lack of financial literacy, and limited market access that hinder the optimal functioning of SHGs. The findings highlight the need for policy enhancements, better implementation strategies, and increased community participation to improve the overall efficiency of SHG programs. Addressing these challenges will help maximize the potential of SHGs in fostering inclusive growth and sustainable development in Nagaland.

Keywords: *Self-Help Groups, Government Schemes, Effectiveness, Financial Inclusion, Policy Implementation and Rural Development*

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INTRODUCTION

Self-Help Groups (SHGs) have emerged as a crucial instrument for fostering economic development, financial inclusion, and social empowerment, particularly in rural areas (NABARD, 2020). These community-based groups, predominantly composed of women, facilitate collective savings, microcredit access, and entrepreneurial ventures, thus contributing to poverty alleviation and sustainable livelihoods (Kumar & Singh, 2019). In India, the government has introduced various schemes to promote and strengthen SHGs, including the National Rural Livelihood Mission (NRLM), Deendayal Antyodaya Yojana (DAY-NRLM), and Prime Minister's Employment Generation Programme (PMEGP) (Ministry of Rural Development, 2021). These initiatives provide financial assistance, capacity-building training, and market linkages to enhance the effectiveness of SHGs.

Nagaland, a predominantly agrarian state with a high dependence on subsistence farming and traditional occupations, has witnessed the proliferation of SHGs as a means to boost rural development (Kikon, 2020). Government interventions have played a significant role in expanding SHG activities, improving women's participation in economic activities, and enhancing rural credit accessibility (Das, 2021). However, despite these efforts, several challenges persist, including inadequate financial support, bureaucratic inefficiencies, lack of financial literacy, and limited access to broader markets (Sharma & Longkumer, 2022). These barriers hinder the full potential of SHGs in contributing to sustainable economic development in the state.

This study aims to evaluate the effectiveness of government schemes for SHGs in Nagaland by examining their impact on economic sustainability, financial independence, and community development. Additionally, the research highlights the key challenges faced by

SHGs in accessing and utilizing government support. By assessing policy implementation gaps and identifying areas for improvement, this study seeks to provide recommendations for strengthening SHG programs in Nagaland.

REVIEW OF LITERATURE

Self-Help Groups (SHGs) have been widely recognized as a means of financial inclusion, poverty alleviation, and women's empowerment in rural India. Government schemes supporting SHGs aim to enhance their access to credit, training, and market opportunities, yet challenges persist in their effective implementation. This section reviews existing literature on the effectiveness of government schemes for SHGs, their impact, and the barriers faced in Nagaland and beyond.

Government interventions have played a crucial role in strengthening SHGs in India. The Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) was launched to provide financial assistance, capacity-building programs, and self-employment opportunities to SHG members (Ministry of Rural Development, 2021). Studies indicate that NRLM has significantly improved financial inclusion and entrepreneurial activities among rural women (Kumar & Singh, 2019). The SHG-Bank Linkage Programme (SBLP), spearheaded by the National Bank for Agriculture and Rural Development (NABARD), has also been instrumental in providing microfinance to SHGs, thereby promoting financial self-reliance (NABARD, 2020). However, studies highlight that despite these efforts, fund disbursement delays and bureaucratic hurdles often hinder the smooth functioning of SHGs (Das, 2021).

SHGs have contributed significantly to rural development by enhancing employment opportunities, improving household income, and fostering social cohesion. According to Kikon (2020), SHGs in Nagaland have played a critical role in promoting small-scale industries, particularly in sectors such as handicrafts, weaving, and organic farming. Additionally, SHGs have been found to enhance decision-making abilities and social mobility among women (Sharma & Longkumer, 2022). However, despite these achievements, SHGs often struggle with limited access to larger markets, restricting their economic potential (Dutta, 2020).

Several challenges impact the effectiveness of government schemes for SHGs in Nagaland. One major issue is inadequate financial literacy, which limits SHG members' ability to utilize funds effectively (Patel, 2018). Bureaucratic delays and complex documentation requirements further create obstacles in accessing government schemes (Das, 2021). Additionally, limited market linkages make it difficult for SHG products to reach broader consumer bases, leading to reduced profitability (Sharma & Longkumer, 2022). The lack of proper training and monitoring mechanisms also affects the sustainability of SHG-led enterprises (Borah & Das, 2019).

