CHAPTER - II

CONCEPTUAL FRAMEWORK OF WOMEN ENTREPRENEURSHIP
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2.1 INTRODUCTION

In the developing countries, emphasis is being laid on the need for development of women and their active participation in the main stream of development process. Apart from managing household, bearing children, rural women bring income with productive activities ranging from traditional work in the fields to working in factories or running small and petty businesses. They have also proven that they can be better entrepreneurs and development managers in any kind of human development activities. Therefore, it is important and necessary to make rural women empowered in taking decisions to enable them to be in the central part of any human development process. The empowerment of women is also considered as an active process enabling women to realize their full identity and power in all spheres of life.

Against this background of the patriarchal system of society, the women need special attention to ensure their development and participation in the decision making process at home, in the community and in governance.

The conducive environment needed to maximize their potentials
would include basic amenities such as better health, nutrition, education, sensitization to their rights and protection under the law and employment opportunities, etc. Over the decades, various strategies have been adopted to empower rural women with some mixed results. One of the viable strategies, quite often talked about, is the role of enterprise to empower rural women. Promotion of rural enterprise makes full use of family labour, requires less capital in production and uses locally available raw material. In addition, family ties and kinship linkages may help in promoting rural enterprises. Thus, enterprise development has been considered, among other factors, a powerful tool to eradicate poverty especially among rural women.

For women to become a successful entrepreneur, they need access to capital, technical and managerial know-how and market. The essence to empower rural women lies in catalyzing appropriate economic activities at the grass root level and creating new opportunities for them to earn higher income in order to improve their standard of living. This objective could be accomplished by establishing enterprises that are based on the locally available resources and preferably indigenous knowledge.

Development experience shows that gender inequalities are a major factor impeding progress towards the millennium development
goals of poverty reduction. This is particularly true in rural areas, where women are generally very much involved in productive work but lack access to assets. Hence, they need to play that role effectively. As a result of this imbalance, rural women are often more vulnerable to poverty than men and their limited ability to secure assets independently makes them more likely to be negatively affected by ongoing changes in rural markets and institutions.

The first and perhaps the most critical millennium development goals of all are to make a pivotal difference in reducing the extreme poverty and hunger to half until 2015. Around the globe, the United Nations Development Program (UNDP) seeks to promote various approaches to reduce human poverty by emphasizing the importance of social inclusion and equity, human rights and women’s empowerment. A well understood but poorly articulated reality of development is the role of women. The UN commission on status of women observed ‘women who contribute half of the world’s population by virtue of an accident of birth, perform two-thirds of the world’s work, receive one-tenth of its income and owns less than one-hundredth of its property’.

Women entrepreneurship in economic development of any nation has been documented for its significant contribution. One of the key factors in determining the success of development is the status and
position of women in the society. This means that the neglect of women in the development process constitutes a human waste. The increased role of women in economic development had spurred the Government in developing policies on women development. Women entrepreneurs do not operate in isolation. They work under the same macro, regulatory and institutional framework as their male counterparts. However, it is necessary to dig deeper in order to understand the gender biases embedded in society which limit women’s mobility, interactions, active economic participation and access to business development services. The business environment for women also reflects the complex interplay of different factors that ultimately result in the disadvantaged status of women in society.

In India, women produce 30 percent of all food commodities consumed but get only 10 percent of the property or wealth of the country. There is a growing realization that rural women have been underestimated and discriminated against all walks of life, despite their substantial contribution to the household economy and in turn, the national economy as such. As it is clear that the rights and protection of women from social inequalities in statute books are not good enough, some practical solutions are to be acknowledged and most importantly, implemented. Women have been deprived of economic independence.
The empowerment of women and improvement of their status and economic role needs to be integrated into economic development programs, as the development of any country is inseparably linked with the status and development of women. Given the gender division of labour that prevails in India, Nutrition, Child Health, and related matters typically depend mostly on women’s actions and decisions. Experience has shown that promotion of enterprise creation and income generating activities among women would transform them from ‘being alive’ to ‘living with dignity’.

One of the powerful approaches to women empowerment and rural entrepreneurship is the formation of Self Help Groups (SHGs) especially among women. This strategy has fetched noticeable results not only in India but all over the world. Women being central to the entire development process and the precursor of social transformation can be demonstrated with many examples that could include Grameen Bank’s success, SHGs of ICICI Bank, Shakthi Ammas at HLL, Cemex, Amul, the success of Avon, Mary Kay, and Tupperware in US and other parts of the world.

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

The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 2000s. Women entrepreneurs need to be lauded 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. While women entrepreneurs have demonstrated their potential, the fact remains that they are capable of contributing much more than what they already are. Women's entrepreneurship needs to be studied separately for two main reasons. The first reason is that women entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and also by being different. They also provide the society with different solutions to management, organization and business problems as well as to the exploitation of entrepreneurial opportunities. The second reason is that the topic of women in entrepreneurship has been largely neglected both in society and in the social sciences. Not
only have women lower participation rates in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do.

