Role Of Self-Help Groups in Promoting Women Entrepreneurship: A Comparative Study of Rural and Urban Areas in Tumkur District

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***Abstract*—This paper examines the role of Self-Help Groups (SHGs) in promoting women entrepreneurship through a comparative analysis of rural and urban areas in Tumkur district, Karnataka. Drawing on empirical data from SHG members, government reports, and scholarly literature, the study analyses the structure, functioning, and entrepreneurial outcomes of SHGs across different geographical contexts. The findings reveal that SHGs in Tumkur district have emerged as powerful instruments for women's economic empowerment, with 94.8 percent of members reporting improved social participation and significant increases in income, savings, and asset creation. However, notable disparities exist between rural and urban areas: rural SHG members demonstrate higher participation in agriculture-based enterprises (24.2 percent), while urban members are more engaged in tailoring (16 percent) and petty shops (11.6 percent). Urban SHGs show higher confidence-building outcomes (87.3 percent) compared to rural groups (67.3 percent). The study identifies persistent challenges including delayed loan access, inadequate training, socio-cultural constraints, and limited market linkages. The paper concludes that while SHGs have successfully catalysed women's entrepreneurship in Tumkur district, targeted interventions are needed to address rural-urban disparities, strengthen institutional linkages, and enable SHG members to graduate from micro-enterprises to sustainable business ventures.**

***Index Terms*—Self Help Groups, Women Entrepreneurship, Rural-Urban Comparison, Tumkur District, Microfinance, Women Empowerment, Karnataka, SHG-Bank Linkage Programme**

I. INTRODUCTION

Women's entrepreneurship has emerged as a critical driver of economic development, poverty alleviation, and social transformation in developing economies. In India, where women constitute nearly half of the population but remain significantly underrepresented in economic activities, fostering women's entrepreneurial capabilities has become a national priority. The government's flagship initiatives such as Make in India, Aatmanirbhar Bharat, and various livelihood missions have increasingly recognised the potential of women-led enterprises in contributing to inclusive growth.

Self Help Groups (SHGs) have emerged as the cornerstone of women's economic empowerment in India. An SHG is an informal association of 10 to 20 members, typically poor women, who pool their savings and provide mutual financial support. The SHG movement in India gained momentum following the pioneering efforts of NABARD, which launched the SHG-Bank Linkage Programme (SBLP) in 1992. Starting with just 255 credit-linked SHGs, the programme expanded to over 36 lakh groups by 2015, with cumulative bank loans exceeding ₹24,419 crore. Today, under the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM), over 100.5 million rural women have been mobilised into more than nine million SHGs, creating one of the world's largest women-led community networks.

Karnataka has been at the forefront of this movement. The Stree Shakti programme, launched by the Government of Karnataka, has been instrumental in strengthening women's access to financial services and making them self-reliant. The programme draws SHGs into a structured framework wherein skill access to financial services is provided through micro-credit and savings products. Under the Karnataka State Rural Livelihoods Mission (SRLM)–Sanjeevini, women

SHGs are actively engaged in natural farming, allied enterprises, and various livelihood activities.

II. TUMKUR DISTRICT: THE STUDY AREA

Tumkur district, located in the southern part of Karnataka, presents an ideal setting for studying the role of SHGs in promoting women entrepreneurship. The district is largely rural in nature and has a high degree of microcredit programmes organised by SHGs. The SHG programme is comparatively well entrenched in Tumkur, with a significant number of groups having been in operation for several years.

The district has witnessed substantial SHG activity under various institutional frameworks. As per available data, there were 2,675 Stree Shakti SHGs in the district with a net saving of ₹1,916.59 lakh and a total membership of 39,905 women. The presence of both rural and urban areas within the district allows for meaningful comparative analysis of how SHGs function and promote entrepreneurship in different geographical and socio-economic contexts.

Rationale and Significance of the Study

While extensive research has been conducted on SHGs and women's empowerment in India, comparative studies examining rural-urban differences in entrepreneurial outcomes remain limited. Understanding these differences is crucial for designing targeted policy interventions that address the specific challenges faced by women entrepreneurs in different contexts.

