Chapter 2

Women Entrepreneurship: A Conceptual Framework

“What accounts for the rise in civilization is not the external resources such as markets, minerals, or factories but the entrepreneurial spirit which exploits the resources—a spirit found most often among business people.”

_D.C.McClelland_¹

The present chapter furnishes the background, theoretical framework and gives conceptual clarification to the key concepts of the study on which the entire study is focused, the concepts being entrepreneurship and women entrepreneurship. The developments in the field of entrepreneurship at international, national and state levels are analyzed here. And it also includes details of various promotional agencies involved in the development of women entrepreneurship development.

There is a growing realization about the contributive potential of small enterprises both in developed and developing countries. Because of their unique economic and organizational characteristics, small enterprises play important economic, social and political roles in employment creation, resource utilization and income generation and in helping to effect economic and social transformation in a gradual and peaceful manner. Socio-economic factors affecting small enterprises came to be noticed during industrial revolutions, with notions of entrepreneurial importance gaining favor by the mid-twentieth century². During the 1960’s, the behavior of the individual came to be highlighted as a major factor contributing to

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small enterprise development as entrepreneurship and therefore supply of entrepreneur came to be recognized as critical to development. Small entrepreneurial organizations and individual entrepreneurs would continue to play important roles in the growth of developing economies.

Evidence has unequivocally established that entrepreneurial spirit is not a male prerogative. Owing to the inexorable forces of comprehensive changes, several women have set the ball rolling. Women entrepreneurship has gained momentum in the last three decades with substantial increase in the number of women enterprises, making remarkable contribution to our country’s economic growth. The industrial performance of Asia-Pacific region propelled by direct foreign investment, technological innovations and exports of manufactured goods has opened up new vistas of economic and social opportunities to women entrepreneurs. In this dynamic world, women entrepreneurs are likely to become an important part of the global quest for sustained economic development and social progress. The regional experience suggests that the key to enhance the participation of women in industry and their socio economic status is sustained economic growth and macro-economic stability. There has been a rapid increase in the efforts to promote women entrepreneurship in developing countries with the adoption of concrete industrial development goals and strategies. The role of women entrepreneurs is undergoing profound changes in the wake of technological innovations which have brought fresh opportunities to consolidate and enhance the benefits accruing from promoting women entrepreneurship. Women entrepreneurship is an emerging reality and the concept of women as entrepreneurs is becoming a universal phenomenon today. According to the Global Entrepreneurship Monitor (GEM), women represent more than one third of all people involved in entrepreneurial activity and are likely to play an even greater role when informal sectors are considered.

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3 Baumol, W.J (2004), ‘Entrepreneurial Enterprises, large established firms and other components of the free market growth machine’, small business economics, 231;9
Entrepreneurship that appeared to be a simple enterprising or visionary activity of an innocuous entrepreneur has traveled a long way and reached a position in which it is understood to be a multi conceptual and multi faceted process\(^6\). Economists, psychologists, sociologists, other social science researchers, and management thinkers have interpreted the underlying entities of entrepreneurship, based on their theoretical and practical predilections. Considering the diverse perspectives on entrepreneurship, it can be found that there is no single accepted definition of entrepreneurship to be found in the world of literature; instead we find contradictory definitions\(^7\), which are often framed to suit different purposes, keeping the discipline in question. Entrepreneurship started catching up in 1980 just as professionalism in management caught up during 1970’s. Despite the fact that the field of entrepreneurship is regarded as a relatively young area of research, it has become one of the fastest growing areas in management literature over the past decades. However, confusion still prevails as to what exactly we mean by the term ‘entrepreneur’. An attempt therefore, has been made here to define it in a comprehensible language.

2.1. ENTREPRENEURSHIP; A CONCEPTUAL FRAMEWORK

‘The entrepreneurs sustain the world. In their careers, there is little of optimizing calculation, nothing of delicate balance of markets. They overthrow establishments rather than establish equilibrium. They are the heroes of economic life’.

George Guilder\(^8\).

Over the centuries the words of ‘Entrepreneur’ and ‘Entrepreneurship’ have been used in various senses. Conventionally entrepreneurship has been considered as an inborn trait of the individual. In the middle ages ‘entrepreneur’ was used to denote

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a person who was active and got things done’. The term ‘Entrepreneur’ is rooted in the French word, ‘Entrepredre’, which means ‘to undertake’. In the earlier 16th century it was applied to those who were engaged in military expeditions. In the 17th century the term was used to mark civil engineering activities such as construction and fortification. It was first introduced into fiscal science by the early 18th century French economist Richard Cantillon. In his writings he defines the entrepreneur as the ‘agent who buys means of production at certain prices in order to combine them’ into a new product. His definition propounded the uncertainty – bearing function. Cantillon saw the entrepreneur as the individual who handles ‘venture capital’ and takes on the risk of decision making. Essential to this opinion is the uncertainty of the market. He portrayed an entrepreneur as one discharging the function of direction and speculation. By enlarging its scope, he stated that ‘Anybody engaged in economic activity was an entrepreneur’. An entrepreneur is one who takes risks and starts something new. He is the artist of the business world.

Joseph Schumpeter (1934) stated that the entrepreneur is one who applies "innovation" within the context of the business to satisfy unfulfilled market demand. In elaboration, he saw an entrepreneur as an innovator who implements change within markets through the carrying out of new combinations. The carrying out of new combinations can take several forms:

- The introduction of a new good or standard of quality
- The introduction of a novel method of production
- The opening of a new market
- The acquisition of a new source of new materials supply and
- The carrying out of the new organization in any industry

The Oxford English Dictionary (1933) defines entrepreneur as ‘one who undertakes an enterprise especially a contractor acting as intermediatory between capital and labor’. He is ordinarily called a businessman. In France, by the early

9 David S. Landes, A Note on Culture Factors in Entrepreneurship Explorations in Entrepreneurial History, January 1, 1949, pp. 8-9.
10 Sharma, S.V.S (1979) small Entrepreneurial Development in Some Asian Countries; a comparative study, New Delhi, light and life, p.3
16th century, men engaged in leading military expeditions were referred to as entrepreneurs. After about 1700, the term, entrepreneur was frequently applied by the French government to road, bridge, harbor and fortification contractors and somewhat later to architects. Seeing such activities as the entrepreneurial function, the mid-eighteenth century French writer Bernard F. De Belidor further defined it as buying labour materials at uncertain prices and selling the resultant product at a contracted price. Entrepreneur is defined in Webster’s new world dictionary as ‘a person who organizes and manages a business undertaking assuming the risk for the sake of profit.

Further, Prof. Jean Baptiste Say developed the concept of entrepreneur. He distinguished entrepreneur from capitalist. According to him the entrepreneur is an economic agent who unites all means of production—the labor, capital, land, etc. He finds the volume of products, which results from their employment, reconstitution of the entire capital that he utilizes and the value of wages, the interest and the rent, which he pays as well as profits belonging to him. According to him, entrepreneur is the most important agent of production. In more simple words, an entrepreneur is one who combines the land of the one, the labor of another, and capital of yet another to bring out a product. By selling the product in the market he pays interest on capital, rent on land, wages of laborers and what remains is his profit.

According to David Ricardo, ‘the prime motive of the entrepreneur is to accumulate and without motive there should be no accumulation to facilitate capital formation and economic development’. Entrepreneurs universally acknowledged as new men, provide the industrial push to a society and project it on to the path of economic growth and modernization. Arthur Cole equates entrepreneurship with the continuing general activities of managers. Entrepreneurship is the purposeful activity, including an integrated sequence of decision, of an individual or group of

11 Bert F. Hoselitz, The Early History of Entrepreneurial Research Theory, Explorations In the Entrepreneurial History, April 3, 1951, pp. 198-199.
associated individuals, undertaken to initiate, maintain or aggrandize a profit-oriented business unit for the production or distribution of economic goods and services.

According to Nafziger\textsuperscript{15}, the entrepreneur can be viewed in at least four ways: (1) as the coordinator of other production resources – land, labor, and capital; (2) as the decision maker under uncertainty; (3) as the innovator; and (4) as the gap filler and input completer. According to Zacharakis\textsuperscript{16} entrepreneurs seek for new opportunities. As India has emerged out to be a land of opportunities, there is a tremendous scope for potential entrepreneurs to flourish. Entrepreneurs are the catalyst of economic development and they coordinate and manage the basic factors of production. Entrepreneurs shape the business ecosystem by commercializing new technologies, introducing innovation, creating new jobs, opening new markets and creating value for the available resources\textsuperscript{17}. Hannu Littunen\textsuperscript{18} (2000) states that becoming an entrepreneur and acting as an entrepreneur are both aspects of a learning process. In addition, entrepreneurs tend to underestimate the potential negative sides and overestimate the positive possibilities more than wage workers are likely to do\textsuperscript{19}.

The OECD definition considers three components\textsuperscript{20}

- Entrepreneurs are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- Entrepreneurial activity is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activities, by identifying and exploiting new products, processes or markets.

\textsuperscript{15} Nafziger, E. Wayne (1997), The Economics of Developing Countries, Third Edition, Prentice-Hall, New Jersey.
\textsuperscript{17} Rajeev Roy (2008), "Entrepreneurship", Oxford University Press, New Delhi.
Entrepreneurship is the phenomenon associated with entrepreneurial activity.

The importance of entrepreneurs to progress cannot be more succinctly expressed than Zinkin’s statement, ‘no entrepreneur, no development’. Whatever is the definition, across the world entrepreneurs have been considered instrumental in initiating and sustaining socio-economic development. There are evidences to believe that countries which have proportionately higher percentage of entrepreneurs in their population have developed much faster as compared to countries which have lesser percentage of them in the society. They discover new sources of supply of materials and markets and establish new and more effective forms of organizations. Economists have in recent times shifted emphasis away from the growth of capital to growth of high level manpower, such as entrepreneurship, as a major determinant of the rate of economic growth of a country. Various definitions of entrepreneurship exist, but the researcher likes to adopt a simple one. It is the creation of new businesses that prosper and create jobs.

Although many economists accept the idea that entrepreneurs are innovators, it is difficult to apply the theory of entrepreneurship to less developed countries (LDC). Often in LDCs, entrepreneurs are not truly innovators in the traditional sense of the word. For example, entrepreneurs in LDCs rarely produce brand new products; rather they imitate the products and production process that have been invented elsewhere in the world (typically in developed countries). This process which occurs in developed countries are quite descriptive of the process of the innovation that actually occurs in LDCs. Creative imitation takes place when the imitators better understand how an innovation can be applied, used or sold in their particular market niche (namely their own countries) than do the people who actually created or discovered the original innovation. Thus the innovation process in LDCs is often that of imitating and adapting, instead of the traditional notion of new product or process discovery and development.

Zinkin, Maurice, ‘entrepreneurs;key to growth’, Stanford research institute journal, second quarter, 1961
India with a developing economy, even after four decades of planning, still has a long way to go to catch up with the leading developed economies of the world. The goal may be distant but, surely, the time required to reach it can be cut down by accelerating the pace of development. One way of doing this, is by the promotion of industrial and business ventures created by the initiative and enterprise of the entrepreneur class. Indeed, there is a positive linkage between economy’s prosperity and the growth of entrepreneurship.

