

Transforming Lives: Impact of SHG Microenterprises on the Socio-Economic Status of Women in Andhra Pradesh

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ARTICLE INFO

Received: 14 Dec 2024

Revised: 16 Feb 2025

Accepted: 26 Feb 2025

ABSTRACT

Entrepreneurship is a buzzword in the current trend, as most of the youth are showing interest in choosing an entrepreneurial career. The current article focuses on the women-led micro enterprises in rural and urban areas through Self-Help Groups (SHGs). To proceed with the current research, a Sample from Andhra Pradesh has been considered, and descriptive statistics. The demographic profile reveals that rural female micro enterprise owners economical status shows evident growth compared to that of urban female micro enterprise owners. The analysis resulted in micro enterprises being predominantly in dairy, agriculture, and life on water businesses. In these areas, income is generated from both semi-skilled and unskilled people. There is evidence in the business sustainability, employment generation, and economic upgradation of entrepreneurs through SHGs. It is concluded that SHG-supported micro enterprises enhance women's entrepreneurial careers and strengthen their financial status.

Keywords: Self Help Groups, Micro enterprise, business sustainability, economic development, rural enterprises and urban enterprises

I. INTRODUCTION:

A strategy aimed at reducing poverty must acknowledge that women make up the majority of those affected (Mohanty, 2004). Women entrepreneurs are crucial to local economies, and they lead a significant share of micro-enterprises in developing nations. In rural areas, women often lead in agricultural production while managing household duties and childcare. The rise of entrepreneurs in a society is largely influenced by its economic, social, religious, cultural, and psychological conditions. Women's participation in entrepreneurship is a relatively new development (Sharma et al., 2012). Despite progress, society remains predominantly male-dominated, where women are often not regarded as equal partners, both within the household and in public life. They are frequently perceived

as dependent on men and lacking strength (Singh, 2013). MSMEs are widely recognized for their essential contribution to grassroots economic growth and the promotion of fair and sustainable development (Kiraka, 2015). Women rely on MSMEs for their livelihood, primarily due to the shortcomings of national governments in addressing their survival needs and entrepreneurial ambitions (Bekele & Worku, 2008). Microenterprise development expands the pool of entrepreneurs within society and strengthens the foundation of the private sector. Given the prevailing poverty, unemployment, and labor market conditions, has struggled to provide opportunities for its unemployed workforce, including casual laborers lacking stable employment or income (Mohanty et al., 2013). The advancement of women's entrepreneurship is a key priority in the modern development agenda of many developing nations put of which India is one such country (Parvin, 2012).

Since early times, women have actively participated in economic activities alongside their domestic responsibilities. However, their efforts have largely been centered on fulfilling basic needs, while limited access to and control over resources have remained a persistent challenge (Gikonyo et al., 2006). Self-Help Groups (SHGs) are voluntary associations that provide microcredit to members, enabling them to engage in entrepreneurial activities. In India, the establishment of SHGs for women has been acknowledged as a powerful strategy for empowering women in both rural and urban areas. Since economic empowerment is essential for overall empowerment, these groups help women participate in various sectors such as health, sanitation, nutrition, agriculture, and forestry, in addition to income-generating activities supported by microcredit. The below section explores SHGs and their role in women led micro enterprises.

II. LITERATURE REVIEW:

Alongside factors like age, race, entry into entrepreneurship, gender, and marital status—commonly examined in studies, academic background is a crucial determinant of an entrepreneur's development. Many women experience financial hardship while bearing the responsibility of supporting their families. Balancing business expenses with household needs poses a significant challenge to entrepreneurial growth. Due to economic constraints, limited earnings are often redirected toward immediate family necessities, regardless of their original purpose.

This diminishes the capital available for investment, ultimately hindering further business expansion (Stevenson & St-Onge; Alila et al., 2002). Haynes et al. (1999) identified a positive impact of higher academic achievement on personal growth. Globally, the majority of businesses are classified as micro, small, or medium-sized enterprises, accounting for over 95% of all firms. In low- and lower-middle-income countries, more than half of the workforce is employed by companies with fewer than 100 employees (Ayyagari et al, 2011). Entrepreneurial activities grant women freedom, autonomy, and empowerment, offering them an opportunity to break free from male dominance and challenge societal injustices (Gill & Ganesh, 2007). Entrepreneurship plays a vital role in empowering women, enabling them to reduce poverty within their communities. It is essential not only for recognizing their talents but also for acknowledging their potential to drive socio-economic development (Scott et al., 2012).

