

Women Entrepreneurship as the Way for Economic Development

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ABSTRACT

The role of women entrepreneurs has changed over the years in the world. Participation and their importance have been commendable in the country's economic growth and development. The World Development Report, 2012 represents that women owned businesses show great potential source of future for economic growth and job creation. Therefore, many initiatives have been started by United Nations to promote and motivate women entrepreneurship in developing and under developed countries, such as efforts in Sub-Saharan African countries.

Looking at the above opportunities, India has also supported many women entrepreneurs by providing loans and advances, helping them to establish their business, making them self-sufficient by providing vocational skills, and creating many jobs for other women in the respective areas. These opportunities are need-based in India, and many factors are driving these forces.

This article analyses the role of women entrepreneurs with respect to the banking institutions. This article studies these aspects in four parts; the first part deals with growth of women entrepreneurs in India, the second part studies tapping this growth in financing women entrepreneurs which is a major problem of failure in their businesses, third deals with the role of self help groups (SHGs) in promoting finances and empowering them through capacity building

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programmes, and the fourth part deals with future policies of the government providing conducive environment for their business and for their livelihood.

Keywords: Women Entrepreneurs, Financing, Self Help Groups, Government Policies

Introduction

‘You can tell the condition of a nation by looking at the status of its women.’
– *Jawaharlal Nehru*

Empowerment of women has emerged as an important issue in recent times. The economic empowerment of women is being regarded these days as a Sine-quo-non of progress for a country; hence, the issue of economic empowerment of women is of paramount importance to political thinkers, social scientists and reformers.

The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 1990s. Women entrepreneurs need to be lauded for their increased utilisation of modern technology, increased investments, finding a niche in the export market, creating a sizeable employment for others, and setting the trend for other women entrepreneurs in the organised sector. While women entrepreneurs have demonstrated their potential, the fact remains that they are capable of contributing much more than what they already are. Women’s entrepreneurship needs to be studied separately for two main reasons. The first reason is that women entrepreneurship has been recognised during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others, and also by being different. They provide the society with different solutions, like management, organisation and solutions to business problems, as well as the exploitation of entrepreneurial opportunities. The second reason is that the topic of women in entrepreneurship has been largely neglected both, in society in general and in the social sciences. Entrepreneurship amongst women has been a recent concern. Women Entrepreneurs may be defined as the women or a group of women who initiate, organise and operate a business enterprise. The government of India has defined women

entrepreneurs as an enterprise owned and controlled by a woman having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprise to women. Like a male entrepreneur a women entrepreneur has many functions. They should explore the prospects of starting new enterprises; undertake risks, introduction of new innovations, coordination administration and control of business, and providing effective leadership in all aspects of business. This article analyses the role of women entrepreneurs in the growth of the country's economy and the impact of banking institutions on their growth. The study is divided into four parts; the first part deals with the growth of women entrepreneurs in the country, the second part deals with tapping this growth through finances obtained through banking institutions, third deals with the role of SHGs in empowering women entrepreneurs, and the fourth part deals with policies of the government in providing conducive environment for their business and growth.

Literature Review

The literature review is divided into four parts. The first part of the literature review showcases the growth of women entrepreneurs in India. It is estimated that women entrepreneurs presently comprise about 10 per cent of the total number of entrepreneurs in India, with the percentage growing every year. If the prevailing trends continue, it is likely that in another five years, women will comprise 20 per cent of the entrepreneurial force (Saidapur et al., 2012). The studies also reveal that a number of women entrepreneurs have been encouraged to undertake entrepreneurial activities.

