

WOMEN ENTREPRENEURSHIP AND SMALL SCALE SECTOR IN INDIA

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ABSTRACT

The paper makes an attempt to analyse women's participation in entrepreneurial activities so as to highlight the contribution of women entrepreneurs towards economic development. In the process it further attempts to examine the facilitating factors as well as impediments that this class face in running their units. Policies and programmes of the government also exist to promote and strengthen the development of women entrepreneurship in India. Women are generally perceived as home makers with little to do with economy or commerce. The topic of women in entrepreneurship has been largely neglected both in society in general and in the social sciences. Not only have women lower participation rates in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do. The transition from homemaker to sophisticated business woman is not that easy. But this picture is changing. In Modern India, more and more women are taking up entrepreneurial activity especially in small scale enterprises. Women across India are showing an interest to be economically independent. Indian women well manage both burden of work in household front and meeting the deadlines at the work place. Gender equality and economic development go hand in hand. Though the entrepreneurial process is the same for men and women, there are however, in practice, many problems faced by women, which are of different dimensions and magnitudes, which prevent them from realizing their full potential as entrepreneurs. The primary objective of this research article is to find out the status of women entrepreneurs in India. This article includes problems and challenges faced by women entrepreneurs and also to analyze the policies of Indian government for women.

Keywords: *Women entrepreneurs, economic development, challenges, independent.*

OBJECTIVES AND METHODOLOGY

The main objectives of the present paper is as follows:

- (i) To examine the factors responsible for growth of women entrepreneurship in India.
- (ii) To analyse the problems and challenges faced by the women entrepreneurs in India.

- (iii) To study the policy measures undertaken by the government and other agencies to promote women entrepreneurship in India.

This study is based on secondary sources of data provided by government reports, internet sources, review of some selected articles, periodicals etc.

INTRODUCTION

The Indian economy has been witnessing a drastic change since mid -1991, with new policies of

economic liberalization, globalization and privatization initiated by the Indian government. India has great entrepreneurial potential. At present, women involvement in economic activities is marked by a low work participation rate, excessive concentration in the unorganized sector and employment in less skilled jobs.

Any strategy aimed at economic development will be lop-sided without involving women who constitute half of the world population. Evidence has unequivocally established that entrepreneurial spirit is not a male prerogative. Women entrepreneurship has gained momentum in the last three decades with the increase in the number of women enterprises and their substantive contribution to economic growth. The industrial performance of Asia-Pacific region propelled by Foreign Direct Investment, technological innovations and manufactured exports has brought a wide range of economic and social opportunities to women.

CONCEPT OF ENTREPRENEUR

The word 'entrepreneur' derives from the French word "Entreprendre" (to undertake) .in the early 16th Century it was applied to persons engaged in military expeditions, and extend to cover construction and civil engineering activities in the 17th century, but during the 18th century , the word 'entrepreneur' was used to refer to economic activities. Many authors have defined 'entrepreneur' differently. Generally, an entrepreneur is a person who combines capital and labour for production. According to Cantillion "entrepreneur is the agent who buys means of production at certain prices, in order to sell at prices that are certain at the moment at which he commits himself to his cost". According to P.F Drucker " he is one who always (1) searches for change (2) responds to it (3) exploits it as an opportunity."

CONCEPT OF WOMEN ENTREPRENEUR ENTERPRISE

" A small scale industrial unit or industry –related service or business enterprise, managed by one or more women entrepreneurs in a concern, in which they will individually or jointly have a share capital of not less than 51% as shareholders of the private limited company, members of co-operative society".

CATEGORIES OF WOMEN ENTREPRENEURS

- Women in organized & unorganized sector.
- Women in traditional & modern industries.
- Women in urban & rural areas.
- Women in large scale and small scale industries.
- Single women and joint venture.

REVIEW OF LITERATURE

Most of the studies on entrepreneurship are micro-level research based on limited number of, samples. These studies have carried out at different points of time during the last five decades and dealt with diverse situation. There is considerable literature on women's studies in the development countries. However, the socioeconomic condition prevailing the infrastructural facilities available and the development of industries, trades and commerce in the west are very different from the condition available in India.

Kumar and Gugloth (2012) evaluated the performance of SSI before and after liberalization. The study also analysed the impact of globalization on the performance of SSI and made a comparative analysis of the growth pattern of key parameters between pre and post globalization period. It took a period from 1999 to 2010 for the analysis. It also focused on the on-going changes in the business

environment. The study found that the small scale sector has grown rapidly over the years. It also found that the period of liberalization and the development of MSMEs sector constituted an important segment of our economy.