Numerous studies on women's empowerment have shown that entrepreneurship not only fosters personal growth for women but also helps dismantle patriarchal constraints (Al-Dajani & Marlow, 2013). The benefits of microcredit programs can be examined in two key aspects (Afrin et al., 2010). The individual traits of entrepreneurs reflect their resilience in pursuing an entrepreneurial career. They effectively manage both personal and professional responsibilities, allowing them to maintain their strength and stability (Machani et al., 2022). Firstly, they contribute to job creation, enhanced productivity, economic stability, improved nutrition and health, and better living conditions for rural women. Increased income from these programs strengthens asset ownership and generates wealth for their families (Hulme & Mosely, 1998). Secondly, microcredit plays a crucial role in fostering social empowerment among rural women by promoting awareness, education, self-esteem, dignity, organizational and management skills, and collective strength. These positive socioeconomic

transformations ultimately lead to greater financial independence and stability within families and communities (Pitt & Khandaker, 1996). Along with the economic and social factors, psychological factors play a crucial role in creating a healthy environment for entrepreneurs (Priya et al., 2023). Numerous studies worldwide have explored microenterprise development and women's entrepreneurship. Still, there is a gap identified in certain factors where the research is not adequate to the extent in the Self Help Groups (SHGs). Thus, the current research is driven towards filling the gap on SHGs in promoting the rural and urban women with respect to sustainability, economic viability, and employment generation.

III. OBJECTIVE OF THE STUDY

To examine the socio-economic growth of women microenterprises promoted by SHGs.

