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From Community to Commerce: The Empowering Role of Self-Help Groups in Women's Entrepreneurship

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Abstract

In terms of women's development, empowerment is the process of identifying, confronting, and removing obstacles in a woman's life to have more control over her surroundings and life. India wants its women to be self-sufficient and independent in the future. Regrettably, the actual and potential role of women in society has been overlooked due to centuries of conservatism, ignorance, and inertia, preventing them from contributing to social progress as they should. Additionally, they are denied their proper status due to inaccurate and/or incomplete information regarding their contributions to the family and society. Women have entered various business domains and gained awareness of their rights and circumstances. They have built prosperous business empires of their own. They are improving their socioeconomic circumstances and assisting in the expansion of the economy. The Indian government has made women's empowerment a priority, and various programs have been put in place to support female entrepreneurs. The country's female workforce ratio is rising due to India's rising female literacy rate. In certain Indian states, the idea of Self-Help Groups (SHGs) has been shown to benefit rural women. Their social standing and income have both increased as a result. This paper also provides an overview of how self-help groups (SHGs) operates, the financial assistance they provide and the benefits the women are getting from joining these SHGs.

Keywords: *Self-help groups, Women Entrepreneurs, Financial Assistance, and Women's Empowerment.*

Introduction

In recent years, self-help groups (SHGs) have emerged as a powerful mechanism for social and economic empowerment, particularly among women in marginalized communities. According to a report by the National Rural Livelihoods Mission, there are over 10 million SHGs in India alone, comprising more than 100 million members, with around 80% being women. These grassroots organizations not only provide a platform for financial collaboration and support but also foster a sense of solidarity and collective identity among their members. As women come together to share resources, skills, and experiences, they unlock new avenues for

entrepreneurship that can transform their lives and their communities. The journey from community to commerce is often paved with challenges; however, SHGs equip women with the tools necessary to navigate these obstacles. Recent studies indicate that SHG members have seen a 30% increase in income compared to their non-member counterparts, showcasing the significant economic impact these groups can have. By facilitating access to credit, training, and markets, SHGs empower women to initiate and sustain their businesses. This entrepreneurial spirit not only enhances individual livelihoods but also contributes to broader economic development, promoting gender equality and social change.

This study explores the empowering role of self-help groups in fostering women's entrepreneurship, examining the various ways in which these organizations cultivate an environment conducive to innovation and economic participation. With evidence suggesting that 70% of SHG members report improved self-esteem and decision-making capabilities, we aim to underscore the significance of SHGs as catalysts for empowerment and agents of change in the quest for gender equity. By highlighting success stories and the transformative impacts of SHGs, we emphasize their vital role in building resilient communities and fostering sustainable economic growth.

Objectives of the Study

1. To understand the entrepreneurial activities of self-help groups
2. To study the contribution of self-help groups towards women empowerment, income generation, and skill development.
3. To identify the empowering role of SHGs in women's entrepreneurship
4. To understand the members' opinion towards the facilities provided by the SHGs

Methodology

The study is based on primary and secondary data. A semi-structured questionnaire was prepared and administered to 50 women members of different SHGs and were interviewed over the telephone call. Besides, different books, newspapers, articles, journals, magazines, and websites were also referred to as secondary sources of data.

Literature Review

1. Empowerment through Collective Action

Many studies emphasize the significance of self-help groups (SHGs) in fostering women's empowerment through collective action. Kabeer (2005) highlights that SHGs serve as a platform for women to unite, share resources, and support each other's entrepreneurial

endeavors. This collective identity not only enhances individual self-esteem but also amplifies their voices in decision-making processes within households and communities.

2. Access to Financial Resources

Access to finance is a critical barrier for women entrepreneurs, and SHGs play a vital role in addressing this challenge. A study by Ranjan and Agarwal (2011) demonstrates that SHGs provide women with easier access to credit, enabling them to start or expand their businesses. By pooling savings and providing loans among members, SHGs empower women economically, contributing to their financial independence.

3. Skill Development and Capacity Building

The role of SHGs in providing skill development and training has been extensively documented. According to a study by Mehta and Jha (2017), SHGs not only facilitate access to financial resources but also conduct training programs in various areas such as marketing, production techniques, and financial management. This holistic approach equips women with the skills necessary to thrive in entrepreneurial ventures, thereby enhancing their market competitiveness.

4. Economic Impact on Communities

The economic impact of SHGs extends beyond individual members to the broader community. A report by the National Rural Livelihoods Mission (2020) indicates that SHGs contribute significantly to local economies by promoting entrepreneurship among women. This leads to increased household incomes, improved livelihoods, and enhanced community development. As women engage in commerce, they reinvest earnings into their families and communities, fostering sustainable economic growth.