Singh and Raina (2013) described the problems and challenges faced by women entrepreneurs in India and also analysed the policies of Indian government for women. The study mainly focused to find out the status of women entrepreneurs in India. The study found that in modern India, more and more women are taking up entrepreneurial activity especially in SSI. It also observed that Indian women have imprinted a position for themselves in the male dominated world. It further showed that Indian women can well manage their household work as well their workplace deadlines.

Benard and Victor (2013) examined the growth of women entrepreneurs in Dar es Salaam city of Tanzania on strengths, weaknesses, opportunities and threats. It used a sample of 130 women entrepreneurs and simple random sampling technique for the selection of sample. The study found that a major strength was the need for financial independence for women entrepreneur. It also observed that the major opportunity was the desire to own boss which leads to women entrepreneurship. It further found that the weakness was that most women lack entrepreneurs fail because of lack of education and the major threat to be the pressure of child care in the family.

Jayan (2013) analysed women entrepreneurship in SSI and the relationship between industries related factors and success of entrepreneurs with special

reference to Coimbatore city. The study identified that the factors which motivate women to become a successful entrepreneurs are achievement motivation and human relation.

According to Gould and perzen (1990) classified women into better-off and lowincome women. According to them, better-off women face the challenges like of socialization to entrepreneurship in the home, and society, exclusion from traditional business network, lack of access to capital, discriminatory attitude of leader, gender stereotype and exception, such as the attitude that women entrepreneurs are dabblers or hobbyists, socialized ambivalence about competition and profit.

Small Industries Extension Training (SIET) (2002) in its study observed that the growth in the number of its and the expansion of capital intensity alone may not create the necessary impetus to the growth unless considerable productivity changes have also been effected through further capacity utilization. Most of the units utilizing full capacity have been either big export oriented industries or local need based activities.

EMPLOYMENT OF FEMALES IN SSI SECTOR

The total number of female employees in the SSI sector is estimated at 33,17,496. About 57.62 % of the female employees were employed in the SSI units located in the States of Tamil Nadu, Kerala, Karnataka, West Bengal and Andhra Pradesh. The State-wise details are given in the following table

TABLE 1: EMPLOYMENT OF FEMALES IN SSI SECTOR, STATE-WISE

S. No.	Name of State/ UT	No. Of Female Employees		
		Regd. SSI sector	Unregd. SSI sector	Total
1.	JAMMU & KASHMIR	3313	8153	11466
2.	HIMACHAL PRADESH	4016	4134	8150
3.	PUNJAB	11757	36013	47770
4.	CHANDIGARH	659	1975	2634
5.	UTTARANCHAL	2940	13240	16180
6.	HARYANA	15651	14889	30540
7.	DELHI	6306	35798	42104
8.	RAJASTHAN	15003	46065	61068
9.	UTTAR PRADESH	23506	180918	204424
10.	BIHAR	8353	68908	77261
11.	SIKKIM	212	9	221
12.	ARUNACHAL PRADESH	342	104	446
13.	NAGALAND	637	2574	3211
14.	MANIPUR	3853	19485	23338
15.	MIZORAM	2188	4636	6824
16.	TRIPURA	4294	3325	7619
17.	MEGHALAYA	3139	5664	8803
18.	ASSAM	9077	16988	26065
19.	WEST BENGAL	26549	304969	331518
20.	JHARKHAND	5105	8907	14012
21.	ORISSA	11723	213123	224846
22.	CHHATTISGARH	10177	52476	62653
23.	MADHYA PRADESH	29612	111703	141315
24.	GUJARAT	41189	79990	121179
25. & 26.	DAMAN & DIU & DADRA & NAGAR HAVELI	6106	126	6232
27.	MAHARASHTRA	78731	162700	241431
28.	ANDHRA PRADESH	60693	270026	330719
29.	KARNATAKA	117934	223142	341076
30.	GOA	5309	1833	7142
31.	LAKSHADWEEP	26	405	431
32.	KERALA	189640	224491	414131
33.	TAMIL NADU	270936	223050	493986
34.	PONDICHERRY	5613	2670	8283
35.	ANDAMAN & NICOBAR ISLANDS	124	294	418
All India		974713	2342783	3317496

THE WOMEN ENTREPRENEURS OF THE 21st CENTURY

This is the century of telecom, IT and financial institutions. Many of these new industries are headed and guided by women who are seen as pioneers. The transition to the new millennium is where the women will create new paradigms of being a daughter who takes the responsibility of her parents, is a wife who wishes to create a home and a family, a mother who takes charge of the children to make them the children of the new millennium. She is also the entrepreneur who builds an enterprise and discovers her relevance and meaning of her life in herself. Simultaneously with all the dreams of togetherness she searches for mutuality, dignity and respect. She is also open to a life without marriage and a parenting without a father. The topic of women in entrepreneurship has been largely neglected both in society in general and in the social sciences. Not only have women lower participation rates in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do. Women remain far behind men in enjoying freedom and other basic human rights. Furthermore, mainstream research, policies and programmes tend to be “men streamed” and too often do not take into account the specific needs of women entrepreneurs and would-be women entrepreneurs. As a consequence, equal opportunity between men and women from the perspective of entrepreneurship is still not a reality.