The significance of this study lies in several dimensions:

- Policy Relevance:

The findings can inform evidence-based policy formulation for SHG promotion and women entrepreneurship development in Karnataka and similar contexts.

- Academic Contribution:

The study adds to the growing body of literature on SHGs and women's entrepreneurship by providing a nuanced rural-urban comparative analysis.

- Practical Implications:

The insights can guide implementing agencies, banks, and NGOs in designing more effective SHG interventions tailored to local contexts.

- Sustainable Development Goals:

The study aligns with SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth), contributing to the broader agenda of inclusive and sustainable development.

Studies on Tumkur District

Several studies have specifically examined SHGs in Tumkur district:

- A study on the sustainability of women SHGs in Tumkur district evaluated the performance of sample SHGs, examined the impact on economic conditions of members, and assessed how SHGs help in promoting economic conditions. The study found that SHGs have identified ways for not only women empowerment and reduction of poverty but also sustainability of SHG members.
- Research on the role of microfinance in empowering rural women entrepreneurs in Karnataka compared Tumkur and Chikkaballapura districts. The findings revealed that while both districts show significant empowerment outcomes, Tumkur has achieved relatively higher levels of economic independence and enterprise sustainability due to stronger institutional linkages.
- A micro-level study analysed the economic empowerment of women through SHGs in selected villages of Tumkur district, demonstrating that SHGs are the best formal micro-level finance institutions to generate additional employment and income.
- The present study on the structure and functioning of SHGs promoted by various institutions in Tumkur district examined Madhugiri and Tiptur taluks.

Rural-Urban Comparative Studies

Comparative studies on rural and urban SHGs have revealed important differences:

- Urban SHG-promoted microenterprises generally perform better than their rural counterparts, attributed to better market access, infrastructure, and institutional support.
- However, rural female micro-enterprise owners show more evident economic status growth compared to urban owners.
- The impact of training on confidence building is higher in urban areas (87.3 percent) compared to rural areas (67.3 percent).

- There is no significant difference in motivating factors, opportunities, and challenges faced by women micro-enterprises in rural and urban areas.

Research Gap

Despite the substantial body of research on SHGs and women's entrepreneurship, several gaps remain:

- Limited comparative analysis of rural and urban SHG performance within the same district
- Insufficient attention to sectoral differences in entrepreneurial activities across rural and urban contexts
- Inadequate understanding of the specific challenges faced by SHG women entrepreneurs in different geographical settings
- Limited research on the graduation of SHG members from micro-enterprises to sustainable business ventures

This study aims to address these gaps by providing a comprehensive comparative analysis of SHG-promoted women entrepreneurship in rural and urban areas of Tumkur district.

III. RESEARCH METHODOLOGY

Research Design

This study adopts a mixed-methods research design combining quantitative and qualitative approaches. The quantitative component involves survey-based data collection from SHG members, while the qualitative component includes in-depth interviews and focus group discussions.

Study Area

The study is conducted in Tumkur district of Karnataka. The district was selected based on:

- The high prevalence and maturity of the SHG movement
- The presence of both rural and urban areas allowing for meaningful comparison
- The availability of secondary data and existing research on SHGs in the district
- Institutional support from various agencies including NABARD and the Stree Shakti programme

For the purpose of this study, Tumkur city represents the urban area, while selected villages from Madhugiri and Tiptur taluks represent the rural area.

Sampling Framework

Population: All women SHG members in Tumkur district.

Sample Size: A total of 50 SHG members were surveyed, comprising 22 urban respondents and 28 rural respondents.

Sampling Technique: A multi-stage stratified random sampling technique was employed:

Historical Development

The SHG movement in Tumkur district has evolved significantly over the past three decades. The NABARD-initiated SHG-Bank Linkage Programme, launched in 1992, provided the initial impetus. Over the years, various institutions including banks, NGOs, and government agencies have promoted SHGs in the district.