5. Overcoming Social Barriers

SHGs also play a crucial role in helping women overcome social and cultural barriers to entrepreneurship. Research by Cheston and Kuhn (2002) indicates that SHGs provide a supportive environment where women can challenge traditional gender roles and expectations. By facilitating discussions on rights, gender equality, and personal development, SHGs empower women to pursue entrepreneurial activities that were previously deemed inaccessible.

Self-Help Groups -What are SHGs?

Self-help groups (SHGs) are unofficial gatherings of individuals who seek to enhance their living circumstances. In general, they are peer-controlled and self-governing. Individuals from comparable social and economic backgrounds typically seek assistance from NGOs and government organizations to address their problems and enhance their quality of life.

Entrepreneurial Activities Provided By Self-Help Groups

Diverse entrepreneurial activities supported by self-help groups are crucial in empowering women and enhancing their economic independence. By fostering skills development, resource sharing, and collective action, SHGs not only uplift individual members but also contribute to the overall development of their communities. Through these initiatives, women can break traditional barriers, achieve financial stability, and gain a stronger societal voice. Some of the entrepreneurial activities provided by the SHGs are as follows:

1. **Handicrafts and Artisan Products:** SHGs often focus on producing handicrafts, textiles, and other artisan products. Members use traditional skills to create items like handmade jewellery, pottery, woven goods, and decorative pieces. These products are often sold at local markets or

online platforms, promoting cultural heritage while generating income.

2. **Food Production and Processing:** Many SHGs engage in food-related businesses, including the production of snacks, pickles, jams, and baked goods. By pooling resources, members can invest in small-scale food processing units, improving their access to markets and enhancing their income through value addition.
3. **Agriculture and Allied Activities:** SHGs frequently promote agricultural entrepreneurship, where members cultivate crops or engage in organic farming. Some groups also focus on dairy farming, poultry, and aquaculture, providing training and resources to improve productivity and sustainability.
4. **Retail and Micro-Enterprise Development:** SHGs often establish small retail outlets, selling essential goods and services within their communities. This can include grocery stores, tailoring services, and Beauty Parlors. By running micro-enterprises, members create job opportunities and enhance local economies.
5. **Service-based Enterprises:** SHGs can also engage in various service-oriented businesses, such as catering, event planning, or providing educational services like tutoring and skill development workshops. These services often meet local needs while creating employment opportunities.
6. **Technology and E-Commerce Ventures:** With the rise of digital platforms, some SHGs are venturing into e-commerce, selling their products online. Training in digital marketing and online sales can significantly expand their market reach and customer base.
7. **Financial Services:** SHGs often engage in microfinance activities, providing loans to

members for entrepreneurial ventures. They may also offer savings schemes and financial literacy training, promoting better financial management among women.

8. **Environmental Initiatives:** Many SHGs are increasingly involved in environmentally sustainable practices, such as waste management, organic farming, and renewable energy projects.

Advantages of Self-Help Groups

- Minimal transaction costs for both borrowers and lenders.
- Women Empowerment: Self-help groups empower poor people, especially women, in rural areas.
- They reduce the influence of informal lenders in rural areas.
- No collateral needed: Self-help groups assist borrowers in overcoming the absence of collateral. Provide social support: In a group setting, women can speak about their issues and work through them.

Empowering Role of SHGs in Women's Entrepreneurship

The empowering roles that self-help groups play is essential in motivating women to launch their businesses. By offering resources, networks, and expertise, Self-Help Groups (SHGs) enable women to overcome traditional barriers and follow their entrepreneurial aspirations. As a result, these groups raise people's standard of living while simultaneously encouraging social change and broader economic growth. With the aid of loans, people can improve their quality of life and plan for the future. Additionally, it gives them the authority to decide for themselves and take charge of their destiny. Through its programs, SHGs aims to empower the impoverished and equip them with the necessary skills. The focus is on economic empowerment. Economic empowerment is focused on the sustainability of resource access and set creation among rural women.

Rural women's employment-generating activities and entrepreneurial skills have improved as a result of the SHGs' intervention.

Smaller Investments Have Bigger Benefits:

SHGs provide the following main financial instruments.

- Loans-cash credit limit/ term loan/ composite loan which is very crucial to poverty elevation
- Insurance:- Janashree Bima Yojana, Pradhan Mantri Jeevan Jyothi Bima Yojana, Suraksha Bima Yojana.
- Pension Schemes- Nation Pension System.