2.2 MEANING AND DEFINITION

Entrepreneurship is a process undertaken by an entrepreneur to augment his business interest. Basically, it is an exercise involving innovation and creativity that will go towards establishing the enterprise. It is the propensity of mind to take calculated risks with confidence to achieve pre-determined business or industrial objectives (Edvinraj, 2005).

The word entrepreneurship appeared first in French. In the early 16th century men engaged in leading military expeditions were referred as entrepreneurs. During the 17th century the term was used for architects and contractors of public works. Later, it was quoted by Casson Mark (1991) as an entrepreneur is a person, who specializes in taking judgmental decisions about the coordination of scarce resources.

Entrepreneur is an innovative agent, who introduces something new into the economy – a new method of production or a new product, a new source of material or new markets. An entrepreneur’s function is to revolutionize the pattern of production by
exploiting an invention or introducing an untried technological possibility for producing a new commodity (Schumpeter, 1971).

However, psychologists, sociologists, and economists define entrepreneurship according to their discipline. According to Gupta and Khanka (2000), entrepreneurship is the process of identifying opportunities in the market place, marshalling the resources required to pursue these opportunities and investing the resources to exploit the opportunities for long-term gains. It involved creating wealth by bringing together resources in new ways to start and operate an enterprise.

Thus, entrepreneurship is defined as a multi-dimensional practice through an economic return oriented action, which incorporated and integrated the application of psychology, sociology, economics and management skills, to run an enterprise and to make desired profit out of calculated risk in a conducive environment and choice. An enterprise meant the following in modern era of entrepreneurship development: profit making, return on investment, encashing opportunity and business sense, organized working, cost for everything, management of time, calculated risks, planning, hard/smart work and cycling of cash. This is the holistic definition of entrepreneurship in today’s socio-economic and however, the scholarly roots of these definitions rely on different theories
on social learning theories, social comparison theories, content theories, entrepreneurship theories way back from J.B. Rotter, L. Festinger, A.H. Maslow, F. Herzberg, D. C. McClelland, J.A. Schumpeter, J.B. Say, and P.F. Drucker.

Entrepreneurship is neither a science nor an art. It is a practice and is based on knowledge. Knowledge in entrepreneurship is a means to an end. Indeed, what constitutes knowledge in practice is largely defined by the ends, that is, by the practice (Drucker, 1986). It is a process undertaken by an entrepreneur to augment his business interest. Basically, it is an exercise involving innovation and creativity that will go towards establishing the enterprise.

Despite the fact that the entrepreneur has been defined and redefined by historians, economists, sociologists, psychologists and behavioural scientists, misconceptions arise in the minds of those who deal with entrepreneurs in the developmental process. Examining the misconception/myths is one way of clarifying concepts in this regard.

Cantillon (1755) drew attention to entrepreneur as a technical term. The essence of the function of the entrepreneur was to bear uncertainty.

According to Dannof (1949) an entrepreneur is primarily concerned with changes in the formula of production over which he has
The entrepreneur is an economic man, who strives to maximize his profits by innovations. Lamb (1952) defined entrepreneurship as that form of social decision making performed by economic innovators, and thus entrepreneurship means broadly the ability to recognize and exploit economic opportunity.

Forster (1953) while describing farming as a business, identified farmer as an entrepreneur and that he should apply business principles to the organization and management of the farm, if he expects to utilize his resources to the best advantage.

Hoslitz (1957) opined that entrepreneurship is a more evasive thing. It is not so much a particular set of institutions through which it is brought to bear, but its presence or absence, its vigour or ability depends upon a whole series of environmental conditions and appropriate personal motivation.

Entrepreneurship is the purposeful activity including an integrated sequence of decisions of an individual or group associated individuals (Cole, 1959).

McClelland (1961) pointed out that the man who organizes the business unit and/or increases its productive capacity is an entrepreneur. Whereas, Lockwood (1965) defined the entrepreneurship as the ability to recognize and exploit economic opportunity.
Joshi and Kapur (1973) described farm entrepreneur as a person (can be a group of persons also) who thinks of, organizes and operates the business, and is responsible for the results i.e., losses and gains from the business.

Minzberg (1976) stated that entrepreneurial behaviour is characterized by active search, expansionist outlook and decision taking. Further, Leeds and Stainton (1978) defined entrepreneur as a person who initiate production, takes decision, bears risks, involves, organize and coordinates the other factors.

Heredero (1979) described agricultural entrepreneur as a person who introduces change which directly or indirectly lead to higher agricultural output.

Dinesh (1992) states that entrepreneurial function does not end with the launching and consolidation of an enterprise. Continuing search for new products, new markets and new technology to ensure sustained growth is essentially entrepreneurial in character.