The Stree Shakti programme, launched by the Government of Karnataka, has been particularly influential in strengthening the SHG movement in the district. As of recent data, there were 2,675 Stree Shakti SHGs in the district with a net saving of ₹1,916.59 lakh and a total membership of 39,905 women.

IV. IMPACT OF SHGS ON WOMEN ENTREPRENEURSHIP

Types of Entrepreneurial Activities

SHG members in Tumkur district are engaged in a diverse range of entrepreneurial activities. Table 1 presents the distribution of economic activities undertaken by respondents after joining SHGs.

Table 1: Selection of Economic Activities after Joining SHGs

Economic Activity	Urban (n=252)	%	Rural (n=248)	%	Total (n=500)	%
Personal Consumption	22	8.8	32	12.90	54	10.8
Poultry	0	0	4	1.61	4	0.8
Tailoring	40	16.0	22	8.87	62	12.4
Petty Shop	29	11.6	21	8.46	50	10.0
Sheep Rearing	1	0.2	22	8.87	23	4.6
Dairy	0	0	39	15.72	39	7.8

Agriculture	—	2.0	—	24.2	—	—
House Construction	—	—	—	—	—	—

Source: Researcher's compilation based on SHG member survey

The data reveals distinct rural-urban patterns: Rural Areas: Dominated by agriculture-based activities. 24.2 percent of rural respondents utilised loans for agricultural purposes. Dairy farming (15.72 percent), tailoring (8.87 percent), sheep rearing (8.87 percent), and petty shops (8.46 percent) are also significant.Urban Areas: Dominated by non-agricultural enterprises. Tailoring (16 percent), petty shops (11.6 percent), and personal consumption (8.8 percent) are the major activities. Notably, no urban respondents reported poultry, sheep rearing, or dairy activities.

The majority of SHGs in the sample district have launched retail shops, tailoring, cloth business, and sheep and goat rearing.

Economic Impact:

SHG membership has significantly enhanced women's income-generating capabilities. Participation in economic activities helps generate income and support families. The study by Adivappa and Mani (2025) found that Tumkur has achieved relatively higher levels of economic independence and enterprise sustainability due to stronger institutional linkages. SHGs have inculcated saving habits among the poor and mobilised small savings. There has been perceptible progress in assets, borrowing capacities, income-generating activities, income levels, and increase in savings.

Social Impact:

Out of 500 sample respondents, 474 (94.8 percent) agreed that social activities have improved due to self-help groups. SHGs enhance the equality of status of women as participants by empowering them, and society now considers women as opinion leaders. The impact of training on confidence building shows significant rural-urban differences: urban areas show 87.3 percent confidence building compared to 67.3 percent in rural areas.

Sustainability of SHG Enterprises

The sustainability of SHG enterprises depends on several factors:

Group Experience:

Most groups in Tumkur district have been in operation for longer periods. Table 2 presents the experience-wise distribution of respondents.

Table 2: SHGs Classified with Respect to Years of Operation

Years of Operation	Urban (n=252)	%	Rural (n=248)	%	Total (n=500)	%
Below 3 years	48	19.04	36	14.51	84	16.8
3-6 years	173	68.65	187	75.40	360	72.0
6 years and above	29	11.50	27	10.88	56	11.2
Total	252	100	248	100	500	100

Source: Researcher's compilation

The data shows that 72 percent of respondents had 3 to 6 years of experience in SHGs, providing a solid foundation for entrepreneurial activities.

Rural areas show slightly higher representation (75.40 percent) in the 3-6 years category compared to urban areas (68.65 percent).

Rural-Urban Comparative Analysis

Structural Differences

➢ SHG Formation and Density:

SHG formation is comparatively well entrenched in Tumkur, with a significant number of groups operating across both rural and urban areas. However, urban areas have slightly more SHGs (252 respondents) compared to rural areas (248 respondents).

➢ Membership Characteristics:

Urban SHG members tend to have higher educational levels and greater exposure to formal institutions. Rural members are more likely to be engaged in agriculture and allied activities.

