CHAPTER – I
INTRODUCTION

1.1 Introduction

Women are more or less in equal proportion in terms of population in India. But the same is not shared in other spheres of life. For example, in work force they are less than half of the total work force. Though the Indian Constitution asserts that no citizen shall be discriminated against on grounds of caste, creed, religion or sex,¹ the facts are otherwise. While there has been a gradual deterioration in the general employment situation as a whole in the country, it has been noted that the impact of unemployment has taken more heavily on women than men in India. It is felt that this decline in women’s employment is likely to have serious and far reaching effects on fertility, mortality and nutrition.² It is obvious that most of their time, especially in the rural area, is spent on child bearing and child rearing activities. Due to the prevailing poverty conditions, pursuing agriculture based activities, which are as random as rainfall; women need to take up some non-farm activity, to keep the wolf away from the door. Poverty is still a domestic chore; they have also to go out to work in the fields along with their men folk in order to supplement their family income. Further, they have to take up to other economic activities in the fields of small scale cottage industries, agro-based industries and other crafts.³

Moreover, their skills are limited to traditional occupations. At the same time, the avenues for their employment are also limited because of their inability to commute longer distances, leaving their household chores to someone else. One of their main problems is that they are not capable of handling large scale markets,

because it requires mobility, education, and training. The institution of family is one of the main hurdles in developing their capabilities.\textsuperscript{4} Further, due to automation in Indian agriculture, most of the activities exclusively done by them so far are replaced by machines. The forces which have affected adversely the role of women in the employment market are: the general decline of handicrafts, increasing pressure of population on agriculture and employment of modern industry with its increasing technological advances.

Advancement of technology in agriculture, industry and urbanization, resulting from economic development, displaces women workers and restricts their access to new jobs. During initial stages of development, the type of industries that are established, mainly textile and leather are labour intensive and provide employment to women workers. But when mechanization advances employment takes male bias.\textsuperscript{5} Hence, they have to move in search of employment to urban areas where they do not get any encouragement, particularly in the organized sector, as they are expected to have a minimum level of training in the sophisticated field.\textsuperscript{6} The alternative left to them is self employment.

With limited education, skills and few formal employment opportunities, poor women in developing countries often turn to self-employment as a means of supporting themselves and their families. Scattered evidences indicate that increasing number of women is creating their own jobs, in a low scale agricultural, manufacturing, service and petty trade activities. Yet most of these informal activities do not yield sufficient income to raise women out of poverty. They lack of capital,

technical and managerial know how, access to credit, markets, raw materials and services are necessary to expand even to make marginal improvements in productivity and income.\textsuperscript{7}

But in urban and rural areas, concentration of women employees in certain professions / occupations is excessive. It is insignificant in others. In urban areas women prefer to join stenography, commercial practice, food technology, etc., and in villages tailoring and embroidery is considered as natural occupation for women. Excessive concentration on particular jobs reduces employment opportunities and there is, therefore, an urgent need for diversification of training and employment of women, particularly into unorthodox avenues in the industrial sector.\textsuperscript{8}

\textbf{1.2 Women empowerment and planning process}

The all round development of women has been one of the focal points of planning process in India.

\textbf{The first five year plan (1951-56)}, envisaged number of welfare measures for women. Establishment of the central social welfare board, organization of mahila mandals and the community development programmes were a few steps in this direction.

\textbf{In the second five-year plan (1956-61)} the empowerment of women was closely linked with the overall approach of intensive agricultural development programmes.

\textbf{The third and fourth five-year plans (1961-66 and 1969-74)} supported female education as a major welfare measure.


The fifth five-year plan (1974-79) emphasized training of women, who were in need of income and protection. This plan coincided with international women’s decade and the submission of report of the committee on the status of women in India. In 1976, women’s welfare and development bureau was set up under the ministry of social welfare.

The six five-year plan (1980-85) saw a definite shift from welfare to development. It recognized women’s lack of access to resources as a critical factor impending their growth.

The seventh five-year plan (1985-90) emphasized the need for gender equality and empowerment. For the first time, emphasis was placed upon qualitative aspects such as inculcation of confidence, generation of awareness with regards to rights and training in skills for better employment.

The eighth five-year plan (1992-97) focused on empowering women, especially at the grass roots level, through Panchayat Raj Institutions.

The ninth five-year plan (1997-2002) adopted a strategy of women’s component plan, under which not less than 30 per cent of funds / benefits were earmarked for women specific programmes.

The tenth five-year plan (2002-07) aimed at empowering women through translating the recently adopted National Policy for Empowerment of Women (2001) into action and ensuring survival, protection, and development of women and children through rights based approach.⁹

The eleventh five-year plan (2007-12) the total magnitude of gender budget has increased from 3.8 per cent to 5 per cent of the total union government expenditure

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during the last four years, covering demands for grants from 27 ministries / departments. We are now going beyond the Women’s Component Plan towards gendering all facets and aspects of the 11th five year plan, apart from continued strict adherence to gender budgeting across the board.\(^\text{10}\)

### I.3 Women’s contribution to national economy

Gainful employment of women is identified as a major entry point in promoting their economic conditions. Realizing this fact, some young women entered the fields of industry, public service as well as business, and are successful in these fields. The vital role of women in the Indian labour force and their contributions to the national economy has been established beyond doubt. Women are engaged in a wide variety of occupations especially in the unorganized sector. In the rural unorganized sector, women care for cattle, sowing, transplanting, harvesting, weaving, working in the handlooms, and producing handicrafts mostly a low paid wage earners or unpaid family workers. In the urban informal sector, women are working as petty traders. They are also engaged in producing and selling a variety of goods such as vegetables, fruits, flowers, cooked food, groceries etc. or work as domestic workers. In both rural and urban areas, they are also engaged as construction workers. In addition to this, women spend, on an average, seven to ten hours a day in domestic chores.\(^\text{11}\)

According to 2001 census, out of the total population of 1,027,015,247, the female population was 49,57,32,169 accounting for 48.20 per cent of the total population. But, their participation in economically productive activities is often

\(^{10}\) http://www.un.org.


\(^{12}\) Ibid, P. 21
underestimated. For last two decades, women’s work participation rate increased from 22.73 per cent in 1991 to 28.6 per cent during 2001.  

1.4 Entrepreneurship – the vital human resource

Economic development is possible only with the help of planned and unrelenting business activities. Entrepreneurs are the human agency at the back of such activities. Entrepreneurship is the skill or quality of such human resources, which is snatching opportunities and organizing endeavor for their commercial exploitation. They initiate changes to do venture in a better way to get more return from them or to impart more satisfaction to the consumers. Entrepreneurs bring together the productive resources and act as a catalytic agent in the process of economic development. Economic growth of any nation has been attained through the commercial exploitation of inventions by utilizing its available resources both physical and human especially those that are not utilized so far. Entrepreneurship is the skill and ability which initiate innovations and undertake the risk. ‘Invention’ is to find out something new that does not exist so far. ‘Innovation’ on the other hand is the commercial exploitation of innovations. Developing countries have the history of commercial exploitation of inventions. Industrially and economically developed nations have attained their positions not simply with their resources but also with the support of sufficient and efficient innovative entrepreneurs.

Schumpeter was the first among those who have recognized the importance of entrepreneurs in economic development. To him the personage who is responsible for innovation is called entrepreneur. Innovation is the creative response to situation. The main emphasis in Schumpeter theory of economic development is on the role of innovator. The significance of entrepreneurship to economic development of a
country has been emphasized by him when he stated ‘the labour supply, existing capital and the state of arts only creative potentiality for capital production, while it is the entrepreneur who perform the miracle of transferring the potential in to effective productivity’.

The word ‘entrepreneurship’ appeared first in French. In the early 16th century men engaged in leading military expeditions were referred to as ‘entrepreneur’. Around 17th century the term was used for architects and contractors of public works. Then in the 18th century Richard Cantillan designed that anybody engaged in economic activity was entrepreneur. Also emphasized the functions of risk bearing and uncertainly bearing. In 1815 J.B.Say added the functions of organizing coordinating and supervising to the activities of an enterprise.

- Marshall treated him as an undertaker of risk, bringing together factors of production.

- Hegan remarked him as ‘creative problem solver’

- Adam Smith regarded him as a provider of capital.

- Schumpeter's viewpoint that entrepreneurs bring resources together in unusual combinations to generate profits.

Entrepreneurship among women can be eyed as a tool for employment and income generation. The concern to develop more women entrepreneurs emerges from the fact that women represent 50 per cent of world’s population, but receive only 10

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per cent of the world’s income and less than 1 per cent of the world’s assets. Efforts have been made by various governmental and non-governmental agencies all over the world to promote women entrepreneurs.

In general, contemporary economists agree that an entrepreneur is a business leader who has a pivotal role in fostering economic growth and development. Entrepreneurship is one of the most important inputs in the economic development of a country or region. The number and competence of entrepreneurs having a direct bearing on the economic evils in a developing country. In fact, entrepreneurship is the dynamic need of a developing nation.

The concept of entrepreneurship is not different in developing economies. In developing economies like India, the scope and need for entrepreneurs is higher. An entrepreneur need not necessarily innovate even if she imitates any technique of production / marketing from a developed country; she is an entrepreneur in her own right and makes a contribution to economic development as long as she starts the business, undertakes risks and bears uncertainties. In developing counties, entrepreneurship is considered as a form of labour which tells the rest of the labour what to do and how to get things done.\(^\text{16}\)

\textbf{I.5 Women entrepreneurs}

The term ‘Entrepreneurship’ is gender free. Therefore, it is not an easy task to define a ‘women enterprise’ or a ‘women entrepreneur’. The Ministry of SSI & ARI, Government of India defined a women enterprise as ‘an SSI units / industry related services or business enterprises managed by one or more women entrepreneurs in property concerns, or which she / they in individually or jointly have a share capital of

\footnote{Madurimalall and Sikha Sahai, \textit{“Women Entrepreneurship"}, Excel Books, New Delhi, 2006, Pp. 432-433.}
not less than 51 per cent as partners / share holders / directors of private limited company / member of cooperative society’.

The above definition is only a guideline for granting incentives and benefits offered for women by the state and central government.

