

SHG's Role in Promoting Women Entrepreneurs: A Study of Select Literature

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ABSTRACT

Entrepreneurship plays a very important role in improving the economic status and quality of living of urban as well as rural people in a country. Entrepreneurs are faces many problems like lack of finance, marketing, knowledge, proper training etc. Because there this entrepreneurship is not by choice, they are by forced to do business. In respect of this Govt. of India taking many initiatives under which in 1991 NABARD provided them a microfinance facility for doing small business and improve economic status. There are several ways of microfinance provided by the government, of which the most popular is Self Help Groups (SHGs). On the basis of about 147 papers(selected 24), it will try to learn through literature about the changes that have taken place in the status of life of women since the time of introduction of SHG till date and the different dimensions of SHGs. It is concluded that loan shall be provided by Banks only to those SHGs who are trained & supervised by NGOs and also have the involvement of Gram Panchayat and Gram Panchayat's women who are critically analyse that the bank loan is used by SHG's women.

Keywords: Entrepreneur, SHG, Microfinance, NGO.

INTRODUCTION:

For the upliftment of the women, the concept of Self Help Group or in short SHG is popular from the last two decades in India. Studies conducted in the past have shown that SHG's have played an important role in improving the country's economic development by focusing mainly on female entrepreneurship and employment. SHGs can be formed of male and female members but it is seen that the focus is mostly on having more and more of female members in a group and that their contribution and involvement in their groups is continuously increasing. Thus, it is seen that SHGs are playing a very important role in elevating the economic status of women as well as their families. Therefore, we can say that it boosts the process of women empowerment.

The concept of SHG has evolved from Grameen Bank in 1975 at Bangladesh, which was formed by Mohamad Yunus. In India, SHG programme was initiated by NABARD in 1986-87. The absence of institutional credits in rural areas leads to the establishment of SHGs. The concept of SHG is to fulfil and organize the rural poor to meet their productive and consumption needs out of their savings. A self-help group is a small economic group of the rural poor who are coming together to save small amount of money on a regular basis which is deposited in common account. Seeing their regular savings, banks provide them a fixed amount of money to start business in the form of loan.

The concept of SHG is adopted by India from Bangladesh in modified form. The SHGs aim at providing micro credit to its members and thus it is a powerful instrument to alleviate poverty and to empower the women. With the availability of micro-finance through SHGs, the credit management groups have also started in India and NABARD takes a keen interest to promote it throughout the economy. In addition, it was the real take off point

for the SHG movement. The RBI has allowed banks to open saving accounts and to provide banking facility to SHGs since 1993 and it was a major boost to the growth of SHGs as shown in the table below.

PROGRESS OF CREDIT LINKAGE TO SHGs IN INDIA, 31 MARCH:

Year	No. of SHGs credit linked	Bank Loan Outstanding to SHGs		Year	No. of SHGs credit linked	Bank Loan Outstanding to SHGs	
Total (` billion)		Average per SHG (`000)		Total (` billion)		Average per SHG (`000)	
1993	0.3	0.00	11	2005	1618	68.99	43
1994	0.6	0.01	10	2006	2239	113.98	51
1995	2.1	0.02	11	2007	2895	123.67	43
1996	4.8	0.06	13	2008	3626	170.00	47
1997	8.6	0.12	14	2009	4224	226.80	54
1998	14.3	0.24	17	2010	4851	280.38	58
1999	33	0.57	17	2011	4787	312.21	65
2000	115	1.93	17	2012	4354	363.40	83
2001	264	4.81	18	2013	4451	393.75	88
2002	503	10.26	20	2014	4197	429.28	102
2003	717	20.49	29	2015	4468	515.46	115
2004	1079	39.04	36	2016	4673	571.19	122
CAGR (%) (1999-2016)				27.22		43.44	12.78

Source: Progress of SHG-Bank Linkage in India, NABARD, various issues; status of Micro Finance in India, NABARD, various issues.

NEED OF THE STUDY:

The paper aims to study the role of SHGs in improving the balanced economic development of India. It is very important and SHGs can play an important role to achieved balanced economic development by uplifting the status of women in rural areas especially economic deprived groups. For them SHGs provide a collective effort to improve their lifestyle. Through SHG, they get facility to establish themselves as entrepreneurs and accept the submission of others without any recommendation. There have been many studies on role of SHG over last few years. The study focuses on the changes in growth of SHGs and their different dimensions so that SHGs can be strengthening contribute to the future rural women. Through this study the faces of the growth of SGHs and different dimensions an analysed. This will help in strengthen of the SHGs and thus contributing to the women empowerment and economic development.