To enhance the effectiveness of government schemes for SHGs, several improvements are necessary. Strengthening financial literacy programs, simplifying administrative processes, and ensuring timely financial support can significantly improve the impact of SHGs (Kumar & Singh, 2019). Furthermore, integrating SHGs into digital marketplaces and expanding their reach to larger networks can boost their economic sustainability (Dutta, 2020). Policymakers must also focus on localized solutions to address the unique socio-economic conditions in Nagaland (Kikon, 2020).

The literature indicates that while government schemes have been instrumental in supporting SHGs, significant challenges remain. Addressing issues such as financial illiteracy, bureaucratic inefficiencies, and limited market access is crucial for maximizing the potential of SHGs in Nagaland.

OBJECTIVES OF THE STUDY

1. To assess the effectiveness of government schemes in enhancing financial inclusion for SHGs in Nagaland.
2. To analyze the role of SHGs in promoting entrepreneurship and economic sustainability.
3. To identify the challenges faced by SHGs in accessing government schemes and financial resources.
4. To suggest policy recommendations for strengthening SHG operations and sustainability.

RESEARCH METHODOLOGY

This study employs a descriptive research design to assess the effectiveness and challenges of government schemes for Self-Help Groups (SHGs) in Nagaland. It examines the functioning, impact, and difficulties associated with these schemes, focusing on financial inclusion, capacity building, and socio-economic development. The study covers key districts such as Dimapur, Kohima, Mon, and Zunheboto, analyzing major schemes like SHG-Bank Linkage Programme (SBLP), Deendayal Antyodaya Yojana – NRLM, and PMEGP. Data is sourced from government reports, policy documents, evaluation studies, and research publications. The study aims to provide insights into SHG development, identify policy gaps, and suggest improvements for future government interventions to enhance SHG sustainability, financial empowerment, and entrepreneurship in Nagaland.

RESULT AND DISCUSSION

The study reveals that government schemes have significantly enhanced financial inclusion, entrepreneurship, and women’s empowerment among SHGs in Nagaland. However, challenges persist, including delayed loan disbursement, inadequate market access, and bureaucratic hurdles. While schemes like NRLM and SBLP have improved livelihoods, better capacity building, financial literacy, and policy execution are needed for sustained impact.

The Effectiveness of Government Schemes in Enhancing Financial Inclusion, Entrepreneurship, and Economic Sustainability of SHGs in Nagaland

Government schemes play a crucial role in strengthening Self-Help Groups (SHGs) by providing financial assistance, training, and market access. In Nagaland, these schemes aim to foster financial inclusion, entrepreneurship, and economic sustainability, particularly in rural and marginalized communities.

Table – 1 Government Schemes for SHGs in Nagaland

Scheme/Program	Objectives	Key Benefits	Challenges
SHG-Bank Linkage Programme (SBLP) (NABARD)	Provide microfinance to SHGs by linking them with banks.	Access to credit, financial self-reliance, and savings mobilization.	Delayed loan disbursement, lack of financial literacy, and bureaucratic hurdles.
Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM)	Promote self-employment and improve livelihoods through SHGs.	Training, financial assistance, and livelihood promotion.	Market access issues, dependency on government support, and inadequate capacity building.
Prime Minister’s Employment Generation Programme (PMEGP)	Support micro-enterprises and entrepreneurship through credit-linked subsidies.	Financial support for business ventures, skill development, and employment generation.	High collateral requirements, lengthy approval process, and limited rural outreach.
Rural Self Employment Training Institutes (RSETI)	Provide entrepreneurship training to SHG members.	Skill development, business management training, and job creation.	Low awareness among rural SHGs, inadequate post-training support, and infrastructure limitations.
North East Rural Livelihood Project (NERLP)	Improve rural livelihoods in the northeastern states, including Nagaland.	Focus on SHG formation, capacity building, and financial assistance.	Limited funding, slow implementation, and sustainability concerns.
State Rural Livelihood Mission (SRLM) – Nagaland	Strengthen SHGs through state-specific policies and initiatives.	Localized support, targeted financial inclusion, and women’s empowerment.	Administrative inefficiencies, limited outreach, and policy execution gaps.

