



# **Women Entrepreneurship in India: Challenges and Support Modules**

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## **➤ ABSTRACT**

In India women entrepreneurship development is very low in comparison to developed countries. Besides the government, the other stakeholders need to shoulder the responsibility for entrepreneurship development and skill training. The realisation has dawned upon the developing and developed nations that developing women entrepreneurship is essential to flourish as economically dominant nation in the modern high-tech world. In India, the women are trying to shed off the nomenclature of 'Abla Naari'. Women are increasingly making their presence felt in the business field as entrepreneurs and this has brought about a phenomenal change in the demographic attributes of business and economic growth of the country. An active role in society of the women-owned businesses enterprises is encouraging social academicians to focus on this interesting development.

This paper seeks to answer two questions: What are the problems faced by women entrepreneurs? What does the literature and database suggest to us about effective promotion and development of women entrepreneurship? This research paper concludes that the present scenario demands more sincere and significant efforts in the implementation of multiple women entrepreneurship promotion policies and schemes that have been introduced in India. The benefit shall largely escape an individual

women entrepreneur till the time deep rooted gender bias approach is not eradicated from our mindsets and the societal set up.

Key word: Women entrepreneurs, entrepreneurship development, economic growth, Responsibility, Phenomenon.

#### ➤ METHODOLOGY

The study has been largely based on Secondary data. Secondary data collection comprises of literature review, impact reports of relevant studies, census reports, government reports and an analytical review of literature available online.

#### INTRODUCTION

**“When woman moves forward, the family moves, the village moves and the nation moves”**—

These are the words of **Pandit Jawahar Lal Nehru**, who had envisaged 65 years ago, that an empowered woman would in a greater way assist the nation to surge ahead. Empowerment to a woman comes through employment, which gives economic independence and status to a woman.

In developing countries like India, women are being perceived as the major source for growth, prosperity and welfare. The educated women are no longer confined to the four walls of the house. They have shown the courage to break the shackles of a patriarchal society, the social customs, caste restrictions, culture restraints, and norms and have barged into the male bastion of occupation and business avenues. Many Indian women have attained prominent or leadership positions, in various domains which were considered to be male oriented, such as entrepreneurs, industrialists, civil servants, police officers, airline pilots, scientists, engineers.

However, Indian women have a long way to go, to acquire equal rights and position because

traditions are deep rooted in Indian society where the societal set up has been a male dominated one.

### ➤ **DEFINITION OF ENTREPRENEUR:**

The term Entrepreneur has been derived from the French word 'entreprendre', which means to undertake. An Entrepreneur can be defined as, "a person who combines capital and labour and other factors for the purpose of production, taking on financial risks in the hope of profit". Hence, without discriminating it can be stated that a woman entrepreneur is, "any woman who organizes and manages any enterprise, especially a business with considerable initiative and risk".

This term was largely reserved for men, though women in the 18<sup>th</sup> century owned and ran certain businesses like taverns, brothels and retail shops, these businesses were considered to be shameful for women. It was only on the turn of 20<sup>th</sup> century, with the onset of feminism, that society started to accept women as business persons. During WWII many women entered the workforce, as a patriotic duty, filling jobs that men had left behind to serve the military.

Women Entrepreneurship has been recognised as an important source of employment and economic growth. Women entrepreneurs not only help create jobs for themselves and others but also provide different solutions to management, organisation and business problems. There has been a phenomenal rise in the number of women entrepreneurs the world over, including India. According to a study in 2012, there was an approximate 126 million women either starting up or running there on businesses in various economies worldwide. However, they still represent a minority of all entrepreneurs and encompass approximately 1/3 of all entrepreneurs globally.

Women entrepreneurs make a significant contribution to the Indian economy. As per a survey done by International Finance Corporation of the World Bank Group, in India there are nearly 3 million, micro, small and medium enterprises with full or partial female ownership. These make 10% of the total MSMEs in India. They contribute 3.09% of industrial output and employ over 8 million people. 78% of women run enterprises belong to services sector and 98% are micro enterprises in size.

