Nature and Design of The Study
CHAPTER I

NATURE AND DESIGN OF THE STUDY

1.1 INTRODUCTION

Indian economy in the early days was a village economy, having isolated self-sustaining economic units in the form of villages. The community of the village based on division of labour produced the necessary requirements of the village and very rarely the products went beyond the requirements of the village market. During those days things were exchanged on barter system. India is predominantly an agricultural country and there is an overwhelming evidence, to show that India was one of the leading manufacturing countries in the world before 500 B.C. India was famous for industrial products and handicrafts right from the pre-British times till about the middle of the 19th century. Textile industry was the most important Indian industry right from the ancient times till about 1850. Next to cotton textiles, silk and silk-cloth were famous and were produced at several places in India.

There were many famous varieties of wooden goods produced in India during the pre-British days. Jewellery of exquisite quality was made of gold and silver in many parts of India. The quality of this ancient Indian craft was maintained at a very high level various products were made out of brass, copper and bell metal. Many urban centers in India were famous in those days for carving work in ivory, wood, stone and marble. Industries play a vital role in shaping the economy of a country. Almost all the countries of the world are dependent on their industries. An industry is the place that manufactured goods or provides services, and contributes to the economic development of a country. In India, the concept of industries was introduced during the British period the inception of Indian Industries influenced the socio-economic and cultural conditions in the subcontinent. The key industries in the Indian industrial sector are: Iron and steel Industry which is over one hundred and twenty two years old, engineering and machinery tools industry which is a major exporter; electronics items; textile is the largest industry in the country employing around twenty million people and account for one third of India’s exports, and public sector industries which contribute to the initial development
of infra-structure and diversification of industrial base. The Government of India has introduced several policy measures and incentives from time to time, in order to promote rapid industrialization in the country.

Ever since the days of Gandhiji, the small industry movement has been largely regarded as a vehicle for uplifting the weaker section of the population. The conference on Industrial Development, held in New Delhi in December, 1947 highlighted the importance of small scale Industries. In the first phase, from 1947 to 1977, the foundation for the development of small scale industries was laid and this is also called as a “phase of conformation”. The second phase from 1977 to 1990 provided several organizational supports and it is termed as ‘period of consolidation’. The third phase, from 1990 to 1998, with economic reforms is also termed as a ‘period of confrontation’. For the last sixty years the small scale industry sector has been the major contributor to India’s GDP and has tremendous growth prospect, with a wide range of products and the SSI sector has a 40 per cent share in total industrial output and 35 per cent share in exports. This sector generates 80 per cent employment. The SSI sector in India alone accounts for seven per cent of India’s GDP. Micro, Small and Medium Enterprises constitute the dominant form of business organization worldwide. The Micro, Small and Medium Enterprises (MSMEs) sector has been an integral component of the Industrial Sector.

The continuous support provided to the sector in the form of incentives, infrastructural facilities and other assistance in the Industrial Policy Resolution had facilitated the sector to acquire a place of prominence in the socio-economic development of the country. During the year 2007, 128.40 Lakhs of registered MSME units existed othering employment to 312.50 lakh persons. Their production in the year 2007 accounted for Rs.5, 87,196 crores. This sector has contributed 17 per cent towards GDP of the country. Finance is present in every sphere of economic and business activities and the highly competitive world depends upon how effectively funds are gathered and utilized. Finance has always been a crucial input for an enterprise. Access to funds can often do away with most of the entrepreneurs find gathering this amount an uphill task. The inability of small scale entrepreneurs to scouttor funds result in slowing
down their growth, lowering their capacity to internally generate funds, there by leading to lowering the retention and recycling of the same. Entrepreneurs are often forced to borrow from financial agencies to bridge this gap.\textsuperscript{14}

After independence, innumerable financial institutions have come into existence and they serve as important sources of finance for industrial projects. These financial institutions have been established at all India level and state level. The growth of term lending institutions has met the needs of Micro, Small and Medium Enterprises (MSMEs) in full.\textsuperscript{15} The Government of India, fully aware of the problems faced by Micro, Small and Medium Enterprises (MSMEs) in obtaining institutional credit, has formulated appropriate policies and programmed from time to time for augmenting the flow of credit to this sector.\textsuperscript{16} As a result, the flow of credit to this sector has increased from Rs.493 crores in the year 1971 to Rs.2.57 lakh crores during the year 2008-09 and it has recorded a growth rate of 99.81 per cent.\textsuperscript{17} By keeping all those facts in mind, an attempt has been made by the researcher through this research project to find out the satisfaction and perception of the proprietors of MSME sector in Coimbatore District towards the financial assistances offered by various financial institutions to this sector.