Empirical evidence shows that women contribute significantly to the running of family businesses mostly in the form of unpaid effort and skills. The development of women entrepreneurship has become an important aspect of our plan priorities. Several policies and programmes are being implemented for the development of women entrepreneurship in India (www.indiatogether.org/women/business/renuka_vishwanathan). The case of Rama Devi, who is currently president of the Association of Lady Entrepreneurs of Andhra Pradesh (ALEAP), portrays that she was pushed into her current business, which was initially started by her husband and ran into huge losses, although today she can claim to have revived

Shivani Engineering Industries (articles.economicstimes.indiatimes.com). According to Sanjukta Mishra, a study by Dr Joshi, H.G. Ms Veena Rao ICTTM Global Institute of Management, Bhubaneswar-the industrial performance of Asia-Pacific region propelled by Foreign Direct Investment (FDI), technological innovations and manufactured exports has brought a wide range of economic and social opportunities to women entrepreneurs. The development of women entrepreneurship has become an important aspect of our plan priorities. Several policies and programmes are being implemented for the development of women entrepreneurship (India. http://www.indianmba.com/Faculty_Column/FC1073/fc1073.html). The second part of the literature review focuses upon the problem of finances for women entrepreneurs which has led to several failures. 2012 shows that women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, unwillingness to accept household assets as collateral, and negative perceptions of female entrepreneurs by loan officers. A study by Das (2000) shows that more than 50 per cent of the women used their own funds or funds borrowed from their spouse or family to set up their business. Another such study done among women entrepreneurs in Coimbatore District, Tamil Nadu points out financing the enterprise as a major problem faced by the women entrepreneurs (Mangai et al., 1992). Financial problem is a major problem faced by all respondents. They face this problem at the time of starting, as well as during the operations of their business enterprises, problem of getting loan and subsidy, insistence of collateral security and margin money requirement, time taken to process loan, tight repayment schedule, poor financial management and maintenance of accounts (Jayammal, 2012) According to a report by the United Nations Industrial Development Organisation (UNIDO), 'despite evidence that women's loan repayment rates are higher than men's, women still face more difficulties in obtaining credit', often due to discriminatory attitudes of banks and informal lending groups (UNIDO, 1995). Lack of knowledge about marketing the product was the major problem faced by 76 per cent of the respondents. 74 per cent faced financial problems regarding loan and subsidy, whereas inadequate government assistance was reported as a problem by 70 per cent respondents (*International Journal of Social Science and Interdisciplinary Research*, 2013). Women entrepreneurs are more likely

to cite access to finance as the first or second barrier to developing their businesses (BBR *Women Entrepreneurship* 2013).

The third part of the literature review studies the impact and role of SHGs in the growth of women entrepreneurs in promoting finances for them, and empowering them through capacity building programmes. There are significant gender differences in the access to and use of credit, particularly formal credit. The role of micro-credit is to improve the socio and economic development of women and improve the status of women in households and communities. As said by Sathiabama, the micro entrepreneurships are strengthening women empowerment and removing gender inequalities. The SHG's micro-credit mechanism makes the members to involve in other community development activities. Micro-credit is promoting the small scale business enterprises, and its major aim is to alleviate poverty by income generating activities. Studies reveal that a number of SHGs, such as Abhinav Farmers Co-operative Society, Grassroots, Grameen Bank, Assam Tea Corporation, etc., are actively participating in empowering women by providing them support through credit and self supporting business activities. Studies also unveil the fact that SHGs are primarily established for women by the women, and in states like Tamil Nadu and Kerala they have been tremendously successful. NABARD also launched a pilot project for women on SHGs in collaboration with commercial banks and regional rural banks. In addition, refinancing facilities are available through national banks for financing under the non-farm sector. Studies in three states reveal that the SHGs established have helped in better recovery of loans, development of thrift and self help among members, effective use of credit for the purchase of income generating assets, and empowerment of women.

The fourth part of the literature review studies about the future policies of the government which provide a conducive environment for the business and livelihood of women entrepreneurs. According to the final report of the fourth All India census of the micro, small and medium enterprises (MSME) in the unregistered sector shows that the rural areas had a larger share of unregistered MSME sector as compared to urban areas in respect of enterprises, employment, gross output, and that the urban areas were dominated by the original value of plant and machinery and market value of fixed asset. Thus, rural area accounted for almost 60 per cent of the

