

Self-Help Groups and Women Entrepreneurship in India : Opportunities and Challenges

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Abstract

The number of women entrepreneurs is increasing all over the world but the condition of women in developing nations is different from that of women in developed countries. In India, the empowerment of women is an important issue as the condition of rural women is still very pathetic. Government of India is taking various initiatives for the development of women and for improving their economic condition. Self-help group (SHG) programme has proved to be an effective programme for empowerment of women. SHGs provide financial facilities to rural women which helps in starting entrepreneurial activities and motivating women for establishing new small businesses. Women are participating in training and capacity building programmes and are utilizing the loan amount for income-generating activities. SHG members take mutual decisions related to production and marketing. Secondary sources of data were used for fulfilling the purpose of the paper. This paper attempted to explain the role of SHGs in women entrepreneurship development. It highlighted the opportunities provided through SHGs as well as through different schemes of government for entrepreneurship development. The challenges in the way of women entrepreneurs are also discussed. The result of the study will help policymakers in framing policies for the development of women entrepreneurs and provide future direction to researchers.

Keywords : Economic empowerment, self-help groups, women entrepreneurship

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Entrepreneurship is a dynamic and innovative process under which a new enterprise is formed, and entrepreneurs work as catalytic agents of change which creates employment for other people (Sharma, Dua, & Hatwal, 2012). According to Dubey (2020), "Entrepreneurship and entrepreneurs must be celebrated unquestionably. Their vibrancy keeps the lifelines of economies alive." Entrepreneurs have different abilities and skills as they come from different societies, locations, with different level of education (Agarwal and Lenka, 2018). Women entrepreneurs play a significant role in local economies as a huge number of micro-enterprises are undertaken by women in developing countries (Sharma, Dua, and Hatwal, 2012). In India, however, women made a late entry into business activities because of the traditional cultural, social environment, and male-dominated society. Women are considered as the weaker section of society and were always made dependent on men for their whole life. Human resource is the main factor which can affect the performance of a company up to a large extent. Women constitute approximately half of the total population of the world. Sethuraman and Muthukrishnan (2019) explained the role of rural entrepreneurs in the present economy and also highlighted that lots of micro-level enterprises were undertaken by women entrepreneurs in developing countries.

Suresh Babu and Maran (2013) stated that the overall growth of a nation was only possible through equal development of women and men. There is an immense requirement for uplifting rural women for attaining equal status in society because the condition of rural women is still very pathetic. Government of India is taking various measures to improve the condition of women, especially rural women who are residing in villages. There is a need for economic

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empowerment for real independence of women. National Bank for Agriculture and Rural Development (NABARD) initiated a very successful grassroots level programme for women called 'Self-Help Bank Linkage Programme' for linking women to formal financial services in 1992. Self-help groups are playing a significant role in women empowerment as well as in entrepreneurship and skill development among rural women of different parts of India. Women are starting livelihood activities, establishing micro-enterprise, and providing employment opportunities to others. A self-help group (SHG) is a group of people from a homogenous background who come together voluntarily for mutual help to handle their common financial problems (Sivashankar & Khedgi, 2011). Self-help group is an association of 10–20 poor people, it is a voluntary group of people from the same socio-economic background who come together to fulfill their financial as well as social needs. Soni (2015) stated that Self-Help Groups (SHGs) are empowering rural women through developing entrepreneurial skills which has a great impact on their socio-economic wellbeing.

Methodology

Secondary sources of data were used for fulfilling the purpose of the paper. The present paper was developed based on the review of previous literature on the related subject, government policies, schemes and programs focused on women entrepreneurship development. Peer-reviewed research articles were accessed through various electronic databases. Some of the data on women and women entrepreneurs in India were accessed from the website of Ministry of Commerce and Industry. The website of National Bank of Rural Development (NABARD) and Ministry of Micro Small and Medium Enterprises (MSME) were also searched for collecting necessary information.

