iJRASET
International Journal For Research in Applied Science and Engineering Technology



INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 13 **Issue:** III **Month of publication:** March 2025

DOI: https://doi.org/10.22214/ijraset.2025.67836

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 13 Issue III Mar 2025- Available at www.ijraset.com

Trends and Challenges Faced by Self Help Groups in Business

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Abstract: ***The Self Help Group (SHG) is an homogeneous voluntary association of poor who come together with a common interest to improve their social economic conditions. SHGs play a vital role in entrepreneurship and economic empowerment and provide access to finance, skill development and support network for small business ventures. The paper makes deep and sincere study of basic challenges faced by SHGs in entrepreneurship. Trends are the innovations and developments in SHGs that affect the business environment. The challenges faced by SHGs in business, mainly includes access to finance, market access, capacity building, government regulations, and social stigma. The trends can revolutionize operations, create new markets and also transform customer experiences. Critical evaluation of the existing governmental and non-governmental efforts indicate that training and technical assistance offered are not geared to suit the individual needs. Addressing these challenges while capitalizing on emerging trends can empower SHGs to thrive in the business.***
Keywords: SHGs, Trends, Business Ventures, Entrepreneurship.

I. INTRODUCTION

Business is a creative and dynamic process, whereby, a new enterprise is created whereas businessman is a catalytic agent of innovation, which generates employment opportunities for others. The Surfacing of business in a society depends to a great extent on the economic, social, religious, cultural and psychological factors prevailing in the society. SHGs are community-based organizations formed by individuals, often Women, from similar socio-economic backgrounds. These groups come together to address common challenges, promote financial inclusion, and improve livelihoods. SHGs emphasize mutual support, collective, decision making and skill development to empower members, particularly women, through access to savings, credit and social welfare initiatives. SHGs is a good example of capacity building for prospective businesses. Its aims include enabling members with no educational, industrial business background to become self-dependent and self-reliant. SHGs are presently promoted and trained by governments, development banks and voluntary agencies with focus on social and economic issues, mainly thrift and credit programs.

On the other hand, Businesses operate within a commercial framework, aiming to generate profits by providing goods or services to consumers. Business vary in size and scope ranging from small enterprise to multinational corporations, and operate across diverse factors and industries. They contribute to economic growth, job creation, and innovation, often leveraging technology, market trends and strategic partnerships to achieve their objectives. Despite the differences, SHGs and businesses intersect in various ways. Business can collaborate with SHGs providing market opportunities, training, or financial support for income-generating activities. Similarly, SHGs can serve as potential customers, suppliers, or partners for businesses, particularly in sector such as agriculture, handicrafts or micro-finance. Overall, both SHGs and businesses contribute to socio-economic development and empowerment, albeit through distinct approaches. By recognizing their complementary roles and exploring opportunities for collaboration, SHGs and business can create shared value, promote inclusive growth, and foster positive change in communities.

II. REVIEW OF LITERATURE

1) R Vishnuvarthini, AM Ayyothi(2016) " The role of SHG in woman empowerment - A critical review" . The study finds that the SHG members gain equality of status, woman as participants and decision makers in democratic, economic, and social spheres of life. Woman employed in the SHGs got better access to skills, health, care, living standard, social economic development and independent decision making. This review article gives a complete picture of the success of SHG towards women empowerment. This article also throws some of the measures to be taken for the effective implementation of SHG.