2.2. THEORIES OF ENTREPRENEURSHIP

“Small opportunities are often the beginning of great enterprises”

Demosthenes.22

There are different theories regarding the entrepreneurial process, propounded by renowned economists. The most prominent among them are cited herein below;

Mark Casson has presented a functional definition of the entrepreneur, which lays emphasis on entrepreneurial function. He emphasizes that the demand for entrepreneurship steams from the need to adjust to change, and that the supply of entrepreneurship is limited, firstly, by the scarcity of the requisite personal qualities, and secondly, by the difficulty of identifying them when they are available. He suggests that there are four main qualities which are crucial for a successful entrepreneur of which imagination –is an inborn trait. The other three qualities can be acquired and cultivated. The problems encountered in screening for these qualities, and in enhancing the ones that are deficient, have a number of important implications for the development of a successful entrepreneurial career.

Max Weber has presented a theory of entrepreneurship, based on protestant ethics and the spirit of capitalism. According to him the entrepreneurial activities are motivated by the Calvinist ethic, irrespective of the cultural background, the personality of the individual and the social environment. Entrepreneur would begin

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22 HrishikeshBattacharyya, ‘Entrepreneur, Banker and Small scale industry’, Deep and deep publications, New Delhi, 1984
to change his marketing methods and introduce the principle of low prices and a large turn over. An increase in output will reduce the cost of production per unit, which, in turn, will bring in profit. And profit leads to an increase in the number of business enterprises and a complete reorganization of industry.

Thoman.C. Cochram\textsuperscript{23} has formulated a sociological theory of economic development. According to him, the fundamental problem of economic development is non economic. An entrepreneur is governed by his attitude, expectations held by the sanctioning groups and operational requirements of the job. Actually, an entrepreneur is neither a super being nor a deviant person but plays a social role, partly shaped by the model type of personality that comes from the social conditioning of his generation.

John. H.Kunkel\textsuperscript{24} has brought in the behavior model. According to this model, the determinants of an individual ‘s activities are to be found largely in the conditioning producers both deliberate and accidental, which he has been subjected to in the past, and in the sets of reinforcing and discriminative stimuli, which became part of his behavioral chains and are part of present social context.

Frank Young\textsuperscript{25} has made a macro-sociological interpretation of entrepreneurship. According to him development is an organizational phenomenon and without exception, it is mute on the question on how individual tendencies, special abilities, unusual motivation or perception of particular opportunities are transformed into the emergent property that is special organization. Young emphasizes that many entrepreneurial functions are parts of solidarity and many economic problems can be overcome avoided by the solidarity of entrepreneurial group.

David. C. Mc. Clelland\textsuperscript{26} identified two characteristics of entrepreneurship, as doing things in a new and better way and decision making under uncertainty. He


\textsuperscript{24}Kunkel, John.H; ‘Values and Behaviour in Economic Development’ in Peter Kilby(ed.). op.cit.opp.157-159.

\textsuperscript{25}Young, Frank; ‘A Macro Sociological Interpretation of Entrepreneurship’ in Peter Kilby (ed.). op.cit.p140.

\textsuperscript{26}McCelland, Davis C.;‘The Achievement Motive in economic Growth’ in Peter Kilby (ed.) op.cit.pp.110-11
stressed the need for achievement or achievement orientation as the most directly relevant factor for explaining economic behavior. This motive is defined as the tendency to strive for success in situations involving an evaluation of one’s performance in relation to some standard of excellence. People pressed by need for achievement are more likely to succeed as entrepreneurs. People with high achievement are (N-Arch) are not influenced by money rewards as compared to people with low achievement. These belonging to the latter type are prepared to work harder for money or such other external incentives. On the contrary, profit is merely a measure of success and competency for people of high achievement level.

Cunningham and Lischerson\textsuperscript{27} in their work have identified six possible schools of thought on entrepreneurship. The first school of thought, i.e. ‘Greatest Person School’ claims that an entrepreneur is born with an intuitive ability - a sixth sense and this sense helps him a lot in the start-up stage. The second school of thought, i.e.’ Psychological Characteristics School ‘asserts that entrepreneurs have unique values and attitudes, and needs which drive them and help them especially in the start-up stage. The third school, i.e.’ Classical School of Thought’ says that the central characteristic of entrepreneurial behavior is innovation. This characteristic helps the entrepreneur much in the start-up phase and infancy. The ‘Management School’ is the fourth school of thought and it says that entrepreneurs are the organizers of economic venture and they organize, own, manage and face the risk. Such functional orientation helps them both in early growth and maturity. The fifth school of thought is the ‘Leadership School’. According to this school entrepreneurs are leaders of people and they have the ability to adopt their style to suit the needs of people. Such leadership personality suits them most during early growth and maturity periods. ‘Intrapreneurship School’ is the sixth school of thought. Intrapreneurship is the act of developing independent units, to create market and expand services within the organization. Intrapreneurship is needed by an entrepreneur during periods of maturity and change.

2.3. EVOLUTION OF ENTREPRENEURSHIP

In the nineteenth century, when there was an upsurge of industrial activities in the western countries, the growth of entrepreneurship in India was very slow. During the pre-colonial and colonial era, the entrepreneur was primarily seen as a trader, money lender, merchant, bound rigidly by caste affiliations and religious, cultural and social forces ranging from the philosophy of karma to the system of the joint family. Only two industries viz. cotton textile and jute, were pioneered and developed in this country. The First World War highlighted the inadequacy of India’s industrial base and brought to the notice of the British Government, the need for Indian industrial expansion chiefly to back up war efforts. The diversification and expansion of industries during the inter war period was encouraged by a tariff policy, which was a deviation from the traditional principle of free trade. The World War II presented abundant industrial opportunities, which could not be properly exploited due to the poor level of industrial infrastructure and other conditions necessary for the growth of industries. Small entrepreneurs received great impetus from the war. British entrepreneurs started plantation and mining under feudal cum colonial conditions. The pre-independence period witnessed the emergence of the big cities like Bombay, Calcutta and Ahmadabad as important industrial centers. Since independence, however, India’s industrial development has been sustained largely by domestic entrepreneurship. A series of measures have been introduced by the Government of India to create a healthy environment for entrepreneurial growth.

2.4. WOMEN ENTREPRENEURS THE CONCEPT

“To fail to pay attention to women’s economic activities is both morally indefensible and economically absurd”.

A general definition of entrepreneur can be described as ‘an individual or group of individuals, who creates something new, unites various factors of

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28 Bradford Morse, United Nations Development Program (Maxfield, S., 2005)
production, and bears risk in the operation of a business enterprise. Entrepreneurship is assumed to be sex neutral. No definition of entrepreneurship has a sex bias and hence, it encompassed women entrepreneurs without any reservations. The European Commission’s Best Project defines a female entrepreneur as: ‘a woman who has created a business in which she has a majority shareholding and who takes an active interest in the decision-making, risk-taking and day-today management’. The OECD analysis defines entrepreneurial activity by women as:’ the establishment, management, growth and death of independent firms’.

The Central and State Governments have always been giving preferential treatment to women by encouraging, equipping and facilitating them to become entrepreneurs and ultimately engaging them in productive industrial sector for self employment and generating additional employment in the state. In this context the Central Government has given a specific definition for women Industrial units as follows;

“A Small scale industrial unit/industry related service or business enterprise, managed by one or more women entrepreneurs in proprietary concerns, or in which she/they individually have a share capital of not less than 51% as partners/share holders /directors of private limited company/members of co-operative society and with not less than 80% women employees’.

But in the current Indian context women entrepreneurs are more akin to the Marshall’s organizer of factors of production and they may be considered as an adaptor and imitator rather than an innovator. Generally, the goods produced by these entrepreneurs are intermediate goods or consumer goods.

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2.5. EMERGENCE OF WOMEN ENTREPRENEURS

“Global markets and women are not often used in the same sentence, but increasingly, statistics show that women have economic clout—most visibly as entrepreneurs and most powerfully as consumers*.

Women have been economically active since pre-historical times; although their part in the work force has undergone changes from time to time depending on the structure and pattern of the existing social order. A 2000 BC record shows women in Babylonia raised cattle alongside men. Besides they were engaged in raising children, cooking, making clothes, in rural areas. Later, as cities developed, women started to work outside the home as market traders, laundresses, courtesans, and nurses. In ancient Greece, women who belonged to the upper class did not do any work, but lower class women performed a variety of jobs, usually unskilled work including manual labour in return for food and accommodation. They were without any protection or rights, which was the case in other ancient societies as well. Not before 14th century in England and France women who knew some of the crafts like tailoring and weaving were acknowledged equal to men who worked as carpenters, tailors, and shoemakers. Only in the 18th and early 19th century, during the Industrial revolution, small scale cottage industries gave way to large scale industrial production. With the emergence of factories, women began to compete with men in every field of work. However, they mostly opted for traditionally women oriented jobs, which were less remunerative and less valued. Factory owners employed them in textile and similar industries not because they were skilled workers, but they worked for 12 or more hours and for the lowest wages. This shows the extent of exploitation of the female work force in the early capitalist system which granted no rights for women. Furthermore they had no union protection, as the unions represented only men. Many years later, in 1948, the International Labor Organization (ILO) brought a Convention of the employment policy, in which all forms of discrimination against women, including those in the field of employment were declared illegal. Even after this convention, which upheld equal human rights,
women are not treated on an equal footing with men in several spheres of socio-economic activity.

2.6. IMPORTANCE OF WOMEN ENTREPRENEURSHIP

Women’s economic empowerment is not just a women’s issue, it is at the very core of national development, and the political and economic empowerment of women is a invaluable contribution to sustainable growth and responsible government.32

No nation can attain progress and prosperity without making optimum use of all its resources including its human potential. It is then imperative that women, constituting half of the population must be given their due share in the development process at all the three levels. Viz. formation, utilization and benefit distribution of resources. Women entrepreneurship assumes great importance in ensuring future economic prosperity especially in a resurgent economy like that of India. Effective, time-bound policies and strategies must be adopted to remove the disabilities of women entrepreneurs so as to develop the spirit of entrepreneurship among them. Actually, the potentialities in women remain largely unrealized. Our society is always skeptical of the competence of women to take up the onerous tasks of entrepreneurship. In India, a huge potential of women is left unutilized and untapped. It should be tapped towards entrepreneurial pursuits and a concerted effort would change the socio-economic scene of our country.33

Poverty and unemployment are the major problems of underdeveloped countries like India. Empowering women is not just for meeting their economic needs but should aim at a holistic social development34. The economic empowerment of women is fundamental to their overall empowerment including a better quality of material life through self supportive enterprises, imitated and developed by them. If women generate income for themselves outside the home,

32Women’s economic empowerment as smart economics; A dialogue on policy options, call for action, berlin, February, 2007
33www.indiatogether.org
they will be able to exercise control over it, thereby gaining greater bargaining power within the home. The increased decision making power add to their personal well-being, which, in turn, enhance the overall welfare of the society. A study conducted by Pitt, reported that participation in micro enterprise programmes leads to greater decision making ability, controlled expenditure, greater access to financial resources and increased social networks and create greater freedom of mobility. As employment opportunities all over the world are decreasing, entrepreneurship is seen as feasible way to lift women out of poverty. Experience shows that most of the poor women invest money wisely and make sound decisions to maximize returns. Access to savings and credit facilities helps poor women to make comparatively larger investments and enables them to take advantage of profitable business opportunities and increase their earning potential.