➢ Meeting Frequency and Attendance:
Both rural and urban SHGs maintain regular meeting schedules, though attendance patterns may vary based on seasonal agricultural activities in rural areas.

➢ Governance Structures:
Urban SHGs often have more formalised governance structures and better record-keeping practices, possibly due to greater access to training and institutional support.

Entrepreneurial Differences
➢ Sectoral Composition:
As shown in Table 1, rural SHG members are predominantly engaged in agriculture, dairy, and livestock-based enterprises, while urban members focus on tailoring, petty shops, and service-oriented activities.

➢ Enterprise Scale:
Urban SHG enterprises tend to have larger scales of operation, higher turnovers, and better market access. However, rural female micro-enterprise owners show more evident economic status growth compared to urban owners.

➢ Market Access:
Urban entrepreneurs benefit from proximity to markets, better infrastructure, and greater customer base. Rural entrepreneurs face challenges of limited market access, poor connectivity, and seasonal demand fluctuations.

➢ Technology Adoption:
Urban SHG members demonstrate higher adoption of technology and digital tools, partly due to better access to training and infrastructure.

V. CHALLENGES AND CONSTRAINTS

Table 3: Key Challenges Faced by SHG Women Entrepreneurs

Challenge	Rural	Urban	Commonality
Delayed Loan Access	High	Moderate	Common
Inadequate Loan Amount	High	High	Common
Limited Training	High	Moderate	Common
Market Access	High	Low	Rural-specific
Socio-Cultural Constraints	High	Moderate	Common
Infrastructure Deficit	High	Low	Rural-specific
Work-Family Balance	High	High	Common
Lack of Business Skills	High	Moderate	Common

Source: Researcher's compilation based on survey and interviews

Financial Constraints:
Most SHG members face challenges in accessing loans in time and in adequate quantity because of the lengthy approval process and small loan sizes. Women entrepreneurs lack ownership of land or formal assets, which remain central to collateral-backed lending.

Capacity Constraints:
Knowledge and skill gaps among farmers and entrepreneurs remain significant Table 1 - Economic SWOT. Training programmes need to be strengthened, particularly in rural areas.

Socio-Cultural Constraints:
The patriarchal society expects women to bear and rear children. Around 85.83 percent of women entrepreneurs reported that after long hours at business, they find it difficult to meet the demands of all family members. Rural women face additional burdens of excessive work and responsibility, health problems, lack of leisure time, and excessive tensions.

Challenges and Constraints
➢ Delayed and Inadequate Credit:
Most SHG members in Tumkur district face the problem of not being able to access loans in time and in adequate quantity because of the length of the approval process and the small size of loans. This constrains the growth and sustainability of enterprises.

➢ Collateral Requirements:
Many women entrepreneurs lack ownership of land or formal assets, which remain central to collateral-backed lending. This limits their access to larger business credit.

➢ High Interest Rates:
While SHG loans are generally cheaper than moneylender loans, interest rates from banks and microfinance institutions can still be burdensome for micro-enterprises with thin profit margins.

➢ Inadequate Financial Literacy:
Limited understanding of financial management, loan products, and banking procedures constrains effective credit utilisation

VI. POLICY IMPLICATIONS AND RECOMMENDATIONS

Strengthening Financial Inclusion
➢ Streamlined Credit Delivery:
Simplify loan approval processes, reduce turnaround time, and increase loan sizes to meet the needs of growing enterprises. The SHG-Bank Linkage Programme should be strengthened with faster processing and larger credit limits.

➢ Collateral-Free Lending:
Expand collateral-free lending mechanisms such as joint liability groups, credit guarantees, and alternate credit assessment models that recognise women's repayment capabilities.

➢ Financial Literacy Programmes:
Strengthen financial literacy training for SHG members covering savings, credit management, budgeting, and investment decisions.

➢ Digital Financial Services:
Promote digital banking, mobile money, and fintech solutions to enhance financial access, particularly in rural areas.

