CHAPTER – IV

OUTLOOK ON MICRO BUSINESS ENTREPRENEURS
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Entrepreneurship is the purposeful activity of an individual or a group of associated individuals undertaken to initiate, maintain and aggrandize profit by production or distribution of economic goods and services.

An entrepreneur can be regarded as a person who has the initiative, skill and motivation to set up business of his own and who always looks for high achievements. He is the catalyst for social change and works for the common good. He/she looks for opportunities, identifies them and seizes them mainly for economic gains. An action-oriented entrepreneur is a highly calculative individual who is always willing to undertake risks in order to achieve their goals.

An Entrepreneur is an organizer who combines various factors of production to bring out a socially viable product.

CHARACTERISTICS OF AN ENTREPRENEUR

An Entrepreneur is a key figure in economic progress. He is the person who introduces new things in the economy. He is considered as the business leader and not as a simple owner of capital. He is a person with telescopic faculty, drive and talent who perceives business opportunities and promptly seizes them for exploitation. M.M.P.Akhouri, formerly Executive Director, National Institute for Entrepreneurship and Small Business Development (NIESBUD), New Delhi, describes an entrepreneur “as a character who combines innovativeness, readiness to take risk, sensing opportunities, identifying and mobilizing potential resources, concerns for excellence and who is persistent in achieving the goal”. To be successful, an entrepreneur should have the following characteristic features.
➤ **Need to achieve**

Entrepreneurs have got a strong desire to achieve higher goals. Their inner self motivates their behaviour towards high achievement: most of the people dream of success but do not take any action towards achieving these dreams. Entrepreneurs with high n-Ach factor act continuously to achieve the goal and make their dreams come true. For them, winning is achievement.

➤ **Independence**

Most of the entrepreneurs start on their own because they dislike to work for others. They prefer to be their own boss and want to be responsible for their own decisions.

➤ **Risk-bearing**

Entrepreneurs are the persons who take decisions under uncertainty and thus they are willing to take risks, but they never gamble with the results. They choose moderate risk rather than play wild gamble. They, therefore, undertake calculated risk which is high enough to be exciting, but with a fairly reasonable chance to win.

➤ **Locus of control**

According to Rotter’s locus of control theory, an individual perceives the outcome of an event as being either within or beyond his personal control. Entrepreneurs believe in their own ability to control the consequences of their endeavour by influencing their socio-economic environment rather than leave everything to luck.

➤ **Perseverance**

An Entrepreneur has got the quality of sticking to the job he decides to undertake. Once committed to a specific goal and course of action, entrepreneurs become absorbed in it. They personally solve the problems that come across their way while setting up the project. They also work sincerely until the whole project is successful.
Positive self-concept

An Entrepreneur is always positive in their action. Being an achiever, he directs his fantasies and dreams towards achievement of worthwhile goals and sets extraordinary standard of excellence in what he is doing. This is based upon his awareness of SWOT analysis, i.e. his strengths, weaknesses, opportunities and threats. He utilizes his positive knowledge to support his thinking. He never exhibits any negative attitude.

Ability to find and explore opportunities

Entrepreneurs are always awake to opportunities. They are very much quick to see and grab opportunities. They exhibit an innovative turn of mind and convert the problems into viable opportunities. They plan intellectually and carefully to achieve their goals.

Hope of success

Hope of success is a significant quality of entrepreneurial personality. Entrepreneurs set their goals with a hope of success rather than fear of failure. This is because they set their goals on the basis of facts and their ability to maneuver them to their advantage.

Flexibility

Most of the successful entrepreneurs measure the pros and cons of a decision and tend to change if the situation demands. They never feel reluctant to revise their decisions. They are the persons with open mind without rigidity.

Analytical ability of mind

Entrepreneurs are unaffected by personal likes and dislikes. They stand beyond these types of prejudices as they are realistic in their approach. At the time of their need they select experts rather than friends and relatives to assist them. They usually avoid emotional and sensitive attitude towards their business or problem.
➢ **Sense of efficacy**

Entrepreneurs are always oriented towards action for accomplishment of their goals. Being confident of their abilities, they find themselves as problem solvers rather than problem avoiders. They chalk out their goals for future and make plans to achieve them.

➢ **Openness to feedback and learning from experience**

Successful entrepreneurs like to have immediate feedback on their performance. They modify their plans on the basis of the feedback they receive from the environment around them. They learn from their experience and never get discouraged on receiving unfavorable information. On the contrary, they are stimulated by unfavorable information to involve themselves sincerely in their own tasks to reach their desired goals.

➢ **Confronting uncertainty**

Successful entrepreneurs are always optimistic and take every odd as the opportunity. They maneuver their environment in such a way that the works get accomplished rationally. Thus, they win by the application of their extraordinary insight and skill.

➢ **Interpersonal skills**

Entrepreneurs are always comfortable while dealing with people at all levels. They interact with raw material suppliers, customers, bankers, etc. for different activities. As successful entrepreneurs, they should be persons who like working with others possessing the much needed quality of interpersonal skill to deal with people.

➢ **Need to influence others**

Once the entrepreneurs set their goals, they have to play the roles of manager too. For influencing others, a low need to establish emotional relationship, and a high need to discipline one’s own self (to inhibit over expression of their personality) are essential.
➢ **Stress takers**

Entrepreneurs are capable of working for long hours and solving different complexities at the same time. As the captain of an industry or a business, an entrepreneur faces a number of problems and in right moment he takes right decisions which may involve physical as well as mental stress. He can face these challenges if he has the capability to work for long hours and keep himself cool under monotony.

➢ **Time orientation**

Entrepreneurs anticipate future trends basing upon their past experience and exposure. They stick to the time pragmatically while doing their jobs.

➢ **Innovators**

Successful entrepreneurs are innovators. They constantly put their efforts in introducing new products, new methods of production, opening new markets and re-organizing the business.

➢ **Business communication skill**

In order to motivate others in the business entrepreneurs must possess good communication skill. Both written and oral communication skills are necessary for the entrepreneurs for running business efficiently.

➢ **Telescopic faculty**

Successful entrepreneurs always tend to think ahead. They have got telescopic faculties which make them think for the future. Future orientation makes them quite alert to the changing conditions of the time and they tend to produce goods and commodities as per the changing demands.

➢ **Leadership**

Entrepreneurs should possess the quality of leadership. Leadership is the ability to exert personal influence on others by means of Communication. Entrepreneurs as the leaders should provide the necessary spark to motivation
by guiding, inspiring, assisting and directing the members of the group for achievement of unity of action, efforts and purpose. Hence, entrepreneurs by their own leadership styles and behaviour reduce the problems by proper handling of situations. Good administrative work depends upon effective leadership of the entrepreneur.

➢ Business planning

Planning implies deciding in advance what, when and how to do a thing. Entrepreneurs should be equipped with skill and knowledge to prepare their business plan. A successful entrepreneur always follows the principles of management while planning for his business. The planning can act as a bridge between the present position and expected future shape of the business. It provides a sense of vision to the entrepreneurs to cope with risky and uncertain situations.

➢ Decision making

Decision-making skill is a fundamental characteristic of an entrepreneur. This implies the function of choosing a particular course of action at every stage of creation of a business out of several alternative courses for the purpose of achieving specified goals.

➢ Ability to mobilize resources

Entrepreneurs must have the ability to marshal all the inputs to obtain the end product. They have to mobilize 6Ms, i.e. Man, Money, Material, Machinery, Market and Method effectively to realize the final product as entrepreneurship is a function of gap filling and input completing.

➢ Self-confidence

Entrepreneurs must have self-confidence to accomplish the task effectively and efficiently. They must take decisions on their own in uncertain and risky situations and should stick to the decisions confidently even if there are initial setbacks.
ENTREPRENEURSHIP IN GLOBAL ENVIRONMENT-ECONOMIC SOCIAL, CULTURAL AND FINANCIAL IMPLICATIONS

- The economic social, cultural, financial and regulatory environment in a country affects the nature and growth of entrepreneurship.
- Accenture survey conducted during 2000-2002 in 26 countries revealed that United States was considered the most entrepreneurial followed by Japan as a distant second.
- It suggested nations and companies should emulate US in this regard.
- The Survey indicated that countries can foster entrepreneurial behaviour if they make serious efforts to adapt their corporate culture.

Working models for entrepreneurship worldwide

Based on government involvement in economy and the way society values individual and collective action Accenture developed 3 illustrative models for conditions under which entrepreneurship can flourish.

I. The free market model: Ex: United States and Canada

- Role of govt. is limited.
- Public policy can create basic conditions required for Entrepreneurial Culture.
- But the rest is up to the pvt. Sector/entrepreneur.
- This model thrives in culture where entrepreneurial success is celebrated rather than denigrated.
- The tax structure rewards initiative & financial gain.
- Degree of social protection is less.

