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RURAL ENTREPRENEURSHIP AND INCLUSIVE GROWTH OF SELF-HELP GROUP MEMBERS

Vidya Kishan Alva[1], Dr.Kusum Thantry Dsa[2]
[1]*Research Scholar, Institute of Management and Commerce, Srinivas University, Mangalore, India*
[2]*Research Professor, Institute of Management and Commerce, Srinivas University, Mangalore, India*

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ABSTRACT

This research paper explores the vital role of Self-Help Groups (SHGs) in fostering rural entrepreneurship and inclusive growth of the members. By examining the framework of women's entrepreneurship and rural development, the paper highlights that SHGs empower women economically and socially. The study reviews literature that underscores the effectiveness of SHGs in promoting entrepreneurship, financial inclusion, and social empowerment. It further conducts an ABCD (Advantages, Benefits, Constraints, and Disadvantages) analysis to provide a comprehensive understanding of the impact of SHGs on rural women's entrepreneurial development. The findings indicate that rural entrepreneurship through SHGs significantly contributes to community development, job creation, and improved living standards while also identifying challenges related to market access, financial literacy, and sustainability. The paper concludes with suggestions for enhancing the effectiveness of rural entrepreneurship of SHGs through government support, simplified loan processes, capacity building, and improved market access. By addressing these challenges, SHGs can continue to play a crucial role in driving inclusive growth and sustainable development of rural entrepreneurship.

KEYWORDS: *Self-help groups, Rural Entrepreneurship, Inclusive Growth, Women's Empowerment, Economic Development.*

INTRODUCTION

Rural entrepreneurship is a vital component of economic development and social transformation in rural areas. Among the various initiatives that promote rural entrepreneurship, Self-Help Groups (SHGs) have emerged as a powerful tool, especially for women's empowerment and inclusive growth. SHGs provide a platform for individuals, primarily women, to pool resources, access microfinance, and develop entrepreneurial skills. Female entrepreneurs are independent-minded, creative, and powerful women who aspire to achieve financial freedom. Self-help groups (SHGs) are crucial for advancing women's empowerment and gender equality. In Kerala, SHGs like the Kudumbashree Mission play a vital role in helping women develop their skills and encouraging them to start small businesses to support themselves. Women who work ensure that their families can live comfortably and contribute to the economy's growth.

WOMEN ENTREPRENEURSHIP

Women's entrepreneurship is a vital catalyst for economic growth, creating new jobs and generating innovative solutions for management, organization, and business. By initiating, organizing, and operating their enterprises, women entrepreneurs significantly contribute to the economic well-being of their families and communities, while also playing a crucial role in poverty reduction. This important source of economic productivity has far-reaching positive impacts, strengthening not only individual livelihoods but also the overall fabric of society.

RURAL ENTREPRENEURSHIP

Entrepreneurship serves as a crucial driver in fostering economic growth and development within rural communities. By establishing new businesses, entrepreneurs create job opportunities for residents and empower individuals to become self-employed. This not only helps to alleviate unemployment but also enhances the economic standing of rural areas. As these businesses thrive, successful entrepreneurs can generate income, thus contributing to the overall economic prosperity and sustainability of rural communities.

SELF-HELP GROUPS

A self-help group is a small, voluntary association of individuals from low-income backgrounds who come together to support each other in various ways, such as accessing microcredit and engaging in income-generating activities. These groups are ideally composed of individuals with similar socioeconomic backgrounds, and they have the flexibility to form mixed-gender, all-women, or all-male groups based on the specific needs and preferences of the members.

Typically, a self-help group (SHG) consists of ten to twenty local women who work collectively to address socio-economic challenges and empower themselves through mutual support and collaboration. In India, many self-help groups (SHGs) are linked with banks and financial institutions to facilitate access to microcredit, enabling members to start or

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expand small businesses and improve their livelihoods through entrepreneurship.