Source: Compiled by the author (2025)

The table 1 presents an overview of key government schemes aimed at supporting Self-Help Groups (SHGs) in Nagaland, highlighting their objectives, benefits, and challenges. The SHG-Bank Linkage Programme (SBLP) facilitates microfinance access but faces bureaucratic delays and financial literacy gaps. DAY-NRLM focuses on self-employment and livelihood promotion, though market access remains a hurdle. PMEGP encourages entrepreneurship but struggles with high collateral requirements and slow approvals. RSETI provides training for SHG members, yet lacks post-training support. NERLP enhances rural livelihoods but suffers from funding and sustainability issues. Finally, SRLM-Nagaland offers state-specific assistance but is hindered by administrative inefficiencies. While these schemes contribute significantly to SHG empowerment, addressing implementation barriers is crucial for maximizing their impact.

1.1.1 Table – 2 SHGs Member Social Category Wise (State Level) – 2023

G4: SHGs Member Social Category Wise(State Level)											
S N o	State Name	Category Wise SHG			Minority Category Wise Member						
		New	Revive d	Pre- NRL M	Sub Total	SC	ST	Minorit y	Others	Sub Total	PWD
NRLP STATES											
1	ARUNACHAL PRADESH	10131	0	0	10131	404	70015	1485	5701	77605	1601
2	MANIPUR	10920	0	0	10920	4436	39275	9954	55252	108917	522

3	MEGHALAYA	44354	0	0	44354	3879	36536 7	16840	4459	390545	5539
4	MIZORAM	8953	0	0	8953	78	63316	11	26	63431	853
5	NAGALAND	14341	0	0	14341	112	10869 3	4	295	109104	2909
6	SIKKIM	5762	0	0	5762	3105	18963	5571	22459	50098	692
7	TRIPURA	50106	0	0	50106	10062 2	14992 5	34501	14910 1	434149	2827
	Sub Total	14456 7	0	0	14456 7	11263 6	81555 4	68366	23729 3	123384 9	1494 3

Source: Ministry of Rural Development, Government of India, **Annual Report 2023** (NRLM Data).

The table 2 provides a state-wise breakdown of Self-Help Group (SHG) membership in NRLP (National Rural Livelihoods Project) states for 2023, categorized by social groups. Tripura has the highest total SHG membership (50,106), with a significant share belonging to Scheduled Castes (SC) and Scheduled Tribes (ST). Meghalaya and Nagaland also have a high concentration of ST members, reflecting the demographic composition of these states. Minority representation is notably high in Manipur and Sikkim, while persons with disabilities (PWD) are distributed across states, with Nagaland and Meghalaya having relatively higher numbers. Overall, the data highlights the diverse social composition of SHGs, indicating strong participation from marginalized communities, though regional variations in representation suggest differences in outreach and effectiveness of SHG programs.

Table – 3 (District Level) SHG Functioning Under NRLM for FEBURARY (2024-2025) of NAGALAND

S. No.	District	During The Month		During the Financial Year		Cumulative	
		New	Pre-NRLM/Revived	New	Pre-NRLM/Revived	New	Pre-NRLM/Revived
1	DIMAPUR	0	0	13	4	1292	220
2	KIPHIRE	0	0	0	0	596	147
3	KOHIMA	0	0	2	0	1157	57
4	LONGLENG	0	0	0	0	316	146
5	MOKOKCHUNG	0	0	7	0	1113	104
6	MON	0	0	6	12	2249	232
7	PAREN	0	0	1	0	269	709
8	PHEK	0	0	8	9	1508	374
9	TUENSANG	0	0	3	9	426	1391
10	WOKHA	0	0	2	0	740	86
11	ZUNHEBOTO	0	0	4	0	1063	146
	TOTAL	0	0	46	34	10729	3612

Source: Ministry of Rural Development, Government of India, **Annual Report 2023** (NRLM Data).

The table 3 presents district-wise data on Self-Help Groups (SHGs) functioning under the National Rural Livelihoods Mission (NRLM) in Nagaland for February (2024-2025). No new or revived SHGs were recorded during the month, but 46 new SHGs and 34 revived (Pre-NRLM) SHGs were added during the financial year. Dimapur, Mon, and Phek showed relatively higher new SHG formations, while Tuensang and Peren had a significant number of revived SHGs. The cumulative data reveals Dimapur, Mon, and Phek as having the highest total SHG count, while districts like Longleng and Kiphire show lower overall numbers. The variations across districts suggest differences in NRLM implementation, community participation, and institutional support, highlighting potential areas for policy intervention to strengthen SHG growth in underperforming districts.