II. Guided individualism model: Ex: Singapore & Taiwan

- It is based on encouragement of individual business
- Public policy determines broad sweep of entrepreneurial activity by signaling sectors/industries in which entrepreneurial energies can be directed.
III. Social Democrat model: Ex: Sweden & Germany

- It combines encouragement of business with emphasis on social protection. Countries create a sort of social partnership with agreed upon economic and social framework by all partners.

Characterizing countries entrepreneurial style/culture

i) While determining the Govt. involvement in the economy
   Entrepreneurship in any country one should consider
   - How high is the taxation rate
   - To what extent is state ownership seen as appropriate
   - How country manage economy through regulations
   - Willingness to protect, promote trade & foreign investments.
   - Labour laws, terms & conditions

ii) While determining the social respect for individual Vs collective action
    one should consider
    - Does the country have a fairly homogeneous culture?
    - Extent of wealth distribution --- equal or unequal
    - How does a society react to success or failure?
    - Do people generally play active role in their community?

India --- the mixed economy model

- Marked preference to state owned business
- Entry in to big industries was possible through licensing
- Small scale industries were encouraged.- 40% contribution to national industrial output with 80% share in industrial employment.
- System created great disparities in wealth
- Success in business was looked upon with suspicion.
- Creating wealth was not considered a virtue.
Implications

- Socially entrepreneurs were not a highly regarded lot
- Small industries grew but did not flourish to the extent desired
- Sectors left to big industries became uncompetitive
- During the 90’s entrepreneurs started gaining respect

INTRODUCTION TO MICRO BUSINESS

Micro businesses are the heart of a region’s economy. They contribute significantly to economic growth, social stability and equity. They account for as much as half of all employment in many countries. The micro business sector proves to be one of the most important vehicles which help the low-income people escape poverty. Even in situations of entrenched poverty micro business arguably offers women a way of supporting themselves and their families. However, micro business defies a definition. Street venders, carpenters, machine shop operators and peasant farmers-micro entrepreneurs come in all types, and their businesses in many sizes. This diverse group requires a variety of support to grow and improve. According to many authors, micro businesses differ from larger Small and Medium business in many aspects, and should therefore be studied separately.

Micro businesses

The European Commission definition (2005), is more specific; it states that micro businesses are firms which employ less than 10 persons and whose annual turnover is below 2 million Euros.

A small business that employs a small number of employees. And will usually operate with fewer than 10 people and is started with a small amount of capital. Most micro businesses specialize in providing goods or services for their local areas.

In the Indian context The Micro, Small and Medium Business Development Act, 2006 defines micro businesses as those engaged in the manufacturing or production of goods where the investment in plant and
machinery does not exceed twenty five lakh rupees. In the case of service industries such businesses where the investment in equipment does not exceed ten lakh rupees.

Micro businesses are home based and rely first and foremost on family labour, providing either supplemental income to make ends meet or the main source of family income. Lack of advanced skills or technology and the ability to corner the market or influence buying patterns of consumers.

Most often operating outside the limits of regulations and the formal market, micro businesses serve a vital purpose in improving the quality of life for people in developing countries. Microfinance seeks to help micro businesses by loaning small amounts of capital to these businesses. This allows poor individuals or families to start their own businesses, earn income and benefit their communities.

Many of these men and women and their employees are poor with limited access to services. Traditionally, these units including micro and small business are used to attract a very small portion of the banks’ portfolio. Equally important, micro and small business need adequate funds from the lenders by making their operations attractive and profitable. In view of this, the formal sector banks, with their dismal performance in loan recovery and the unsustainable level of non-performing assets (NPAs), have revised their policies on priority sector lending.

Furthermore, in the process of bringing innovations in the lending policies, planners and the policy makers have received valuable inputs from the success of micro credit program in Bangladesh, Bolivia, Indonesia, Zambia regarding feasibility of the group-based saving and lending mechanism. The pioneering role played by Grammeen Bank in Bangladesh in reaching the poorest of the poor signifies that the poor are bankable. The tremendous impact of the micro credit program through self-help groups (SHGs) introduced by Grammen Bank have also established the usefulness of village-level
institutions in poverty elimination. Above all, the success of micro credit programs all over the world has received wider acceptance among the development planners to adopt this as an alternative development strategy. In a United Nations Development Programme (UNDP) workshop in Delhi, in collaboration with the World Business Council for Sustainable Development on MSEs and Eco-friendly Technology in the year 1993, World Business Council for Sustainable Development, Canada and Development Alternatives, New Delhi spelt out and demonstrated the MSEs and sustainable development linkages based on experiences of FUNDES\(^1\), and TARA\(^2\). (Savyasachi Achla, 1998). The workshop recommended steps to create an institutional mechanism in India to provide finances and support services to the micro and small business for promoting sustainable livelihoods and providing income-generating opportunities.

Meanwhile, in India, three major developments have taken place in the recent years with significant impact on the rural economy especially the rural poor. They include:

i) the economy experienced a robust growth

ii) *National Rural Employment Guarantee Scheme* (NREGS) emerged as a major programme to provide additional income to the rural poor and various initiatives were taken under *the National Skill Development Mission* (NSDM) in order to achieve the objective of the 11\(^{th}\) Plan (2007-12) of broad based inclusive growth. In this perspective, Strategy Paper of the Ministry of the Rural Development has envisaged a four-pronged strategy to attack rural poverty:

i) generation of self employment in credit-linked micro business

ii) wage employment under the NREGS

\(^1\) An institution to promote micro business based in Latin America.

\(^2\) The micro business arm of Development Alternatives.
iii) payment of pension to elderly and vulnerable sections under National Social Assistance Programme

iv) income generation and social security programme of other Ministries of Government of India.

Taking these policy initiatives into account, the restructuring of Swarn Jayanti Gram Swarojgar Yojana (SGSY) as National Rural Livelihood Mission was conceived as a cornerstone of national poverty reduction strategy\(^3\).

This thesis will follow the definition given by the European Commission (2005) due to its simplicity. Again, most scholars agree that a micro business has less than ten employees. The selection of the companies as interviewees paid exclusive attention to the number of employees and the annual sales turnover which is the quantitative qualification of the micro business presented in the European Commission definition.

**ADVANTAGE OF MICRO BUSINESS**

**Easy to start**

Any micro business can be easily started, it requires a small amount of capital investment. The self-employment involving activities on a small-scale is a good alternative to large scale business which has brought various evils like environmental pollution, rising of slums, exploitation of workers, and so on.

**Preference over wage employment**

In Micro business there is no limit of earnings as is the case with wage employment. In self-employment one can use one’s talent for ones own benefit. The decisions can be taken quickly and conveniently. All these factors act as strong motivators for Micro business to be preferred.

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\(^3\) The SGSY Scheme, implemented in all states except Delhi and Chandigarh since 1999, was primarily designed to promote self employment oriented income generating activities for the BPL households in the rural areas. Woven around the mechanism of SHGs, the SGSY has been designed to break the financial, technical and market constraints that the individual BPL households face to cross the threshold of poverty line The main components of the scheme include: (i) formation of SHGs; (ii) capacity building training and skill training to take up micro-business; (iii) strengthening thrift and credit in SHGs; (iv) credit linkage with banks/other financial institutions and back ended subsidy for eligible SHGs/members to take up micro business; and (vi) technology inputs for micro businesses.
Developing the spirit of entrepreneurship

Entrepreneurship involves taking risks because the entrepreneur tries to bring in new products, new methods of production and marketing. Micro business, on the other hand, involves either no risk or very little risk. But, as soon as the self-employed person starts becoming innovative and takes steps to expand his business, he becomes an entrepreneur. Therefore, Micro business becomes a launching pad for entrepreneurship.

Promotion of individualised services

Micro business may also take the form of providing individualised services like tailoring, repair work, dispensing of medicines etc. Such services are helpful in providing better consumer satisfaction. These can be easily started and run by individuals.

Scope for creativity

Micro business provides an opportunity for development of creativity and skills in art and crafts, leading to preservation of the cultural heritage of India. For example, we can see creative ideas reflected in handicrafts, handloom products, etc.

Reducing the problem of unemployment

Micro business provides opportunities of gainful occupation to those who otherwise remain unemployed. Thus it solves the problem of unemployment.

A boon to under-privileged in respect of higher education

Everyone may not be able to pursue higher education after Secondary or Senior Secondary examination due to one or the other reason. Such persons can start their career as self-employed in occupations that do not require higher education.
It may be noted that Micro business has been given high priority in government policies and programmes. A number of schemes have been initiated all over the country to encourage entrepreneurship and self-employment.

