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THE ROLE OF SELF-HELP GROUPS (SHGS) IN WOMEN ENTREPRENEURSHIP IN INDIA

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Abstract:

The population in India is increasing at alarming rate without any growth in opportunities. The situation in rural India is more pathetic. Women comprises 50 % of India's total population and they are backbone of the family. In past few years the role of the women is changing due to economic needs, various schemes launched by Government. Women entrepreneur are in both the sectors organised and unorganised. The concept of Self- Help Groups (SHGs) is playing an important role in empowerment of poor women in developing countries, including India. Self Help Group is also a source of community participation and rural development. SHGs are providing financial aid to rural women through employment. The possible outcomes of women entrepreneurship through SHGs are self-employment, better status of women in society, financial independent, social wellbeing. This study is based on secondary data and the paper attempt to focus on role of Self-Help Groups in Women Entrepreneurship development in India. It also highlights the opportunities though different schemes of SHGs for women entrepreneurs and the challenges faces by women entrepreneurs. The result of this study will give the directions to the researchers.

Keywords : Self-Help Groups , Women Entrepreneurship, Women Empowerment, Financial Inclusion

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Introduction:

Meaning of Self- Help Group (SHG):

Self- Help Group can be defined as “a small economically homogeneous and affinity group of rural poor voluntarily formed, to save and mutually agree upon a collective decision”. The common fund, established through individual contribution by way of savings will be lent to its members as per group decision.

The objective behind the SHG formation is based on the principle of “for the poor, by the poor, of the poor”. Self-help groups are informal groups of people who come together to address their common problems. It is based on the idea of mutual support where people help each other. Normally it is a group of 15-20 members particularly women in rural areas who come together. Self-help group concept is popularly known as a vital part of micro credit. Several directives and guidelines from the RBI and NABARD to the commercial banks have clearly mentioned the needs to recognize the self-help group as a potential tool of micro credit. The RBI has launched the programme of linking self-help group with lending institutions like commercial banks so that the credit requirements of self-help groups can be properly attended to, by the commercial banks. SHGs are meant for very poor people who do not have access to financial system like banking. SHGs provide a forum for members to extent support to each other. It is considered as a means of empowerment.

What is Entrepreneurship ?

According to Harbison, an entrepreneur is not an 'innovator' but an 'organization developer' or one who have the



skill to make an organization and who can be able to strap up the new thoughts of different innovators to the best of the organization.

Entrepreneurship has been recognized as an important tool in the process of Economic Development of the nation. In Entrepreneurship, encouragement and development are two vital key elements in Nation's economic development strategy. Entrepreneurship is necessary in development of the country. It help both urban and rural population through creation of job opportunity, reduction in unemployment and poverty. Therefore it has an impact upon developing skills, self-esteem and self-sufficiency.

Who is Women Entrepreneur?

Women Entrepreneurs means the women or a group of women who initiate, organize and operate a business enterprise. A woman entrepreneur is therefore a confident, creative and innovative woman desiring economic independence individually and simultaneously creating employment opportunities for others.

Among the various districts of Maharashtra, Thane District occupies a predominant position in the starting of the SHGs. In Thane District the urban centres have more rural bias and the economic activities are more agro-based. Hence, the SHGs have been formed for meeting the needs of industrial and agricultural activities.

Role of Micro Finance:

Micro financing is one of the method for boosting entrepreneurship and other small businesses in developing countries like India. After observing various studies we can include that micro financing does help in upliftment of poor people by providing them some kind of earnings through business opportunities. It has been also found that micro-financing is beneficial for woman-owned businesses in rural areas where these micro financing programs have been targeted. Micro financing has mixed effects in different cases. It has found positive effects on women empowerment, long term economic development, capital formation, economic and social growth in our country.

Women Owned Businesses:

India is a male dominated country specially in the case of workforce. Many people have that traditional approach that women are unfit. Now since last few years with deteriorating economic conditions, more women are coming forward for employment, even in rural areas. Businesses that may have been inaccessible for women in the past are now accessible due to changing attitudes and different schemes for capital formation. In traditional societies, it was the commonly thought that women were not made for doing business as men, but that approach is being changed. A recent study says that gap between male and female entrepreneurship is reducing. However, there are differences between the physical appearance of men and women, women entrepreneurs are ready for taking more risk in business than the men.

Scope:

1. The scope of the study is to find out the level of awareness about the functioning of SHG also the overall structure of SHGs.
2. The scope of this study is also to find out the role of SHGs in promotion of women entrepreneurship.
3. The further scope of this study is to understood about various measures like income generation, women employability and rural economic development, through Self- Help Groups within Rural Districts of Maharashtra



4. This study is based on secondary data was collected from case studies, articles and research papers.

Objectives of the Study:

- To discuss the overall formation, structure and functions of self -help groups.
- To identify the role of SHG in promotion of women entrepreneurship.
- To analyze the level of awareness about benefits of registered Self-Help Groups.
- To analyze the contribution of the women entrepreneurs towards the growth of the rural areas.

Hypothesis:

- H0: After joining registered SHGs , there is no significant increase in income of women.
H1: There is significant increase in income of women after joining registered SHGs.
- H0: There is lack of awareness among the women about the functioning and benefits of SHGs.
H1: Women are very well aware about the functioning and benefits of SHGs.
- H0: There is no significant increase in the rate of entrepreneurial opportunities for women even after joining SHGs.
H1: There is a significant increase in the rate of entrepreneurial opportunities for women after joining SHGs.

