

## An Overview of Female Entrepreneurs in Indian MSME Sector

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### Article History

Received: 14.11.2018

Accepted: 27.11.2018

Published: 30.11.2018

### DOI:

10.36348/sjbms.2018.v03i11.010



**Abstract:** Micro, Small and Medium Enterprises (MSME) sector plays a significant role in fostering entrepreneurial talent and distribution of income & wealth at grassroots level. It contributes immensely in manufacturing output, exports, generation of employment and gross domestic product. The contribution of female entrepreneurs cannot be ignored in this sector, especially in rural areas where they have strengthened the rural economy by generating employment in micro enterprises. But the growth of the female entrepreneurship has been slow owing to social attitudinal and practical problems. This paper focuses on the status of female entrepreneurs in regard to analysis of the findings of the NSS 73rd Round of NSSO, related to female entrepreneurs. It examines the obstacles of women entrepreneurs and the initiatives taken for the growth and development of women entrepreneurship. Finally suggestions have been specified for obliterating the hindrances and creating better environment for nurturing female entrepreneurship.

**Keyword:** Micro, Small and Medium Enterprises (MSME), Female Entrepreneurs, National Sample Survey (NSS) 73rd Round, Initiatives for Development of Women Entrepreneurship

### INTRODUCTION

The Micro, Small and Medium Enterprises (MSME) sector has been playing a significant role in providing employment opportunities at comparatively lower capital cost than large industries and helps in industrialization of rural & backward areas, thereby, assuring more equitable distribution of national income and reducing regional imbalances.

MSMEs contribute immensely in the inclusive industrial and entrepreneurial development by working as ancillary units to large industries, producing variety of products and services to meet requirements of domestic and international markets. In India the Ministry of MSMEs promotes growth and development of the sector, including Khadi, Village and Coir Industries, in cooperation with concerned Departments, State Governments and other Stakeholders, through providing support to existing enterprises and encouraging creation of new enterprises [1].

A woman is a catalyst in the economic development of the country. In traditional societies the potential and immense strength of women remained unrecognized and underutilized due to their

confinement in the houses. With the change in time women are coming out of this confinement to participate in all sorts of activities including entrepreneurship. Now, the policy makers have become aware of the women's productive potential and its economic significance, resulting in increment of gross domestic product [2]. The contribution of women cannot be ignored in MSME sector, especially in rural areas where they have strengthened the rural economy by generating employment in small scale units.

The 18th survey of Global Entrepreneurship Monitor (GEM) conducted on different aspects of entrepreneurship in 65 countries including India. It also highlighted the condition of female entrepreneurs [3].

**Table-1: Female/Male TEA Ratio**

Ratio	Value	Ranked out of 65 Countries
Female/Male TEA Ratio	0.56	43T

Source: Global Entrepreneurship Monitor (GEM) 2016-17

TEA-Total Early Stage Entrepreneurial Activity

T – Indicates that the ranking for those economies sharing the same rank

Table-1 shows the Female/Male Total Early Stage Entrepreneurial Activity (TEA) Ratio. The value is 0.56 and the rank is 43, that too is shared with other country. This reveals the lamentable situation of early stage female entrepreneurs in India.

#### **Definition of Women Entrepreneur**

In simple words we can say that women entrepreneur is any woman who organizes and manages any business enterprise [4].

According to J.A. Schumpeter, "Woman who innovates, imitates, or adopts a business activity is called woman entrepreneur" [5].

The ILO defined the women's enterprise as a small unit where one or more women entrepreneurs have not less than 50 per cent financial holdings. [6]

Government of India, defined women entrepreneur as "an enterprise owned and controlled by women having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women".

Thus, it is concluded that women entrepreneurs are those women who initiate, undertake risks, organize and run a business enterprise and provide employment to others.

#### **LITERATURE REVIEW**

There are various studies and surveys which indicate that women entrepreneurship is on the rise. The brief discussion of some of them is as follows:

Greene *et al.*, analyzed the research & publication work in regard to women entrepreneurship [7]. He evaluated certain parameters e.g. types of business units, gender discrimination, personal attributes, feminist perspectives, financial challenges with women entrepreneurship in the study of various journals & resources of research and propounded the position of women entrepreneurs.

Singh, Surinder Pal discovered the rationale & influencing factors related to entrance of women in entrepreneurship then he explained the hurdles in the growth of women entrepreneurship, which are mainly gender discrimination, social un-acceptance, family responsibility, lack of interaction with successful entrepreneurs, missing network [8]. Later he extended the remedial measures for making the environment better for promoting women entrepreneurship.

