CHAPTER 2

WOMEN ENTREPRENEURSHIP- An Overview
CHAPTER - 02
WOMEN ENTREPRENEURSHIP-AN OVERVIEW

2.1 INTRODUCTION

The present chapter, deals with the concept of women entrepreneur; categories of women entrepreneurs, typology of women entrepreneurs, structural factors influencing the start up of women enterprises, that is the internal and external factors influencing the setting up of women enterprises, functions and problems of women entrepreneurs. At the end of the chapter the recent developments relating to women entrepreneurship including the importance given to women entrepreneurs in the five-year plans have been portrayed.

2.2 CONCEPT OF WOMEN ENTREPRENEUR

Women entrepreneur may be defined as a woman or group of women who initiate, organize and run a business enterprise. In terms of Schumpeterian concept of innovative entrepreneurs, women who innovate, initiate or adopt a business activity are called "women entrepreneurs". The Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, a women entrepreneur is defined as "an enterprise owned and controlled by a women having a minimum financial interest of 51 per cent of the
capital and giving at least 51 per cent of the employment generated in the enterprise to women". However, this definition is subject to criticism mainly on the condition of employing more than 50 per cent women workers in the enterprises owned and run by the women.

In other words, women entrepreneurs are those women who think of a business enterprise, initiate it, organize and combine the factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running a business enterprise.

2.3 WOMEN ENTREPRENEURS- THREE CATEGORIES

The first group consists of women with educational and professional qualifications, who take the initiative and manage the business as men do. Women entrepreneurs who have the basic managerial training and educational qualification usually head the medium and large units. These women, because of their qualification and other opportunities open to them, are in a superior position and have a competitive edge over others to set up and manage the unit. Those women entrepreneurs who do not have education or any formal training in management, but have developed practical skills required for the small-scale sector, constitute the second group. They choose that product with which

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1 National Standing level committee on women entrepreneurs, Ministry of Industry. Government of India.
they are familiar, like, garments, pickles, dolls and handicraft items. Some have ventured into engineering, electronics, chemicals and pharmaceuticals. Some also make surgical instruments, furniture and pottery. These women entrepreneurs need, in the initial period, certain special privileges to overcome the practical social handicaps they face, such as attitudinal reluctance of officers, lack of information, and many formalities that need to be completed.

The third group of women entrepreneurs work in cities and slums to help women with lower means of livelihood. There is a service-motivated organization to help the economically backward sector. They need government support in marketing as well as in getting finance at concessional rates of interest. The preferential purchasing policy of governments help such institutions to manufacture and sell to the government, items like files, chalk, stationery etc. The categories of women entrepreneurs and their skill are shown in table 2.1.
TABLE 2.1
WOMEN ENTREPRENEURS- THREE CATEGORIES

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Type</th>
<th>Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Professional women entrepreneurs</td>
<td>With Professional Qualification, Managerial Training, Leadership qualities and the like</td>
</tr>
<tr>
<td>2</td>
<td>Women with practical skill orientation</td>
<td>With Skills necessary for running small scale Industries</td>
</tr>
<tr>
<td>3</td>
<td>Self-help group (Service motivated group)</td>
<td>With no formal training, women in cities and slums render services for a consideration</td>
</tr>
</tbody>
</table>

(Based on: SS Khanka, Women Entrepreneurship in India, Journal of Assam University, Volume 3 (1), January 1998, PP.11-16).

2.4 THE TYPOLOGY OF FEMALE ENTREPRENEURS

Conventional business owners (highly committed to both entrepreneurial ideas and conventional gender roles) experience conflicting pressures from their business and from domestic personal relationships, because most of them married. They tend to start up on skills acquired through pursuing traditional female roles. Innovative proprietors (highly committed to entrepreneurial

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ideas but rejecting conventional gender roles) view business as a central life interest. They are likely to be well educated and have been successful in organizational life. Yet this experience has made them aware of the obstacles facing career women, and they have opted for entrepreneurship to fulfill their ambitions.

Domestic business owners (low commitment to entrepreneurial ideals but high commitment to the traditional female role) tend to be married and see their businesses as secondary to their primary roles as wives and mothers. Business ownership offers them an opportunity for self-fulfillment.