For this purpose of this study, enterprises in which women have participation in capital and effective control over management are termed as ‘women enterprises’. All women working independently, self-employed in proprietary concerns, active partners in partnership firms, board members in women industries cooperative societies and directors in a company are termed as ‘women entrepreneurs. The check is only that whether they have effective participation in ownership and control.\(^\text{17}\)

As to the functions, qualities or traits there is no fundamental difference between male or female entrepreneurs. However, in addition to the entrepreneurial functions women folk have to play their patriarchal role as homemaker. Therefore, women entrepreneurs require some additional qualities and deserve some special considerations, encouragements and support. Attributed some unique characteristics for women entrepreneurs and classified women entrepreneurs in to four groups.

5.1 Conventional group

This group is made up of women entrepreneurs who believe in the natural superiority of men, although they have lofty entrepreneurial ideals. They have high attachment to entrepreneurial ideals and an equal attachment to patriarchal ideals. They possess high attachment to conventional notions about gender roles.

5.2 The innovative group

This group has a high attachment to entrepreneurial ideals but a low attachment to patriarchal ideals. They reject prevailing / conventional notions and are not afraid to compete with them. They are often more educated than the conventional group.

5.3 The domestic group

This group had a high attachment to patriarchal ideals and very low attachment to entrepreneurial ideals. They are strongly attached to the conventional female role. Very often they are unwillingly self-employed entrepreneurs.

5.4 The radical group

This group has a very low attachment to both entrepreneurial and patriarchal ideals. They become entrepreneurs due to various reasons.¹⁸

1.6 Concept of women entrepreneurs

Women entrepreneurs are the women or a group of women who initiate, organize and operate a business enterprise. The Government of India notes women entrepreneurs as “an enterprise owned and controlled by women saving a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women”.¹⁹

Many empirical studies have focused on the emergence of entrepreneurship but research and development with special focus on women entrepreneurship are yet to gain momentum. Promotion of women entrepreneurship is very essential both from

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the point of view of equality and full utilization of available human resources. This fact is more applicable to the developing countries. The review of international population statistics shows that female population constitute roughly half of the world population but women’s contribution towards entrepreneurship has been negligible, even after the modern society has entered into the new millennium.\textsuperscript{20}

However, in India, women have been considered as secondary citizens to involve in economic activities ranging from agriculture workers to industrialists and administrators. The articles 14, 15, 16 (2) of the Indian Constitution forbid discrimination “ in respect of any employment office – under the state”, on the grounds of “Religion, Race, Cast, Sex, Descent, Place of Birth, Residence or any one of them”.\textsuperscript{21} Irrespective of these articles of the Constitution, the status of the women has not been given in many status of Indian subcontinent. However, in recent times considerable improvements for women in socio-economic and political fields have taken place, thanks to the role played by Entrepreneurship Development Programmes (EDPs) of India, NIESBUD, Small Industrial Development Bank of India, Small Industry Development Corporation etc., towards the development of women entrepreneurship. Women entrepreneurs may be defined as the women are a group of women, who initiate, organize and operate a business enterprise. Women are expected to innovate, or adopt an economic activity to be called “Women Entrepreneur”.\textsuperscript{22}

**I.7 The scope of entrepreneurship among women**

Although many women have advanced in economic structures, for the majority of the women, particularly those who face additional barriers, continuing


obstacles have hindered their ability to achieve economic autonomy and to ensure sustainable livelihoods for themselves and their dependants. Women are active in a variety of economic areas, which they often combine, ranging from wage labour, subsistence farming and fishing to the informal sector. However, legal and customary barriers to ownership of or access to land, natural resources, capital, credit, technology and other means of production, as well as wage differentials, contribute to impeding the economic progress of women. Women’s contribution of development is not only through remunerated work, but also through a great deal of unremunerated work. On the one hand, women participate in the production of goods and services in agriculture, food production or family enterprises. Though included in the United Nations System of National Accounts and therefore in international standards for labour statistics, this unremunerated work—particularly that related to agriculture is often undervalued and under recorded. On the other hand, women also perform the great majority of unremunerated domestic and community, such as caring for children and older persons, preparing food for the family, protecting the environment and providing voluntary assistance to vulnerable and disadvantaged individuals and groups. In many cases, employment creation strategies have not paid sufficient attention to occupation and sectors where women predominate; nor have they adequately promoted the access of women to those occupations and sectors that are traditionally male, taking into consideration all the regions mentioned above, entrepreneurship among women is an area which can help in employment generation and income generation. 23

I.8 Development of women entrepreneurs

During the 1970’s the decade of the international women’s year, efforts to promote self employment among women received greater attention from the government and private agencies. The new industrial policy of the Government of India has laid special emphasis on the need for conducting special entrepreneurial training programmes for women to enable them to start their own ventures. Financial institutions and commercial banks have also set up special cells to assist women entrepreneurs.

The Five Year Plans have consistently placed special emphasis to improve the conditions of women and integrate them in economic development process. National and international women associations are also set up with a purpose to create a congenial environment for developing women entrepreneurship in rural and urban areas.

It is estimated that currently women entrepreneurs comprise about 10 per cent of total Indian entrepreneurs. It is likely that in the next five years women will take up constitute 20 per cent of the total number of entrepreneurs in the country. However, women entrepreneurship can be planned and further developed by providing appropriate environment education and training programmes. But much depends upon the courage and determination of women to become entrepreneurs.²⁴

What have been the processes of change for women in the context of the tapestry being women globally and nationally? A brief of the key changes for women entrepreneurs over the last five decades have been presented as follows.

8.1 Women entrepreneurs of the fifties: - These women fall into two categories. One set took to creating and managing an entrepreneurial activity where there was no income generating male. The women gave up her education and any other aspiration for herself and became the income generator for the rest of the family. The second category was the one who lived by social roles and woke up one day to find that either she took charge of the enterprise of the husband had left or she and her own family would be the losers.

8.2 Women entrepreneurs of the sixties: - Sixties were the decade when many women educated in schools and colleges began to have aspirations. These were largely unarticulated. Women accepted the social coding of the socio-cultural traditions and married. But they took small steps to start small single-woman enterprises at home and from home. This was still not for economic autonomy or economic self-sufficiency.

8.3 Women entrepreneurs of the seventies: - This was the decade when a critical mass of women completed their education and entered the work force professionals. The women in this decade opened up new frontiers. These women were unlike their mothers and had not only aspirations but also ambitions. They opted for self-employment is the enterprise single women enterprise or who employed several others. This was an active step swimming upstream and walking uphill.

8.4 Women entrepreneurs of the eighties: - However, by the time eighties came around, the women were educated in highly sophisticated technological and professional fields. Many had medical, engineering and similar other degrees and diplomas. Many entered their fathers or husbands industry as equally contributing partners. Women in other spheres opened their own clinics and nursing homes and many more opened up small boutiques, small enterprises of manufacturing and
entered garment exports. For many, the society was hostile, the family was opposing and non-supportive and the women carried the guilt of not playing the traditional and appropriate social roles.

8.5 Women entrepreneurs of the nineties: - The women entrepreneurs of the nineties were qualitatively a different breed of women. These women already had a role model in the two earlier generations of women.

8.6 The women entrepreneurs of the 21st century: - This is the century of telecom, IT and financial institutions. Women’s expertise in all these industries is beginning to emerge and women are emerging as a force to reckon with. Many of the new industries are headed and guided by women who are seen as pioneers and mavericks.  

I.9 Status of women entrepreneurship

It was discussed that in many cultures the role of women to build and maintain the homely affairs like task of fetching water, cooking and rearing children were considered as an important social function.

Since the turn of the century, the status of women in India has been changing due to growing industrialization, urbanization, spatial mobility and social legislation. With the spread of education and awareness, women have shifted from kitchen to higher level of professional activities.

Now-a-days women play a vital role as income earner. It also changes their personality and living standards. In the advanced countries of the world there is phenomenal increase in the number of self-employed women. In USA when women own 25 per cent of all business, in Canada 1/3rd of small business are owned by women and in France, it is 1/5. In UK the number of self-employed women has increased three fold as fast as the number of self-employed men. In India the self-

employed women account for only 5.20 per cent of the self-employment persons in the countries. Majority of them are engaged in the recognized sector like agriculture, handicrafts, handlooms and cottage based industries.\textsuperscript{26}

Since the 21\textsuperscript{st} century, the status of women in India has been changing as a result of growing industrialization and urbanization, spasmodic, mobility and social legislation. Over the years, more and more women are going in for higher education, technical and professional education and their proportion in the workforce has also been increased.

With the spread of education and awareness, women have shifted from the kitchen handicrafts and traditional cottage industries to non-traditional higher levels of activities. Even the government has laid special emphasis on the need for conducting special entrepreneurial training programmes for women to enable them to start their own ventures. This has boomerang the women entrepreneurs on the economic scene in the recent years although many women’s entrepreneurship enterprises are still remained a much neglected field. However, for women there are several handicaps to enter into and manage business ownership due to the deeply embedded traditional mindset and stringent values of the Indian society.\textsuperscript{27}

\textbf{I.10 Types of women entrepreneurs}

On the basis of the situation in which women turn to the role of an entrepreneur, they can be classified into three categories.

\textbf{10.1 Natural entrepreneurs}

Natural entrepreneurs possess basic entrepreneurial talent and are often good managers too. They are motivated by economic rewards (make profit or generate

\textsuperscript{26}http://www.employmentnews.gov.in.

\textsuperscript{27}Op. Cit, Bharti Kolas and Indira J Parikh, P. 13.
income) or psychological factors such as independent employment, social status etc. on getting a chance, they will start their career. Majority of them will establish without much external support and assistance.

10.2 Created entrepreneurs

Created or motivated entrepreneurs are propup through incentives, training or such other schemes. Even though they are not self-starters, if some one gets them started they keep going all right. Entrepreneurship Development Programmes (EDPs) and governmental assistances are aimed at creating new generation entrepreneurs.

10.3 Forced entrepreneurs

Forced entrepreneurs are reluctant to undertake any venture. But some incidents push them to undertake the responsibility of a business. Death of parents or husband, property, or family business inherited may force them to become entrepreneurs. They are by and large deficient in managerial proficiency.28

1.11 Categories of women entrepreneurs in practice in India

A Category: – High income group entrepreneurs – middle income group entrepreneur – low income group entrepreneurs.