1.1.1. DEFINITION AND SCOPE OF ENTREPRENEURSHIP

For Schumpeter, the entrepreneur is an ‘Innovator’ who is characterized by potentialities of doing new things in a new way. He is an economic leader with will power and sets a ‘creative response’ to a situation and acts as a chief conductive factor in the process of economic development. He further writes that the entrepreneur is an ‘economic man’ who tries to maximize his profits by innovations. Innovation involves problem solving and entrepreneur is a problem solver.

Innovations according to Schumpeter occur in the following five forms.\textsuperscript{18}

1. Introducing of new things.
3. Findings of a new market.
4. The conquest of a new source of supply of raw materials or half manufactured goods.
5. Carrying out the new organization of any industry.
Peter F. Drucker defines an entrepreneur as one who always searches for change, respond to it and exploits it as an opportunity. Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service.\textsuperscript{19}

In his study, James J. Berna stressed following characteristic of a good entrepreneur.

a. Entrepreneur, and enterprising individual, is energetic, resourceful, alters to new opportunities, able to adjust to changing conditions and willing to assume risks involved in the change.

b. He is interested in advancing technologically and in improving the quality of his product.

c. He is interested in expanding the scale of his operations, and he reinvests earnings to this end.

According to Berna, success of entrepreneurs should be evaluated terms of above mentioned characteristics. An entrepreneur, first of all, should have the ‘Spirit of enterprise’.\textsuperscript{20}

Thus successful entrepreneur is he who possess some essential virtues, and qualities - such as human skills, business skill, professional skills, legal skills, funds mobilizing skill, innovative skills, technical skill, behavior or liaison skills and the art of handling the existing government and financial institutions. Small and Medium Enterprises is an integral part of the Indian industrial sector. The distinctive feature of Small and Medium Enterprises (SMEs) are less capital investment and high labour absorption which has created unprecedented importance to this sector. As per the Development Commissioner of Micro, Small and Medium Enterprises (2001), the sector has the credit of being the second highest in employment, which stands next to agricultural sector. The nature of the businesses in this sector plays an important role to alleviate poverty and propel sustainable growth and equitable distribution of income in India. The SMEs play an important role in efficiently allocating the enormous labour supply and scarce capital by implementing labour intensive production processes. SME triggers private ownership, boosts entrepreneurial skills and their flexibility in responding quickly to changing market demand and supply conditions are noteworthy.
1.1.2. WOMEN ENTREPRENEURS

The Government of India has defined women entrepreneurs based on women participation in equity and employed of a business enterprise. Accordingly, a women entrepreneur is defined as “an enterprise” owned and controlled by a women having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated in the enterprise to women. Women entrepreneurship in India represents a group of women who are exploring new avenues of economic participation. The entry of women in organized business is a fairly recent phenomenon many women have funded in to entrepreneurs by starting SME enterprises. Women entrepreneurship has been recognized as an important source of economic growth. Women entrepreneurs create new jobs for themselves and others and also provide society with different solutions to management, organization and business problems. However, they still represent a minority of all entrepreneurs. Women entrepreneurs often face gender based barriers to starting and growing their businesses, like discriminatory property, matrimonial and inheritance laws and/or cultural practices; lack of access to formal finance mechanisms; limited mobility and access to information and networks, etc.

Women’s entrepreneurship can make a particularly strong contribution to the economic well-being of the family and communities, poverty reduction and women’s empowerment, thus contributing to the Millennium Development Goals (MDGs). Thus, governments across the world as well as various developmental organizations are actively undertaking promotion of women entrepreneurs through various schemes, incentives and promotional measures. Women entrepreneurs in the four southern states and Maharashtra account for over 50% of all women-led small-scale industrial units in India.

1.1.3. POLICIES AND SCHEMES FOR WOMEN ENTREPRENEURS IN INDIA

In India, the Micro, small & Medium Enterprises development organizations, various State Small Industries Development Corporations, the Nationalized banks and even NGOs are conducting various programmes including Entrepreneurship Development Programmes (EDP's) to cater to the needs of potential women entrepreneurs, who may not have adequate educational background and skills. The office of DC (MSME) has also opened a Women cell to provide coordination and assistance to women entrepreneurs facing specific
problems. There are also several other schemes of the government at central and state level, which provide assistance for setting up training-cum-income generating activities for needy women to make them economically independent. Small Industries Development Bank of India (SIDBI) has also been implementing special schemes for women entrepreneurs.