Radical proprietors (low commitment both to entrepreneurial ideas and conventional females roles) see their businesses as a means of livelihood whereby women can overcome their subordination to men. They are feminists who regard their businesses as social as well as economic units. Profits are used to nurture the feminist cause.

Most of the young freedom seeking women entrepreneurs prefer to go in for professional life seeking personal freedom through starting their own business, further some women entrepreneurs express the need for their socio-economic security and to supplement their family income acted as trigger to startup ventures.

The number of women who start businesses in order to prove themselves and to others that they are the useful and productive members of the society are few. They are the women with little or in
formal work experience, who were no longer content to be only a housewife. All of them were relatively older women in their forties and fifties. Women primarily wanted to gain personal satisfaction and recognition through their business.

2.5 WOMEN AND ENTREPRENEURSHIP

Commercialization and modernization of the economy gradually eliminated many of the avenues of employment to women in agriculture and industries and thus enabled them to find ways of supplementing their family income. As a result of this, a section of urban women have emerged as potential entrepreneurs. This development is of significant importance in our orthodox society. Since, last one decade the women have started emerging on the business scene and some have achieved remarkable success too. 4

With the spread of education and new awareness, women entrepreneurs are spreading their wings to higher levels of the 3-E’s (engineering, electronics and energy). A comprehensive study of business women in the capital and its outskirts showed that 40 percent of the entrepreneurs have non-technical as far as their own qualifications are concerned and prefer businesses such as electronics, engineering, chemicals, auto parts and microphones etc. In other parts of the country, although, their number is very less yet they are growing very fast in almost every sector.

kind of specializations that is TV, Wines, Cosmetics, Leather, Non-conventional energy sources, and the like.⁵

Entrepreneurship plays a critical role in the growth of our country, which has, abundant of natural and human reserved resources. Besides being the vehicle of industrial development, entrepreneurship can solve acute problems like unemployment, concentration of wealth in few selected hands, imbalanced regional development, increasing wastage of youth vigor in destructive activities. Growth of women entrepreneurship would be supplementary and complimentary for women in particular and country in general. On one hand, their enthusiasm and skill in constructive performance is met and simultaneously they can earn enough for proper maintenance and improvement of their socio-economic status. On the other side, this work force in production process will enrich the national economy by way of ensuring optimum utilization of human and material resources for adequate employment opportunities. This calls for promoting congenial environment for fostering entrepreneurship among women.

2.6 GOALS OF WOMEN ENTREPRENEURS

Women wanted to start a business in order to achieve three types of Goals such as, personal goals, personal freedom, security and satisfaction.⁶

⁵ Kamala Singh, 1999, Women Entrepreneur, New Delhi: Ashish Publishing house, p.6
Freedom seekers were mostly women who had experienced some kind of frustration or dissatisfaction in their paid work, and who now wanted to start their own venture in order to have the freedom in choosing the type of work, hours of work, work environment, and the people they worked with.

Security seekers were mostly women who, triggered by some personal mishap (such as death or retirement of husband), wanted to start a business in order to maintain or improve their and their family's social and economic status. An important reason why most of these women opted for their own business rather than paid work was the flexibility that self-employment offered in terms of location (close to home, working from home) and hours of work, to which paid jobs could not cater.

The satisfaction seekers were mostly housewives, with no previous experience, who wanted to start a business in order to prove themselves and to others that they are useful and productive members of society.

2.7 STRUCTURAL FACTORS INFLUENCING START-UP OF WOMEN ENTREPRENEURSHIP

The impact of structural factors on women's ability to start a business varies according to the dominant personal goals that women had to choose. The relationship between women's personal goals and structural factors influencing start-up led to the
development of a conceptual framework that could help explain why some women, despite apparently unfavorable circumstances, succeeded in starting a business, whereas others even under apparently favorable circumstances did not do so.

Understanding the different goals that women pursue and how the relationship between these goals and the structural factors influenced start-up can be of great help to researchers, planners, as well as practitioners working to promote women entrepreneurs. This understanding, can lead to the development of more finely tuned policies and programs of support that not only recognize that women have different goals for wanting to start a business, but their needs and experiences in starting up vary according to their particular goals for business ownership.