Promotion of women entrepreneurship is a reliable means of achieving economic stability of women and their families. It may involve considerable spending on education and health, but it will enhance women’s decision making power and reduced gender discrimination. Besides there are certain other reasons for promoting women entrepreneurship. Viz. it’s close link to social, cultural, religious and psychological variables, the flexible nature of work that combines gainful employment with domestic responsibilities, economic self-sufficiency especially in rural women, and, above all, the modernization that snatches bread and butter from an increasing number and proportion of women. This fact turned the attention of policymakers and planners towards the significance of women’s productive activities and their need of income generation, which paved the way to women entrepreneur movement. Of the hundreds of thousands of new entrepreneurs, some fail, some will muddle along, and a few will thrive. But given sustained support and incentives women entrepreneurs will be able to overcome all the ailments of infancy and achieve enough strength to stand shoulder to shoulder with men in the process of national re-construction. There are two streams of thoughts on the promotion of

37 Hall, Calvin S, and Lindzey, Gardnev, Theories of Personality, Canada, Wiley eastern Ltd., 1957, p. 97.
Women entrepreneurship. First stream argues that women should receive preferential treatment in all social and economic programmes. But the second view that women satisfied with gaining equality in every walk of life, particularly in the field of entrepreneurship. The institutional arrangements and policy instruments such as EDP’s should not ignore women’s right to equality with men.

2.7. WOMEN ENTREPRENEURSHIP IN TRANSITION

Now, women everywhere expect a career to attain their sense of fulfillment and self-esteem. This is a laborious task because, they are moving from a protected family setting into a male dominated business world in search of a separate identity, based on their own capability and competence, rather than being identified as somebody’s daughter, wife or mother. They stand at the crossroads. This is a period of transition for them; a stage where they are torn between the fetters of the past and the dreams of a bright future. In this period of transition, they may feel isolated, empty and worried. As Erik H. Erickson, in his psycho-social theory of development says, the ‘identity crisis is particularly a difficult period because; the whole future of the individual as well as the next generation appears to be dependent on it’. 38

2.8. FUNCTIONS OF WOMEN ENTREPRENEUR

As an entrepreneur, a woman has to perform all the functions involved in establishing an enterprise. These include idea generation and screening, determination of objectives, project preparation, product analysis, deciding on the nature of business organization, completion of promotional formalities, raising funds, procuring men, machine and materials and the operation of business. Women entrepreneurs most suited to undertake three types of jobs;

1. Playing the role of a sub contractor with the raw materials provided by the customer.
2. Manufacturing an item to the long or short term needs of other enterprises.
3. Manufacture items for direct sale in the market.

Frederick Harbison has enumerated the following five functions of a woman entrepreneur:

1. Exploration of the prospects of starting a new business enterprise.
2. Undertaking of risks and the handling of economic uncertainties involved in business.
3. Introduction of innovations or imitation of innovations.
4. Coordination, administration, and control.
5. Supervision and leadership.

The main functions performed by women entrepreneurs in an economy can be summarized as follows:

- Setting up a new enterprise.
- Introducing innovations or imitating innovations.
- Supervising the business plans.
- Coordinating and controlling the enterprise.
- Bearing risks and reducing uncertainties.

2.9. TYPOLOGIES OF WOMEN ENTREPRENEURS

The nature of capacity building needs will vary with their level of operation. One could divide the self-employed, or those who are in the employer category, into three broad typologies.

2.9.1. MicroEntrepreneurs

Women, earning a low income in rural or urban areas by engaging themselves as home based workers (producers), small vendors, petty traders and hawkers, producers and suppliers of services, cultivators, etc. could be defined as micro entrepreneurs. They are mostly illiterate, are from the lower strata of society (in terms of caste and community), have very low level of skills, which they have acquired as a part of their household work (cooking, knitting, bamboo basket...
weaving, textiles, handicrafts and so on) and have little or no work experience. They enter into the micro-enterprise sector out of economic compulsions, to supplement family income; and in the case of women - headed households, to earn a livelihood for the family. Because of their background they stand in little chance of getting wage earning employment in an organized sector. Most of them operate from their own homes (if they have one). Use low (or no) technology and cater to the local and lower end of the market segments; and micro enterprises are mostly their part-time occupation, characterized by irregular hours of work. These businesses are almost wholly funded from family savings and small loans from informal money tenders. They mostly operate outside the legal net of the governments, as in general is the case with this sector, which some times has also been labeled and illegal sector as ‘(it is) virtually impossible for poor… to live and work legally…the cost of remaining legal are overwhelming’. As a result, they are also deprived of Government support, which favors the large, organized sector.

2.9.2. Small–Scale Entrepreneurs

This segment comprises urban middle and upper middle class women entrepreneurs who have relatively easy access to the Government support infrastructure. They are better qualified, have better exposure to market and by and large have better business networks through their family members or friends engaged in business. It has been observed that most of them enter into business at the middle age (35-45 years), after their children have grown up, which spare them more time at their disposal. A study of 45 women entrepreneurs conducted by Entrepreneurship Development Institute of India provides convincing evidence of these women’s capabilities as entrepreneurs, who successfully set up and manage their enterprises in a ‘Man’s World Environment’ of industry which is complex and

hostile to women. They also manufacture better industrial products, making use of better technology, have higher investment capability (in the range of Rs. 1.0 lakh to Rs. 10. lakh) and employ on an average 5-8 workers. They are not just self-employed but are well groomed entrepreneurs. The characteristics associated with entrepreneurship such as ‘ambition’, ‘self confidence’, ‘risk taking’, ‘resolution’, ‘assertiveness’, ‘high achievement motivation’, etc are more pronounced in them as compared to those operating in the subsistence sector.

It has however been argued that, by the time they are free from their familial responsibilities, some of them have hardly any scope to get appropriate employment in the organized sector. For, despite being qualified, they lack adequate and relevant experience to make inroads in the employment market at a desired level. In order to channelize their energies and give vent to their creativity, they take up entrepreneurship as a career option. It means that it is because of the push factors that some of them become entrepreneurs rather than by choice or because of the pull factors.

2.9.3. Women Owners of Large Business

These women entrepreneurs, by and large, come from wealthy segment of the social strata, mostly from business houses or from the families of senior bureaucrats. This is a minuscule minority in the women’s business world. Mostly they become entrepreneurs through inheritance and / or division of large business houses. They have access to the corridors of power and all those who matter. They are altogether in a different league of business operations, which has hardly anything in common with women micro and small-scale entrepreneurs, except their gender.

Kanitkar, Ajit and Contractor Nalinee (1992), ‘In search of identity’ The Women Entrepreneurs in India, Ahmedabad, Entrepreneurship Development Institute of India.
2.10. CATEGORIES OF WOMEN ENTREPRENEURS (REASONS FOR STARTING THE BUSINESS)

2.10.1. Chance Entrepreneurs
- Had time/ To keep busy
- Was hobby/Had special interest
- Family /Spouse had business

2.10.2. Forced Entrepreneurs
- Money/Needed for money
- To help the family financially

2.10.3. Created or Pulled Entrepreneurs
- Control over time/ Flexibility
- Challenge, try something on one’s own
- Show others I could do it - Showmanship
- To be independent
- Self satisfaction
- Service as a model to children
- Provide Employment to others/ Do something worthwhile.\textsuperscript{45}

Many studies have shown that there are certain differences between men and women in their objectives for starting a business. Studies conducted in developing countries, suggest that there are three categories of women entrepreneurs – “chance”, “forced” and “created” entrepreneurs – based on how their businesses got started. Chance entrepreneurs are those who start a business without any clear goals or plans – their business probably evolved from hobbies to economic enterprises over a period of time. Forced entrepreneurs are those who were compelled by circumstances (e.g., death of the spouse, the family facing financial difficulties) to start a business, their primary motivation, being financial. Created entrepreneurs are those who are “located, motivated, encouraged and developed through

\textsuperscript{45}Das, 2000, in Sasikumar, “Women Entrepreneurship” (Ed.), Vikas Publishing House New Delhi
Entrepreneurship Development Programmes”. About one fifth of women are drawn to entrepreneurship by “pull” factors such as, the desire to take up a challenge, the urge to try something on their own and to be independent and to show others that they are capable of doing well in business.

2.11. THE NINE FACTORS NEEDED FOR WOMEN ENTREPRENEURS

**Dreaming** – Entrepreneurs should have a clear vision of what they desire to do to create wealth. It is essential that they should either have the ability to implement their dreams, or get trained in the skills and temperaments of business minded people.

**Decide Fast** – Do not procrastinate. Make decisions swiftly. Swiftness is a key factor in success

**Doers** – Be a doer, Decide on a course of action, and implement it as quickly as possible

**Determination** – Be determined to implement the ventures with an iron will.

**Dedication** – Be totally dedicated to the idea turning into a business proposal. This might entail a heavy cost, the straining of relationships with colleagues, friends and even family members especially husbands and children.

**Devotion** – As a business woman, you should love what you do. It is love that sustains the venture when the going gets tough. And it is love of your product or service that makes you so effective at selling it.

**Details** – In starting and growing a business, the entrepreneur must be thorough with critical details.

**Destiny** – Have your destiny in your hands, rely on articulation.
Distribute – Entrepreneurs should decentralize the working of their business with efficient and dependable subordinates, who share the burden and the gains in an equitable manner.46

2.12. WOMEN ENTREPRENEURSHIP AROUND THE WORLD

“Sure God created man before women, but then you always make a rough draft before the masterpiece”

The increasing presence of women in the business world as entrepreneurs or business owners in the last few decades has changed the demographic characteristics of entrepreneurs. Women -owned enterprises are now playing a major active role in the society and the economy, representing about 25.8 to 28 per cent of total entrepreneurship in the world. According to the Global Entrepreneurship Monitor, 2006 –a report on women entrepreneurship worldwide, men are more inclined to get involved in entrepreneurial activity than women. In the Beijing Platform for Action, one of the means suggested for improving women’s employability, in the context of increasing flexibilities in labor markets, is fostering women’s access to self-employment and entrepreneurship. The removal of the barriers experienced by women to get access to market, the improvement of their status within the value chain and the enhancement of their productivity are likely to benefit local, national and regional economies as well as households47. Women owned business is one of the fastest growing enterprises in the world. This segment makes significant contributions to innovation, employment and wealth creation in all economies48.

Women’s entrepreneurship can make a particularly strong contribution to the economic well-being of the family and the community, poverty alleviation and women’s empowerment, thus contributing to the first and third Millennium

Development Goals (MDGs). Where women have more control over the resources of the household, the pattern of consumption tends to be more child-focused and oriented to meeting basic needs. For example, a World Bank study on microcredit in Bangladesh showed that men put 11 per cent of the money into the household, whereas women put in 18 per cent (i.e. over 60 per cent more).

According to the Centre for Women's Business Research (2008), 10.1 million firms are owned by women (40 per cent of privately owned businesses), employing more than 13 million people and generating $1.9 trillion turnover in the United States. Women owned businesses can today be found in every sector of the economy and in every region of the US. And they have been identified as a target group for specific policy measures; women-owned businesses have become increasingly important to economic growth and employment. For the past two decades in the United States, majority of women-owned firms have grown at around twice the rate of the total number. (42 per cent v. 24 per cent) Women business owners employ a gender balanced workforce (52 per cent women and 48 per cent men), whereas their men counterparts employ, on an average, 38 per cent women and 62 per cent men.