These microfinance activities provide a stable ground for poverty alleviation. The loans are provided by the banks and SHGs act as bank linkage to members. and brings banking closer to people with its Schemes. For example, the Business correspondent trust of SKDRDP mobilizes savings causing people to inculcate the habit of saving. The Business Correspondent lays the foundation for stronger growth. To make families stronger from the uncertainties of life, SHGs also provide Insurance and Pensions. They act as an aggregator/ collection agency for the National Pension Scheme by the central government.

Economic empowerment is focused on the sustainability of resource access and asset creation among rural women. Rural women's employment-generating activities and entrepreneurial skills have improved as a result of the SHGs' intervention. Rural women's involvement in a range of economic activities was enhanced by the training on different agricultural pursuits and self-employment opportunities. In addition, legal considerations and social consciousness raised their social standing. The empowering roles played by self-help groups are instrumental in fostering women's entrepreneurship. By providing access to resources, knowledge, and networks, SHGs enable women to overcome

traditional barriers and pursue their entrepreneurial aspirations. As a result, these groups not only enhance individual livelihoods but also contribute to broader economic growth and social change.

Facilities provided to the members of SHGs:

Self-help groups (SHGs) provide various financial facilities to their members, which include:

1. **Microloans:** SHGs offer small loans to members for personal or business needs, often with lower interest rates than traditional banks.
2. **Savings Accounts:** Members can save money collectively, encouraging a habit of saving and financial discipline.
3. **Emergency Funds:** SHGs may set up funds to assist members in case of emergencies, like medical expenses or unexpected financial crises.
4. **Group Insurance:** Some SHGs provide access to insurance products, helping members manage risks related to health or life.
5. **Income Generation Activities:** They often support members in starting or expanding income-generating activities, providing capital and guidance.
6. **Capacity Building:** SHGs may offer training on financial literacy, entrepreneurship, and business management, enhancing members' financial skills.
7. **Access to External Credit:** SHGs can help members access loans from banks or government schemes by providing a guarantee.
8. **Marketing Support:** They often assist in marketing members' products, improving income potential. These facilities empower members economically and socially, fostering a sense of community and mutual support.

Data analysis and interpretation:

For clear insight into the benefits the women entrepreneurs are getting from the SHGs, the data is collected through 50 respondents of the members of different SHGs. The collected data are analyzed by classifying and tabulating. The percentage tool is used to examine women's empowerment through SHGs. Suggestions and conclusions are given based on the information gathered and based on personal conversations with the member's observations:

TABLE 01: Table representing the demographic information:

AGE GROUP	NO. OF RESPONDENT	PERCENTAGE (%)
BELOW 20	05	10
20-30	15	30
30-40	10	20
40-50	10	20
ABOVE 50	10	20
TOTAL	50	100

The respondents belong to all the age groups from less than 20 to above 50.

TABLE 02: Level of education?

EDUCATION LEVEL	NO. OF RESPONDENT	PERCENTAGE (%)
Illiterate	08	16
Primary	10	20
Secondary	15	30
Higher Secondary	10	20
Graduate and above	07	14
TOTAL	50	100

The majority of the respondents have secondary education. 16% of the respondents are illiterates, and 14% are graduates.

TABLE 03: How long have you been a member of a self-help group?

EDUCATION LEVEL	NO. OF RESPONDENT	PERCENTAGE (%)
Less than 1 year	10	20
1-3 years	20	40
4-6 years	10	20
More than 6 years	10	20
TOTAL	50	100

20% of the respondents are members for less than 1 year, 40% of them are members from 1 to 3 years and 20% of the respondents have been members for more than 6 years.

TABLE 04: What type of entrepreneurial activity does your SHG primarily engage in

EDUCATION LEVEL	NO. OF RESPONDENT	PERCENTAGE (%)
Handicrafts	12	24
Food production	10	20
Agriculture	05	10
Retailing	05	10
Services (e.g., tailoring, beauty)	09	18
Other	09	18
TOTAL	50	100

The respondents have primarily engaged in the different entrepreneurial activities provided by their concerned SHGs. The majority of them have engaged in handicraft making when compared to the ones engaged in retailing and agri-based activities.

TABLE 05: Impact on income after joining SHG

IMPACT	NO. OF RESPONDENTS	PERCENTAGE (%)
Increased significantly	23	46
Increased somewhat	17	34
No change	10	20
TOTAL	50	100

The table shows that 46% of the respondents' income has increased significantly after joining the SHGs and 34% of the respondents' income has increased to somewhat a small extent whereas 20% of the respondents have said that there is no change in their income which means they have not properly availed the facilities provided to them or hesitant to avail the credit facilities due to lack of knowledge.