What can public policy do to create an environment conducive to entrepreneurship? What if any, should be the extent and nature of governmental intervention in the economic sphere to achieve this purpose? These questions have been a subject of long debate (Leopaul Dana, 1993).
Commonly-assumed previous definitions of an entrepreneur as someone who finds a new venture or who owns a business is too restrictive (Alison and Shailender, 1994).

Although the fresh physiocrats of the 18th century associated entrepreneurship with agriculture, in later years the term gradually assumed a primarily industrial connotation. Today, it is rarely used to refer an agricultural activity. Pleading that the attributes required by successful farmers, particularly those producing cash crops, are in many ways similar to those commonly associated with industrial entrepreneurs (Anand Singh and Krishna, 1994).

It is commonly believed that an entrepreneur is basically an intelligent person and has a definite ability to create something new to prove its worthiness (Anonymous, 1996). The entrepreneurial behaviour is not necessarily doing new things but also doing things in a new way that has been already done (Narayana Swamy, 1996).

Entrepreneurship Development Model for 21st century explains Entrepreneurs are those who (1) Learn and listen (2) Take risk and responsibility (3) Know their own uniqueness and hence are innovative, creative in their own way (4) Are free from fear of failure or success (5) Always add value to what they produce (6) Above all, are always achieving (Ranade, 1996).
Thus, an entrepreneur is one who initiates and establishes an economic activity or enterprise. Entrepreneurship is the general trend of setting up new enterprises in a society. The International Labor Organization defines an entrepreneur as a person with a set of characteristics that typically includes self-confidence, result-oriented, risk taking, leadership, originality and future-oriented. Further, women entrepreneurs are those who innovate, imitate or adopt a business activity. Given that entrepreneurship is the set of activities performed by an entrepreneur, it could be argued that being an entrepreneur precedes entrepreneurship. In any case, the entrepreneurial definitions described above highlight the aspects of risk-taking, innovating and resource organizing. The main features of entrepreneurship are summarized below:

- **Being an Economic Agent:** Entrepreneurship is mostly an economic function because it involves the formation and maneuver of an enterprise. It is basically concerned with the production and distribution of services.

- **Being Creative:** Entrepreneurship is a resourceful response to changes in the environment. It involves innovation or introduction of something new and better. An entrepreneur is a change agent.
• **Taking and Bearing Risk:** Risk is an inherent, intrinsic and inseparable element of entrepreneurship. An entrepreneur assumes the uncertainty of future. In the pursuit of profits there is every possibility of loss.

• **Being Innovative:** Entrepreneurship is an innovative function as it involves doing things in new and better way. Innovation may take in several forms e.g. a new product, a new source raw material, a new market, a new method of production etc.

• **Being Dynamic:** Entrepreneurship is a dynamic function. Entrepreneurs thrive on changes in the environment that bring useful opportunities for business. Entrepreneurs always need to take different dynamic decisions. Thus, entrepreneurship is a multi-dimensional concept. It is both an art as well as a science. But it is more an art than science. There are very few ground rules or principles that can be used to create and run business enterprises in a fast changing and heterogeneous environment.

Thus, entrepreneurship is a purposeful activity indulged in initiating and maintaining economic activities for the production and distribution of wealth. It has been recognized as an essential ingredient of economic development and an integral part of socio-economic transformation.
2.3 GENESIS OF ENTREPRENEURSHIP IN INDIA

In the post independence era, the Government of India envisaged a policy that has to synchronize and harmonize the twin considerations of rapid growth coupled with removal of wide spread poverty and unemployment, in order to fulfill the aspirations of the millions of Indians in terms of providing them a standard of living as desired in a welfare state. The plan objective of ‘economic growth with social justice’ was kept in view while formulating the strategy of economic development. Development and growth of industries was adopted as one of the pillars of Economic Policy as India had been primarily an agriculture-based economy before attaining independence. The strategy adopted for industrial development, endeavored to strike a balance between the complementary role to be played by the large and small segments of the industry. Thus, development of small-scale industries sector was considered essential as it could fulfill the twin requirement of providing large-scale employment with low investments in labour-abundant for a capital-scarce oriented country. After then the small-scale sector was well realized and emerged as dynamic and vibrant sector of Indian economy.

The SSIs being labour intensive had the positive implications of equity, flexibility, and capability to contribute to decentralization,
promotion of entrepreneurship, optimum utilization of local resources and talents, etc. The 7 Industrial Policy Resolutions (1948, 1956, 1977, 1980, 1990, 1991, and 1998) adopted by the successive Governments at the centre aimed at promoting industrial growth and facilitating its rapid development. The Government of India measures varied from time to time, which included policy of reservation, revision of investment ceilings, modernization, technological upgradation, marketing assistance, fiscal incentives etc. Thus, the emerging economic scenario in the changed liberalized and competitive economic environment had necessitated structural and fundamental changes in policy framework put in to place for the development of this vital sector of economy.

