

## **SELF HELP GROUPS AND WOMEN ENTREPRENEURSHIP: A CATALYST FOR SOCIAL AND ECONOMIC DEVELOPMENT**

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### **Abstract**

*Traditionally, women are believed to be a 'guarantor' of the household in times of economic crisis. However, despite their importance in the economy, women are disadvantaged, financially excluded and virtually marginalized vis-à-vis men in the society. Several studies conducted at national and international levels reveal that one of the good ways to empower women is to encourage them to develop the skills of entrepreneurship which may lead to financial inclusion and bring them to the mainstream of the society. Here again we find that the present world of entrepreneurs is dominated by men. In this context micro-finance through self help groups can work as a powerful tool to empower women by inculcating the entrepreneurial skill among women. SHG's have made women economically independent and become effective approach of financial inclusion. Government and Cooperative promoted SHG members have not invested much micro credit on agriculture & related IGA's due to lack of land and support from their respective promoters.*

**Key Words:** Self Help Groups, Entrepreneurship, Empowerment

## THE CONTEXT

Women represent half of the world's population as well as production and constitute a significant part in a household as well as in the economy. Traditionally, women are believed to be a 'guarantor' of the household in times of economic crisis. The data indicate that in the global level about 54 per cent of working women are in the labour force. About 20 per cent of households worldwide are female-headed and this figure overtime is increasing. In 2009-2010, in India, women were 26.1% of all rural workers, and 13.8% of all urban workers. It is said that unpaid work of these women comes to around US \$ 11 trillion per annum, which is equal to half of the world's GDP. But, these income statistics are not entering national accounts and thus they are considered to be 'invisible workers' (Rao 2001:1). Despite their importance in the economy, women are disadvantaged, financially excluded and virtually marginalized vis-à-vis men in the society. In this context several studies conducted at national and international level revealed that one of the good ways to empower women is to encourage them to develop the skills of entrepreneurship which may lead to financial inclusion and bring them to the mainstream of the society. Here again we find that the present world of entrepreneurs is dominated by men. Due to various reasons and hurdles we can see only a very few successful entrepreneurs in the world as well as in India. Governments of various levels have made several efforts to uplift women through several innovative women entrepreneurship programmes. As a complementary to the efforts of the government, micro-finance through self help groups working as a powerful tool to fight poverty became the effective approach of empowering women by inculcating entrepreneurial habits among them. However, it also faces many problems and has not succeeded up to a satisfactory level due to many confronting issues and inhibitions.

## OBJECTIVES AND METHODOLOGY

Keeping the above facts in view, this paper has been prepared with the following objectives

1. To find out the importance of SHG's in women entrepreneurship;
2. To critically examine the problems faced by women entrepreneur;
3. To suggest suitable policy measures to overcome the problems

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The study is based on both primary & secondary and data. The primary data were collected by canvassing the structured interview schedule for the 240 sample households of in Dakshina Kannada and Udupi districts of Karnataka State. The sample members of SHGs of three different promotes, i.e. NGO, Co-operative and Government were interviewed for collection of primary data. From each promoter, the members

of SHGs belonging to the Scheduled Caste (SCs), the Scheduled Tribes (STs) and Others (Other castes including Other Backward Castes) were considered as the target group members. From each promoter 80 SHG members consisting 40 members from each district 20 members from each taluk 10 SHG members from each village were selected for the interview. The total size of the sample SHG members was estimated at 240 from the four chosen taluks of the two districts. The data were analyzed by using the simple percentage, average and indices, wherever appropriate.

## RESULTS AND DISCUSSIONS

Before describing the socio-economic background of the sample respondents, it is better to look at the distributional pattern of sample households by different socio-economic indicators in the study areas. The data (Table 1) indicate that the sample households selected for the present study are even distributed across different promoters, namely NGO, Co-operative and Government. The distribution of sample households is not even across social groups in the case of NGO and Co-operative, whereas in the case of Government, it is by and large, even. Out of the selected sample households, majority of them covered by NGO are belonged to minority such as Christian, Muslim and Jain and a larger proportion covered by Co-operative are belonged to SCs and STs as compared to that of others.

