



ROLE OF SELF HELP GROUPS IN CONTRIBUTING SUSTAINABLE ENTREPRENEURSHIP IN INDIA

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Abstract:

In India Self- Help Groups (SHGs) are formed to make all over economic growth through starting small enterprises through providing economic assistance by Self-Help Groups. Basically, empowerment of woman entrepreneurs is focused. Thus, in 1985 Self-Help Groups (SHGs) were started reduce poverty and empower poor women. Self-Help Groups (SHGs) made it possible to overcome the problems faced by women entrepreneurs and found opportunities in nearby premises. Women can start in Self-Help Groups because number of women is large in the demographic of India. Although number of women is large in India there are many problems faced by the women entrepreneurs because of powers the centralized in the hand of men, lack of education, less capability, growing competition, lack of quality raw material, family background and so on. In this research, researcher found that there is huge scope in entrepreneurship development in India through Self-Help Groups (SHGs) as the positive thinking of the generation has been changed towards Self-Help Groups (SHGs). The objective of the present study was to understand the contribution of self-help groups to sustainable development as well as promoted income generation activities. A traditional review method was used in the study. The result of the study shows that the SHGs play an important role in self-employment by increasing the income and standard of living of the people in India. The problems faced by women entrepreneurs can be reduced by guiding and supporting them by providing required technical knowledge and training itself.

Keywords: *Self Help Group, Sustainable Entrepreneurship, Rural Development, Women Empowerment, Skill Enhancement, Community Support.*

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Introduction:

Self Help Groups-Bank Linkage Programme (SHG-

BLP) is the world largest micro credit programme in India. SHG-BLP is the innovative programme launched



by NABARD with the directions of Government of India and Reserve Bank of India (RBI) in the year 1982. At present 1.19 crore SHGs are working in India and also covered 14 crore households all over in India. Total saving with SHGs of Rs 47240.48 crore as on 31 March 2022 and loan distributed of Rs 99,729.23 crore through SHG- BLP in India. It shows the coverage of this programme. There are number of agencies work for the development and implementing SHG-BLP in India with NABARD. It includes SIDBI, Micro Finance Institutions, NGOs, Public and Private Banks, District Rural Development Agency (DRDA) etc. DRDA play important role in the formation and development of SHGs in India. DRDA works for forming and managing SHGs through NRLM programme of Government of India NRLM is the innovative programme launched by Government of India and DRDA is the institution of Government who work for implementing NRLM Programme at grass root level i.e., at District level. Self-help groups are community-based organizations comprising individuals with similar goals or challenges. These groups provide a platform for mutual support, sharing experiences, and addressing common issues. In the context of entrepreneurship, self-help groups can empower members to start and sustain businesses through collaborative efforts, knowledge exchange, and resource pooling. They often focus on personal development, skill enhancement, and financial support, creating a conducive environment for individual and collective growth. Self-help groups play a crucial role in promoting sustainable entrepreneurship by fostering community support, sharing knowledge, and pooling resources. These groups provide a platform for aspiring entrepreneurs to exchange ideas, skills, and experiences, creating a supportive environment for sustainable business practices. Additionally, collective decision-making and resource pooling within these groups enhance financial stability and enable members to access funding for their entrepreneurial endeavors. Overall,

self-help groups contribute to the growth and sustainability of entrepreneurship through collaboration and shared empowerment.

Review of Important And Relevant Literature on The Study:

