

## Role of Self-Help Groups in Women Empowerment and Entrepreneurship: A Study

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### Abstract

Empowerment in the context of women's development is a way of defining, challenging and overcoming barriers in a woman's life through which she increases her ability to shape her life and environment. It is an active, multidimensional process, which should enable women to realize their full identity and power in all spheres of life. India envisions a future in which Indian women are independent and self-reliant. It is unfortunate that because of centuries of inertia, ignorance and conservatism, the actual and potential role of women in the society has been ignored, preventing them from making their rightful contribution to social progress. Women must be empowered by enhancing their awareness, knowledge; skills and technology use efficiency, thereby, facilitating overall development of the society. The concept of Self Help Groups (SHGs) is proving to be a helpful instrument for the women Entrepreneurship. SHG is an organization of rural poor, particularly of women that deliver micro credit to undertake the entrepreneurial activity. Entrepreneurship development and income generating activities are a feasible solution for empowering women. It generates income and also provides flexible working hours according to the needs of homemakers. Economic independence is the need of the hour. Participation in income generating activities helps in the overall empowerment of women. Thus to investigate the empowerment of women through entrepreneurial activities of self help groups, this particular research was conducted with the specific objective to investigate the empowerment.

Empowerment is a goal which can be achieved through multiple media including the development of the entrepreneurship into the society while Entrepreneurship is seen as a capability of supporting idea of self and enhancing the resources through calculated risk. In Indian context the females from the poor households, can be seen as a process of self realization and self assertion of the women. Any process becomes more important with its multiple tangible and intangible long lasting impacts on the human society.

**ENTREPRENEURSHIP:** Entrepreneurship is a process where one person getting himself self employed and provides job to others also. The person is called 'entrepreneur'. Entrepreneurship is bred by self-employment and enhances economic growth of the country. Small-scale entrepreneurship reduces the concentration of wealth in few hands and helps for achieving balanced economic growth of the nation. The Governments in developing countries therefore must take effective steps to enroll the members of SHGs in the Schemes of open schooling or any other distance mode to impart education. Although it is also true that economic empowerment alone does not always lead to reversal in gender relationship. (Sabharwal, 2003)

**WOMEN ENTREPRENEURSHIP:** Women entrepreneurship is the process where women organize a business or industry and provide employment opportunities to others. Women entrepreneurs can engaged in both unorganized and organized sectors. In India only 8 percent of the small scale-manufacturing units are run exclusively by

women entrepreneurs which is proportionately very small as compared to others developed and developing countries. In USA about 50 percent of the business is owned by women.

**SELF-HELP GROUP:** The definition of SHG as approved by National Bank For Agriculture and Rural Development [NABARD] the apex banking body in India, is “An SHG is a small, economically homogeneous and affinity group of rural poor voluntarily formed to save and mutually agree to contribute common fund to be lent to its members as per group decision for their socio-economic development”. As the name indicates, Self-Help Group is an informal group of about 15-20 people from a homogeneous class, who come together for addressing their common problems. Group itself becomes a base to convey necessities and sort out social economical problems of their group members. The main aim of SHG is to make group members self sufficient and self reliant [independent] by self-employment and empowerment through group dynamics.

**CONCEPT OF SHG:** Self – Help Group (SHG) is a small voluntary association of poor people, preferably from the same socioeconomic background. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the SHG. Usually, the number of members in one SHG does not exceed twenty. The concept of SHG is based on the following principles:

- Self-help supplemented with mutual help can be a powerful vehicle for the poor in their socioeconomic development;
- Participative financial services management is more responsive and efficient;
- Poor need not only credit support, but also savings and other services;
- Poor can save and are bankable and SHGs as clients, result in wider out reach, lower transaction cost and much lower risk costs for the banks;
- Creation of a common fund by contributing small savings on a regular basis;
- Flexible democratic system of working;
- Loaning is done mainly on trust with a bare documentation and without any security;
- Amounts loaned are small, frequent and for short duration;
- Defaults are rare mainly due to group pressure; and
- Periodic meetings non-traditional savings.

**CHARACTERISTICS OF AN IDEAL SHG:** According to MARADA[2000] well functioning SHG should have following structural features:-

1. An ideal SHG comprises 15-20 members.
2. All the members should belong to the same socio-economic strata of society.
3. Rotational leadership should be encouraged for the distribution of power and to provide leadership opportunities to all the members.
4. Member should regularly attend meetings, save money and participate in all activities voluntarily.
5. The procedure of decision-making in SHG should be democratic in nature.
6. The group frames rules and regulations, which are required in its effective functioning.
7. Transparency in account keeping and accounts should be maintained and updated regularly.
8. An SHG should be socially viable institution.