C Category: – Large scale entrepreneurs – small and medium scale entrepreneurs – micro entrepreneurs.

D Category: - Manufacturing sector - service sector - technology based software, IT & IT enabled services.

E Category: - Financially affluent and well educated entrepreneurs - moderate financial resources and educated entrepreneurs - economically poor and less educated or illiterate entrepreneurs.²⁹

I.12 Qualities of women entrepreneurs

Entrepreneurship requires other factors too for a woman to be successful in any business venture. The qualities of good potential entrepreneur are: Risk taking ability, initiative / drive, leadership, organizational ability, management of resources, planning, execution and evaluation of work, exploitation of opportunities, sincerity and hard work, marketing ability strong personal values, willingness to experiment, technical skills, knowledge of the particular field of entry, access to credit, ability to seek out counseling for prospective enterprises, objectivity in thought, cool temperament and ability to bridge the gap between indigenous and modern technology to gain in the enterprise.³⁰

I.13 Functions of women entrepreneurs

A women entrepreneur must perform some functions: exploration of the prospects of starting a new business enterprise, undertaking risks and the handling of economic uncertainties involved in business, introduction of innovative or imitation of innovations, coordination, administration and control, supervision and leadership.³¹

I.14 Strategies for women entrepreneurship

While talking about women entrepreneurship, the theme has been conceived with the following strategies in mind:

- Awareness generation initiatives.

²⁹http://www.essex.ac.uk.
• Promoting self-employment, through credit and training.
• Providing lean season wage employment.
• Providing a range of support service to meet gender needs.
• Addressing minimum needs such as nutrition, health, sanitation, housing and education.
• Direct involvements of women are likely to be affected by the development programmes.
• The goals of poverty reduction if poor women could organize into groups of community participation as well as to assertion of their rights in various services related to their economic and social well being.  

1.15 Problems faced by women entrepreneurs

Women entrepreneurs encounter the following problems: financial constraints, overdependence on intermediaries, scarcity of raw material, intense competition, high cost of production, low mobility, family ties, social attitudes, lack of education, absence of ambition for achievement, lack of training, lack of family support, lack of practical knowledge, lack of self-confidence, inadequate marketing facilities and inadequate managing skills.

1.16 Develop women entrepreneurs

Right efforts on all fronts are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities. Following efforts can be taken into account for effective development of women entrepreneurs.

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• Consider women as specific target group for all developmental programmes. Better educational facilities and schemes should be extended to women folk from government part.
• Adequate training programme on management skills to be provided to women community.
• Encourage women’s participation in decision-making.
• Vocational training to be extended to women community that enables them to understand the production process and production management.
• Skill development to be done in women's polytechnics and industrial training institutes.
• Skills are put to work in training-cum-production workshops.
• Training on professional competence and leadership skill to be extended to women entrepreneurs.
• Training and counseling on a large scale of existing women entrepreneurs to remove psychological causes like lack of self-confidence and fear of success.
• Counseling through the aid of committed NGOs, psychologists, managerial experts and technical personnel should be provided to existing and emerging women entrepreneurs.
• Continuous monitoring and improvement of training programmes.
• Activities in which women are trained should focus on their marketability and profitability.
• Making provision of marketing and sales assistance from government part.
• To encourage more passive women entrepreneurs the women training programme should be organized that teacher should recognize their own psychological needs and express them.
• State finance corporations and financing institutions should permit by statute to extend purely trade related finance to women entrepreneurs.

• Women's development corporations have to gain access to open-ended financing.

• The financial institutions should provide more working capital assistance both for small scale venture and large scale ventures.

• Making provision of micro credit system and enterprise credit system to the women entrepreneurs at local level.

• Repeated gender sensitization programmes should be held to train financiers to treat women with dignity and respect as persons in their own right.

• Infrastructure, in the form of industrial plots and sheds, is to be provided by the state run agencies.

• Industrial estates could also provide marketing outlets for the display and sale of products made by women.

• A women entrepreneur's guidance cell set up to handle the various problems of women entrepreneurs all over the state.

• District Industries Centers (DICs) and Single Window Agencies (SWAs) should make use of assisting women in their trade and business guidance.

• Programmes for encouraging entrepreneurship among women are to be extended at local level.

• Training in entrepreneurial attitudes should start at the high school level through well-designed courses, which build confidence through behavioral games.

• More governmental schemes to motivate women entrepreneurs to engage in small scale and large-scale business ventures.
• Involvement of NGOs in women entrepreneurial training programmes and counseling.\(^{34}\)

I.17 Group entrepreneurship (GE)

Group entrepreneurship has been defined as a process of growth in entrepreneurship and managed by a group procedure from the stage of absence of entrepreneurial skills to a point where the group has developed the necessary organization structure and fulfills practically all functions of a fully fledged production, marketing and credit.

It is perhaps group entrepreneurship, which can be remedy the wide disparities of income and wealth across different income groups and regions. The advantages of group entrepreneurship are not very far to seek. It enables and enhances participation of the masses, spreads the skills of management amongst the poor people and ensures a better and assured income to the whole group.

Group entrepreneurship to be successful requires an enabling role played by more than a few organizations that escort the group through the growth process. Groups of people must be instilled with entrepreneurial characteristics, should be able to identify opportunities and seize them, marshal and manage resources and produce goods and market them.\(^{35}\)

Poverty and unemployment are the major problems of under developed countries, to which India is no exception. In India, at the end of the ninth five year plan 26.10 per cent of the population was living below the poverty line. In the rural area 27.10 per cent of the population was living under poverty. The overall

\(^{34}\)http://www.indianmba.com

unemployment rate is estimated to be 7.32 per cent. The female unemployment rate is 8.50 per cent. The rate of growth of women unemployment in the rural area is 9.80 per cent. This is because of the low growth of new and productivity employment. At the end of the First Five Year Plan the rate of growth of employment was only 2.47 per cent. Therefore the Union Government has implemented various schemes to reduce poverty and to promote gainful employment. But the most attractive scheme with less effort (finance) is the “Self–Help Group”. It is a tool to remove poverty and improve rural development.  

I.18 Meaning of Self Help- Group (SHG)

“A small, economically homogeneous and affinity group of rural / urban poor, voluntarily formed to save and contribute to a common fund to be lent to its members as per the group decisions and for working together for social and economic uplift of their families and community”. 

I.19 Origin and concept of SHGs

The concept of SHG serves to underline the principle “for the people, by the people and of the people”. The SHG is the brainchild of Grameena Bank of Bangladesh, which was founded by Prof. Mohammad Yunus of Chittagong University in the year 1975. In India NABARD initiated in 1986-1987. But the real effort was made after 1991-92 from the linkage of SHGs with the banks. A SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amounts regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the

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group. They have been recognized as a useful tool to help the poor and as an alternative mechanism to meet the urgent credit needs of poor through thrift. SHG is medium for the development of saving habit among women. SHGs enhance the equality of status of women as participants’ decision makers and beneficiaries in the democratic, economic, social and cultural spheres of life. The basic principles of the SHGs are group approach, mutual trust, organization of small and manageable groups, group cohesiveness, spirit of thrift, demand based lending, collateral free, women friendly lower peer group pressure in repayment, skill training, capacity building and empowerment.  

I.20 Formation of SHGs

- This idea usually takes place for a common need, but often just one person takes initiative.
- Interested individuals discuss this concept and involve more people.
- Potential members in the community are informed.
- The group elects leaders democratically and conducts meetings.
- The group may register itself as an organization.

I.21 Working of SHGs

SHGs work in democratic manner. The upper limit of members in a group is restricted to 20. Among them a member is selected as an ‘animator’ and two members are selected as the representatives. The animator is selected for the period of two years. The group members meet every week. They discuss about the group

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savings, rotation of sangha funds, bank loan, repayment of loan, social and community action programmes.  

I.22 Characteristics of SHGs

Following are the characteristics of SHGs: small size, identical interest / social heritage / common occupation, homogeneity, affinity, intimate knowledge of members' intrinsic strength, needs and problems, flexible and responsive, democracy in operations, simple documentations, collective leadership, mutual discussions, group solidarity, self-help, awareness, social and economic empowerment.

I.23 Objectives of SHGs

Development of leadership qualities, self-confidence building, increasing social awareness, improved status of the women in the family and society, improvement in health and family welfare, functional literacy, awareness of legal rights, economic development, inculcating habit of savings, increasing income and assets, access to market choice of activities and getting out of money lenders clutches.

I.24 Functions of SHGs

- Create a common fund by the members through their regular savings.
- Flexible working system and pool the resources in a democratic way.
- Periodical meetings and decision making through group meeting.
- The loan amount is small and reasonable and easy to repay in time.

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• The rate of interest is affordable, varying group to group and loan to loan. It is little higher than the banks but lower than the money lenders.\textsuperscript{44}

\textbf{1.25 Norms and conditions of SHGs}

SHG is a group of rural poor who have volunteered to organize themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a common fund. The members of the group agree to use this common fund and such others funds that they may receive as a group through a common management.

Under Self-Help Group may consist of 10 to 20 persons. In the case of minor irrigation, and in the case of disabled persons, this number may be a minimum of five (5). All members of the group should belong to families below poverty line. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group.

The group should devise a code of conduct (Group management norms). It should have regular meetings (Weekly or fortnightly) functioning in a democratic manner allowing free exchange of view, participation by the members in the decision making process. The group should be able to collect the minimum voluntary savings amount from all the members regularly. The savings so collected will be the group corpus funds.

The group should maintain simple basic records such a minute’s book, attendance register, loan ledger, general ledger, cash book, bank pass book and individual pass book. 50 per cent of the groups formed in each block should be exclusively for the women. In the case of disabled persons the groups formed should
ideally be disability-specific where ever possible, however, in case sufficient number of people for formation of disability – specific group are not available a group may comprise of persons with diverse disabilities.

