

A Study on the Problems, Role and Performance of Women Entrepreneurs in Micro, Small and Medium Enterprises (MSMEs) in India

Dr. Rajib Lahiri,

Assistant Profesor,
Department of Commerce,
Derozio Memorial College, India.

ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) play a very vital role in Indian economy and women entrepreneurs are inseparable part of the sector. Women entrepreneurship ensures increase in employment, social status and financial independence of women. This paper is an attempt to analyse the factors affecting women entrepreneurship in MSME sector, identify the major problems faced by them, carry out a performance analysis of women entrepreneurship and analyse the promotional policies taken up by the Govt. Push and Pull factors are the two major reasons for women entering into entrepreneurship. The Push factors mean that the women are forced to join business due to financial reasons while the Pull factors refers to women taking up entrepreneurship to become financially independent, to utilize their talent and education and to establish their position in society. Even after representing almost half of the total population, the percentage of women entrepreneurship is significantly low compared to male entrepreneurs. Women participation is comparatively higher in micro enterprises in rural areas whereas it is negligible in small and medium enterprises. Several policy packages are available for women entrepreneurs but many of such schemes are either not known or not suitable for them. The Govt. agencies, Women Associations, Non-Govt. Organisations (NGOs) must play a more meaningful role in promoting women education, confidence building and acceptability of women entrepreneurs to the financing institutes.

Keywords: Micro, Small and Medium Enterprises (MSMEs), Promotional measures, Push and Pull factors, Women entrepreneurship.

INTRODUCTION:

Micro, Small and Medium Enterprises (MSMEs) are considered engine of growth all round the world. The sector plays a very significant role in Indian economy in terms of generation of employment, proper utilization of resources, production of goods or offering services as per the taste and preferences of the customers, ensuring balanced economic growth by spreading the network of MSMEs in rural or less developed areas.

The women entrepreneurs are one of the most vital parts of the MSME sector in India as the nature and activities of the sector are highly suitable for women entrepreneurs. Unfortunately, even after representing more than 48 percent of workforce in our country (Census, 2011), women have considerably less exposure to education especially technical and managerial, job and economic independence. Different studies carried out by several researchers show that the women entrepreneurs are not trusted by the credit sanctioning authorities as entrepreneurship is considered a 'man-thing' (Lahiri, Rajib 2014).

OBJECTIVES OF THE STUDY

- To identify the major problems faced by the women entrepreneurs in MSME sector
- To analyse the performance of women entrepreneurship in MSME sector
- To analyse the measures taken up by the Govt. to promote women entrepreneurship

REVIEW OF LITERATURE:

Manickavel (1997) found that the female entrepreneurs experience more difficulties in obtaining finance from the banks than that of male entrepreneurs as the banks do not consider women preferred customer because of their poor loan repayment capacity, poor managerial capability, poor accounts maintenance, gender bias etc. The incidence of rejection of loan application is high among the female applicants.

Singh (2008) observes that the women entrepreneurs in small scale sectors suffer due to poor social acceptance of women entrepreneurship, poor financial support from the financing institutions, family burden etc. He identifies that promoting micro credit, training and educational facilities for women, success story based approach can be helpful remedial measures.

Lall & Sahai (2008) analyze the challenges faced by the women entrepreneurs in family business with the parameters like ability to face business challenges, difference in status and working environment faced by the male and female entrepreneurs. The study result shows that though there has been significant growth of women entrepreneurship in India, they are still considered second class citizen in the business world and have to face far more difficulties compared to male entrepreneurs.

Tambunan (2009) observes that in spite of significant growth in small and medium enterprises in Asian developing countries in recent times, women entrepreneurship is markedly low due to educational, financial and social constraints. The push factor of women entrepreneurship is dominant in this region. Most of the female entrepreneurs have joined business out of the compulsion to satisfy their financial needs.

Rathakrishnan L. and V.P. Sriraman (2009) argues that micro finance can be a very important tool in establishing sufficient supply of credit to the women entrepreneurs and balanced mix between institutional approach and welfare approach of micro finance must be ensured for this purpose. The institutional approach would help in serving the entrepreneurs who are not served by the traditional institutional credit system. The welfare approach of micro finance would provide value added services like managerial/technical training, healthcare facilities, and family planning.

