

THE ROLE OF SELF HELP GROUPS (SHGs) IN DEVELOPING WOMEN ENTREPRENEURSHIP IN THE UNORGANISED SECTOR

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ABSTRACT

Financial Inclusion is an important agenda that is gaining significant attention of bankers to tackle inequality in growth. Nearly 35% of Indian population is outside the fold of banking system. This includes both rural and urban poor, small traders, farmers, unemployed persons etc. It is the fact that formal institutional credit has not reached millions of uncovered poor people who are living below poverty line. SHG has emerged as a powerful alternative mechanism to meet the demand of women engaged in micro business. Research studies confirm that SHG concept serves twin purpose such as savings and credit for their socio-economic betterment. The Self Help Groups not only help micro business women in getting credit but also inculcate entrepreneurial spirit among the group members who are mostly casual labors, in unorganized sectors. If the SHGs system is further strengthened, it will emerge as entrepreneurial hub in promoting an entrepreneurial society.

In this context, a study was conducted by the authors, with SHGs to ascertain the extent to which the group members influence the women in other groups to become entrepreneurs, especially, in the unorganized sector. This paper, part of the research study, presents the role of SHGs in creating and developing entrepreneurship among the women members of SHGs, especially, in the unorganized sector, and suggests the ways in which they can become micro entrepreneurs.

Key Words: Self Help Groups, Unorganized sector, Inequality, Unemployment

I. INTRODUCTION

Maximum productions with full employment, attainment of economic equality were some of the long term objectives since first five year plan. Since Independence, Indian government should have attained these objectives substantially. In the first phase of development during 1960-61 to 1980-81, GDP growth was around 3.5 percent. After the new economic reform Liberalization, Privatization and Globalization, GDP growth went about to 9.0 percent and it is targeted for two digits during 11th plan (2007-2012). The share of service sector especially banking sector is high in GDP growth. However, Mr. R. Gopalan Secretary, Financial services observed that only 30% of the bank branches operate in rural areas where 72.20 % of country's population is living. Rural account 9% of total deposit, 7% of total credit, 10% of life insurance and 0.6 % of non-life business. Even though banking net work has rapidly expanded over years, the key challenge is to cover the excluded 6 lakhs villages. Therefore, banks made financial inclusion as priority agenda for immediate future plan.

As an attempt towards inclusion, the Indian bank that set up a branch in Asia's biggest slum Dharavi, Mumbai, in 2007 registered a business of over Rs 60 Crores and opened 30,000 "No-frills" accounts. Therefore, the need of the hour is to train business communicators. Financial literacy is required to bridge the urban and rural divide, a gap between rich and poor and also regional imbalance in development. The financial inclusion should include access to financial products and services mainly by micro and small entrepreneurs, Women, Agricultural and industrial labors, unemployed persons, physically challenged persons etc. Access to credit by Self Help Group not only helps under privileged section but mostly women who are economically weaker section of the society. The study brings out the socio economic profile of Self Help Groups.

Movement of women development through Self Help Groups has been introduced in different parts of the country to promote socio-economic status of women in particular and bring about all round development in general. SELF Help Group is a

voluntary association of women and for women mostly, Homogeneous in nature, in terms of occupation, caste, marital status. Here a group mobilizes other women to introduce small savings and credit for self reliance and economic emancipation. In this system, women are having common platform for sharing different views on their problems concerned. They also impart technical and scientific knowledge to the members for capacity building as well as to undertake income generating activity in group or individual. The Swarnajayanti Gram Swarozgar Yojana (SGSY) is the major on-going programme for the self-employment of poor / micro enterprises. In Tamilnadu the total credit extended by banks under this scheme stood at 483.10 Crores covering till March 2010 against 392.23 crores in 2008-09 and 192.28 crores in 2007-08. The growth is at a higher degree of growth rate compare to other industrial sectors for the same period. It is also to be noticed that National Commission for Enterprises in Unorganized Sector in its report 2007 clearly mentioned that this sector has to be strengthened to improve its productivity, job quality and employment generation capacity.

Micro enterprises are those profit earning activities which are performed in all types of environment such as cities, towns and villages. All types of entrepreneurs perform these activities whether rich or poor, educated or illiterate, trained or untrained.