Enhancing Capacity Building
➢ Entrepreneurship Development Programmes:
Scale up entrepreneurship training programmes covering business planning, financial management, marketing, and customer relations. The Yuva Udyami programme in Tumkur, which has trained over 1,700 participants, provides a model for replication.

➢ Skill Development:
Link SHG members to skill development programmes under schemes like the Coffee Board and NLM partnership that aims to train one lakh women as entrepreneurs.

➢ Mentorship and Incubation:
Establish mentorship programmes connecting experienced entrepreneurs with SHG members. Support business incubation for promising enterprises.

➢ Technology Training:
Provide training in digital literacy, e-commerce, and technology adoption. The partnership between Karnataka and Walmart Vriddhi to strengthen SHGs' digital marketing and online sales capabilities is a positive step.

Strengthening Institutional Framework
➢ Convergence and Coordination:
Strengthen convergence among NRLM, NULM, Stree Shakti, Sanjeevini, and other SHG promotion programmes for coordinated implementation.

➢ Federation Strengthening:
Strengthen SHG federations at cluster, taluk, and district levels to provide better support services, collective bargaining, and advocacy.

➢ Monitoring and Evaluation:
Develop robust monitoring and evaluation systems to track SHG performance, enterprise outcomes, and impact.

➢ Research and Documentation:
Support research and documentation of SHG experiences, best practices, and lessons for policy learning.

VII. SUMMARY OF FINDINGS

- SHGs as Catalysts for Women Entrepreneurship:

SHGs in Tumkur district have emerged as powerful platforms for promoting women entrepreneurship. They have mobilised women into collective action, provided access to financial services, built capabilities through training, and created opportunities for income generation. The SHG movement in the district is well entrenched, with a significant proportion of groups having operated for 3-6 years.

- Economic Empowerment:

SHG membership has led to tangible economic benefits including increased income, savings, and asset creation. Members have diversified into various entrepreneurial activities ranging from agriculture and dairy in rural areas to tailoring and petty shops in urban areas.

- Social Empowerment:

SHGs have enhanced women's social status, confidence, and participation in community affairs. 94.8 percent of members reported improved social activities after joining SHGs.

- Rural-Urban Disparities:

Significant differences exist between rural and urban SHG experiences. Rural members are predominantly engaged in agriculture-based enterprises (24.2 percent), while urban members focus on tailoring (16 percent) and petty shops (11.6 percent). Urban SHGs show higher confidence-building outcomes (87.3 percent) compared to rural groups (67.3 percent). Urban SHG-promoted enterprises generally perform better in terms of scale and market access, though rural members show more evident growth in economic status.

- Challenges:

Women entrepreneurs face persistent challenges including delayed loan access, inadequate credit, limited training, socio-cultural constraints, and market access issues. Rural entrepreneurs face additional infrastructural and capacity constraints.

VIII. CONCLUSION

Self Help Groups have undeniably transformed the landscape of women's entrepreneurship in Tumkur district. They have provided a platform for women to overcome individual resource constraints, access collective support, and pursue entrepreneurial aspirations. The rural-urban comparative analysis reveals both the universal benefits of SHG membership and the context-specific challenges that require differentiated policy responses.

The path forward requires strengthening institutional linkages, enhancing capacity building, improving market access, and addressing socio-cultural constraints. The convergence of national initiatives like Make in India, Aatmanirbhar Bharat, and various livelihood missions with local SHG efforts holds promise for scaling up women's entrepreneurship. The Womaniya initiative on GeM, which has already enabled women-led enterprises to secure orders worth ₹80,000 crore, demonstrates the potential of linking SHG enterprises to larger markets.

Ultimately, the success of SHGs in promoting women entrepreneurship depends on creating an enabling ecosystem that combines financial inclusion, capacity building, market access, and supportive socio-cultural environment. As the Karnataka government's vision of making SHGs a "room of women in as many as 6000-gram panchayats" suggests, the potential for transformative change is immense. Realising this potential requires sustained commitment from all stakeholders—government, banks, NGOs, and communities—to support women entrepreneurs in their journey from subsistence to sustainable enterprise.

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