

# Exploring pedagogical innovations for micro/small entrepreneurship training to SHG members through Open Distance Learning

By

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## INTRODUCTION

In India, microfinance has been working largely through Self-Help Groups (SHGs), predominated by women. According to Society for Elimination of Rural Poverty (SERP), more than 50% of SHG members were running micro-enterprises (SERP, 2013a). But there was absence of micro-entrepreneurship training for them. However, skill building through micro-entrepreneurship training to SHG members is a big challenge to Educational Institutions as most them are semi-literate.

Karmakar (1999) rightly pointed out that in developing countries with vast sections of the population caught up in the web of poverty; the challenge is to generate enough employment and income generating opportunities for the rural and urban poor in a sustainable manner. Micro-enterprises play an important role in providing income generating opportunities, employment, improving the quality of life and poverty alleviation. Micro-enterprises are all pervasive in the large informal sector but invisible in terms of their contribution to the growth of an economy. However, micro-enterprises would be more robust if emerging needs of micro-entrepreneurs are addressed effectively in time. This challenge of meeting emerging needs may be addressed through Open Distance Learning (ODL) with the support of multi-delivery channels for development of sustainable micro-enterprises.

## MICROFINANCE AND SELF-HELP GROUPS

Microfinance provides small loans to poor people for their varied needs such as: investment in micro-enterprises (self-employment), consumption purposes, etc. The purpose of microfinance is to reduce the poverty and accelerate the economic development through small/micro-business activities.

A Self-Help Group is a group of about 10 to 20 people, usually women, from a similar class and region, who come together to form savings and credit organization. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the SHG. In such a group, the poorest would come together for emergency, disaster, social reasons, economic support and social interaction to each other.

According to Society for Elimination of Rural Poverty (SERP), there are over **3 million** SHGs in India and over **1 million** SHGs in Andhra Pradesh State as of March 2012. The total number of SHG members in Andhra Pradesh exceeds **1 crore** (SERP, 2013b). It means Andhra Pradesh State alone has about one-third of SHGs organized in India. The widening reach of SHGs is clear not only from their increasing numbers but also from the extent of the acceptance of their efficacy. Thus the objectives for forming SHGs include inculcating the habit of thrift, savings, banking culture for depositing and availing loan

facility for income generating activities. The State Government of Andhra Pradesh has been using SHGs extensively as a primary tool for poverty alleviation and empowerment of the poor (Anushree et al., 2008).

In an effort to explore the pedagogical innovations for micro/small entrepreneurship training to micro-entrepreneurs of Self-Help Groups (SHGs) through ODL, the following objectives are framed for the study.

## **OBJECTIVES**

The objectives of the study are:

- i. To examine the role of microfinance in micro-entrepreneurship activities of Self-Help Groups (SHGs);
- ii. To study the literacy status of micro-entrepreneurs and their training needs;
- iii. To find out whether teaching-learning through ODL mode can be tailored to meet the needs of micro-entrepreneurs;
- iv. To suggest a training model for micro-entrepreneurship training through ODL system.

This paper therefore is expected to inform:

- (i) Educational planners – on how to design pedagogy to promote required professional skills to micro-entrepreneurs at different levels through ODL system.
- (ii) Micro-entrepreneurs – on how to improve their understanding of micro-financial products and commencement and maintenance of micro/small business activities.

## **RESEARCH METHODOLOGY**

This is part of my project study. The study is based on both primary as well as secondary data. The primary information was collected through survey method using structured interview schedule. The secondary data were collected from published documents.

The sample size was chosen based on multi-stage sampling method. Stratified random sampling technique and purposive sampling technique were used for selecting Regions, Villages, Self-Help Groups and Members of SHGs including micro-entrepreneurs. 459 Self-Group Members were selected from 108 Self-Help Groups from 27 Villages from three regions of Andhra, Rayalaseema and Telangana of Andhra Pradesh State. The SHGs and members of SHGs were selected from these three regions to represent the entire Andhra Pradesh State.

Broadly this paper is divided into two sections. In the first section, we discussed the role of microfinance in micro-entrepreneurship development, status of literacy and the training needs assessment study. In section two, we presented the proposed training model through Open Distance Learning (ODL) system.

## **SECTION – A**

### **CONCEPTUAL FRAMEWORK OF MICRO, SMALL AND MEDIUM ENTERPRISES**

A small business that employs a small number of employees is called micro enterprise. A microenterprise will usually operate with fewer than 10 people and is started with a small amount of capital.