The avenues of self-employment are categorized as follows:

1. Trading;\(^4\)
2. Manufacturing;\(^5\)
3. Professionals;\(^6\) and
4. Individualised services.

Micro business’, is a business which is:

- small in size,
- requires low capital investment,
- employs a small number of workers,
- volume or value of output is low, may be called small business.

**Following are some of the main types of small business**

(a) Small-scale industries
(b) Tiny industries
(c) Ancillary industrial undertakings
(d) Village industries
(e) Cottage industries
(f) Micro Business
(g) Small-scale Service and Business (industry related)
(h) Trading units

Here is a brief picture of these small businesses.

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\(^4\) Buying and selling securities or commodities on a short-term basis, hoping to make quick profits.

\(^5\) The process of converting raw materials, components, or parts into finished goods that meet a customer’s expectations or specifications. Manufacturing commonly employs a man-machine setup with division of labor in a large scale production.

\(^6\) A **professional** is a person who is paid to undertake a specialized set of tasks and to complete them for a fee. The traditional professions were doctors, lawyers, clergymen and commissioned military officers. Today, the term is applied to architects, accountants, educators, engineers, scientists, social workers and many more. The term is also used in sports to differentiate amateur players from those who are paid-hence “professional footballer” and “professional golfer”.

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(a) Small-scale industries

A small-scale industrial unit is one in which the fixed capital investment in plant and machinery does not exceed Rs. One crore. In case of certain export promotion units this investment ceiling can be raised to Rs. 5 crores.

(b) Tiny industries

A business unit whose total fixed capital investment in plant and machinery does not exceed Rs. 25 lakhs is called a tiny industry.

(c) Ancillary Industrial Undertakings

When a small-scale industry supplies not less than 50% of its production to another industry, it is called an ancillary industrial undertaking. The fixed capital investment limit of Rs. One crore also applies to it. If an ancillary unit is owned by some other business unit, it loses its status of small business.

(d) Village Industries

A unit that is located in rural area and whose fixed capital investment in plant and machinery does not exceed Rs. 50,000 per artisan or worker is termed village industry.

(e) Cottage Industries

These are small manufacturing units producing simple products involving some specific art or skill like handicrafts, filigree etc. They use simple equipments with indigenous technology for production. Cottage industries are carried on wholly or primarily with the help of members of the family either on a full-time or part-time basis. These units are not defined by the ceiling of capital of investment.
(f) Micro Business

The fixed capital investment of these businesses does not exceed rupees 25 lakh and employ less than 10 persons.

(g) Small-scale Service and Business (Industry related) Business (SSSBE)

In these businesses the investment limit in fixed assets of plant and machinery does not exceed Rs. 10 lakhs. The main business included under this category are - Advertising agency, marketing consultancy, Typing centre, Photocopying centre(Xeroxing), Industrial testing laboratory, Auto repair and garages, laundry and dry cleaning, tailoring, STD/ISD booths, beauty parlor, crèches, etc.

(h) Trading Units

These are usually in the form of small retailers found in the market places.

IMPORTANCE OF MICRO BUSINESSES

1. The Micro businesses are capable of generating immediate and large-scale employment opportunities in our country.
2. They require less capital investment as compared with large scale business.
3. The cost of production is less due to the use of local resources and less establishment and running cost.
4. The Micro business helps in effective mobilisation of the untapped resources of the country. With the help of local resources and indigenous technology, world-class products can be produced by village and cottage industries.
5. Small industries promote balanced regional development of the country. These can be easily set up at the source of resources that leads to overall economic development of that place.
6. The small industries help in improving the national image by exporting quality products to foreign countries. The Indian handicrafts, handloom products, filigree, appliqué works have a high demand on the international market.

7. Small business helps in raising the standard of living of people. The people get employment or can start their own business easily. They get a variety of quality products for their daily consumption and use.

The scope for Micro business is vast covering a wide variety of activities from retailing to manufacturing. There are some specific areas of economic activity which can be effectively and successfully managed by forming micro business.

**SCOPE FOR MICRO BUSINESS**

1. Trading which involves buying and selling of goods and services requires less capital and time to start.

2. The activities which require personalised service like motor repairing, tailoring, carpentry, beauty parlour etc. are run by establishing micro business.

3. It is the best option for those who do not like to be an employee, but want to become self-employed. People can work independently by running a micro business of their own.

4. For products and services, which are of less demand or their demand is limited to any specific area, the micro business is most suitable.

5. A large industrial unit cannot run smoothly without the support of small units. These industrial units often depend upon the small units (ancillary industrial undertaking) to get some parts or spares, which cannot be profitably produced by them.

6. In the era of business process outsourcing (BPO), many new areas have opened up for small businesses.
7. The business, which requires constant touch of the owners with customers as well as the employees, can be successfully run only in the form of micro business.

The Government of India has given special importance to small businesses due to their vast potentiality for development of social and economic condition of the country.

Several assistance and support programmes are announced from time to time keeping in view the changing economic conditions.

The following are some such steps taken by the Government for development of small business in India.

1. The government adopts a liberalised credit policy like, less formalities to process the loans and advances, loans at concessional rate, etc. for small scale industries.
2. To keep away from the competition with large scale industries, the Government of India has reserved about 800 items for exclusive production by small scale industries.
3. It provides the small scale units concession and exemption from excise and sales tax. The excise exemption has raised from Rs.50 lakh to Rs. One crore for small industries.
4. The Government also gives preference to the products of small business while purchasing stationery and other items for its own consumption and use.
5. For promotion, financing and development of small-scale industrial business several institutes like Small Industrial Development Bank of India (SIDBI), National bank for Agriculture and Rural Development (NABARD), District Industries Centres (DICs) etc. have been set up by the Government.
6. The Government of India has set up a separate Ministry of Micro, Small and Medium Business (http://msme.gov.in) for effective planning and monitoring of the development of small business in the country.
7. To provide benefits of its plans and policies to a large number of industries, it has lowered the investment limit from Rs. 3 crore to Rs. One crore.

8. The Government provides capital subsidy of 12% for investment in technology in select sectors of small-scale business.

9. To encourage total quality management (TQM) the Government provides a grant of Rs. 75,000 to each unit that obtains ISO 9000 certification.

10. To provide finance, design and marketing support to handloom sector the government has launched the Deendayal Hathkargha Protsahan Yojana.

11. The Government of India has permitted upto 24% of total shareholding of small-scale units by other industrial units.

12. The Government provides land, power and water etc. at concessional rates to small businesses.

13. Special incentives are also provided for setting up of small business in rural and backward areas.

14. The Government encourages people to establish small-scale industry by providing developed land and industrial estates.

To start and run a business one requires various resources and facilities. These may be in the form of technical, financial, marketing or training support. Such support is provided by the Government by establishing different institutions or organizations from time to time.

State Small Industries Development Corporations

The State Small Industries Development Corporations (SSIDCs) are set up in various states of our country to cater to the developmental needs of small, tiny and village industries. Their main functions include procurement and distribution of scarce raw materials, supply of machinery on hire purchase basis, and providing marketing facilities for the products.
**National Bank for Agriculture and Rural Development**

The National Bank for Agriculture and Rural Development (NABARD) was set up in 1982 as an apex institution for financing agricultural and rural sectors. It provides financial assistance through Regional Rural banks and cooperative banks to agriculture, small-scale, cottage and village industries, handicrafts and other allied activities in rural areas.

**Small Industries Service Institutions**

The Small Industries Service Institutions (SISIs) are set up to provide consultancy and training to small business. These institutions render technical support service and conduct entrepreneurship development programmes. They also provide trade and market information to small-scale industries.

**District Industries Centres**

For promotion of small industries in our country District Industries Centres (DICs) are set up at the district level. They conduct industrial potential surveys keeping in view the availability of resources. Their main function includes implementation of various schemes of central and state governments. They appraise the worthiness of various proposals of the entrepreneurs to establish new units, guide them in choosing suitable machinery, equipment and raw materials.7

Micro businesses serve a vital purpose in improving the quality of life of the people in developing countries. Microfinance seeks to help micro business by loaning small amounts of capital to these businesses. This allows poor individuals or families to start their own businesses, earn income and benefit their communities. Indian economy is characterized by low rates of growth, predominance of rural population, adverse land mass ratio, heavy dependence on agriculture, concentration of Industries in urban areas, highly skewed

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7 [http://www.investopedia.com/terms/m/microbusiness.asp#ixzz1sZ2FkiSp](http://www.investopedia.com/terms/m/microbusiness.asp#ixzz1sZ2FkiSp).
distribution of income and wealth, besides high incidence of poverty and unemployment. The last two viz; unemployment and poverty pose major challenges to the growth and prosperity of the country. Various attempts by government in the past have yielded only marginal success. In order to mitigate the problem of rural unemployment, some new avenues for employment generation will have to be found within the rural areas. It is also felt that generation of additional and adequate employment in rural areas will reduce poverty.

