

# Examining the Transformative Impact: Entrepreneurial Activities of Self-Help Groups and their Influence on Socio-Economic Status

S Swetadipta<sup>1</sup>, Dr. Aditya Ranjan Samal<sup>2</sup>, Swatee Prangya<sup>3</sup>,  
Dibyajyoti Behera<sup>4</sup>, Ankit Kumar Jena<sup>5</sup>

<sup>1</sup>MBA Agribusiness Graduate, Utkal University

<sup>2</sup>Assistant Professor, Utkal University

<sup>4,3</sup>Ph.D. Research Scholar, SOA University

<sup>5</sup>M.Sc. Scholar, SOA University

## Abstract

This study explores the interactive relationship that results from self-help groups' (SHGs') business endeavors and the ensuing changes in their socioeconomic level. Entrepreneurship among members of Self-Help Groups is greatly aided by these groups, which act as catalysts for financial inclusion and community empowerment. The diverse consequences of entrepreneurial initiatives on the socio-economic environment of SHGs are explored in this study through an integrated methodology that integrates quantitative and qualitative methodologies. In order to assess the direct and indirect effects of entrepreneurial endeavours on important socioeconomic indicators like income levels, employment creation, access to healthcare within SHGs, and education, statistical models are used in the quantitative portion of the study to analyze empirical data. In order to provide a more nuanced understanding of the experiences, difficulties, and achievements of SHG members involved in entrepreneurial activities, qualitative approaches such as case studies and interviews are employed in addition to this rigorous analysis. By considering elements like municipal governance, legislative frameworks, and SHG support networks, the study places the findings in the larger socioeconomic perspective. Through this, the study hopes to offer practical advice on how to improve the effectiveness of SHG-led entrepreneurial projects to decision-makers in government, non-governmental organizations, and local leaders. With practical implications for sustainable socio-economic advancement through self-help groups, the expected research outputs add to the expanding body of knowledge on community-based entrepreneurship and social development. This study aims to educate policies that empower SHGs, facilitate economic self-sufficiency, and promote resilient communities, all of which are crucial components of inclusive development plans.

**Keywords:** Self-Help Groups, Socio-Economic Status, Entrepreneurial Activities, Employment, Self-Sufficiency

## Introduction:

A person who is highly interested to take financial risk and are always awake to deal with different financial activities having a great desire to achieve their goals (Diandra and Azmy, 2020). According to

Shaver and Scott, "Economic circumstances are important; marketing is important; finance is important; even public agency assistance is important. But none of these will, alone, create a new venture. For that we need a person, in whose mind all of the possibilities come together, who believes that innovation is possible, and who has the motivation to persist until the job is done. Person, process, and choice: for these we need a truly psychological perspective on new venture creation". (Agarwal and Chatterjee, 2007) An SHG is a group of impoverished rural people, especially women, that provides microcredit to start their own businesses. The idea of Self-Help Groups (SHGs) is proving to be a useful tool for the empowerment of women. (Sharma and Varma, 2008)

Mahatma Gandhi stated in *Young India* (1930) that "in our nation millions of women know what unemployment means. If we will give them opportunities to access different economic activities and they will have access to power and self-confidence to which they previously have been strangers. "Even after almost a century, his worries are still pertinent given India's multifaceted development over that time. Despite accounting up approximately half of India's 1.2 billion inhabitants, women are mainly shut out of access to resources related to health, nutrition, education, and other necessities as well as economic activity and decision-making. Low rates of female labor force participation- India recorded a pitiful 22.3% in 2021 compared to 30.3% in 1990—reflect this exclusion and discrimination. Particularly in the post-COVID era, where innovation, technology, and self-sustenance are valued more highly, economically disadvantaged groups have experienced a sharp decline in employment and income. Despite having the ability to contribute financially to the household, women sometimes lack the agency to engage in decisions regarding sources of income, which frequently pushes their families over the edge of poverty. Female engagement in the economy continues to be critical to India's standing in the world at a time when the nation is seeing a quick shift in terms of changing employment prospects, innovation and urbanization Approximately 432 million women are employed, while approximately 343 million do not hold formal, paid jobs. Of them, an estimated 324 million are not employed, and an additional 19 million are in the labor force but not in the workforce. Therefore, women's employment patterns are either not taken into consideration by the formal economy or they are prevented from obtaining formal employment because of socio-cultural complications. In this deeply patriarchal society, even if women wish to work, their access to opportunities and ability to progress economically are restricted compared to their male counterparts due to the prevalent tradition of female household responsibility and social stigma.