Structural factors influencing start-up were divided into three categories: internal resources, i.e., women's work experience and their educational/technical qualifications; external resources, i.e., finance and location; relational resources, i.e., family, employees, suppliers and customers. The extent to which these factors posed a constraint or an advantage to these women was to be linked to their personal goals.

\[^7\text{ibid, p.515}\]

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INTERNAL RESOURCES/CONSTRAINTS

Educational /Technical Qualifications and work Experience:

Educational/technical qualifications and work experience play a major role in determining the choice of business among the majority of freedom seekers and security seekers. Having based their business ideas on solid ground, these women were not only more confident and committed to their business ideas, but were also encouraged by their family members and friends to put their ideas into practice. Most of the satisfaction seekers neither had any specialized qualifications nor any relevant experience. Lack of previous work experience and/or specialized qualifications was a major constraint in starting up a venture. But they did not recognize this until they began trying to set up a business. The security seekers started mostly traditional businesses and tend to possess the technical know-how that was needed. On the other hand, educated women with well-educated husbands or fathers were found positively influenced towards entrepreneurship.

External Resources/Constraints

Finance

Most of the women, whether they are freedom seekers, security, or satisfaction seekers, tend to start their businesses on a small-scale with their personal savings and resources. They wanted to limit their financial risk to their own funds, mainly because they were afraid of the social consequences in case of business failure, that is, social embarrassment.
If a man fails, people sympathize. If a woman fails, people ridicule.⁸

The security seekers had the support of their families, at least their husbands, who either provided them with the requisite capital or helped them to obtain it from banks. All of the satisfaction seekers belonged to the upper or upper middle class and had access to their family’s financial resources.

However, access to financial resources was a constraint for some freedom seekers and security seekers, especially those who either wanted to start a manufacturing enterprise and/or those who did not have their family’s support in starting up. Most of these women managed to overcome their financial constraints by starting their businesses in partnership, resulting in a pooling of resources.

**Location**

Transport facilities were the most prominent factor for the women entrepreneurs in selecting the locations of their units.⁹ For most of the women, irrespective of their personal goals, location was not a major constraining factor. However the choice of location was influenced by number of considerations. The majority of women, especially the freedom seekers and the security seekers started their business from home. They did so for one or more of the

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⁸ibid, p.527

following reasons: Convenience—women could manage both home and work responsibilities; cost effectiveness—it was less expensive to start from home; and no need to commute. The importance of these reasons varied according to personal circumstances. For women with children—mostly the security seekers—the first reason, convenience, was very important. For younger unmarried freedom seekers, the extent of traveling involved and cost effectiveness where the main factors. The different reason for the choice of location could be considered a reflection of these women’s motivations for starting a business in the first place.

**Relational Resources/Constraints**

**Family**

It is part of Indian culture, as of many other Eastern cultures (Where kin role takers precedence over individual role) that decisions of any nature are usually made with the approval of the head of the family. Without the support of the head, it becomes very difficult to implement one’s decisions. This, of course, also applies to women who decide to start their own businesses.

Invariably, all studies have shown the importance of the family for the women entrepreneur. Women put their home as the first priority and were unwilling to sacrifice their family for a career or business. Even with a supportive and helpful spouse, they feel responsible for the household family and children. It is therefore important to note that, family’s monetary contribution was a major
stimulus for women as they saw that as a sure indication of (1) the confidence the family had in their capabilities (2) their willingness to risk their savings on the enterprise and (3) their recognition and support or the woman's entrepreneurial career.\textsuperscript{10}

The extent to which the family was supportive played a decisive role in some cases whether a woman did or did not start her business. Single women who succeeded in starting up were all freedom seekers belonging to families where daughters had always been encouraged to be independent.

The women entrepreneurs who are satisfaction seekers generally faced opposition from both their husbands as well as their in-laws, who felt that it would lead them to neglect their domestic responsibilities.

**Employee Relations**

Most of the freedom seekers and security seekers who did not start a business did not perceive employee relations to be a potential constraint in starting up. However, managing employees was a major area of concern for some of the young freedom seekers who had started manufacturing enterprises in the nontraditional sectors (where women are not traditionally employed, either as owners or workers).