By involving women in the national economic policy, Canada is forging a model for empowering women and building the strength of domestic and global markets. Canadian business and government are fostering embracing this involvement, with an understanding that women and women-led businesses are an increasingly potent global economic force. Women-owned business in Canada make up nearly one third of all the businesses in Canada and provides nearly one million jobs for Canadians.

49 MDG 1 is to “eradicate extreme poverty and hunger” and MDG 3 is to “promote gender equality and empower women”.
50 D. Leipziger, Vice-President and Head of the Network for Poverty Reduction and Economic Management, World Bank address to the Conference on Women’s Economic Empowerment as Smart Economics, Berlin, 2007.
Global Entrepreneurship Monitor (GEM)\textsuperscript{53}, Ireland identified that 8.2 per cent of Ireland’s adult population is involved in entrepreneurial activity, and women’s entrepreneurial activity has increased from 4.2 per cent in 2006 to 5.9 per cent in 2007, representing over 1,000 women on an average, starting new businesses in Ireland each month\textsuperscript{54}. This increase is higher than 4.3 per cent reported by the European Union and the 3.6 per cent of the countries of the Organization for Economic Cooperation and Development. In Mexico, women’s economic participation is around 39 per cent and women’s entrepreneurial activity has increased by 96 per cent over the last 13 years\textsuperscript{55}.

In U.K. Female entrepreneurship is increasing, now over one million self-employed women – a 17 per cent increase since 2000, 34 per cent of the newly self-employed are women, among the 27 per cent of those currently self-employed. The surge in entrepreneurship activity in Britain between 1982 and 1987 saw male self-employment increase by 70 percent. Women now account for one quarter of the self-employed in Britain. In the central European countries, women represent between 46 and 48 percent of the labour force, of whom a little less than one fourth are employers.\textsuperscript{56}

In Sweden more than 30 percent of new entrepreneurs are women (in 2006: 35 per cent) and about six percent of the new businesses are set up by women and men jointly. In 2007 about 32.5 per cent of all Austrian enterprises were managed by women. SMEs are the fastest growing sector in the Bulgarian economy. The available data show that there are more than 60,000 women entrepreneurs and managers in Bulgaria and most of them are engaged in small and medium-sized enterprises. Of the total number of newly established companies nearly a quarter are owned by women. Moreover, a number of firms whose owners are males are actually run by their female partners. Women represent 26 per cent of the total number of entrepreneurial people in the Czech Republic\textsuperscript{57}.

\textsuperscript{53} Global Entrepreneurship Monitor (GEM) is a major research project aimed at describing and analyzing entrepreneurial processes within a wide range of countries. This project developed originally by Babson College and London Business School began in 1999 with 9 countries and in 2006 up to 41 countries participate in the study (www.gemconsortium.org)

\textsuperscript{54} Enterprise Ireland, http://www.enterprise-ireland.com/News/PressReleases/2008/PressJul152008.htm


\textsuperscript{56} Zang, Yon Yun; A High Priced Slot in The World of Work, ILO, no.12, May/jun1995.

\textsuperscript{57} www.czso.cz.
### TABLE 2.1
Rate of Entrepreneurial Activity across Countries by Gender, 2006

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<tr>
<th>Country</th>
<th>Male</th>
<th>Female</th>
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<td>Established business owners</td>
<td>Percentage of adult population</td>
<td>Overall business owners (Nascent+new+established)</td>
<td>Percentage of adult population</td>
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Source: 2006 GEM Report on Women Entrepreneurship
In Denmark around 25 per cent of the entrepreneurs are women. There were 74,000 women entrepreneurs in Finland in the year 2007. The total number of entrepreneurs was 2,50,000. Women entrepreneurs accounted for over 30 per cent of the total number. According to a GEM 2007 study the share of women starting business was the highest in the Nordic countries (for every 10 enterprises established by men, 7 companies were started by women). In France they make up only 28 per cent of entrepreneurs.

In 2006, women accounted for 30.6 per cent of self-employed workers in Germany. This means that almost every third company in Germany is managed by a woman. In Italy, according to the Observatory on Women entrepreneurs 2007, female-owned companies number more than 1.2 million, thus representing 24.02 per cent of the total number of companies in Italy. In Spain, according to the Labour Force Survey for the last quarter of 2007, women represent just over 31 per cent of entrepreneurs, a rate that has oscillated only slightly since 2004.

We have seen that the number of women\textsuperscript{58} employed in firms and business initiated by women is on the increase in the developed countries. A similar trend is noticed even in the developing nations in Asia. Women make for 40 percent of the total workforce in these countries. It has been observed that women outnumber men by at least two times in China particularly when it comes to starting business. There are over five million women entrepreneurs, constituting one fourth of all the entrepreneurs in China. In Japan too, a similar trend prevails\textsuperscript{59}. In eastern Nigeria, half the trade is carried out by women and in Ghana 80 per cent of the trading persons are women\textsuperscript{60}. In Africa, women’s businesses account for more than one-third of all the firms and the majority of businesses in the informal economy\textsuperscript{61}. In addition, female-owned enterprises produce positive economic and social results,

\textsuperscript{58} Workshop proceedings, 2000, 2\textsuperscript{nd} OECD Conference On “Women Entrepreneurs in SMEs: A Major Force in Innovation and Job Relation, Synthesis, OECD 29 NO 1\textsuperscript{st}, Paris, France

\textsuperscript{59} ShegoMitsuhasi(2000), Access To Markets, OECD Conference on Women Entrepreneurs in SMEs, A major force in Innovation Job Creation”. Synthesis, OECD 29\textsuperscript{th}nov to 1\textsuperscript{st}Dec, Paris, France

\textsuperscript{60} Arja.P.P (1991),Hurdles To Women Entrepreneurs Financial Express”, Sep 18\textsuperscript{th} p.7

enhancing women’s self-confidence, increasing their participation in household economic decision-making, eventually contributing to their economic empowerment\textsuperscript{62}. However, most women in the poor countries and those in the transitional stage have micro- or small enterprises operating mainly in the informal economy but they are absent in large and medium enterprises. They face multiple obstacles that curtail their opportunities for developing their potential as business women and entrepreneurs. They have only limited access to education and training, are less likely to be members of business associations, have less freedom to select their business sector, and are subject to discriminatory attitudes in property, marital and inheritance laws\textsuperscript{63}. Many rely on personal savings or on contributions from relatives to fund their enterprises, and without property ownership, they lack the collateral to access credit from formal financial institutions\textsuperscript{64}. They also face administrative barriers as well as lack of access to information, which limit business development and hinder graduation from the informal to the formal economy.

\textbf{2.13. WOMEN ENTREPRENEURSHIP IN INDIA}

\begin{quote}
You can tell the condition of a nation by looking at the status of its women.
\end{quote}

\textit{Jawaharlal Nehru.}

In India, women constitute around 48 percent of the population but their participation in the economic activities is only 34 percent. As per the Human Development Report (2007), India ranks 96th on the gender related development index of 137 nations. The gender empowerment measures, which indicate the extent of women participation in the country's economic and political activities, rank India as 110th of the 166 nations. The effect of this economic inequality is mirrored in the


social scenario, where a small percentage of the population is becoming more and more prosperous and nearly two-thirds of the population still remains poor and untouched by the speedy technological progress. Women have been regarded as the nuclei of a nation and the builder and moulder of its destiny. ‘When women move forward, the family moves, the village moves and the nation moves.’ These words of Pandit Jawaharlal Nehru are oft – quoted because it is an accepted fact that only when the women are in the mainstream of progress can any economic and social development be meaningful. Days are gone when women in India remained confined to the four walls of their homes and their immense strength and potential remained unrecognized and unutilized. Now women entrepreneurs are an important input of economic development. A woman is a catalyst of development and with her we prosper, but without her we are weak and deficient. The problem of unemployment is one of the causes of the low status of women in social and economic fields.

To empower women and attain economic independence, development of women entrepreneurship has been viewed as a critical entry point for women’s integration in development\(^{65}\). Participation in income generating activities is believed to increase their status and decision-making power. With employment, women do not remain merely as objects of social change but become agents of it. They cease to be ‘consumers’ of economic goods and services and turn into ‘producers’. They participate in social reproduction as well as reproduction of labor for the next generation. In developed countries women entrepreneurship started growing during the nineteen fifties or early sixties and since then, it is continually on the rise. Indian women started exploring the entrepreneurial world quite late, and only around 1970 systematic efforts were made in this regard. Although, certain ethnic communities in the country, especially the Newars and Burman Highland Group such as the Manihar, Kumawat, Mouchi are known to have a long tradition of women being involved in small business enterprises. In India, women’s entry into business is a new phenomenon. Developing women as entrepreneurs has now become an

important part of national development planning and strategies. It can be traced out as an extension of their kitchen activities mainly to 3Ps viz Pickles, Powder & Pappad. But with growing awareness about business and spread of education among women over the period, they have started shifting from 3Ps to engross to 3 modern Esviz Engineering, Electronics & Energy. They have excelled in these activities. Women entrepreneurs manufacturing solar cookers in Gujarat or owning small foundries in Maharashtra or manufacturing capacitors in Orissa have proved beyond doubt that given the opportunities, they can compete their male counterparts.

Women-owned businesses form one-quarter to one-third of businesses in the formal economy and have a larger representation that is difficult to assess, in the informal economy. In underdeveloped economies, the position of entrepreneurship is not quite satisfactory and in the case of women, it is most disheartening. Women, themselves are not aware of their potentials, as they have been taught to depend on men and avoid exposure and risk. This negative self image prevents them from shouldering and taking up new jobs and responsibilities. There is a general assumption that men are the bread winners and women’s work is only leisure time occupation which may ease the process of procuring a livelihood.

The Indian constitution has adopted the principle of Women’s equality with men in all spheres of life. Since Independence several measures have been taken for the progress of women by the Government through successive Five Year Plans. During the early decades of Five Year Plans, adequate attention could not be given to women – oriented activities as the nation was engaged in formulating different strategies and programmes for a speedy economic development of the country. The draft of the Sixth Five Year Plan (1980-85) for the first time incorporated a new chapter entitled ‘Women and Development’ with a special stress on the issue of the development of women entrepreneurship. Therefore, during 1980s, the approach

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shifted to all-round development of women. Since then in order to promote women entrepreneurship, multifaceted efforts have been made in India. The Government of India, as well as the state governments and even private agencies have been promoting self-employment programmes amongst women since 1991, in the wake of the liberalization, privatization and globalization of the Indian economy. In recent years, the policy makers and planners have become fully aware of the economic significance of women’s productive potential and their capabilities for making realistic contributions to income generation. It has been firmly established that women in India are vital and productive contributors to the national economy but their access to knowledge; skills, resources, opportunities and power still remain rather low.

The factors which favor women to enter the entrepreneurial field are their inborn talents, abilities and, above all, their compelling desire to do something positive. Many social scientists and researchers have pointed out that women entrepreneurs are not inferior to men in terms of their personality, cognition, achievement motivation, dependency and other related attitudes.

In spite of women taking to entrepreneurship in many challenging fields, the level of women entrepreneurial activity in India now is quite low. There exists a big gap between the present condition of women entrepreneurial activity and their potential. This gap can be bridged by planned, comprehensive efforts of governmental and non-governmental agencies by promoting and propagating women entrepreneurship aimed at all round socio-economic development. It is a welcome sign that the government is now assisting women entrepreneurs by providing financial aid in the form of loans and subsidies to enable them to muster capital for self-employment.

