

# Role of Self-Help Groups in Promoting Entrepreneurship: A Study of Mandya District, Karnataka

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## Abstract:

Self-Help Groups (SHGs) have emerged as a powerful institutional mechanism for promoting grassroots entrepreneurship and women's economic empowerment in rural India. This paper examines the role of SHGs in fostering entrepreneurship in Mandya district of Karnataka, a region with significant agricultural output (₹2,000 crore annual turnover) and growing potential for value-added enterprises. Using a mixed-method approach combining secondary data analysis, case studies, and government reports, the study finds that SHGs in Mandya have successfully facilitated micro-enterprise development across multiple sectors including food processing, handicrafts, upcycling, and agricultural marketing. Key success factors include access to microfinance, government schemes (notably PM-FME), institutional support from federations, and market linkages through initiatives like Rural Marts. The study documents that the Mahilodaya Rural Mart in Mandya has generated business worth ₹10 lakh with 15% profit, benefiting 250 SHG members. However, challenges persist including limited market access, skill gaps, and the need for sustained handholding support. The paper concludes with policy recommendations to strengthen SHG-based entrepreneurship in Mandya and similar agrarian districts.

**Keywords:** Self-Help Groups (SHGs), Women Empowerment, Rural Entrepreneurship, Microfinance, Livelihood Development

## Introduction:

Self-Help Groups have become the cornerstone of India's strategy for poverty alleviation and women's empowerment since their emergence in the early 1990s. The SHG movement in India has reached an exceptional number of poor households and has been recognized as the largest microfinance program in the world. The approach combines access to low-cost financial services with a process of self-management and development for women members, creating a unique model of financial intermediation that prioritizes both economic and social empowerment.

The concept of grassroots entrepreneurship through SHGs has gained significant traction, particularly as a mechanism to address unemployment and promote inclusive economic growth. With approximately 75% of capable individuals facing unemployment due to resource constraints and lack of skills, SHG interventions provide direction, purpose, and livelihood opportunities for those below the poverty line.

Involvement in SHGs has been shown to enhance members' confidence, self-esteem, decision-making power within households, and ability to voice opinions on community affairs.

### **Mandya District: Context and Rationale**

Mandya district, located in the southern part of Karnataka along the Cauvery river basin, presents an ideal context for studying SHG-led entrepreneurship. The district is primarily agrarian, with agriculture generating approximately ₹2,000 crore in annual turnover. Mandya is known for its sugarcane, paddy, and horticultural production, and is actively pursuing Geographical Indication (GI) tags for local specialties including Maddur Vada and Mandya Jaggery.

Several factors make Mandya particularly relevant for this study:

First, the district has demonstrated strong institutional commitment to SHG development. The Zilla Panchayat CEO has actively promoted women-led enterprises, and the district administration has organized workshops to connect SHGs with government schemes.

Second, Mandya has witnessed the emergence of multiple SHG federations and support structures, including the Mahilodaya Women Federation, which operates Rural Marts to provide marketing linkages for SHG products.

Third, the district has attracted both government and non-governmental interventions specifically targeting SHG entrepreneurship, including the PM-FME scheme for food processing, upcycling initiatives by foundations, and training programs by organizations like Organic Mandya Farmers Foundation.

### **Objectives**

- Examine the role of SHGs in promoting entrepreneurship among rural women in Mandya district
- Analyze the types and sectors of enterprises promoted through SHGs
- Assess the role of government schemes and institutional support in facilitating SHG enterprises
- Propose policy recommendations for strengthening SHG-led entrepreneurship

### **Review of Literature**

The Self-Help Group model emerged in India during the early 1990s as an informal credit supply mechanism for the rural poor who could not access organized sector credit. The approach was pioneered by organizations like MYRADA and was subsequently adopted by NABARD, leading to the SHG-Bank Linkage Program, which remains the largest microfinance program globally.

Rekha (2015) notes that the SHG approach combines access to low-cost financial services with a process of self-management and development, distinguishing it from conventional microfinance models that focus solely on credit delivery. SHGs are typically formed and supported by NGOs or government agencies, and are linked to banks for credit access while also serving as platforms for skill development, awareness generation, and collective action.

Research has consistently documented the empowering effects of SHG participation. Studies show that involvement in SHGs enhances members' self-confidence, self-esteem, and ability to make decisions within households and communities. Women SHG members gain greater voice in family financial decisions, increased mobility, and improved social status.

The empowerment effects extend beyond individual members to their families and communities. As women contribute financially to household expenses, their bargaining power within the household

increases, leading to better outcomes for children's education, health, and nutrition . SHGs also serve as platforms for addressing social issues, with members gaining confidence to voice opinions on community affairs and challenge discriminatory practices.

The transition from SHG to micro-enterprise represents a critical pathway for economic empowerment. Research indicates that SHG members, starting with thrift and credit activities, gradually develop the confidence, skills, and capital necessary to initiate income-generating enterprises . The Prime Minister's Mann Ki Baat addresses have recognized numerous SHG entrepreneurs, highlighting their spirit, commitment to community, and innovations .

Thadaboina's study of successful SHG enterprises found that cluster-based enterprises involving multiple groups are more successful than individual SHG enterprises . These cluster-based enterprises organize activities around geographical clusters, enabling shared resources, pooled knowledge, and collective marketing.