In addition to the special schemes for women entrepreneurs, various government schemes for MSMEs also provide certain special incentives and concessions for women entrepreneurs. For instance, under **Prime Minister’s Rozgar Yojana (PMRY)**, preference is given to women beneficiaries. The government has also made several relaxations for women to facilitate the participation of women beneficiaries in this scheme. Similarly, under the **MSE Cluster Development Programme** by Ministry of MSME, the contribution from the Ministry of MSME, varies between 30-80% of the total project in case of hard intervention, but in the case of clusters owned and managed by women entrepreneurs, contribution of the M/o MSME could be up to 90% of the project cost. Similarly, under the **Credit Guarantee Fund Scheme for Micro and Small Enterprises**, the guarantee cover is generally available up to 75% of the loans extended; however the extent of guarantee cover is 80% for MSEs operated and/or owned by women.

Some of the special schemes for women entrepreneurs implemented by the government bodies and allied institutions are provided below.

- Schemes of Ministry of MSME
- Trade related entrepreneurship assistance and development (TREAD) scheme for women.
- Mahila Coir Yojana
- Schemes of Ministry of women and Child Development
- Support to Training and Employment Programme for Women (STEP)
- Swayam Siddha

### 1.1.4. WOMEN ENTREPRENEURS ASSOCIATION

The efforts of government and its different agencies are supplemented by NGOs and associations that are playing an equity important role in facilitating women empowerment. List of various women association in India is provided in the table below.
Details Of Women Entrepreneur Associations In India

1. Federation of Indian Women Entrepreneurs (FIWE)
2. Consortium of Women Entrepreneurs (CWEI)
3. Association of Lady Entrepreneurs of Andhra Pradesh
4. Association of Women Entrepreneurs of Kamataka (AWAKE)
5. Self –Employed Women’s Association (SEWA)
6. Women Entrepreneurs Promotion Association (WEPA)
7. The Marketing Organization of Women Enterprises (MOOWES)
8. Bhar Mahila Udyog SanghBihar Mahila Udyog Sangh
9. Mahakaushal Association of Women Entrepreneurs (MAWE)
10. SAARC Chamber Women Entrepreneurship Council
11. Women Entrepreneurs Association of Tamilnadu (WEAT)
12. TIE Shree Shaki (TSS)
13. Women Empowerment Corporation

1.1.5. GROWTH AND DEVELOPMENT OF WOMEN ENTREPRENEURS IN INDIA AND TAMILNADU

a. Women entrepreneurs in India

b. Women entrepreneurs in Tamilnadu

a. WOMEN ENTREPRENEURS IN INDIA

Women make half the human resource potential available for economic activity. They perform multiple productive roles. In the industrial sector women constitute an average of 27 percent of the industrial task force in developing countries. The total number of enterprises run by women is significantly low and their rate of measures at various levels, like policy, finance, infrastructure, training and facility services are also low. The employment policy envisaged for the sixth five year plan (1980-85) was designed to meet two major goals of reducing under employment for majority of the labour force and cuffing down long term employment. Analysis of the employment
situation revealed that the organized sector could absorb only 12 percent of the increase in the labour force. The annual increase in employment in the organized sector in the recent past has been around 0.9 million. Therefore, self employment was encouraged by providing a package of services such as training, credit, marketing and general guidance for those who desired to launch self employment venture. Requisite information and facilities were to be provided with the help of “one-window approach “of late a number of organized attempts have been made to help to groom women as potential entrepreneurs.

Women entrepreneurs in India represent a group of women who have broken away from the beaten track and are exploring new vistas of economic participation. They have long stories of trials and hardships. Their tasks have been full of challenges. They have had to encounter public prejudices and criticism; family opposition and social constraints. In many cases before they could establish themselves as independent Entrepreneurs, they have to struggle a lot.

The new industrial policy of the Government of India has stressed the need for conducting special Entrepreneurship programmed for women product and process – oriented courses may be conducted to enable women to start SME Industries. The policy further adds that the objective of such courses should be to give representation to women in the field of small industry development with a view to uplift their status in the economic and social fields.