The significant characteristics are given below:

1. Starting with available money, machine, material, time, skill and information.
2. It requires minimum training.
3. Minimum gestation period, immediate return or profit.
4. Utilize local resources, market and operate within time.
5. They are flexible according to environment.
6. Risk is negligible comparing to corporate sectors.

However, limitations are:

1. Earn less profit and thin margin.
2. Profit is increased gradually.
3. Viability depends on local factors.
4. Limited scope for growth and development.
5. They can't face competition.

6. Their quality of product, services are traditional.

One can start with micro enterprises and develop it in the form of mega enterprises and the following past trend of women entrepreneurs is authenticated proof for them

1. 1960's - Started venture into small women enterprises at home and operate from home, within four walls.
2. 1970's- Not only developing their aspiration but also ambitions to do and earn something for their families.
3. 1980's – Stepped into father or husband business as equally contributing partners
4. 1990's – In this era women were considered to be capable, competent, self reliant & assertive. Acquired self esteem, handled the problems of enterprises single handedly and deftly.
5. 21st century – Entered into finance, telecommunication, shifted from kitchen, handicraft to non-traditional industries.

II. LITERATURE REVIEW

De Silva (1992) Credit programmes are properly designed and the sensitive implementation of those can become a key in unlocking the creative and productive potential of the world's poor. Sheefna G (2008) found that members get opportunity for economic independence after joining in groups as members. Burjorjee (2006) The study highlighted the fact that Micro finance play an important role not only in financing women's income generating activities but also on helping to reduce the vulnerability of their families by supplying resources that can be invested. Choudhury (2001), Nurturing entrepreneurial talent among poor and providing escort services in micro enterprises development. Shadiya (1996) study points out that the linkage with banks could be extremely helpful in case of the SHGs involved in income generating activity. Sucheta Soma Kirupa pointed out in the study that 69% of the members were involved in income generating activities individually and 31 % in group. Hemalatha Prasad (2006) made a study on socio economic status of women SHGs, nearly 68% are availing bank loans for initiating micro enterprises. According to Sridharan, Damayanti (1997), SHG bring out the capacity of women in shaping the community

in right perspective of women in taking up entrepreneurial ventures.

III. METHODOLOGY

The focus of the study is to ascertain the level of influence of SHG members in effecting micro-level venture creation by women in the unorganised sector. This study adopted descriptive research design, and the paper is based on the analysis of both secondary and primary data. The account holding members of SHGs in the semi-urban areas of Puducherry constitute the population. From the population, a sample size of 50 women members from selected self help groups, having account in a nationalised bank was selected by simple random sampling method. The primary data were gathered through a structured schedule. The secondary sources of data include government publications on self help groups, published work of scholars and experts in the field. The gathered data were analyzed to test the hypotheses formulated, and to draw conclusions there from.

IV. ANALYSIS AND FINDINGS

The analysis of data was done under the following categories.

1. Profile of self help group members.
2. Entrepreneurial background of members and non-entrepreneurial members' future plan.
3. Statistical analysis of socio economic background of members with reference to future plan to start micro enterprises.

1. Profile of self help group members:

The profile of members is mostly homogeneous in terms of socio-economic conditions. It can be noticed from the Table no 1 that the majority of members belong to age group of 30-40 years (46%) followed by 40-50 years (28%). Regarding regular income 78 % members expressed that they are not having stable income to run their family, since nearly 70 % of members' family depends on the income of casual labours that are mostly from unorganised sectors.

Table 1. Profile of Self Help Group Members

Age of members (N = 50)		
In Years	Number of Respondents	Percentage
20-30	9	18
30-40	23	46
40-50	14	28
50-60	4	8
Members having regular income		
Yes	11	22
No	39	78
Occupation of family members		
Agro based	6	12
Services	1	2
Business	8	16
Casual labors	35	70