total number of enterprises with their share contributing almost 57 per cent of employment, 50 per cent of investment in plant and machinery, 45 per cent in fixed assets and 56 per cent in gross output of the total unregistered MSME sector. However, in urban areas with more than 39 per cent of the enterprises contributing to almost 50 per cent of investment in P&M, 55 per cent in fixed investment, 43 per cent of employment and 44 per cent of the output of unregistered MSME sector, urban areas also contributed reasonably well to the growth of the MSME sector. Government policies for the unregistered sector, particularly in the rural sector, need to be developed keeping in mind the need of this sector. As pointed out by Sanjukta Mishra in her study, the current policies of the government provide direct and indirect financial support, Yojna schemes and programmes, technological training and awards, and federations and associations. However, these are not enough as most of the women entrepreneurs are based in the unorganised unregistered rural sector of the economy. The literature review conducted throws light upon the growth of women entrepreneurs in the country, challenges faced by them, and the financial constraints.

Data Analysis and Interpretation

Women entrepreneurship is growing at a rapid rate in the world. The factors influencing these women across sectors globally are opportunities created by globalisation, integrated markets and jobs, support from the family, major support from the government through various programmes started internationally and domestically for women entrepreneurs, improvement in their standards, and health and education. Table 1 shows the benefits of entrepreneurship and empowerment. This includes rise in income, self worth, self confidence and social status in life. Due to empowerment and motivation, women entrepreneurs create employment for many more women in the community and in a country. Then only a country will be considered inclusive.

The number of female-owned enterprises is growing at a faster pace than that of male counterparts. These figures are more visible in developed nations than developing nations. Still, few factors are restricting

Table 1: The Benefits of Women Entrepreneurship-Empowerment

S. No.	Benefits of Entrepreneurship	Empowerment
A	Rise in economic status	Increased income Increased consumption Control over spending Confidence in sustaining trend
B	Self worth	Finds greater ability to lead To work in groups To resolve conflict Freedom to make business life and own decision in life Gets recognition in work
C	Self confidence	To be proactive To face critics To take risks (calculated risk) To influence others
D	Social status	Positive image More gender equality Sociability–net working Involvement in community works Involvement in political activities Encouraging other women to entrepreneurship

Source: Geetha Sular and Barani Gunatharam*

*Note: This case study has been done in Tamil Nadu on empowering women entrepreneurship.

women entrepreneurs in developing countries, like access to finance, lack of relevant education and experience, domestic responsibilities, and access to vocational skills and training. All these factors are limiting women entrepreneurs to excel in their respective fields. Out of all factors, the major problem lies with the access to finance. Table 2 suggests critical factors for the future growth of the firm with reference to fashion and apparel enterprises. Access to finance has registered 66.1 per cent and assistance with business planning has accounted for 18.6 per cent of the critical factors for future growth. This shows the importance and role of banks in financing women entrepreneurs to promote and ensure growth of enterprises in the long run.

Table 2: Critical Factors for the Future Growth of the Firm

<i>S. No.</i>	<i>Category</i>	<i>Percentage (%)</i>
1	Access to finance	66.1
2	Access to new markets	5.1
3	Assistance with business planning	18.6
4	Providing benefits to workers	5.1
5	Finding skilled workers	5.1

Source: Veena Rao, Venkatachalam and Joshi, 'Challenges faced by women entrepreneurs running micro, small and medium scale fashion and apparel business – A study on fashion and apparel enterprises in coastal Karnataka'.

In India, women entrepreneurs identified majorly with micro, small and medium enterprises because many women start their enterprises with a very low net worth (low budget enterprise) and ensure low risk. Therefore, women participation as per revenue is less due to the size of their enterprises, but create more volume and employment in various sectors (Annual report of MSME 2012–13) (Table 3). As per the fourth All India census of MSME, the number of women enterprises in the registered sector are 2.15 lakh (13.72 per cent) and unregistered sector are 18.06 lakh (9.09 per cent) of the total sectors. This figure clearly shows the number of women enterprises that are under the unregistered sector. This indicates that many women enterprises would start up their enterprises if the government makes policies for unregistered sector where more benefits can be reaped by women entrepreneurs. They could get more opportunities and benefits if they come under the registered sector.