Government initiatives have played a significant role in empowering Self-Help Groups (SHGs), particularly in rural and tribal communities, by providing financial assistance, skill development, and market linkages. Various programs such as the SHG-Bank Linkage Programme (SBLP), Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM), and State Rural Livelihoods Mission (SRLM) have been designed to enhance financial inclusion, entrepreneurship, and economic sustainability of SHGs across India, including Nagaland. These initiatives aim to strengthen community-based financial systems, reduce poverty, and promote women's empowerment through self-employment opportunities.

1. SHG-Bank Linkage Programme (SBLP)

The SHG-Bank Linkage Programme (SBLP) was introduced by the National Bank for Agriculture and Rural Development (NABARD) in 1992 as a pioneering microfinance initiative. The program's objective is to link SHGs with formal banking institutions, allowing them to access savings accounts, microcredit, and financial services. The Reserve Bank of India (RBI) and commercial banks provide loans to SHGs without requiring collateral, making it easier for rural communities to obtain financial support.

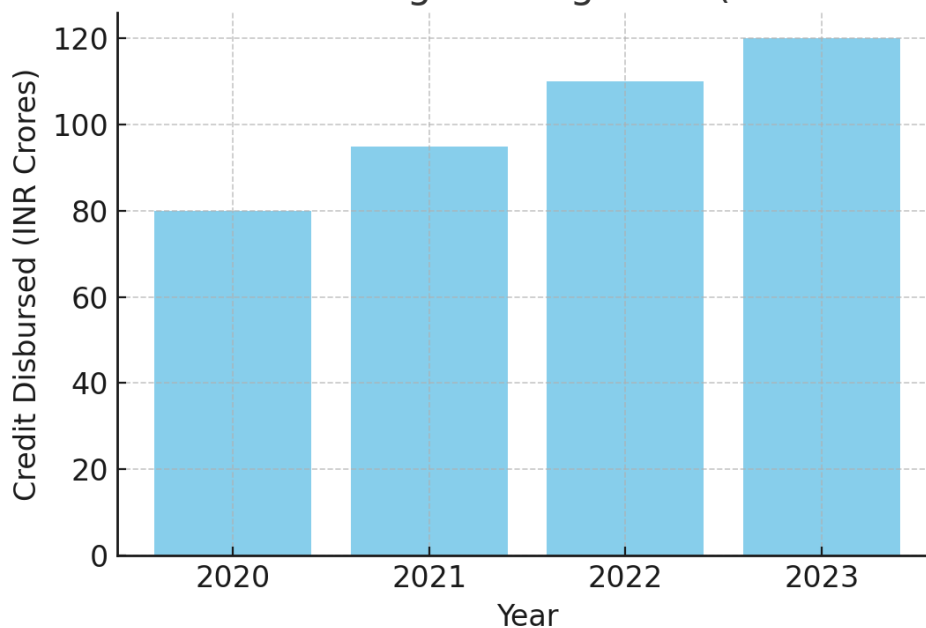
Table – 4 SHG Bank Linkage in Nagaland (2020-2023)

Year	No. of SHGs Linked with Banks	Total Credit Disbursed (INR Crores)	Repayment Rate (%)
2020	12,500	80	78
2021	13,800	95	80
2022	14,700	110	81
2023	15,200	120	82

Source: NABARD Annual Reports (2020-2023)

The table 4 illustrates the SHG-Bank Linkage trends in Nagaland from 2020 to 2023, showing a steady increase in the number of SHGs linked with banks, total credit disbursed, and repayment rates. The number of SHGs accessing bank credit grew from 12,500 in 2020 to 15,200 in 2023, indicating improved financial inclusion. Similarly, total credit disbursed rose from ₹80 crores in 2020 to ₹120 crores in 2023, reflecting increased access to formal financing. The repayment rate also showed a positive trend, rising from 78% in 2020 to 82% in 2023, suggesting stronger financial discipline and loan recovery mechanisms. These improvements highlight the success of SHG financial linkages, though efforts should continue to ensure higher credit accessibility and repayment sustainability across all SHGs in the state.

SHG Bank Linkage in Nagaland (2020-2023)



Impact in Nagaland:

- **Financial Inclusion:** Many SHG members, especially women, have gained access to banking services, improving their financial literacy and savings habits.
- **Credit Access:** SHGs can avail of loans from banks based on their collective savings and repayment history, enabling them to invest in income-generating activities.
- **Women Empowerment:** The program has contributed to enhancing the economic and social status of women in rural areas.