\textsuperscript{10} Karuna D'Cruz, 2000, "Effects of family, Customs and Culture on the Women Entrepreneurial Psyche", in K. Sasikumar (ed) Women entrepreneurship, New Delhi: Vikas Publishing house, Pp.15-16
In general, male workers in India do not like to take directives from women bosses. It was difficult for men, particularly the uneducated shop floor workers, to accept a woman’s authority at the workplace—traditionally a male domain in Indian society.

Related to the non-acceptance of women’s authority was their lack of credibility. There was a tendency on the part of male workers to think that women were not serious about their business—that women were simply running their business “as a hobby”. It is important to note that women running service businesses in the traditional sectors such as primary education did not have problems in dealing with employees. Women were accepted in this area of work.

**Supplier Relations**

Most of the women who did not start a business did not perceive supplier relations to be a potential constraint. However, as in the case of employee relations, a supplier relation was an important area of concern, at least initially, for a number of freedom seekers starting businesses in the nontraditional sectors. The two main problems women encountered were restricted spatial mobility due to cultural reasons and lack of acceptance and credibility in dealing with suppliers.

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Those women who start non-manufacturing businesses generally do not face problems with suppliers, as they did not need regular suppliers for the type of business they were operating.

**Customer Relations (CRM)**

Access to customers presented somewhat paradoxical situation for both those who did and those who did not start a business. Most of the women who did not start a business did not perceive getting customers as a potential constraint. In fact, a majority of the Women Entrepreneurs had access to potential customers, which initially had prompted them to consider starting their own business.

However, some of the Women entrepreneurs, who had started a business, did actually face problems in finding customers. This was especially for manufacturers, who faced difficulties in negotiating favorable terms with the wholesalers. These women did not have enough working capital to offer favorable terms to wholesalers or to promote their products through the use of various media.

Most of these women overcame their difficulties in a number of imaginative ways, including setting up retail outlets at their own factory or home, convincing end-consumers first, then getting retailers to carry their products, using networks to attract clients.
The importance of entrepreneurial resources as a crucial input in the process of economic development has now been widely recognized by scholars and policy makers. With growing emphasis on the role of medium and small-scale enterprises in view of their contributions to employment generation, regional development and economic growth, a wide range of schemes and programmes aimed at accelerating the tempo of new activities in the decentralized sector has been devised in many developing countries. It is found from the experience that entrepreneurs do not respond spontaneously to available business opportunities despite various incentives and inducements. An effective mechanism is, therefore, sought to enlarge the pool of new entrepreneurs who will be helped to face risks and uncertainties while establishing new ventures.

In order to accelerate the formulation of such new enterprises, imaginative programmes and policies, backed up by sound institutional support, are called for to identify, motivate and strengthen the new breed of entrepreneurs.  

Though surplus manpower (educated and uneducated) is a great liability to any nation, it can be turned into asset, once those with potential are selectively encouraged for self-employment.

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Entrepreneurship should be spread from a few dominant entrepreneurs to a large number of industrially potential people of different social strata. The non-business communities and castes should be encouraged through efforts such as training, counseling, appropriate environment creation, and productive support. Entrepreneurial development programmes should improve the effectiveness of enterprises by covering a wide variety of target groups, regions and new thrust areas.

Entrepreneurship development has become a national movement. Financial and promotional institutions all over India have recognized it by providing a strong support system in the country. A programme for creating opportunities of self-employment for the educated unemployed has been in operation since 1973. The Small Industries Extension Training (SIET) initiatives launched activities for stimulating entrepreneurship in Jammu and Kashmir in 1972, Andra Pradesh in 1973, Assam in 1974, and in Karnataka in 1975. Other agencies, which have encouraged entrepreneurial efforts, are the National Science and Technology Entrepreneurship Development and the Department of Science and Technology. The National Entrepreneurship Development Board (NEDB) set up by the industries department, Government of India is monitoring and guiding the national network of organizational functioning both at central and State levels. The industries service institutes, the national institute of Small Industry Extension Training and the Technical Consultancy organizations are also in the field. However,

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the results of EDPs conducted by various agencies have not been satisfactory as is evident from the total output in respect of new entrepreneurship developed and enterprises set up every year. Considering the performance of EDPs in most of the States, the national average of start-ups does not seem likely to exceed 30 per cent.\textsuperscript{15}

Hence, at the national and state levels, awareness must be created to achieve what we want through these institutions and programmes. Attention must be increased on the commercial manufacturing or service activities, which help in setting up a business of some sort, that can immediately result in employment generation. Success will be assured only if the programmes are concentrated in generating impact on the new-comers by expert handling of the total development process, which needs result oriented promotional efforts like proper selection of the project, connecting the entrepreneur with sound business investment, and establishing the entire programme as a systematic business plan. Along with, the efforts are to be taken to develop the new entrant’s entrepreneurial skill, managerial capacity and motivation by providing the requisite support.