1. **(Kamala, 2018)** Stated in their study entitled **“Empowerment of Rural Women through Self Help Groups”**. They concluded in their study conducted in Andhra Pradesh and 77 Telangana States is that the SHG plays important role in improving the status of SHG members after joining the groups, women became helpful in finance providing to family in need time as well as to others also. It leads in more confidence and self-motivation, more strengths, more recognition in society. Women participate in family matters and get opportunities to them to show their skills and abilities in front of society. SHG provides women’s regarding government schemes, rights, and employments, also participate in local politics and decision making also. So, SHG plays role in the economic, political, social, psychological empowerment of women.
2. **(Ganapathy, 2013)** Stated in their study entitled **“Empowering Women through Self-Help Groups”**. They conducted study to review the role Self-Help Group in empowering the women. Women are capable to run the small enterprises through rural women. Women can develop themselves if they provide training and proper guidance of enterprises. By using credit and technology create an own market for their business with the help of SHG. SHG should work like Panchayati Raj Institutions (PRIs), for the development of women’s and make them empower. So, SHG program has greater influence on the empowerment of women
3. **(Uma., 2012)** Stated in her study entitled on **“Self-Help Group: An Effective Approach to Women Empowerment in India”**. She expressed that the women are the nation builders. If women of any



nation are contributing the economy, the rate of growth is better in that country. SHG in India is the mechanism for women development at Individual as well as collective level. It brings empowerment in position as well as in condition also. SHG not only help in providing the financial services but also helps in providing the various services to poorest of the poor. SHG programme is the common vehicle for the economic development. So, SHG is the programme for poverty alleviation and the empowerment of the women. SHG brings the economic empowerment, self-esteem, confidence, power and potentiality among women. SHG is powerful tool to improve the living conditions of rural as well as semi urban women.

4. (Raj, 2009) Stated in his study entitled **“Role of NGOs in Fostering Self-Help Groups”**. He stated that NGO is important support system of SHG. Ngo not only help in forming the group but NGO plays important role in monitoring the functions of SHG. NGO helps to the SHG in providing credit from the banks. NGO offer orientation and training programs for SHG.
5. (Madheswaran, 2001) They stated their viewpoints in their research paper entitled **“Empowering Rural Women through Self-Help Groups: Lesson from Maharashtra Rural Credit Project”**. Concluded that the MRCP is benefitted in the development of SHG-BLP, credit provision for consumption purpose, credit availability in easy and periodically due to credit rotation and active role of NGO in participating in this scheme. Cheap and frequently credit provision helps in poverty reductions. They also suggested that the micro credit borrower face the problem of recovered rate of interest from rate of profit from income generating activities and second problem of marketing of product produced.
6. (Karmarker, 1999) Stated that in his study entitled **“Rural credit and self-help groups: Microfinance needs and concepts in India”**. He focused in his study regarding the trends in Indian financial markets at present situation about the needs of micro credit of small borrowers or poor peoples. He has undertaken his study about the tribal women needs of credit in rural area of Orissa state. He focused on the types of credit needs of tribal women; it is provided by the financial market or not and which problems are faced by the poor in getting micro loans. He states that after his study, micro credit to the rural poor through SHG is the best mechanism for poverty alleviation
7. (Jeyaseelan., 2008) Expressed his views in book chapter entitled **“Legal Structures for Federations of SHG”** and stated in his study about appropriate legal reforms are needed for balanced and sustained growth of microfinance sector. For this purpose, GOI needs to make specific framework for the MFIs. Also need to registration of Federation with regulatory authority at the district place for monitoring performance of MFIs. Also need to modification in cooperative laws, need to reduce capital requirement for NBFC-MFIs from 2 crores to 50 lakhs and for urban cooperative bank from 5 crores to 2 crores. Also suggested that Govt. announce the tax saving schemes for MFIs.
8. (Nakkeeran., 2008) He stated in his chapter in book entitled **“The Current Scenario of Social Development through Self Help Groups”**. He stated in his study that after collecting data from 260 respondent in Shanarpatty Development block in Dindigul District. He stated that bring unity among women, community harmony, education to women, oppose feticide & infanticide, stop liquor, castles society, helped to several ability person, solving village problem, stop child marriage, priorities to widows in group are the social agendas for SHG. He suggested that, women participation is necessary for social development of society. Similarly economic development is also needed for SHG for women



empowerment, solving unemployment problem, social development through SHG, women education are important factors for social development through SHG.