Consequently, the focus shifted to facilitate entrepreneurship in rural as well as urban areas on traditional and non-traditional products. In this context, women entrepreneurship is perceived to participate more so in the food processing sectors, the reason being women had expertise over cooking, processing etc. which was an added advantage for them to go for a traditional enterprising activity with some modernization through which they can generate income and raise their livelihoods.

2.4 GENDER AND ENTREPRENEURSHIP

The subtle but effective manifestation of gender phenomenon was reflected in the size of enterprise, product line, growth, composition and
management. The feminine psyche, social and economic, educational, financial and legal limiting factors also contributed to the gender status in the entrepreneurship today, although studies compared men and women in terms of personality and behaviour dimensions more or less did not find any substantial difference between sexes. Traditionally, it has been a practice in India by which the selective fruits and vegetables are primarily processed and used for daily consumption and at off-seasons. But, it had not been a practice in those days to make it into an economic activity. It was by late 70s where women’s population has been anchored for income generating activities with their traditional processing knowledge and skills, which enhanced their participation and at the same time tapped the workforce into economic returns to become self-sustainable and raising nation’s economy. Economic development moved to women entrepreneurship triggered in early 80s in India with the realization of female participation. It was the period where a lot of social change occurred due to economic transition in the history of India and women entrepreneurs were created as an interface to bring out social change and economic development through their participation in sustaining the economy of the nation. Nine percent of the women entrepreneurs are found in small-scale industries. The vital enterprising activity for women in rural and urban areas was food processing. About 52.5 percent of the total numbers of males were gainfully employed in
India, the corresponding percent of women was only 12. He further stated that out of 1.8 million small-scale units, those owned by women were not more than 0.15 million i.e., about 8 percent only. Out of this, 25.5 percent of women entrepreneurs were involved in manufacturing food products, 16.11 percent in chemical units, 14.15 percent in textile units, 9.14 percent in engineering sector and 5 percent in plastic and rubber units. Thus, the proportion of women in food processing enterprises was more as compared to other non-traditional enterprises in India. But, the socio-cultural background of our country was patriarchal in nature, wherein women were traditionally and still kept in a view of house keeping resources rather income generating resources. At this point, the differences among income-generating activities, self-employment and entrepreneurship should be mentioned so as to clarify and identify the problems and prospect of women entrepreneurs.

Income generating activities were often part-time and was practiced for raising additional income and did not tend to be self-sufficient, while self-employment referred to full time involvement in one’s occupation, in which one may or may not have to take any risk to mobilize inputs and other resources to organize total production or to market the product and services. Contrast to these two, entrepreneurship involved strong sense of complex business skills and was mainly market
and profit oriented. It involved management of other personnel. All entrepreneurs were self-employed and income generating persons, but all self-employed and income generating persons were not entrepreneurs.

In continuation of the gender perspective in entrepreneurship, the relationship among enterprise, entrepreneurship and women could always be crucial, because of the socially sanctioned gender stereotyping and socio-cultural background of gender relationship. Entrepreneurship is the medium through which women can become economically independent, gain empowerment, social recognition, status and gain equality. One of the most important things that a woman needed, in order to be a successful entrepreneur, was society's commitment to become empowered.

2.5 WOMEN ENTREPRENEURS IN INDIA

Two main streams of thoughts have influenced the promotion of women entrepreneurship in India by the Government as well as by various other agencies. The first stream is employment centered. It has been argued that considering their weaker bargaining power in the market as well as society, women should be given higher priority in various entrepreneurial schemes. The second most stream of thought relates to the argument for autonomy of women. There are three broad stages for
I. Conceptualization II. Analysis of internal aspects III. Analysis of external aspects.

**Internal Aspects:** The motion of women industry itself has to be defined and further sub-divided. It is not functionally enough to state that it means all enterprises run by women and are having more than 80 percent women employees. More important aspects are the background of the entrepreneur as well as who the entrepreneur and his workers are.

**External Aspects:** Such group of factors is important for planning of women industry features, forward and backward linkages as well as the Government policies and regulations that play an important role in determining the position of these enterprises in the economic structure. It takes care of development policy in relation for enhancement of women’s development and takes care for providing an economic secured environment for all women entrepreneur groups.

**Position Status of Women Entrepreneurs:** Out of the total 9,405 lakh people in India, in the 1990s, women comprise of 4,371 lakh representing 46.5 percent of the total population. There are 1,265 lakh women entrepreneurs (representing 28.9 percent of the female population) but as per the 1991 Census, only 185 lakh women accounting for only 4.5 percent of total self-employed persons in the country were recorded. Majority of them are engaged in the un-organized sector like agriculture,
agro-based industries, handicrafts, handloom and cottage based industries.