The SHG will be an informal group. However, the groups can also register themselves under the Societies Registration Act, the State Co-operative Act, or as a partnership firm. The SHGs can be further strengthened and stabilized by underrating them at, say village level. This would facilitate regular interaction and exchange of experiences including flow of information form DRDAs and other departments. An external facilitator working closely with the communities at grass root level can play a critical role in the group formation and development effort.45

Self-Help Group is a method of organizing the poor people and the marginalized to income together to solve their individual problem. The SHG method is used by the government, NGOs and other worldwide. The poor collect their savings and save them in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise. Thousands of the poor and the marginalized population in India are building their lives, their families and their society through Self Help Groups. The 9th five year plan Government of India had given due to recognition on the importance and the relevance of the Self-help group method to implement development schemes at the grassroots level.46

1.26 Progress of SHGs in India

Since Self Help Groups are the primary indicators in this regard, the raise in the number of SHGs and bank loan sanctioned to them indicates the growth of micro finance activities in nut shell. The number of SHGs as on March 31, 1999 was

46 http://www.Planningcommission.gov.in
32,995. It rose to 41,20,958 and the bank loan amount raised from ₹ 57 to ₹ 27,185.58 crore for the same period. Table I.1 depicts the gradual increase in the number of SHGs and bank loan granted to them both year wise and on cumulative basis.

Table - I.1: Progress of SHG bank linkage in India

<table>
<thead>
<tr>
<th>Years</th>
<th>During the year</th>
<th>Cumulative</th>
<th>During the year</th>
<th>Cumulative Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-99</td>
<td>32,995</td>
<td>32,995</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>1999-00</td>
<td>81,780</td>
<td>1,14,775</td>
<td>136</td>
<td>193</td>
</tr>
<tr>
<td>2000-01</td>
<td>1,49,050</td>
<td>2,63,825</td>
<td>288</td>
<td>481</td>
</tr>
<tr>
<td>2001-02</td>
<td>1,97,653</td>
<td>4,61,478</td>
<td>545</td>
<td>1,026</td>
</tr>
<tr>
<td>2002-03</td>
<td>2,55,882</td>
<td>7,17,360</td>
<td>1,022.34</td>
<td>2,048.68</td>
</tr>
<tr>
<td>2003-04</td>
<td>3,61,731</td>
<td>10,79,091</td>
<td>1,855.33</td>
<td>3,904.21</td>
</tr>
<tr>
<td>2004-05</td>
<td>5,39,365</td>
<td>16,18,456</td>
<td>2,994.25</td>
<td>6,898.46</td>
</tr>
<tr>
<td>2005-06</td>
<td>6,20,109</td>
<td>22,38,565</td>
<td>4,499.09</td>
<td>11,397.55</td>
</tr>
<tr>
<td>2006-07</td>
<td>2,37,927</td>
<td>24,76,492</td>
<td>2,114.31</td>
<td>13,511.86</td>
</tr>
<tr>
<td>2007-08</td>
<td>5,52,992</td>
<td>30,39,484</td>
<td>2,541.98</td>
<td>16,053.84</td>
</tr>
<tr>
<td>2008-09</td>
<td>10,81,474</td>
<td>41,20,958</td>
<td>11,131.74</td>
<td>27,185.58</td>
</tr>
</tbody>
</table>

Source: NABARD Annual Reports 2008-09.

Of the financing agencies to SHGs, commercial banks, regional rural banks and cooperative banks are crucial. Among them, in 2008 data, the first place goes to commercial banks (56 per cent) and then regional rural banks (28 per cent) and then cooperative banks (16 per cent). As compared to the savings per SHG figure of 2007 with that of 2008 it is clear that savings per SHG has declined from ₹ 8,469 to ₹ 7,556. But, the loan outstanding amount per SHG is raised to ₹ 46,884 from ₹ 42,724 for the same period. Table I.2 showed these figures.
Table - I. 2: Agency wise savings and loans outstanding to SHGs
(As on 31 March)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Amount</td>
</tr>
<tr>
<td>a. Savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>22,93,771(55)</td>
<td>1,892.42(54)</td>
</tr>
<tr>
<td>Regional Rural Banks</td>
<td>11,83,065(28)</td>
<td>1,158.29(33)</td>
</tr>
<tr>
<td>Co-operative Banks</td>
<td>6,83,748(16)</td>
<td>462.00(13)</td>
</tr>
<tr>
<td>Total</td>
<td>41,60,584(100)</td>
<td>3,512.71(100)</td>
</tr>
<tr>
<td>Savings per SHG</td>
<td>8,469</td>
<td></td>
</tr>
<tr>
<td>b. Loans outstanding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>18,93,016 (65)</td>
<td>8,760.38(71)</td>
</tr>
<tr>
<td>Regional Rural Banks</td>
<td>7,29,255 (25)</td>
<td>2,801.76(22)</td>
</tr>
<tr>
<td>Co-operative Banks</td>
<td>2,72,234 (9)</td>
<td>804.35(06)</td>
</tr>
<tr>
<td>Total</td>
<td>28,94,505(100)</td>
<td>12,366.49(100)</td>
</tr>
<tr>
<td>Loans outstanding per SHG</td>
<td>42,724</td>
<td></td>
</tr>
</tbody>
</table>

Source: NABARD

Note: Figures in parenthesis are percentages

Between the two alternative players of micro finance, SHGs and Micro Finance Institutions (MFIs) the former plays a considerable role than that of the latter. When the figures relating to loans disbursed and loans outstanding are observed for SHGs and MFIs for 2007 and 2008 it is evident that the amounts of SHGs are improving with much speed than those of MFIs. Table I.3 shows these details.
Table - I.3: Progress of Micro Finance Programmes (As on March 31)
(₹ in Crore)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Self Help Groups</th>
<th>Micro- Finance Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td></td>
<td>No. Amount (₹)</td>
<td>No. Amount (₹)</td>
</tr>
<tr>
<td>Loans disbursed</td>
<td>11,05,749</td>
<td>6,570.39</td>
</tr>
<tr>
<td>Loans outstanding</td>
<td>28,94,505</td>
<td>12,366.49</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>41,60,584</td>
<td>3,512.71</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>334</td>
<td>518</td>
</tr>
<tr>
<td>Amount (₹)</td>
<td>1,151.56</td>
<td>1,970.15</td>
</tr>
<tr>
<td>No.</td>
<td>550</td>
<td>1,109</td>
</tr>
<tr>
<td>Amount (₹)</td>
<td>1,584.48</td>
<td>2,748.84</td>
</tr>
</tbody>
</table>

Source: NABARD

I.27 SHGs movement in Andhra Pradesh

The Government of Andhra Pradesh has taken up the theme of women’s empowerment as one of the strategies to tackle economic poverty. Self help movement through savings has been taken up as a mass movement by women – a path chosen by them to shape their destiny for better. Development agenda of the state in the last few years placing the people, especially women in the fore-front has enabled formation of a large number of Self Help Groups (SHGs) throughout the state and majority women are saving one rupee a day. The state government is consciously making an effort to assist SHGs by providing revolving fund / matching grant under various programmes.

Andhra Pradesh alone has at about half of SHGs organized in the country. There are about 4.65 lakh women SHGs in Andhra Pradesh covering nearly 61.70 lakh poor women. Total corpus (₹ in crore) 1508.02 lakh. Groups assisted with revolving fund / state matching grant of ₹ 3.29 lakh. Amount assisted under revolving fund / state matching grant group loan of ₹ 573.95 crore. Loan mobilized from banks under SHG linkage programme (₹ in crore) 1140.40 crore. Average credit per group ₹ 29, 778 and average corpus per group ₹ 3, 298. Members use the loan out of group
corpus for their personal needs initially. However in the long run such loans are utilized for income generation activities.\textsuperscript{47}

\textbf{I.28 Progress of SHGs in Andhra Pradesh}

Andhra Pradesh has a prominent place in SHG movement with 6, 26,472 SHGs covering 78, 65, 847 rural women. Nearly 28 per cent of the members of the SHGs belong to Scheduled Caste (SC) category and 11 per cent belong to Scheduled Tribe (ST) category in Table I.4. In terms of coverage, 20 per cent of women in the state are members of the SHGs. Majority of the groups in the state have been formed through the IKP project and the DRDA. As at end of March 2008, the SHGs have built a corpus of ₹26, 197 million thrift amount of ₹12, 255 million.

\begin{table}[h]
\centering
\begin{tabular}{|l|l|}
\hline
\textbf{Particulars} & \textbf{Number} \\
\hline
Total number of SHGs in Andhra Pradesh & 6, 26, 472 \\
\hline
Total members covered under SHGs & 78, 65, 874 \\
\hline
Average number of members per SHG & 13 \\
\hline
Percentage of SC members & 28 \\
\hline
Percentage of ST members & 11 \\
\hline
Total savings of the SHGs (₹ In millions) & 12, 255 \\
\hline
Average savings per SHGs (₹) & 19, 561 \\
\hline
Total corpus of the SHGs (₹) & 26, 197 \\
\hline
Average amount of corpus per SHG (₹) & 41, 816 \\
\hline
\end{tabular}
\caption{Table - I.4: Highlights of SHG movement in Andhra Pradesh as on 31 March 2008}
\end{table}

\textbf{Source:} Department of Rural Development, Government of Andhra Pradesh.

\textbf{Note:} Corpus includes savings of the group, interest earned by the SHGs on internal Lending, revolving fund assistance provided by the state government, penalties collection etc.

\textsuperscript{47} http://www.rd.ap.gov.in
Andhra Pradesh has always become the fore runner in the Self Help Group Bank Linkage (SBL) programme with forming about 5.92 lakh SHGs out of a total of 16.18 lakh SHGs provided with bank loan upto 31 March 2008, constituting 30 per cent of the total SHGs in the country. Between 1997-98 and 2007-08 the linkage of SHGs with the formal banking system has grown at a Compound Annual Growth Rate (CAGR) of 116.46 per cent. The families assisted and the bank loan grew at a CAGR of 103.51 per cent and 143.24 per cent respectively. The average loan / SHG and average loan / family grew by 12.37 per cent and 50.41 per cent respectively. The average loan per family is higher as the average number of members in SHG has come down to 13 (Table I. 5).