RURAL WOMEN ENTREPRENEURSHIP DEVELOPMENT THROUGH SELF-HELP GROUPS IN INDIA

"Women's entrepreneurship development through self-help groups (SHGs) in India has been a remarkable and impactful initiative aimed at empowering women both economically and socially.

SHGs are typically established at the grassroots level with the active support of government agencies, non-governmental organizations (NGOs), or financial institutions. These groups serve as a platform for women to unite, pool their resources, and provide mutual support for their entrepreneurial pursuits.

One of the key roles of SHGs is to encourage financial inclusion by promoting regular savings among their members. These saved funds can then be utilized as internal capital for small enterprises or as collateral for obtaining loans from banks and microfinance institutions.

Moreover, SHGs often organize training programs to enhance the business and entrepreneurial skills of their members. These training sessions cover various aspects, including financial management, bookkeeping, establishing market connections, and acquiring specific vocational skills relevant to their businesses.

Additionally, SHGs act as intermediaries between financial institutions and their members, thereby simplifying the process for women to access loans without facing the traditional barriers that they might encounter on an individual basis.

Furthermore, by operating collectively, SHGs can negotiate better prices for raw materials and gain access to larger markets for their products. This not only bolsters the profitability of the businesses run by women entrepreneurs but also ensures their long-term sustainability and growth.

OBJECTIVES OF STUDY

The study aims to achieve the following objectives:

- To explore and analyze the theoretical framework of rural women's entrepreneurship within Self-Help Groups.
- To assess the contribution of entrepreneurial activities towards the overall inclusive growth of Self-Help Group Members.

METHODOLOGY

The research methodology employed in this study involved the use of secondary sources of data to achieve the objectives of the paper. Specifically, the paper relied on the comprehensive review of prior literature about the subject matter, as well as an analysis of pertinent government policies, schemes, and programs aimed at the advancement of women's entrepreneurship. The process included accessing peer-reviewed research articles from various electronic databases. Furthermore, data on women and women entrepreneurs in India were gathered from the website of the Ministry of Commerce and Industry. Additionally, essential information was sourced from the websites of the National Bank of Agriculture and Rural Development (NABARD) as well as the Ministry of Micro, Small, and Medium Enterprises (MSME).

REVIEW OF LITERATURE

In 2012, Shihabudheen conducted a study on micro-enterprises role in promoting women's empowerment within the Kudumbashree project. The study aimed to explore the overall structure of the Kudumbashree initiative and assess the impact of micro-enterprises on rural women entrepreneurs. By analyzing both primary and secondary data, the study concluded that micro-enterprises have significant potential to empower **A** women and provide opportunities for their socio-economic and political advancement through participation in Kudumbashree micro-enterprises.[2]

Dev, S. M. (2006) emphasizes the significance of financial inclusion in enhancing the living conditions of rural communities, poor farmers, and women. The author highlights the importance of Self-Help Group movements in providing microcredit programs, subsidies for economic empowerment, and micro-entrepreneurship opportunities for women. The author argues that microfinance banks utilize various outreach programs to address both social responsibilities and business opportunities. This will help low-income families improve their living conditions [3].

Akter, A., Ahmad, N., Jaafar, W. M. W., Zawawi, D. B., Islam, M., & Islam, M. A. (2018) conducted a study on the empowerment of rural women in Sylhet district, Bangladesh, through their participation in Self-Help Groups (SHGs) entrepreneurial activities. The findings revealed that participation in SHGs significantly impacts the socio-economic empowerment of Bangladeshi women. The study suggested that women should be further empowered by enhancing their awareness, knowledge, skills, and technology usage to facilitate the overall development of society. The research highlights the importance of fostering entrepreneurship among women to achieve their full identity and power. [4]

In 2019, Kapoor conducted a study on the impact of self-help groups (SHGs) on women's economic and social empowerment in India. The study emphasizes the significance of empowering women through entrepreneurship and discusses the social and economic implications of women's involvement in family activities. It suggests that new public policies and corporate support for SHGs can help alleviate poverty and raise awareness among members. SHGs empower women by enabling them to voice their opinions on community affairs, leading to increased freedom, self-confidence, and decision-making power. The study also recommends that new public policies and corporate social responsibility activities can contribute to the funding of SHGs and the promotion of economic development. [5]