**Table 1: Distribution of Sample Households by Social Groups and Promoters**

<b>Promoters → Social groups ↓</b>	<b>NGO</b>	<b>Co-operative</b>	<b>Government</b>	<b>Total</b>
SCs	(15) 24.19	(28) 45.16	(19) 30.65	(62) 100
STs	(19) 23.91	(19) 41.30	(16) 34.78	(46) 100
Others	(54) 40.91	(35) 26.52	(43) 32.58	(132) 100
All	(80) 33.33	(82) 34.17	(78) 32.50	(240) 100

Note: Figures in the parenthesis indicate the actual numbers

Source: Primary Survey

## Educational Background

Lack of literacy is a major constraint to empower women through SHGs. The savings account, loan account, Income Generating Activities, repayment of loan etc., in SHGs was supposed to be self managed by the members. However, lack of basic literacy deprived many members to understand these kind of

information of SHGs. Lack of literacy is also a major obstacle for promotion of IGAs. It is evident from the discussion held with the less literate members that, they cannot understand entirely the training programme given by the promoters for IGAs and hardly absorb the skills required to market the manufactured goods. The empirical evidence from the field observation support that view that, relatively better literate women have undertaken more IGAs and have got success. Table 2 presents the data on educational background of SHG members across promoters. The data reveal that most of the respondents are illiterates and some of them have studied upto primary and middle school i.e upto seventh standard. However, the responds educated PUC and above is much less.

**Table 2: Distribution of Members with Educational Background**

<b>Educational Level</b>	<b>Number</b>	<b>Percent</b>
Illiterate	83	34.58
Primary school	63	26.25
Middle school	48	20.00
High school	34	14.17
PUC and Above	12	5.00
<b>All</b>	<b>240</b>	<b>100</b>

Source: Field Survey.

The data clearly indicate that educational background of SHG members was awfully unsatisfactory. Educational status starting from primary level to PUC indicate that the proportion of members tended to decline, in most cases, as the level of educational attainments tends to rise. This follows that as we move along higher spectrum of educational attainments, the proportion of members was found to be far less. The proportion of members with lower educational attainments was higher and lower at the higher level of educational attainments. Such observation was quite pronounced in the case of members formed by Government and Co-operative as compared to NGOs. It is very difficult to handle many things with a huge number of members with illiteracy and literacy at lower levels. The huge illiteracy was found to be one of the biggest constraints in the process of women's empowerment and undertake various entrepreneurial or income generating activities. Due to the lack of education and that too qualitative education, women are not aware of business, technology and market knowledge. Also, lack of education causes low achievement motivation among women. Thus, lack of education creates problems for women in the setting up and running of business enterprises.

### Type of Activity

SHG generates employment opportunities in the rural India by providing many self employment programmes and reduces the level of disguised unemployment which is found in India agricultural sector. The table 3 shows the distribution of respondents according to their type of income generating activity or entrepreneurial activity of the The data reveals that 28.33 percent members are involved in Agarabatti/ Incense Sticks which is the major and easily performed work in the study area. It requires less skill and education though it yields less income, however because of its easy nature most of the respondents are engaged in this work. 12.91 percent are engaged in tailoring and bag making and it is a good entrepreneurial activity because it requires little education and gives more income compared to other activities. And 21.67 percent are engaged in producing food items like bakery items, pickles, pappads etc. 11.67 percent are engaged in preparing soaps, phenol and other detergents. 17.50 percent of members are engaged in other business like cement brick making, auto driving etc. Income is the yard stick to measure the economic condition of the society.