Table - I. 5: Growth indicators of SBL programme in Andhra Pradesh

<table>
<thead>
<tr>
<th>S. No</th>
<th>Particulars</th>
<th>1997-98</th>
<th>2007-08</th>
<th>CAGR (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Number of SHG linked</td>
<td>1,322</td>
<td>2,94,341</td>
<td>116.46</td>
</tr>
<tr>
<td>2.</td>
<td>Number of families assisted</td>
<td>26,440</td>
<td>38,22,000</td>
<td>103.51</td>
</tr>
<tr>
<td>3.</td>
<td>Bank loan (₹ In million)</td>
<td>31.75</td>
<td>15,994.20</td>
<td>143.24</td>
</tr>
<tr>
<td>4.</td>
<td>Refinance assistance (₹ In million)</td>
<td>31.64</td>
<td>4,759.70</td>
<td>104.67</td>
</tr>
<tr>
<td>5.</td>
<td>Average loan per SHG (₹)</td>
<td>24,016</td>
<td>54,339</td>
<td>12.41</td>
</tr>
<tr>
<td>6.</td>
<td>Average loan per family (₹)</td>
<td>240</td>
<td>4,179</td>
<td>50.41</td>
</tr>
<tr>
<td>7.</td>
<td>Participating Banks</td>
<td>40</td>
<td>75</td>
<td>9.40</td>
</tr>
</tbody>
</table>

Source: NABARD

The formation and nurturing of SHGs and the confidence created among them will sustain only if they are provided with adequate funds for the chosen economic activities. Table I. 6 shows the role of participating banks in the SHG Bank Linkage Programme.
### Table - 1.6: Agency-wise number of SHGs financed

<table>
<thead>
<tr>
<th>Agency</th>
<th>Cumulative upto 31, March 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of SHGs</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>11,88,040</td>
</tr>
<tr>
<td>Regional Rural Banks</td>
<td>7,40,024</td>
</tr>
<tr>
<td>Co-operatives</td>
<td>3,10,501</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,38,565</strong></td>
</tr>
</tbody>
</table>

**Source:** Annual Report of NABARD.

I.29 Institutional support to SHG women entrepreneurs

29.1 National Bank for Agriculture and Rural Development (NABARD)

In the process of rural development and eradication of poverty, it has been emphasized that the poor dwelling in rural areas should be provided with financial assistance to achieve economic stability and sustenance. Moreover, agriculture on which around 70 per cent of people depend on livelihood, should be promoted, improved and developed to a considerable extent. Having realized the necessity of finance for these issues the Government of India has set up an apex development bank on July 12, 1982, under an Act of Parliament. Accordingly, the National Bank for Agriculture and Rural Development (NABARD) has been established to finance and promote agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts so as to achieve integrated rural development.

NABARD operates through its head office at Mumbai. It has 26 regional offices, and a sub-office which operate in each state capital / union territory. Besides this, it has 234 district offices spread all over the country.

Promoting sustainable and equitable agriculture and rural development through effective credit support, related services, institution buildings and other innovative initiatives for alleviation poverty is the mission of NABARD.
NABARD undertake a host of inter-related activities to achieve its mission and these related to the following three categories.

- Credit dispensation
- Development regulatory
- Advisory.

NABARD, set up for addressing the credit requirements for agricultural and rural sectors, has operationalised a framework for developing SHGs as community based financial structures and using them as channels for lending by the formal banking system. The objective of the programme is to evolve supplementary credit strategies for meeting the credit needs of the poor by combining flexibility, sensitivity and responsiveness of the informal credit system with the strength of technical and administrative capabilities and financial resources of the formal financial institution.

The salient features of the programme include.

- Hundred per cent refinance to Banks for loans given to SHGs.
- Repayment period of loans by banks to SHGs varies from two to three years.
- Repayment period of loans by SHGs to members is flexible.
- Banks lend directly to SHGs at 12 per cent per annum.
- Banks lend to NGOs at 10.5 per cent per annum with on lending rate fixed at 12 per cent.
- Banks received refinance from NABARD at 6.5 per cent.
- Bulk loans to NGOs are in the range of 6.5 – 9.0 per cent.

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➢ Policy guidance, technical and promotional support for capacity building of NGOs and SHGs and training support to banks are also provided.49

NABARD provides the following services in addition to its policy advocacy role:

1. Refinance to banks at 100 per cent at a concessional rate 6.75 per cent per annum and financial assistance provided to banks to function as promoting institutions.

2. Workshops, training programmes, seminars at various levels for bankers and NGO employees in order to build trust and confidence between the banks and the rural poor.

3. Facilitating training of bank officials and field staff of NGOs.

4. Providing selective capacity building support to NGOs SHGs, Federations of SHGs, related institutions in the form of revolving fund assistance, training facility and other support.50

Initial efforts of NABARD have been successful in providing the outreach of poor clients of around 9,598 SHGs, under coverage of 29 commercial banks, 80 Regional Rural Banks and 11 Cooperative Banks by 1996-97, majority of which were linked through NGOS. NABARD has been plying a role of a facilitator, resource provider and clearing house for exchange of information and experiences for NGOs. It has under taken to promote action research special studies on various aspects of SHGs and other innovative credit concepts for policy refinement. The bank also is involved in sensitizing field level and senior officers from the banking sector through

comprehensive training programs conducted at reputed training centers. Monitoring and follow-ups of banks progress is also undertaken at the national bank.51

29.1.a NABARD’s initiative

First official interest in informal group lending in India took shape during 1986-87 on the initiative of the NABARD. As a part of this broad mandate, NABARD initiated certain research projects on SHGs as a channel for delivery of micro finance in the late 1980s. In 1988-89 in collaboration with some of the member institutions of the Asia Pacific Rural Agricultural Credit Association (APRACA), NABARD undertook a survey of 43 NGOs in 11 states in India, to study the functioning of micro finance SHGs and their collaboration possibilities with the formal banking system.52

NABARD has been playing the role of propagator and facilitator by providing and capacity-building besides extending financial support for the healthy growth of the SHG-Bank linkage programme in the country.

Over the years, various promotional steps taken are enumerated as under:

➢ Conceptualization and introduction of pilot programme in February 1992 for linking 500 SHGs with banks after consultations with Reserve Bank of India (RBI), banks and NGOs.

➢ Introduction of Bulk Lending Scheme in 1993 for encouraging the NGOs which were keen to try group lending approach and other financial services delivery innovations in the rural areas.

Developing a conducive policy frame work through provision of opening savings bank accounts in the names of SHGs (through they are informal groups), relaxation of collateral norms, simple documentation and delegation of all credit decisions and repayment terms to SHGs.

- Training and awareness building among the stakeholders.
- Provisions of capacity –building support of NGOs / SHGs / Banks.
- Encouraging banks (RRBs and cooperative banks) for promotion of SHGs.
- Financial support to NGOs for promotion of SHGs.
- Encouraging rural individual volunteers in promotion and nurturing of SHGs and close monitoring.
- Dissemination through seminars, workshops, occasional papers and point media.\(^{53}\)

### 29.1.b. NABARD strategy

The National Bank of Agriculture and Rural Development (NABARD) in India was highly motivated by the extraordinary recovery rates of the SHGs. After the micro credit summit, micro credit was seen as an effective weapon of dealing with poverty. A completely new strategy, which combined flexibility, sensitivity and responsiveness of the informal credit system and technical, administrative capabilities and financial resources of the formal credit system, was initiated by the national bank for the first time in 1990 on an experimental basis.\(^{54}\)

NABARDs’ multi-pronged strategy of associating with governmental and non-governmental organizations for widening and deepening the linkage programme yield rich dividends. The state government too, is consciously making an effort to

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assist SHGs by providing revolving fund under various schemes and programmes. The state government released ₹ 44 crore during 2001-02 to assist 44,000 groups covering 6.6 lakh women @ ₹ 10,000 as revolving fund to each group. This is in addition to Government of India grant of ₹ 4.5 crore. Other apex bodies and financial institutions have come forward in this endeavor. NABARD, commercial banks and regional rural banks are today providing direct assistance to the SHGs under the “Self Help Linking Scheme” of NABARD. Andhra Pradesh accounts for 40 per cent of all SHGs financed by NABARD alone. But the women who run them are calling the shots, says a government official in the Andhra Pradesh Government.55

I.30 Non-Governmental Organizations (NGOs)

NGOs will fill up an important void in quality at the grass roots level which will help the poor not only to borrow but also to become good investments for banks. This will help boost business at rural branch level and cover up inadequacies and constraints that might hamper a banker with the conflicting demands of his workload. Many banks and FIs have recognized the role NGOs and have affected suitable policy initiatives.56

The policy interest in the whole concept of SHGs linkage with banks was institutionalized with the RBI establishing in 1994 a working group on NGOs and SHGs comprising representatives for NABARD, bankers and development practitioners. Many NGOs felt that combining financial intermediation with their core competency activity of social intermediation is not the right path. It was felt that a

financial institution including a company set up for this purpose better does banking function.\textsuperscript{57}

NGOs terminology itself is not yet well established since NGOs typology is unmodified. They operate under different ideology and nomenclature.\textsuperscript{58} NGOs defined by only what they are, which suggest that they can be what ever they need to be for a particular purpose, has attributed three major functions to NGOs: provisionary of services and assistance, creation of self–help capabilities, advocacy / education.\textsuperscript{59} NGOs are classified into three categories people’s organization, public service contractors and NGOs.\textsuperscript{60} World Bank on their hand has tried to codify the typology of NGOs as philanthropic and self help organizations are classified into welfare NGOs, development NGOs, donor NGOs and local NGOs. Amongst the NGOs in India majority are individual development enterprises, trusts, co-operatives, voluntary organizations and mahila sangams.

NGOs were not only classified on the basis of typology but were distinguished by size too. In the Indian context, small organizations are pre dominant. They work in a few villages within a block of a district or a few slums in one part of the city. There are small medium sized, third big and large sized organizations too. Medium sized NGOs cover a block and work with a staff of 2-10 members and project grants unto 1 lakh. Third big and large sized organizations are relatively larger and work with 25-50 and even 100 member’s staff.

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{60}Op. Cit., Hema Bansal, Pp. 13-14.
\end{itemize}
\end{footnotesize}
NGOs have been working in partnership with donors and government for some time now. These partnerships have different facets of linkages. NGOs and government organizations have worked in friendly coexistence with freedom and little or no interference and maximum support from the government. NGOs work for behavioral and attitudinal change amongst people to support implementation of government programmers of health, education, technology development and women’s programmes. NGOs also sometimes act as partners in implementation of Government programs.