OBJECTIVE:

- 1) To study the changing role of SHG's in promoting women Entrepreneurs based on through the past research conducted in India.
- 2) To know the trends of various studies undertaken in the past and the different concepts that emerged on the SHGs working in India.

RESEARCH METHODOLOGY:

This study is based on various literature available related to SHGs. In this study, the papers were collected from various sites and were analysed to present the critical analysis of literature.

DISCUSSION:

It has been studies that the concept of SHG evolved from Grameen Bank, Bangladesh. The SHGs aims are providing microcredit to its member for doing small business and thus have proved as a powerful instrument from removing the poverty. It has been modified as per the need of Indian rural poor. In India, it was promoted by NABARD in 1986 and in 1993 it was linked by government banks from the allowance of RBI. From the prospective of India, it has a huge literature.

In 1993 Morton A. Lieberman concluded in his study that was based on survey information. According to his study it was estimated that 7.5 million of people were engaged in SHG during 1992, and he said that SHGs were predominantly used for mental health problems. While it is the time when SHG were started in India. In his study the scope of SHG was narrow as it was limited to only the mental health problems of SHGs members.

Later many years, different classifications of SHGs were developed; Nabarun Sen Gupta in 2002 discussed in his paper and classified the SHG on two dimensions: structural dimension and relational dimensions. The structural dimension is about the sum of relationship within a social structure whereas the relational dimension refers to direct relationship of the entrepreneurs to others. Everyone from these dimensions knows each other and it helps all women to work together and provide mutual underlying provision. These relationships are totally based on trust and worthiness. This study focused on the classification of SHGs on two dimensions that runs with mutual understanding with collaboration of every member.

Till 2005 the concept of SHG was not widely accepted in India as the people still had to depend for financial support on landlords, moneylenders. On this topic B.P. Pethai in 2004 concluded that the people who are living below poverty line usually need small financial assistance for subsistence, health etc. The amount and purpose for micro finance varies with landholding size and the benefits of micro finance like easy access, better loan repayment rates, sustainability and job creation also. The micro credit delivery models include SHG, Grameen Bank, Cluster Federation, Development of Women and Children in Rural Areas (DWCRA) started in the year 1982-83 and it aims to provide women access to basic services of health, education, child care, nutrition and sanitation. After that it was merged with (SGSY) Swarajya Gram Swarozgar Yojna since 01.04.1999.

So from time to time the concept of SHG has become wide. In 2005, Alka Srivastava and in 2006 Tracey Moyle and Maureen Dollard, time collected data from a micro sample of women members of SHGs in four Indian States – Bihar, Chhattisgarh, M.P and U.P. It shows that through micro-finance based entrepreneurship women were able to contribute to household finances, that gave them some decision making power in the household. Thus, from their study it was concluded that empowerment of women through SHGs is two-dimensional: economic empowerment and personal empowerment.

After 2006, the concept of micro finance becomes popular and SHGs became widely acceptable by the people and then less dependent on moneylenders and landlords. At that time microfinance, became famous among rural people. In the article of A.N. Sarkar & Jagjit Singh in 2006, on highlights the genesis and evolution of the micro-credit system. Micro credit is the extension of very small loans to impoverished borrowers who typically lack collateral, steady employment. It is designed to support entrepreneurship and alleviate poverty. The importance of self-help groups is to finance core activities by providing small loans and by this the women are collectively doing their business and main source of their finance is their own group and simultaneously explaining the distinctive role of banks in credit mobilization and delivery systems. The SHG helps the women in creating groups for starting their business. The finance is provided in the form of small loans is also concernment made for members.

After few years along with banks the NGOs also started supporting the SHGs. The involvement of NGOs with banks also took place and in 2006 Naresh Singh discussed that the SHG promotion approach is based on the simple proposition where NGOs or banks motivate poor people to come into groups, mobilize their savings and finally link them with banks for credit support and after that start income. There are three models of SHG linkage (a) bank directly promoting SHGs and providing credit to them, (b) NGO acting as Self-Help Group Promoting Institute (SHIP) and linking SHGs with banks for credit support and (c) NGOs acting as an intermediary between SHGs and their products.

Women are mostly involved in their businesses of hand made products, and are facing many problems like marketing, pricing, advertising of their products etc. In the context of marketing. R. Ganapath & Anbu Malar in 2007 studied and focused on the areas like the extent of awareness of SHG products (hand made products), factors influencing the consumers to buy the SHG products, satisfaction level of consumers from SHG products and problems of consumers in buying the SHG products. He said that there is a tough competition between mechanized products of large-scale companies and the SHG products in urban areas.

