

A Study on Entrepreneurship Development Through Micro Financing Under Self Help Group Scheme

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Abstract— The study reports are the findings from a survey of members of SHG' with reference to Udipi district of Karnataka. A questionnaire was administered to 320 respondents' of the Members of SHG in the study area. The analysis of the findings states that Analysis of Variance (ANOVA) shows that there is a significant difference ($p < 0.001$, HS) in perception towards awareness and living standard among the various components of SHG members. Thus, Null hypothesis has to be rejected. It is inferred that there is a significant relation among various components of awareness towards micro finance and imprudent in living stand.

Index Terms- SHG, MFI, IRDP, NABARD

I. INTRODUCTION

Micro financing institutions are controlled by nine basic elements. They are people, structure, task, technology, culture, strategy, processes, systems and environment (internal and external). To survive, grow and excel in the long run they focus on "clean, lean and green organization"

People-centered attitude of SHG would enable and give strength and confidence to people to perform better. This tendency of SHG would impel a culture of "power within"(courage of conviction), "power with"(collective solidarity) and "power to"(performance solidarity) act, learn, share and move together. This does not give scope for competing individualism or corporate careerism. A transformative approach to SHG requires a sense of organic relationship among "heart-set", "mind-set" and "skill-set": this means, a vibrant combination of 'dil' (heart), 'dimag' (mind) and 'dum' (dynamism).

Self-help groups in India with other forms of group-based microfinance. Indian SHGs are primarily formed of women in rural areas. They represent a very different from of microfinance from that which is

familiar in most countries. Most importantly perhaps, the great majority of them have nothing to do with the specialized microfinance institutions which have so captured public imagination around the world.

In India most SHGs are financed by ordinary branches of ordinary commercial banks, which also do traditional bang business with their other customers. The groups also have savings accounts with their bank. Many, but by no means all, of the groups were originally started with the help of subsidized nongovernmental organizations and an increasing number are being set up under government programmes, or by the banks from which they will in due course borrow, or by individual members themselves.

II. Objectives of the study

The main intention of the study is to measure and assess the role of micro finance for the entrepreneurship development of Karnataka with the help of self-help group along with associated implications for research and practice in this area. The present research is undertaken with the following precise objectives:

1. To study and evaluate the knowledge of members on micro finance through SHG.
2. To identify and recognize improvements in the living standards, empowerment, capacity building and managerial abilities of the rural respondents

III. STIMULUS OF THE STUDY

The study into Micro finance is prejudiced by Self-help group with orientation to the entrepreneurship development, improvement in living standards of SHG members and their satisfaction. Most of the micro

financing institutions are not up to the expectation to meet the requirements of the Self-help groups. The researcher identified research topic as “entrepreneurship development through micro financing under self-help group: a case study of Udipi district of Karnataka”. Micro financing with specific reference to entrepreneurship development through Self-help groups and their effectiveness is most under researched area.

IV. NEED FOR THE STUDY

The present concept of micro financing is different than the previous one. It is free from mistreatment based on the principle of co-operation and group approach. Even in the 1980 several micro credit programmes including “Integrated Rural Development Programme (IRDP)”, “Development of Women and Children in Rural Areas (DWCRA)”, “Training of Rural Youth for Self-Employment (TRYSEM)”, “Stree shakti”, “Shri Kshethra Dharmasthala Rural Development”, etc were common, but the approach and style followed were entirely dissimilar. It is experiential that the formal sector credit was very inadequate and barely accessible for tiny borrowers. To smash this trend MFIs accepted small borrowers as their members. The question to be answered is that how these MFIs could be successful in capturing the huge population, which were hitherto disadvantaged of access to credit? How could they successful in attracting the bankers to volunteer in their doorsteps to enlarge credit, which was a phenomenal task earlier to MFI? How could the MFIs deal with the micro financing, which resulted in good recuperation rate, which was a vision for formal sector? Would this victory maintain or would it disappear following a provisional existence? What wishes to be done to maintain in prospect? All these questions necessitated this study to materialize in the current form. The policies favoring government have unsuccessful and market was supported to rule with smallest interference of the state.

V. DEFINITION OF KEY THEORETICAL CONCEPTS

Micro finance: Micro finance may be defined by the as "provision of thrift, credit and other financial services and products of very small amounts to the

poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards" — NABARD.