Participation of women as industrial entrepreneurs however is comparatively a recent phenomenon commencing from the 70s onwards. There were more than 2.95 lakh women entrepreneurs claiming 11.2 percent of total 2.64 million entrepreneurs in India. Majority was concentrated in low-paid, low-skilled, low-technology and low-productivity jobs in the rural and unorganized sector. About 794 lakh women entrepreneurs were in the rural areas as against only 10 percent (860 lakh) in the urban areas.

Work participation of Indian women is 22 percent as per 1991 Census and triple in rural areas around 27 percent and in urban areas 9 percent, thus the role and involvement of women entrepreneurs in rural sector is tremendously enhancing, and the increased ratio of literacy levels is also a significant factor of this positive trend in the field of entrepreneurship.

2.6 ISSUES AND PERSPECTIVE OF INDIAN WOMEN ENTREPRENEURSHIP

Women entrepreneurship was not considerably high in India in comparison with other developing countries and developed countries, although it started much before than the other countries. The Government envisaged measures to empower them e.g. trade related
entrepreneurship assistance development (TREAD) for women was designed to empower women economically through the development of their entrepreneurial skills by eliminating constraints faced by them. It included assistance in the form of loans, trade related training, trade information, counseling, and extension activities relating to product and market development. Thus, in spite of fundamental rights, equal status, TREAD and other measures, women entrepreneurship was lagging behind, because the basic three concepts of entrepreneur, environment and support system were not integrated. However, the following factors affecting women entrepreneurship in India, such as:

(i) **Financial.** Lack of inheritance, rights leading to non-availability of collateral and thus blocked access to capital, low exposure to business and other decision making issues, less exposure to investment and saving issues etc.

(ii) **Education and Training.** Low levels of education, lack of training opportunities, poor accessibility to training programmes in terms of cost-effectiveness and training component, poor vocational training and poor emphasis on the concept of entrepreneurship in the regular study curriculum, etc.

(iii) **Societal Attitude.** Lack of social support, gender role stereotyping, gender inequality, lack of social recognition and society’s confidence, etc.

(iv) **Familial.** Role conflict due to dual responsibility, family’s low socio-economic status and lack of support for taking loan, lack of role models, etc. and,
(v) **Personal.** Lack of killer instinct, poor risk-taking behaviour, poor market survey, low decision making ability, attitudes to be satisfied with little male dependence etc.

### 2.7 ROLE OF ENTREPRENEURSHIP

After independence, conscious efforts were made towards economic and social transformation. India followed socialistic pattern of development policy within the framework of Five Year Plan. Accordingly, Government concentrated on the development of infrastructure for industrial and agricultural development. Thus, it was during late sixties that the small-sector began to be recognized as an instrument for tapping entrepreneurial talent. In the initial stages, Government envisaged promotional package to facilitate setting up of units. This package consisted of financial assistance and incentives, infrastructural facilities technical and managerial guidance through a network of a number of support organizations of central, state and local levels.

But the insufficient progress of this sector however made the planners to realize that facilities and incentives were necessary but not sufficient in themselves to ensure adequate entrepreneurial response. In fact, entrepreneurial growth required focus on the human resource development more than anything else. Since then entrepreneurship development programmes became an integral part of our economic
development programmes.

A large number of Governmental and Non-Governmental Institutions are engaged in conducting training activities in the form of Entrepreneurship Development Programmes (EDPs) directed towards developing entrepreneurship with the objectives of:

1. Increasing the number of entrepreneurs who start new business units.

2. Diversifying the social base of entrepreneurs from non-conventional sources.

3. Improving the quality of entrepreneurship to reduce the incidence of industrial sickness.

4. Reducing the incidence of unemployment by creating opportunities for self-employment

2.8 FACTORS GOVERNING ENTREPRENEURSHIP IN INDIA

The economic and non-economic factors, which govern entrepreneurship are:

- Social mobility like the caste structure in India restricted social mobility of people and people born in a specific caste confined themselves to particular economic functions.

- Psychological factors like need achievement.

- Competence and attitude alone does not make an entrepreneur but
ability to complete effectively is necessary.

The Government of India established National Institute for Entrepreneurship and Small Business Development (NIESBUD) in 1983. Likewise, many such Governmental and non-governmental training institutes were established to organize and conduct training programmes for entrepreneurs to impart necessary skills and knowledge about financial, technical and managerial aspect of business and also giving infrastructural support for establishing new business enterprise.

