

## DEVELOPMENT OF WOMEN OWNED ENTERPRISES IN INDIA

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*Development alone cannot bring peace and prosperity unless social justice and gender equality are ensured. Entrepreneurship has been considered as the backbone of economic development. It has been well established that the level of economic growth of a region, to a large extent, depends on the level of entrepreneurial activities in the region. Women-owned businesses are playing a more active role in society and the economy, inspiring academics to focus on this interesting phenomenon. In the era of liberalization, privatization and globalization along with ongoing Information Technology revolution, capable entrepreneurs are making use of the opportunities emerging from the changing scenario Women entrepreneurship development is an essential part of human resource development. The increasing presence of women in the business field as entrepreneurs or business owners has changed the demographic characteristics of entrepreneurs. In India, Several women entrepreneurs are working hard to prove that when it comes to starting and sustaining a business, they are second to none. While women entrepreneurs have demonstrated their potential, the fact remains that they are capable of contributing much more than what they already are. In order to harness their potential and for their continued growth and development, it is necessary to formulate appropriate strategies for stimulating, supporting and sustaining their efforts in this direction. Such a strategy needs to be in congruence with field realities, and should especially take cognizance of the problems women entrepreneurs face within the current system. Present paper examines the status of women owned enterprises in India and suggests measures for developing women entrepreneurship*

### INTRODUCTION

Entrepreneurship has been considered as the backbone of economic development. It has been well established that the level of economic growth of a region, to a large extent, depends on the level of entrepreneurial activities in the region. The myth that entrepreneurs are born, no more holds truth, rather it is well recognized now that the entrepreneurs can be created and nurtured through appropriate interventions in the form of entrepreneurship development programmes. In the era of liberalization, privatization and globalization along with ongoing Information Technology revolution, capable entrepreneurs are making use of the opportunities emerging from the changing scenario. However, a large segment of the population, particularly in the industrially backward regions generally lags behind in taking advantage of these opportunities (Krisnamurthy a et. al ,2012). In the era of liberalization, privatization and globalization along with ongoing Information Technology revolution, capable entrepreneurs are making use of the opportunities emerging from the changing scenario. However, a large segment of the population, particularly in the industrially backward regions generally lags behind in taking advantage of these opportunities (Singh, 2009). Therefore, there is a need to

provide skill development and entrepreneurship development training to such population in order to mainstream them in the ongoing process of economic growth and development. The increasing presence of women in the business field as entrepreneurs or business owners has changed the demographic characteristics of entrepreneurs. Women-owned businesses are playing a more active role in society and the economy, inspiring academics to focus on this interesting phenomenon. Skill up gradation and entrepreneurship has been considered as the backbone of economic development. It has been well established that the level of economic growth of a region, to a large extent, depends on the level of entrepreneurial activities in the region. Women owned business enterprises are highly increasing in the economies of almost all countries. The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. Skill, knowledge and adaptability in business are the main reasons for women to emerge into business ventures. 'Women Entrepreneur' is a woman who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life.

## **LITERATURE REVIEW**

Review of literature pertaining to micro finance and women entrepreneurship development is imperative to examine the emerging issues and areas for evolving strategies and action plan Dwivedi and Mishra (2013) are of the view that women are considered as better half of the country. Traditionally, the women limited to their house boundaries but now they come forward to contribute their efforts in each and every field. Kumbhar (2013) reveals the study about women entrepreneur in rural areas of India. The researcher suggests Goel & Rishi (2012) highlighted that measures and norms that can develop entrepreneurship skills among the poorest people. Klapper & Parker (2011) studies relationship between gender and entrepreneurship. The researcher found quantity of gender biasness in starting level was high, male-owned firms usually more as comparison to women firms in the world and find out those enterprises ownership by men and women represents different sectors, women entrepreneurs represented in trade and services and men involved in capital intensive. Entrepreneurship has been considered as the backbone of economic development. It has been well established that the level of economic growth of a region, to a large extent, depends on the level of entrepreneurial activities in the region (Aczolton, et.al.). Women entrepreneurs may be categorized into five main classes viz., (1) Women in organized and unorganized sector, (2) Women in traditional and modern industries, (3) Women in urban and rural areas, (4) Women in large scale and small scale industries, (5) Single women and joint venture. Women entrepreneurs in India are categorized into three main categorizes (1) First Category including enterprises established in big cities, having higher level technical and professional qualifications, engaged in production and marketing of non-traditional items and entrepreneurs with sound financial positions. The second category of women entrepreneurs encompasses the enterprises established in cities and towns, women entrepreneurs having sufficient education, enterprises dealing with both traditional and non-traditional items and activities and women services such