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2) Narasimha B.C, Anand P., Ravish K.S, Navya S.S , Ranganath T.S(2016) " Role of self help groups in woman, empowerment and health" . The provided study intends to explain the perception of women in their empowerment and health.As empowerment of women leads to upliftment in their skills, knowledge, openness, rationality and education which will provide a platform to increase women's health and health related issues. The cross-sectional study was conducted in 2016 in urban field practice area of Bangalore medical College, the study intends to explore the extent to which self-help groups are involved in health.
3) D.ArulParamanandam, P Packirisamy(2015)"An empirical study on the impact of micro enterprises on women empowerment". The paper studies the role of woman in entrepreneurship and empowerment skills. The woman empowerment is the key for acceleration of the economic development and growth.In SHGs entrepreneurial skills lead to establishment of micro enterprises, which helps in creation of jobs, increase in income, strengthening purchasing power, uplifting standard of living. Hence empowerment and entrepreneurship are two important tools of self help groups.
4) Ch Jyothi, Ch Ravindra Nath(2015)"Women Empowerment through Self Help Groups "The paper studies the role of NGOs, NABARD and other programmes in the upliftment of self-help groups. SHGs are linked with banks to grab the facility of micro finance. SHGs are definitely complimentary to the governments role in the area of empowerment of women. The study is based on trends, challenges and innovation in the management of self help groups.
5) C Brody , T De Hoop , M Vojtkova(2015) "Economic Self Help Groups programs for improving women's empowerment : a systematic review ". Economic self help groups have positive impact on woman's economic and political empowerment, as well as social empowerment - such as woman's family size decision making power and social mobility. The papers review focuses on the impacts of SHGs with a broad range of collective finance enterprise, and livelihood component's on women's political, economical, social and psychological empowerment. The main objective of this review was to examine the impact of woman's economic SHGs on woman's individual level empowerment in low and medium income countries using evidence from rigorous quantitative evaluations. The review examines data generated through both quantitative and qualitative methods.

III. STATEMENT OF THE STUDY

The researcher is discussing about the trends and challenges which are faced by Self Help Groups (SHGs) while starting and running a business or an enterprise.

IV. OBJECTIVES

1) To discover the factors which encourage SHGs to start a business.
2) To find out the various trends and challenges faced by Self help groups in business.

V. HYPOTHESIS OF THE STUDY

Hypothesis are the presumptions, assumptions, supposition and the statement which are to be tested in the light of the objectives. The hypothesis are mainly classified into null and alternative hypothesis. Null hypothesis is the negligence of the statement and alternative hypothesis is the opposite of null hypothesis. The following is the testable statement of the research.
Ho - There is no significant relationship between self help groups and business.
H1 - There is significant relationship between self help groups and business.

Self Help Groups (SHGs) Creation :-
NABARD has developed a manual with the following stages that has to be followed for the creation of
SHGs.

1) Social mobilization in formation of groups. Link people with mutual affinities (similar experience of poverty, living conditions, livelihood, caste, place of origin etc.). This process normally takes 5-6 months and once it is formed, it takes around one and half year to settle.
2) Internal lending and savings among the members of the groups (funds from the government and linkages with banks can increase the amount).
3) Obtaining micro finance.
4) Setting up of micro enterprises, which should be the objective of every group.

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VI. REASONS FOR SHGS TO START A BUSINESS

Self help groups may decide to start a business for several reasons.

1) Income generation : Starting a business allows SHG members to generate additional income beyond their primary sources, thereby improving their livelihood and financial stability.
2) Financial Independence : By running their own business, SHG members can become less reliant on external sources of income or support, gaining greater financial independence and self reliance.
3) Employment opportunities: Establishing a business can create employment opportunities for Shg members and others in the community, contributing to local economic development and poverty alleviation.
4) Utilisation of skills: Many shg members possess skills or talents in area, such as handicrafts, agriculture, or small skill manufacturing. Starting a business allows them to utilise and further develop this skills for economic gain.
5) Market access : Some SHGs may identify market demand for specific products or services within their community or beyond. Starting a business enables them to capitaliseon market opportunities and meet their wants .
6) Sustainability : By starting businesses , SHGs aims to create sustainable sources of income that can support their members and their families in the long term.
7) Social empowerment : Entrepreneurship foster a sense of autonomy and self reliance among SHG members, empowering them socially within their communities.
8) Overall, starting a business can serve as a strategic and sustainable approach for SHGs to achieve their goals of economic empowerment, poverty, reduction and community development. It allows them to leverage their collective strengths, resources and networks to create positive, economic and social impact for themselves and their communities.