SHG-Bank Linkage Program

National Bank for Agriculture and Rural Development (2017) stated the initiatives taken by it such as Financial Inclusion Fund (FIF) for providing support to banks and NGOs and E-Shakti or digitisation of SHGs is a recent initiative. SHG-Bank Linkage Programme (SHG-BLP) is one of the initiatives in the direction of rural development that was launched by NABARD during 1992–93. Under this program, SHGs can take loans from commercial, rural and cooperative banks. They collect small savings regularly and the saved amount is deposited with a bank. The bank sanctions the loan to the SHG without any collateral security. The southern region is making very good progress in terms of average credit disbursement (Rao, 2018). SHG is an important model of microfinance in India, which has made a huge transformation in the lives of lakhs of people (Rao, 2018). In recent years, microfinance has emerged as the means for the promotion of financial inclusion across the world (Singh & Padhi, 2017). In India 1,02,43,32 self-help groups have been linked to the bank upto March 31, 2020 under the SHG - Bank Linkage Programme (NABARD, 2020). Ajaz and Sharma (2014) stated that Self Help Group-Banks Linkage Program is the main source of microfinance which is working to provide financial services at low cost to the poor. Swarna Jayanti Gram Swarajya Yojana (SGSY) has been designed for the improvement of the economic conditions of the underprivileged and below the poverty line (BPL) people (Datta & Singh, 2013), as later on, it was restructured as the National Rural Livelihood Mission (NRLM). The main objective of SHG-Bank Linkage Programme is to provide formal financial services to the marginalised and rural population (Das, 2016). SHG-BLP is the most direct source of funds for disadvantaged people (Harikrishnan & Karuppasamy, 2017).

Concept of Women Entrepreneurs

Women entrepreneurs are women who take initiative and operate a business enterprise (Goyal & Parkash, 2011). Women constitute 48.9% of the population of India and 14% of the entrepreneurs of India are women (Ministry of Commerce and Industry, 2020). The Government of India has defined women entrepreneurship as, “an enterprise owned and controlled by women having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women.” Goel and Madan (2019) considered women entrepreneurship