METHODOLOGY AND DATA SOURCE:

The study is based on secondary data mostly collected from the Annual Reports published by the Ministry of MSMEs (Relevant Years), Census Reports of MSMEs and the articles published by the various researchers. For identifying the factors influencing women entrepreneurs, push and pull factors have been taken into consideration. For analyzing the performance of women entrepreneurs, four parameters namely Gender wise distribution of ownership of MSME units in Rural and Urban areas, Male/Female ownership in Micro, Small and Medium Enterprises individually, Position of female workforce in MSME sector in rural and urban areas, Performance of different states in promoting women entrepreneurship have been considered. Performance of women entrepreneurs has been analysed with reference to both rural and urban areas and for micro, small and medium enterprises separately.

FINDINGS AND DISCUSSIONS:

Conceptual framework of MSMEs and Women Entrepreneurship:

MSMEs:

As per Micro, Small and Medium Enterprises Development Act, 2006, the following limit for investment in plant and machinery / equipment for manufacturing / service enterprises, has been prescribed:

Table 1: Investment Limits in MSMEs (As per MSME Act, 2006)

Manufacturing Sector	
Enterprises	Investment in Plant & Machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees

Service Sector	
Enterprises	Investment in Equipments
Micro Enterprises	Does not exceed ten lakh rupees:
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

Source: Ministry of Micro, Small and Medium Enterprises (MSMEs), Government of India, Annual Report 2017-18 (assessed from www.msme.gov.in).

Women Entrepreneurship:

As per general concept, women Entrepreneurs are the women or a group of women who initiate, organize and operate a business enterprise. From participation point of view, a women entrepreneur may be defined as an enterprise owned and controlled by women saving a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women (Charantimath, Poornima, 2013 & Lahiri, Rajib, 2014).

Factors Influencing Women Entrepreneurship:

Two major factors popularly known as push factors and pull factors are found effective in influencing women to take up entrepreneurship activities. Push factors are effective when a woman enters into entrepreneurship out of compulsion usually due to inability or death of the main earning member, unexpected fall in family income, lack of other competent male family members (Charantimath, Poornima, 2013). Usually this category represents entrepreneurs from rural or backward areas with low educational or technical skills. They mainly operate in family businesses in agriculture, fisheries, animal husbandry, power looms and cottage industries.

On the other hand, when a women takes up entrepreneurship as choice to achieve economic independence, utilize her talent, education and skill and increase her social acceptance she is said to be influenced by the pull factors (Charantimath, Poornima, 2013). This category includes two types of female entrepreneurs. The first category includes women entrepreneurs operating in cities and in towns. They are adequately educated but usually do not possess high professional qualification. Their size and level of operation of business is moderate and produce both traditional and non-traditional items.

The other category includes women entrepreneurs operating in big cities, possessing high educational and professional qualification. They run large business houses with high turnover and produce non-traditional items. The number of entrepreneurs is very few under this category.

According to the study carried on by Das (2000), push factors seem to dominate women entrepreneurs in Asian developing countries.

Table 2: Categories of women entrepreneurs (by reasons/motivations for starting the business) in Asian developing countries