Tambunan, made a study on recent developments of women entrepreneurs in Asian developing countries [9]. He studied SMEs in Asian developing countries and focused mainly on women

entrepreneurs based on data analysis and reviewed recent key literature. He discovered that in the region, SMEs gained overwhelming importance i.e. more than 95% of all firms in all sectors on average per country. The investigation also revealed the that representation of women entrepreneurs was relatively low due to many factors and most of the women entrepreneurs entered as forced entrepreneurs seeking for better family incomes.

Senthilkumar, Vasantha and Varadharajan: They studied the status of Indian women entrepreneurs and found vast discrimination with them in male dominated society [10]. They discovered unfavorable factors for the development of women entrepreneurship i.e. low literacy rate, low work participation, old traditions and few entrepreneurship development program leading to limited self-employed women especially in rural areas.

Pharm, and Sritharan They investigated the problems of rural women entrepreneurs and provided ranking to their problems [11]. The first rank was given to absence of strong leadership, the second and third factors being financial constraints and absence of systematic development respectively. The other factors were lack of education, lack of awareness about government schemes, non-payment of loan and others.

Swarnalatha K & Anuradha R. K they worked upon the status and problems of female entrepreneurs of India and found numerous constraints, later suggested measures to overcome the problems [12]. They proposed that there should be awareness programmes, proper training, exploring the prospects of starting new business, risk undertaking, coordination & control, effective leadership and adequate financial support to get the success.

#### **Obstacles of Women Entrepreneurs**

The basic obstacle of a woman entrepreneur is that she is a woman and social attitude towards her is negative. Beside that there are several other problems which have been the hindrance in the growth of women entrepreneurship, which are as follows.

- Scarcity of Finance
- Lack of Aptitude and Training
- Tough Competition
- Family Responsibilities
- Low Mobility
- Lack of Education
- Low Risks Bearing Capacity
- Inadequate Marketing Facilities
- Lack of Information
- Shortage of Raw Material
- Lack of Security

### Initiatives taken for development of Women Entrepreneurship

A number of institutions conduct various programmes including Entrepreneurship Development Programmes to accommodate the needs of potential women entrepreneurs and assist them in different ways. These institutions include Micro, Small & Medium Enterprises Development Organisation (MSME-DO), State Small Industries Development Corporations (SSIDCs), the Nationalised banks and even NGOs. MSME-DO has introduced product oriented EDPs in different areas like screen printing, TV repairing, leather goods, etc. To recognize the achievements made by women entrepreneurs a special prize to "outstanding women entrepreneur" of the year is being given by MSME-DO [13]. It has also opened a women cell to provide coordination and assistance to women entrepreneurs.

The Ministry of Micro, Small and Medium Enterprises (MSME) executes two schemes for women entrepreneurs, namely, Mahila Coir Yojana (MCY) and Trade Related Entrepreneurship Assistance and Development (TREAD) scheme [14].

- The Mahila Coir Yojana (MCY): It is implemented by Coir Board which is a statutory body of Ministry of MSME. Under this scheme self-employment opportunities are provided to the rural women artisans. The training is given in various coir processing activities to rural women in coir fiber producing regions. The scheme materializes distribution of motorized ratts and other coir processing equipments to women artisans after completion of the two months training programme.
- Trade Related Entrepreneurship Assistance and Development (TREAD): This scheme is operated by Office of Development Commissioner MSME. It materializes economic empowerment of illiterate and semi-literate women through trade-related activities products, training, counseling etc. Under this scheme loans are provided through NGOs for self-employment ventures by women for pursuing any kind of non-farm activity.

There are also several other schemes of the government, some of the important schemes are as follows:

- Stree Shakti Package
- Mudra Yojana
- Annapurna Scheme
- Cent Kalyani Scheme
- Bharatiya Mahila Bank Business Loan
- Orient Mahila Vikas Yojana
- Maan Deshi Foundation – Women’s Bank
- ICICI Empowering Women
- Mahila Udyam Nidhi (SIDBI)
- Mahila Vikas Nidhi(SIDBI)
- Udyogini Scheme
- Dena Shakti Scheme
- National Credit Guarantee Trustee Company Ltd (NCGTC)
- Ernst and Young Supporting Women Entrepreneurs
- Empower: Accelerator for Women in Tech
- Agri Udaan : Food & Agribusiness Accelerator
- Support to Training and Employment Programme for Women (STEP)
- Science for Equity Empowerment and Development (SEED)

### Participation of Women Entrepreneurs as per NSS 73<sup>rd</sup> Round

As Per the findings of the NSS (National Sample Survey), 73rd Round on unincorporated non-agricultural enterprises in manufacturing, trade and other services sectors, there are a total of approximately 1,23,90,523 women enterprises under MSMEs in the country [15]. Their share is 20% in the ownership of the enterprises. The following tables highlight the current situation of women entrepreneurs in the country.