In this regard many agencies and institutions are working towards organizing Entrepreneurship Development Programmes (EDP). Some of the important institutions working in this regard in Karnataka are: District Industries Centre (DIC), Rural Development and Self Employment Training Institute (RUDSETI), Centre for Entrepreneurship Development of Karnataka (CEDOK), Council for Advancement of People’s Action and Rural Technology (CAPART), Association of Women Entrepreneurs of Karnataka (AWAKE), All India Institute of Speech and Hearing Handicapped (AIISHH), Central Food Technological Research Institute (CFTRI), Central Minorities Association, Entrepreneurship Development Institute of India (EDI-I), National Bank for Agriculture and Rural Development (NABARD),
National Institute of Mental Health and Neuro Sciences (NIMHANS), Department of Psychiatry, National Institute of Mental Health and Neuro Sciences (NIMHANS), Department of Clinical Psychology, National Institute of Public Cooperation and Child Development (NIPCCD), Bengaluru, Karnataka, State Commission for Women Karnataka, State Institute of Health and Family Welfare, State Minorities Commission Karnataka, Women's Development Corporation (WDC) etc.

2.9 WOMEN ORGANIZATIONS

There are many successful women forums and organizations that strive to bring the rural women together for developmental works. The examples are Working Women's Forum (WWF), SEWA, Shri Mahila Griha Udyog Lijjat Papad or Lijjat, and Mann Deshi Mahila Sah Bank Ltd., Mhaswad, Maharashtra.

Working Women's Forum (WWF) established in Madras in 1978, has brought together over 13,000 poor urban women around the issue of credit. Women who live in the slums of Madras work as small-scale traders and vendors and their earnings often providing over half the family income. The WWF was set up to enable these women to obtain low interest loans to expand their businesses. The key element in the WWF structure is the neighborhood loan group, comprised of 10-20
women from the same area who act as mutual guarantors for the loans of all group members. Over 7000 women have received loans and the repayment rate has been over 90 per cent. About 2800 new jobs or businesses have been created, and earnings have increased an average of 50 per cent in existing enterprises. Women report that they are eating better quality and more varied foods as a result of their increased income. The WWF is expanding its activities to address the political and social problems of working women as well. The Forum operates day care centers, skills training centers and remedial classes for school children. In 1980 the WWF launched a family planning program in which field workers (who are drawn from the WWF membership and paid $18 per month) disseminate information on health, nutrition, and family planning to families in their communities. According to a staff member, this program was an outcome of the realization that "income generation and large families do not go together." The WWF also promotes inter-caste, no dowry marriages and lobbies for public services. Women have become more confident of the possibility of gaining control over their lives, including their fertility. The WWF experience demonstrates that an organization does not need a lot of money, educated staff, or technical expertise to reach poor women. The Forum's success is attributed to its selection of one critical issue, utilization of local leadership, organization of women around existing neighborhood ties,
and decentralized management.

**Self-Employed Women's Association (SEWA)** is an Ahmadabad-based union of women workers established in 1972. Backed by more than 2,20,000 association members and has set up 16 organizations, including the SEWA bank has organized to fight poverty through full employment and self-reliance, SEWA workers demand the right to work for food, income, and social security. Since its creation, SEWA has fought to gain the recognition of home-based and outside workers' legitimate rights. However, it was realized during the course of such struggle that struggle alone could not fulfill the demands, needs, and priorities of workers. There was also a need to create alternative economic organizations of workers in terms of access to capital, markets, raw materials, knowledge and skills; building organizational and managerial capacities; upgrading skills through training; social security; and enabling policies. The joint action of union and cooperatives has therefore been SEWA's organizing strategy for all these decades.

**Shri Mahila Griha Udyog Lijjat Papad, or Lijjat** is an organization that has acted as a catalyst in empowering poor urban women across India during the last four decades. Starting as a small group of seven women in 1959, today Lijjat has more than 40,000 members in 62 branches across 17 Indian states. Only women can become members of
Lijjat and all of its members, addressed as "sisters," own the organization. Lijjat's main product is a thin, round, savory snack called papad, and papad rolling is the major activity of the "member sisters." Remuneration is the same for everyone and profits and losses are shared equally among the member sisters. There is no possibility of concentration of assets and wealth. Lijjat refuses to accept donations, but instead provides donations to the needy. Besides papad, Lijjat has also introduced other products, such as Sasa detergent and soap. However, papad has remained as its core identity product. Key Factors for Success of Lijjat

- The merging of ownership with membership has encouraged uniform and sustained organizational growth.
- The consistent quality of the product has been a primary factor in establishing and maintaining Lijjat's brand image in the market for the last four decades.
- The Sarvodaya philosophy proved vital in forming Lijjat's foundation.
- Lijjat has emerged as an innovative organization in which women from any religion, caste, or class can become members. The pledge and all-religion prayer also encourage cooperative work among women, irrespective of caste or religion.
- Transparency in operations and a nonhierarchical structure has helped in establishing organizational accountability among member sisters.
• Lijjat encourages its members to give to others whatever they can, instead of expecting help from others. Lijjat does not accept donations, but gives donations, which enhances members' self-esteem and pride in their own organization.