1.1.6. STATE WISE DISTRIBUTION OF MSME IN INDIA OWNED BY WOMEN ENTREPRENEURS

In India SME industrial units are owned both by men and women. Table 3.1 reveals that among the SME units owned by women entrepreneurs in India, Kerala by Tamilnadu with 1.30 lakh. Tamilnadu ranks second in the total number of SME units owned by women entrepreneurs in India. Lakshadweep has the lowest number of SME units owned by women entrepreneurs (67 units).
<table>
<thead>
<tr>
<th>S.No</th>
<th>State /Union Territory</th>
<th>No. of MSME Units</th>
<th>% to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kerala</td>
<td>139225</td>
<td>13.9</td>
</tr>
<tr>
<td>2</td>
<td>Tamilnadu</td>
<td>129808</td>
<td>12.2</td>
</tr>
<tr>
<td>3</td>
<td>Karnataka</td>
<td>103169</td>
<td>9.7</td>
</tr>
<tr>
<td>4</td>
<td>Maharashtra</td>
<td>100670</td>
<td>9.46</td>
</tr>
<tr>
<td>5</td>
<td>Andhra Pradesh</td>
<td>77166</td>
<td>7.25</td>
</tr>
<tr>
<td>6</td>
<td>Uttar Pradesh</td>
<td>72667</td>
<td>6.83</td>
</tr>
<tr>
<td>7</td>
<td>West Bengal</td>
<td>69625</td>
<td>6.55</td>
</tr>
<tr>
<td>8</td>
<td>Madhya Pradesh</td>
<td>68823</td>
<td>6.47</td>
</tr>
<tr>
<td>9</td>
<td>Gujarat</td>
<td>53703</td>
<td>5.05</td>
</tr>
<tr>
<td>10</td>
<td>Bihar</td>
<td>49443</td>
<td>4.65</td>
</tr>
<tr>
<td>11</td>
<td>Orissa</td>
<td>38233</td>
<td>3.59</td>
</tr>
<tr>
<td>12</td>
<td>Rajasthan</td>
<td>36371</td>
<td>3.42</td>
</tr>
<tr>
<td>13</td>
<td>Punjab</td>
<td>29068</td>
<td>2.73</td>
</tr>
<tr>
<td>14</td>
<td>Delhi</td>
<td>14383</td>
<td>1.35</td>
</tr>
<tr>
<td>15</td>
<td>Assam</td>
<td>11757</td>
<td>1.11</td>
</tr>
<tr>
<td>16</td>
<td>Manipur</td>
<td>10745</td>
<td>1.01</td>
</tr>
<tr>
<td>17</td>
<td>Chhattisgarh</td>
<td>10034</td>
<td>0.94</td>
</tr>
<tr>
<td>18</td>
<td>Haryana</td>
<td>9620</td>
<td>0.9</td>
</tr>
<tr>
<td>19</td>
<td>Uttaranchal</td>
<td>8804</td>
<td>0.83</td>
</tr>
<tr>
<td>20</td>
<td>Jharkhand</td>
<td>7865</td>
<td>0.74</td>
</tr>
<tr>
<td>21</td>
<td>Jammu and Kashmir</td>
<td>5742</td>
<td>0.54</td>
</tr>
<tr>
<td>22</td>
<td>Himachal Pradesh</td>
<td>3722</td>
<td>0.35</td>
</tr>
<tr>
<td>23</td>
<td>Mizoram</td>
<td>3700</td>
<td>0.35</td>
</tr>
<tr>
<td>24</td>
<td>Meghalaya</td>
<td>3580</td>
<td>0.34</td>
</tr>
<tr>
<td>25</td>
<td>Chandigarh</td>
<td>2243</td>
<td>0.21</td>
</tr>
<tr>
<td>26</td>
<td>Pondicherry</td>
<td>1065</td>
<td>0.01</td>
</tr>
<tr>
<td>27</td>
<td>Tripura</td>
<td>863</td>
<td>0.08</td>
</tr>
<tr>
<td>S.No</td>
<td>State /Union Territory</td>
<td>No. of MSME Units</td>
<td>% to Total</td>
</tr>
<tr>
<td>------</td>
<td>-----------------------------------------------</td>
<td>------------------</td>
<td>------------</td>
</tr>
<tr>
<td>28</td>
<td>Goa</td>
<td>810</td>
<td>0.08</td>
</tr>
<tr>
<td>29</td>
<td>Daman, Diu, Dadra and Nagarhaveli</td>
<td>213</td>
<td>0.02</td>
</tr>
<tr>
<td>30</td>
<td>Nagaland</td>
<td>179</td>
<td>0.02</td>
</tr>
<tr>
<td>31</td>
<td>Arunachala Pradesh</td>
<td>150</td>
<td>0.01</td>
</tr>
<tr>
<td>32</td>
<td>Andaman and Nicobar Island</td>
<td>110</td>
<td>0.01</td>
</tr>
<tr>
<td>33</td>
<td>Sikkim</td>
<td>98</td>
<td>0.01</td>
</tr>
<tr>
<td>34</td>
<td>Lakshadweep</td>
<td>67</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td><strong>All India</strong></td>
<td><strong>1063721</strong></td>
<td><strong>100.72</strong></td>
</tr>
</tbody>
</table>

Source: [http://www.industry.com/smeindia/census/sumryes.htm](http://www.industry.com/smeindia/census/sumryes.htm)

According to the Third All India census of SME Industries conducted in 2001-02 and subsequent estimates made, only 10.11% of the micro and small Enterprises in India are owned by women while 9.46% of the MSE Enterprises are managed by women. During (2006-07) their estimated number was 12.99 lakh women owned enterprise and 12.15 lakh women managed enterprise. The first National Conference of women Entrepreneurs held at New Delhi in Nov 1981 called for priority to women in the allotment of land, sheds, sanction of power, industrial licensing, etc. it also recommended the simplification of loan procedures, counseling services, centralized marketing agency and special training programmes for women entrepreneurs. The second International conference of women entrepreneurs organized by the National Alliance of Young Entrepreneurs (NAYE) was held in 1989 at New Delhi under the aegis of the world Assembly of small and Medium Enterprise (WASME). It adopted a declaration containing the following salient features:

1. All National Governments should promote women’s involvement in social and economic development programmes; provide necessary infrastructural support, training and marketing facilities; enact legislation to remove constraints in their way; arrange for transfer of relevant technology and financial assistance.