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Vejju, B. (2018) conducted a study on the role of Self-Help Groups (SHGs) in promoting women's entrepreneurship in Andhra Pradesh, using data from 1981 to 2016. The study found that SHGs play a crucial role in developing Micro, Small, and Medium Enterprises (MSMEs) in rural areas. They empower impoverished women and marginalized communities by providing necessary financial support. The study also highlighted that microfinance services are not essential for microenterprise development as SHGs promote self-reliance, decision-making, managerial skills, and basic financial transactions. Additionally, SHGs serve as a platform for discussing social and economic issues, sharing ideas, and raising general awareness.[6]

ABCD ANALYSIS OF RURAL WOMEN'S ENTREPRENEURIAL DEVELOPMENT OF SELF-HELP GROUP MEMBERS

The ABCD (Advantages, Benefits, Constraints, and Disadvantages) analysis is a structured method used to thoroughly assess business models or concepts. By systematically examining the advantages, benefits, constraints, and disadvantages, this analysis provides valuable insights into the potential of a particular concept. It is widely utilized in various studies and research to gain a comprehensive understanding of the subject under scrutiny. Employing the ABCD analysis facilitates a more comprehensive and critical examination of the concept, enabling stakeholders to make informed decisions and develop strategies based on a well-rounded understanding of the concept.

A - Advantages

- SHGs facilitate access to microloans from banks and financial institutions, enabling women to initiate and grow small businesses such as tailoring, dairy farming, and small retail shops.
- Regular savings by SHG members create a pool of funds for internal lending at low interest rates, reducing reliance on external loans and promoting financial discipline.
- SHGs organize workshops on diverse skills, including handicrafts, agriculture, food processing, and small-scale manufacturing. These programs enhance women's technical and entrepreneurial abilities.
- Specialized EDPs provide knowledge on business management, marketing strategies, financial planning, and operational efficiency.
- Participation in SHG activities fosters leadership qualities and decision-making skills among women. Many members take on leadership roles within the group, managing meetings, finances, and activities.
- Women gain confidence and are more likely to engage in community activities, governance, and advocacy, leading to greater social influence.
- SHGs enable women to collectively market their products, ensuring better pricing and wider market reach. By pooling products, SHGs can fulfill larger orders and negotiate better terms with buyers.
- SHGs assist in branding and packaging products, enhancing their appeal to consumers and improving marketability.

B - Benefits

- Income from entrepreneurial activities improves the economic status of women and their families, leading to better living standards.
- SHGs generate employment opportunities within the community, reducing migration and enhancing local economies.
- Successful SHGs often contribute to community development by supporting infrastructure projects such as building schools, healthcare centers, and roads.
- Women's entrepreneurship leads to the diversification of the rural economy, making it more resilient to economic shocks.
- Improved financial stability enables women to access better healthcare and education for themselves and their families.
- Women can invest in their families' well-being, ensuring better nutrition, hygiene, and overall quality of life.
- SHGs create a platform for women to network, share knowledge, and collaborate on larger projects, fostering a sense of community and collective growth.
- Collaborations with NGOs, government agencies, and private sector organizations enhance opportunities for training, funding, and market access.

C - Constraints

- Rural women often face challenges in accessing broader markets beyond their local areas due to inadequate transportation and logistics.
- Limited access to market information and trends hampers the ability to adapt to market demands.
- Many women in rural areas have limited financial literacy, affecting their ability to manage finances, understand credit systems, and make informed economic decisions.
- Financial literacy programs may be infrequent or inaccessible, hindering effective financial management.
- Traditional gender roles and social norms can restrict women's participation in economic activities and decision-making processes.
- Balancing family responsibilities and entrepreneurial activities can be challenging, particularly with limited support from male family members.
- Ensuring the sustainability of SHG-led businesses can be difficult due to limited resources, fluctuating market conditions, and environmental challenges.
- Lack of knowledge and resources to implement sustainable and eco-friendly business practices can affect long-term viability.