FACTORS INFLUENCING WOMEN ENTREPRENEURS

Setting up an enterprise is not an easy job for women entrepreneurs and at the same time running the enterprise is a greater task. A challenge is always there for these women entrepreneurs to run their enterprise successfully earning profit and ensuring the growth of the enterprises which will severely test their entrepreneurial skill and survival of the

unit. Despite various odds against them, several women are off to run their own enterprises. Even though there has been a considerable increase in the number of women entering in entrepreneurial activity, they are being introduced to many constraints and difficulties with regard to control and decision making, social status and enthusiasm in the product or service in which they are dealing. It is found that women are entering more in this venture as compared to men to start their own business to make social contribution in addition to desire of exploring their inner self and fulfilling their means of livelihood. There are some factors influencing women entrepreneurs as

1. Building confidence .
2. Developing risk taking ability.
3. Economic independence.
4. Establishing their own creative idea.
5. Establish their identity.
6. .Motivation.
7. Equal status in society.
8. Achievement of excellence.
9. Greater freedom mobility.

PROBLEMS FACED BY WOMEN ENTREPRENEURS

Women entrepreneurs encounter many problems in their efforts to develop the enterprises they have established. The main problems faced by the women entrepreneurs may be analysed as follows.

1. Shortage of Finance: Women and small entrepreneurs always suffer from inadequate financial resources and working capital. They are lacking access to external funds due to absence of tangible security and credit in the market. Since women do not generally have property in their names they lack security to avail loan. Also the complicated procedure of bank loans, the inordinate

delay in obtaining the loans and the running about along with the transaction cost involved there in work as deterrents against many women who aspire to be entrepreneurs.

2. Inefficient arrangements for Marketing and Sales: For marketing their products, women entrepreneurs are often at the mercy of the middlemen who pocket the chunk of profit. Further, women entrepreneurs find it difficult to capture the market and make their products popular. This problem is all the more serious in the case of food production and processing ventures.

3. Stiff Competition: Many of the women enterprises have imperfect organizational setup. They have to face severe competition from organized industries and male entrepreneurs. For example, women cooperatives engaged in hand pounding of rice in Kerala confronted heavy competition from mechanised rice mills which resulted in the liquidation of many units in the traditional sector.

4. Lack of Education: In India literacy among women is very low. Due to lack of education, majority of women are unaware of technological developments, marketing knowledge, etc. Lack of information and experience creates further problems in the setting up and running of business enterprises.

5. Low Ability to Bear Risk: Women have comparatively a low ability to bear economic and other risks because they have led a protected life. Sometimes, they face discrimination in the selection for entrepreneurial development training. Some of them lack entrepreneurial initiative or specialised training. Inferiority complex, unplanned growth, lack of infrastructure, late starts etc. is other problems of women entrepreneurs in India.

6. Social Attitude: The biggest problem of a women entrepreneur is the social attitude and the constraints in which she has to live and work. Despite constitutional provisions, there is discrimination against women. In a tradition bound

society, women do not get pro-active support from family members. Their hopes and aspirations are never cared for in the name of “family prestige “and “discipline”. Preference to boys and discrimination against girls are well known practices amongst majority Indian families.

7. Low Mobility: One of the biggest handicaps for women entrepreneurs is mobility or travelling from place to place. Women on their own find it difficult to get accommodation in smaller towns. A single woman asking for accommodation is still looked upon with suspicion.

8. Family Responsibilities: In India, it is mainly a woman’s duty to look after the children and other members of the family. Her involvement in family leaves little energy and time for business. Married women entrepreneurs have to make a fine balance between business and home. Without the support and approval of husband, the female entrepreneurs cannot succeed. Despite modernisation, tradition and family responsibilities slow down the movement of women.