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2.14. WOMEN ENTREPRENEURSHIP IN KERALA.

"The position of women in a society is an accurate index of the development of that society’’.

Gustav Geiger

India, the largest democracy in the world, located in southern Asia, with a population of over one billion, the second largest in the world after china. India is a federal republic with a central government and several state governments. It has 28 states, the capital territory of Delhi and some union territories. Kerala is one of the states situated at the southwestern part of the country, According to 2001 Census, the total population of the state is 3, 18,38,619 of which the women population accounts for 1,63,69,955 i.e. 51 per cent. This fact shows that the empowerment of women assumes great significance for the industrial development of the state as well as for the long awaited socio- economic transformation. Of the state’s total literacy rate of 90.92 per cent women account for 86 per cent. The female sex ratio of the state depicts a unique feature of 1058 females per 1000 males against 933 females per 1000 males’ ratio at the all India level. Despite these advantages, the role of women in the economic activity is at low ebb and their contribution towards industrial development is meager. Although the indicators of social development of women are remarkable, the same degree of achievement is not recorded in the economic front as employees and entrepreneurs. Women are predominantly employed in the low earning sectors of the economy. The slow growth of industrial sector is mainly due to these gender specific problems and some psychological, social, technical and economic constraints. The Kerala model /experience of development have been much discussed in national and international forums. ‘Though in terms of economic development Kerala has been placed far below the national level, in terms of gender development indices the state has been placed in the fourth rank’. 70

Kerala women of post-independence India have proved themselves capable of performing jobs in all walks of life on par with their male counterparts as it is seen that they even occupy covetable executive positions even in multi-national organizations accepting / assuming higher responsibilities. Kerala women have proved their mettle in the socio-political and economic fields too. However their involvement in productive activities has not reached the desired level but if channelized to the mainstream for economic development activities, they would undoubtedly be a promise for gearing up the country's economic emancipation provided that the authorities at the helm of affairs come forward to focus their attention in the area of setting up self employment production ventures.

There is no reliable data available regarding the role of women in the entrepreneurial scenario of the state. The available information indicates that the industrial sector of Kerala even before the plan period was dominated by the small scale traditional industries. When the United Nations declared 1975 as the International Women’s year, the approach to women entrepreneurs received a positive tilt, and the government chalked out various schemes to bring women into the mainstream of industrial activity. Many training programmes were organized, covering various aspects of modern management techniques, project implementation etc and as a result of the efforts made by the government and liberal assistance given by the financial institutions, women started getting engaged in risky ventures too. During 1975-78, the number of industrial units run by women was only 73. Thereafter it registered a steady growth. During 1986-87 it was 1143, but within 6 years it rose to 4190. The rising figure itself is a proof of the changing attitude of government agencies towards women. Today, they are at the helm of affairs in every industry, from garment making to high tech computer service and they are treated on an equal footing with men in all aspects of industry.

It was in 1977-78 a census of small scale industries was conducted in the state as per the guide lines of the central government. Even in that census and until 1970, no specific arrangements were made to record the units organized and run by women. Since 1970’s, serious efforts have been made in a systematic manner by
government and private agencies to promote self-employment among women. The vast majority of the working women are engaged in the unorganized sector as employees and when they start a business or industry it is most likely to one requiring low technology and low investment. Technical and managerial personnel are hired by women entrepreneurs as most of them do not have the requisite industrial know-how, though they may be highly educated. The growth of industrial units set up by women entrepreneurs is not confined to the number, what appears to be more important is the shift from stereotyped household enterprises to specialized type of industries. Women entrepreneurs in Kerala have started owning chemical units, engineering units and computer service centers. It should also be noted that in the schemes formulated by government agencies women entrepreneurs are encouraged in modern lines of activities.

*We can classify women* – oriented/broadly enterprises into three categories, based on the kind or scale of activity and income.

- Survival enterprise (mostly for poor and low income group) generally involved in traditional business activity at the survival level; these could include handicrafts, food-processing, tailoring, vending, etc. For this reason some people do not consider these women to be 'entrepreneurial';
- Micro enterprise (mostly for poor, low and middle income group);
- Small enterprise (mostly for middle and higher-middle income group).

The poor outcome of the programmes introduced to achieve the integration of women in the development process suggests that policy directives alone cannot achieve the desired objectives. Programmes are not getting implemented due to lack of proper understanding of the value and relevance of women’s contribution to national development. Although great concern for the progress of women is well articulated at the central policy making level, an ambivalence is perceivable at the implementation level. Enterprises cannot be created simply through policy measures. The limited role of policy is to make available the right incentives and market

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Chapter 2: Women Entrepreneurship: A Conceptual Framework

AN ANALYTICAL STUDY OF THE IMPACT OF WOMEN ENTREPRENEURSHIP DEVELOPMENT MEASURES PROMOTED BY THE GOVERNMENT AND FINANCIAL INSTITUTIONS IN KERALA

signals to the private entrepreneur. The incentives and signals will become clear to the business community only if the business demography is properly documented and the changes therein are mentioned on a continuous basis. But the situation today is too bad and one is ignorant of how many small scales industrial units are alive at a particular point of time. As far as Kerala is concerned, it has generally been agreed among industrial analysts that the small industries sector of Kerala remains a ‘dark island’. The data sources available in this crucial sub sector do not have sufficient authenticity. Besides, there are also conceptual problems relating to data collection in respect of SSI units, since registration of such units with DICs is voluntary and not binding on any entrepreneur. However, in the absence of any other source, one is compelled to depend on the data compiled by the district industries centers.

Kerala is not known for its entrepreneurial friendliness, be they men or women. Among various other ways of developing economically, promotion of entrepreneurship is presently being sought as one of the reliable and viable options. When becoming economically independent one may gain a say in family matters and one’s social status may be enhanced. During 1990s, many women entered the field of entrepreneurship hoping to gain economic competence and independence, but many of them have failed to achieve the goal. The main reason attributed to this fiasco is the lack of sustaining facilities creating a entrepreneurial environment. Even then, there are success stories of women-run business units, which can attract more women entrepreneurs to the field. Kerala has its share of enterprising ladies who have proved their mettle in the ruthless world of business, who are unwilling to let native enterprises to die an ignoble death. Women entrepreneurs are a rare species in Kerala but the few that we have exploded traditional myths, like gender discrimination, frailty and inferiority complex.

Promotional and Developmental institutions of Central and State governments have launched several programmes aimed at creating an awareness among women all over India. These schemes, conducive to women include Trade Related Entrepreneurship Assistance Development (TREAD) for women and PMRY are implemented through seminars and Workshops and been equipping them with
soft skills through training facilities catering to various groups of diverse tastes and interests. Apart from enterprise promotion, focus is placed on direct activities such as boosting literacy and education, health and nutrition, creating awareness of rights and laws, preventing violence and crime against women both in rural and urban areas which will go to empower women. If all these are properly implemented with judicial guarantee, women empowerment can be enhanced through income generating activities such as the SSI which will achieve the ultimate objective of the empowerment of women in its true spirit.

To overcome the impediments and constraints and to motivate prospective and existing women entrepreneurs in Kerala, different Government agencies as well as nongovernmental organizations have come forward with incentives and support measures in terms of financial assistance, providing scarce raw materials, skill development training facilities, marketing supports, etc. However, owing chiefly to unawareness and lack of publicity, most of these incentives and facilities remain unutilized. In order to fill up this information gap, the researcher has made an honest attempt to compile and consolidate the salient features of various schemes, incentives and facilities meant for women entrepreneurs.

2.15. WOMEN ENTREPRENEURSHIP AND PROMOTIONAL MEASURES

A network of promotional agencies and institutions has been set up at the national and state level to promote small scale industries in general and women entrepreneur in particular. Various support measures in the form of policy, a congenial infrastructure, finance, training, raw material and marketing are being provided by these agencies. In spite of all these assistance measures, the SSI has not been able to play their role to full extent as envisaged in our plans. This lacuna is attributed to ever increasing hurdles experienced in mobilizing capital and market for the products. Many units get sick during the first two or three years of their inception itself, without making any inroad into developing a market for their products. The rate of growth in the number of sick units is much higher in Kerala than in the rest of the country.
Industrial promotion agencies can be defined as agencies formed and reared mainly by any government—Local, state or/and Central for the initiation, promotion and development of industrial enterprises-small scale, medium scale and large scale with the ultimate objective of industrialization. Industrial promotion agencies are the pillars of any nation. They may be described as the nation builders in the sense that the future of a nation rests with the degree of industrialization taken place in that nation. “Industrialize or perish” is the order of the day. The economic development of a country is in direct proportion to the degree of industrial growth it has achieved. Industrialization often has been regarded as synonymous with development. Industrialization of a nation can be boosted only with the influence of industrial promotion agencies.

Training approach is important for helping women in the non-traditional, high skilled areas of production and marketing. Besides, training helps to build up confidence and a sense of independence and self-sufficiency. It is all the more so in the case of women. The Government should also provide them with financial, marketing and training assistance so that they can start their own business. Thus, in order to achieve the upliftment in the quality and work skill of the women entrepreneurs they should be given proper training and support. Stevenson (2004)72 finds that countries providing more incentives and support systems specifically designed for women entrepreneurs have higher rates of female entrepreneurship. The failure to adopt such specific support services means lower levels of women entrepreneurship. One of the most relevant indicators of the success of a support system in promoting entrepreneurship is the level of satisfaction of the target group73. Old and outdated approaches to promote entrepreneurship will be inadequate to support women entrepreneurship because they fail to take into account

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the differences in motivations and obstacles of female and male entrepreneurs. Specific support systems or organizations that take into account the needs, challenges and the different situation of women are essential to promote women entrepreneurship, as these may help women entrepreneurs to avoid of failure. All developed countries have set up programmes and organizations particularly designed to support women entrepreneurs.

2.16. SCHEMES FOR THE PROMOTION OF WOMEN ENTREPRENEURSHIP IN INDIA

During the last few years, a lot has been done in the country to develop new women entrepreneurship through training, and at present most of the states are involved in WED (women Entrepreneurship Development ) programming and SEP/IGP (self employment and Income Generation programmes ). A number of institutions/ agencies are rendering assistance to women entrepreneurs by giving training, providing financial assistance and marketing assistance. The following is a brief sketch of some of the important schemes specially meant for women or give special benefits to women.

2.16.1. Trade Related Entrepreneurship Assistance and Development Scheme for Women (Tread)

With a view to encourage women in setting up their own ventures government launched a scheme, Trade Related Entrepreneurship Assistance and Development for Women as part of the 11th Plan. The scheme envisaged the economic empowerment of women through the development of their entrepreneurial skills in nonfarm activities. The three major components of the scheme are;

1. GOI grant up to 30 per cent of the project cost for the non government organizations for promoting entrepreneurship among women. The remaining

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70 per cent of the project cost is financed by the lending agencies as loan for undertaking activities as envisaged in the project.

2. GOI grants up to Rs. 1 lakh per programme to training institutions / NGOs for imparting training to women entrepreneurs.

3. Need based GOI grants up to Rs. 5 lakh to National entrepreneurship development institutions and any other institutions of repute for undertaking field surveys, research studies, evaluation studies, designing of training modules, etc.