Partnerships however, between banks and NGOs are still at a premature. It all began when NABARD motivated by experiences of other countries and India, decided to adopt the SHG approach of lending through NGOS. In order to avail financial assistance, NGOs had to fulfill certain criteria’s like good track record of consistent work, maintenance and audition of the books of accounts for at least three years, capability of handling weak and poor and saving groups with a saving bank account in banks.  

NGOs provide the leadership and management necessary in forming and organizing group activities in most cases. They also act as the crucial link between these groups and the formal banking system. NGOs have a crucial role in group formation, nurturing SHGs in the pre-micro enterprise stage, capacity building and enhancing credit absorption capacities. Group based forms of lending (e.g. solidarity groups, village banking) originated mainly for the benefit of the lender as solutions to two problems faced by micro credit organizations: (i) the problem of lack of

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62 Op. Cit, Bidhuddul Padhi, P.4836
collateral, and (ii) the problem of high transaction costs involved in loan appraisal, monitoring and enforcement.

Small business (and dynamic micro–enterprises) needs to develop skills. NGOs can assist by creating institution to train and teach, or work with existing institutions to make what they teach more relevant to the clients. NGOs with good community organizing skills can work to get business to poor resources within a sub-sector to develop new products designs, or new techniques for production that maximize local resources. 63

NGOs can play a special role in the promotion of sound micro financial institutions. They can disseminate information and organize exposure training programs such as the one provided by the Grameen Bank in Bangladesh. Through training, they can assist small institutions to improve their viability and upgrade their legal status, as required. They can also initiate financial operations which, in many countries, preclude deposit collection. But if they are seriously interested financial operations, they should register as a rural or commercial bank, finance company or savings and credit cooperative. Among those that have successfully embarked on this road are, to name but a few, Bancosol in Bolivia, Bank Purba Danarta and numerous other NGO banks in Indonesia, and CARD Rural Bank in the Philippines. 64

Some NGOs like MYRADA are promoting community resources centers which provide the group maintenance services such as book keeping, auditing, training and linkages with government programmes. The emerging need is for service providers for the group’s maintenance functions. NGOs are keen to promote community-based organizations such as community resources centers and federations.

However, looking to the vast number of SHGs and the critically of some of these functions, more services providers are needed. These intermediate organizations are set to become increasingly critical in enhancing the sustainability of SHGs. Some NGOs are providing financial services to the poor but their outreach is not large and their approach in savings-based.\textsuperscript{65}

I.31 District Rural Development Agencies (DRDAs)

A district level agency charged with direct responsibility for the implementation of Self Help Groups.

31.1 Role of DRDA

- Organization of SHGs and their capacity building.
- Identifying infrastructure gaps and drawing up proposals for infrastructure development in consultation with the line departments and banks.
- Coordination with banks for credit linkage of SHGs.
- Ensuring timely arrangements for conducting exercise of SHGs with the involvement of banks so that good performing SHGs can be linked with banks.
- Helping the banks in selection of SHGs.
- Identification of suitable NGOs and banks branches to work as Self Help Promoting Institutions (SHPIs) and provide the necessary financial support to them.
- Organizing training programmes and other interventions to nurture the weak SHGs into viable groups.

Making arrangements for training of SHGs with respect to minimum skill requirements as well as basic orientation programmes for the SHGs for whom the loan cum subsidy is sanctioned.

Providing marketing support to SHGs by way organizing melas, exhibitions, conducting market research and intelligence, establishing sales depots, arranging marketing tie-up with agencies such as KVIC / KVIB, handicraft and handloom development corporations.

Post disbursement follow-up with SHGs and providing them necessary guidance in various mattering concerning micro-enterprises.

DRDA, the funds can be spent for training and capacity building including basic orientation, skill development, entrepreneurship development, revolving funds, infrastructure and subsidy for economic activities etc.66

I.32 Line departments

The role expected to be performed by line departments is as under:

- To treat promotion of self employment in their sector as a shared responsibility with DRDA, Panchayat Raj Institutions and Banks.
- To collaborate with DRDA in identification of activity clusters, selection of key activities and preparation of project report.
- To ensure that all facilities including technical guidance are provided to the swarozgaris once the bank loan is sanctioned to the swarozgaris.
- To find out whether the SHGs have the necessary skill required and if not, should take steps to train them. The departments are expected to assist the DRDAs in identification of suitable training institutions and also bake sure

that the quality of training is satisfactory and meets the requirements of the SHGs.

- Line departments are responsible for planning and creation of infrastructure required making the key activities successful.
- To monitor the progress of SHGs and assess if they are deriving expected level of income from the investment.
- To treat promotion of self employment opportunities as an integral part of their day to day functioning.

32.1 Interventions by line departments

An illustrative framework of interventions by various line departments for development of SHGs is indicated in the table below:\(^{67}\)

<table>
<thead>
<tr>
<th>Line Department</th>
<th>Connected Activities</th>
<th>Services that can be provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Crop production, plant protection</td>
<td>Technology transfer input supply—seed, fertilizer, plant protection, chemicals, etc supply of farm equipment training on farm management practices</td>
</tr>
<tr>
<td>Animal Husbandry</td>
<td>Dairy production poultry, production goat, sheep, etc</td>
<td>Certification for insurance artificial insemination veterinary services training in scientific management practices help in creation of market infrastructure in collaboration with dairies</td>
</tr>
<tr>
<td>Sericulture</td>
<td>Production of cocoons, production of silk</td>
<td>Supply of mulberry plant material and silk worn grainage technology transfer training and exposure visits</td>
</tr>
<tr>
<td>Horticulture</td>
<td>Fruit production, vegetable production, floriculture</td>
<td>Technology transfer plant protection supply of new varieties of seeds extension services for drip and sprinkler irrigation training in scientific farm management practices post harvest operations</td>
</tr>
<tr>
<td>District Industries Centers (DIC)</td>
<td>Promotion of small industrial activities</td>
<td>Potential surveys organizing entrepreneurship development programmes training for technology upgradation and quality control market surveys and intelligence for identifying market avenues</td>
</tr>
</tbody>
</table>

1.33 SHG federations

Government promoters through four ways: Government departments, poverty reduction programmes, special government projects, and municipalities.

1.33.1 Government departments include:

33.1. a Panchayat Raj & Rural Development (P&RD)

The major promoter in West Bengal and Madhya Pradesh works through NGOs for extension and training. P&RD stated that would form federations based on activity and location and on the need and pace of the movement.

33.1. b Women & Child Development Department (WCD)

Women & Child Development Department is the next major player in the formation of SHGs and their federations are in Orissa, Tamil Nadu, Karnataka, and Bihar. WCD promotes SHGs and federations through large, externally funded government projects such as Swashakti and Swayamsiddha. The project vision is to create and support effective and resilient institutions. The project will go on to facilitate access to microfinance services to SHGs, promote improved livelihood demand-based opportunities, and provide access to functional education, support the creation of labour saving infrastructure, and facilitate women’s participation in local governance.

33.1. c Women Development Corporation (WDC)

WDC is supported by the Central Government of India to empower women in financial and social issues. It is registered under Indian Societies Act, 1860. The Central Government initiated four programmes (Swalamban, Chief Minister Nari Shakshthi Yojana (CMNSY), Swayamsidha and Swashakthi Yojana), which are mentored by the WDC.
33.1. d Tamil Nadu Corporation for Development of Women (TNCDW)

TNCDW has been making a considerable attempt in organizing women into Self-Help Groups since 1989. The programme initially called the International Fund for Agriculture Development (IFAD) project and later Mahalir Thittam was extended to the entire state by the year 2002 through a network of NGOs. In 1996, before IFAD programme ended it was felt that these groups should be organized into Cluster Level Federations (CLFs) for strength and sustainability.

33.1.e Mahila Arthik Vikas Mandal (MAVIM)

MAVIM was founded in 1975 to encourage women to be financially independent and self-reliant. A number of activities and programmes were organized in the last 25 years to achieve this aim by introducing many commercial schemes. In 2001 MAVIM decided to cease its trading activity, but concentrate only on women empowerment programmes based on SHGs. In April 2002, MAVIM established its offices in all the districts of the state and expanded its work of women’s empowerment by starting SHGs through various national and state level programmes in all district of the state.

33.1. f Mission Shakti

Mission Shakti was launched in 2001 in Orissa by the state government with the objective of empowering women through formation and promotion of 1,00,000 self help groups by 2005. The objective has been enlarged and extended to cover 2,00,000 SHGs by 2008. This is related to department of women & child development. Mission Shakti receives technical resources and assistance and faculty support from CARE-CASHE.
33.2 Poverty Reduction Programmes include:

33.2.a Indira Kranti Patham (IKP)

IKP was a South Asia Poverty Alleviation Project started in 1994 in Andhra Pradesh and was implemented in 20 mandals (Sub districts) spread across three districts. SHGs in each mandal are federated into a Mandal Samakhyas (MS), and are registered under the APMACS Act. This model has been scaled up under the World Bank funded Poverty Reduction Programme – Indira Kranti Patham (IKP) in Andhra Pradesh covering all the rural areas of the state.

33.2.b Vazhndhu Kaatuvom

A new project, conceived by the Government of Tamil Nadu and funded by the World Bank, is being implemented. The major focus is on the poor with special focus on the ultra-poor through support for productive activities and investments, using the community –driven Development (CCD) approach.

33.3 Special Government Projects include:

33.3.a District Poverty Reduction Initiatives (DPIP)

A World Bank Project, is also a major promoter in Madhya Pradesh and in Rajasthan, However, the model is not an SHG model, but a Common Interest Group (CIG). Project activities are implemented through community and village organizations.

33.3.b Rural Livelihoods Project (RLP)

RLP is also supporting SHGs and SHG federations in Andhra Pradesh, Bihar and Madhya Pradesh. The project is intended to build livelihood opportunities and market linkages for the poor. In Andhra Pradesh the project works with SHGs and federations at the village level under various programs and extends support for undertaking activities.
33.3. Municipalities and other Agencies include:

Urban municipalities have recently started forming SHG federations. Few states like Andhra Pradesh, Tamil Nadu, West Bengal and Madhya Pradesh started forming SHGs. Andhra Pradesh has gone further ahead and promoted slum level and town level SHG federations.  