2. The international agencies like UNCTAD, UNDP, ILO and National Governments should adopt appropriate measures to encourage free flow of trade...
of products manufactured by women Entrepreneurs and provide fiscal and expert assistance to the Governmental and other agencies engaged in promotion of Entrepreneurship among women.

3. In international and National trade fairs, the products manufactured by women Entrepreneurs should be widely displayed.

4. UNESCO and the education ministers in different countries should provide necessary literature, course books and publications for the benefit of women students.

Indian women business owners are changing the face of businesses today, both literally and figuratively. The dynamic growth and expansion of women –owned businesses is one of the defining trends of the past decade, and all indications are that it will continue unabated. For more than a decade, the number of women –owned businesses have grown at one –and-a-half to two times the rate of all businesses. Even more important, the expansion in revenues and employment has far exceeded the growth in numbers.

The result of these trends is that women –owned businesses span the entire range of business life cycle and business success, whether the measuring sticks is revenue, employment or longevity. This strengthens the view that all Governmental programs and policies should target at strengthening women’s Entrepreneurship in their native lands.

Out of total 940.98 million people in India, in the 1990s females comprised 437.10 million representing 46.5 percent of the total population. There were 126.48 million women workforce representing 28.9 percent of the female population. But as per 1991 census, only 1, 85,900 women accounted for only 45.5 percent of the total self – employed persons in the country were recorded. Majority of them were engaged in the unorganized sector like agriculture, agro-bases industries, handicrafts, handlooms, and cottage –based industries. Participation of women as industrial entrepreneurs, however, comparatively a recent phenomenon – commencing from 70s onwards. There were more than 2, 95,680 women entrepreneurs claiming 11.2 per cent of the total 2.64 million entrepreneurs in India during 1995-96. This was almost double of the percentage of women (5.2%) among the total population of self employed during 1981. Of this, a majority were concentrated in low paid, low skilled, low-technology and low productivity
jobs in rural and unorganized sector 90% (79.4 million). Women workers were in the rural areas as against only 10% (8.6 million) in urban areas. Only 2.5 million women workers were in the organized sector—a mere 12% of the total employed.

b. WOMEN ENTREPRENEURS IN TAMILNADU

In a recent survey of business women in Tamilnadu and surrounding areas it was estimated that 40 percent of these entrepreneurs have ventured into nontraditional areas such as electronics, engineering, consultancy etc.

Most of them have contacts at the higher social and government levels. They seek the rewards for good returns in investments and find the work satisfying and challenging. Their desire to work at the place of residence, difficulty of getting job in the public and private sectors and the desire for social recognition are the motivating factors for self employment. Most of these entrepreneurs have plans for expansion and diversification of their enterprises.

The emergence of women’s industrial units in Tamilnadu was facilitated by the following factors:

1. Financial assistance from the state Government.
2. Marketing assistance.
3. Training centers.

Now several Government organizations are providing training facilities for women entrepreneurs. National Institute of Entrepreneurship and Small Business Development (NIESBUD), New Delhi, is an apex body for training and research in entrepreneurship. Women and rural entrepreneurs are also assisted under various schemes like National Rural Employment Programme (NREP), the Integrated Rural Development programme (IRDP), Self Employment scheme for Educated Unemployed Youth (SEEUY), Rural Landless Employment Guarantee Programme (RLEGP), Self Employment Programme for Urban poor (SEPUP), etc. in the respective states.

Due to growth of educational level professional education, industrialization, urbanization and democorative value awareness the tradition bound Indian society is now undergoing a change and women are coming out more freely to take challenges and face
risks of entrepreneurship. However, this does not mean women entrepreneurship is growing big. The situation only tells that there is a change in thinking and some women feel that an enterprise and a home together can be managed by women. This seems more realistic for women in the age group of 35-50 years, as they have settled in married life and is comparatively free. Modern amenities and servant’s usage help them to save time from kitchen and household work.