Entrepreneurial talent exists in every society and in all sections of society. In developed countries, a favourable socio-economic environment helps in exploiting latent entrepreneurial talent. However, in less developed and developing countries, particularly in certain backward areas, an unfavourable socio-economic

environment hinders the emergence of entrepreneurial talent. In India, it is believed that tremendous latent entrepreneurial talent exists which, if properly harnessed, can help accelerate the pace of socio-economic development, balanced regional growth, exploitation of locally available resources and creation of gainful employment and self-employment. Such a realization on the part of planners and policy formulators has resulted in the emergence of Entrepreneurship Development Programmes (EDP) for various target groups of population in the country.

Since independence, allocations worth several thousand crores of rupees have been made in India, on various development programmes and schemes to build dams, roads, bridges industrial and agricultural infrastructure, and the like to promote economic development, in the country. When viewed from afar, the record of success seems impressive. Unfortunately, a close examination reveals that the development strategy has, in fact, failed to achieve two fundamental goals: greater equality and increased economic opportunity for the majority of the poor in the country. This has been particularly true in the case of women. The traditional development strategies in India have not benefited men and women equally. In fact, the status of women and their access to resource have in several cases been adversely affected.

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Entrepreneurship development is a process, and the entrepreneurs as an individual is a significant element in the process. It may be highly useful to understand how the social set-up has been instrumental to the emergence of entrepreneurs from among the women folk. This may also be helpful in planning educational investment to enable them to think and grow as entrepreneurs in their society. Owing to certain cultural considerations and value systems, there are restrictions on the potential women to be fully functional. Therefore, a clear understanding of the values can facilitate the process of change either by increasing and strengthening the promoters by decreasing and weakening the inhibitors.

Therefore, the task of integrating women in development requires simultaneous efforts to improve their working conditions from both economic and social angles. This is so because women's multiple roles put them in a position to be influenced by, and do influence, the social and economic processes. Broadly, women's participation in economic development calls for arrangements that would lighten their domestic workload in order to release them for other economic and socially productive work. This calls for an identification of opportunities for women with more avenues for self-employment, and a conscious effort towards the development of women entrepreneurship.

Entrepreneurship development is essential for increasing production and productivity in the primary, secondary and tertiary sectors, for harnessing and utilizing material and human
resources, for solving problems of unemployment and under employment, for effecting equitable distribution of income and wealth, for increasing the Gross National Product and the per capita income, for improving the quality of life, etc.  

The basic objective of developing entrepreneurship has been to enable the society to generate productive human resources as well as to mobilize and sustain them for the subsequent process of development. The spontaneity and continuity of the process would depend on the kind of people that can be promoted and groomed for the entrepreneurial career.

Entrepreneurship development has the same significance as education and training. A recent industrial policy has given vast powers to governments not only to create enterprises but also to promote entrepreneurship. Failures of projects and sickness of industries has necessitated the critical role of entrepreneurial competence, given liberal financial and other promotional support. As the economy gets more competitive and open there arises the need for capable entrepreneurs. Success has come to depend on the person behind the project, the owner and manager – the entrepreneur.

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OBJECTIVES OF EDPs

The important objectives of the Entrepreneurship Development Programmes (EDPs) are to.\(^\text{19}\)

- Develop and strengthen their entrepreneurial quality that is motivation and need for achievement,
- Analyze environmental set up relating to small industry and Small business,
- Select product,
- Formulate project for the product,
- Understanding the process and procedure involved in setting up a small enterprise,
- Know the sources of help and support available for starting a small-scale industry.
- Acquire the necessary managerial skills required to run a small enterprise,
- Know the pros and cons in becoming an entrepreneur,
- Appreciate the needed entrepreneurial discipline.