I.34 Impact on SHG Movement

Various organizations evaluated SHGs. NGOs, universities, National Bank for Agricultural and Rural Development (NABARD) and ORG-Marg. Some of the salient features are:

- 98 per cent of the members make savings regularly as the norms prescribed by the groups.
- All the groups meet at least once in a month to discuss various social issues related to their day to day life.
- 98 per cent of eligible members adopt small family norms.
- 100 per cent children of SHG members are able to access immunization services against the 6 diseases.
- 30 per cent of the members have access to safe cooking fuel (LPG) under the government promoted scheme popularly known as “DEEPAM”.
- 80 per cent of the total SHGs have accessed financial assistance from banks and repayment is 98 per cent.
- 10,000 SHG members were elected to the local bodies (3 term Panchayat Raj Institutions) in 1997 November elections.
- Members are engaged in 450 varieties of income generating activities.

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• Additional family income to member range from ₹ 1000-3000 per annum depending on the income generating activities.

• Increase in self confidence and self esteem.

• Increase in awareness levels about the society and community. Voluntary participation in community activities like laying roads, planting trees conserving environment, construction of water harvesting structures, donations to the victims of natural calamities helping to reduce crime against girls and women, campaign against eradication of social evils like dowry, child marriages, untouchability, AIDS, rescue and rehabilitation of orphaned children, counseling adolescent girls, support to widows and destitute are a few to mention.

SHG members learning from the past experiences are walking through the present are marching ahead for a bright future.69

1.35 Focus of the study

Women empowerment and women entrepreneurship are the catching words of the present socio-economic pursuits in the political and economic environment running on the axis of women welfare. As women have been emerging as a vital force in third world countries like India an increasing emphasis could be on micro-credit through Grameen Banks and other banking entities for the upliftment of rural poor as women stands as a popular phenomenon in Asia. In this regard, since 1992 in India the Self Help Groups movement took its roots and progressed to the sky in its growth and popularity since 1997. The provision of micro-credit through the SHG bank linkage programme had been emphasized by NABARD in India. The SHG with

women as members established their unparalleled outreach to the rural poor in India and they showed positive impact in building self-confidence, socio-economic development, micro-enterprising and economic-empowerment of women. During the past decade a number of studies were conducted covering a number of micro finance institutions and Grameen Bank in other countries. In the Indian context, however, there is no comprehensive study dealing with the impact of Self-Help Groups programme on a large scale. The present study is therefore conducted to evaluate the role, impact and status of Self-Help Groups in promotion of entrepreneurship among women. Besides, the challenges, dimensions and environment of women as entrepreneurs through SHG platform have been analysed through the study.

1.36 Need for the study

Although several studies have been done on the SHG movement, the present study examines a different dimension of the SHG as a tool to entrepreneurship development among women. Millions of SHGs with large saving potential spread over the length and breadth of the country have so far accumulated savings to the extent of ₹800 crore. These resources would lie untapped and underutilized due to lack of direction and utilization. The provision of micro credit would be a step in the right direction towards this goal. Synergisation of the vast women power into income generating activities in micro enterprises through provision of micro credit, result in effective channelisation of their vast potential. The SHG movement would definitely prove to be a spark to spread the fire of empowerment of women through development of concept of group entrepreneurship. This study examines how in a short time frame the magic of group synergy can ensure sustainability in the growth of micro enterprise.
The study focuses on how the SHG as a movement has transformed the lives of many poor women especially at the grass root level in India by developing them into confident, empowered women capable of handling business ventures. The SHGs have proved that these women are bankable based on their honesty and integrity. With the initial thrift and credit they are slowly coming out of form getting loans for consumption purpose to income generating purpose. To ensure the smooth flow of earnings, the sustainability of income generating activity is of paramount importance. The initial support would kindle in them, the spirit to engross them into entrepreneurial activity at the micro level derived from the basic potential skills. The study emphasizes the need for withdrawing the support after a certain time frame to make them independent and self reliant for marching towards sustained growth. These women should take up income generating activities for the continuous flow of earnings through a sustainable business venture.

The findings of the study are significant to make the necessary changes in implementation of the various schemes and identify the specific needs of the poor women. The government’s efforts in entrepreneurship development is commendable in successfully achieving the targets in the number of SHGs and the loan amount delivered etc., Now more efforts have to be taken in the utilization of indigenous knowledge with local talents. Efforts are to be taken to strengthen the existing women micro enterprises by concentrating on the training programme and skill formulation depending on their requirement and local conditions. This effort will bear fruit only when women come forward to use these opportunities provided by various institutions. When they come out with their requirements, these organizations would have a major role to play.
I. 37 HYPOTHESES OF THE STUDY
The following hypotheses have been designed for the study:
1. the motivational factors and driving forces for successful Self Help Group women entrepreneurs are not adequate;
2. the group entrepreneurship development among Self Help Group women entrepreneurs is not forth coming up to the expectations; and
3. the support service requirements of the Self Help Group women entrepreneurs are not sufficient.

I. 38 OBJECTIVES OF THE STUDY
The overall objective of the study is to assess the effectiveness of Self Help Groups as a tool to develop entrepreneurship among women.

The specific objectives are as follows:
1. to study the socio economic profile of the SHG women as entrepreneurs in the study district;
2. to identify the motives for starting an enterprise and the key success factors of the entrepreneurial activity;
3. to empirically identify the group entrepreneurship development among Self Help Groups;
4. to find out the support service requirements of the Self Help Groups and the constraints in getting them; and
5. to forward such suggestions that deem fit to reinvigorate the spirit of entrepreneurship among women Self Help Groups in Guntur district.

I. 39 METHODOLOGY
The present study is a pioneering attempt to study of the effectiveness of Self Help Groups as a tool to develop entrepreneurship among women through an exploratory research. A structured interview schedule is used to elicit the profile and
perceptions of the Self Help Groups entrepreneurs, their competencies for the survival of the group and various support service requirements. This is an analytical study on the Self Help Groups as a tool to develop entrepreneurship among women.

I.39.1 Nature of the study

The study is about poor women belonging to the unorganized sector who are by becoming members of SHGs, have tried to improve their economic status by emerging as entrepreneurs. The study examines how the SHGs have been instrumental in developing entrepreneurship in women. The methodology adopted in this study is both descriptive and analytical.

I.39.2 Scope of the study

Guntur district of Andhra Pradesh state is purposively selected for the present study. Moreover, Guntur district has been on par with the other leading districts of the state, so far as the coverage of Self Help Groups assistance is concerned. Guntur district has three revenue divisions’ viz., Tenali (forward revenue division), Guntur (moderate revenue division) and Narasaraopet (backward revenue division). No study of this sort has been conducted so far in the district. The study is about the informal sector where the women members of the SHGs who initially worked as thrift group and are now able to run an enterprise on their own individually or as a group. An enterprise could also be run by all of them. In this study the entrepreneurial activity undertaken by more than one member of the same group, is termed as Group Entrepreneurship.
I.39.3 Operational definition and target group

The operational definition of the Self Help Groups would be of the Women Self Help Groups who are more than three years old and all the members are women who are into some income generating entrepreneurial activities.

I.39.4 Source of the data

The following tools used for the collecting primary as well as secondary information on the development scenario of the SHGs women entrepreneurs. This study requires both primary and secondary data. The primary data have been collected through structured interview schedule, campaigned and responded by the SHGs women entrepreneurs who form the main source. The secondary data has been collected from various published sources like DRDA Guntur, MDO offices in selected study mandals and journals like Kurukshetra, Yojana, Kisan World, Social Welfare and Indian Journal of Rural Development, ICFAI Journal of Management, ICFAI Journal of Entrepreneurship, Indian Journal of Commerce, Business Line and Indian Journal of Agriculture Economics. In addition, detailed the annual progress of SHGs in Guntur district for five year period chosen, formed a major source for secondary data. Besides, the general information pertaining to the survey reports, Reserve Bank of India Bulletin, economic survey, Government of Andhra Pradesh, annual reports of NABARD, and daily news papers like The Hindu, The Economic Times, Business Line and Business Standard, etc.

The secondary data is also collected by visiting the library of Andhra University, Visakhapatnam. In addition to these, secondary data have drawn by unloading the website of planning commission, RBI, NIRD, NABARD, World Bank, Census Reports etc. besides, the views of government authorities, experts, academicians, SHGs women entrepreneurs etc., have also been taken into consideration.
I.39.5 Selection of the focus revenue divisions

As stated above, Guntur district of Andhra Pradesh state is purposively selected for the present study. The district has three revenue divisions (RDs) namely, Tenali (forward revenue division), Guntur (moderate revenue division) and Narasaraopet (backward revenue division). Out of three revenue divisions two divisions such as forward revenue division (Tenali) and backward revenue division (Narasaraopet) have been selected.

I.39.6 Sample size of the study

The sample size is 240 groups of maximum of 10-15 members each. The study purposively selected the sample respondents as one respondent from each group. The geographical area covered is Guntur district of Andhra Pradesh. Guntur district have three revenue divisions (RDs) namely Tenali (forward revenue division), Guntur (moderate revenue division) and Narasaraopet (backward revenue division). Out of three revenue divisions two divisions such as forward revenue division of Tenali and backward revenue division of Narasaraopet have been selected based on the edge of SHGs in respective divisions. The sample was collected from Self Help Groups who fall under the purview of the operational definition of the present study. This study explains the motivational factors that are possessed by the Self Help Group members to be successful individually and for the success of ‘group entrepreneurship’ among women.

I.39.7 Sample design

The study has used convenience sampling method. Even though SHGs have been trying to promote entrepreneurship development throughout India, the state of Andhra Pradesh has been chosen as the main area of study, as the researcher is a native of the state. Tenali revenue division has been chosen to represent the forward
revenue division of Guntur district and Narasaraopet which is adjacent to Tenali has
been chosen to represent the backward revenue division of Guntur district. Tenali
revenue division was divided into 17 mandals and Narasaraopet revenue division into
20 mandals. Sample mandals have been selected based on the edge of SHGs in
respective divisions. 240 groups were selected which have been started the income
generating entrepreneurial activities during the period of 2007-2008. Based on the
primary information provided by the DRDA 120 SHGs from backward revenue
division and another 120 SHGs from forward revenue division area were chosen for
the study accounting for more than 1 per cent of the total. The study purposively
selected the sample respondents as one respondent from each group. So, the total
sample size is 240 respondents from 240 groups from two revenue divisions.