• Calling the members “sisters” creates an informal work environment. Frequent meetings, open interaction, and consensual distribution of tasks reduce the possibility of disputes resulting from communication gaps and help work to go smoothly.

• Lijjat provides economic opportunities through a domestic activity. Once involved in this activity, the women acquire confidence and status as they make money in a respectable manner. The more enterprising, responsible, and experienced member sisters climb the administrative ladder. Lijjat exemplifies a remarkable way of making leaders out of ordinary women.

Mann Deshi Mahila Sahakari Bank Ltd., Maharashtra founded in 1997 is the first rural women financial institution which received a banking license from RBI, where 100% of its clients were women having annual incomes averaging US$400. It is also the first bank in the country to have more than 2000 members from backward castes. The bank is having more than 47000 clients ranging from street vendors to shepherds, wage earners to small entrepreneur women. It has its integrated approach which distinguishes it from other micro credit efforts. It is becoming increasingly clear that access to financial services
alone is not enough for poor people to transfer their economic activities into profitable economic enterprises. Access to market, information, and technical know how and social support services are as important as money if the poor are to share in economic growth. If poor people are going to build incomes, assets and livelihood in substantial ways, they need access to:

- Market information and commercial linkages
- Health and social security services, such as insurance and pension
- Technology and method to improve productivity
- Representation at Gram-Panchayat level governing bodies
- Equipment & supply know-how, linkages and bargaining power

Women are not bankable because of the lack of assets in their name, and that perpetuates the cycle of poverty for them. And when a family acquires an asset, it is rarely put in the woman's name. Thus, asset ownership is a priority for MDMSB. An asset right is fundamental in women's financial and social security. Each MDMSB loan program is designed to help women transfer family assets into her name. This includes making transfers in the woman's name for agricultural land and houses, and the acquisition of tools, shops and livestock, bank accounts, shares and savings certificates.
2.10 MAJOR INITIATIVES FOR WOMEN EMPOWERMENT

Women in the rural areas are the catalyst of change and that is why its whole programme keeps women in progress. In the women’s savings movement, rural women organized themselves into ‘thrift and credit’ groups with one rupee saving a day and this mass movement, in which 58 lakh members saved more than 800 crore and this was rotated internally and lent amongst members twice in a year as per the interest rates fixed by the groups. While the savings was there among the SHGs, there was no channel of investment. Now HLL has provided a window of opportunity to invest and earn.

HLL’s Project Shakti - Through a combination of micro-credit and training in enterprise management, these women from SHGs have turned direct-to-home distributors of a range of HLL products and helping the company plump hitherto unexplored rural hinterlands. Project Shakti was piloted in Nalgonda district in 2001. The ambitious vision of this project is to create by 2010 about 11,000 Shakti entrepreneurs covering one lakh villages and touching the lives of 100 million rural consumers. On an average the Shakti entrepreneur is earning a return of 8 percent. To get started the Shakti women borrows from her SHG and the company itself chooses only one person. With training and hand-holding by the company for the first three months, she begins her door-to-door journey...
selling her wares. One of the plans of HLL is to allow other companies which do not compete with HLL to get onto the Shakti network to sell their products. Talks are on with companies like Nippo, TVS Motors, and Insurance companies. HLL also operates I-Shakti an IT-based rural information service that will provide solutions to key rural needs in the areas of agriculture, education, vocational training, health and hygiene.

‘Gangai Vattara Kalanjia Mutuals’ – a mutual trust, aims at providing social security services to the poor in rural areas. It draws inspiration from the Mutual Insurance Association of Netherlands (MIAN). A unique feature of the insurance cover is that all claims are settled within hours, without much of the paper work.

As a new venture, SHG members are entering the arena of health, especially in identifying hearing impaired persons by joining hands with project Shakti of HLL and affordable hearing aid project centre.

SHGs took an important step towards financial independence by attending 12-day training programme on setting up information kiosks. After training the women on basic computing skills besides operating photocopiers and fax machines, Tamil Nadu Corporation for Development of Women Limited (TNCDW) will offer financial assistance to the women.

The special schemes from government and financial institutions to
assist women in creating enterprises and the conducive platform provided by the X plan by virtue of its thrust on women's social and economic empowerment and gender justice.

2.11 MICROFINANCE AND WOMEN EMPOWERMENT

Links between microfinance and women's empowerment are viewed as optimistic, limited by design, cost effective in eliminating poverty and a misplaced diversion of resources. Microfinance programs range from small scale self-help groups to large poverty-targeted banks. One model may vary in delivery, group functions and structures and complementary services. There could be 3 contrasting approaches to microfinance and women's empowerment: the financial sustainability approach, the integrated community development approach, and the feminist empowerment approach. However, program evaluations revealed the need to question the assumptions underlying all 3 approaches. In most programs, women benefited to a limited degree. Many women did not control the loan use. Most women were engaged in low paid, traditionally female activities, and increases in income were small. Resources and time invested in economic activity were limited by responsibility for household consumption and unpaid domestic work. Microfinance programs sometimes created domestic tension between spouses and loss of spousal income and
support. Group repayment pressures sometimes created pressures among women. Many women focused on personal rather than social objectives.