**NEW MODIFIED SCHEME OF MSME FOR APPLICATIONS**

**Introduction**

*Micro, Small & Medium Business* (MS Medium business) plays an important role in the economic growth our country. It provides employment to nearly 60 million people and contributes over 45% of the total manufactured output and 40% of total exports. The MS Micro business have also to play an important role in developing the skills of our youth and thereby empowering them to become self reliant. The primary responsibility of promotion & development of the MSEs lies with the State Govt. However, the Central Govt. realizing the potential of these sectors in both creation of wealth and employment has always played a proactive role in supplementing the State Govt.’s efforts for the promotion & development of these sectors in several ways. For the promotion of micro, small and medium business (MS Micro business) in the state the Central Govt. has formulated policy packages and implemented a large number of schemes to provide infrastructural, technological, credit and marketing support to these sectors. Most of the programmes & schemes for the development of the MSME sector are implemented through the two organizations of the Ministry of MSME. These are:
MSME Development Organisation (MSME-DO) and National Small Industries Corporation Limited (NSIC)

Under MSME-DO, thirty (30) MSME-DIs and 28 Branch offices are functioning and networking throughout the country for the promotion and development of the MSME sector in India.

MSME-DI, Gangtok is a field Office of MSME-DO and is functioning under Development Commissioner, MSME, New Delhi. The broad schemes & programmes being implemented and organized by MSME-DI, Gangtok are:

i) Infrastructure development,
ii) Technology upgradation,
iii) Credit support,
iv) Marketing & export promotion
v) Entrepreneurship development & training
vi) Database & information services. Important inclusions are as under

A. INFRASTRUCTURE

Cluster Development Programme through MSE-CDP scheme

Special emphasis has been laid by the Govt. of India on development of clusters and a special scheme called Micro & Small Business Cluster Development Programme (MSE-CDP) has been launched. This scheme is for promoting technology upgradation in clusters for a group of MSME units of one industry. Besides MSME-DI, this programme is also conducted by KVIC, Ministry of Textile and Indian Institute of Entrepreneur.

B. TECHNOLOGY UPGRADEATION

a) NMCP Scheme

The Government has formulated a National Manufacturing Competitiveness Programme with an objective to support the manufacturing sector, particularly the Small & Medium Business in their endeavour to become competitive in this age of globalization and free trade.
The components of the scheme and their objectives are:

- **National programme on Application of Lean Manufacturing**
  To provide direct assistance to business for improving their manufacturing systems & competitiveness; eliminating waste throughout the business cycle.

- **Design Clinic scheme to bring expertise to the manufacturing sector**
  To provide expert advice and solutions on real time design problems; to develop alternative design strategy, etc.

- **Promotion of Information & Communication Technology in Indian Manufacturing sector**
  To promote usage of ICT using tools custom made for MSME business for the purpose of ICT driven business application through adoption of best practices; standardization of business processes; improved manufacturing planning processes, etc. It is in the advanced stage of finalization for application in MSME sector.

- **Mini Tool Rooms proposed to be set up by Ministry of MSME**
  To provide technological support to MS Micro business by creating facilities for designing & manufacturing of quality tools; to provide training facilities in the related areas.

- **Technology and Quality Upgradation Support for MS Micro business**
  Enhancing awareness of latest technological & quality standards; training of staff of MSME-DI/ MMSME-Testing Centres & entrepreneurs; sensitizing and introducing renewable energy & energy efficiency technologies; sensitizing in the field of Nano technologies.

- **Support for Entrepreneurial and Managerial Development of Micro business through Incubators**
  The objective of the Incubator Scheme is to assist incubation of innovative ideas and to encourage the incubated ideas to become Micro business.
• **Enabling manufacturing sector to be competitive through quality management standards & quality technology tools**
  
  To enhance awareness of latest manufacturing techniques & tools; effective utilization of modern manufacturing tool for quality improvement.

• **National campaign for investment in Intellectual Property**
  
  To create awareness of IPR to enable small and medium businesses to protect their ideas/strategies; to utilize IPR tools for technology upgradation to enhance their competitiveness, etc.

• **Market assistance/technology upgradation activities**
  
  To strengthen small and medium business to be competitive by way of building export worthiness of their products; combat imports; technology upgradation.

• **Market support/assistance to business**
  
  The objectives are to strengthen the existing “Bar Coding Scheme” to facilitate compliance with product traceability; streamline work process of exporters; finished goods inventory management, etc.

**b) CLCSS**

The Credit Linked Capital Subsidy Scheme provides for 15% upfront capital subsidy for technology upgradation for Manufacturing Business. Technology upgradation under the scheme would mean significant improvement in the present technology level to a higher one involving improved productivity and improvement of the product. This will also include packaging techniques, anti-pollution measures, energy conservation machinery, on-line quality control equipments & in-house testing facilities. The financial subsidy by way of 15% subsidy is given subject to ceiling on eligible term loan of Rs one Crore. Special incentives for NE Regions: Units in the North Eastern Region which are availing financial incentives /subsidy under any other scheme from the Govt. in the region would however, be eligible for subsidy under CLCSS. The latest supplement to the revised guidelines of CLCSS has been forwarded on 10/06/2010, the details of which can be seen on the website www.dcmsme.gov.in.
C. CREDIT SUPPORT

a) CGTMSE

To ensure better flow of credit to MSEs by minimizing the risk perception of financial institution & banks in lending without collateral security, a Credit Guarantee Fund Scheme for Medium and Small Business (MSEs) was introduced by the Govt. of India. The Scheme covers collateral free facility upto Rs One crore extended by eligible lending institution to new & existing MSEs. In the State limited application of propagation of this scheme is contoured at present. However, ample scope exists for development and networking of medium and small sectors for industrial rejuvenation.8

b) TREAD Scheme

Trade Related Entrepreneurship Assistance and Development Scheme has been launched by the Govt. for the empowerment of women through the development of their entrepreneurial skill. The components of this scheme are:

Assistance in the form of the Govt. of India grant of upto 30% of the total cost, as appraised by the lending agency is given to the NGOs for promoting entrepreneurship among women, and 70% of the cost is financed by the lending agencies.

Selected training institutions and NGOs conducting training programme for empowerment of women beneficiaries identified under this scheme can also get GoI grant of Rs. 1 lakh per training programme, provided such institutions also bring their share of 25% of the grant.

Need-based GoI grant upto Rs. 5 lakh per project is provided to National Entrepreneurship Development Institutions and any other institutions of repute for conducting field surveys, research studies, evaluation studies, etc.

8 www.cgtmse.in/scheme.aspx
The NGO should be a legal entity with a minimum registration of three years, having experience in thrift & saving programme with Self Help Groups, have basic infrastructure, qualified support staff, etc.

c) Micro Finance

The scheme is operated through Micro Finance Institutions/NGOs, who monitor the projects on regular basis. The main object of the Scheme is to provide credit at the door step to the poor & low income category people to enable them to carry on business or manufacturing activities.

d) Performance and Credit Rating Scheme

This scheme was launched with the basic objective to sensitize the MSE sector to the need of obtaining rating and to encourage them to maintain a good financial track record which will earn them a higher rating for their requirements, whenever they approach the financial institutions for their working capital and investment requirements. The scheme is aimed to create awareness amongst MSEs about the strengths and weaknesses of their existing operations and to provide them an opportunity to enhance their organizational strengths and creditworthiness. One time grant is provided to the MSEs. Medium and Small business in terms of the MSMED Act, 2006 are eligible to avail themselves of the scheme.

Some salient features of the scheme are as follows

- The scheme is implemented by NSIC.
- The rating serves as a trusted third party opinion on MSEs’ capabilities and creditworthiness.
- MSEs are able to secure credit from banks and financial institutions with comparative ease and at favourable interest rates.
- The rating scheme benefits banks and financial institutions by providing them an independent evaluation of the strengths & weaknesses of the applicant borrowing units.
✓ Rating of MSEs facilitates vendors/buyers in judging the capabilities & capacity of the units for taking a decision on finalization of purchase contracts with them.

D. MARKETING DEVELOPMENT EXPORT PROMOTION

Marketing Development Assistance Programme

As part of the comprehensive policy package for SSIs, Marketing Development Assistance Scheme for SSIs (SSI-MDA scheme) is in operation.