TABLE 06: How has your membership in the SHG impacted your business or entrepreneurial activities?

IMPACT	NO. OF RESPONDENT	PERCENTAGE (%)
Significantly improved	15	30
Somewhat improved	20	40
No change	10	20
Somewhat hindered	05	10
Significantly hindered	00	00
TOTAL	50	100

Nearly 40% of the respondents have opined that their business and entrepreneurial activities have improved after joining the SHGs and 30% have opined that it has improved significantly.

TABLE 07: Percentage Distributions of Respondents by Loans Availed

LOAN	NO OF RESPONDENTS	PERCENTAGE
Availed	32	64
Not availed	18	36
TOTAL	50	100

Based on the micro-credit savings the SHGs have advised loans from the bank to start businesses like cattle rearing, weaving, food preparation, handicrafts, etc.

The Percentage of the respondents Availed of loans was 64, Not availed 36.

TABLE 08: How would you rate your confidence in your ability to manage your finances and run a business since joining the Self-Help Group?

IMPACT	NO OF RESPONDENTS	PERCENTAGE
Not confident at all	03	06
Slightly confident	05	10
Moderately confident	09	18
Confident	12	24
Very confident	21	42
TOTAL	50	100

42% of the respondents have opined that they are very confident in managing their finances and running their entrepreneurial activities whereas 06 % have opined that they still lack confidence.

TABLE 09: How effective do you believe the training programs provided by the SHGs have been in enhancing your skills and knowledge for entrepreneurship?

IMPACT	NO OF RESPONDENTS	PERCENTAGE
Not effective at all	00	00
Slightly effective	08	16
Moderately effective	12	24
Effective	20	40
Extremely effective	10	20
TOTAL	50	100

40% of the respondents have opined that the training programs are helping them to enhance their skills and knowledge required for entrepreneurship. Whereas 8% of them have opined that they are slightly effective.

TABLE 10: What skills have you gained through your involvement in the SHG? (Most preferred anyone)

IMPACT	NO. OF RESPONDENT	PERCENTAGE (%)
Financial management	20	40
Marketing and sales	15	30
Product development	10	20
leadership	5	10
TOTAL	50	100

The majority of the respondents (40%) have gained knowledge of financial management through SHGs 30% have gained marketing and sales knowledge and 10% have gained leadership which is the most needed one.

TABLE 11: Future Aspirations (mark one most preferred)

IMPACT	NO. OF RESPONDENT	PERCENTAGE (%)
Expand product range	20	40
Improve community engagement	15	30
Product development	10	20
Leadership	5	10
TOTAL	50	100

The majority of the respondents have shown interest in expanding their product range through the financial assistance of SHGs.

Findings and Suggestions

- The primary goal of SHGs is to empower women by providing them with a platform to save, invest, and engage in income-generating activities, boosting their confidence and enabling them to make decisions that form the base for their empowerment.
- There is a need to create awareness among the members regarding the various facilities as 10% of the respondents have opined that there is no change in their income level after joining the SHGs.
- SHGs facilitate credit facilities and the members are satisfied with the timely financial assistance provided by their SHGs.
- The income level of the members has increased significantly after joining the SHGs and the standard of living is also improved.

- The members are confident to face the social barriers and are running their entrepreneurial activities confidently. But still, some lack confidence which needs to be boosted up.
- The training programs offered by the SHGs have helped the members in enhancing their skills. But still, some are not satisfied with the programs which need to be given primary importance.
- SHG members can negotiate the right price for their products and the majority of them have the future aspiration of expanding their product range.

The benefits availed by the SHGs collectively contribute to the social and economic development of communities, making SHGs a vital tool in grassroots development initiatives.

Conclusion

The study "Community to Commerce: The Empowering Role of Self-Help Groups in Women's Entrepreneurship" concludes by highlighting the revolutionary influence that SHGs have on women's entrepreneurial endeavors and economic empowerment. SHGs facilitate women's transition from active participation in the local community to prosperous entrepreneurial endeavors by giving them access to financial resources, encouraging skill development, and building a network of support. In addition to improving people's quality of life, this empowerment helps communities' overall socio-economic growth. SHGs are essential in dismantling barriers, questioning conventional wisdom, and advancing gender equality in entrepreneurship as women realize their full potential and spur innovation. To help women fulfill their entrepreneurial dreams and promote sustainable development in their communities, the results highlight the necessity of ongoing assistance and funding for SHGs.

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