A definition of microfinance as provided by Robinson is, ‘Microfinance refers to small-scale financial services for both credits and deposits- that are provided to people who farm or fish or herd; operate small or micro enterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas’.—Robinson (2001)

Self Help Group: Self Help Groups are voluntarily formed informal groups. A SHG consists of 10-20 members. The members are optimistic to save on regular basis. They use the joint resources to meet the credit requirements of the group members. The groups are self-governing in nature and jointly make decisions. Since the members are neighbors and have universal interest, the group is a homogenous one and cohesiveness is one of the characteristic features of the group. Usual savings, episodic meetings, obligatory attendance, appropriate repayment and methodical training are the salient features of the SHG. Evidences from various developing countries throughout the world have shown that the poor can be helped by organizing themselves into Self Help Groups.

VI. REVIEW OF LITERATURE

Review of literature pertaining to the current field of investigation mainly aims at critically reviewing and re-examining the earlier conceptual and empirical studies, the major methodological limitations and direction for further research highlighted by the previous researches with a view to identify and define the ‘research gap’ to be addressed by the current research study. Pathak (1992) study focused on SHG’s of Kerala. The SHG’s of Kerala state have become centers for initiating social action against dowry system, alcoholism, illiteracy and divorce (NABARD, 1997). Pathak (1992) reported that SHGs will solve most of the problems like raw materials, inputs supply, marketing, better adoption of technology, education and training for realizing the human potential for

development. Dinakar Rao (1994) reported that networking of SHGs enables to relish exploitation. Girija (1995) stated that the group provides the women a base for self-employment and empowerment through group dynamics and ensured proper utilization of credit and repayment of loans, savings provided self insurance and self-assurance to the group members.

Dr. Puhazhendi, V and Dr. Satya Sai, KJS in their study titled “Micro Finance for rural people, an impact evaluation (2000)” have covered aspects like economic status, education level and possession of durable assets of the SHG members and found that economically weaker sections accounted for 32per cent of the total membership followed by small farmers. About 24 per cent of the members are illiterate and 26 per cent could only sign. The members with the primary and secondary educational level accounted for 21 and 23 per cent respectively and the remaining have higher secondary level and above (NABARD 2000).

VII. METHODOLOGY OF THE STUDY

We have used different statistical tools to analyze the primary data collected in four selected villages pertaining to districts of Karnataka. Following the rules and conditions of the hypothesis testing, we have carried out our present study with the help of few statistical tools like to prove whether there is any significant difference in the research hypothesis and statistical hypothesis. In order to analyze the perception of members on the impact from the SHGs, they

CONCLUSION

The study reveals that the SHG members have motivated through microfinance activities. . They have accessed information regarding the SHG activities and empowerment from peer groups like neighbors, women welfare department, banks and local governing bodies. Outlined below are some steps that may be taken to make it as successful as possible:

1. The government of India should launch aggressive campaign on micro finance like swath Bharath campaign, which helps poor innocent households.
2. Government of India launched a new bank called Mudra Bank for micro fiancé, which should effect

each and every corner of the society as well as government should create awareness in the minds of SHG members and rural talented formers.

3. Researcher observed that the women have almost neglected by the banker from their purview and with the money available through SHGs; so it is the duty of the government to launch new micro financing schemes which should overcome all the difficulties of other schemesas well as government should create awareness in the minds of SHG members and rural talented formers.
4. The membership in the community based organizations should not be traditional and attractive with the men folk leveraging the decision making power. The capacity building programmes have to be specifically designed enlightening the women about the strength with which women representation is envisaged. The scheme launched by the Government and NGO has to be institutionalized and made a continuous process, which helps SHG micro lending activities.
5. There is need to have specific capacity building skill based training programmes on self employment as well as to start small scale industries.
6. SWOT Analysis should be introduced in the field of SHG to improve the living standard of SHG members. An analysis of strengths, weaknesses, opportunities and threats for the suggested business model for SHG can be dealt as under:

Strengths: Committed members, Word of mouth, Advertising, Talented members

Weaknesses:, Lack of initiative, Lack of training, Lack of cooperation and coordination among the members

Opportunities: Forward integration, New government policies, Mudra bank for micro financing , Exports, Make in India

Threats: Competition from reputed brands, Threat of new entrants, Corruption within the group, Miss management of funds

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