According to Micro, Small and Medium Enterprises Development (MSMED) Act 2006, the micro, small and medium enterprises have been categorized into two: (i) manufacturing, and (ii) providing services based on their investment in plant and machinery (for manufacturing) or in equipment (in case of service enterprises) as shown below.

**Table-1: Classification of MSMEs by Investment Limit**

Category of Enterprise	Manufacturing (in Plant & Machinery) (Rs. Million)	Service ( in Equipment) (Rs. Million)
Micro	Up to 2.5	Up to 1.0
Small	2.5 to 50	1.0 to 20
Medium	50 to 100	20 to 50

Source: MSMED Act 2006.

This study is confined to micro/small-enterprises and micro/small-entrepreneurs and their training. The role of Society for Elimination of Rural Poverty (SERP) is significant in promoting Self-Help Groups (SHGs) and micro/small-enterprises.

### **ROLE OF SERP IN PROMOTING MICRO/SMALL ENTERPRISES**

The Society for Elimination of Rural Poverty (SERP) was established by the Government of Andhra Pradesh (GOAP) as a sensitive support structure to facilitate poverty reduction through social mobilization, micro-enterprises and improvement of livelihoods of rural poor in Andhra Pradesh. The vision of SERP is to enable every poor family in rural Andhra Pradesh to come out of poverty and stay out of poverty. Some of the rural enterprise activities promoted by SERP are discussed hereunder.

#### **Livestock and Poultry Development**

Initiative of Dairy Development started with ensuring remunerative price to milk through Community Based Organizations (CBOs) managing Bulk Milk Cooling Units (BMCUs) and Village milk procurement centres in two mandals (Yellareddy of Nizamabad and Addakal of Mahaboobnagar) in two districts during 2006-07, has reached a high of CBOs managing 187 BMCUs and procuring milk from more than 151,000 pourers of 4225 Village Milk procurement centres by the end of December, 2012.

To enhance the production and productivity of milk it is decided to strengthen certain activities like perennial Green Fodder Production by establishing Fodder Nurseries in 189 mandals, supply of quality concentrate feed, proper breeding services and animal health access. The grounding of Milch animals and small ruminants is in progress in poor mandals (SERP, 2013c).

#### **Knitting Rural Self-Help Enterprises (KRuSHE)**

KRuSHE wing under SERP has been incepted to promote entrepreneurship in Farm and Non-Farm livelihoods among the members of rural SHG households with focus on poorest of the poor (PoP) to engage each household in an entrepreneurial activity.

For restoring the traditional art and crafts of Andhra Pradesh, KRuSHE is an attempting to link numerous artisans, craftsmen and rural producers of the state to remunerative markets.

According to the SERP, the micro entrepreneurs of SHG are producing many micro products. Some of them are: artificial flowers, artificial jewellery, candles, leather products, handicrafts, wooden toys, nirmal paintings, bakery, beauty parlor, fish/chicken stall, vegetable business, pickles business, bangles, etc.

## Status of SHG members' literacy rate and share of micro entrepreneurs

In rural Andhra Pradesh, girls and women are largely excluded from education due to various reasons, such as: (i) less support from their families; (ii) arrangement of early marriage; (iii) after marriage lack of support from their husbands; (iv) lack of accessibility of formal education; (v) lack of financial support, etc. As per the information ascertained from the members of SHGs, the ground situation of average literacy among members of SHGs and micro-entrepreneurs in Andhra Pradesh State is mentioned hereunder.

**Table-2: Status of SHG members' literacy rate and share of micro entrepreneurs**

Level of Literacy	Andhra Region		Telangana Region		Rayalaseema Region		Total	
	SHG Members (1)	Share of Entrepreneurs (2)	SHG Members (3)	Share of Entrepreneurs (4)	SHG Members (5)	Share of Entrepreneurs (6)	Total SHG Members (7)	Share of Entrepreneurs (8)
Illiterate	31 (20)	06 (07) (19)	38 (25)	04 (06) (10)	46 (30)	03 (03) (07)	115 (25)	13 (05) (11)
Append their signatures	35 (23)	09 (10) (26)	77 (50)	32 (48) (42)	32 (21)	21 (24) (66)	144 (31)	62 (25) (43)
Primary and Upper Primary School Education	46 (30)	39 (42) (85)	20 (13)	15 (23) (75)	49 (32)	40 (47) (82)	115 (25)	94 (39) (82)
High School Education	31 (20)	29 (31) (94)	15 (10)	13 (20) (87)	18 (12)	16 (19) (89)	64 (14)	58 (24) (91)
Post High School Education	10 (07)	09 (10) (90)	03 (02)	02 (03) (67)	08 (05)	06 (07) (75)	21 (05)	17 (07) (81)
<b>Total</b>	<b>153 (100)</b>	<b>92 (100) (60)</b>	<b>153 (100)</b>	<b>66 (100) (43)</b>	<b>153 (100)</b>	<b>86 (100) (56)</b>	<b>459 (100)</b>	<b>244 (100) (53)</b>

Source: Primary data, February 2011.