Statement of Problem:

Although self-help groups consider women's entrepreneurship, empowerment and equality, there are some restrictions on women's freedom of movement. Women entrepreneurs need to get enough support or guidance from their family members in developing entrepreneurship through self-help groups but sometimes women are ridiculed by expressing disbelief in their entrepreneurial power. Entrepreneurial processes require the availability of raw materials on time and at cost-effective prices. Accordingly, egoism and dominance of monopolistic male vendors hinders the supply of raw materials at the right time and at the right price. Women entrepreneurs cannot afford to stock large quantities of raw materials and materials due to lack of financial support. Due to lack of capital and inadequate warehouses, entrepreneurs have to buy raw materials and materials at high prices. In the market, the goods produced by the self-help group entrepreneurs have to sell the goods at low prices due to lack of consumer demand. Also, due to competition from other entrepreneurs, entrepreneurs have to keep the prices of goods low.

Relevance of the Study:

Self-help groups (SHGs) play a crucial role in promoting sustainable entrepreneurship in India. These groups empower individuals, especially women, by providing a platform for collective savings, skill development, and access to credit. Researching this topic allows for an exploration of how SHGs contribute to the growth of sustainable businesses, fostering economic stability and community development. Examining success stories, challenges faced, and policy implications can provide valuable insights for policymakers and entrepreneurs aiming to promote sustainable entrepreneurship in India.

Objectives of the Study:

1. To assess the impact of self-help groups on fostering sustainable entrepreneurship in India.
2. To explore the challenges and opportunities faced by self-help groups in promoting sustainable entrepreneurship.
3. To investigate the role of self-help groups in enhancing financial inclusion and empowerment for sustainable entrepreneurship.
4. To examine the effectiveness of government policies in supporting self-help groups for sustainable entrepreneurship in India.

Scope and Limitations of Study:

Scope: The members of the self-help groups set aside some amount from the income they receive, that is what gives the self-help groups financial strength. The formation of self-help groups gives members access to their property and income from it. As a result, it helps in poverty alleviation. Similarly, when businesses are started through self-help groups, the members of the self-help group and others get employment opportunities. Loans taken from self-help groups are used to meet personal and family needs. The collective savings of the members made them financially stable. This has helped them break out of the vicious cycle of poverty and unemployment. As loans are distributed to the members of the self-help group as per their need, they do not have to depend on moneylenders to meet their financial needs. Members of groups can reduce their dependence on lenders. Thus, SHGs can help achieve the goal of financial inclusion in rural India. With the help of self-help groups, financial stability of the members is created in the country, helping the family to spend more on the education of their children. Economic stability creates scope for self-help groups to reduce child mortality in the country, improve women's health. Increasing the income of women in the household income is increasing their participation in the decision-

making process. Expenditure on education of girls of member's family can also be increased.

Limitations: As self-help groups mainly consist of women entrepreneurs, they have to face many problems. Their ability to make sound decisions, take risks and survive in a competitive market is seen to diminish. Women entrepreneurs in the country mainly face capital problems as there is no permanent way of getting capital in front of them. Due to lack of marketing skills and techniques, SHG entrepreneurs lack the ability to face tough competition. Similarly, consumers are suspicious about the quality of goods purchased from cooperative enterprises. Enterprises created through self-help groups are hampered or do not develop quickly because nearly 60 percent of women entrepreneurs in self-help groups are illiterate or less educated, thus delaying these entrepreneurs in adapting to new changes in the market and changing needs of consumers.

Research Methodology:

Research Design: Exploratory research which is based on past literature review.

Sources of Data: Major source of data is secondary sources used for the study has been collected from the various publications, books, magazines, similarly the secondary data have been collected from NABARD regional office, RRB, DRDA office, BDO's office, NGO's office, NABARD annual reports, Journals, magazines etc. and Statistical data will be collected from websites of the NABARD, Regional offices of the NABARD, DRDA websites, DAY-NRLM websites and Government Officials websites.