The data exhibited in Tables 1,2,3 and 4 has been sourced from the study undertaken by the International Finance Corporation of The World Bank Group. It shows the categorization of women owned enterprises as per their size, geographical distribution, sources of finance and financial requirements.

**Table: 1 Classification of women-owned MSMEs**

<b>Category</b>	<b>Registered</b>	<b>Unregistered</b>	<b>Total</b>	<b>Total versus all women-owned businesses (percent)</b>	<b>Total versus all MSMEs (percent)</b>
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<b>Micro</b>	274,059	2,655,38	2,929,377	97.62	9.40
<b>Small</b>	40,722	30,414	71,136	2.37	0.23
<b>Medium</b>	276	–	276	0.01	0.01
<b>Total</b>	315,057	2,68,732	3,000,789	100.00	10.25

**Table: 2 Geographical distributions of women-owned MSMEs**

<b>Prevalence of women-owned businesses</b>	<b>State-wise Share (percent)</b>	<b>Number of states/union territories (#)</b>	<b>States/union territories</b>	<b>Combined share (percent)</b>
<b>High</b>	>10.00	4	Kerala, Karnataka, Tamil Nadu, West Bengal	51.9
<b>Medium</b>	5.00-10.00	2	Andhra Pradesh, Madhya Pradesh	19.5
<b>Low</b>	2.00-4.91	7	Rajasthan, Maharashtra, Punjab, Uttar Pradesh, Bihar, Gujarat, Odisha	26.7
<b>Very Low</b>	<1.91	20	Rest of India	9.9

**Table: 3 Access to finance of women-owned enterprises**

<b>Funding source</b>	<b>Share (percent)</b>
Formal financial sources	3.1
Semi-formal financial sources	4.8
Self, family, friends or informal sources	92.1

**Table: 4 Demand for financing from women-owned MSMEs**

<b>Type</b>	<b>Formal Sector</b>		<b>Informal Sector</b>	
	<b>Number of units (in thousands)</b>	<b>Financing demand Indian rupees trillion (\$ billion)</b>	<b>Number of Units (in thousands)</b>	<b>Financing demand Indian rupees trillion (\$ billion)</b>
<b>Micro</b>	274.06	0.19(3.49)	2,655.322	1.86(33.86)
<b>Small</b>	47.53	3.91(71.16)	30.41	2.50(45.54)
<b>Medium</b>	0.28	0.21(3.75)	0.00	0.00(0.00)
<b>Total</b>	321.86	4.31(78.40)	2,685.73	4.37(79.40)

## ➤ **CHALLENGES/BARRIERS:**

The women entrepreneurs' face much society based and institutionalised deterrents and obstacles discussed below:

### **1. Stereotype Gender Roles**

Entrepreneurship has been largely viewed as a male domain. The gender specific role in running and owning an enterprise vests only in a man as a woman is considered to be weak, less intelligent and a poor risk taker. It is difficult to surpass the hurdles posed by the conventional views of entrepreneurship being a male dominated field.

### **2. Patriarchal Society**

The society customs and norms require a woman to be a homemaker. The general perception of male members is that a woman needs to stay at home, attend to domestic work, take care of children and family members etc. She is denied the right to inheritance to property and land ownership.

The woman lacks support and encouragement from the male family members especially her husband which suppresses the abilities of many potential entrepreneurs.

### **3. Finance as a Key Barrier**

Women own lesser personal financial assets than men. They are often denied credit by bankers on the ground of lack of collateral security. They are perceived as having a high risk profile in the absence of collateral security and guarantee by any family member or acquaintance. Poor financial literacy and lack of reliable information about financial management makes the women entrepreneur less attractive to financiers.

#### **4. Lack Of Entrepreneurial Aptitude**

Most women from small towns lack business acumen and bent of mind. The training imparted under aegis of Entrepreneurship Development Programme falls short of honing their entrepreneurial skills and abilities. This leads to following problems.

- **Marketing Problems** –Women entrepreneurs face multiple problems in selling the products, there is fear of exploitation at the hands of middlemen and agents.
- **Severe Competition** – Since enterprises owned by women are generally micro and small in size, hence it's difficult to survive the tough competition posed by established and bigger concern.