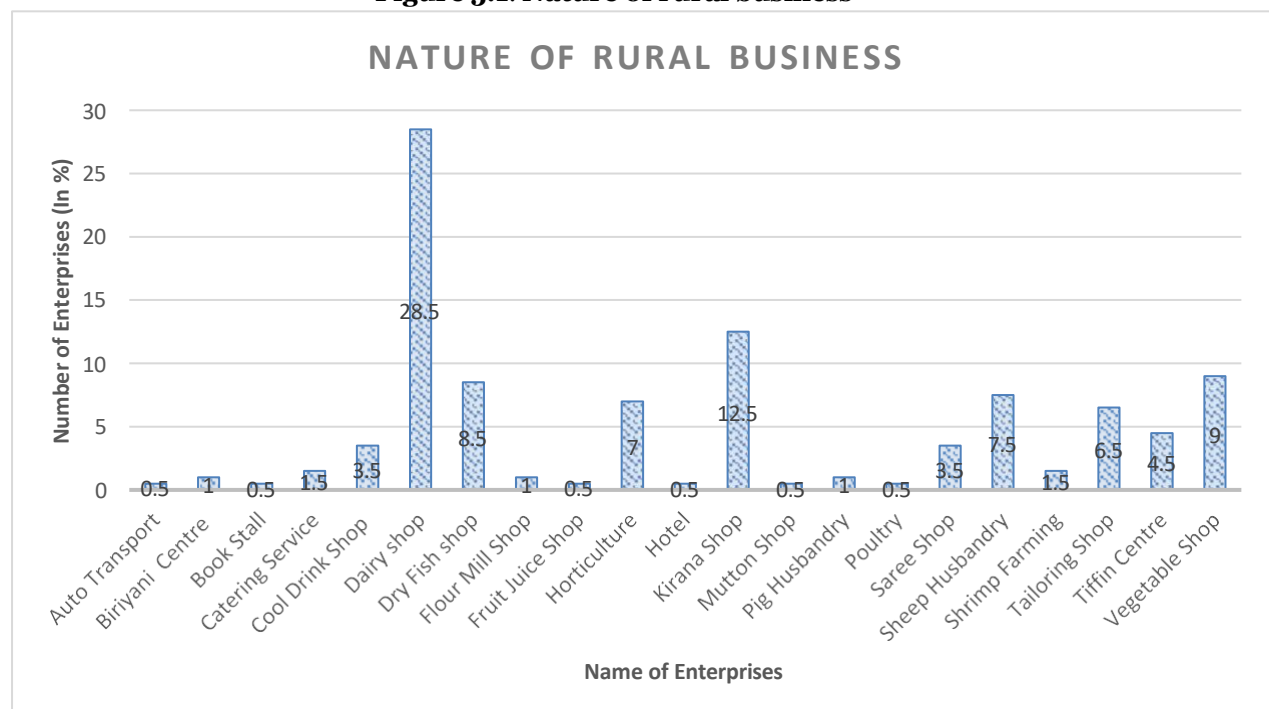
IV. METHODOLOGY OF STUDY

The present study uses descriptive statistics to measure the growth of socio-economic status of women micro enterprises promoted by Self Help Groups. The study collected primary data from structured interviews with Self Help Group (SHG) promoted microenterprises. The present study investigate the 21 types of business promoted by SHGs with level of investment, nature of business and employment generation in rural and urban segments. The secondary source of data collected from Directorate of Industries, AP and various SHGs reports were reviewed.

V. NATURE OF THE RURAL BUSINESS

Sustainability of women led microenterprises depends on the nature of business. Generally, most of rural business associated with agriculture and allied activities. The present section of the study analyses the nature of business, whether they based on agriculture or non-agriculture.

Figure 5.1: Nature of rural business



Source: Compiled from Primary Data.

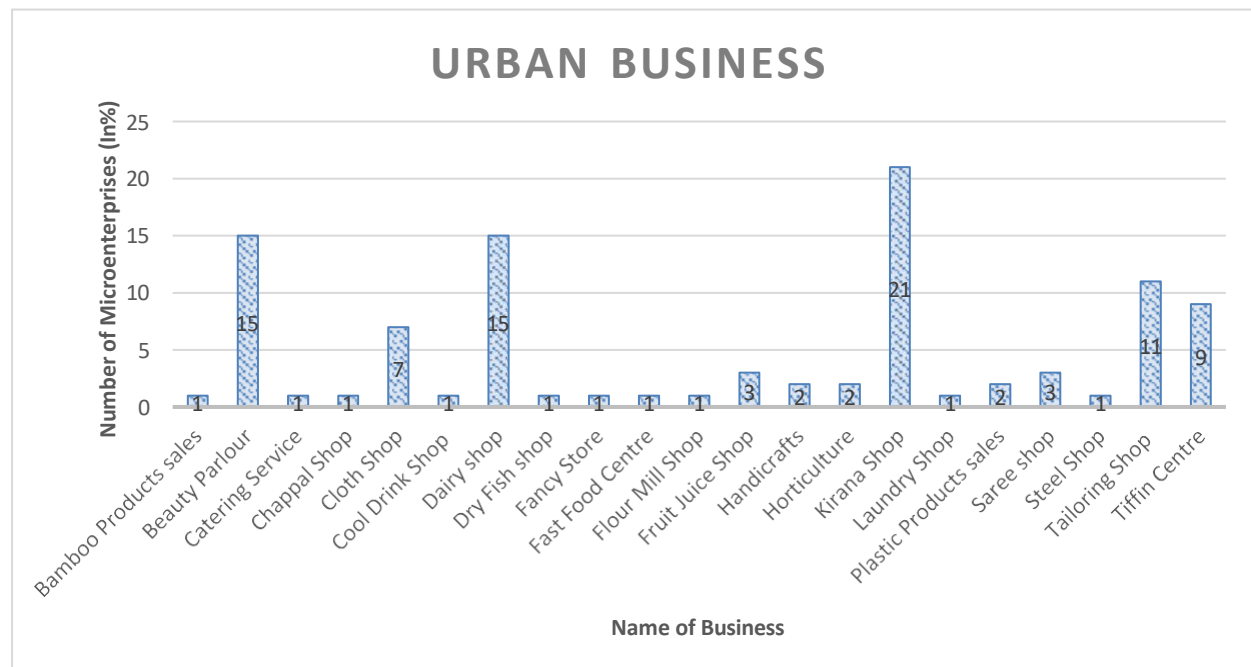
The figure above illustrates the various business activities undertaken by SHG-supported women microentrepreneurs in rural areas. The Y-axis represents the percentage of SHG-promoted microenterprises in comparison to the total number, while the X-axis denotes the different types of businesses established in these areas.