The Union finance minister specifically mentioned India's little-known but very influential banking sector in the Economic Survey 2022–2023, which was delivered to Parliament on January 31. These women-led self-help groups (SHG) distribute billions of rupees annually. With around 12 million SHGs, 88% of them are exclusively made up of women. These groups are often made up of 20–25 people, most of whom are village inhabitants. These organizations were connected to banks in 1992 in order to receive small loans for starting businesses like livestock rearing or tailoring. This initiative was known as the SHG Bank Linkage Project, or SHG-BLP. According to the Economic Survey 2022–2023, "during the last ten years (FY13 to FY22), the number of SHGs credit linked has grown at a CAGR of 10.8%, while credit disbursement per SHG has grown at a CAGR of 5.7% during the same period. "The Indian government proclaimed 2001 to be "Women Empowerment Year" in order to highlight a vision in which women and men are partners on an equal footing. Even after more than 75 years of independence, more than half of India's population continued to live in below poverty line, in spite of the Constitution's indisputable guarantees of equality and equal chances for all people, despite of

caste, creed, gender, or religion. This highlights the need for such a program. Laws and constitutional provisions supporting women produced little results since women's emancipation was impeded by an unfavorable patriarchal society. Based on information from rural areas where women have started forming small groups with small contributions from each member to develop saving habits and accumulate the money for starting micro-enterprises both collectively and individually by taking loans from the common fund, the Government of India attempted to facilitate the process of forming small Self-Help Groups (SHGs). In no time, success tales began to come from all over as the process took off in full mission mode. With great seriousness, the State Governments developed plans and programs in their individual States based on the Central Government's guidance. SHGs were able to commence operations and eventually turn into instruments for reducing poverty and achieving some degree of economic autonomy. To help them function more easily, the SHGs were connected to cooperative banks, NGOs, banks, regional rural banks, NABARD, and banks. The women involved in this process developed distinct ways of thinking and acting, as well as distinct worldviews from those of the non-participating women. A planned approach with clear focus on women's empowerment came with the initiation of Mission Shakti in 2001. After that, SHG approach remained as the front runner in moving forward the W&CD department's mission and vision to obtain the services to the rural women. The primordial objective of Mission Shakti resorts to formation of more than 1, 00, 000 Women's Self-Help Groups up to 2005 (Programme, 2020). On the other hand, there was 36, 000 WSHGs already existed in Odisha before commence of prior to Mission Shakti. Second, the program helps to strengthen the ability of both new and existing groups to create income-producing and rewarding economic initiatives by giving them access to credit, markets, and credit connections with significantly reduced bank interest rates when needed. During the month of April 2001 to February 2005, 1,49,233 WSHGs were operationalized. The savings that these groups have produced total around Rs. 107.30 crores. Additionally, 85587 WSHGs received institutional loans totaling about Rs. 214.61 crores. According to Rajini (2002), Women SHG and Political Empowerment in Odisha, the SHG program is now integrated with other W&CD Department activities, including adolescent development, sexual health and capacity building for women. The cabinet also approved the Orissa Self Help Cooperative (OSHC) Act 2001, with the expectation that it would significantly support Orissa's women's self-help groups (SHGs), particularly with regard to microfinance projects and activities. This Act also gave SHGs, clusters, and federations the legal standing to support autonomous, voluntary, democratic, self-help, and mutual aid businesses that are owned, run, and governed by women in order to address concerns of social and economic empowerment.

One of the main tenets of Odisha's change narrative is women's empowerment. The government of Odisha has given women-centric policies and activities prominence because it recognizes the role that women play in the growth and transformation of families, communities, and States. With 6 lakh women Self-Help Groups (WSHGs) and 70 lakh women members in Odisha, Mission Shakti is one of the State's major programs aimed at the women's self-help group (SHG) movement. Mission Shakti Loans are an interest subsidy program that the government has developed for women members of SHGs in acknowledgment of their selfless efforts toward entrepreneurship. It offers WSHGs interest-free loans, or loans up to Rs. 3 lakhs, at an annual percentage rate of 0% if they make timely and consistent repayments. It seeks to support additional livelihood promotion of women SHGs and expedite the State's SHG bank connection initiative.

In cooperation with various government departments, WSHGs are involved in a number of sustainable livelihood activities, including mid-day meal management, commercial mushroom and vegetable cultivation, deep litter layer bird rearing, paddy procurement, pisciculture in GP tanks, reading electricity meters and collecting electricity charges, and more. Thus far, the aforementioned convergence measures have brought in business worth Rs. 523.9 crore for WSHGs.

**Methodology:**

Self-help groups' ability to empower both men and women is a relatively new phenomena that needs more research. Women's empowerment is a major gender issue that calls for a re-evaluation of gender relations and, in the end, changes from both men and women. It is not just a women's issue.

The current study was conducted in the Angul district of Odisha, and 120 SHG members were chosen for the study using a combination of various sampling techniques and a basic random sample approach. 120 SHG members have been selected from 12 different groups. Four blocks (Banarpal, Chhendipada, Athamallik, and Kaniha) out of the eight blocks in the Angul district were specifically chosen. Ex-post facto research design served as the study's primary foundation. As a result, particular objectives were chosen following a careful and relevant description of the issues.

A comprehensive assessment of the pertinent literature pertaining to the earlier studies in this field was attempted in light of these objectives. The main objectives are: 1) To study the socio-economic status of the members. 2) To study about various entrepreneurial activities undertaken by the SHG members. 3) To find out the constraints of the SHG members. A pre-tested interview scheduled has been designed to collect the data. Data has been collected through personal interview. Various statistical tools like mean, median, standard deviation, frequency, percentage has been used to analyze the collected data. Constraints indicating some limiting factors faced by the SHG members of research area while carrying out different entrepreneurial activities. Five different statements have been taken and categorized by high, medium and low scored as 3, 2 and 1 respectively. Maximum output was 15 and minimum output was 5.