#### **5. Dearth of Tailor Products/Services**

Banks, Venture capitalists and informal lending groups lack understanding of female centric businesses. They often rely on personal profiles and track records while reviewing loan applications and women entrepreneurs often lack proper records and documents. Very little efforts are being made by financial institutions to design tailored financial products sensitive to the needs of the applicants.

#### **6. Dual Role Play**

A woman is subjected to pressure of carrying out dual roles of being a successful business woman and is also required to devote substantial time to family members and related matters. The constant struggle to strike a work life balance sometimes forces a women entrepreneur to quit her venture.

#### **7. Social Barriers**





Women entrepreneurs face the hindrance of the socio-cultural environment in which they are born and raised. The social customs, caste restrictions, culture restraints and norms leave women lagging behind.

### ➤ **SUBSIDIES AND LOAN SCHEMES FOR WOMEN ENTREPRENEURSHIP IN INDIA:**

To cater to the needs of potential women entrepreneurs, and to assist needy women to make them economically independent, various loan schemes and Entrepreneurship Development Programmes have been introduced by Micro, Small and Medium Enterprises development organisations, State Small Industries Dev. Corp., the Nationalised Banks and even NGOs. Some of the special schemes for women entrepreneur, implemented by the Ministry of Micro Small and Medium Enterprises and other government bodies and allied institutions are as follows:

#### **1. Trade Related Entrepreneurship Assistance and Development Scheme (TREAD)**

This scheme is introduced by Ministry of Micro, Small and Medium Enterprises and it envisages to empower women, through subsidy and trade related training, information and counselling extension activities related to trades, products and services. The three major components of the scheme are:

- i. The government provides grants up to 30% of the total project cost, subject to maximum limit of ₹ 30lakhs, through NGOs for capacity building and for undertaking self employment ventures by women in non-farm activities. The remaining 70% of the project cost is financed by the appraising lending agency.
- ii. The Government also gives a grant of up to one Lakh rupees per programme to training institutions/NGOs for imparting training to women entrepreneurs.
- iii. Also, need based grants upto rs. 5 Lakhs may also be provided to national level EDIs and other reputed institutions for undertaking research studies, field studies, evaluation studies, designing of training modules etc.

#### **1. Mahila Coir Yojna**

MCY subsidy scheme has been implemented by the Coir Board, M/O MSME in 1994. It is the first Women oriented self employment programme in the coir industry, which employs more than seven lakh workers mostly women, for rural women artisans in regions producing coir fibre. The scheme envisages distribution of motorised ratts for spinning coir fibre into yarn; equipments for weaving, spinning and production and value added products, to women artisans after imparting training for two months. One artisan per household is eligible to receive assistance under the scheme. A stipend of ₹ 750 p.m. is paid to the trainee.

Coir Board provides motorised ratts/motorized traditional rats at 75% cost subsidy subject to a maximum ceiling of ₹7,500 and ₹3,200 respectively, provided the other 25% is raised by the beneficiary.

#### **2. Micro & Small Enterprises Cluster Development Programme**

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India has adopted the cluster development approach as a key strategy for enhancing the productivity and

competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. The programme envisages diagnostic study of identified clusters of traditional skill based MSEs to identify appropriate technologies and their providers. It provides assistance for capacity building, common facilities, marketing etc. and the delivery, assimilation and diffusion of the identified technology from its producers to the recipient user/cluster of small enterprises.

The Government of India's assistance is as follows:

- i) Diagnostic Study – Maximum cost ₹ 2.50 lakhs
- ii) Soft Interventions – Maximum cost of project is ₹25 lakhs with GoI contribution being 90% for clusters with more than 50% women.
- iii) Hard Interventions – Maximum cost of project is ₹15 Crores with GoI contribution being 90% for clusters with more than 50% women.
- iv) Infrastructure Development in the new/existing industrial areas – Maximum cost of project is ₹10 Crores with GoI contribution being 80% for clusters with more than 50% women.