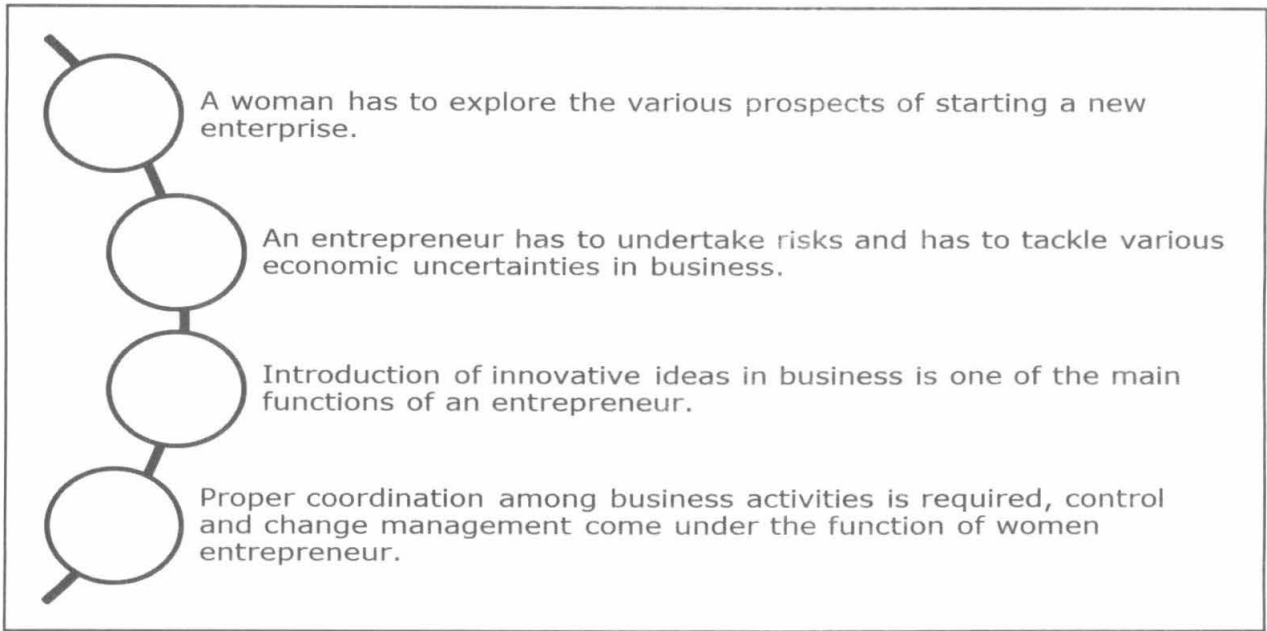


Figure 1. Functions of Women Entrepreneurs

as a sign of balanced growth of society. Goyal and Parkash (2011) segmented the factors of motivation into two segments, that is, pull factors and push factors. Under pull factors, women take initiative to do something new for making independent decision as they are having lots of domestic responsibilities, while in push factors, women started to involve into business activities because of family pressure and responsibility is pushed upon them. Srivatsala (2018) stated that “micro-enterprise is not only enhancing national productivity, generating employment, but it is also helping to develop economic independence, personal, and social capabilities among rural women. Figure 1 shows that functions of women entrepreneurs are defined by Suresh Babu and Maran (2013) as shown in Figure 1.

Women Entrepreneurship Development Through Self-Help Groups in India

According to Thileepan and Soundararajan (2013), an SHG entrepreneur is someone who organizes, manages, and assumes the risk of a business enterprise. Self-help groups (SHGs) provide the way of economic independence to rural women. SHG members are involved in micro-entrepreneurial activities (Paramanandam & Packirisamy, 2015). The members of self-help groups join marginal entrepreneurial activities in different areas and self-help groups boost up the confidence of members and make them self-reliant (Mishra & Sahoo, 2018). Gupta and Chatterjee (2018) explained that government had provided vehicles and made shops for selling and marketing their things or products at the village, taluk, and district level. These kinds of amenities boost the morale of women for coming into entrepreneurship. Deka and Borgohain (2016) felt that participation of all women in entrepreneurship was required for improving the situation of women in society. Self-help groups provide a platform to poor women for undertaking various activities and women feel motivated and boost themselves to being a role model, as most women started private entrepreneurship at home through financial assistance from SHGs (Mishra & Sahoo, 2018). Bharathi and Masthani (2014) stated that self-help groups and entrepreneurship were associated together, self-help groups boosted the confidence of members as the successful formation of an SHG automatically encourages women to take initiative for establishing an enterprise, while women in families face lot of restrictions from their families as they can't interact with other women like them, but as members, they get all opportunities and get financial, social, and economic support from the group. Suresh Babu and Maran (2013) said that self-help groups are voluntary groups through which members get microcredit which makes them able to get into entrepreneurial activities. Micro-finance is an easier way of providing financial help to

women within very short periods, even other organisations are also coming forward in the same way. SHGs help in financial inclusion (Sharma, Dua, & Hatwal, 2012). Self-help groups in India are promoted by Non-Government Organisations (NGOs), banks, and co-operatives. NABARD working group recommended that banks should lend to SHGs. In the same way, NABARD would continually refinance banks and provide training and other support services to members of SHGs. Srivatsala (2018) suggested that entrepreneurship education and training could be provided to women from the basic level of education and awareness should be spread about government schemes, credit facilities, and about subsidies, from rural woman can be motivated to avail credit for starting new income-generating activities (Dutta, 2016). Self-help groups (SHGs) have helped women upto a large extent in starting micro-enterprises. Singh (2012) stated that SHG is the only programme of its kind, which aims at empowering rural poor women by inculcating entrepreneurial skill. The capacity building programmes have a positive impact on women empowerment (Varsha, Reddy, Rao, & Kumar, 2019). Self-help groups involve members in various development activities, reason being the good mechanism of microcredit (Sharma, Dua, & Hatwal, 2012).

Factors Affecting Women Entrepreneurs

There are various factors which affect women and motivate them for taking initiative. Goyal and Parkash (2011), and Sharma, Dua, and Hatwal (2012) highlighted numerous reasons such as women wanting to become economically independent, establishing their idea, achieving excellence, getting freedom and mobility, and to create an identity in society, innovative thinking, education qualification, and family support also motivates women and makes them more confident of establishing their own new enterprise. Success stories of friends and relatives also encourages women to start their ventures. Another reason is that they also want to become role models for others. Family needs, income, and employment generation, training facilities also play an important role in the encouragement of women for starting income-generating and livelihood activities. Singel (2018) also suggested that entrepreneurial skills should be promoted by entrepreneurial training. Government schemes for women also act as a dose for women and they want to take the benefits of government facilities for improving their lives.