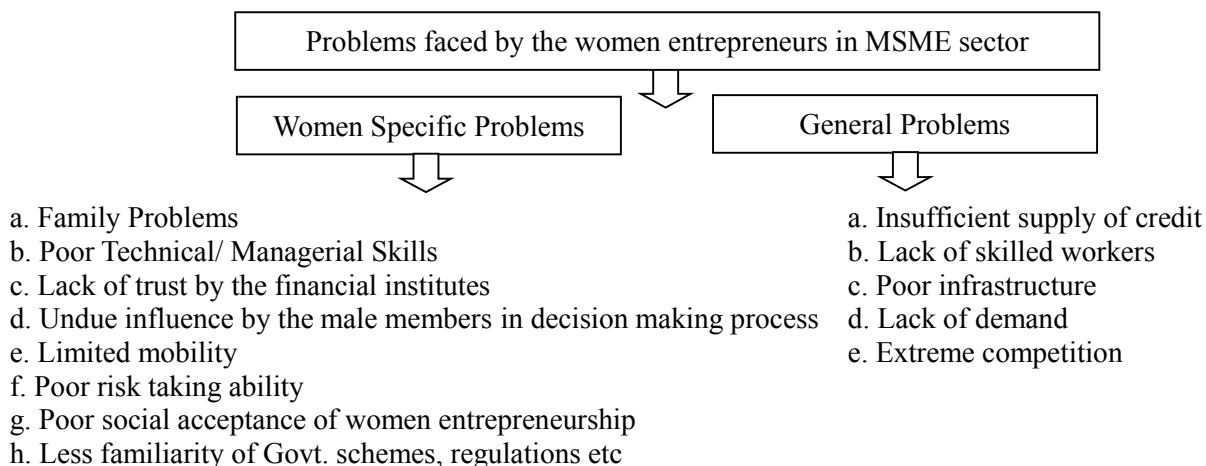
Category	Main Reasons/Motivations
Chance Entrepreneurs	-to keep busy -was hobby/special interest -family/spouse had business
Forced Entrepreneurs	-financial/needed the money Created or pulled entrepreneurs -control over time/flexibility -challenge, try something on one's own -show others I could do it.
Created or Pulled Entrepreneurs	-control over time/flexibility -challenge, try something on one's own -show others I could do it. -to be independent -self satisfaction -example to children -employment to others /do something worthwhile

Source: Das (2000)

Problems faced by the women Entrepreneurs:

The problems faced by the women entrepreneurs may be divided into two categories such as Women specific problems and general problems.

Fig: 1



Source: 1. Developed by the researcher 2. Singh, Ranjana, 2017

Performance analysis of the women entrepreneurs under MSME sector in India:

Gender wise distribution of ownership of MSME units in Rural and Urban areas:

Table 3: Percentage Distribution of Enterprises in rural and urban areas (As per Gender)
 (NSS* 73rd Round, Base Year 2015-16)

Sector	Male	Female	Total
Rural	77.76	22.24	100
Urban	81.58	18.42	100
Total	79.63	20.37	100

Source: Ministry of Micro, Small and Medium Enterprises (MSMEs), Government of India, Annual Report 2017-18 (assessed from www.msme.gov.in)

As per Table 3, male entrepreneurs continue to dominate MSME ownership because 79.63 percent of firms are owned by male owners and only 20.37 percent of firms are under female ownership. This ownership pattern remains almost the same in both rural and urban areas. However, in rural areas the percentage of female controlled firms is slightly more (22.24 percent in rural areas compared to 18.42 percent in urban areas) than the urban areas.

Male/Female ownership in Micro, Small and Medium Enterprises individually:

Table 4: Percentage distribution of Enterprises by Male/Female Owners
 (NSS* 73rd Round, Base Year 2015-16)

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

Source: Ministry of Micro, Small and Medium Enterprises (MSMEs), Government of India, Annual Report 2017-18 (assessed from www.msme.gov.in)

Table 4 shows clear male dominance in category-wise (Micro, Small and Medium Enterprises) distribution. It shows that though female ownership is comparatively high in micro enterprises, it is significantly low in small and medium enterprises.

Position of female workforce in MSME sector in Rural and Urban areas:

Table 5: Sectoral distribution of workers in Male and Female Category (in Lakh)
(NSS* 73rd Round, Base Year 2015-16)

Sector	Rural	Urban	Total	%
Male	360.15	484.54	844.69	76.12
Female	137.50	127.42	264.92	23.88
Total	497.65	611.96	1109.61	100
Percentage of male employment	72.37	79.18	-----	-----
Percentage of female employment	27.63	20.82	-----	-----
Total (%)	100	100	-----	-----

Source: Ministry of Micro, Small and Medium Enterprises (MSMEs), Government of India, Annual Report 2017-18 (assessed from www.msme.gov.in) results computed.

Table 5 shows the percentage distribution of male and female workers in MSME sector in rural and urban areas. Unlike entrepreneurship, male workers show significantly higher percentage compared to female workers. Percentage of women workers is marginally high in rural areas (27.63 percent) compared to urban areas (20.82 percent).