VII. SELF HELP GROUPS (SHGS) FACE SEVERAL TRENDS AND CHALLENGES.

A. *Trends*

1) Digitalisation: Increasing adoption of digital platforms for financial transactions and communication within SHGs.
2) Inclusive Growth : SHGs are increasingly recognised as instruments for growth and poverty alleviation.
3) Diversification : Expansion beyond micro finance into livelihood promotion, skill development and entrepreneurship support.
4) Partnerships : Collaborations with government agencies, NGOs and private sector for capacity, building and resource mobilisation.
5) Gender Empowerment : Continued focus on women's empowerment through SHGs, promoting gender, equality and financial independence.
6) Micro finance Evolution : SHGs are diversifying beyond traditional micro finance activities into areas, such as livelihood promotion, skill development and entrepreneurship support , aligning with broader development goals.
7) Social Enterprise : Growing interest in social entrepreneurship and impact investing is creating opportunities for SHGs to engage in income generating activities with a social or environmental mission.
8) Skill Development : Increasing recognition of the importance of skills, development and capacity, building initiatives within SHGs to enhance membership capabilities and market competitiveness.
9) Climate Resilience : Growing awareness of climate change impacts is prompting Shg is to adopt climate-smart practises, such as sustainable agriculture techniques, renewable energy adoption, in natural resource management.
10) Peer Learning Networks : SHGs are increasingly forming networks and federations to share knowledge, resources and best practices, facilitating collective learning and advocacy at regional and national levels.

B. *Challenges*

1) Access to finance : Limited access to affordable credit and financial services, hindering economic activities and expansion.
2) Capacity Building : Lack of adequate training and skills development programs for SHG members to enhance their entrepreneurial capabilities.
3) Sustainability : Ensuring the long-term sustainability of SHGs beyond initial support, including managing group dynamics, end, leadership, succession.
4) Market Linkages : Difficulty in accessing markets and value chains for SHGs products, affecting income generation opportunities.
5) Policy Support : Inadequate policy support and regulatory framework for SHGs, hindering their growth and impact at scale.

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6) Social Norms and Gender Dynamics : Deep rooted social norms and gender dynamics may constrain the participation and decision-making power of woman within SHGs, limiting their ability to fully benefit from group activities.
7) Risk Management : SHGs often lack mechanisms for managing risks such as crop failure, natural disasters or health emergencies, which can threaten their financial stability and livelihoods.
8) Digital Divide : Limited access to technology and digital literacy among SHG members may hinder their ability to leverage digital platforms for financial transactions, market information and skill development.

Addressing these challenges requires a multi-faced approach involving government support, NGO, interventions, capacity building initiatives and partnership with the private sector to promote inclusive and sustainable development for SHGs.

VIII. TIPS TO OVERCOME CHALLENGES FACED BY SHGS

1) Capacity Building: Provide training and capacity-building programs to enhance the skills and knowledge of SHG members in areas such as financial management, entrepreneurship, and market analysis.
2) Access to Finance: Facilitate access to microfinance institutions, government schemes, and banking services to ensure SHGs have sufficient capital for business activities.
3) Market Linkages: Help SHGs establish linkages with markets, buyers, and suppliers to ensure a steady demand for their products or services.
4) Diversification: Encourage SHGs to diversify their income sources by exploring various business opportunities and sectors to mitigate risks and maximize returns.
5) Networking: Facilitate networking opportunities for SHGs to exchange experiences, ideas, and best practices with other groups, NGOs, government agencies, and businesses.
6) Regular Monitoring and Evaluation: Implement a system for monitoring and evaluating the performance of SHGs and their businesses to identify challenges early and take corrective actions.
7) Community Support: Foster community support and participation by involving local stakeholders, leaders, and government agencies in SHG activities and initiatives.
8) Adaptability: Encourage SHGs to adapt to changing market dynamics, consumer preferences, and economic conditions by being flexible and innovative in their business strategies.
9) Leadership Development: Invest in leadership development within SHGs to empower members to take on leadership roles, facilitate decision-making, and drive collective action.
10) Advocacy and Policy Support: Advocate for supportive policies and regulations that promote the growth and sustainability of SHGs, including access to resources, market opportunities, and legal protection.

By implementing these tips, SHGs can strengthen their resilience, enhance their impact, and overcome the challenges, they face ultimately contributing to the social economic development of their members and communities.