2.12 FINANCIAL SERVICES FOR THE RURAL POOR

While the fortunes of the many of India’s biggest corporations are likely shaped by 6,38,365 villages in India, the commercial sector has traditionally avoided the rural areas, deeming it as non-profitable and risky. This has led many of the 800 million poor to turn to local money lenders charging 36-72 percent interest rates or suffer without capital. It is estimated that poor needs around 2000 billion.

Globally over a billion people are still without access to formal financial services and some 200 million of them live in India. Microfinance, the provision of a wide range of financial services to the poor on a sustainable basis, has proved to be immensely valuable. Access to financial services has allowed many families throughout the developing world (and, indeed, in poorer parts of the developed world) to make significant progress in their own efforts to escape poverty.

It has become clear that poor need access to money to send their children to school, to buy medicines; they need financial services to reduce their vulnerability. As a result, worldwide, MFI have
started developing and delivering a range of financial products. This reflects Millennium Development Goals (MDGs) that offer broadly accepted, measurable indicators of poverty reduction that are focused on poverty, education, health and empowerment.

There are more than 1000 private MFIs operating in the country today. However, not more than 1-2% of these have an outreach of 1,00,000 microfinance clients. It is estimated that the MFIs share of the total institution-based microcredit portfolio is about 8%. NGO-MFIs are unable to offer a range of financial services and focus primarily on credit. However, many numbers of NGO-MFIs are transforming into NBFCs to offer wide array of services and others are trying to offer the same through the route of agency agreements with other players in the market like insurance companies. But these services are offered at very high interest rates (12 – 36% p.a.) due to the nature of offering these services at the village level and lower business volumes which causes the transaction costs of these services to be exorbitant than that of formal banking channels. Most of the MFIs in India have thus not been able to significantly scale up the operations and reach a large population group across different states.
2.13 SHG-BANK LINKAGE

India has the world’s extensive banking infrastructure. There are about 60,000 retail credit outlets of the formal banking sector comprising 12,000 branches of district-level cooperative banks, over 14,000 branches of Regional Rural banks and over 30,000 rural and semi-urban branches of commercial banks; in addition to 1,12,000 cooperative credit societies at village level. There is at least one retail credit outlet on an average for about 5,000 rural people or every 1,000 households. This is an extensive and remarkable network that is present nowhere in the world and is capable of meeting the financial needs of the entire rural population. However, poor credit-deposit ratios (except in PACSs), unsustainable lending and high levels of NPAs, often cripple much of this infrastructure.

Under the SHG-Bank linkage programme, 167 lakh poor households were accessing credit through 35,000 branches of 560 commercial and cooperative banks in 2004. The Government of India made linking SHGs with banks a national priority from 1999 and NABARD continues to nurture the expansion of the outreach of the programme by providing umbrella support to various stakeholders. The programme is growing at a pace of about 2.5 million households annually. It is the largest and fastest growing microfinance programme in
the world in terms of its outreach and sustainability.

The credit linked rural entrepreneurial development programme of NABARD is gaining in rural Karnataka and has helped promote entrepreneurship, particularly among women. During 2003, of 75000 SHGs that received financial assistance, 3628 have become micro-entrepreneurs (< 5 percent). Of 3628 micro-entrepreneurs, 2476 were women (68 percent). Almost all the people involved in various activities were earning over Rs.10,000 per month and had enhanced their business and marketing skills. To provide financial assistance to artisans and small entrepreneurs in investment and working capital requirement, NABARD had formulated a special credit card scheme called Swarojgar Credit Card (SCC). Under the scheme, Rs. 25,000 could be borrowed.

There is a long way to go and a very conservative estimate suggests that, in India, at most, just 20 percent of all the eligible low-income people have access to financial services from formal financial institutions, MFIs and other such stakeholders.

Considering the increased competition in micro-credit and the pressure to reduce interest rates, it is time to move to considering moving beyond group lending. The primary reason for group lending are the inability of the takers to offer collateral, and hence the group mechanism was looked as collateral. The commonly stated advantages of group
lending are that the problems of adverse selection, moral hazard and enforcement are sufficiently addressed. In India, there are primarily two group lending models, one the Grameen Bank type and the other the SHG model.

In the case of sparsely populated areas and the areas where groups could not be formed, individual loans can be offered by taking non-traditional collaterals like the borrower's degree certificate, driving license and such others.
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