Challenges in the Way of Women Entrepreneurs

Women entrepreneurs face many difficulties in the way of becoming entrepreneurs. Many studies were carried out to understand the problem of women, a piece of evidence collected from the studies is depicted in Figure 2 and further explanation is given as follows :

↳ **Hindrance in marketing of the product** : Women entrepreneurs face many difficulties related to marketing of their product and SHGs did not have any market linkages (Deka & Borgohain, 2016). Leelavathi and Sulaiman (2017) found

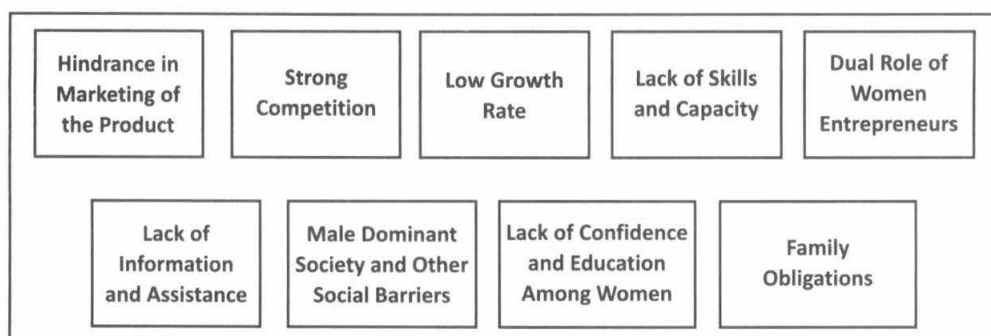


Figure 2. Challenges in the Way of Women Entrepreneurs

that price challenges and grading challenges are the main factors which affect women SHG entrepreneurs in Chennai city. Bharathi and Masthani (2014) argued that women were not having awareness about market uncertainties. Sharma, Dua, and Hatwal (2012), and SureshBabu and Maran (2013) also highlighted the problems of infrastructure, corruption, and inadequate marketing arrangements.

✦ **Strong competition** : Women face stiff competition with men in promotion and development areas (Goyal, & Parkash, 2011). Women entrepreneurs do not have organizational set-up and a huge amount for canvassing and advertisement. They face difficulties in marketing their products due to competition with men (Singh, 2012 ; SureshBabu & Maran, 2013).

✦ **Lack of skills and capacity** : Bharathi and Masthani (2014); Sharma, Dua, and Hatwal (2012); and Thileepan and Soundararajan (2013) explained that women had less capacity for bearing market risks and lack of visibility as strategic leaders. Women were not having adequate problem-solving capacities among SHGs (Deka & Borgohain, 2016).

✦ **Dual role of women entrepreneurs** : Women entrepreneurs have the double responsibility of family as well as business which creates difficulty for them (Sharma, Dua, & Hatwal, 2012). The growth rate of women entrepreneurship is not satisfactory (Dutta, 2016).

✦ **Lack of information and assistance** : There is absence of appropriate assistance from the family and outside people pressurise them to drop the idea of starting business activities (Sharma, Dua, & Hatwal, 2012). Women don't get proper financial assistance for setting up their venture (Bharathi and Masthani, 2014 ; Sharma, Dua, and Hatwal, 2012). Banks also consider women as less credit-worthy and dishearten women borrowers (Singh, 2012).

✦ **Male dominant society and other social barriers** : Bharathi and Masthani (2014); Goyal and Parkash (2011); Sharma, Dua, and Hatwal (2012) found that male-dominant social order is a hurdle to women, male dominance is still pervasive in many parts of the country.

✦ **Lack of confidence and education among women** : Lack of self-confidence, strong mental outlook, will-power, and optimistic attitude among women creates a fear of doing mistakes during work (Goyal & Parkash, 2011; Thileepan & Soundararajan, 2013). Even though India is a secular country, still in rural areas caste and religious system is dominating and it creates hindrance in the way of women SHGs (Thileepan & Soundararajan, 2013).

✦ **Family obligation** : Bharathi & Masthani (2014); Goyal & Parkash (2011); Leelavathi and Sulaiman (2017) discussed that family obligations, family opposition, discouragement, social barriers are hurdles in the way of women SHGs in India and they are always seen with doubtful eyes.