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D - Disadvantages

- Over-reliance on government schemes, NGO interventions, and donor funds can create dependency, reducing self-reliance and sustainability.
- Withdrawal of external support can lead to the collapse of SHGs and their businesses.
- Managing SHG activities requires significant time and effort, which can be burdensome for women with multiple responsibilities.
- Internal conflicts, differing priorities, and power struggles within groups can affect cohesion and productivity.
- Scaling up SHG-led businesses is challenging due to limited access to capital, technology, and market linkages.
- Small-scale operations may struggle to compete with larger businesses and industries, limiting growth potential.
- Maintaining consistent quality in products and services can be a challenge for SHGs, affecting reputation and marketability.
- Lack of access to modern technology and quality inputs can hinder production efficiency and quality.

FINDINGS

- By offering access to financial resources, skill-building training programs, and a supportive networking platform, self-help groups (SHGs) play a crucial role in empowering women to become self-reliant entrepreneurs. As a result, these women can make significant contributions to the economic development of their communities.
- Microloans are an important financial resource for Self-Help Groups (SHGs). These groups often receive microloans from banks and financial institutions, which are then distributed among their members. This financial support plays a crucial role in helping women within these groups to start new businesses or expand their existing ones. The availability of microloans provides these entrepreneurs with the necessary capital to invest in their ventures, creating opportunities for economic growth and empowerment.
- Within the Self-Help Group (SHG) framework, women participate in a series of organized training sessions tailored towards developing a diverse skill set. These sessions cover areas such as tailoring, handicrafts, agricultural practices, and food processing, effectively empowering women with the necessary expertise to explore entrepreneurial endeavors within these domains.
- SHGs often engage in collaborative ventures, where they combine their resources and efforts to undertake larger business initiatives. For example, multiple SHGs might join forces to establish a dairy cooperative or set up a community-based handicrafts center. This collaborative approach allows SHGs to leverage their collective strength and create more significant economic opportunities for their members.
- The participation in SHG activities greatly contributes to the development of leadership qualities and decision-making skills among women. This enables many women to take on leadership roles within the group, wherein they actively manage meetings, finances, and group activities.
- Additionally, the success of SHG-led businesses significantly boosts the confidence of women, motivating them to take on more entrepreneurial challenges and leading to greater community involvement and advocacy.

SUGGESTIONS

- To support women entrepreneurs in self-help groups and improve their marketing abilities, the government should establish a training center equipped with qualified instructors to provide training for women entrepreneurs associated with SHGs. This training should emphasize the practical aspects of rural entrepreneurship.
- The formalities for obtaining bank loans should be simplified, and credit institutions should be more transparent about lending to women entrepreneurs. Small businesses should have access to more finance at lower interest rates without requiring excessive collateral security.
- There is a need to create more opportunities for capacity building, ensuring acceptance, and providing financial and legal support to women entrepreneurs.
- Certain products produced by rural women SHGs can be sold directly to consumers through state government-run ration shops. This allows rural women entrepreneurs to have a guaranteed product market without involving intermediaries.
- Role models or success stories of rural women entrepreneurs should be showcased through radio or television to inspire women to improve their socio-economic status.
- To improve access to information for rural women entrepreneurs in Self-Help Groups (SHGs), an integrated system can be developed by utilizing various communication channels such as newspapers, radio, TV, and the Internet.

CONCLUSIONS

Self-help groups are vital for promoting rural entrepreneurship and inclusive growth. By providing financial inclusion, skill development, social empowerment, and economic growth opportunities, SHGs empower women and marginalized communities. Addressing challenges such as market access, financial literacy, and sustainability through targeted solutions can further enhance the impact of SHGs. Sustainable support from governments, NGOs, and the private sector, along with community-driven initiatives, can enhance the effectiveness of SHGs in fostering rural women's entrepreneurship and contributing to the overall development of rural communities.

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