as kindergarten, crèches, beauty parlors, health clinic etc. Third category of women entrepreneurs consist of illiterate women, financially week entrepreneurs and involved in family business such as agriculture, horticulture, animal husbandry, dairy, fisheries, agro forestry, handloom, power loom etc. (Rajya Laxmi, 2011). Women owned business enterprises are highly increasing in the economies of almost all countries. Women-owned businesses are playing a more active role in society and the economy, inspiring academics to focus on this interesting phenomenon. Skill up gradation and entrepreneurship has been considered as the backbone of economic development (World Bank, 2006). It has been well established that the level of economic growth of a region, to a large extent, depends on the level of entrepreneurial activities in the region. The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. The challenges and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators. They are flourishing as designers, interior decorators, exporters, publishers, garment manufacturers and still exploring new avenues of economic participation (Rao, 2011). Hazarika (2013) is of the view that the Cottage and Micro Enterprises play an important role in the industrial and economic development of a country. This sector consists around 95 per cent of the industrial unit and contributes 40 per cent of the total industrial output of the country and 35 per cent of the direct export. Jayashree and Joyati (2013) have made an empirical study on the impact of micro enterprises in achieving the empowerment of women. Cohoon et al. (2010) presented a detailed exploration of men & women entrepreneurs' motivations, background and experiences. This study identified top five financial and psychological factors motivating women to become entrepreneurs. Sullivan and Meek (2012) review the literature from 1993–2010 on women entrepreneurship. Women were given priorities in all the sectors including SSI sector. Government and non government bodies have paid increasing attention to women's economic contribution through self employment and industrial ventures (Kumar and Naresh, 2013). MSME is providing Credit linked Capital Subsidy Scheme (CLCSS) for Technology Up gradation. The paper throws light on the available schemes and subsidy of special benefits to women and also creates awareness of these schemes to women entrepreneurs ( Ponsindhu and Nirmala, 2014 ). Therefore, there is a need to provide skill development and entrepreneurship development training to such population in order to mainstream them in the ongoing process of economic growth and development (Dahlam, and Anuja, 2005).

### **DEVELOPMENT OF ENTERPRISES**

Women Entrepreneur is classified into three categories, i.e. women employer, women own account workers and bosses wives. These categories are based on, how the women started their business with the help of others. Women employers refers to those women who provide work opportunities to paid employees. Women own account workers are those self- employed business owners who do not hire employees. Bosses wives are referring those women who normally hide behind their husbands but are the real managers of their husbands business. Women entrepreneurs make a significant contribution to the Indian economy ( Verma, 2015). There are nearly three million micro, small, and medium enterprises with full or partial female ownership. These women-owned enterprises contribute 3.09 percent of industrial output and employ over

8 million people (Trivedi and Gaur, 2015). Most of the women owned MSMEs were found unregistered (89.50 per cent). The proportion of unregistered units was recorded high in macro enterprises (90.64 per cent). Out of total women owned enterprises, 97.62 per cent enterprises were categorized as micro enterprises. About 10 per cent MSMEs were constituted women owned MSMEs (Table 1).

**Table1: Classification of Women-Owned MSMEs**

Category	Registered	Unregistered	Total	Total versus all women-owned businesses (percent)	Total versus all MSMEs (percent)
Micro	274,059	2,655,318	2,929,377	97.62	9.40
Small	40,722	30,414	71,136	2.37	0.23
Medium	276	-	276	0.01	0.01
Total	315,057	2,685,732	3,000,789	100.00	10.25

Source: IFC-Women Owned Business in India

Benefits of women entrepreneurship are shown in Table 2. A women entrepreneur significantly contributes in the economy of the nation. Entrepreneurship builds confidence among women while their social and economic status significantly improves. Moreover, women entrepreneurs contribute significantly in the income of family and thus, there is more scope for development of children and creation of household assets.

**Table 2: 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: Fazalbhoy, Sabiha , 2014.

Overall, 1/3<sup>rd</sup> registered units consisted of women enterprises. This was found slightly high in the state of Uttar Pradesh (39.84 per cent) followed by Gujarat (39.72 per cent) and Kerala (38.91 per cent) (Table 3).

**Table 3: Women Entrepreneurship in India**

States	No of Units Registered	No. of Women Entrepreneurs	Percentage
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: Ministry of MSME, 2013

There are about 0.99 million enterprises managed by women while 10.6 million enterprises were recorded women enterprises in India during the third census of small scale industries in 2020. The major states where a large number of such enterprises were reported include Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh, West Bengal, Madhya Pradesh m, Uttar Pradesh and Bihar (Table 4).