1.2 STATEMENT OF THE PROBLEM

The Micro, Small and Medium industry sectors have, over the past six decades, acquired a prominent place in the socio-economic development of India. This sector has been exhibiting a sound, stable and strong positive growth.\textsuperscript{22} The Small and Medium Enterprises sector in India presents a wide spectrum consisting of tiny, cottage and village industries. The MSME sector occupies an important position in the Industrial economy of the country because of its advantage of low investment, high potential for employment generation and wider dispersal of industries in rural and semi-urban areas. This sector also offers a method of ensuring a more equitable distribution of national income and facilitates effective mobilization of resources of capital and skill which might otherwise remain unutilized.\textsuperscript{23} The Micro, Small and Medium enterprises sector ensures balanced and sustainable growth of the economy and generating more employment opportunities for the people of the country.\textsuperscript{24} India being a developing country can ill afford to ignore this most significant labour intensive and capital sparing sector.\textsuperscript{25} It plays a key role in the industrialization of the country as it provided immediate large scale employment and has a comparatively higher labour capital ratio.\textsuperscript{26}

By realizing the importance of this sector for its pivotal role in the economic, industrial and social development of the country, the Government of India has been encouraging, emphasing and supporting the promotion of Micro, Small and Medium Enterprises since independence through deliberate policies such as protection from large scale industries, capital subsidies, differential tax treatment, reservation of specific items of production for small scale sector etc.\textsuperscript{27}

Finance has been considered as the life blood of all the business and industrial activities. Timely availability of adequate finance crucially determines the survival and
growth of any industry and this applies to this sector also. The increase in the competitiveness of MSME will also be determined by the availability and quantum of finance. The demand for finance from MSME will be substantial considering its size, structure, growth pattern, need for its restructuring and technology development. Small and Medium enterprises sector is a vibrant and dynamic one and an engine of growth for the present millennium. Financing of Micro and Small Enterprises has been given special attention by banks and financial institutions. Moreover, small firms are largely dependent on organized institutional credit rather than credit from the unorganized sectors such as indigenous money lenders and private financial organizations. It is because of the fact that the cost of borrowed capital is exorbitant when the credit is obtained by this sector from these unorganized sectors. Hence institutionally borrowed capital plays an important role in the development of small scale units. The Government of India recognized the need for a focused credit policy for Micro, Small and Medium Enterprises in the early days. As a result credit to the small scale sector is ensured as part of the priority sector lending by banks. Banks are required to compulsorily ensure that defined percentage (currently 40 per cent) of their overall lending is made to priority sectors as classified by the Government. Though the commercial banks satisfy the credit needs of this sector, they are able to satisfy mostly the short-term credit requirements. Hence, the Government of India has promoted large number of specialized Institutional such as SIDBI (Small Industries Development Bank of India), SFC (State Level Financial Corporation), Small Industries Development Corporation, Commercial and Co-operative Banks, DIC (District Industry Centre) etc., in order to meet the medium and long term credit to this sector. Theses specialized institutions are satisfying the variety of needs of this sector such as term loans, short term or working capital loans to meet the capital requirements, risk capital, seed capital, bridge loans etc.

The Coimbatore District has the presence of large number of variety of MSMEs. A sound network of banks also exists in this district. Apart from the sound bank network, all the leading national and state level financial institutions also evict, satisfying the needs of the MSME sector. Hence, Small Scale industries depend more on institutional finance in Coimbatore. But still this sector is facing problems like processing formalities, variations in the rate of interest, size of loan, processing time and repayment conditions
etc., followed by banks and financial institutions when they approach the banks and other specialized lending institutions in order to satisfy their credit requirements. Hence, the present study carried out by the researcher is a fact finding exercise to find the solutions to the following questions:

a. What is the level of satisfaction derived by the proprietors of the MSME sector on the Institutions financing in Coimbatore District?

b. What is the perception of the proprietors of MSME sector on the various aspects of Institutional financing?

1.3 SCOPE OF STUDY

Micro, Small and Medium – sized Enterprises are the backbone of all countries and are a key source of economic growth, dynamism and flexibility in advanced Industrialized Countries, as well as in emerging and developing economics. The difficulties that MSMEs encounter when trying to access financing can be due to an incomplete range of financial products and services, regulatory rigidities or gaps in the legal framework, lack of information on both the bank’ and the MSME’s side. Banks may avoid providing financing to certain types of MSMEs, in particular, start-ups and very young firms that typically lack sufficient collateral, or firms whose activities offer the possibilities of high returns but at a substantial risk of loss. The characteristics of the banking system in emerging markets frequently inhibit MSME lending. Many banks are state-owned; their credit may be allocated on the basis of government guarantees or in line with government targeting to develop specific sectors. Often banks are subject to ceiling on the interest rates they can charge, which make it difficult to price credit in a way that reflects the risk of lending to MSMEs. Many banks have ownership and other ties to industrial interests and will tend to favour affiliated companies. In a market where banks can earn acceptable returns on other lending, it will not develop the skills needed to deal with MSMEs. Hence this study is accelerated towards in knowing the Institutional Financing of Women Entrepreneurs in getting credit loan from the banks, and banks expectation with the Women Entrepreneurs in repayment of the credit loan.
1.4 OBJECTIVES OF THE STUDY

This study has the following objectives:

1. To review the progress and performance of Women Entrepreneurship in MSME industrial sector in India.

2. To measure the level of satisfaction derived by the proprietors of Women Entrepreneurship in MSME in Coimbatore District on Institutional Financing.