**Table 3: Distribution of Respondents According to their Type of Activity**

Activity	Number	Frequency
Agarabatti/ Incense Sticks	68	28.33
Food Items	52	21.67
Tailoring/ Bag	31	12.92
Agriculture and Allied	19	7.92
Soap/ Phenol	28	11.67
Others	42	17.50
<b>All</b>	<b>240</b>	<b>100</b>

Source: Field Survey

### Financial Problems

One of the main problems faced by the SHG members is problem of credit or finance. In general women do not generally have property on their names to use them as collateral for obtaining funds from external sources. Thus, their access to the external sources of funds is limited. Besides this the banks also consider women less credit-worthy and discourage women borrowers on the belief that they can at any time leave their business. Given such situation, women entrepreneurs are bound to rely on their own savings, if any and loans from friends and relatives who are expectedly meager and negligible. Thus, women enterprises

fail due to the shortage of finance. The table 4 shows that out of sample 13.33 percent members have admitted that they are not facing any financial problems. However 48.50 percent of the respondents opine that microcredit is too small to expand or facilitate for IGAs and manage unexpected shocks in a business. Members opine that, microcredit could supplement the existing small business but may not support much to start a new one. In the case of all the promoters, at a time Rs. 45,000 to 50,000 fixed as an upper limit for IGAs. Any further sanction of loan is met only after the repayment of at least half of the earlier credit. Around 16 percent of the respondents opine that high rate of interest of the SHG's is a problem for them. Apart from this there are also problems like underutilization of capital, Negative attitude of banks and tight repayment schedule hinders the entrepreneurs.

**Table 4: Financial Problem**

Problems	Number	Frequency
No Problem	32	13.33
Lack of Credit	114	48.50
Underutilization of capital	18	7.50
Higher rate of interest	38	15.83
Negative Attitude of Bank	23	9.58
Tight Repayment Schedule	15	6.25
<b>All</b>	<b>240</b>	<b>100</b>

Source: Field Survey

### Production Problem

Besides the problem of finance, women entrepreneurs also face the problem of production. Data reveals that 19.58 percent of respondents face the problem of high cost of production. High production cost of some business operations adversely affects the development of women entrepreneurs. The installation of new machineries during expansion of the productive capacity and like similar factors dissuades the women entrepreneurs from venturing into new areas. 15.83 percent of the women enterprises face the problem of scarcity of raw material and necessary inputs. Added to this are the high prices of raw material, on the one hand, and getting raw material at the minimum of discount, on the other, also hampering their development. However most of the respondents that is 30.83 percent of the respondents opine that lack of infrastructure like availability of electrically, power are the main problems of production. Finally, 23.75 percent of the respondents opine that old and outdated technology also became the problem for the women entrepreneurs.

**Table 5: Production Problem**

Problems	Number	Frequency
High Cost of Production	47	19.58
Infrastructure Problem	74	30.83
Problem of Raw Material	38	15.83
High Transportation Cost	24	10.00
Obsolete Technology	57	23.75
<b>All</b>	<b>240</b>	<b>100</b>

Source: Field Survey

**Problem of Marketing**

The limited market for their products or services is one of the biggest constraints that the most of the members and promoter faced while putting the micro credit into small scale investment in the countryside. Poor roads, water supply, inadequate access of electrification found to be added fuel to a greater obstacle for optimum utilization of micro credit for income generation. It has affected for the marketing of both agricultural produce and finished goods. The villages located in Dakshina Kannada have limited infrastructure. The problem is more pronounced in case of relatively more poor, SCs and STs. A majority of them are living in remote areas and far away from the main roads and having improper electric connection which made them hard to market their agricultural produce. Women entrepreneurs do not have organizational set-up to pump in a lot of money for canvassing and advertisement. Thus, they have to face stiff counterparts. Such a competition ultimately, results in the liquidation of women enterprises. Besides this, lack of information and experience makes it very difficult for her to select technology, market and location, and also to tackle problems related to labour and finance. The government realizing the need and importance of women entrepreneurs' participation in the contribution to the economy has offered some assistance, thereby trying to created a favorable climate for woman entrepreneurs to play a significant role in the rapid development of India. The table 6 reveals that 11.67 percent of the respondents are facing the problem of competition and 13.75 percent are facing the problem of poor quality of production. Respondents also face the problem of lack of information's i.e 14.17 percent. However, major problem is faced by the respondents are the problem of Lack of advertisement i.e, 35.00 percent.