* Primary Data

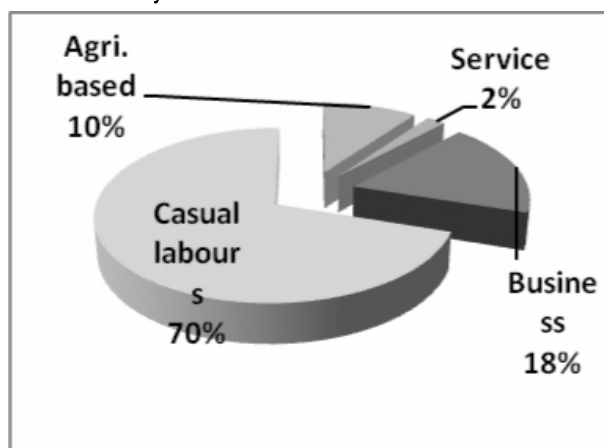


Fig. 1. Family Occupation of Members

2. Background and future plan of entrepreneurial and non-entrepreneurial members:

The details presented in Table no 2 and Table no 3 underscores the entrepreneurial background of members belonging to Self Help Group. Nearly 38 % are presently involved in micro business or income generating activity. In this 73% are home makers and 90 % are first generation entrepreneurs who started micro enterprises only after joining into group because of their access to credit from banks. Since they are micro in nature, most of them (85 %) focus with in the town in which they live. Besides the new micro entrepreneurs impress the non-entrepreneurial

members who expressed (nearly 80%) willingness to start micro enterprises in near future. As there is always element of uncertainty on return and low profit margin, these members wish to start trading (44%) or Job order (36%) initially where risk is very low with less capital cost.

Table 2. Entrepreneurial Background of Members

Presently Engaged in business (N = 50)		
	Number	Percentage
Yes	19	38
No	31	62
Prior to join in the group (N = 19)		
Working	3	16
Business	2	11
Home makers	14	73
Generation of Entrepreneurial activity (N = 19)		
First	17	90

Second	1	5
Third	1	5
Area of focus of product (N = 19)		
With in town	16	85
Neighboring town	2	10
Out side	1	5

*Primary Data

Table 3. Future Entrepreneur

Future plan to start business (N = 31)		
Yes	25	80
No	6	20
Nature of Business (N = 25)		
Trade	11	44
Manufacture	5	20
Job Order	9	36

*Primary Data

Table 4. Comparison of Interest to start Micro Enterprises Univariate Analysis

Variables		Interested to start micro enterprises		Test statistic	Significance
		Yes	No		
Level of Education	Read and write	2	2	$\chi^2 = 5.106$ Df = 3 p = 0.164	NS
	Primary	2	4		
	High School / H.Sc	19	12		
	Graduate	8	1		
Marital status	Married	29	15	$\chi^2 = 4.854$ Df = 3 P = 0.183	
	Unmarried	0	1		
	Divorce	1	0		
	Widow	1	3		
Nature of Family	Joint	13	6	$\chi^2 = 0.536$ Df = 1 p = 0.464	NS
	Nuclear	18	13		
Present Employment	Yes	8	3	$\chi^2 = 0.689$ Df = 1 p = 0.498	NS
	No	23	16		
Family Occupation	Agri. based	3	2	$\chi^2 = 12.756$ Df = 3 p = 0.005	S
	Service	1	0		
	Business	1	8		
	Unorganized sector – Casual Labors	26	9		
House	Own	25	11	$\chi^2 = 3.024$ Df = 1 p = 0.82	NS
	Rent	6	8		

* Primary Data

The variable such as level of education, marital status of members, nature of family, present employment for regular income, family occupation, owing a house were taken into account for analysis with reference to their interest to start micro enterprises. It is concluded that the factors except family occupation are not significant. Hence family occupation only suited for Businesses by univariate analysis (Table no 4). The members of unorganized sectors lead a life below poverty line. As formal credits are available at hand and awareness of the entrepreneurial activities, these people are forced to become the micro entrepreneurial members.

V. SUMMARY AND CONCLUSION

Entrepreneurs are born and not made. If opportunity is made available to anyone at right time, with adequate resources, everyone can become a successful entrepreneur. It is the high time to take efforts vigorously for the change the statement. Distribution of credit is an initiative for additional income for unorganized sector whose level of financial literacy is very low or can't afford to provide adequate security for bank loan. However, Self Help Groups act as the intermediate group through which poor can have access to formal credit, initially for foreclosing existing high cost loans, later enter in to economic activity. In micro credit, it is an important issue that the quantum of credit is small and marginal which is inadequate for asset creation or investing in economic activity in initial stages. Therefore, government should enhance the credit savings ratio for self help groups at interest free loan so that it not only takes the bank operation to

uncovered poor but also for their sustained development through micro entrepreneurial activity.

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