**Operation of the Scheme.**

The scheme envisages that women associations/NGOs/SHGs should prepare composite bankable proposals for a group of women entrepreneurs, and they should be submitted to the banks, which are signatories to participate in the scheme, namely the Syndicate Bank, the State Bank of India, the Canara Bank and the Allahabad Bank. A copy of the proposal submitted to the bank should be endorsed to DC (MSME). The concerned bank examines and issues approval. On the basis of the approved proposal 30 per cent of the loan amount is sanctioned and made available to the bank as grant.

**2.16.2. Micro & Small Enterprises Cluster Development Programme (MSE-CDP):**

- **Existing Clusters**

A cluster is defined as a group of enterprises, normally twenty or more producing same/similar products/services. The Cluster Development Programme (CDP) being implemented envisages a diagnostic study of identified clusters of traditional skill-based MSEs to identify appropriate technologies and their providers and to facilitate adoption of available technology which meet the specific needs of the end users. The Cluster Development aims at enhanced competitiveness, technology improvement, adoption of the best manufacturing practices, marketing of products, employment generation etc. The scheme provides assistance for capacity building, common facilities, marketing etc and for the delivery, assimilation
and diffusion of the identified technology from its producers to the recipient
user/cluster of small enterprises.

In the past, depending upon the type of cluster, assistance available for soft
interventions varied in the range of Rs.25 to 35 lakh per cluster. Currently we have
an internal ceiling of Rs.10 lakh for soft intervention under this Scheme, and an
increase in the amounts is under serious consideration. Clusters of women’s
enterprises are entitled up to 90 per cent assistance for soft interventions.

There can be other tangible assets that could be set up by the women’s
Clusters, as long as they are put to common use. For hard interventions, it is
necessary to form a Special Purpose Vehicle (SPV), which could be a registered
society, or a cooperative society, or a company, or a trust or any other legal entity in
which at least 20 to 30 members of the Cluster contribute and participate. Other
Cluster members who do not join this SPV could also sign up as Users.

**Infrastructure Assistance:**

Infrastructure assistance includes the construction of basic amenities like
power, approach roads, drainage, water supply and storage and the like. MSME
Ministry’s assistance for this component is presently limited to 40 per cent of the
total cost. A proposal to increase the quantum of assistance is in the offing.

Only one element of Infrastructure Assistance i.e. Display or Exhibition
Centers (which could consist of show-rooms with attached stores) are entitled to a
higher level of assistance in adjoining Markets of Towns as long as they exhibit and
market the products manufactured by the Women’s Clusters.

**Creation of physical infrastructure**

This government implemented the IID Scheme to provide developed sites
with infrastructural facilities such as power distribution network, water,
telecommunications, drainage and pollution control facilities, roads,
exhibition/display centers, raw materials, storage and marketing outlets, common
service facilities and technological back-up services, etc. This scheme has been
subsumed in the MSME-Cluster Development Programme. All the features of the IID Scheme have been retained.

To create physical infrastructure exclusively for women enterprises Central grant of 40% of the project cost subject to a maximum of Rs.2 crore is available. The Ministry in charge of the MSME is making efforts to enhance the quantum of grant to 80% in a project of Rs.10 crore.

2.16.3 Credit guarantee fund scheme

The Government introduced the Credit Guarantee Fund Scheme for Small Industries in May, 2000 with the objective of making available credit to SSI units, particularly tiny units, loans up to Rs. 25 lakh without collateral/ third party guarantees. The Scheme is being operated by the Credit Guarantee Fund Trust for Small Industries (CGTSI), set up jointly by the Government of India and SIDBI. The Scheme provides for collateral free credit facility (term loan and / or working capital) extended by eligible lending institutions to new and existing SSI units/ Small Scale Service and Business (industry related) Enterprises (SSSBEs) including Information Technology and Software Industry up to Rs. 25 lakh per borrowing unit. In the case of women enterprises, the guarantee cover is up to 80 per cent of the credit subject to maximum guarantee limit of Rs. 20 lakh. The member lending institutions (MLI) availing of the guarantee from the Trust have to pay a one-time guarantee fee of 1.5 per cent of the credit facility (comprising term loan and / or working capital) sanctioned by the lending institution to the borrower and annual service fee of 0.75 per cent per annum on the amount of credit facility extended by the MLI, which is covered under the scheme.

Operation of the Scheme

The entrepreneurs whose bank finance is approved by the lending bank may ask the bank to obtain guarantee from the Credit Guarantee Trust Fund. This facility is available online to the lending banks and clearance from the Trust is conveyed in a day or two.
2.17. SUPPORT FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT

MSME DIIs regularly conducts EDPs/MDPs for existing and prospective entrepreneurs and charges a fee for such services. To encourage more entrepreneurs from among the SC/ST, women and physically challenged groups, it is proposed that such beneficiaries will not be charged any fees, instead, paid a stipend of Rs.500/- per capita per month. 50,000 entrepreneurs will be trained in IT, Fashion Technology, Catering, Agro & Food Processing, Pharmaceutical; biotechnology etc. through specialized courses run by MSME DIIs. 20 per cent of the courses conducted by these Institutions shall be exclusively for women.

2.17.1 National Level Standing Committee on Women Entrepreneurs

A National Level Standing Committee on Women Entrepreneurs was constituted under the chairmanship of the Minister of State for sports, youth affairs, women and child welfare to look into the problems of women entrepreneurs and evolve policies for promotion of entrepreneurship among women in the country. The committee is represented by all agencies connected with the entrepreneurship development, women entrepreneurs and officials. The committee has evolved certain policies for the promotion of entrepreneurship among women. The committee has also recommended a definition of women entrepreneurs, which has been subsequently adopted by small scale industries board. A women’s cell has also been functioning in the office of the DC (SSI) to attend the problems faced by them and to provide necessary liaison. A model syllabus has been developed for conducting exclusive programmes for women under different categories including tiny units.

2.17.2 Small Industries Development Organization (SIDO)

It is an apex body which formulates, coordinates as well as monitors the policies and programmes for promotion and development of small scale industries in the country both at central and state levels. It maintains close liaison with central ministries, planning commission, state governments, financial Institutions, voluntary organizations and other agencies concerned with the development of small scale
industries. The activities of the SIDO exclude those, which fall within the purview of specialized boards such as all India Handloom, Handicrafts, Sericulture and Coir bards, and khadi and Village Industries Commission.

2.17.3 National Institute for Entrepreneurship and Small Business Development (NIESBUD)

It was established in 1983 by the Ministry of Industry, Government of India, as an apex body for coordinating and overseeing the activities of various institutions/agencies in entrepreneurship development, particularly in the area of small industry and small business. The institute is also the secretariat for the National Entrepreneurship Development Board (NEDB), the apex body which determines policy for entrepreneurship development in the country. The institute, thus, performs the task of processing the recommendations made by the board.

2.17.4. Entrepreneurship Development Institute (EDI)

It is the first of its kind in Asia and was set up in May, 1983 at Ahmadabad by All India Financial Institution, Industrial Development Bank of India, Industrial Credit and Investment Corporation of India, Industrial Finance Corporation of India, and the State Bank of India.

1. The institute conducts result-oriented Entrepreneur Development Programmes in a systematic and methodical manner, which is so designed as to suit the intellectual level and the socio-economic background of target group.

2. Special EDPs are conducted for target groups, science and technology graduates, women, for rural self-employment and existing entrepreneurs.

EDI also provides expertise for choosing prospective projects and offers achievement motivation training (AMT).
2.17.5. **National Institute of Small Industries Extension Training Hyderabad (NISIET).**

The Government of India established an institution, known as the small industry extension training institute (SIET) in 1960 under the Ministry of Industry for promotion and development of small industries. The institute has been raised to the level of National Institute and renamed as National Institute of small Industry Extension Training (NISIET) from September, 1984. The institute is conducting training programmes in the area of development, promotion and management of small, rural and artisan industries, including entrepreneurship development, preparation of feasibility reports, project reports, project management, financing, self-infrastructural planning, marketing, information storage and retrieval systems, training methods etc. and helps state government departments/organizations, financial and other promotional institutions in their programmes for small industry development. Some studies on women entrepreneurs based on the EDP programmes for them are being done by the institute.

2.17.6. **National Research Development Corporation of India**

It is a Government of India enterprise established in December 1953 as a non-profit organization, under section 25 of the companies act. It is a repository of indigenous technologies and inventions. The corporation is engaged in the development and promotion of appropriate technologies, and in carrying the same to rural areas for improving the quality of life of the weaker sections of the population. Realizing that economic independence would accelerate the improvement in the status of women, NRDC is also promoting technologies, which are appropriate for women. The corporation has brought out a publication, which serves as a ready reference for women entrepreneurs and voluntary agencies working for the uplift of women in India.

2.17.7. **National Commission on Self - Employed Women in the Informal Sector**

The commission expects the vast network of mahilamandals in India to obtain raw materials, credit and market assistance for women entrepreneurs. It has
suggested consumer co-operative, supermarket, state emporiums and government depots as channels for marketing products of women entrepreneurs. It assists women in getting entrepreneurial training.

2.17.8. National Association of Women Entrepreneur and Executives

The National Association of Women Entrepreneurs and Executives (NAWEE) is an all India body, which is nonpolitical, nonprofit, membership organization.

1. Acts as a clearing house on problems and opportunities facing women entrepreneurs and executives of all levels and to assist them in their self-development and protection.

2. Acts as a Training and Development Institute so as to further equip women to be able to meet the various challenges in their respective environments.

3. Works closely with industries and organizations concerned with women entrepreneurs and executives in establishing benchmarks on successful operations through research and analysis.

4. Establishments of hostels, dormitories and apartment facilities for women entrepreneurs and executives and provide any others facility required for such working women.

5. The assistance under the schemes will be in the form of one time subsidy, determinable on a case to case basis, and will be equivalent to the amount of interest payable by the industrial unit set up by the women entrepreneur(s) to the SFC or the state level financial institutions performing the role of SFC or bank, for the loan assistance dispersed for the project for a period of one year, subject to a ceiling of Rs. 20,000 per annum, provided the unit is promoted wholly by a women entrepreneur and there is no other corporate investment, otherwise.
2.17.9. Small Industries Development Bank of India (SIDBI)

Small Industries Development Bank of India (SIDBI) is the principal financial institution for the promotion, financing and development of MSME industries. It also acts as the nodal agency for the scheme sponsored by Government of India in this regard. It also extends indirect financial assistance by way of refinance facilities to primary lending institutions viz., KFC, KSIDC and Commercial Banks against their loans granted to small scale units. During 2009-10, SIDBI provided additional support to MSMEs, such as need-based restructuring of debt coverage of loans up to 100 lakh under credit guarantee, providing customized risk capital to MSMEs and setting up of an e-platform called NSE Trade Receivables Engine for E-discounting. (NTrees) for discounting of MSMEs receivables of real time basis.

SIDBI, Kochi sanctioned 396.92 crore and disbursed 342.27 crore as assistance to various schemes / programmes during 2009-10 under the small scale sector including the service sector in the State. The Rural Industrial Programme (RIP) of SIDBI aims at creation of rural employment through enterprise promotion in rural and semi - urban areas and aims at solving problems such as rural unemployment, urban migration, under - utilization of know-how, etc. Based on the modifications suggested in the “Package for Promotion of Micro and Small Enterprises”, the Credit Guarantee Fund Trust for Small Industries (CGTSI) has been renamed as “Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). In accordance with the direction from CGTMSE, MSMED Institute conducted awareness campaigns with SIDBI for the Stakeholders.