#### Gender wise ownership

Table-2 depicts the male dominance in ownership especially in urban areas. The share of female entrepreneurs in rural areas (22.24) is more than urban areas (18.42).The overall share of female entrepreneurs being 20%.

**Table-2: Percentage Distribution of Enterprises by Male/ Female Ownership**

Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
<b>All</b>	<b>79.63</b>	<b>20.37</b>	<b>100</b>

Source: Annual Report, MSME, 2017-18

**Enterprise wise ownership**

Table-3 reveals that the share of female owners is decreasing with the increase in the size of enterprise. The share of female owners is highest in micro enterprises i.e. 20.44, which is just 5.26 in

small enterprises and it further reduced to 2.67 in medium enterprises. So it again confirms the male dominance in ownership of MSMs.

**Table-3: Percentage Distribution of Types of Enterprises by Male/Female Owners**

Category	Male	Female	All
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
All	79.63	20.37	100

Source: Annual Report, MSME, 2017-18

**Top Ten States in MSMEs with Women Owners**

**Table-4: Percentage Share of Top Ten States in MSMEs with Women Owners**

Sl. No.	State/UTs	Male	Female	All	Share of State among All MSMEs with Female Owners (%)
1	West Bengal	5583138	2901324	8484462	23.42
2	Tamil Nadu	3441489	1285263	4726752	10.37
3	Telangana	1459622	972424	2432046	7.85
4	Karnataka	2684469	936905	3621374	7.56
5	Uttar Pradesh	8010932	862796	8873728	6.96
6	Andhra Pradesh	2160318	838033	2998351	6.76
7	Gujarat	2375858	826640	3202499	6.67
8	Maharashtra	3798339	801197	4599536	6.47
9	Kerala	1647853	495962	2143816	4.00
10	Rajasthan	2261127	380007	2641134	3.07

Source: Annual Report, MSME, 2017-18

According to Table-4, West Bengal secures first position in the share of state among all MSMEs with female owners, which is quite impressive i.e. 23.42. The second and third position is secured by Tamil Nadu and Telangana with large decreased share i.e. 10.37 and 7.85 respectively. After that the share of other states becomes static. But surprisingly the share of Uttar Pradesh which is the biggest state is just 6.96 and

other bigger states like Gujarat, Maharashtra, Rajasthan also show the awful performance.

**Women Entrepreneurs Beneficiaries under PMEGP**

Under Prime Minister Employment Generation Program (PMEGP) higher subsidy is provided to women entrepreneurs. Since the beginning (2008-09 to 31.12.2017), 116447 projects have been assisted to women entrepreneurs.

**Table-5: Women Entrepreneurs Beneficiaries under PMEGP over the Past Five Years**

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18(As on 31.12.2017)
Women Beneficia- ries under PMEGP	13612	13448	13394	11356	14768	8464*

Source: Annual Report, MSME, 2017-18

*\*Provisional*

Table-5 shows that the number of women entrepreneurs beneficiaries under PMEGP has been decreasing over the past five years. In 2012-13 the benefecries were 13612 which continuously decreased till 2015-16 upto 11356 that may be due to different changes and problems in the economy. But it got the momentum in 2016-17 and reached upto14728.

**CONCLUSION**

The Micro, Small and Medium Enterprises (MSME) sector is an important constituent of the economy. Recognizing the contribution of this sector in the balanced regional development the government has taken special efforts for the growth and development of this sector. The policy makers have realized that the

development is not possible without support of the weaker gender. So, time and again the government has introduced different policies and schemes for the support and development of women entrepreneurship. But the success of these efforts has been limited due to traditional attitudes and mindsets of people regarding females in society. The latest survey shows only 20% ownership of female entrepreneurs and that too concentrated at micro level enterprises. Hence, there is a need of major changes in attitudes and mindsets of people rather than being limited to development of schemes and opportunities for women. Now it is imperative that besides designing policies and programmes regarding training, marketing, supportive services, complementary programmes must be designed that will address to attitudinal changes of the people in society. Awareness program must be conducted on a huge scale to make women aware regarding their unique identity, existence, deference, nurturance and their role in the development of economy. The government should encourage various private organizations and industry associations to play role in various fields rather than itself trying to do everything ineffectively. The need of the hour is to design the curriculum carefully that will impart the basic knowledge along with holistic policy and lobbying for implementation of the same, to accomplish the full potential of female entrepreneurs.

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