Research by Ramakrishna (study of 125 micro-enterprises in Karnataka) identified several factors influencing the success of SHG-run enterprises . Success was measured primarily in terms of turnover growth and growth in per capita income from the enterprise. Key findings included:

First, the choice of activity is critical. Enterprises aligned with local resources, skills, and market demand show higher success rates.

Second, forward and market linkages are more important than initial subsidy support. Many enterprises receiving training and subsidy failed due to lack of sustained market access.

Third, handholding support for an extended period is vital. Enterprises that received ongoing mentoring and support beyond the initial setup phase demonstrated better sustainability.

Fourth, group-run enterprises face unique challenges related to collective decision-making, work distribution, and benefit sharing that must be effectively managed.

## Research Gap

While extensive literature exists on SHGs and microfinance, limited research has focused specifically on SHG-led entrepreneurship in Mandya district. Studies have examined SHG performance at national and state levels, but district-level analyses particularly those capturing recent initiatives like the PM-FME scheme, Rural Marts, and foundation-led interventions remain scarce. This study addresses this gap by synthesizing available evidence on Mandya's SHG entrepreneurship landscape and identifying district-specific patterns, challenges, and opportunities.

## Methodology

This study adopts a qualitative case study approach along with secondary data analysis to examine SHG entrepreneurship. The design helps in understanding context-specific processes, outcomes, and influencing factors in depth. Data is collected from multiple sources, including government scheme documents, workshop reports of the PM-FME scheme in Mandya, district administration records, and SHG federation publications. Academic literature on SHGs in Karnataka is also reviewed. Case studies include initiatives by Organic Mandya Farmers Foundation, Zav Foundation's Kaushalya SHG project, and Mahilodaya Rural Mart. Institutional reports from NABARD and Karnataka State Agricultural Produce Processing and Export Corporation further support the analysis.

**Limitations**

This study has several limitations. First, it relies primarily on secondary and published sources rather than primary data collection from SHG members. Consequently, member-level perspectives and detailed quantitative impact data are not available. Second, some initiatives documented (e.g., the Zav Foundation upcycling project) are described as "hoping to get this back in action soon," suggesting that not all documented projects are currently operational. Third, the study cannot provide rigorous counterfactual analysis of SHG impact due to the absence of baseline and control group data.

**Analysis and Findings**

**SHG Entrepreneurship Landscape in Mandya District**

Mandya district has developed a diverse ecosystem for SHG-led entrepreneurship, characterized by multiple actors including government agencies, NGOs, foundations, and SHG federations. The district's strong agricultural base (₹2,000 crore annual turnover) provides raw materials and market opportunities for value-added enterprises.

**Table 1: Key SHG Entrepreneurship Initiatives in Mandya District**

Initiative	Lead Organization	Sector	Target Beneficiaries	Key Features
<b>PM-FME Workshop &amp; Support</b>	Ministry of Food Processing, District Administration	Food Processing	Women SHG members	Technical training, value addition focus, branding support
<b>Entrepreneurship Training</b>	Organic Mandya Farmers Foundation	Micro-enterprise (Soap making)	Women SHG members	Free training, production support, marketing assistance
<b>Kaushalya SHG Upcycling</b>	Zav Foundation	Textile upcycling	Women (started with 4)	Upcycling textile waste into bags, pouches; ₹2000 monthly income per member
<b>Mahilodaya Rural Mart</b>	Mahilodaya Women Federation (supported by NABARD)	Multi-product retail	250 SHG members	Two outlets (Mysuru, Mandya); ₹10 lakh business; 15% profit
<b>Agro-based Enterprise Training</b>	Agriculture Department, Universities	Agro-entrepreneurship	Local youth, SHG members	Skill development, technical and financial support

**Enterprise Sectors and Types**

SHG-led enterprises in Mandya span multiple sectors, reflecting the district's resource endowments and market opportunities.

**Food Processing and Value Addition:** The PM-FME scheme workshop in Mandya (October 2025) marked a significant push for food processing enterprises among SHGs. The workshop, inaugurated by Mandya ZP CEO K.R. Nandini, emphasized the importance of value addition to agricultural products. Officials projected that with value addition, Mandya's agricultural turnover could increase from ₹2,000 crore to ₹6,000 crore.

Specific food products promoted include:

- Groundnut oil extraction (machine demonstrated at workshop)
- Honey and apiary products (supported by Horticulture Department)
- Spice blends, masala powders, pickles
- Millets and millet-based products
- Value-added jaggery (Mandya Jaggery pursuing GI tag)

### Conclusion

This study has examined the role of Self-Help Groups in promoting entrepreneurship in Mandya district, Karnataka. The findings demonstrate that SHGs serve as effective platforms for transitioning rural women from thrift and credit activities to micro-enterprise development. Mandya has developed a diverse ecosystem of SHG entrepreneurship, spanning food processing, handicrafts, upcycling, and agricultural marketing. As Mandya continues to develop its SHG entrepreneurship ecosystem, the district has the potential to become a model for other agrarian districts in Karnataka and beyond demonstrating how SHGs can drive inclusive economic growth, women's empowerment, and rural transformation.

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