## **BANK-SHG's LINKAGE MODELS**

Since the introduction of financial sector reforms in 1991 the banks are using these distinct linkage models to finance SHGs.

1. Model I: - Banks provide micro finance to non-governmental organization (NGOs) for lending to SHGs and ultimately to the micro entrepreneur (It covers about 27% of SHGs)
2. Model II: - Banks provide direct financing directly to SHGs for on landing to micro entrepreneur (It covers 17%)
3. Model III: - Banks finance directly to SHGs for on lending to micro entrepreneur with the intervention of NGO as social mobilizers and facilitators (It covers 56% of SHGs).
4. Model IV: - The fourth model envisages bank loans directly to individual members of SHGs upon recommendations of the SHGs and NGO. In this case, the NGO assists the Bank in monitoring supervising and recovery of loans.

### **ROLE OF SELF HELP GROUPS IN EMPOWERING WOMEN:**

The Self-Help Groups empower women and train them to take active part in the socio-economic progress of the nation and make them sensitized, self-made and self disciplined. The SHGs have inculcated great confidence in the minds of rural women to succeed in their day-to-day life. SHGs enhance the quality of status of women as participants, decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The SHGs bring out the capacity of women in molding the community in right perspective and explore the initiative of women in taking the entrepreneurial ventures. SHGs also organize women to cope with immediate purposes depending on the situation and need. Participation of women in SHGs makes a significant impact on the empowerment in social aspect also. Participation helps women come out in open and discuss their problems. It also helps to bring about awareness among rural women about savings, education, health, environment, cleanliness, family welfare, social forestry, etc. Researches also reveal that increased participation of women in decision making at all level will help to adjust the goals pursued through development.

### **3E's EMPIRICAL MODEL FOR ENTREPRENEURSHIP DEVELOPMENT THROUGH SHGs**

#### **1] EMERGING STAGE:**

**a] Identification of common interest area of SHG members:** For the successful implementation of any enterprise it is necessary that entrepreneurial activity should be accepted by all the SHG members with interest. So they will work as volunteers, otherwise it becomes boredom that may be the cause of failure.

**b] Identification of Indigenous Entrepreneurs:** Indigenous Entrepreneurs that are based on the experience of people for generations together cannot be discarded just because they are being practiced from old age. Hence it is necessary to identify area specific indigenous enterprises before establishing the new venture. Blending with latest technology, now a day, with the advent of science and technology, development taking place is being expanded.

**d] Technical Guidance:** Technical guidance at every step is requires for success of any enterprise. The Government and Non Government Organizations are giving emphasis on women entrepreneurship. Special financial assistance is provided and training programs are organized for women to start their enterprise. There is a big list of Government and Non Govt. agencies and programs helping for the promotion of women entrepreneurship like, WCFC, FSWE, SEDII, DIC, DWCRA, IRDP, PMRY,

TRYSEM, etc. These institutes and programs are providing technical guidance to their beneficiaries for self-employment and entrepreneurship development.

## **2] ESTABLISHMENT STAGE:**

**a] Linkage with bank:** Small-scale enterprise development cannot be ensured without arrangement for financing. Adequate and timely supply of credit is essential for new entrepreneurs development. Financial problems are being solved by National Bank for Agriculture and Rural Development [NABARD] through providing credit facilities to SHG's on the basis of 5 principles of "Development through credit"; Credit must be used in accordance with the most suitable methods of science and technology.

**b] Micro Entrepreneurship Establishment:** In the present scenario, everywhere the cost of living has increased. Now time is demanding from women to undertake economic activity and utilize her inherent talents to support her family. Now the attitude of the society has also changed and working women is not seen with suspicious eyes like earlier. Self help group's women can engage in various traditional and non traditional income generating activities e.g.: value addition of crops, dairying, medicinal plants, nursery, bee keeping, domestic industries like, preservation of locally available fruits and vegetables, pappad, beedi making, masala making, handicrafts, embroidery, quilting, knitting, soft toy making, doll making, pottery, fancy items, candle making, chalk making, agarbatti making, tailoring and garment industry, Dari weaving, soap and surf making, beauty parlour, baby crèche centers, etc. Such activity should be started which can be easily accepted by all the group members.

**c] Explore the consumers:** One cannot imagine about enterprise without its consumers. The existence and survival of any enterprise depends on consumers. To achieve consumer satisfaction, products must be made available in the right form, on the right time at the right place and in the right manner that would tempt the consumer to obtain their possession. Hence, the purpose of an enterprise in order to exist and survive is to create and keep its consumers.

