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Role of micro finance in self help groups for entrepreneurship

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Abstract

This paper is intended to look for the role of microfinance in self-help groups for entrepreneurship. For the study we have collected data from various sources both the primary and secondary data. Primary data through structured questionnaire and secondary data through written sources and internet. Here we found many problems for creation of entrepreneurship through micro finance. Through this we came across some of the suggestions which is suitable. We found that the interest rate is very high in some groups for that purpose we suggest the government intervene and solve this problem. Self-help groups are one of the important micro finance organizations which brings the financial inclusion of all the communities especially in the rural areas.

Keywords: micro finance, self-help groups, interest rates

Introduction

India is country having a vast rural area and agriculture and related activities like horticulture, dairy farming, sericulture etc. are the main bread earning activities of rural India. And also women's are the family maker and drive to develop rural India. Poverty is the main problem not only in rural India but it is more in rural India.

To facilitate the agricultural and allied activities, to empower women, to alleviate poverty and to take all the backward people into the main stream the movement of Self Help Groups are started. Self Help Groups are started by Non-Government Organizations, Usually a Self Help Group consists of 10 to 20 members may be formed by women or men and rarely by both male and female members. Their main intension is to develop the rural area by providing finance at a reasonable rate of interest and develop the habit of small savings. Some self-help groups also provide some training programs for the skill development and motivate them to become small entrepreneurs.

Objectives of self help groups

- To provide micro finance to develop agriculturists
- To empower women and make them to stand on their own foot
- To develop the habit of savings
- To develop the skills of rural people

Objective of the study

- To know the availability of finance as per requirements for self-help group members
- To know the repayment capacity
- To know how micro finance create entrepreneurial opportunities
- To know the problems and potential opportunities

Research methodology

For the purpose of collecting data researcher collected primary data from 50 different self help groups in and around Kokkarne area of Udupi Taluk through structured questionnaire it includes Shri Kshethra Dharmasthala Rural Development Project, Gnana Vikasa and Self Development Group, Mogaveera Group, Milk dairy co-operative societies, Navodaya Rural Development Charitable Trust self help Groups etc. Secondary data collected from Niranthara Monthly book published by Shri Kshethra Dharmasthala Rural Development Project and internet.

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Findings of the study

Out of total respondents 70% of the respondents have joined self help groups to take loan for meeting their emergencies, 20% of the respondents are joined for utilizing their free time and for small savings and remaining 10% for taking loan to become self employed and to start their small business and to become economically independent.

When we come to their Socio Economic status out of total respondents all the respondents are coming under Below Poverty Line.

Out of total respondents 75% have the basic school education and are literate to handle their self help groups and remaining 25% are illiterates but they have gained a common knowledge about their self help groups.

All the respondents opined that their Self Help Groups are linked with the bank to maintain their accounts. And all the respondents opined that their group is linked to NGOs except Sthree Shakti groups.

They are getting sufficient loan as per their requirements. As in Shri Dharmasthala Gramabhivruddi Yojana Groups loan amount is fixed as Rs.50000 per head without any surety, and if they want extra loan it will be provided by taking the LIC jeevan madhura policy as surety it is provided by the group and more loan is provided with sufficient surety. and in mogaveera groups loan is provided only to the particular caste and in milk dairy cooperatives also provide loans by taking the surety up to a certain calculated amount. And in sthree shakthi groups maximum loan amount without surety depends on their total savings usually it is Rs.100000.

Out of total respondents the interest rates in all the groups except sthree shakthi groups and Navodaya self-help groups it is 12 to 18% at diminishing rates and in sthree shakthi groups and Navodaya self-help groups it is only 1%.

All the respondents opined that through self-help groups they have gained many skills those are Planning, leadership skills, decision making skills, organizing skills, team activity etc these will help them to become economically independent and to start their business and to become self-employed.

Out of total respondents about 30% have taken loan to become self-employed and to start small enterprises they include dairy farming, agriculture, vehicles, papad making etc., and remaining 70% have taken loan for various personal reasons.

All the respondents opined that loan repayment period will be between 2 to 3 years and the loan should repaid at weekly, fortnightly or monthly installments.

All the respondents opined that their groups have no history of faulty payment of loans. Due to weekly, fortnightly and monthly installments it motivates them to earn money to repay the loan amount.

All the respondents opined that they provide training programs to develop the skills of group members to make them employable and to make them self-employed.

Out of total respondents 30% of the respondents opined that they have started group activity and produced products like candles, pappads, incense sticks, areca nut leaf plates etc and they marketed their products in local market NGOs helped them to market their products but after 2 to 3 it is reduced to 4% due to in effective plans, less interest of group members, lack of management ability, less availability of raw materials lack of maintenance power etc.

Out of total respondents all the respondents opined that if

they are provided with more training programs through which they can get all the required skills to become an entrepreneur they will actively take part in the Make in India program.

All the respondents opined that their family income, standard of living, savings, confidence, and skill level is increased after joining the Self Help Groups.

Researchers suggestions

- Government should encourage to start new self-help groups
- NGOs should take initiation to provide more training programs and should review the success of the training program
- Through government intervention should reduce interest rates in some self-help groups which have high interest rates

Conclusion

The study concluded that the main objectives of the Self Help Groups are to make its members independent and to make them self-employable this objective is partially succeeded but due to the lack of information and less skills this objective is partially failed. If NGOs and governments show more interest in making the group members more skillful and provide more training programs and aided services and the group members show more interest the objectives can be achieved.

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