Buyers-Sellers Meet

NSIC organizes buyers-sellers meets all over India to bring bulk buyers/Govt. Departments & MSEs together on one platform which enriches MSEs’ knowledge regarding terms & conditions, quality standards etc. required by the buyers.

Consortia Marketing

To integrate the strengths of individual micro & small business producing similar products, NSIC facilitates Consortia formation. Services to the consortia members include common brands, advertising and publicity support, testing & common facility support.

Marketing Assistance for NER

NSIC through its network of offices in the North Eastern Region serves the MS Micro business for enhancing their marketability & market access.

International Cooperation Scheme

Technology infusion and/or upgradation of MSEs, their modernization and promotion of their exports are the main objectives of other assistance under this scheme. Central/State Govt. organization, industry associations and registered societies/trusts associated with MSEs are eligible to avail financial assistance under the scheme. Participation by Indian MSEs in exhibitions, fairs,
buyers-sellers meets in which there is international participation; holding international conferences & seminars on topics and the micro business of interest to the MSEs are some of the highlights of the scheme.

E. ENTREPRENEURSHIP DEVELOPMENT TRAINING PROGRAMME

Entrepreneurship development is one of the key elements for the promotion of MSME sectors. To undertake this task on regular basis, the Ministry has set up three national level institutes. These are

i) National Institute of Micro, Small and Medium Business, Hyderabad;
ii) National Institute of Entrepreneurship and small Business Development, Noida; and
iii) Indian Institute of Entrepreneurship, Guwahati.

All would be entrepreneurs can avail themselves of the multi-faceted training programme geared for entrepreneurship cult which are tailor-made for their individual needs & applications within the country. Various training programmes are organized on a regular basis to cultivate the latent qualities in youth by enlightening them on various aspects that are necessary to be considered while setting up micro or small business. These training programmes have attracted the attention of the educated unemployed youth and have created confidence in them which led to self employment and creation of better employment. The individual MSME-DIs conduct the following training programmes

a) Industrial Motivation Campaign
b) Entrepreneur Development Programme
c) Entrepreneurship Skill Development Programme
d) Management Development Programme
e) Skill Development
f) Business Skill Development Programme
g) Other Specialised programme like Bio-technology, etc.
F. DATABASE AND INFORMATION SERVICES

Collection of Statistics of MS Micro business is a central plan Scheme and is being implemented in collaboration with State/UT Govts. The prime objectives of the schemes are to:

a) collect, compile and disseminate statistical information on various parameters like numbers of registered & unregistered MS Micro business, employment, product, etc. in the small sector which are essential for policy formulation.

b) update frame of registered/filed Entrepreneurial Memorandum of small and medium business.

c) Prepare of State/District Profiles

d) Coordinate & Training of Census work for both registered & unregistered business.

e) Conduct regular surveys for collection of the data required for Index of Industrial Production (IIP) and to estimate the growth of this sector.

2.6.2. Tamilnadu government offers New Entrepreneur and Business Development Scheme for Aspiring Youngsters of Tamil Nadu, which has the highest number of small and medium business in India, will equip all District Industries Centres in the 32 districts with better infrastructure at a cost of 50 crore. These centres can then serve as a hub to promote MSME units.

The government has also decided to train nearly 1,000 entrepreneurs under a new scheme. The ‘New Entrepreneur-cum-Business Development Scheme’ (NEEDS) will help educated youngsters draw up business plans and tie up with financial institutions for their ventures. At least half the beneficiaries of this scheme will be women.

The beneficiaries will get term loans from banks or Tamil Nadu Industrial Investment Corp, a state sponsored financial institution. They will get a capital subsidy at 25% of the project cost not exceeding 25 lakh and soft loans at 3% interest subvention, or a subsidy on interest. The government has set aside 100 crore as capital subsidy and other assistance under the scheme.
The government will set up business incubation centres and training academies exclusively for small and medium industries at Elcot-promoted special economic zones in Chennai, Trichy, Coimbatore, Madurai, Tirunelveli, Salem and Hosur.

Though there is a demand for skilled labour, many educated youngsters remain unemployed due to a lack of vocational and soft skills. So the state has earmarked 75 crore in the budget to train them. The government will invite private sector participation in establishing training centres to improve the skills.9

Business and Skill Development

The Office of DC (MSME) conducts a large number of vocational and entrepreneurship development programme. The Entrepreneurship Development Programmes (EDPs) are conducted through MSME-DIs, with focus on entrepreneurial skills development coupled with specific skills relating to trades like electronics, electrical, food processing, etc, which enables the trainees to start their own ventures. The program includes the following:

Development of women entrepreneurs

According to the National Foundation for Women Business Owners, the number of businesses owned by women jumped 78 percent from 1988 to 1998. By the year 2000, reports estimate over one-half of all small businesses will be owned by women. The increasing role women are playing as business owners is part of the overall impact women are having on society today. Women in the media are bringing new insights in reporting; women in the movies are featured in expanded roles beyond those of wife, girlfriend, or mother; women in medicine are offering new dimensions to caring for patients and more research on women’s health issues; women in law are seeking justice for injustice committed against women; and women in politics today represent the largest constituency in history.

While the trend of women owning businesses is growing, it is certainly not new. Women have owned and operated businesses since the beginnings of American history and much earlier in other parts of the world. They were rarely recognized, however, or given credit for their efforts. Often women were invisible as they worked side by side with their husbands in business and may have only stepped into the leadership position when their husbands died. Many recognizable businesses today are owned and operated by the wife or daughter of the founder. Two well-known examples are Tootsie Roll, which is controlled by a woman and her four daughters, and the Playboy empires, taken over by Hugh Hefner’s daughter, Christie Hefner.

In other cases, women began a business on their own or they were given the impetus to begin one. Lila Bell Acheson Wallace helped to start Reader's Digest. Knox Gelatin was started by Mrs. Knox. Pepperidge Farms was started by a mother to create food products to help her asthmatic son. Josephine Dickson and her husband created Band-Aids. Susan Hoover gave the name to Hoover Vacuum Sweepers. Elizabeth and Olivia Norris brought William Procter and James Gamble together, and Alice Marriott ran a root beer stand with her husband Bill, which was the beginning of the Marriott hotel and food business. Eleanor Roosevelt operated her own school.

**TRENDS IN INDUSTRIES**

Most businesses are in the service sector, which coincides with most new women-owned businesses being started today. Women tend to launch businesses in the industry where they have had direct experience, mostly in traditional fields. This explains the lack of women business owners in nontraditional fields such as manufacturing. This is slowly changing, however. From 1980 to 1989, women-owned sole proprietorships increased over 175 percent in mining, construction, manufacturing, and transportation.
In the late 1990s, 60 percent of women-owned businesses were concentrated in retail and service sectors and in traditional industries such as cosmetics, food, fashion, and personal care. Famous women business owners in these industries include: Mary Kay Ash, Mrs. Fields, Estee Lauder, and Donna Karan.

Today, women-owned businesses are a vital economic force which, according to the National Association of Women Business Owners, employ more people than the Fortune 500 firms. Also, most women conduct business as sole proprietors. According to Sarah Gracie in Management Today, women founded almost one-third of all new businesses in 1997 in the small and medium-sized business sector. More and more women are becoming role models each year. Today, numerous women own and manage billion-dollar businesses in a variety of industries with several thousand employees.

CHALLENGES FACED BY WOMEN BUSINESS OWNERS

The lifelong socialization process provides a basis for most of the challenges women business owners face in the marketplace. The process does not provide most women with the skills and traits needed to compete as men do in today's business world, nor does it educate most men about how the natural talents of women can be used to advantage in business. Until now, women have been led to believe that they are the ones who need to cope and adjust. Since women business owners have gained an economic clout over the past 20 years, however, now firms that have traditionally done business with males are beginning to recognize they should also make adjustments toward the needs of women.

Since this socialization process has taught women not to think big, to be risk averse, and to fear financial issues, most are undercapitalized in their businesses and have limited access to resources such as financing, know-how and the male network. It is not surprising then to learn that three out of four women-owned businesses started out with their own financing of less than
$5,000. Today 38 percent still have no bank financing; 52 percent have used credit cards in their business as compared with 18 percent of all business owners.

Study after study confirms women business owners are not getting equal treatment at financial institutions. Sixty-seven percent of women business owners report difficulty in working with financial institutions. Over one-half of women business owners believed they faced gender discrimination when dealing with a loan officer; therefore, most women business owners actually develop their businesses by reinvesting profits.

Women often believed their professional advisers did not expect them to know a lot and spoke down to them, particularly when they were starting business. The women felt an unjustified request was made of them when they were required to obtain their husband's guarantee in order to procure a bank loan. Women felt bankers were patronizing and this interfered with building relationships with their bankers. Many women said their personal ability to manage the venture was continually being questioned by male bankers. Women declared they wanted more details from their advisers, they wanted options and alternatives --- not prescriptive advice, and not lectures.