## **3] EXPANSION STAGE:**

**a] Marketing:** Marketing as a process or a function originated and developed along with human civilization. A market, in general, may be described as a place or geographical area where buyers and sellers meet and function, goods or services are offered for sale and transfers of ownership of title occur. Packaging, branding, standardizing are some other forms of processes carried on to increase the value and utility of products. Generally women entrepreneurs will have small-scale business they have to strive hard to sell their products in the modern competitive world. Thus, women entrepreneur should enhance her knowledge and skills regarding marketing strategy. Success of a small-scale enterprise mainly depends on the local and near by market.

**b] Identification of problems:** Problems and constraints facing by women entrepreneurs should be identified and enlisted. Group discussion should be made on the existing problems for solution.

**c] Sort out problems by group dynamics:** Possible solutions and alternates should be identified and enlisted to solve the burning problems. Problem should be sort out by the group decisions. The frequent interaction among the members creates an atmosphere of mutual trust and encourages the members to participate in decision-making.

**d] Embodies new ideas and innovations:**

Old practices are always replaced by new ones due to some external or internal factors. However, societies are changing through time constantly by adopting new practices, it is necessary to embody new ideas, innovations and appropriate technologies in the existing enterprise for its sustainable development. Technological advances in the environment create new needs for the small entrepreneur as far as adaptation and adjustment is concerned. She may need to learn how to adjust to the new technological environment surrounding her.

**PROGRESS OF MICRO-CREDIT THROUGH SHGS IN INDIA**

A pilot project for linking SHGs with banks was launched by NABARD in 1992. The Reserve Bank of India persuaded Commercial Banks, Regional Rural Banks and Cooperative Banks to actively participate in the linkage programme. Under the RBI's guidelines, banks were given permission to open saving bank account in the name of SHG, and relaxation of security requirements. Thus, an informal credit system was evolved with assistance from formal financial institutions. The agencies involved in the schemes were NABARD, Banks, NGOs and SHGs members. The main objectives were to provide the following:

- Supplementary credit to SHGs
- Reductions in transactions cost for both banks as well as SHGs by reducing paper work.
- To mobilize small savings among poor rural women.
- To build mutual trust and confidence between Banks, NGOs and rural poor
- To create healthy relations between SHGs members and linking agencies
- Constant supervision and monitoring by banks through NGOs.

**REMEDIAL MEASURES AND SUGGESTIONS:**

To solve the problems facing by women entrepreneurs, some remedial measures undertaken and suggestions are given below:

**1] Governmental efforts:** Government agencies, associations of women entrepreneurs and NGO's have carried on so many programs for development of women entrepreneurship. India has been the pioneer in initiating the Entrepreneurship Development Programs, to identify, select, motivate, train and guide first generation entrepreneurs from all spheres of life.

**2] Stress on women education:** Government has increased number of opportunities for women education and special programs have been introduced. Yet it is necessary to increase the number of professional school for women.

**3] Financial assistance:** Banks, financial institutions are lending more freely to women entrepreneurs today. Yet, Government has to lend more subsidies to women entrepreneurs.

**4] Enhance practical and technical knowledge:** As it is necessary to provide practical and technical knowledge of the business, during their study levels, some schools and colleges are providing such knowledge during the education period. It should be increased and informal education on small-scale entrepreneurship development should also be given.

**5] Market facilities:** As women entrepreneurs have to face severe marketing problems, they should be taken into consideration by the Govt. and steps should be taken to solve them.

**6] Infrastructural development:** The development of transport and communication throughout the country will help for women entrepreneurs to market their products easily.

**7] Self employment training programs:** As self employment breeds entrepreneurship, more and more self employment programs should be undertaken and proper training should be given to rural and urban youths including women.

**8] Transfer of technology and information:** As women entrepreneurs have lack of information as regards to their enterprise, it is necessary to start information bureaus, to help them in getting the required information.

**9] Research and survey programs:** Emphasis should be given to conduct research and survey, to identify the problems and needs of women entrepreneurs. Then steps should be taken to solve the problems of women entrepreneurs.

### **CONCLUSION**

Entrepreneurship among women has by and large resulted in the empowerment of women. In the present socio economic context where women have to balance both family and work, entrepreneurial venture will suit them very well, temperamentally. The importance of promoting women to engage in economic activities is now being increasingly realized by all developing countries. Institutional support is very important for women entrepreneurs. Recently because of active support from Government and Non Governmental Organizations (NGOs), women are undertaking entrepreneurial ventures as career options. Thus empowering Women Entrepreneurs is an essential deed for all nations' economic development.

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