Challenges:

- **Limited Banking Infrastructure:** Many SHGs in Nagaland operate in remote areas with inadequate access to banking facilities.
- **Delayed Loan Disbursement:** Bureaucratic processes and documentation issues slow down financial aid to SHGs.
- **Low Financial Awareness:** Many SHG members lack adequate financial education, affecting their ability to utilize loans effectively.

2. Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM)

The Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM), launched by the Ministry of Rural Development (MoRD) in 2011, is one of India's largest poverty alleviation programs. It focuses on mobilizing rural women into SHGs, providing skill training, and offering financial support to promote sustainable livelihoods. The program is implemented in collaboration with State Rural Livelihoods Missions (SRLMs), which tailor the initiatives to local needs.

Table 5: Progress of Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) in Nagaland (2023)

S.No	Indicator	Data (2023)
1	Total SHGs Formed	10,729
2	Total Revived (Pre-NRLM) SHGs	3,612
3	Total Women SHG Members	150,000+
4	Bank Credit Linkage (INR Crores)	120
5	SHGs Receiving Revolving Fund	8,500
6	SHGs Receiving Community Investment Fund (CIF)	6,200
7	Number of SHGs Engaged in Enterprises	5,800

Source: Ministry of Rural Development, Government of India, Annual Report 2023 (DAY-NRLM Data).

The table 5 highlights the progress of the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) in Nagaland for 2023, showcasing significant achievements in SHG formation and financial inclusion. A total of 10,729 new SHGs were formed, with 3,612 Pre-NRLM SHGs revived, indicating strong expansion efforts. Women's participation is notable, with 150,000+ women SHG members actively engaged. Bank credit linkage reached ₹120 crores, supporting SHG financial needs, while 8,500 SHGs received the Revolving Fund and 6,200 accessed the Community Investment Fund (CIF), promoting financial stability. Additionally, 5,800 SHGs are engaged in enterprises, reflecting a shift toward income-generating activities. These indicators suggest that NRLM has played a crucial role in empowering rural communities, though sustained efforts in capacity building, market access, and financial literacy are essential for long-term impact.

Key Features:

- **Financial Support:** SHGs receive financial assistance, revolving funds, and interest subvention schemes to improve credit accessibility.
- **Capacity Building:** Training programs equip SHG members with skills in agriculture, livestock management, handicrafts, and small-scale entrepreneurship.
- **Market Linkages:** SHGs are linked to e-commerce platforms, cooperatives, and government procurement programs to enhance their economic activities.

Impact in Nagaland:

- **Women-led Entrepreneurship:** DAY-NRLM has helped establish small businesses and self-employment ventures for rural women.
- **Improved Credit Access:** The program has facilitated access to loans at subsidized interest rates, reducing dependence on informal moneylenders.
- **Social Empowerment:** Women in SHGs have gained confidence and decision-making power within their families and communities.

Challenges:

- **Limited Awareness and Training:** Many SHG members lack knowledge about digital transactions, business planning, and financial management.
- **Weak Market Linkages:** SHG products often struggle to reach broader markets due to inadequate infrastructure and logistics.
- **Dependency on Government Support:** Many SHGs still rely heavily on government subsidies rather than becoming self-sustainable enterprises.

3. State Rural Livelihoods Mission (SRLM)

The State Rural Livelihoods Mission (SRLM) is the state-specific implementation of the DAY-NRLM, customized to the socio-economic conditions of different states, including Nagaland. The Nagaland State Rural Livelihoods Mission (NSRLM) is responsible for executing NRLM programs at the grassroots level. It focuses on community mobilization, financial inclusion, and skill development to ensure that SHGs become self-reliant and economically sustainable.

Key Components of NSRLM in Nagaland:

- **Formation of SHGs and Federations:** Mobilizing rural women into SHGs and linking them to cluster-level and block-level federations for greater support.
- **Skill Development and Livelihood Promotion:** Training in **agriculture, livestock rearing, weaving, and handicrafts** to enhance rural livelihoods.
- **Financial Assistance and Linkages:** Access to **bank loans, government subsidies, and interest subvention programs** to support income-generating activities.

Impact in Nagaland:

- **Expansion of SHGs:** The number of active SHGs in Nagaland has increased, leading to better economic participation of rural women.
- **Diversification of Livelihoods:** SHGs have been involved in multiple income-generating activities, including organic farming, poultry, and traditional handloom production.
- **Empowerment through Collectives:** SHGs have been federated into producer groups and cooperatives to improve bargaining power and sustainability.