IX. CONCLUSION

SHGs have proven to be an effective mechanism for poverty alleviation and empowerment of the economy. SHGs through collective strength, has provided excess to finance, built livelihood opportunities, and fostered social inclusion. However, addressing the challenges SHGs are facing is crucial for their continued success. By focusing on Universal mobilization, capacity building, financial inclusion, diversified livelihoods, community support structures, and schematic convergence, the impact of SHGs can be further enhanced, leading to sustainable and inclusive development for the economically disadvantaged sections of the society. Overall, SHGs serve as grassroots mechanisms for poverty alleviation, social inclusion, and empowerment, leveraging the collective strength and resilience of their members to create positive change at the individual and community levels.

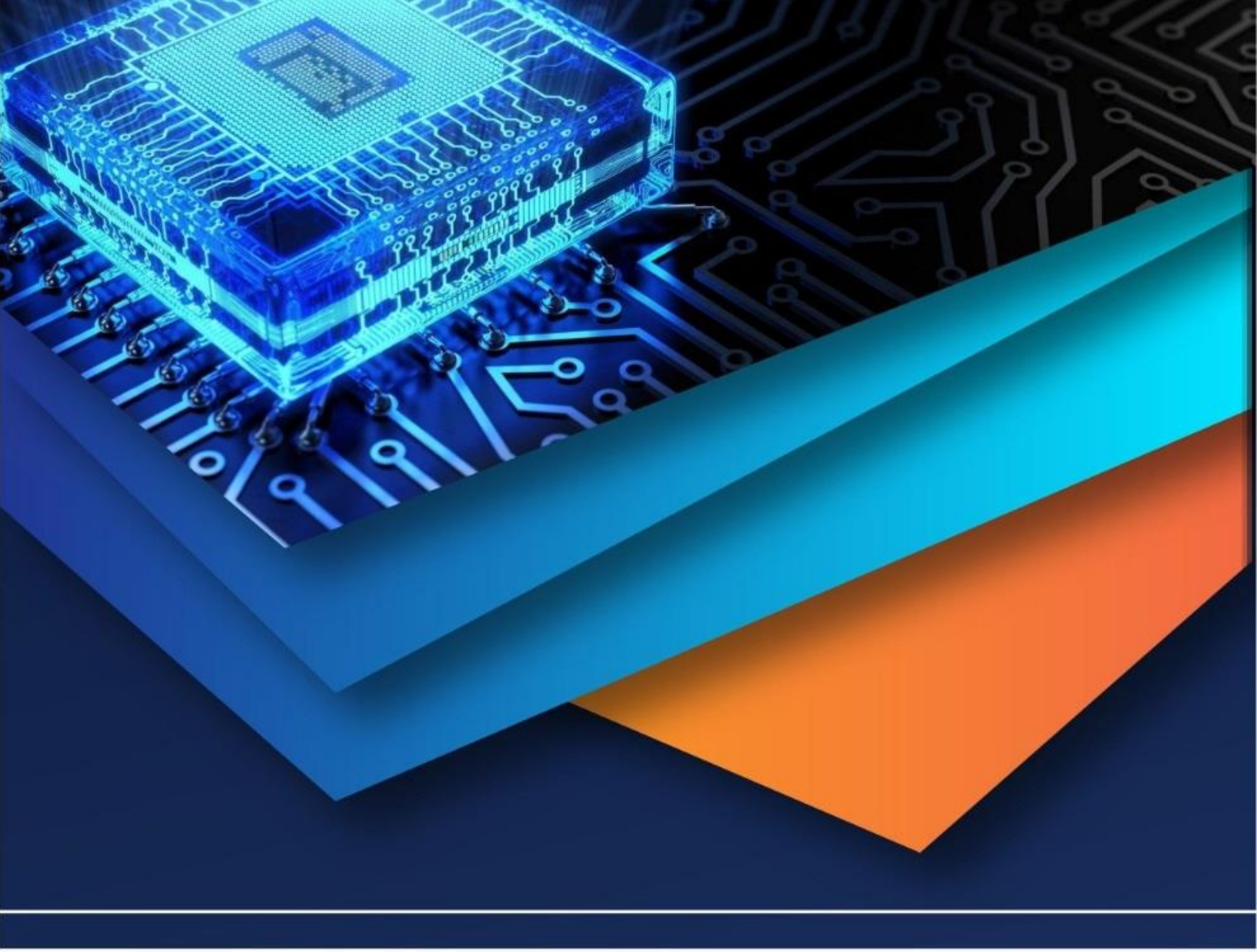
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