2.17.10. The National Small Industries Corporation Ltd. (NSIC)

The National Small Industries Corporation Ltd. (NSIC) has been fostering the development of small scale industries in the country for over 45 years. In addition to various schemes such as equipment leasing scheme designed for expansion, modernization, diversification and technological up gradation of the small scale industrial units, Marketing Assistance scheme, single point registration
scheme in connection with Government stores purchase programme and the services provided by prototype development and training centers for promoting technical culture, the Corporation launched the Hire Purchase Scheme in 1956 to help establishment of new small and ancillary industries and to modernize the existing ones by supplying them appropriate modern and sophisticated machinery and equipment. This scheme has made substantial contribution to the entrepreneurial development generation in the country. The scheme also serves as a Single Window for the import of machines and has been an important vehicle for technology transfer and up-gradation. In 1997, NSIC introduced ‘Hire Purchase Scheme 1997’ for women entrepreneurs.

The scheme has been formulated to provide imported and indigenous machines of the value up to Rs. 50 lakhs to SSI unit promoted and run by women entrepreneurs.

2.17.11.IFCIScheme of Interest Subsidy for Women Entrepreneurs

The main objective of the scheme is to provide incentives to women, having business acumen and entrepreneurial skills so as to open up avenues of self-employment for them. The scheme covers all industrial projects, in rural, cottage, tiny or small scale (including ancillary) sectors (with project cost up to Rs. 10 lakh), if set up by a woman entrepreneur, on her own with the minimum financial stake of 51 percent in the unit. Eligibility conditions for availing the subsidy under the scheme are as follows;

1. She should have preferably (though not necessarily) undergone a full course of an entrepreneurship development programme (EDP).

2. She should be unemployed before taking up the industrial venture and after taking up the industrial venture should not have engaged herself on a part time or full time basis in any other business, trade, profession or vocation.

3. The enterprise should be owned and administered by the woman entrepreneur herself with a minimum financial interest of 51 percent in the share capital of the venture and must be giving at least 50 percent of the
employment generated in the enterprise to women.

4. The industrial venture undertaken should be her first venture and she should be devoting full time to her venture.

5. She must have been sanctioned and disbursed financial assistance by and SFC or a bank for block capital / meeting capital cost of the project.

2.17.12. National Bank for Agriculture and Rural Development

The preamble to the National Bank for Agriculture and Rural Development Act 1981 sets out the objectives for establishing the new institution. To quote, ‘An act to establish a bank to be known as the National Bank Of Agriculture And Rural Development for providing credit for the promotion of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas, and for matters connected there with or incidental thereto.

2.18. Bank of India

2.18.1. Priyadarshini Yojana

Under the scheme, the bank provides long term working capital assistance to women entrepreneurs under the following categories;

1. Professional and self employment e.g. Charted Accountants, Lawyers and Doctors.
2. Small Business e.g. Beauty Parlour, Laundry and Circulating Library.
3. Retail Traders e.g. General Provisions Stores, Grocery Shops etc.
4. Village, Cottage and Small Scale Industries.
5. Road Transport e.g. Auto Rickshaws, Taxies.
6. Allied Agricultural Activities.

The maximum loan amount depends on the entrepreneurs’ need, subject to a maximum of Rs.2 lakh for term loans and Rs. 1 lakh for working capital with interest ranging from 12 per cent (for loans up to Rs. 2 lakhs). Repayment schedules
are fixed after taking into account the expected surplus income and normally span a period of 3 to 5 years. The assets acquired with bank finance will need to be hypothecated to the bank as security. The entrepreneurs’ contribution margin will be about 20 per cent, depending upon the type of activity intended to be undertaken.

2.19. STATE BANK OF INDIA

2.19.1. StreeShakti Package Scheme

The State Bank of India offers several schemes suitable for women entrepreneurs. The bank has a number of schemes for financing small scale industries. The liberalized scheme caters to the diverse financial needs of SSI entrepreneurs, viz. term loans, cash credit for working capital, letters of credit, bank guarantees, packing credits for exports, etc. In addition to this, the Bank has special schemes for SSI units, viz. entrepreneur scheme and equity fund scheme where loans can be given at a very low/nil margins to technically qualified and experienced persons. The Equity Fund Scheme provides equity support to needy small scale units by way of interest free long term loans repayable over a period of 5 to 7 years after a moratorium of 5 to 7 years. To make the assistance to women entrepreneurs more effective and ensure a wide coverage, the banks have consolidated the above schemes under the recent introduced streeeshakthi package. This involves a financial package aimed at reinforcing the banker’s efforts in the area of developing entrepreneurship among women. Concession in respect to margin and rate of interest has been built into this package. A 5 percent reduction in margin for all categories of advance, and concession in the rate of interest varying from 0.5 percent to 1.5 percent are the two distinct benefits of this package. Also envisaged in the package are Entrepreneurship Development Programmes, designed exclusively for providing entrepreneurial and managerial skills to those women entrepreneurs who have no formal training on exposure to business, thereby to put them on a sound footing. These programmes are free of cost. A beginning has already been made in this direction.
2.20. Industrial Development Bank of India (IDBI)

The IDBI has floated a special scheme for women entrepreneurs with twin objectives, namely

1 To provide training and extension services support to women entrepreneurs through a comprehensive package suited to their skills and socio-economic status,

2 To extend financial assistance on concessional terms to enable women entrepreneurs to set up industrial units in the small scale sector.

2.21. Prime Ministers Employment Generation Programme (PMEGP)

The Government of India introduced a new credit linked subsidy programme called PMEGP from 2008-09 by merging the two schemes viz. PMRY and REGP, which were in operation till 31.3.2008. The Khadi and village industries commission (KVIC) was approved as the nodal agency for implementation of the scheme at the national level whereas the state KVIC directorates, State Khadi and village industries boards (KVIBs) and district industries centers (DICs) and banks will function at the state level. During 2008-09 in Kerala, a target of 708 units was allocated to district industries centers. The selected beneficiaries will have to undergo two weeks mandatory training before the disbursement of the loan. 108 persons got trained under this programme during 2008-09.

Eligibility conditions of beneficiaries under PMEGP

- Any individual above 18 years of age.
- There will be no income ceiling.
- For setting up of projects costing above Rs. 10 lakh in the manufacturing sector and above Rs. 5 lakh in business/service sector, the beneficiaries should possess at least viii standard pass as educational qualification.
- Assistance will be available only for new projects.
• Self help groups, institutions registered under society’s registration act, production cooperative societies, charitable trusts are also eligible for getting assistance under PMEGP.
• Existing units and the units already availed government subsidy are not eligible.

2.22 SOURCES OF ASSISTANCE FOR WOMEN ENTREPRENEURS IN KERALA

The Government of Kerala assists the industrial units by providing financial assistance, infrastructural facilities and training /consultancy services. A network of organizations like, Kerala State Women’s Development Corporation (KSWDC), Kerala Financial Corporation (KFC), Small Industries Development Bank of India (SIDBI), Kerala State Industrial Development Corporation (KSIDC), Kerala Industrial Infrastructure Corporation (KINFRA), Directorate of Industries and Commerce (DIC), MSME Development Institute (Formerly SISI), Kerala Industrial and Technical Consultancy Organisation (KITCO), Kerala Bureau of Industrial Promotion (K-BIP), Centre for Management Development (CMD) (National Small Industries Corporation (NSIC), National Bank For Agricultural and Rural Development (NABARD), Khadi and Village Industries Commission (KVIC), Khadi and Village Industries Board (KVIB), SC/ST corporation etc, also provide special assistance to women entrepreneurs in Kerala for identification, selection, training, consultancy and marketing, apart from term loan facilities, on concessional terms.

2.23 FINANCIAL ASSISTANCE

During the pre-independence period, financial constraints had hampered the rapid development of industries in the country. After independence the Government has built up a network of specialized financial institutions with a fairly big capital base to provide financial assistance to all types of industries, including small scale industries. Adequate finance is indispensible to oil the wheels of business activities. Business needs funds for purchase of land, erection of building, installation of
machinery etc. and in the case of a growing concern, for extensions and replacement purposes. Finance is also required for the purchase and storage of raw materials, for meeting other expenses for production, and the day to day requirements of the enterprises.

Finance on an adequate scale is necessary for the growth and diversification of industries as well as for the creation and development of entrepreneurship. The institutional set up of financing the business units would be more helpful for rapid growth of entrepreneurship in the economy. Finance is now made available to entrepreneurs on a totality basis by commercial banks, except in cases where the state financial corporations and other similar financing agencies step in to meet their medium term requirements. Some of the schemes introduced and implemented by these organizations to provide financial assistance to women entrepreneurs are briefly summarized.

2.23.1. Kerala State Women’s Development Corporation (KSWDC)

The Kerala state women’s Development Corporation is a public sector undertaking registered under the Indian companies act incorporated in the February, 1988 for implementing programmes for the economic development of women in the state and to formulate, promote and implement any scheme aimed at the welfare of women in Kerala and to enable them to earn a better living. To achieve this objective, the corporation has launched several programs for enhancing employment opportunities for women and also for imparting job oriented training to women belonging to families below the poverty line.

2.23.2. Kerala Financial Corporation (KFC)

Kerala Financial Corporation incorporated in 1953 under the state financial Act, is a pioneer in the field of industrial finance and plays a key role in the industrialization of Kerala. During the financial year, the corporation has introduced a scheme for women entrepreneurs to avail loan at a rate of interest of 9 per cent per annum. Loans to energy saving projects are also offered at a reduced rate of interest. The corporation has sanctioned 759 projects at a cost of 61593 lakh. Out of this
46915 lakh has been disbursed for 502 projects. This includes 257 SSI units for 14678 lakh. During the financial year the total recovery was 29941 lakhs. The net profit of the Corporation is 3372 lakhs. It could achieve unprecedented improvement in all areas of operation.

KFC also provides need-based working capital assistance to small scale and medium scale industrial units. The corporation presently extends its activities to cover hire purchase, lease finance, bill discounting, information technology and software development, ISO 9000 certification, technology development and modernization of jute, textile industry and so on. National Equity Fund is another attractive scheme for the smallest of the small entrepreneurs for equity base support for setting up new industrial units and also for rehabilitation of existing units. KFC as part of its diversification has created innumerable unique assistance schemes to suit the fast changing requirements of promoters. Assistance range from short term to long term to equity type. At KFC, the entrepreneur can select the scheme of his choice. Decision on loan application is taken within 30 days. KFC allows a long repayment period of 8-10 years to service the debt with 6 to 24 months of initial moratorium period.

2.23.3. Kerala Small Industries Development Corporation Ltd. (KERALA SIDCO)

Kerala SIDCO has introduced the ‘Factoring Servicing scheme’ to discount the bills of SSI units including women industrial units which supply materials direct to the Government department/public sector undertakings, to enable them to raise working capital in time.

SIDCO will arrange advance to the extent of 75% of the invoice to the SSI units. If the unit has obtained working capital assistance from any bank, the funds will be released by SIDCO through the bank. Bill discounting facility will be provided to suppliers of public sector undertaking based on the financial position of the undertaking as evidenced from the audited financial statement for the immediately preceding 3 years.
2.23.4. Women Industries Programme

- **Objective**

  This scheme is intended to provide financial assistance to women industrial units, engaged in small scale and cottage industries and to attract more women entrepreneurs to the industrial sector.