Most women business owners do not have business degrees and most were never exposed in college to business ownership as a career option. Even today students have access to relatively few resources such as books, lectures, or role models of women business owners.

Furthermore, in business schools where most of the professional advisers today were trained, the male model of business is still being taught by an overwhelming majority of male professors. Examples of women entrepreneurs have been left out of textbooks, and rarely is a female business owner used as an example or case study. Neither the women nor the men students are learning about the natural abilities and talents women are using to succeed as business owners today. Unfortunately, without some very strong initiative on the part of educators, the process will be slow to change.
Another area where women business owners are getting short changed is in the area of procurement, or the selling of their goods and services to city, state, and federal governments. Fewer than five percent of the women-owned firms in the United States are certified to do business with their state government and only 1.5 percent of the billions of dollars in federal contracts go to women-owned firms.

If a company is 51 percent woman-owned and controlled by a woman, it can obtain certification and bid on government contracts. Many women, however, may have heard it is difficult to do business with the government or believe the government will not be interested in what they are selling. Another myth is that government contracts are too large for small businesses (especially women-owned businesses) and one needs to be a legal and contract expert to bid on government contracts. In actuality, many governments have created set-aside programs that specifically help women-owned businesses in the process.

**STRENGTHS OF WOMEN BUSINESS OWNERS**

Despite the many challenges women face, this early socialization has given women specific traits and abilities that define the female model of business ownership. This different management style can be an asset and one from which men can learn. The style can be described as more cooperative than the competitive male model now taught in business schools. This style is often further developed through volunteer activities in early adulthood.

The cooperative style naturally used by most women micro business from their early experiences and focuses on the welfare of the group. Participation is shared among the employees with attention paid to their ideas and needs. The style often extends to social issues that are frequently driving forces within the company. The business strategy is formed through active listening and educational experiences and focuses on issues—not just the bottom line. The ability to build relationships is an asset with customers and
suppliers, and in the international marketplace. In order to overcome the obstacles they face, women often come up with creative, out-of-the-ordinary methods to help further their goal.

These variables help define the cooperative style that has developed from early socialization of females. Once aware of these traits, they become more apparent to observation. This cooperative style is easier to recognize in women business owners where the women are not conforming to a culture set by males in a large corporation. This new, distinctive business is one from which all can learn. The new model of business for the next century will combine the talents of this cooperative style used by women with the more traditional business approach.

**THE FUTURE**

With more and more women opening businesses every day, the future for the next generation of business owners is bright. While the business world is normally slow to change, economic advantages of women-owned firms will help speed the process. As more young women see a wider range of women business owner role models, they will be more encouraged. As mothers socialize their daughters to the business world during their preadolescent years, more are likely to choose business ownership as a career option.

**RESOURCES**

A number of resources now exist to support women entrepreneurs. In 1988 Congress authorized the **Small Business Administration** (SBA) Office of Women's Business Ownership. They recently created a “Low-Doc” loan program that makes it easier for women entrepreneurs to obtain SBA financing. The SBA also has established a Women’s Network for Entrepreneurial Training that links women mentors with protégées. Small Business Development Centers (SBDC) are also cosponsored by the SBA in every state. They offer free and confidential counseling to anyone interested in small
business. The SBA also posts resources for women business owners on the **Internet**. The site has corporate sponsors and provides information on financing, **marketing**, and management techniques.

Many states now have a Women’s Business Advocate to promote women entrepreneurs within the state. These advocates are represented by an organization called the National Association of Women Business Advocates.

A number of trade associations now represent women entrepreneurs. The National Association of Women Business Owners is the largest group in the country. There are also some smaller regional groups that can be located through the Yellow Pages or local **chambers of commerce**. The American Business Women’s Association provides leadership, networking, and educational support. The National Association of Female Executives makes women aware of the need to plan for career and financial success. In addition, a growing number of Yellow Page directories throughout the country list women-owned businesses as a special classification.

The additional business opportunities for women entrepreneurs are:

- Eco-friendly technology
- Bio-technology
- IT enabled business
- Event Management
- Tourism industry
- Telecommunication
- Plastic materials
- Vermiculture
- Mineral water
- Sericulture
- Floriculture
- Herbal & health care
- Food, fruits & vegetable processing
Empowering women entrepreneurs is essential for achieving the goals of sustainable development and the bottlenecks hindering their growth must be eradicated to entitle full participation in the business. Apart from training programs, Newsletters, mentoring, trade fairs and exhibitions also can be effective.¹⁰

**Steps Taken By Government to Develop Women Entrepreneurs in India**

The growth and development of women entrepreneurs required to be accelerated because entrepreneurial development is not possible without the participation of women. Therefore, a congenial environment is needed to be created to enable women to participate actively in the entrepreneurial activities. There is a need of Government, non-Government, promotional and regulatory agencies to come forward and play the supportive role in promoting the women entrepreneurs in India.

The Government of India has also formulated various training and development cum employment generations programs for the women to start their ventures. These programmes are as follows:

Development and growth is not achieved fully without the development of women entrepreneurs. The Government of India has introduced the following schemes for promoting women entrepreneurship because the future of small scale industries depends upon the women-entrepreneurs:

The schemes/programmes proposed to be implemented during the Tenth plan period to achieve the above cherished objectives are

A. Centrally Sponsored Schemes

Poverty Alleviation programme

a. Swarnajayanthi Gram Swarozgar Yojana (SGSY)

The magnitude of poverty and disparities that existed between the various social groups necessitated planned state intervention to provide support and relief particularly to the disadvantaged and marginalized groups such as

¹⁰[Women Entrepreneurs](http://www.referenceforbusiness.com/encyclopedia/Val-Z/Women-Entrepreneurs. html#ixzz1ryFXTRcc)
Keeping this in view and having regard to the positive aspects as well as deficiencies, the earlier self-employment programmes like TRYSEM, SITRA, GKY, DWCRA, IRDP and MWS were merged and a new self-employment programme viz., SGSY was launched w.e.f. 1-4-1999.

The SGSY is conceived as a holistic programme of micro business covering all aspects of self-employment and establishing effective linkages between the various components viz., organization of the rural poor into Self Help Groups (SHGs), their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing etc. The main objective of the programme is to lift the existing poor families above the poverty line. Among the rural poor, special emphasis will be placed on the welfare of SCs/STs, women and disabled.

The SHGs may consist of 10 to 20 persons. 4 to 5 key activities will be identified in each block based on the resource endowments, occupational skills of the people and availability of markets and these activities will be implemented in clusters. 10% of the SGSY fund will be set apart for training, wherein emphasis will be laid on skill development through well designed courses. SGSY is a Credit -cum- subsidy programme with the involvement of banking and financial institutions. The expenditure under SGSY is shared by the Centre and the States in the ratio of 75:25. Subsidy will be provided at 30% of the project cost subject to a maximum of Rs. 7,500 and 50% for SC/ST subject to a maximum of Rs. 10,000. For groups, the subsidy is 50% subject to a ceiling of Rs. 1.25 lakhs.

During the Tenth Five Year Plan under SGSY it has been proposed:

- to form 1.25 lakhs Self Help Groups benefitting 25 lakh women beneficiaries in rural areas.
- to impart EDP and Vocational training for about 5 lakh rural women to start micro business for economic independence.
- to train 3 lakh unemployed youth to take up self-employment.
• to construct one Self Help Group Centre per Panchayat to conduct meeting, store and display their products and to hold training programmes for the members of SHGs.
• to establish District Information Service Centre in each district to provide backward and forward linkages in marketing.

The State’s share of the SGSY scheme during the Tenth Plan will be Rs. 131.45 crores.

b. Sampoorna Grameen Rozgar Yojana (SGRY)

Creation of sustained employment opportunities for securing a minimum level of employment and income for the rural poor necessitated continuous need for special employment programmes. Keeping the above aim and to strengthen the need based infrastructure at the village level to boost the rural economy the erstwhile wage employment programmes JGSY and EAS were merged and a new scheme namely SGRY was launched from 15th August 2001. The main objective of the new programme is to provide additional wage employment in the rural areas as food security by creation of durable community social and economic assets and infrastructure development in rural areas. Towards this end the SGRY envisages distribution of food grains @ 5 kg per manday to the workers as part wages. While the cash component will be shared by the Centre and States in the ratio of 75:25, the Central Government will supply the food grains free of cost to the States. The scheme will be implemented in two streams. The first stream will be implemented at the District and Panchayat Union levels. 50% of the funds and food grains available under the programme will be distributed between the District Panchayat and the Panchayat Union in the ratio of 40:60. The second stream will be implemented at the Village Panchayat level. The entire allocation under this stream will be distributed among the Village Panchayats through the DRDAs/District Panchayats. To augment the storage capacity of the tanks maintained by the local bodies towards increasing the availability of water for
drinking, irrigation and other purposes it has been proposed to renovate one
tank per panchayat under this scheme. During the Tenth Plan, the State’s share
will be Rs. 303.80 crores.