Challenges:

- **Geographical Constraints:** Nagaland's hilly terrain makes it difficult to implement livelihood programs in remote villages.
- **Market Access Issues:** SHGs need better platforms to sell their products nationally and internationally.
- **Limited Digital Infrastructure:** Lack of digital financial literacy and internet access hampers SHGs' ability to expand their businesses online.

The SHG-Bank Linkage Programme (SBLP), DAY-NRLM, and SRLM have significantly contributed to the empowerment of SHGs in Nagaland by enhancing financial inclusion, promoting entrepreneurship, and supporting economic sustainability. These programs have particularly benefited women-led SHGs, enabling them to access credit, develop skills, and engage in profitable business activities. However, challenges such as geographical barriers, market accessibility, financial literacy gaps, and dependency on subsidies need to be addressed to ensure the long-term success of SHGs. Strengthening digital banking, expanding market linkages, and improving skill development programs can further enhance the impact of these initiatives, leading to a more resilient and self-sustaining SHG ecosystem in Nagaland.

The Role of SHGs in Promoting Entrepreneurship and Economic Sustainability in Nagaland

Self-Help Groups (SHGs) in Nagaland have played a significant role in fostering entrepreneurship, improving financial inclusion, and ensuring economic sustainability, particularly among rural and marginalized communities. With strong support from the Nagaland State Rural Livelihoods Mission (NSRLM) and other government and non-government initiatives, SHGs have become vital for self-reliance and socio-economic development in the state.

1. Financial Inclusion and Credit Accessibility

- SHGs in Nagaland help rural entrepreneurs access microfinance and credit facilities through bank linkages and government schemes like NRLM and DAY-NULM.
- Women-led SHGs have particularly benefited from subsidized loans and revolving funds, enabling them to start small businesses.
- Traditional savings and lending practices are integrated into formal banking systems, reducing reliance on moneylenders.

2. Entrepreneurship Development

- SHGs in Nagaland promote various micro-enterprises, including:
 - Handloom and handicrafts (bamboo and cane products, Naga shawls, beadwork)
 - Agro-based businesses (organic farming, piggery, poultry, beekeeping)
 - Food processing (pickle making, fruit preservation, local snacks)
 - Retail businesses (small grocery shops, mobile-based trading)
- Many SHGs receive entrepreneurship training from NSRLM and NGOs to enhance their business management skills.

3. Women Empowerment and Social Upliftment

- Women in Nagaland have historically played a key role in economic activities, and SHGs further strengthen their financial independence.
- SHG networks enable women to participate in decision-making processes at the household and community levels.
- Some SHGs are engaged in community welfare projects, such as education, health awareness, and sanitation programs.

4. Market Linkages and Business Growth

- SHGs receive support in branding, packaging, and marketing of local products, increasing their reach beyond village markets.
- Many SHG products are showcased at local fairs, government exhibitions, and e-commerce platforms, connecting them to larger markets.
- Collaborations with cooperatives and federations have enabled better bargaining power and resource pooling.

5. Sustainable and Eco-friendly Livelihoods

- SHGs in Nagaland emphasize sustainable business models, such as:
 - Organic farming and permaculture
 - Bamboo and cane product manufacturing
 - Ecotourism and rural homestays
- These activities not only promote self-sufficiency but also align with Nagaland's conservation goals and indigenous knowledge systems.

6. Challenges Faced by SHGs in Nagaland

- **Limited market access:** Rural SHGs struggle to sell products outside their districts due to transportation and connectivity issues.
- **Inadequate financial literacy:** Many members need further training in bookkeeping, pricing, and financial management.
- **Dependence on subsidies:** Some SHGs rely heavily on government support, affecting their long-term sustainability.
- **Lack of infrastructure:** Poor road conditions and limited banking facilities hinder business growth.

7. Government and Institutional Support

- Nagaland State Rural Livelihoods Mission (NSRLM) plays a key role in capacity building and financial support.
- North East Rural Livelihoods Project (NERLP) has assisted SHGs in entrepreneurship and skill development.
- Initiatives like One District One Product (ODOP) help SHGs focus on unique, locally made goods.