The MSME sector contributes to 44.7 million enterprises. It creates employment for more than 80million jobs, this being the second largest after agriculture. It contributes 45 per cent of the total industrial manufacturing and above 40 per cent of India's total exports. The micro-enterprise and micro-finance widely accepted development strategy for poverty reduction. This responsibility has been equally taken up by government, commercial banks and civil society. The role of SHGs in providing micro-finance has been enormous in last one decade. Self help groups with micro finance are effective in reducing poverty, empowerment women and creating self sufficiency in rural development. As per

the Annual Report of SHGs, an increasing number of micro-finance institutions prefer women members as they are better and more reliable borrowers. Considering the importance of the MSME sector and the need for rural development, the role of micro-finance through SHGs has been given due importance especially to women entrepreneurs, who are bringing economical and social changes in their livelihood.

Kerala and Tamil Nadu are such examples where women entrepreneurship and micro-enterprises have grown due to extensive support of SHGs. They have provided micro-finances, capacity building programmes by training women, and have nurtured them with their financial support. Today, the reserve bank of India (RBI) also understands the role and importance of SHGs in financing, and has extended medium sized loans to women entrepreneurs in support with NABARD. The beauty of women entrepreneurs is the motivation for other women to come up and participate with equal opportunities and maintain their enterprises. Across the world maximum start ups have failed due to financial problems faced by women entrepreneurs, but today due to SHGs, trust has been built amongst the women entrepreneurs to realize and make their dreams come true. Therefore, this type of growth is truly an inclusive growth in India.

Table 3: Women Entrepreneurship in India – A Study

<i>States</i>	<i>No of Units Registered</i>	<i>No. of Women Entrepreneurs</i>	<i>Percentage</i>
Tamil Nadu	9,618	2,930	30.36
Uttar Pradesh	7,980	3,180	39.84
Kerala	5,487	2,135	38.91
Punjab	4,791	1,618	33.77
Maharashtra	4,339	1,394	32.12
Gujarat	3,872	1,538	39.72
Karnataka	3,822	1,026	26.84
Madhya Pradesh	2,967	842	28.38
Other States and UTs	1,4576	4,185	28.71
Total	57,452	18,848	32.82

Source: Micro, small and medium industries report from the ministry under the Government of India, 2012–13.

As the table reveals, women entrepreneurs are present in all states of the country and self-help supplemented with mutual help can be a powerful

vehicle for the women entrepreneurs in their socio-economic development. They provide support through :

- Participative financial services management are more responsive and efficient;
- Women entrepreneurs are provided with credit support, savings and other services;
- Lower transaction cost and much lower risk costs for the banks;
- Creation of a common fund by contributing small savings on a regular basis;
- Flexible and a democratic system of working;
- Loaning is done mainly on trust, with least documentation and without any security;
- Defaults are rare mainly due to group pressure; and
- Periodic meetings of non-traditional savings.

Thus SHGs provide support and empower women in establishing their businesses.

Conclusion

Women entrepreneurship is both about women's position in the society *and* about the role of entrepreneurship in the same society. Women entrepreneurs face many obstacles, specifically in marketing their product (including family responsibilities), that have to be overcome in order to give them access to the same opportunities as men. The entry of rural women in micro- enterprises must be encouraged and aggravated. Rural women can do wonders by their effectual and competent involvement in entrepreneurial activities. The rural women have the basic indigenous knowledge, skill, potential and resources to establish and manage enterprise. Now, the need is for knowledge regarding accessibility to loans, various funding agencies, procedures regarding certification, awareness on government welfare programmes, motivation, technical skill and support from family government and other organisation. More over, formation and strengthening of rural women entrepreneur's network must be encouraged. The banking institutions must offer formalised credit facilities, and

this sector must be included in the registered sector category by the government to promote entrepreneurship among rural women. This support will help the women to strengthen their family bonds through financing their businesses, and thus help in the economic growth of the country. This article highlights the importance and need of the rural women entrepreneurs to be included in the government's registered sector which would pave the way for economic development of the country. Thus, it can be asserted that women entrepreneurs can perform better, both in urban and rural areas, given that the government provides them financial support by including them under the registered sector.

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