NEW SCHEMES INTRODUCED BY CENTRAL GOVERNMENT FOR
WOMEN ENTREPRENEURS

Swayamsidha

Swayamsidha is an integrated project for the development and
empowerment of women. It is based on the formation of women into Self Help
Groups (SHGs) with emphasis on converging services, developing access to
micro credit and promoting micro business. The long term objective of the
scheme is to achieve an allround empowerment of women, especially socially
and economically by ensuring their direct access to, and control over, resources
through a sustained process of mobilization and convergence of all ongoing
sectoral programmes.

Swa-Shakti Project

The Rural Women’s Development Project, known as the Swa-Shakti
Project, is jointly supported by the World Bank and the International Fund for
Agricultural Development (IFAD). It started on 16th October, 1988 for a
duration of five years with an outlay of Rs. 186.21 crore. An additional amount
of Rs.5 crore was provided under the project for setting up a revolving fund for
giving interest bearing loans to beneficiary groups, primarily during the
formative stages. The project aims at enhancing women’s access to resources
for better quality of life through use of drudgery and time reduction devices,
health, literacy and imparting skills for confidence enhancement and increasing
the women’s control over income through involvement in skill development
and income generating activities.

Because of Income Generation Activity/Micro Business Development
and improved access to credit and skill upgradation, a large number of women
have already started micro business. The Project has started linking its
members with good quality training providers like Krishi Vigyan Kendras, various research institutions of ICAR, agricultural universities and local consultants. Around forty percent of SHG members are engaged in income generating activities after group formation. The average income of women engaged in income generating activities has also gone up considerably. Women now contribute almost 8% to the household income. 57 Business Counselling Centres have been set up to provide guidance to SHG members for taking up entrepreneurial activities and also to provide information on Govt. programmes, bank procedures, awareness about health/literacy, etc.

**Support to Training and Employment Programme for Women (STEP)**

Support to Training and Employment Programme for Women (STEP) was launched as a Central Sector scheme in 1986-87. It aims at making a significant impact on women in traditional sectors by upgrading skills and providing employment on project basis by mobilizing them into viable groups, arranging for marketing linkages, support services and access to credit. The Scheme covers eight traditional sectors of employment i.e. Agriculture, Animal Husbandry, Dairy, Fisheries, Handloom, Handicrafts, Khadi and Village Industries and Sericulture. The scheme is being implemented through Public Sector Organisations, State Corporations, DRDAs, Cooperatives, Federations and registered Voluntary Organisations which have been in existence for a minimum period of three years.

**Swawlamban Scheme**

Swawlamban Programme, previously known as NORAD/Women’s Economic Programme, was launched in 1982-1983 with assistance from the Norwegian Agency for Development Cooperation (NORAD). The objective of the programme is to provide training and skills to women to facilitate them to either obtain employment or become self-employed on a sustainable basis. The target groups under the scheme are the poor and needy women and women from weaker sections of the society, such as Scheduled Castes and Scheduled Tribes, etc.
Swadhar

This scheme was launched during the year 2001-2002 as a central sector scheme for providing the holistic and integrated services to women in difficult circumstances, such as destitute widows deserted by their families in religious places like Vrindavan and Kashi; women prisoners released from jail and without family support; women survivors of natural disasters who have been rendered homeless and are without any social and economic support; trafficked women/girls rescued or runaway from brothels or other places or victims of sexual crime, who are disowned by family or who do not want to go back to their families for various reasons; women victims of terrorist violence who are without any family support; mentally challenged women who are without any support of family or relatives, etc.

TAMIL NADU GOVERNMENT SCHEME FOR MICRO BUSINESS TO MOTIVATE WOMEN ENTREPRENEURS

There are several interventions by both government and non-government organisations to promote entrepreneurship among women.

Women Entrepreneurship Association of Tamil Nadu [WEAT]

Objectives of WEAT

✓ To help the women in the informal sector to become successful entrepreneurs supporting right from identification of a project, skill training, and tie-up with bank for finance and marketing
✓ To empower women to become self-employed so as to become economically independent and decision makers in business
✓ To bring social empowerment through behavioral change to address the myths and misconceptions associated with their capabilities and
✓ To help the existing women entrepreneurs to expand their scale of operation.
Training for Women Entrepreneurship Development

Realizing that there were a large number of women with tailoring skills, the first project launched with the support of STED was tie-up with Textile Export Association of Karur, Tiruppur etc to get regular stitching orders. Since it may not be possible to realize the sufficient turnover with the traditional machines, it was decided to approach banks to install power sewing machines, and get the help of the State Bank of India under Sree Shakthi Scheme on behalf of WEAT through STED. However, the formalities, procedure and initial reluctance to accept the women caused initial delays, but it will be through shortly.

Since Women micro businesses are increasingly found in food-based products, a tie up with food products manufacturers such as Rockfort Masalas, Mammi masala, etc has been made. They promised to place regular orders to and from the women who produce various processed food, help in standardization, and in improving the technical knowhow etc. It is proposed to adopt ‘a cluster development’ approach to bring all the producers of food-based products under one umbrella.

Another area opened to the members is organic farming, using Bio fertilizer with cynobacteria, which gives better yield. Greens and Vegetables can be produced using the manure even in trays, keeping in terrace. So this cultivation need not be restricted to rural farms but could be extended to urban households. Those who have space can undertake kitchen gardening as this is a very short-term crop which could be taken up with least cost and limited space.

In order to help the very low income group, mat production from textile waste has also been opened up, wherein the knitting wear wastes from Tiruppur textile units will be supplied by companies at the doorsteps to undertake foot mat production. The feature of this business is that it is very simple, it can be done casually while attending to other activities and it does not require much advertisement. The company gives the waste and gets back the mat. If the
women are capable, they can market on their own. Small carriages, petrol bunks, oil mills etc may take the unknitted cloth directly instead of mat. All depends on how the women perform in direct marketing.

The government has opened imitation jewellery project in which the entrepreneurs will supply the metal, train the women on various design making of jewellery and market it.

Similarly these entrepreneurs have been exposed to ‘surgical accessories training’ which can be taken up with the ordinary sewing machines that the women already possess.

**SHG Women Product Marketing**

Another major activity opened to the members of both SHG and WEAT is regular marketing support by the University and colleges for two days every month. So far three colleges have come forward to provide space to market their products for two days in a month. The turnover happened to be encouraging for these women and the products are also reaching new customers. Invariably it is found that the food based products realized large sale compared with other products. There has been a mixed response from college students. In girls colleges, University campus, there is a good appreciation of SHG products compared with co-educational institutions wherein there has been an initial reluctance.

It is proposed to approach the district administration, to provide space in crowded areas like Bus stand, Markets, Uzhavar Sandhai etc, so that these women will have regular marketing.

Similarly, it has been proposed to approach the Government offices, BHEL, Railway workshop, Banks for space to exhibit the Products on the salary days.

Regular orders to caterers for meetings in University, TIDISSIA, industrial Estate etc., have already been on. As one of the women has opened shop under the banner of All Women Business the members help in marketing
the products of all the women in her shop. The sales performance has been very encouraging. If such shops were opened in many localities, then these women’s products would be comfortably marketed.

Another opening to the women has been herbal plant cultivation, herbal based products production and Marketing. With a tie up with a private industry, these members of the Association have been advised to either go for plant cultivation (wherein the saplings will be supplied by the Company and on by back basis, the produce will be taken back) or undertake a project to produce herbal- based soap, hair oil, etc for which technical know how will be provided by the company.

Herbal oil manufactured by women is being accepted by KVIB to market on their stalls. One member could successfully market in the local super Markets, which is fast moving.

This apart, WEAT has been associating with TIDISSIA-STED through Centre for Women Studies, in getting systematic support to initiate business like identifying the prospective product/ service/ trade preparation of project Plan, recommendation to bank for finance, getting the machinery, raw materials, marketing the produce etc.

A two day training by a group of women in the production of sanitary napkins has been arranged. The raw material is wood pulp which is cheaper and less harmful than cotton. The women have promised (the trainees) to buy the napkin produced.