In the rural segment, SHG members are engaged in 21 different business ventures, including Auto Transport, Biryani Centers, Book Stalls, Catering Services, Cool Drink Shops, Dairy Shops, Dry Fish Shops, Flour Mills, Fruit Juice Shops, Horticulture, Hotels, Kirana Shops, Mutton Shops, Pig Husbandry, Poultry Farming, Saree Shops, Sheep Husbandry, Shrimp Farming, Tailoring Shops, Tiffin Centers, and Vegetable Shops.

Table 5.1 presents a breakdown of these businesses, showing their frequency and percentage share of the total microenterprises. The study found that Dairy Farming is the most prevalent, accounting for 28.5% of businesses. This is primarily due to the high representation of Yadava community members, an OBC sub-caste traditionally involved in cattle grazing. Following dairy, 12.5% of SHG members engage in Kirana (grocery) businesses, a common trade among rural women. Additionally, 9% of SHG women entrepreneurs operate vegetable businesses, leveraging their agricultural backgrounds. An interesting observation from the study is the significant involvement of women in the Dry Fish business, constituting 8.5% of enterprises. This trend is influenced by the proximity of Kavali Mandal in Nellore district to the Bay of Bengal. Many SHG members belong to fishing communities, making seafood-related businesses a natural choice.

The findings highlight that a majority of rural SHG entrepreneurs rely on agriculture and related activities, given their background and environmental factors. The study also extends its focus to microenterprises in urban areas.

Figure 5.2: Nature of Urban Business



Source: Compiled from Primary Data.

The figure above illustrates the types of businesses run by SHG-supported women microentrepreneurs in urban areas. The Y-axis represents the percentage share of these businesses, while the X-axis indicates the different types of enterprises established in urban locations.

In contrast to rural areas, urban SHG members operate businesses that are primarily non-agricultural. The 21 different types of businesses include Bamboo Product Sales, Beauty Parlors, Catering Services, Chappal Shops, Cloth Stores, Cool Drink Shops, Dairy Shops, Dry Fish Shops, Fancy Stores, Fast Food Centers, Flour Mills, Fruit Juice Shops, Handicrafts, Horticulture, Kirana Shops, Laundry Services, Plastic Product Sales, Saree Shops, Steel Shops, Tailoring Shops, and Tiffin Centers.

Table 5.2 provides detailed insights into the frequency and percentage of these businesses. The data indicates that Kirana businesses, Dairy Farming, Beauty Parlors, and Tailoring Shops collectively account for 50% of the total urban microenterprises. Kirana businesses alone constitute 21%, followed by Beauty Parlors and Dairy Farming, each contributing 15%. Additionally, Tailoring Shops and Tiffin Centers hold significant shares in the urban business landscape.

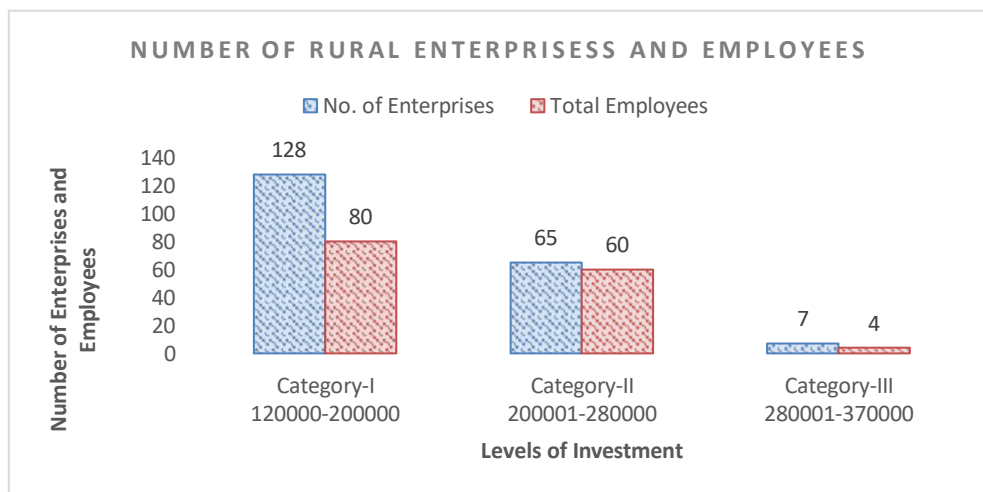
Since most urban SHG members come from non-agricultural backgrounds, their businesses tend to focus on services and retail sectors, such as Beauty Parlors, Tailoring, and Tiffin Centers. These businesses cater to the growing demand for convenience and lifestyle services in urban areas, which motivates many SHG women to venture into these fields.