1.39.8 Pilot study

A pilot study was conducted on 20 groups. [Forward revenue division (10) and
backward revenue division (10)]. Based on the field experience gained from the pilot
study, necessary modifications were carried out in the interview schedule. This helped
the researcher to make necessary improvements in the final interview schedule.

1.39.9 Period of the study

The primary data have been collected from the SHG women entrepreneurs
during the period of 2009-2010. The time period has been chosen because the
effectiveness of the groups can be understood only if the groups are in existence at
least for three years. The primary data was collected by using a structured interview
schedule which was administered personally by the researcher.

1.39.10 Limitations of the study

This study is both secondary data based and also empirical in nature. It is for
this reason; data are pooled both from the recorded sources and views impression of
the SHGs women entrepreneurs. Studies of this nature shall be reasonable and justifiable mostly when the inferences or observations are cross checked with the proper counterparts. Keeping such established causes of research in view of the following limitations.

1. The study covers the Guntur district and only the Self Help Groups that fall under the purview of the two selected revenue divisions;
2. The study has not covered all the Self Help Groups in general but just those only for women SHGs with entrepreneurial activity;
3. The study has elicited only the opinions of the Self Help Groups entrepreneurs; and
4. The focus is only on entrepreneurial development of the Self Help Groups and the period of study is 2007-2008.

I.39.11 Tools of analysis

For the purpose of analysis and to facilitate interpretation statistical tools like percentages, chi-square test, Z-test, ANOVA, Paired T-test and Spearman's rank correlation coefficient test are used for testing hypothesis on SPSS for Windows Version 10.0. The formulae used for calculation of different statistical tools and measures are shown below.

Chi-square test

The test is applied when you have two categorical variables from a single population. It is used to determine whether there is a significant association between the two variables.

This approach consists of four steps: (1) state the hypotheses, (2) formulate an analysis plan, (3) analyze sample data, and (4) interpret results.
**State the hypotheses**

Suppose that Variable A has \( r \) levels, and Variable B has \( c \) levels. The null hypothesis states that knowing the level of Variable A does not help you predict the level of Variable B. That is, the variables are independent.

\[ H_0: \text{Variable A and Variable B are independent.} \]

\[ H_a: \text{Variable A and Variable B are not independent.} \]

The alternative hypothesis is that knowing the level of Variable A can help you predict the level of Variable B.

**Note:** Support for the alternative hypothesis suggests that the variables are related; but the relationship is not necessarily causal, in the sense that one variable "causes" the other.

**Formulate an analysis plan**

The analysis plan describes how to use sample data to accept or reject the null hypothesis. The plan should specify the following elements.

- Significance level. Often, researchers choose significance levels equal to 0.01, 0.05, or 0.10; but any value between 0 and 1 can be used.
- Test method. Use the chi-square test for independence to determine whether there is a significant relationship between two categorical variables.

**Analyze sample data**

Using sample data, find the degrees of freedom, expected frequencies, test statistic, and the P-value associated with the test statistic. The approach described in this section is illustrated in the sample problem at the end of this lesson.

- Degrees of freedom. The degrees of freedom (DF) is equal to:
  \[ DF = (r - 1) * (c - 1) \]
  where \( r \) is the number of levels for one categorical variable, and \( c \) is the number of levels for the other categorical variable.
• Expected frequencies. The expected frequency counts are computed separately for each level of one categorical variable at each level of the other categorical variable. Compute \( r \times c \) expected frequencies, according to the following formula.

\[
E_{r,c} = \frac{(n_r \times n_c)}{n}
\]

where \( E_{r,c} \) is the expected frequency count for level \( r \) of Variable A and level \( c \) of Variable B, \( n_r \) is the total number of sample observations at level \( r \) of Variable A, \( n_c \) is the total number of sample observations at level \( c \) of Variable B, and \( n \) is the total sample size.

• Test statistic. The test statistic is a chi-square random variable (\( X^2 \)) defined by the following equation.

\[
X^2 = \sum \left[ \frac{(O_{r,c} - E_{r,c})^2}{E_{r,c}} \right]
\]

where \( O_{r,c} \) is the observed frequency count at level \( r \) of Variable A and level \( c \) of Variable B, and \( E_{r,c} \) is the expected frequency count at level \( r \) of Variable A and level \( c \) of Variable B.

• P-value. The P-value is the probability of observing a sample statistic as extreme as the test statistic. Since the test statistic is a chi-square, use the Chi-Square Distribution Calculator to assess the probability associated with the test statistic. Use the degrees of freedom computed above.

**Comparing two independent means (Z-test)**

With Homogeneity of Variance \( \sigma_1^2 = \sigma_2^2 \)

Used to compare two sample means. The independent variable is nominal level data and the dependent variable is interval/ratio level.

**Assumptions**

Random sampling, independent samples, interval / ratio level data and organize data

**State Hypotheses**
Ho: There is no statistically significant difference between the means. $\mu_1 = \mu_2$

Ha: There is a statistically significant difference between the means. $\mu_1 \neq \mu_2$

Determine the degrees of freedom (DF) = (n1+n2)-2  \[ \text{DF} = 38+30-2 = 66 \]

Determine level of confidence -- alpha (1 or 2-tailed test)

Use the Z-distribution table to determine the critical value

**Compute test statistic**

**Standard error**

\[ s_{\bar{x}_1-\bar{x}_2} = \sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}} \]

**Test statistic**

\[ \theta = \frac{\bar{x}_1 - \bar{x}_2}{s_{\bar{x}_1-\bar{x}_2}} \]

**Decide results**

If the p-value is less than 0.05, the levels of significance then we conclude that there is a statistically significant difference between the means otherwise we conclude that there is no statistically significant difference between the means.

**ANOVA**

One factor analysis of variance (Snedecor and Cochran, 1989) is a special case of analysis of variance (ANOVA), for one factor of interest, and a generalization of the two-sample \( t \)-test. The two-sample \( t \)-test is used to decide whether two groups (levels) of a factor have the same mean. One-way analysis of variance generalizes this to levels where \( k \), the number of levels, is greater than or equal to 2.

For example, data collected on, say, five instruments have one factor (instruments) at five levels. The ANOVA tests whether instruments have a significant effect on the results.

The model for the analysis of variance can be stated in two mathematically equivalent ways. In the following discussion, each level of each factor is called a cell.

For the one-way case, a cell and a level are equivalent since there is only one factor.

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In the following, the subscript $i$ refer to the level and the subscript $j$ refers to the observation within a level. For example, $Y_{23}$ refers to the third observation in the second level.

**The first model is**

$$Y_{ij} = \mu_i + E_{ij}$$

This model decomposes the response into a mean for each cell and an error term. The analysis of variance provides estimates for each cell mean. These estimated cell means are the predicted values of the model and the differences between the response variable and the estimated cell means are the residuals. That is

$$\hat{Y}_{ij} = \mu_i$$

$$R_{ij} = Y_{ij} - \mu_i$$

**The second model is**

$$Y_{ij} = \mu + \alpha_i + E_{ij}$$

This model decomposes the response into an overall (grand) mean, the effect of the $i$th factor level, and an error term. The analysis of variance provides estimates of the grand mean and the effect of the $i$th factor level. The predicted values and the residuals of the model are:

$$\hat{Y}_{ij} = \mu + \alpha_i$$

$$R_{ij} = Y_{ij} - \mu - \alpha_i$$

The distinction between these models is that the second model divides the cell mean into an overall mean and the effect of the $i$th factor level. This second model makes the factor effect more explicit, so we will emphasize this approach.

Note that the ANOVA model assumes that the error term, $E_{ij}$, should follow the assumptions for a univariate measurement process. That is, after performing an analysis of variance, the model should be validated by analyzing the residuals.
Paired T-test

The paired t test provides a hypothesis test of the difference between population means for a pair of random samples whose differences are approximately normally distributed. Please note that a pair of samples, each of which are not from normal a distribution, often yields differences that are normally distributed.

The test statistic is calculated as:

$$t = \frac{\bar{d}}{s \sqrt{\frac{1}{n}}}$$

- where $\bar{d}$ is the mean difference, $s^2$ is the sample variance, $n$ is the sample size and $t$ is a Student t quantile with $n-1$ degrees of freedom.

Spearman's rank correlation coefficient

Spearman's rank correlation coefficient assesses how well the relationship between two variables can be described. A perfect Spearman correlation of +1 or −1 occurs when each of the variables is a perfect monotone function of the other.

The Spearman correlation coefficient is defined as the Pearson correlation coefficient between the ranked variables. For a sample of size $n$, the $n$ raw scores $X_i$, $Y_i$ are converted to ranks $x_i$, $y_i$, and $\rho$ is computed from the below definition:

$$\rho = \frac{\sum_i (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_i (x_i - \bar{x})^2 \sum_i (y_i - \bar{y})^2}}$$

1.39.12 Chapter frame

Chapter one focuses on women entrepreneurship, concept of Self Help Groups (SHGs), hypotheses and objectives of the study, methodology, and present chapter frame.
Chapter two christened as review of literature provides an insight into the contribution to the literature over a period of time. This covers the books, reports, dissertations, articles and their reviews.

Chapter three titled as Self Help Groups (SHGs) women entrepreneurs - A Socio Economic profile is designed to present socio economic environment of the women entrepreneurs in SHGs. This helps to understand the demographic characteristics and the related aspects of lives of women members in SHG groups that throw light and influence on the entrepreneurs’ abilities.

Chapter four is a canvas that presents the profile of SHG women run enterprises. In this chapter various features, the motives for starting enterprises, the location, income levels, success factors, role and behavior profile of the members etc., are analyzed.

Chapter five is devoted to group entrepreneurship among women in SHGs. SHGs are entities formed for the furtherance of income levels and empowerment. Group entrepreneurship is an essential prerequisite for the realization of objectives of SHG movement. With this in the backdrop, the present chapter provides an insight into various aspects regarding the group entrepreneurship among women in SHGs.

Chapter six is institutional support and service requirement for SHG women entrepreneurs. This chapter analytically presents the sine qua non for entrepreneurship development among SHG women based on the reflections of the respondents.

The last chapter seven of the thesis presents the summary and conclusions in addition to the suggestions for policy prescription.