In the study of Dong Hyeon Jung in 2008, it was studied that SHG and banking-linkage model became popular, any commercial and co-operative banks enter into the microfinance market. He also pointed out an Indian-wide trend towards the formal registration of MFIs (Microfinance Institutions). The growth of India's microfinance over the past 16 years is remarkable- and it has accelerated for the last three years and has improved both qualitatively and quantitatively.

Time by time the scope of SHG become so wide that after 2008 it was found that it supported the overall development of women in the areas of intellectual, knowledge, financial resources and other dimensions. It

considers that the women to face the challenges to start a new business on a small and a large scale. In the study of J. Venkatesh and Spinder Dhaliwal in 2010 they discussed that empowerment is a multi-faceted, multi dimension, and multi layered concept. Women empowerment is a process in which women gain greater share of control over resources like money- and access to money and control over decision- making at home, community society and nation, and to gain empowerment. The aim of their paper was is to consider some of the key challenges that are faced by women seeking to start a new business.

Different authors have their different opinions but no one focused on how the women are becoming successful in their business, it means it is also essential to give the entrepreneurial education and provide training to the women. In 2013 Vegard Jhanson discussed in their paper and evaluated entrepreneurial education in upper secondary schools. Promotes males and female in start-up activity, and on the similar context Benjamin F. Lyngdoh in the same year highlighted the positive impact of microfinance on income, expenditure and savings of SHGs. It has to the improvement in asset structure, increased access of livestock, micro machines, family wealth and family savings, education decision-making, improved mobility, communication skills, self-confidence, increase political participation to promote gender equality, etc. As the time progressed women wants to improve the size of their business but they are suffering from lack of finance and the government only provides the loan amount for the survival and improvement of economic status of women. J. Jitha (2013) and Nilanjana Sen Gupta in 2013 focused on lack of financial resources and they gave the main reason for it was the patriarchal subjection and subjugation of women as well as their low status in family and society. They attempt to lay out the board discursive space connecting to triad of microfinance, poverty and empowerment.

H.S Shylendra and Biswabandhu Mohnaty in 2013 try to focused on policy issues and the emerging lesion of the adaptation of microfinance by co-operatives and rural development schemes and livelihood programmes incorporated by the SHG approach. For sustaining quality and effectiveness of the SHG-Bank Linkage Programme, emerging issues like regional imbalance, promotion of micro enterprises live hood, capacity institution building efforts for managing growth, adaptation of technology and continued supportive policy environment need to be addressed.

In 2014 the attention and attraction of all the researchers was about the microfinance, how the women are engaged in it and how they are efficiently use it. The dimension of microfinance is almost changing to SHG-BLP model and what are the inner improvements occurs in women. Archana Singh and Anshul Verma in 2014 discussed in their paper that microfinance and SHG is an instrument of women empowerment focusing on leadership in women-SHG. The main focus of the case was the financial inclusion programme by the SHG and to tries whether SHG and Bank Linkage Programme transforms the lives of rural women by bringing about a change in their socio-economic status in the society or not. It concluded that SHG-BLP transform their life and women inner development also happens likes leadership, decision making ability, motivation etc. By analysing the sustainability of SHG-BLP model Ruchika Bammi in 2014 discussed the issue pertaining to SHG Bank Linkage Programme and critically analyses the initiatives of the government in the field. By examining the loan utilisation pattern, it analyses the sustainability of the model and discusses how the shadows influence the life of rural women.

But few of authors' study says that the impact of microfinance is positive but bank credit does not play a vital role and Microfinance Institutions model helps in uplifting the economic status of poor people but it charges high rate of interest. The study of Shudhir K. Jain in 2014 and Gagan Bihari Sahu in 2015 said that the distributional implications of the world's largest ever government operated micro-finance programme and examines the sustainability of the SHG have towards effective income generation and poverty alleviation. The statistical analysis indicates that positive and significant impact on the income growth but bank credit does not have any such impact, as same financial system approaches has useful in helping poor people in establishing their microenterprise but failed to help them in expansion of the activity due to high rate of interest. After that the study of Louis Manohar in 2015 critically analysed the six regional divisions of India. Results indicated significant association between savings per SHG, credit disbursed per SHG, and loan outstanding per SHG and results says the growth rate of saving per SHG was less, compared to the growth rate of loan amount disbursed per SHG.

Time by time the concept of SHG is change from contributing the savings from their members to taking the loan from micro finance institutions for business at a fixed rate of interest. Sayanee Nayak Alini & Saptarshi Ray in 2015 focused on the formulation of strategies for managing credit risk of SHG as an effort to make the SHG-Bank Linkage Programme sustainable. Simantini Mohapatra & Bimal Kishor Sahoo in 2016 made a study using primary survey data, attempts to examine individual household and environmental characteristics that determine participation in a SHG-BLP in Odisha.