Similarly Thanjavur branch with more than 100 members has been inaugurated. A lot of opportunities have been identified to be prospective for future entrepreneurs. In fact as a maiden attempt a group of the members prepared food for the meeting and supplied and it was appreciated by the women members. It the college in which the inauguration meeting was organized pointed to various openings within the college campus itself including stationery, Canteen, supply of Lunch for the meeting, hostel for
women students etc. SBI has agreed to support any project by several such opportunities could be opened to these women. Will power, self-confidence, continuous involvement with commitment, are needed for progress in future. Several strategies are being tried to identify the best strategy, which would keep these women in business.

**Mahalir Thittam by the Tamil Nadu Corporation for development of women Ltd. (TNCDW)**

**Mahalir Thittam**

 Mahalir Thittam is a socio-economic empowerment programme for women, implemented by Tamil Nadu Corporation for Development of Women Ltd. Mahalir Thittam is based on Self Help Group (SHG) approach and is implemented in partnership with Non-Governmental Organisations (NGOs) and Community based organizations.

The SHG approach was started in a small way in Dharmapuri district in the year 1989 vide G.O.Ms.No.764, Social Welfare & NMP Dept. dt.1.9.1989 with the assistance of International Fund for Agricultural Development (IFAD). Later the scheme was extended to the erstwhile Salem and South Arcot districts in the year 1991-1992 and further extended to Madurai and Ramanathapuram in the year 1992-93. Following the success of the IFAD project, Mahalir Thittam was launched with State Government funding from 1997-1998 vide G.O.Ms.No.292 Social Welfare & NMP Dept. dt. 4.12.1996 and was progressively introduced in all districts of the State. Today the SHG movement is a very vibrant movement spread across all districts of the State with nearly 59,00,000 women as members. As on 31.3.2009, there are 3,91,311 SHGs with a total savings of Rs.2062.04 crores. Mahalir Thittam is implemented in partnership with NGOs who help in formation of SHGs, provide training and monitor them. The NGOs are given funds for providing the above services. Interested NGOs are affiliated as partners with Mahalir Thittam if they satisfy the norms for affiliation.
The hallmark of the SHGs promoted by Mahalir Thittam is the systematic training provided to the SHG members and the office bearers. This capacity building brings about qualitative changes in the attitude of the women and promotes cohesion and effective functioning of the group. All the SHG members are imparted training in 4 modules for 4 days to orient them to the SHG concept. The office bearers of the SHGs (Animator and Representative) are given training in 3 modules for 6 days. This training enhances the leadership quality, team building spirit and capacity to maintain books of accounts. In addition, SHG members who are interested in starting economic activities or develop skills to get self employment are provided skill training. The skill training includes a 5 day capsule on entrepreneurial development.

In order to bring about synergy and better coordination in implementation of SHG program micro business, TNCDW which was under the administrative control of Social Welfare Department was brought under the administrative control of Rural Development and Panchayat Raj Department vide G.O.Ms.No.81 Rural Development & Panchayat Raj Dept. (CGS-II) dt.20.7.2006.

**Credit rating and Linkage**

The SHGs that complete 6 months become eligible for credit rating. Credit rating is a benchmarking exercise to grade the group and ascertain its creditworthiness. The credit rating committee consists of an Assistant Project Officer from Mahalir Thittam, a representative from DRDA, a Banker, and an NGO representative. In an effort to strengthen the Panchayat level federation (PLF) of the SHGs, one representative from the PLF has been included in the credit rating committee. Regularity of savings, frequency of meetings, proper maintenance of registers, internal loaning and repayment are some of the key parameters for rating of groups. The successfully credit rated SHGs become eligible for credit linkage. They are given revolving fund through scheme micro business like SGSY, TAHDCO or directly provided loans by banks.
The groups also undergo a second credit rating after the next six months to ascertain their readiness and suitability to undertake an economic activity. The groups which pass the second credit rating are provided financial assistance to start an economic activity through SGSY / TAHDCO scheme micro business along with bank funding.

As on 31.03.2009, the total amount of Bank loans disbursed to SHGs from 1989 is Rs. 5165.95 crores, out of which Rs. 3400.71 crores has been disbursed since June 2006. For the current year a target of Rs. 1858 crores has been fixed for credit linkage and the achievement so far is Rs. 2002.56 crores.

**Revolving Fund to Urban SHGs**

After the groups in rural areas pass the first credit rating, Revolving Fund (RF) subsidy of Rs. 10,000/- is provided under Swarnajayanti Gram Swarozgar Yojana (SGSY) to facilitate credit linkage with the banks. In addition to the subsidy given by the Government, the Banks provided cash credit upto Rs. 30,000/- per group. The RF subsidy was not available to SHGs in urban areas which restricted their access to credit from Banks. Therefore the Government announced a scheme to provide RF subsidy to urban groups from the 2006-07 vide G.O.Ms.No. 177 Rural Development & Panchayat Raj (CGS-II) dated 5.12.2006. Rs. 30 crores have already been provided to give RF subsidy to 30,000 urban SHGs. In 2008-09, the Government decided to provide RF subsidy to all the eligible 1.50 lakh SHGs. The Government have earmarked Rs. 150 crores for this purpose. As on 31.03.09, 1,34,413 SHGs have been assisted for a tune of Rs.131.41 crores as subsidy and with the Bank credit of Rs. 644.97 crores.

**Panchayat Level Federation (PLF)**

In Mahalir Thittam, federations of SHGs are formed at Village Panchayat Level called Panchayat Level Federation (PLF). These federations, by pooling in talent and resources and exploiting economies of scale in
production and marketing, can benefit member SHGs immensely. They can also guide and monitor functioning of SHGs in all Village Panchayats and strengthening them is the key for ensuring sustainability and self reliance of SHGs.

From 2006-07, the Government of Tamil Nadu have been taking various initiatives to strengthen the PLFs. 6,912 well-functioning PLFs have been provided seed money of Rs. 10,000/- each.

To strengthen the unity and team spirit, cultural competitions were organized among PLFs at Block and district levels. Rs.3.20 crores were sanctioned for the year 2007-08 and 2008-09 for conduct of these competitions which had an overwhelming response from SHG members.

Manimegalai awards are presented to the best PLFs at State and district levels in order to motivate them.

PLF representative has been included as a member of credit rating team.

Two representatives from PLF have been included in the payment committee for NREGA Scheme.

One PLF representative has been proposed for inclusion in the committee for selection of Samathuvapuram beneficiaries.

PLF certification has been made mandatory for processing NGO claims for new group formation, monitoring and training.

Well-functioning PLFs are affiliated to Mahalir Thittam on par with NGOs for formation of new SHGs, monitoring etc.

Registration of all SHGs, formed by the NGOs with the PLF has been included as a covenant in the new NGO agreement.

Government have issued orders vide G.O.(Ms) No.125 Dt:21.07.2008 to restructure PLFs to make them inclusive and more democratic and participatory in functioning. In order to give legal status and access to institutional credit to PLFs, orders have been issued to register them under Tamil Nadu Societies Registration Act, 1975.

An action Plan to restructure all the PLFs in the State in the next three years has been drawn up.
Skill training for Women

Skill Training for Youth

Given the popularity of the State as an industrial investment destination, there is a huge demand for skilled manpower in manufacturing and services sector. By providing relevant skill training, unemployed youth can be productively engaged benefiting the society as well as the individual. With this objective in mind, TNCDW has imparted skill training to 26,408 youth through reputable industrial houses and institutions like MRF, NOKIA, Saint Gobain.

Manimegalai Awards

To encourage well-functioning SHGs and PLFs, the Government had announced Manimegalai awards at State and district levels. Awards are presented to 5 best PLFs and 10 best SHGs at the State level. One PLF selected as the best and 3 SHGs found to be the best at the district level are given Manimegalai awards and the best SHG at the Block level is given a certificate. The awards were presented for the year 2006-07 in September 2007 and 2007-08 in November 2008 and have been instrumental in motivating the SHGs and PLFs to strive for better performance.
Cultural Competitions

To strengthen unity and team spirit, cultural competitions are organized among SHG members at Block and district levels. Rs. 3.20 crores was sanctioned for the year 2007-08 and 2008-09 @ Rs. 1.60 crore per year for conduct of these competitions and it received an overwhelming response from SHG members. The competitions have been conducted during November-January in the current year.

ID Cards to SHGs

To help SHGs gain recognition and also easy access to government officers and Banks, ID cards are proposed to be issued to all Mahalir Thittam SHGs in a phased manner. SHG ID cards have been distributed in 4 pilot blocks and first phase printing of SHG ID cards work is under progress in 15 districts.¹¹

¹¹ [http://www.tamilnaduwomen.org/]
CHAPTER – V

RESEARCH ANALYSIS AND INTERPRETATION OF DATA