- **Women industrial units**

  These are industrial units owned/organized by women and engaged in small scale and cottage industries. Co-operative societies, joint stock companies, charitable institutions, proprietary and partnership concerns registered as SSI or cottage industrial units also come under this category. In both the above cases 80 per cent of the total workers employed should be women.

- **Eligibility for grant**

  All units which are registered under Women’s Industries Programme are eligible for grant under this scheme.

- **Procedure for registration/inclusion under WIP**

  The unit has to submit the application in the prescribed form to the General Manager District Industries Centre concerned.

- **Purpose of grant**

  i. To meet the cost of equipment

  ii. To meet the cost of construction of the building directly related to production

  iii. To meet the rent of the building

  iv. To meet the salary of the following functionaries of the unit, namely, Managing Director, Secretary, Technical Expert, Manager and the stipend given to the trainees.
2.24. TRAINING AND DEVELOPMENT

Today a number of government and non-government agencies providing supportive set up for entrepreneurship exist and are growing all over the world. With a firm belief that entrepreneurs are born but can also be trained, a plethora of institutions within India cater to the needs of women. There are two components to the training and support extended by these agencies; those that exert personality related and attitudinal influences and those that train them in managing business in the long run. Counseling women to make them more assertive, building confidence, motivation upgrading, decision making, changing value orientations and encouraging opportunity seeking behavior is required. Inputs for financial, technical and managerial training and exposure in functional areas such as marketing, negotiating skills, time and quality management, and problem solving skills are needed. Training modules should be need based and must be oriented towards making women self-reliant. Support should be reduced in stages and withdrawn, when sustainable capacity is built up. More pertinently, the educational system, from an early stage, should encourage attitudinal and cultural changes in society and inculcate greater degree of autonomy, equality and empowerment of women. Self employment and self-reliance of women through entrepreneurship has immense potential as vehicles of change and transformation of society and economy.

2.24.1. District Industries Centers

Industry Department of the state has been arranging General/ women Entrepreneurship Development Programmes and skill development programmes through DIC’s in association with centre for Management Development, Kerala Financial Corporation, Industrial Development Bank of India periodically. The objective of EDP’s are to identify persons with entrepreneurial quality to motivate them and to train them through a structured training course so as to enable them to set up their tiny and small scale industrial ventures with the assistance available from different agencies. The basic objective of imparting training in management subject is to improve the productivity and profitability of the existing entrepreneurs.
and developing new enterprises. The courses under this programme are designed and conducted keeping in view the local conditions and needs of the target groups. The subjects covered include industrial management, specialized management, and techno managerial subjects.

The basic objective of skill development and in-plant training programmes is to provide training to skilled workers engaged in the small scale industries and to equip them with better and improved technologies of production. Stationary and course material are provided free of cost in the case of in-plant training, EDP as well as job oriented training. SC/ST candidates are paid stipend.

2.24.2. Kerala State Women’s Development Corporation (KSWDC)

KSWDC established production - cum - training centers with financial assistance under the NORAD scheme of the women and child development department of the Government of India. The aim of the programme is to provide vocational training to socially and economically backward women in the state and thus enhance their employment opportunities. After training, as a second phase, the beneficiaries are grouped together to form co-operative societies to start production centers.

2.24.3. Khadi and Village Industries Commission

Khadi and Village Industries Commission (KVIC) is conducting multi disciplinary, stipendiary and non stipendiary training programmes in short term durations for prospective entrepreneurs including women.

2.24.4. Kerala State Electronics Development Corporation Limited

The Kerala State Electronics Development Corporation Limited (KELTRON) offering the following training programmes for the development of small scale sector in Kerala.

1. Keltron is conducting O level and other courses related to information technology for the rural women under NORAD scheme by giving stipend of
Rs.250/- per month. This course is conducted at Keltron Equipment complex, Karakulam.

2. Keltron provides in-plant-training facilities to students who are undergoing professional courses in engineering colleges, polytechnic and industrial training institute.

- **Infrastructure**

States provide infrastructural facilities to the SSI’s. The efforts of the state governments are being supplemented through a plan scheme called ‘Integrated Infrastructure Development (IID)’ which is being operated since 1994 for the creation of infrastructural facilities to set up small scale units in the rural/backward areas of the country. In order to give further boost to rural industrialization to benefit rural artisans and the unemployed youth and to reduce rural urban disparities, a national programme for rural industrialization (NPRI) has been initiated by the central govt. with a mission to set up 100 rural clusters every year for the next five years.

**2.24.5. Kerala Industrial Infrastructure Development Corporation (KINFRA)**

KINFRA set up in 1993 by the govt. of Kerala, is aimed at the development of industrial infrastructure, especially development of industrial parks, townships/zones to provide all facilities, required for industrialization of an area. Since its inception, KINFRA has mainly identified itself with land acquisition and development of industrial infrastructure in the form of development of industrial parks/townships/zones, so as to provide all the components needed for industrial development at a given location. This development work of KINFRA is benefiting the social structure around the Industrial centers established by generating more local employment opportunities and adding social facilities to the locality. KINFRA is developing the sector specific industrial parks based on the availability of raw materials and natural resources in the region. Identifying the huge potential of small and tiny industries in Kerala, KINFRA has set up industrial parks extensively for this sector in various districts of Kerala. These are KINFRA SMALL INDUSTRIES PARKS, which are provided with all the facilities mentioned above. These parks are
being implemented under the Integrated Infrastructure development centre (IIDC) scheme of govt. of India.

KINFRA is involved in providing Industrial infrastructure in Kerala and is not directly involved in providing any financial assistance or industrial units coming up in KINFRA. Industrial parks can avail the financial incentives and benefits as announced by the state government/ and other organizations.

2.24.6. Kerala Bureau of Industrial Promotion (K-BIP)

Kerala Bureau of Industrial Promotion (K-BIP) was constituted under the Industries Department scheme during the year 1991 as an autonomous body of the State Government. It is envisaged as an agency for tapping the potential business opportunities of the State to the advantage of foresighted entrepreneurs and to highlight the ideal business climate, prevailing in Kerala. K-BIP works in close coordination with similar promotional agencies like KSIDC (Kerala State Industrial Development Corporation), KINFRA (Kerala Industrial Infrastructure Development Corporation) and the Techno park for the promotion of the industrial development, paying specific attention to the strategic advantages, the various Governmental supports and other incentives, offered in the different sectors of the industry. K-BIP provides operational flexibility and acts as support mechanism for the Industries Department of the State Government. The Bureau also functions as an interface between the prospective entrepreneurs and other State agencies. K-BIP is the linkage between national and international agencies for technology upgradation, technology development and technology management for the various sectors. Recently, K-BIP has signed an MOU with Asian and Pacific Centre for Transfer of Technology (APCTT) of UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific), which enables K-BIP to utilize the services of APCTT to promote Small & Medium industries in the State. The MOU envisages us to have an understanding with the APCTT to facilitate the Technology upgradation and Technology Transfer Services for the rural enterprises. K-BIP acts as nodal agency to stimulate interest among the lesser-known industrial organizations to participate in trade fairs and similar events by providing them suitable platforms to highlight
and market their products and services.

2.24.7. Kerala Small Industries Development Corporation Ltd (KERALA SIDCO)

Kerala SIDCO has been appointed as the Nodal agency to implement the scheme for setting up of one industrial park in each assembly constituency. According to this scheme the land donated by Government Departments/Local self governments to SIDCO will be utilized for developing industrial parks. On completion of necessary infrastructural development works the land divided in plots of various areas will be given to the interested entrepreneurs who can set up the industry of their choice. SIDCO will also take the responsibility of construction of the factory, and installation of machinery and all the other allied works also, if the entrepreneur desires so.

2.24.8. Women Entrepreneurs Development Cell (WEDC)

The Small Industries Service Institute and the all District Industries Centre have constituted a women entrepreneurs development cell as a part of empowering the women industrial sector. The ultimate objective of the setting up of this cell is to generate motivation and confidence in prospective perspective and existing women entrepreneurs by providing all kinds of information, advice and assistance relating to designing of project, procurement of raw materials, technology, finance and marketing by involving governmental and nongovernmental organization, financial institution and other development agencies.

ACTIVITIES

- Conducting Motivation Campaigns in collaboration with educational institutions, developmental agencies and NGOs etc.
- Conducting General/Product-cum-Process Oriented EDP/MDP for women.
- Preparation of Project Report as per the requirement of financial institutions.
- Assisting Women entrepreneurs in getting land, shed and other facilities required to start the enterprise especially in industrial estates.
• Assisting them in getting clearances and licenses from concerned statutory bodies.
• Helping them in getting financial assistance.
• Providing technical guidance.
• Making available scarce raw material.
• Providing marketing information and assistance.
• Monthly/Quarterly Meeting with trained women to assess their present position to take stock of the problems/impediments and to find possible solutions to it.
• Providing escort services to the entrepreneurs by accompanying them to banks, financial institutions, DIC etc.
• Collaboration and dissemination of latest information/policy matters relating to women industrial sector.
• Making suggestions/recommendations to the Ministry, Government of Kerala to modify policies and programmes of enterprises and supporting institutions to improve women industrial environment.
• Other routine activities like providing technical/Managerial Consultancy/Counseling services, networking among DICs, Financial Institutions, GOs and NGOs. Etc.

2.24.9. Kerala Institute of entrepreneurship Development (KIED)

KIED is a premier Institute promoted by govt. of Kerala and Govt. of India for promotional development of Entrepreneurial activities in the state. The mission of KIED is to develop the spirit of entrepreneurship among the people through entrepreneurial awareness campaign, seminars, workshops, research etc. leading to more and more self employment their by developing the people of Kerala as an enterprising Society.
2.25. LOCAL GOVERNMENT

2.25.1. Kudumbasree

Kudumbasree is primarily a poverty eradication project, officially launched in the state of Kerala on May 17, 1998. This project implemented jointly by the state government and NABARD through the direct involvement of the local bodies, aims at eradicating poverty completely in the state with a period of ten years. This is intended to be achieved through a 3 tier system, by forming Neighborhood Groups (NHG), area development society (ADS), and the community development society (CDS). NHGs are formed enlisting 15 to 40 adult women, one each from a risk family. ADS are formed at municipalities by the association of NHGs of one or more wards and in the panchayats by the association of NHGs of each ward. CDS is the system made at panchayat/municipal level by co-coordinating ADS. This project emphasis the empowerment of women through their co-operation, mobilization of their small savings and utilization of these savings for starting Micro Enterprises of these women. This is intended to make them and their families self reliant and self dependent.

A review of the functions of various institutes listed above has revealed that there exists no separate institution exclusively committed to the promotion of women entrepreneurs. It is true that various institutes formulated for general entrepreneurial development and assistance have wings operating separate schemes for women entrepreneurs. Women entrepreneurs receive preferential treatment and special concessions than their male counterparts in the small scale sectors. But they neither ensure adequate working capital, raw materials, power supply nor do they help in developing sufficient marketing outlets for the sale of the products. This situation has arisen because of the absence of a meaningful co-ordination among the concerned agencies. The financial condition of the state financial corporation is far from being satisfactory. Marketing is another area of their weakness. There are about 45 central laws applicable to SSIs. Technology is an area which needs urgent attention. Despite governmental efforts, the programme of modernization has not
picked up. Let women then go on –not asking favors’, but claiming as a right the removal of all hindrances’ to her elevation in the scale of being –let her receive the encouragement for the proper cultivation of all her powers, so that she may enter profitably into the active business of life.