GOVERNMENT INITIATIVE POLICIES TO PROMOTE SSI SECTORS

Government Policies to Promote SME Sectors
Government is striving hard to promote smaller scale industries by announcing different promotional schemes. The first and foremost step of the government in the direction of providing financial benefits was to announce tax concessions and certain exemptions on indirect taxes. As a matter of fact, there were many sick units, where more funds were to be injected and they needed rehabilitation.

- ❖ The Reserve Bank of India formed a committee in the year 2000, headed by the chairman of Indian Banks Association to handle the issue of rehabilitation of sick small scale units. This committee also undertook the task of providing assistance in marketing through National Small

Industries Corporation by providing an umbrella brand; encouraging top quality standards and ISO 9000 certification and setting up Technology Up-gradation Funds.

- ❖ The government also emphasized on paving the way for greater cooperation between the Industry and the Government. Government also asked the small business owners, to pool their resources with that of the government-resources and to create strong partnerships in R&D to sustain the global challenge.
- ❖ A new initiative was taken by the government to help ease the central and state industrial laws for small scale industries to boost entrepreneurship and reduce red tape. A body under the cabinet secretary was formed to execute this task.
- ❖ The Marketing Development Assistance (MDA) was established to help SSI in 2001. The Purchase Preference Scheme was launched to provide priority to small business units during departmental purchases of the government. According to latest news, Indian government agencies such as the Small Industries Development Bank of India and International Finance Corporation are planning to set up venture capital funds comprising of a whopping \$1.4 billion fund for the small scale sector.
- ❖ In a latest development, the government is working upon to increase the loan amount to be provided to the SSI to Rs. 25 lakhs under the Credit Guarantee Fund for Small Industries (CGFSI). The investment cap is also being extended to Rs. 5 crore from the existing Rs. 1 crore for four businesses viz. auto components, hosiery, hand tools, and granites. Government is also considering to raise this investment cap to some hitech and export oriented industries up to Rs. 5 crore in the wake of growing challenges faced by these industries
- ❖ The Aam Aadmi Party (AAP) government here has done away with the need to

secure crucial permits for setting up small-scale industries in the national capital. Now, micro, small and medium enterprises.

RECOMMENDATIONS

Periodically evaluate the impact of any SME-related policies on the success of women-owned businesses and the extent to which such businesses take advantage of them. The objective should be to identify ways to improve the effectiveness of those that should be retained. Good practices that are identified in this way should be disseminated and shared internationally.

- ❖ Improve the factual and analytical underpinnings of our understanding of the role of women entrepreneurs in the economy. This requires strengthening the statistical basis for carrying out gender-related cross-country comparative analyses and longitudinal studies of the impact of important developments and policies, especially over time. "Women have full freedom to work and prosper. From the moment they go out of their homes they are human beings: business woman has the same weight as a business man.
- ❖ Increase the ability of women to participate in the labour force by ensuring the availability of affordable child care and equal treatment in the work place. More generally, improving the position of women in society and promoting entrepreneurship generally will have benefits in terms of women's entrepreneurship.
- ❖ Listen to the voice of women entrepreneurs. The creation of government offices of women's business ownership is one way to facilitate this. Such offices could have programme responsibilities such as providing women's business centres, organising information seminars and meetings and/or providing web-based

information to those wanting to start and grow a business.

- ❖ Incorporate a women's entrepreneurial dimension in the formation of all SME-related policies. This can be done by ensuring that the impact on women's entrepreneurship is taken into account at the design stage.
- ❖ Promote the development of women entrepreneur networks. These are major sources of knowledge about women's entrepreneurship and valuable tools for its development and promotion. Co-operation and partnerships between national and international networks can facilitate entrepreneurial endeavours by women in a global economy.

CONCLUDING OBSERVATIONS

There has been a steady increase in the participation of women in small business indicating immense potential for entrepreneurial development among them. From the point of view of performance, it was observed that the women enterprises in India have made significant contribution towards generation of employment, gross out put, asset creation and exports. Women form the family, which participate to develop society and Nation. Entrepreneurial movement among women started late and is still in its infancy. Changes in the global and domestic environment have contributed towards the growth of women entrepreneurship in India. As observed the success of women entrepreneurs differs from State to State in India. It was also observed that women enterprises are concentrated in the micro segment of the SSI sector. To enlarge their participation in SSI segments a stronger coordinated role of Indian Government, financial institutions, voluntary agencies and educational institutions with an integrated approach is necessary. Young female entrepreneurs should share their success stories in the world of e-commerce to speed up entrepreneurial movement in India. Women entrepreneurs will be better understood and

encouraged by studying and focussing (i) their social and cultural background including family system (ii) religion and caste and (iii) location where they are staying, e.g., whether it is urban area or rural area or district or block.

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