SHGs in Nagaland are transforming rural economies by promoting entrepreneurship, financial self-sufficiency, and sustainable livelihoods. With stronger market linkages, digital literacy, and infrastructure development, SHGs can play an even greater role in shaping the state's economic future.

Challenges Faced by SHGs in Accessing Government Schemes and Financial Resources

Self-Help Groups (SHGs) play a crucial role in rural development and financial inclusion, but they often encounter significant challenges in accessing government schemes and financial resources. These barriers hinder their growth, sustainability, and impact on economic empowerment.

1. Lack of Awareness and Information Gaps

- Many SHG members, especially in rural areas, are unaware of government schemes, subsidies, and loan opportunities.
- Limited outreach and training programs prevent SHGs from fully utilizing available financial resources.
- Information about eligibility criteria, application processes, and deadlines is often unclear or poorly disseminated.

2. Complex Documentation and Bureaucratic Hurdles

- Government schemes require lengthy paperwork and compliance with strict guidelines, which many SHGs find difficult to manage.
- Lack of proper documentation, such as KYC documents, business plans, and financial records, often leads to rejection of loan or grant applications.
- Bureaucratic delays and corruption sometimes create gatekeeping issues, preventing eligible SHGs from receiving support.

3. Limited Banking and Financial Literacy

- Many SHG members lack basic financial knowledge to handle bank transactions, maintain accounts, and track credit history.
- Limited digital literacy makes it difficult for SHGs to access online banking services and government portals for scheme applications.
- Banks sometimes hesitate to provide loans due to poor financial record-keeping and lack of collateral.

4. Inadequate Market Linkages and Business Support

- Even when SHGs receive funding, they struggle with limited access to markets, supply chains, and value addition facilities.
- Lack of training in business management, marketing, and product standardization reduces their competitiveness.
- Government support often focuses on forming SHGs but provides less assistance for long-term sustainability and scaling up enterprises.

5. Uneven Distribution of Resources

- Some regions, especially remote tribal areas like parts of Nagaland and the Northeast, receive less institutional support and funding than urban and semi-urban regions.
- Government schemes sometimes favor larger, well-connected SHGs, leaving smaller or newly-formed groups struggling for resources.
- Political influence and favoritism can affect the fair distribution of funds and opportunities.

6. Lack of Timely Credit Disbursement

- Delays in fund disbursement from government schemes or banks prevent SHGs from starting or expanding their businesses on time.
- SHGs often fail to meet repayment deadlines due to irregular income cycles, leading to loan defaults and further financial exclusion.
- Some banks impose higher interest rates or additional fees, making loans unaffordable.

7. Social and Cultural Barriers

- In some areas, patriarchal norms limit women's decision-making power in SHGs, affecting their access to loans and business opportunities.
- Caste and community biases sometimes affect the inclusion of marginalized groups in government programs.
- Traditional informal lending practices still persist, with some SHGs preferring moneylenders despite high interest rates due to easier access to credit.

Policy Recommendations for Strengthening SHG Operations and Sustainability

To strengthen Self-Help Group (SHG) operations and sustainability in Nagaland, policy recommendations should align with the state's unique socio-economic, cultural, and geographical context.

1. Strengthening Financial Inclusion and Credit Access

- **Increase SHG Bank Linkages:** Strengthen partnerships between SHGs and Nagaland State Cooperative Bank (NSCB), NABARD, and microfinance institutions for better credit access.
- **Flexible Loan Repayment for Seasonal Income:** Implement flexible repayment options for SHGs involved in agriculture, handloom, and allied activities.
- **SHG Seed Capital Fund:** Introduce state-funded seed capital or revolving funds to support new and emerging SHGs.
- **Special Subsidy Schemes:** Provide interest subvention or credit guarantees for SHGs in priority sectors like agriculture, handicrafts, and food processing.

2. Enhancing Capacity Building and Skill Development

- **Localized Skill Training:** Conduct training programs tailored to Nagaland's industries—handloom, handicrafts, bamboo products, organic farming, agro-processing, and eco-tourism.
- **SHG Management Training:** Provide training on bookkeeping, digital payments, branding, and supply chain management.
- **Mentorship and Leadership Development:** Engage successful SHG leaders as mentors to train and guide emerging SHGs.
- **Digital and Financial Literacy:** Promote mobile banking, UPI transactions, and financial planning among SHG members.