When we compare the rural and urban microenterprises, the study found that most of the rural microenterprises based on agriculture and allied sector only like Dry fish business, Vegetable selling, Dairy, Animal farming and Tailoring. This trend clearly explains that, most of rural business are mainly depending on Agriculture and allied activities.

VI. EMPLOYMENT GENERATION OF RURAL MICROENTERPRISES

Micro, Small, Medium Enterprises (MSME) sector plays a prominent role in employment generation in India. Especially microenterprises provides more employment opportunities in rural segments of India. Disguised unemployment is a major challenge in rural development, and the labor-intensive nature of microenterprises presents a viable solution. The figures below illustrate employment generation through Self Help Group (SHG)-supported women microenterprises in both rural and urban sectors within the study region.

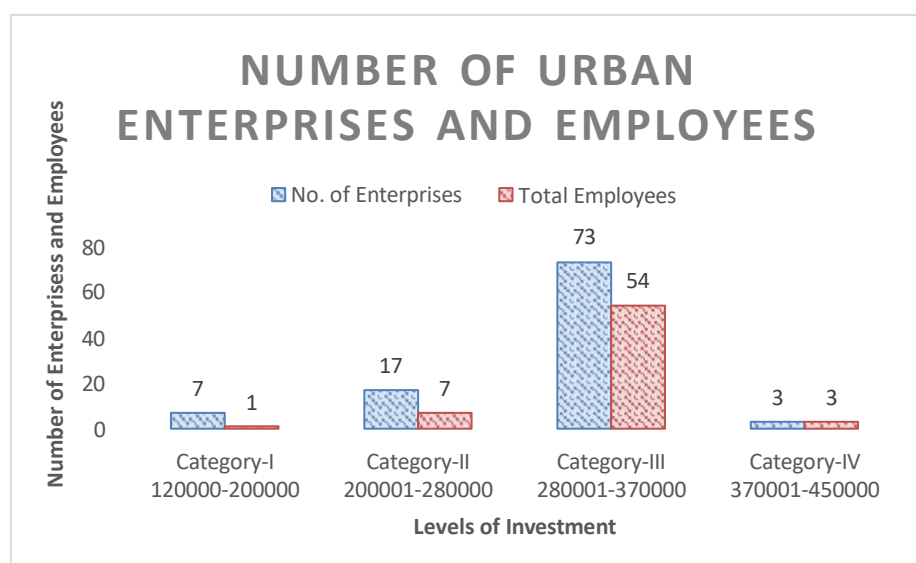
Additionally, Table 5.3 provides numerical data on microenterprises and employment distribution, detailing investment categories, investment limits, enterprise numbers, and total employee percentages. Investment levels are categorized into four groups: Category-I (Rs.120,000 to Rs.200,000), Category-II (Rs.200,001 to Rs.280,000), Category-III (Rs.280,001 to Rs.370,000), and Category-IV (Rs.370,001 to Rs.450,000).

Figure 5.3: Number of Microenterprises and Employment Generation in Rural Areas

Source: Compiled from Primary Data.

The figure above represents the number of SHG-supported women microenterprises and total employees in rural areas. The Y-axis denotes the number of enterprises and employees, while the X-axis represents different investment categories.

The data reveals that 128 microenterprises fall under Category-I, constituting 64% of the total rural microenterprises in the study area. Category-II and Category-III consist of 65 and 7 microenterprises, contributing 32.5% and 3.5%, respectively, to the total share. In terms of employment generation, Category-I microenterprises contribute 55.6% of total employment, followed by Category-II, where 65 enterprises generate 41.7% of employment. The seven Category-III microenterprises account for only 2.8% of total employment. The following figure illustrates the number of SHG-supported urban microenterprises and their employment contributions in the study area.

Figure 5.4: Number of Urban Enterprises and Employees

Source: Compiled from Primary Data.

The Y-axis in the above figure represents the number of microenterprises and employees, while the X-axis shows different investment categories. In urban areas, out of 100 SHG-supported women microenterprises, 7 belong to Category-I, 17 fall under Category-II, 73 are in Category-III, and 3 belong to Category-IV.

Both the figure and Table 5.3 indicate that 73% of urban microenterprises are in Category-III, making it the dominant segment. In terms of employment generation, these 73 enterprises contribute 83.1% of total urban employment.