Review of Literature:

Choudary et al. (2013), in this paper the researcher has analyse the role and performance of SHGs in promoting women's entrepreneurship in Kancheepuram District of Tamil Nadu. The main motive of the study is to analyses the functioning system of SHGs (Self Help Groups) for mobilization of saving, providing credit to the needy, management of group funds, repayment of loans, establishing linkage with banks and examines the social benefits derived by the members. The study concludes that uniformity should be maintained in formation and extension of financial assistance to women by banks in all the areas. There should be less paper work and documentation involved. The procedure of the banks in sanctioning credit to SHG should be easy and quick.

Uma et al. (2013), in this study the impact of the self-help groups on rural women in the study area of Thanjavur District, Tamil Nadu is being analysed. This study is based on primary and secondary data. The conclusion of this study indicates that there has been a significant improvement in the employment, income, expenditure, and savings of the respondents. It is also observed that number of debtors are reduced a lot.

Mishra (2014) in his paper he examines the pre and post-SHG status of rural SHG members in Puri district of Odisha. On the basis of primary data analysis, the study finds that SHGs have not only improved in tangible assets and improved the standard of living conditions of the members, but has also helped in changing their approach and attitudes. In the study area, SHGs have served the cause of women empowerment as well as entrepreneurship, and socio-economic upliftment of the poor people.

Dhaiya et al. (2014) in their study attempt to evaluate the level of women's economic empowerment through Self Help Group that is income level, expenditure and saving of SHG members, habit of savings etc. The study was conducted in Sirsa district. It is based mainly on primary data collected through survey. The study found out that SHGs help in improved the economic status women. The income has increased after joining the SHGs and the family expenditure of SHGs members has also increased due to positive change in the SHG member's income.



Limitations for Women Entrepreneurs in India:

There are many barriers faced by entrepreneurs in India, personal as well as business related. If she is a women entrepreneur then all these as well as additional obstacles related to their gender may be directly or indirectly. In India, women's role was limited to look after their children and other household work. They were not having or very limited access for travel, education, technology and finance resources and activities.

It has been observed that women's social, educational and business related issues are interconnected and it has both a cause and an effect of economic restrictions. This can be concluded as changes in the area of women and business can lead to improvements in women's social status, which in turn can lead to further improvements in women's economic position.

Efforts to Increase Entrepreneurship in India:

1. The role of MNCs in growth of Entrepreneurship

Previously, there was a lack of success of multi-national companies in developing countries like India. The main reasons were MNCs' insensitivity to host countries, including a failure to adapt products to local needs, lack of recognition of negative effects of their products on local social and economic conditions. Some MNCs today follow various practices to address these factors, including they have started adapting product and marketing strategies according to local situations, distributors. But, these practices has often been limited in practice. India economy post-independence has been closed, there has been less involvement of MNCs than before.. Some observers welcome the recent increase in the openness of the Indian economy and would like to see it become more so. In case of gender, there has been little attention paid by MNCs to the empowerment of women entrepreneurs,

2. Role of Indian Government

Post-independence, the Government of India is putting the efforts to increase the local business by introducing government programs and subsidy system to young entrepreneurs.

The Ministry has started the National Institute for Entrepreneurship and Small Business Development. This institutes are focusing on entrepreneurship development through training programs. They have their own training manuals and videos. Government has started the training centers for youth in various districts and rural areas.

3. Role of NGOs in growth of Women Entrepreneurship

NGO (non-governmental organization) plays a vital role in development of entrepreneurship. Many NGOs have initiated programs related to entrepreneurship, including microcredit or microfinance programs for small-scale entrepreneurs. With due respect to women, NGOs sometimes offer programs targeted specifically at women, since women may have limited or no access to more generalized development programs.

NGOs in India are more focusing on small entrepreneurs and the special development needs of women by providing training, workshops, technical assistance, job opportunities etc. An entrepreneur could not be successful without adequate training, proper knowledge and skills, sufficient resources. Therefore NGOs are playing an important role in providing all these to women entrepreneurs

4. Microcredit programs and economic development

Microcredit provides banking services to the poor who donot have access to typical banking services. They provide small loans to poor who can become financially independent by strating their own business on smaller



scale.

Research Methodology:

The present study is done by using secondary data. The required data is collected from the published books, journals and relevant articles, research papers, websites of NABARD and RBI.

Limitations of the study:

- The study was limited to only to the districts in Maharashtra.
- The information /data on internet is restricted.
- The overall study was time consuming which is based on review of literature.

Findings:

Some of the major findings through this study are as follows:

- The study showed that there was a significant increase in earnings of women after joining SHGs and even they have inculcated the habit of savings.
- It was also noticed that the women in all these districts were aware about functions, structure and advantages of SHGs.
- The rate of employment of women after joining SHGs has been increased.
- The women have agreed that their stand of living has improved after joining the SHGs.
- In some cases there is a positive development in social as well as economic status of the women. They feel more confident and able to deal with the issues around them.

Conclusion:

Women are an important part of country's development and government should provide equal opportunities to both men and women. The main objective behind Self-help groups was to promote women empowerment through women entrepreneurship. There is a improvement in employment, habits of savings, standard of living, capital formation among the rural women. Micro credit and Micro finance are the effective tools in poverty alleviation only if it is used in proper way. Self help groups are successful program in rural areas specially among the women. They must be aware about their rights These programs help them in their social and economic development.

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