Performance of different states in promoting women entrepreneurship:

Table 6: State-wise Distribution of Proprietary MSMEs by Gender of Owners
(NSS* 73rd Round, Base Year 2015-16)

Sl. No.	State/UTs	Percentage of Male MSME entrepreneurs	Percentage of Female MSME entrepreneurs
1	West Bengal	11.52	23.42
2	Tamil Nadu	7.10	10.37
3	Telangana	3.01	7.85
4	Karnataka	5.54	7.56
5	Uttar Pradesh	16.53	6.96
6	Andhra Pradesh	4.46	6.76
7	Gujarat	4.90	6.67
8	Maharashtra	7.84	6.47
9	Kerala	3.40	4.00
10	Rajasthan	4.67	3.07
11	Madhya Pradesh	4.70	2.99
12	Jharkhand	2.58	2.51
13	Odisha	3.24	2.38
14	Punjab	2.44	1.81
15	Bihar	6.69	1.36
16	Haryana	1.72	0.79
17	Delhi	1.71	0.70
18	Manipur	0.18	0.70
19	Jammu & Kashmir	1.29	0.60
20	Chhattisgarh	1.50	0.57
21	Assam	2.33	0.54
22	Himachal Pradesh	0.68	0.41
23	Meghalaya	0.15	0.32
24	Tripura	0.37	0.23
25	Puducherry	0.13	0.22
26	Uttarakhand	0.78	0.17
27	Nagaland	0.14	0.17
28	Mizoram	0.04	0.11
29	Goa	0.12	0.09

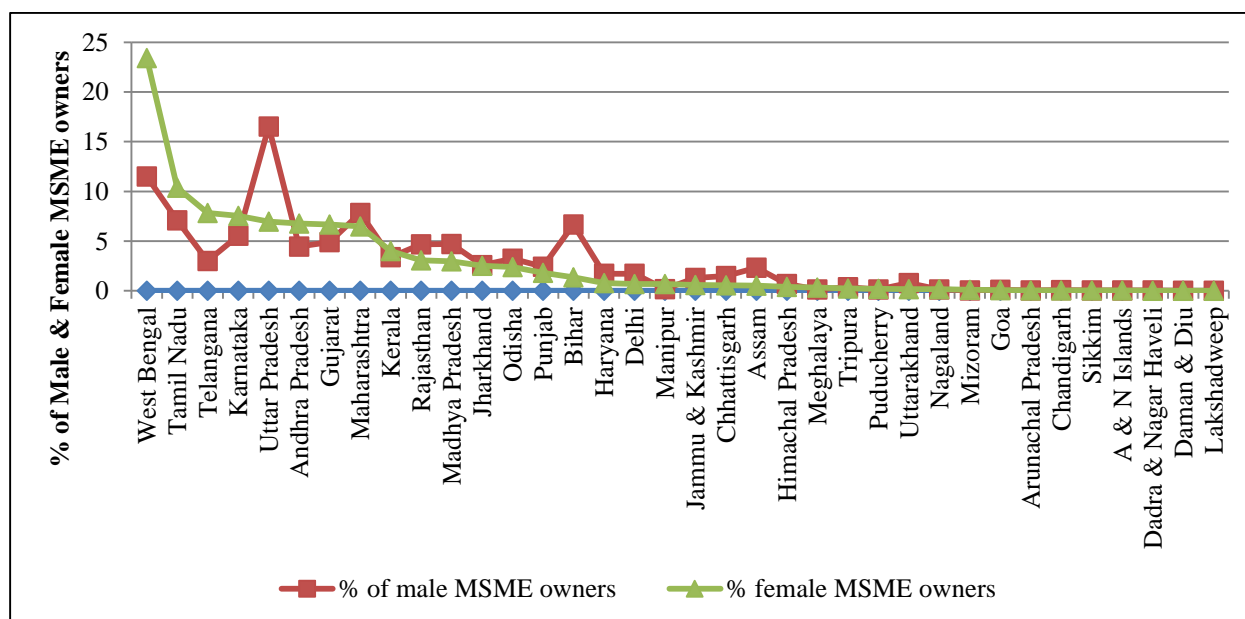
Sl. No.	State/UTs	Percentage of Male MSME entrepreneurs	Percentage of Female MSME entrepreneurs
30	Arunachal Pradesh	0.03	0.05
31	Chandigarh	0.09	0.04
32	Sikkim	0.04	0.04
33	A & N Islands	0.03	0.03
34	Dadra & Nagar Haveli	0.03	0.02
35	Daman & Diu	0.01	0.01
36	Lakshadweep	0.00	0.00
	ALL	100.00	100.00