3. Strengthening Market Linkages and Enterprise Development

- **State-Supported E-commerce Platform:** Develop an online marketplace for SHG products, linked to platforms like Amazon, Flipkart, and GeM (Government e-Marketplace).
- **Cluster-Based Development:** Establish SHG clusters specializing in Nagaland's traditional crafts, organic produce, and indigenous food processing.
- **Integration with Government Procurement:** Mandate government offices and institutions to procure products from SHGs for local consumption.
- **SHG Participation in Trade Fairs:** Provide financial assistance for SHGs to participate in local, national, and international trade fairs.

4. Promoting Sustainable and Traditional Livelihoods

- **Boosting Organic Farming:** Support SHGs engaged in organic farming through certification, marketing support, and financial incentives.
- **Bamboo and Handicraft Industry Support:** Establish common facility centers (CFCs) for SHGs producing bamboo and handicraft products.
- **Eco-Tourism and Rural Homestays:** Promote SHG involvement in eco-tourism, rural homestays, and cultural tourism through training and financial aid.
- **Agro-Processing Units:** Set up small agro-processing units under SHG federations to process and market local produce like ginger, turmeric, and wild berries.

5. Strengthening Institutional Support and Governance

- **Block-Level SHG Resource Centers:** Establish SHG resource hubs in every block for training, financial services, and grievance redressal.
- **SHG Federation and Apex Body:** Strengthen the Nagaland State Rural Livelihoods Mission (NSRLM) to act as an apex body coordinating SHG activities.
- **One-Stop SHG Facilitation Centers:** Create a single-window system for SHG registration, loans, training, and government scheme access.
- **Grievance Redressal Mechanism:** Implement helplines and digital portals to resolve SHG-related issues quickly.

6. Expanding Social Security and Welfare Measures

- **Insurance Coverage:** Provide life, health, and accident insurance to SHG members through government-subsidized schemes.
- **Pension Schemes for SHG Members:** Introduce pension schemes for long-term SHG workers to ensure financial security.
- **Childcare and Family Support:** Establish community childcare centers in rural areas to support women SHG members.
- **Health and Hygiene Initiatives:** Conduct periodic health check-ups, menstrual hygiene awareness, and wellness programs for SHGs.

7. Monitoring, Evaluation, and Policy Implementation

- **Real-Time Data Collection:** Use digital tools and mobile apps to track SHG performance and impact assessment.
- **Performance-Based Incentives:** Reward well-performing SHGs with additional financial aid, better credit access, or marketing support.
- **Stronger Collaboration with NGOs and Private Sector:** Partner with NGOs, universities, and private firms to offer technical support and market access.
- **Regular Audits and Transparency:** Establish independent audit mechanisms to ensure SHG funds are utilized effectively.

CONCLUSION

The evaluation of government schemes for Self-Help Groups (SHGs) in Nagaland reveals both significant progress and persistent challenges in their implementation. Various initiatives under the Nagaland State Rural Livelihoods Mission (NSRLM), National Rural Livelihoods Mission (NRLM), and other state-supported programs have played a crucial role in promoting financial inclusion, skill development, and entrepreneurship among SHG members, particularly women. These schemes have contributed to economic empowerment, improved access to credit, and enhanced market linkages, enabling SHGs to sustain their operations and expand livelihood opportunities.

However, the effectiveness of these government interventions remains hindered by several challenges, including inconsistent funding, lack of adequate training, limited digital access, weak market integration, and bureaucratic delays. Many SHGs still struggle with low financial literacy, inefficient governance structures, and dependency on subsidies, which limit their long-term sustainability. Additionally, infrastructural bottlenecks, logistical constraints, and poor connectivity in rural areas make it difficult for SHGs to scale up their businesses and compete in broader markets.

To ensure the sustainability and efficiency of SHG-based development models in Nagaland, it is crucial to strengthen institutional support, enhance capacity-building programs, expand digital financial services, and establish robust market linkages. A more inclusive and participatory approach involving local governance bodies, financial institutions, NGOs, and the private sector can further enhance the impact of these government schemes.

Moving forward, a comprehensive policy framework that addresses the gaps in credit accessibility, skill enhancement, and digital empowerment will be essential in making SHGs a self-sustaining force for socio-economic development in Nagaland. Regular monitoring, impact assessments, and policy adaptations will be necessary to ensure that government initiatives continue to empower SHGs effectively, contributing to poverty alleviation, women's empowerment, and rural economic transformation in the state.

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