### **3. Training and Employment Programme for Women (STEP)**

The Ministry of Women and Child Development has been administering 'Support to Training and Employment Programme for Women (STEP) Scheme' since 1986-87 as a 'Central Sector Scheme'. The STEP Scheme aims to provide skills that give employability to women and to provide competencies and skill that enable women to become self-employed/entrepreneurs. The Scheme is intended to benefit women who are in the age group of 16 years and above across the country. The

grant under the Scheme is given to an institution/ organisation including NGOs directly and not the States/ UTs. The assistance under STEP Scheme will be available in any sector for imparting skills related to employability and entrepreneurship, including but not limited to the Agriculture, Horticulture, Food Processing, Handlooms, Tailoring, Stitching, Embroidery, Zari etc, Handicrafts, Computer & IT enable services along with soft skills and skills for the work place such as spoken English, Gems & Jewellery, Travel & Tourism, Hospitality.

During the year 2015-16, the total amount given to approximately 6000 women is Rs. 7 crores approximately.

#### 4. **Bhartiya Mahila Bank (BMB)**

The bank encourages women entrepreneurs through financial support to women who intend to start a new venture. The Bank offers a collateral free loan of up to ₹1,00,00,000, covered under Credit Guarantee Trust for Micro and Small enterprises(CGTMSE). Several women centric, innovative loan products offered by BMB are:

- i) **Annapurana Scheme** – It provides a term loan for setting up catering unit for selling tiffin/lunch boxes, with a maximum amount upto ₹50,000, repayable in 3 years.
- ii) **Parvarish Scheme** – It provides a term loan for setting up a child care centre and payback period is of 5 years.
- iii) **Shringaar Scheme** – It provides a term loan for setting up a beauty parlour and has a tie up with Lakme, Naturals and Cavin Kare. The loan is repayable in 7 years.

➤ **SUGGESTIONS:**

The development of women entrepreneurs and their greater participation in the entrepreneurial activities requires right efforts from all areas. Women entrepreneurs need to be given confidence, independence, and mobility to come out of their paradoxes. The following measures are suggested to empower the women to seize various opportunities and face challenges in business.

- **Change in Attitude**

The general perception about a woman entrepreneur needs to change. Business relations - from customers to suppliers and banks need to shed their pre assumptions about a woman entrepreneur being different and should not mix her role of as a manager with that of conventional role of a woman.

- **Training**

Appropriate training modules should be formulated to impart training to the prospective woman entrepreneurs, from a quality approved institution. The curriculum should be designed in a manner to upgrade the practical knowledge, self confidence, decision making abilities and business acumen of the learner.

- **Access to Finance and other Factors**

It needs to be ensured that easy and economical provision of finance and subsidies, infrastructure and technical assistance should be provided on priority basis. Micro finance or crowd funding platform can be used as mechanism for providing easy finance to micro and small women entrepreneurships.

- **Supportive Amenities**

Certain amenities should also be made available. Need to have more women Relationship Managers in the lending institutions. Also need to build a more conducive environment for women customers and provide advisory services to supplement financial services.

- **Recognition and Appreciation**

The achievements of the upcoming and successful women entrepreneurs should be recognized by endowing upon them the awards and certificates of commendment. Various awards have been initiated and should be bestowed upon deserving entrepreneur. Their work should be promoted and highlighted so that it becomes an inspiration for others.

➤ **CONCLUSION**

The Indian population comprises of nearly 48.5% of women. There has been a considerable rise in the number of women participation in the field of entrepreneurship. Various laws and equal rights to opportunity, education and employment have improved the plight of Indian women entrepreneurs. The women entrepreneurship segment presents a potential business opportunity for various stakeholders. Financial institutions need to proactively and profitably engage with women entrepreneurs as clients to bridge funding gaps. However, more data needs to be generated to facilitate segmental focus so as to overcome lack of awareness. But unfortunately, the government sponsored development activities, various schemes and modules have had a limited outreach and benefited only a small section of women i.e. the urban middle class women.

The benefits of women centric policies and schemes for entrepreneurship growth and development will remain elusive to the women entrepreneurs at large, unless and until they are not taken to the grass root level. Effective steps are required to provide entrepreneurial awareness and orientation.

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