Role of Self-Help Groups in Contributing Sustainable Entrepreneurship:

- 1. Financial Inclusion:** Self-help groups (SHGs) facilitate collective savings and access to credit, empowering entrepreneurs economically and fostering financial stability.
- 2. Skill Enhancement:** SHGs provide training sessions, enhancing members' skills and knowledge, making

entrepreneurs more adaptable and competitive in the market.

- 3. Community Support:** SHGs create a supportive community, enabling entrepreneurs to share experiences, resources, and solutions, strengthening their businesses through mutual assistance.
- 4. Networking Opportunities:** Entrepreneurs in SHGs benefit from networking within the group, leading to increased visibility and market opportunities for their sustainable ventures.
- 5. Sustainability Practices:** SHGs promote environmentally conscious business practices, encouraging entrepreneurs to adopt sustainable approaches and contribute to ecological well-being.
- 6. Resilience Building:** Collective problem-solving within SHGs enhances the resilience of entrepreneurs, making them better equipped to overcome challenges and navigate economic uncertainties.
- 7. Social Impact:** Sustainable entrepreneurship through SHGs positively influences local communities by creating jobs, promoting ethical practices, and addressing social issues, contributing to overall societal well-being.

Impact of Self-Help Groups:

- 1. Economic Empowerment:** SHGs facilitate access to credit and financial services, empowering individuals, particularly women, to initiate and expand entrepreneurial ventures. This economic empowerment leads to job creation, income generation, and poverty alleviation within communities.
- 2. Skill Enhancement:** Through training programs and capacity-building initiatives, SHGs equip members with essential entrepreneurial skills. This skill enhancement cultivates a pool of capable entrepreneurs capable of managing sustainable businesses.

3. **Community Development:** SHGs create a ripple effect within communities by not only fostering individual entrepreneurship but also by promoting a culture of collaboration and mutual support. This bolsters community development through increased employment opportunities and improved socio-economic conditions.
4. **Inclusivity and Gender Equality:** By focusing on women's empowerment, SHGs challenge societal norms, providing a platform for women to actively participate in entrepreneurship. This promotes gender equality, breaks barriers, and contributes to a more inclusive society.
5. **Sustainability Practices:** SHGs emphasize environmentally friendly and sustainable business models. By promoting practices such as organic farming, eco-friendly handicrafts, and sustainable livelihoods, they contribute to environmental conservation and sustainable development.
6. **Empowerment beyond Economics:** SHGs not only uplift economic status but also instill confidence, leadership skills, and a sense of empowerment among members. This empowerment extends beyond financial aspects, positively impacting social dynamics within communities.

Findings:

1. **Financial Inclusion and Capital Access:** SHGs provide a platform for members to access financial resources collectively. Entrepreneurs within SHGs often benefit from group savings and credit facilities, enhancing their financial capabilities.
2. **Skill Enhancement and Knowledge Sharing:** Members gain valuable skills through training sessions within SHGs. Knowledge sharing among entrepreneurs promotes innovation and adaptability in their businesses.
3. **Community Support and Networking:** SHGs create a supportive community, fostering collaboration and mutual assistance. Networking opportunities within

SHGs lead to increased market visibility for entrepreneurs.

4. **Sustainability Practices:** SHGs emphasize sustainable business practices, promoting environmentally friendly approaches. Entrepreneurs in SHGs are more likely to adopt eco-friendly initiatives, contributing to long-term sustainability.
5. **Resilience against Challenges:** Entrepreneurs in SHGs are better equipped to navigate economic downturns or unforeseen challenges. Collective problem-solving within SHGs enhances the resilience of entrepreneurial ventures.

Conclusion:

Our research demonstrates that self-help groups play a pivotal role in promoting sustainable entrepreneurship. Through financial inclusion, skill enhancement, community support, sustainability practices, and resilience-building, SHGs contribute significantly to the success and longevity of entrepreneurial endeavors. Policymakers and stakeholders can leverage these insights to further support and strengthen the impact of self-help groups in fostering sustainable entrepreneurship.

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