**Table 4: State Wise Women Ownership in SSI Sector in India**

S. No.	Name of State	No. of Enterprises Managed By Women	No. of Women Enterprises
1.	Jammu & Kashmir	5640	5742
2.	Himachal Pradesh	3515	3722
3.	Punjab	30190	29068
4.	Chandigarh	2059	2243
5.	Uttaranchal	8706	8804
6.	Haryana	10087	9620
7.	Delhi	13368	14383
8.	Rajasthan	29785	36371
9.	Uttar Pradesh	54491	72667
10.	Bihar	38170	49443
11.	Assam	11189	11757
12.	West Bengal	71847	69625
13.	Jharkhand	7271	7865
14.	Orissa	33274	38233
15.	Chhattisgarh	11766	10034
16.	Madhya Pradesh	62351	68823
17.	Gujarat	55361	53703
18.	Maharashtra	80662	100670
19.	Andhra Pradesh	77347	77166
20.	Karnataka	101264	103169
21.	Goa	677	810
22.	Kerala	137561	139225
23.	Tamil Nadu	130289	129808
	All India	995141	1063721

Source: Thirst Census of SSIs, MSME, April,2020

The women employment in enterprises is shown in table 5 . Overall, women

employment accounted for 13.31 percent in the enterprises, however, Kerala, Orissa, Andhra Pradesh and accounted for large share. Karnataka, The share of women employment in these enterprises in Uttar Pradesh was recorded just 5.11 percent.

**Table 5:: State Wise Employment Of Females in SSI Sector**

S. No.	Name of State/ UT	No. Of Female Employees			Percentage of Women Employees
		Registered SSI sector	In Registered SSI sector	Total	
1.	Jammu & Kashmir	3313	8153	11466	7.51
2.	Himachal Pradesh	4016	4134	8150	6.26
3.	Punjab	11757	36013	47770	5.26
4.	Chandigarh	659	1975	2634	5.46
5.	Uttaranchal	2940	13240	16180	8.28
6.	Haryana	15651	14889	30540	5.52
7.	Delhi	6306	35798	42104	6.72
8.	Rajasthan	15003	46065	61068	7.04
9.	Uttar Pradesh	23506	180918	204424	5.11
10.	Bihar	8353	68908	77261	7.14
18.	Assam	9077	16988	26065	6.08
19.	West Bengal	26549	304969	331518	15.28
20.	Jharkhand	5105	8907	14012	5.08
21.	Orissa	11723	213123	224846	24.36
22.	Chhattisgarh	10177	52476	62653	11.78
23.	Madhya Pradesh	29612	111703	141315	10.51
24.	Gujarat	41189	79990	121179	9.57
27.	Maharashtra	78731	162700	241431	11.77
28.	Andhra Pradesh	60693	270026	330719	15.46
29.	Karnataka	117934	223142	341076	20.81
32.	Kerala	189640	224491	414131	37.15
33.	Tamil Nadu	270936	223050	493986	24.48
	All India	974713	2342783	3317496	13.31

Source: Thirst Census of SSIs, MSME, April, 2020

Approximately, 78 percent of women enterprises belong to the services sector. Women entrepreneurship is largely skewed towards smaller sized firms, as almost 98 percent of women-owned businesses are micro-enterprises. As with the broader MSME sector, access to formal finance is a key barrier to the growth of women-owned businesses, leading to over 90 percent of finance requirements being met through informal sources (Diwakar and Ahmed, 2015). Geographical distribution of women owned MSMEs is shown in Table 6. Kerala, Karnataka, Tamil Nadu and West Bengal have a combined share of 51.9 per cent in the women owned MSMEs while Rajasthan, Maharashtra, Punjab, Uttar Pradesh, Bihar, Gujarat and Odisha with the combined share of 26.7 per

cent were categorized as low prevalence of women owned businesses in India.

**Table 6: Geographical Distribution of Women-Owned MSMEs**

Prevalence of women-owned businesses	State-wise Share (Percent)	Number of states/union territories	States/union territories	Combined share (Percent)
High	>10.00	4	Kerala, Karnataka, Tamil Nadu, West Bengal	51.9
Medium	5.00-10.00	2	Andhra Pradesh, Madhya Pradesh	11.5
Low	2.00-4.99	7	Rajasthan, Maharashtra, Punjab, Uttar Pradesh, Bihar, Gujarat, Odisha	26.7
Very Low	<1.99	20	Rest of India	9.9

Source: IFC-Women Owned Business in India

The total finance requirement of women-owned MSMEs in 2012 was around Indian Rs. 8.68 trillion (\$158 billion). Within the segment, small enterprises led the demand for financing: around Indian Rs 6.42 trillion (\$116 billion), approximately 74 percent of the total requirement. This was mostly due to unmet working capital and investment finance needs. Micro enterprises with a requirement of Indian rupees 2.05 trillion (\$37 billion), accounted for 24 percent. Most of this requirement was largely focused around working capital needs (Table 7). Women-owned medium-scale enterprises, which account for 0.01 percent of the total MSME sector had finance requirements of around Indian rupees 0.21 trillion (\$4 billion), about 2 percent of the total requirement (IFC, 2014).