**Result & Discussion:**

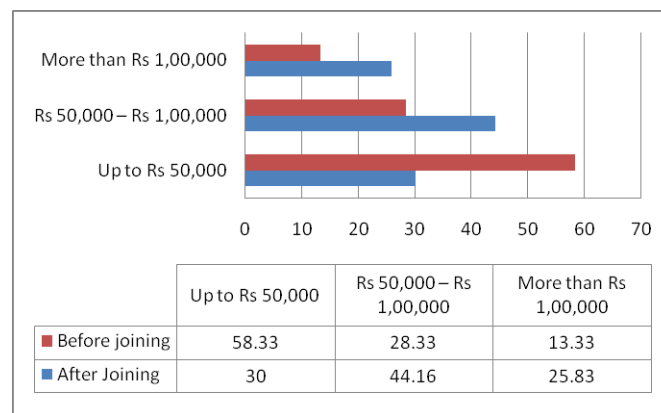
We have used specific activities, such as mushroom cultivation, poultry, goat keeping, pisciculture, papad and pickle making, bee keeping, and paper plate making, as parameters to determine what entrepreneurial endeavors are most common among the SHG members in the Angul area.

**Table 1. Entrepreneurial activities performed by the respondents**

Sl. No.	Activities	Never	Occasional	Regular
1.	Mushroom cultivation	25	33	62
2.	Poultry	31	38	51
3.	Goat keeping	57	22	41
4.	Pisciculture	17	44	59
5.	Papad& pickle making	29	37	54
6.	Bee keeping	120	-	-
7.	Paper plate making	120	-	-

According to the table-1, 62 respondents out of 120 respondents engaged in mushroom growing on a regular basis, 33 respondents used it as a periodic source of revenue, and 23 respondents never used it as

an opportunity to generate cash. Similarly, 51 respondents out of 120 respondents routinely engaged in the poultry industry, 38 respondents used it occasionally as a source of revenue, and 31 respondents never used it as a means of producing cash. In a similar vein, of the 120 respondents, 41 engaged in goat keeping on a regular basis, 22 utilized it as a sporadic source of money, and 57 never considered it to be an activity that generated cash. Out of 120 respondents a total of 59 respondents have adopted pisciculture are their major source of income while 44 respondents are occasional growers while only 17 respondents have never adopted pisciculture for income generation. Out of the 120 respondents, 54 have chosen to make papad and pickles as their primary source of income, 37 have done so intermittently, and 29 have never used this activity to generate money. Among all the parameters, the two activities that none of the respondents have engaged in are beekeeping and paper plate manufacture.



**Fig-1 – Distribution of respondents according to annual income**

Angul district has been recognized as the highest revenue generating district of Odisha due to the presence of several industries in and around it. These industries serve as the primary source of household income for maximum population. Male population is predominantly dependent upon these industries while a part of female population is majorly involved in the SHGs. After using various statistical tools to analyse the data, we discovered that in fig-1 prior to joining SHGs, about 58.33% of the respondents had incomes of up to Rs 50,000, whereas 28.33% of the respondents had incomes between Rs 50,000 and Rs 1,00,000 annually. Finally, 13.33% of the participants reported having an income over Rs 1,00,000. Results show that there has been a noticeable improvement in the respondents' financial situation after they joined SHGs. Of the respondents, only 30% had incomes up to Rs 50,000, while 44.16% had incomes between Rs 50,000 and Rs 1,00,000 annually. Finally, 25.83% of the participants reported having an income over Rs 1,00,000. It is clear from the results of this analysis that SHG positively affects household income.

**Table-2: List of constraints**

Sl. No.	Listed Constraints	Mean Value	Rank
1.	Finance problem	2.166	III
2.	Transportation problem	2.233	II
3.	Social problem	2.25	I
4.	Marketing problem	2.125	IV
5.	Internal problem	2.025	V

According to Table No. 2, social problems (Rank-I) were the most popular constraints or issues that SHG members faced. These were followed by transportation problems (Rank-II), financial problems (Rank-III), marketing challenges (Rank-IV), and internal problems (Rank-V).

### Conclusion:

The study has been revealed that SHG has been successful in providing economic as well as entrepreneurial empowerment to their members. It has been observed that SHG has brought a significant change in their social and economic status. In the research area, mushroom cultivation as well as pisciculture has been significantly dominant over other entrepreneurial activities while on the other hand till now not a single SHG group have shown their interest towards bee keeping and paper plate making. After joining SHG, there has been a dramatical change in their financial status. In present days, nearly half of the respondents fall under the category of income ranging from Rs 50,000-Rs 1,00,000. Social problem has been identified as the major constraint whereas internal problem being the least one to affect the group members. The government must implement new regulations for various entrepreneurial endeavours that have not yet been accepted in the research region. To inspire other groups, the success stories of diverse SHG groups should be showcased by print media outlets and social media influencers.

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