Source: Ministry of Micro, Small and Medium Enterprises (MSMEs), Government of India, Annual Report 2017-18 (assessed from www.msme.gov.in)

Note: * NSS refers to National Sample Survey conducted by National Sample Survey Office

As per Table 6, West Bengal occupies the first position in terms of the percentage of female owned enterprises followed by Tamilnadu and Telangana.

Fig 2: State-wise Distribution of Proprietary MSMEs by Gender of Owners



Source: Same as Table 6

Promotional Schemes for Women Entrepreneurs:

The Ministry of MSMEs has launched several schemes and policy initiatives to facilitate the women entrepreneurs. Few major schemes are as follows:

Trade Related Entrepreneurship Assistance and Development Scheme for Women (TREAD): As per the scheme, Women Associations/Non-Govt. Organisations (NGOs)/ Self Help Groups (SHGs) prepare business proposals and send to the respective District Industries Centres (DICs). The DICs forward those proposals to the banks for sanction of funds. The sanctioned projects are financed by the banks to the Women Associations/NGOs/SHGs through DICs. (https://www.dcmsme.gov.in/schemes/Schemes_for_the_development_and_promotion_of_women_entrepreneurs.pdf).

Credit Guarantee Fund Scheme for MSEs: This scheme offers collateral security free loans to micro and small enterprises. The guarantee cover for collateral security is up to 75 percent of the loan provided. The extent of guarantee cover is 80% for (i) micro enterprises for loans up to Rs.5 lakh; (ii) MSEs operated and/or owned by women; and (iii) all loans in the North-East Region.

(https://www.dcmsme.gov.in/schemes/Schemes_for_the_development_and_promotion_of_women_entrepreneurs.pdf).

Gender Budgeting (GB): This scheme offers women related capacity building training, conducts gender based impact analysis and promotes best practices in Gender Budgeting.

Support to Training and Employment Programme (STEP) for Women: This scheme offers skill enhancement training, access to credit etc to the women entrepreneurs.

Other Schemes: The other women related schemes include Rural Development Programme (IRDP), Training of Rural Youth for Self-Employment (TRYSEM), Prime Minister's Rojgar Yojana (PMRY), Women's Development Corporation Scheme (WDCS), Indira Priyadarshini Yojana, and SIDBI's Mahila Udyam Nidhi Mahila Vikas Nidhi etc.

CONCLUSION:

The women population of our country is almost the half of the total population (Census, 2011) but their participation in entrepreneurship activities is significantly low (about 20 percent) (Annual Report, 2017-18). The reasons are manifold like lack of technical and managerial skills, family obligations, poor credit supply from financial institutions, suppression by the male members of the family, lack of confidence etc. However, some major changes are visible in the pattern of women entrepreneurship from 1950s to 21st century. During 1950s push factors were predominant and women were forced to join business mainly due to financial reasons. During 1960s, influence of pull factors were observed on a limited basis and few women started joining business as choice. During 1980s and 90s, women entrepreneurs became lot more confident with the access good education and training and in 21st century their participation in business has increased considerably and they have emerged as business leaders in many cases. In spite of improvement in overall condition of women, their average performance in MSME sector as entrepreneur has not been satisfactory.

The Govt. has taken up a number of schemes to promote women entrepreneurship. Unfortunately, in many cases, either the women entrepreneurs are ignorant about the schemes or the schemes are not suitable for them. Without launching a large number of schemes it is important to frame the promotional measures as per the need of the women entrepreneurs and ensure proper follow up of the policies. The Govt. Agencies, NGOs, Financial institutes, Self Help Groups (SHGs) must play vital roles in promoting women education, training and confidence building so that more and more women are encouraged to take up entrepreneurship activities.

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