**Table 6: Marketing Problem**

Problems	Number	Frequency
Competition	28	11.67
Poor Quality	33	13.75
Lack of Advertisement	84	35.00
Dependence on Suppliers	18	7.50
Lack of Information	34	14.17
Distance of Market	43	17.92
<b>All</b>	<b>240</b>	<b>100</b>

Source: Field Survey

In addition to above problems, inadequate infrastructural facilities, shortage of power, high cost of production, social attitude, low need for achievement and socio-economic constraints also hold the women back from entering into business.

### Conclusive Suggestions

Indian Society needs to bring about an attitudinal change in regard to the role of women as entrepreneurs. This will lead to the development of an appropriate environment in which women will come forward and give vent to their entrepreneurial talents. Based on the findings of the study, the following policy measures can be suggested for better functioning of Income generating activities of SHG members and their sustainability to ensure women's empowerment and bring them on mainstream development:

- Government promoted group are availing much internal loans which is much less amount compared to external loans. They face the problem of lack of active support or guarantee agencies like NGOs. Hence, for such groups government should support through some policy measures. Loan amount should be increased to the extent that they can take up an income generating activity.
- The members of SCs/ STs & low-income group households have not invested much micro credit on agriculture & related IGA's. The main problem of them is the lack of land. Even though these communities have some amount of land they are not suitable for cultivation. It is in mostly hilly regions and even irrigation facility is not good. Thus for time being training should be given them to concentrate on much IGA's other than agriculture related like tailoring, soap, phenol making, Agarbathi making since it does not need any land.



- Groups formed by NGOs have motivated more members to undertake IGAs through micro credit. Hence, it is suggested that co-operatives and governments have to train their SHG members to undertake more & more IGAs. Special attention should be given to SC, ST and low income groups.
- Simple procedure and right encouragement from the financial agencies may enable women to form more and more SHGs in their locality. The financial institutions including various government departments should give wider publicity on the availability of credit facilities and others benefits that can be offered to the SHGs.
- The main problem faced by the SHG members in adopting income generating activity is due to the lack of better marketing facilities. Even though the groups formed by NGOs has some ray of hope since their promoting agency created a Marketing agency called 'Siri' to some extent they too face the problem of marketing for some goods. Hence, there is a need of aggressive policy by the state governments on the provision of marketing facilities.
- Stiff competition in the market and lack of mobility of women make the dependence of women entrepreneurs on middleman indispensable. Many business women find it difficult to capture the market and make their products popular. They are not fully aware of the changing market conditions and hence can effectively utilize the services of media and internet. Hence, care should be taken towards this direction.
- Women must be educated and trained constantly to acquire the skills and knowledge in all the functional areas of business management. This can facilitate women to excel in decision making process and develop a good business network.
- Various institutions in the financial sector extend their maximum support in the form of incentives, loans, schemes etc. Even then every woman entrepreneur may not be aware of all the assistance provided by the institutions. So the sincere efforts taken towards women entrepreneurs may not reach the entrepreneurs in rural and backward areas.

A reduction in women's vulnerability can sometimes also translate into empowerment if greater financial security allows the women to become more assertive in household and community affairs. By providing access to finance for income-generating activities, micro finance institutions can significantly, reduce women's vulnerability to poverty. To conclude, an integrated approach is necessary for making the movement of women entrepreneurship a success. In order to achieve the desired goal, there should be re-orientation of

educational system for women, curriculum change, career guidance, reservations, scholarships, and timely assistance are required.

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