When comparing rural and urban employment patterns, Category-I microenterprises dominate rural employment generation, while Category-III enterprises play a significant role in urban areas. This trend aligns with the larger share of microenterprises within these categories in their respective regions.

VII. GENDER PROPORTION OF RURAL AND URBAN EMPLOYEES IN MICROENTERPRISES

One of the key objectives of Self Help Groups (SHGs) is the empowerment of women, who form the majority of their stakeholders. Women are often socially and economically marginalized, and SHGs play a crucial role in addressing these exclusions. This section analyzes the gender proportion in SHG-promoted women microenterprises in both rural and urban areas.

Table 5.1: Gender Proportion of Rural and Urban Employees in Microenterprises

RURAL				
Categories	Investment (in Rs.)	Total Employees	Male Employees	Female Employees
Category-I	120000-200000	80(100%)	39(48.75%)	41(51.25%)
Category-II	200001-280000	60(100%)	30(50%)	30(50%)
Category-III	280001-370000	4(100%)	1(25%)	3(75%)
URBAN				
Categories	Investment (in Rs.)	Total Employees	Male Employees	Female Employees
Category-I	120000-200000	1(100%)	1(100%)	0
Category-II	200001-280000	7(100%)	4(57%)	3(43%)
Category-III	280001-370000	54(100%)	22(40.74)	32(59.25%)
Category-IV	370001-450000	3(100%)	1(33%)	2(67%)

Source: Compiled from Primary Data.

The table highlights the gender proportion in employment generation by SHG-promoted microenterprises in both rural and urban areas. In rural areas, female employees constitute a larger percentage share in total employment across all investment categories. Similarly, in urban areas, the female workforce share is significant, particularly in Categories II, III, and IV.

The study found that women led microenterprises promoted SHGs generate more employment to women and marginally sections. The study reveals that most of the enterprises are women centric business like; Beauty parlor, tailoring, food business, horticulture and handicrafts.

VIII. EDUCATION OF EMPLOYEES IN RURAL AND URBAN AREAS

The ability and skill set of employee is crucial for performance in the business, these abilities can be improved if they educated. Education will influence the entrepreneurial abilities especially rural areas. One of the main obstacle of rural entrepreneurs is lack of education.

Table 5.2: Education of Employees in Rural and Urban Areas

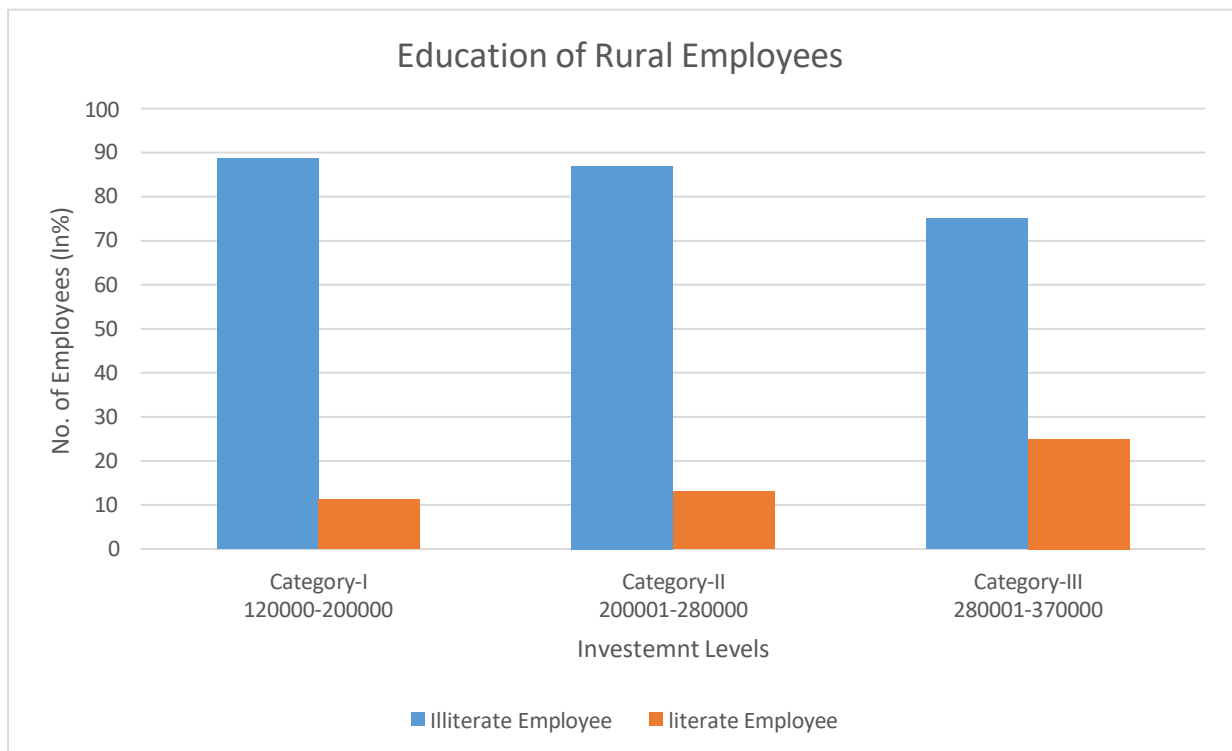
RURAL				
Categories	Investment (in Rs.)	Total Employees	Illiterate Employee	literate Employee
Category-I	120000-200000	80(100%)	71(88.75%)	9(11.25%)
Category-II	200001-280000	60(100%)	52(87%)	8(13%)
Category-III	280001-370000	4(100%)	3(75%)	1(25%)
URBAN				
Categories	Investment (in Rs.)	Total Employees	Illiterate Employee	literate Employee
Category-I	120000-200000	1(100%)	1(100%)	0
Category-II	200001-280000	7(100%)	6(86%)	1(14%)
Category-IV	280001-370000	54(100%)	41(76%)	13(24%)
Category-III	370001-450000	3(100%)	2(67%)	1(33%)