3. To assess the perception level of the proprietors of Women Entrepreneurship in MSME in Coimbatore District on the various aspects with regard to Institutional financing.

4. To probe the various problems faced by the MSME women entrepreneurs.

5. To offer valuable suggestions on the basis of findings of this study to the institutional financing towards women entrepreneurs in MSME sector for better and effective flow of credit to MSME sector.

1.5 METHODOLOGY OF THE STUDY

The objective of this chapter is to describe and discuss the research method and methodology that has been applied for this research. In addition, an evaluation of the sources will be presented as well as the methods used to increase reliability and validity will be emphasized. In order to find out possible answers to the research questions, it is necessary to plan and design a research strategy. Thus, the strategy must contain diverse types of methods and tools that are relevant to accomplish the research. Moreover, it is of significant importance to utilize tools and research methods that highlight the reliability and validity of the material and data collected. In addition, it is essential that all the material and collected data is critically analyzed and examined. The research strategy for this thesis began by gathering and studying some background information regarding the situation of MSMEs in Coimbatore District; thereafter the research questions were decided. Questions for the interviews are structured based on the research from significant literature within the MSMEs area. The results from the primary and the secondary data collected will be analyzed and discussed in order to indentify the most important results. Moreover, some conclusions will be drawn based on the results associated to the research questions.
1.6 SAMPLING DESIGN

The Coimbatore District is the third largest industrial district in the state of Tamilnadu. The district consists of a network of a large number of textile mills; Engineering Industries especially of Micro, Small and Medium Enterprises and agro based industries. Because of the presence of a large number of textile mills in this district, Coimbatore is popularly known as ‘The Textile Capital of South India’ and ‘The Manchester of South India’. Considerable amount of population in this district either directly or indirectly depend on the Women Entrepreneurship in Micro, Small and Medium Enterprises for their employment and livelihood. The presence of a vast number of Micro, Small and Medium Enterprises in this district reveals the entrepreneurial talent of the population of this district.

During the year 2010-11, 58,081 registered Micro, Small and Medium Enterprises were functioning in this district providing employment to 4,21,456 persons. These units existed in the form of sole proprietorship, partnership or private limited company and these units are engaged in various activities such as Mechanical and Engineering, Electronics and Electrical, Textile, Chemical, Plastic and Rubber, Hosiery and Export, corrugation and Packing, Foundry, Food products, Software, Service, Construction and Printing.

Out of the fifty eight thousand and eighty one unit, 47.13% were women Entrepreneur during the year 2010 -11. Totally 500 respondents were contacted on convenient sampling method, After editing for truth and accuracy, the analysis was confined to only 375 contents. The researcher has taken 375 units as sample units for the present study and data were collected from the proprietors of these units. Initially, the researcher obtained the list of total number of registered Micro, Small and Medium Scale Enterprises in Coimbatore District from District Industries Centre (DIC), Coimbatore. The sample units for the study were selected by the researcher though simple random method by employing lottery method. While selecting the sample for the present study, the researcher has given adequate weight age for ensuring fair and equitable distribution of respondents covering all the segments of the industry. Hence, the sample taken by the researcher for the present study covered the respondents from the units which fall under different forms of organizations and respondents from the units which cover various sectors of Micro, Small and Medium Scale Enterprises.
1.7 SOURCES OF DATA

The present study is based on both primary and secondary data. The main source of the primary data has been collected from MSME Women Entrepreneurs. To elicit information from the Entrepreneurs a schedule was designed and administered. The Interview schedule was pre-tested and suitable modifications were carried out. The schedule has been used for collecting information from the MSME Entrepreneurs. The secondary data collected from the books, Journals, District Industries Centre, Coimbatore, Ministry of MSME Website and RBI.

1.8 FIELD WORK AND COLLECTION OF DATA

The fieldwork for the study was conducted during the period between August 2010 and March 2011. Personal interview by the researcher was the major tool of data collection. Interview schedule was used during the interviews. Before the interview, proper report was established. The data were recorded by the researcher in the interview schedule. The schedules thus filed up were thoroughly checked to ensure accuracy, consistency and completeness. On an average each interview took about 40 minutes. The data thus collected were categorized and posted in the master table for further processing.