✦ **Other challenges** : Bharathi & Masthani (2014); Sharma, Dua, & Hatwal (2012), highlighted the problem of mobility. SureshBabu & Maran (2013) felt the shortage of financial assistance, the technology of business and shortage of raw materials (SureshBabu & Maran, 2013), and female child discrimination in society (Thileepan & Soundararajan, 2013).

Implications : Opportunities for Women Entrepreneurs

The pieces of evidence suggest that if proper initiatives are taken for the development of women by government organisations or other development authorities, they would perform in better and effective ways in entrepreneurial activities. There are various plans and schemes for women entrepreneurship development from the government and

non-government bodies. These opportunities would help women in creating self-employment and establishing industrial ventures.

Self-Help Group Bank Linkage Programme (SHG-BLP) of NABARD is the world's largest development programme at the grassroots level where the poor are both the beneficiaries as well as the stakeholders. SHG programme of microfinance model has proved to be a very supportive programme for the development of the poor and it plays an important role in developing skills among poor women.

Udayam Sakhi launched by Ministry of Micro, Small and Medium Enterprises (MSME) is a network for helping social entrepreneurs. Eight million women entrepreneurs have fulfilled their need through the portal who started their businesses through the platform for entrepreneurship learning measures, development facilities, training programs for getting funds, providing mentors, provide market survey facility, one-on-one investor meet, and technical assistance.

Startup India scheme was launched by Government of India on January 16, 2016 which promotes start-ups and women constitute 35% of all directors of start-ups. Nearly 58% of women entrepreneurs initiated their businesses between ages of 20 to 30, about 25% women started their business when they were younger than 25 years, approximately 73% women entrepreneurs reported revenue of under 10,00,000 in a financial year, about 35% women entrepreneurs had a co-founder, about 71% women employed around five or fewer people (Ministry of Commerce and Industry, 2020).

MSME is not the only ministry which is taking steps for women entrepreneurship development, Government of India has also taken various steps towards women empowerment and safety. Initiatives like *Beti Bachao, Beti Padhao*, *Stand Up India*, *Mission Indradhanush*, *Mudra Yojana Scheme*, *Trade Related Entrepreneurship Assistance, and Development (TREAD) Scheme*, *Mahila Udyam Nidhi Scheme*, *Annapurna Scheme*, *Stree Shakti Package for Women Entrepreneurs*, *Bhartiya Mahila Business Bank Loan*, *Dena Shakti Scheme*, *Udyogini Scheme*, *Cent Kalyani Scheme*, and many more have added to the welfare of women population in India. MyGov had launched a prize-winning challenge namely, COVID-19 solution challenge to support and promote women entrepreneurs.

Limitations and Scope for Further Research

There were some limitations of this study. The first limitation was related to the sources of data ; secondary sources of data were used that gave information about the various variables and factors which affect women entrepreneurship, but further research can be conducted on the same issues by using primary sources of data. Second, the paper was restricted to only some aspects of women entrepreneurship. More variables can be found out on other aspects of women entrepreneurship through rigorous review of literature. The paper has highlighted the name of various programmes and schemes which are promoting women entrepreneurship, so further research can be carried out on individual schemes/programmes and their contribution to entrepreneurship development. The problem of generalising the result can arise because the results of the study are outcomes of different literature reviews, to know the intensity of each variable in a particular region/area further study can be conducted. The present paper concentrated on the role of SHGs in women entrepreneurship but the role of SHGs in other development aspects can be studied in future researches.

Conclusion

Women SHGs are working very effectively in India. SHG programme is empowering rural women by providing them financial assistance through micro-credit as well as training facilities for skill development. Based on the review of previous studies and government reports it was found that government of India is promoting entrepreneurial activities among women through various policies and programmes. Recently, MyGov has launched prize-winning challenge namely, COVID-19 solution challenge to support and promote women entrepreneurs. On the other hand, rural and poor women are also facing lots of challenges in the way of entrepreneurship such as lack of fund, lack of awareness etc., which is a matter of concern for the government and all responsible bodies. Even government announced various plans and schemes for women entrepreneurship development but there is need of proper implementation so that women can

tap the opportunities and can become successful entrepreneurs, which will largely contribute to the economy and it will give recognition to women in society, in the nation, and in the world.

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