- Note:
- Figures in middle row in columns 1, 3, 5 and 7 indicate select SHG members.
  - Figures in brackets below the middle row figures in columns 1, 3, 5 and 7 indicate percentage to total select SHG members.
  - Figures in middle row in columns 2, 4, 6 and 8 indicate micro-entrepreneurs.
  - Figures in brackets below the middle row figures in columns 2, 4, 6 and 8 indicate percentage of entrepreneurs.
  - Figures in brackets shown at the right hand corner in columns 2, 4, 6 and 8 indicate percentage of entrepreneurs to total SHG members.

The statistics of literacy reveals that micro entrepreneurs constitute 53% (244) of the total SHG members (459). Out of these 244 micro-entrepreneurs, 30% (75) entrepreneurs are illiterate and are not able to read and write and 39% are semi-literate. For these illiterate and semi-literate, micro-entrepreneurship training through ODL may not be possible as they may not cope up. But the remaining 31% (75) are literate and having qualifications of post high school. For them the entrepreneurship training through ODL may be possible and useful.

As discussed earlier at the beginning, the total number of SHG members in Andhra Pradesh is more than one crore. The analysis shown in Table-2 reveals that 53% of SHG members are micro-entrepreneurs. It means, there are approximately 53,00,000 (53% of SHG members) micro-entrepreneurs of SHGs operating in Andhra Pradesh. Out of these, around 31% of micro-entrepreneurs (16,43,000) are literate entrepreneurs, who need micro-entrepreneurship training in Andhra Pradesh. For them the Open Distance Learning (ODL) is the only alternative to improve their professional skills for sustainable development and come out of poverty.

In this direction, **the Department of Commerce, Dr.B.R.Ambedkar Open University proposes to offer a “Certificate/Diploma program in Micro-entrepreneurship” through Open Distance Learning (ODL)** in collaboration with a Society for Elimination of Rural Poverty (SERP) to arm micro-entrepreneurs to manage micro enterprise operations in a professional manner and to devise new ways to excel in their business plans. Further this program aims to enable the interested members of SHGs and community resource persons to learn basic skills related to earning through small/micro-business activities, spending, budgeting, saving, borrowing, and investing money. The other purposes of this program are: (i) to create more productive professional labor force; (ii) to provide training at required levels; (iii) to provide wide spread employment which reduces poverty; and (iv) to improve functional abilities of entrepreneurs. It includes personality development, communication and negotiation skills, interpersonal skills, positive work culture, work ethics, self-development, self-confidence, stress and time management, crisis management and goal setting.

Therefore, the micro-entrepreneurship training through ODL system provides required professional skill if not higher level skills and enhances self-confidence in micro-entrepreneurs to excel in their business activities and become responsible citizens.

## **SECTION-B**

### **NEEDS ASSESSMENT STUDY**

The relevance of topics for entrepreneurship training depends on the needs of entrepreneurs. The researcher has discussed with the select SHG members including micro-entrepreneurs (Table-2) the aspects pertaining to the objectives of the study. The responses of the micro-entrepreneurs are presented below.

In a discussion the respondents mentioned that they do not have complete understanding about many aspects, such as: (i) commencement of micro/small business; (ii) marketing of products; (iii) maintenance of business organization; (iv) maintenance of accounts; (v) opening of bank account; (vi) preparation of micro loan plan; (vii) application for bank loan; (viii) simple interest calculation on bank loan and other

loans; (ix) financial decision making; (x) maintenance of accounts through computer accounting package; (xi) auditing of loan accounts, etc.

Most of the members (90%) felt that maintenance of accounts is very important for running a business as it involves loan amount, outstanding loan amount, repayment obligations, calculation of interest, etc. All these are important for sustainability of an enterprise.

The Table-2 results indicated that 53% of Self-Group members have engaged in micro-enterprise business activities with no required professional skills. It means many SHG members are willing to participate in small/micro business activities and use their hidden potential power if they are given an opportunity.