In the current scenario, there is arising problem of granting loan to women for their business due to the male dominated banking sector in India. In the prospective of that Navjot Sandhu & Javed Hussain in 2017 made a study and discussed about the relationship of female with their banks was affected by gender prejudices inherent in the male dominated banking sector in India. Loan rejection rates for female were significantly greater than those of their male counterparts.

In short the above literature is divided into III phases.

From the above study we can divide the growth of SHGs into three phases. Phase I is from 1986-2005. In this period, the concept of microfinance was introduced by NABARD in the Indian Economy and by this the concept of SHG was brought into context. With the help of SHGs, women were involved in small businesses, due to which the status of rural women was improved. In 1991, NABARD promoted this concept all over country and the results were quite satisfactory. During this period many lot of problems are arising like repayment of loan amount, training facility, knowledge of entrepreneurship and the main problem was digitalisation of the financial records. Phase II is from 2005-2015. In this period, public had knowledge about the concept of microfinance and SHGs. NABARD provides training programme to rural women, entrepreneurship knowledge and extension of loan limits if their businesses were doing well and a new concept is arose was SHG-BLP. All the financial records are digitalised, repayments of loans amount and maintenance all the financial records are become easy for women and for financial institutions as well.

The period of Phase III is from 2015 to onwards and we can say that this phase is focused on current scenario. The continuous improvement of the economic status of rural women and the objectives of financial institutions in supporting SHGs is almost achieved. Women are having equal participation in improving the status of their family and household activity. On the other hand, the banks outstanding loans amount is also increasing with economic status.

CONCLUSION:

The present study is based on review of literature and from the review, it is concluded that there is upliftment in the socio- economic status of Indian women. From 1986 the SHG came into existence and it was promoted by NABARD. Since 1986 there is no doubt that the economic status of women has improved. Approximately 23 lakhs of SHGs are running in India successfully with approximately 7.5 million of members are involved in it. With the help of SHGs their living standard is improving and government also supporting women in providing the loan amount for doing their business. But if we compare all the SHGs report card the results indicates that the growth rate of saving per SHG is less, compared to the growth rate of loan amount disbursed per SHG. It means the outstanding amount of loan is always increasing.

If this continues there will be a time that loan amount is so huge and it became bad debt. The government should strict on this. This is not a good sign. Government should be made policy to recover the loan amount. It is not the motive to make SHG that you do not repay the loan amount and by this amount you uplift their economic status. SHG has improved the lives of women simultaneously the government's loan amount also increasing. Keeping this thing in mind, the government should be make new policies regarding recovery of loan amount.

Many case studies were conducted all over the country on testing the performance of SHGs for upliftment of women's status. Participating in SHGs helps women to attain self dignity and independence in decision making process of the family, society and nation. Further, their participation entails a better link with bank operations, socio- economic mobility and helps them to communicate and present their views in a better way. If we consider the study conducted by N. Nagaraja, H.S. Kongalappa (2014), S. Thangamaniand, S. Muthuselvi (2013) in southern region the socio- economic factor has improved positively after joining the Self Help Groups and the saving has been increased at earlier stage of life. The role of SHGs is important in strengthening their economic conditions and has equal opportunities in all spheres of life. On the basis of these studies it can be concluded that the performance of SHGs in southern region is much better than expectations. On the other hand, if we analyse rest of the regions of the country we have found that many studies directs towards the conclusion that the performance of other regions (northern, eastern, central and western) are not satisfactory as compared to southern region. Education level and the cultural attitude of the people is one of the major factors behind the success of SHGs in southern region.

In order to improve the existing conditions of SHGs, rest of the region should take the extracts from success story of SHGs in southern region to improve the economic status of woman in the country. If this happens then our country's economic growth shall improve and this will rejuvenate the situation of our country.

SUGGESTIONS:

Loan shall be provided by Banks only to those SHGs who are trained & supervised by NGOs and whose liability & responsibility is taken by NGO. It is also an important factor that NGOs and Bank should try to influence & motivate SHG's members that non repayment of money is just the short term benefit but if they repay their loans on time then they will be getting long term benefit in term of monetary incentive as well as their survival. Bank should also have the involvement of Gram Panchayat and Gram Panchayat's women who are critically analyse that the bank loan is used by SHG's women, so that they are all always in supervision and can timely repay the loan. SHGs should appoint a monitor over the existing member so that he can assist them and can communicate with NGOs and Banks, regarding the workings & status of repayment of.

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