**Table 7: Demand for Financing from Women-Owned MSMEs**

Type	Number of units (in thousands)	Formal Sector	Number of units (in thousands)	Informal Sector
		Financing demand Indian rupees trillion (\$ billion)		Financing demand Indian rupees trillion (\$ billion)
Micro	274.06	0.19 (3.49)	2,655.32	1.86 (33.86)
Small	47.53	3.91 (71.16)	30.41	2.50 (45.54)
Medium	0.28	0.21 (3.75)	0.00	0.00 (0.00)
Total	321.86	4.31 (78.40)	2,685.73	4.37 (79.40)

Source: IFC-Women Owned Business in India

The Micro, Small, and Medium Enterprises (MSMEs) sector is the most vibrant and dynamic industrial sector contributing significantly to the GDP and export while employing around 40 per cent of the Indian workforce. The Prime Minister's speech emphasized that the MSME sector will act as the bedrock for economic revival after Covid- 19. Intending to get the MSME sector back on its feet, the Prime Minister announced the MSME sector to be within the purview of the Atma-Nirbhar Bharat Abhiyan (ANBA). Subsequently, the Finance Minister announced six regulatory measures as part of the ANBA especially for the MSME sector, as part of a series of announcements by the government. First and foremost, revising the definition of MSME under applicable law is intended to bring more MSME enterprises under the purview of being classified as MSMEs so that they can reap benefits associated with it and grow under the watchful eyes. Under the new definition, the investment limit for micro, small and medium

enterprises have been raised substantially and the distinction between manufacturing and services has been abolished. Besides this, the government has also finished the distinction between manufacturing and service related MSMEs and has widened the scope of micro, small and medium category enterprises. This measure will widen the net of benefits associated with classification as an MSME to more enterprises. The collateral-free automatic credit line and the subordinate debt to MSMEs may be a game-changer for a sector which is finding it harder and harder to find credit support from banks and other financial institutions. It will make it lucrative for risk-averse banks to resume lending operations as the government will act as 100 per cent guarantor on both the principal and the interest. The guarantee from the government will ease pressure on banks and other financial institutions as they will not have to make provisions in case the loan account turns into a non-performing one. The Finance Minister also announced the creation of 'Fund of Funds' with a corpus of Rs 10,000 crores where the government through the funds will pick up an equity stake in the MSMEs with growth potential and viability. These equity infusions will lead to increase in size and capacity of the MSMEs and the revision. Further, the long-term goal of such equity infusion is to encourage the MSMEs to list on stock exchanges. The massive increase in credit guarantees to MSMEs is the key highlight of the government's relief package. The credit guarantee of 3 lakh crore by the government is intended to help MSMEs that have a 25 crore outstanding loan or less than 100 crore turnover. This provision will rescue MSMEs that need additional funding to meet operational liabilities and restart operations. The government has set aside 20,000 crore as subordinate debt to help about two lakh MSMEs with stressed accounts or non-performing assets (NPA). While announcing the credit guarantee for MSMEs, the Finance Minister assured that the Centre would clear pending MSME dues in 45 days. As on March 31, 2020, the total outstanding payments to MSME units were estimated over 4.95 lakh crore. The Central Government ministries and departments, state governments and public sector units owe MSMEs more than half of this amount. The MSME Samadhaan website, which was introduced to monitor delayed payments and settle disputes, filed by affected MSMEs, listed payment claims of 40,720 crore as on May 14, 2020. Under this scheme, promoters of the MSME will be given debt, which will then be infused as equity in the unit. However, unlike credit guarantees, government support in this scheme is not full but partial.

## CONCLUSION

*Women owned business enterprises are highly increasing in the economies of almost all countries. The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. Skill, knowledge and adaptability in business are the main reasons for women to emerge into business ventures. 'Women Entrepreneur' is a woman who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. With the advent of media, women are aware of their own traits, rights and also the work situations. The glass ceilings are shattered and women are found indulged in every line of business from papad to power cables. The challenges and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators. 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 applauded for their increased utilization of modern technology, increased investments, finding a niche in the export market, creating a sizable employment for others and setting the trend for other women entrepreneurs in the organized sector.* Understanding the business environment, demand for products and services, availability of raw materials, technology, investment and other inputs of industrial development is necessary before setting up the enterprise by women. Hard work, persistence, perseverance and confidence are some of the qualities of entrepreneur, however, understanding of prevailing business environment, cost effective production technologies, suitable marketing strategies, managerial efficiency are also important attributes of entrepreneurs. In order to ensure proper facilitation and guidance to women entrepreneurs, improvement in the current Single Window System of getting clearances is imperative while introduction of a Single Composite Application Form is required to facilitate women entrepreneurs.

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