Through discussion, it was observed that micro-entrepreneurs have competencies but lack fully required professional competencies to perform, succeed and survive. They have reservoir of life experience but lack professional experience. All of them are not equal in many respects. They are on various levels of education and skill experience. Therefore, skill seekers need to be trained through Open Distance Learning (ODL) system with the support of Information and Communication Technologies (ICTs) for appropriate skill development using the best practitioners and competent trainers and resource persons.

Vasanthakumari (2011) rightly pointed out that the entrepreneurship development training program on various aspects of setting up and operating an enterprise, and on developing leadership quality and communication skills, would help to equip them to operate the business effectively.

## **ENTREPRENEURSHIP TRAINING MODEL FOR SHG MEMBERS THROUGH ODL**

It is difficult task to design and develop a training model for the semi-literate and literate rural SHG members of micro-entrepreneurs and non-entrepreneurs as it is a multi-dimensional. However, the following steps are proposed for proposed training model to introduce a Certificate / Diploma program in Dr.B.R.Ambedkar Open University through the Department of Commerce.

The steps in proposed training model are interlinked each other. Continual evaluation and improvement of each and every step is necessary for better meeting of the objectives. Delivery of training is very important in case of the rural women. The following steps are required to provide training.

- (i) **Identification of Target Learners.** The target learners need to be identified with help of Self-Help Groups through Society for Elimination of Rural Poverty (SERP) which is an autonomous body set up by the Government of Andhra Pradesh.

- (ii) **Identification of Trainers/Resource persons.** The resource persons for developing course modules / work books and trainers to provide training need to be identified carefully as the proposed training will be through multi-delivery channels. Further, training on ICTs is to be provided to the trainers first to train the target learners with the help of ICTs.
- (iii) **Curriculum development.** It is the most important step in the process of designing curriculum for training program. Based on the target group knowledge or skills, finalize the curriculum by conducting workshops/expert committee meetings.
- (iv) **Development of the ODL training materials.** The training materials/modules/work books on entrepreneurial skills for development for micro entrepreneurs should be self-instructional, self-directed, self-motivating, self-learning, self-testing and self-understanding.
- (v) **Provide Training Through ODL System.** It is proposed to use multi-delivery channels for training through Open Distance Learning with the support of appropriate ICT which is cost effective, interactive, learner friendly and convenient mode of learning to achieve objectives of access, equity and reaching the unreached.

#### **Instructional Delivery through Multiple Diversified Delivery Channels**

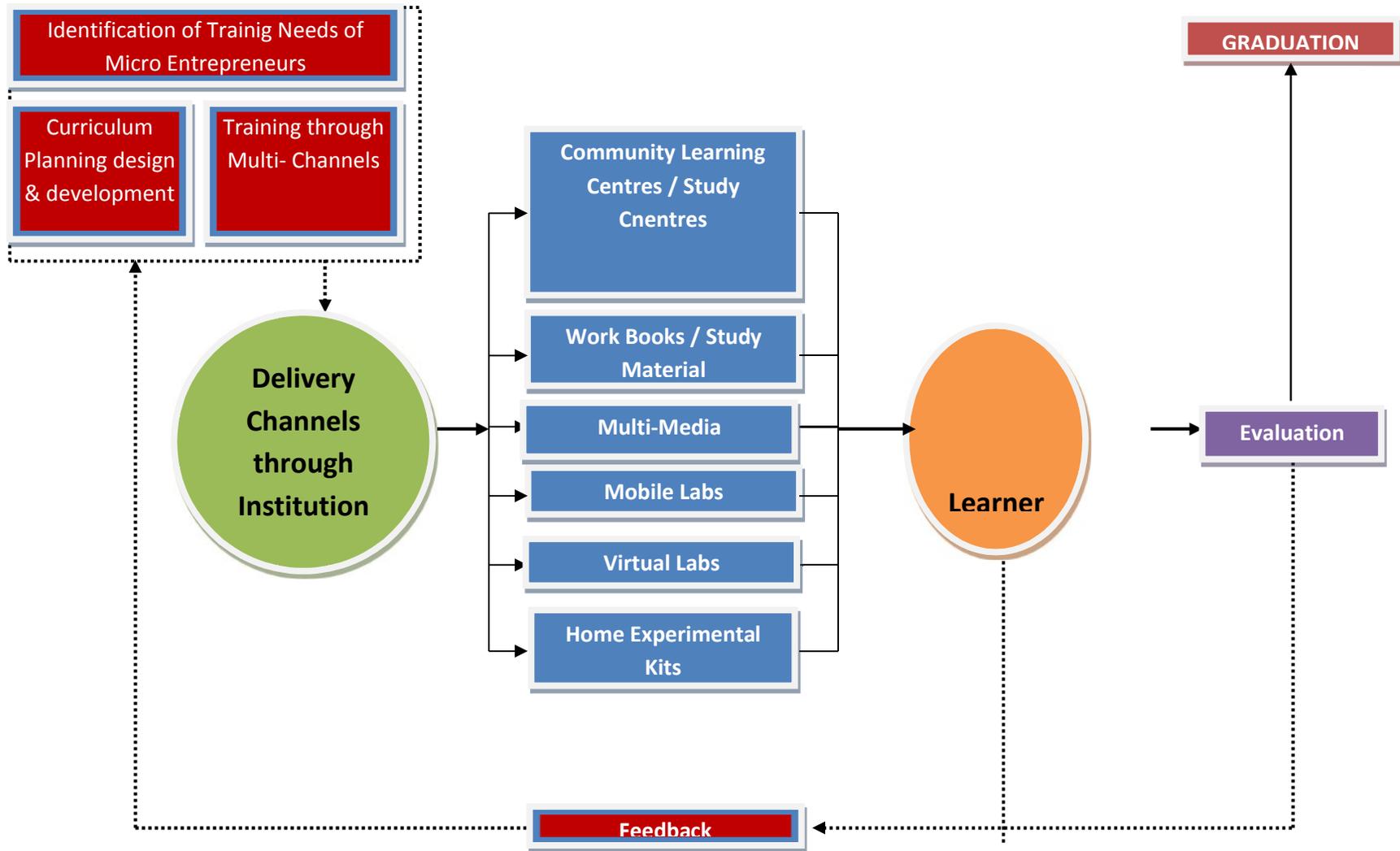
ODL system encompasses many different ways of delivering education and training to learners. ODL is a resource based instructional methodology; its effectiveness depends heavily on quality of learning resources that are used and on the appropriateness of the delivery media.