Source: Compiled from Primary Data.

The study reveals that significant number of employees are illiterate; more than 75 % of employees do not have standard education. This trend prevails in rural segments compare to urban, the results shows that microenterprise generating more employment opportunities to uneducated and semi-skilled people in the rural segments. Because most of rural microenterprise are traditional in nature, which are required more labour compared to technology. However, in both rural and urban areas, microenterprises are effectively creating income and employment opportunities for unskilled labor.

IX. SHG-PROMOTED MICROENTERPRISES AND PROFIT GENERATION

Profitability and investment growth are key indicators of microenterprise sustainability. Regardless of size, enterprises aim for profitability to ensure long-term survival. The level of profit and investment is influenced by several factors, including demand and product quality. Sustainable microenterprises must be both economically viable and well-managed.



Source: Compiled from Primary Data

In rural areas, Category-I microenterprises generate the highest profits, primarily due to their greater numbers. However, Category-II microenterprises have a slightly higher share of annual average investment at 34.88%. In urban areas, the highest percentage of annual average profit is seen in Category-III microenterprises (74.6%), while Category-IV microenterprises have the highest annual average investment share at 37.6%.

The findings suggest that SHG-promoted microenterprises are not only generating substantial profits but also demonstrating an increase in investment, indicating sustainable growth in both rural and urban areas.

X. CONCLUSION

The study highlights the significance of Self Help Group (SHG)-promoted microenterprises in fostering economic empowerment and employment generation among rural and urban women entrepreneurs. The study found that most of the rural microenterprises based on agriculture and allied sector like; Dry fish business, Vegetable selling, Dairy, Animal farming and Tailoring. This trend clearly explains that, most of rural business are mainly depending on Agriculture and allied activities. The urban microenterprises mainly related to service oriented like; beauty parlor, Kirana shop and tailoring. This indicate that most of the urban enterprises are skill-based activities. Women led microenterprises generating more employment opportunities to rural women and marginalized sections of the society.

The study reveals that Microenterprises providing employment opportunities to unskilled and semiskilled labor in rural segment of the study area. Hence, Microenterprises act as a empowerment tool for economically weaker sections by providing income & employment generation in rural and urban segment of the study area. The present study reveals most of the microenterprises sustaining well with low investment and high profits in the both segments, also acting as powerful tool for rural women to become self-reliance and sufficiency. Overall, the present study highlighted that development of women

led Self Help Group (SHG) promoted microenterprises in enhancing the income & employment generation, women entrepreneurship and sustainable socio-economic growth of rural and urban segments of the Nellore district of AP.

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