1.9 DATA PROCESSING

After the collection of data, the filled up questionnaire were edited properly. A master table was prepared to sum up all the information. With the help of the master table, classification tables were prepared and they were taken directly for analysis. The analysis of the data has been processed with the help of the SPSSS package.

1.10 STATISTICAL TOOLS APPLIED

According to the nature of data and interpretations required, appropriate statistical tools have been applied. The following tools have been in the study: Summary Statistics, Coefficient of Correlation, Factor Analysis, Paired ‘T’ test, ‘F’ test, Multiple Regression, Reliability Analysis, ANOVA, Chi-square, and Path Analysis.

- The satisfaction derived by the respondents on institutional financing and their perception on the various factors with regard to institutional financing have been measured through the scales constructed by the researcher for this specific
purpose. These scales were constructed by the researcher on the basis of scoring for the factors which contribute to the satisfaction of the respondents towards institutional financing and perception of the respondents on the various aspects of institution financing.

Then the factor-wise analysis was made. The dependent variables viz., the satisfaction derived by the respondents on the institutional financing and perception of the respondents on various factors with regard to institution financing such as application and documentation procedures, Pre – sanction formalities, Post – sanction formalities, Security Requirement, Quantum of loan offered, Repayment procedure and staff support were related to various factors which influence the dependent variables. The mean and range scores of each group of the respondents on the various components were calculated. In order to find out the significance of the differences between the mean scores, Analysis of variance has been employed. Contingency Tables have been formed and Chi-Square tests have been applied for testing the association between the variables.

The Co-efficient of Correlation between the dependent variables of the study and the selected independent variables have been put into Multiple Regression Analysis to explain the extent of variance of the dependent variables influenced by the independent variables combined.

Factor Analysis has been used to find out the components which are similar and form a factor the direct and indirect effects of the independent variables to the dependent variables were measured through the Path Analysis. Further the set hypothesis was proven through ANOVA, and F test, T test at 5% level of significance.

1.11 HYPOTHESIS OF THE STUDY

In tune with the second and third objectives, hypotheses have been formulated that various independent variables such as age, literacy level locations area of the business unit, form of business, nature of activity, amount of capital invested in the units, number of employees employed by the units, annual turnover of the units, target markets
of the units, share of borrowed capital in the total capital of the units, quantum of loans availed by the units and opinion of the respondents on the interest rates charges by the lending institutions for their lending do not influence the following dependent variables;

a. Satisfaction derived by the respondents on the financial assistances offered by the lending institutions

b. Perception of the respondents on the application and documentation procedure that has been adopted by the lending units while granting loans

c. Perception of the respondents on the pre-sanction formalities

d. Perception of the respondents on the post-sanction formalities

e. Perception of the respondents on the security demanded by the lending institutions for offering financial assistance

f. Perception of the respondents on the quantum of loans offered by the lending institutions to them

g. Perception of the respondents on the repayment procedure that has been adopted by the lending institutions and

h. Perception of the respondents on the support extended by the staff of the lending institutions while availing loans.

1.12 LIMITATIONS OF THE STUDY

The researcher has taken all possible care and efforts to avoid the statistical discrepancy and reliability of data supplied both at the time of collection of data and secondary review collection. However, the present study is subject to the under mentioned limitations.

a. The study covers only the Women Entrepreneurship in MSME sector of Coimbatore District. Hence, the findings of the study may not be completely applicable to the district.

b. The study covers only those proprietors who availed the financial assistances from the selected finance Institutions and commercial banks. Hence, the present study does not cover those proprietors who availed financial assistance from other sources.
c. Few respondents were hesitant in expressing their opinion and views on banker’s reluctance in providing loans to women entrepreneurship in MSMEs due to security reasons.

1.13 CHAPTER SCHEME

The thesis of the study is organized into eight major chapters.

CHAPTER I

The first Chapter provides a brief introduction to the subject and deals with the design and execution of the study.

CHAPTER II

The Second Chapter focuses on the reviews of the relevant literature of studies in this field carried out by various researchers in the past.

CHAPTER III

The Third Chapter presents the concept of Women Entrepreneurship in MSME sectors.

CHAPTER IV

The fourth Chapter presents the Growth and Performance of MSME Women Entrepreneurship in India.

CHAPTER V

The fifth Chapter deals with the Satisfaction Derived by the respondents on the various aspects of Institutional Financing.

CHAPTER VI

The Sixth Chapter is the Perception of the Respondents on the various factors of Institutional Financing.

CHAPTER VII

The seventh chapter focuses the various Problems Faced by the Women Entrepreneurs in Coimbatore.

CHAPTER VIII

The final chapter constitutes Summary of Findings, Suggestions and Conclusions.
References