The instructional delivery should be collaborative model. The Department of Commerce, Dr.B.R.Ambedkar Open University proposes to have collaboration with SERP which is promoting Self-Help Groups and micro/small enterprises and providing very short-term training to micro-entrepreneurs. The discussion with micro entrepreneurs of SHGs reveals that 90% of micro entrepreneurs expressed that the training provided by SERP is not adequate to meet their requirements to run their businesses.

Therefore, it is proposed to evolve a training model of instructional delivery through multiple diversified delivery channels as shown below.

# Multi-Media Instructional Delivery System

[Teaching – Learning System]



Broadly the instructional delivery is divided into two systems. (1) Theory based instructional system; and (2) Work based / Field based instructional system.

1. **Theory Based Instructional System.** In view of ODL's inherent characteristics, the micro-entrepreneurs of SHGs can be trained by grouping them in their villages and training may be provided in identified Learning Centres. These may be known as "Community Micro-entrepreneurs Learning Centres. Counsellors may be arranged to counsel them. In addition classes may be organized with the support of multi-delivery channels to enhance their hidden potential knowledge. The appropriate technology with suitable infrastructural facilities may be used to impart quality training to learners. This method of arrangement obviously could be ODL system through Community Study Centres. In addition to Community Learning Centres, the existing Study Centres of Dr.B.R.Ambedkar Open University may also be used for training wherever convenient. The contact-cum-counseling classes may be conducted by organizing a Mobile Van, Virtual Van with the help of counselors and appropriate technology.
2. **Work Based / Field Based Instructional System.** In addition theoretical classes mentioned above, the work based / field based instructional system is also proposed. In this system, practical classes may be arranged by providing a facility to micro-entrepreneurs for visiting some work places / micro / small enterprises to expose them with the practical aspects of enterprises activities. Further practical classes may be arranged through Virtual Lab/Mobile Lab to train micro entrepreneurs by showing work situations through animation/video.

## CONCLUSION

The results of the study revealed that the members of SHGs need microfinance through banks and micro-entrepreneurship training through distance education mode as it teaches people with support of ICTs on how to manage their debt with discipline while doing business activities.

To conclude, it is inferred that microfinance and micro-entrepreneurship training to members of SHGs improves the system of micro-credit and functional abilities of micro/small entrepreneurs of SHGs. As such there is a need to undertake further research on the same topic to evolve a **comprehensive training model** for microfinance and micro-entrepreneurship training through ODL system as it is an innovative business that looks for inclusive growth through micro/small business activities to alleviate poverty.

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