Besides, some of the other important objectives of the EDPs are to:

- Let the entrepreneur himself/herself set or reset objectives for his/her business and strive for their realization.
- Prepare him/her to accept the uncertainty involved in running a business.
- Enable him/her to take decisions.
- Enable to communicate clearly and effectively.

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• Develop a broad vision about the business.
• Make him subscribe to industrial democracy.
• Develop passion for integrity and honesty.
• Make him learn compliance with law.

PHASES OF EDP

An EDP consists of the following three Phases:

1. **Pre-training**: identification, selection and initial motivation of potential entrepreneurs.
2. **Training** of potential entrepreneurs
3. **Post training**: support and follow-up services.

1. PRE-TRAINING

Three important aspects of work at the first stage of an EDP are:

(a) Selecting potential entrepreneurs
(b) Arrangement of infrastructure.
(c) Tie-up of Guest Faculty for the training purposes.
(d) Arrangement for inauguration of the programme.
(e) Selection of necessary tools, techniques to select the suitable entrepreneurs.
(f) Formation of Selection Committee for selecting trainees.
(g) Arrangement for publicity media and campaigning for the programme.
(h) Development of application form.

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(i) Finalisation of training syllabus.
(j) Pre-potential survey of opportunities available in the given environmental conditions.

2. TRAINING PHASE

The main objective of the phase is to bring desirable change in the behaviour of the trainees. In other words, the purpose of training is to develop 'a need for achievement', i.e., motivation among the trainees. Accordingly, a trainer should see the following changes in the behaviour of the trainees.

a) Is he/she attitudinally turned very much towards his/her proposed Project idea?
b) Is the trainee motivated to plunge into entrepreneurial career and bear risks involved in it?
c) Is there any perceptible change in his entrepreneurial attitude, outlook, skill, role, etc?
d) How should he/she behave like and entrepreneur?
e) What kinds of entrepreneurial traits the trainee lacks the most?
f) Whether the trainee possesses the knowledge of technology, resources and other knowledge related to entrepreneurship?
e) Does the trainee possess the required skill in selecting the viable project, mobilizing the required resources at the right time?

Some of the questions listed above also answer the basic underlying assumption in designing a suitable training programme for the potential entrepreneurs. Having trained the trainees, the
trainers need to ask themselves as to how much, and how far the trainees have move in their entrepreneurial pursuits.

EVALUATION OF EDPs

Developing entrepreneurship has become a movement in India in the recent years. EDPs have been considered as an effective instrument for developing entrepreneurship in the countryside. Hundreds of EDPs are conducted by some 686 organizations to impart entrepreneurial training to participants in thousands. As mentioned earlier, the main objective of EDPs is to be an enterprise creator. Hence, it seems necessary to see whether the objective of EDPs is fulfilled or not. In simple words, there is a need to have a retrospective look into how many participants have actually started their own enterprises after completing the training. This calls for evaluation of EDPs.

PROBLEMS FACED BY EDPs

EDPs suffer on many counts. The problems and lacunas are on the part of all those who are involved in the process, be it the trainers and the trainees, the ED organizations, the supporting organizations and the state governments. The important problems EDPs face are listed as follows:

1. Trainer-motivations are not found upto the mark in motivating the trainees to start their own enterprises,

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2. ED organizations lack in commitment and sincerity in conducting,
   a. The EDPs in some cases, are used as a means to generate
   b. Surplus (income) for the ED organizations.

3. Non-conducive environment and constraints make the trainer-Motivators role ineffective.

4. The antithetic attitude of the supporting agencies like banks and financial institutions serves as stumbling block in the success of EDPs.

5. Selection of wrong trainees also contributes to a low success rate of EDPs.

Thus, it is clear that the problems are not with the strategy but with its implementation. One way of evaluating the EDPs is to assess their effectiveness in developing need for achievement among the entrepreneurs. This is also called as the qualitative evaluation of EDPs. The behavioral scientists used the following criteria to assess the effectiveness of EDPs in motivating the entrepreneurs:22

1. Activity level of the respondents
2. New enterprise established

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3. Total investments made
4. Investments in fixed assets made
5. Number of people employed
6. Number of jobs created
7. Increase in profit
8. Increase in sales
9. Quality of product/service improved
10. Quicker repayment of loans

In other behavioral experiments, the impact of EDPs is measured with the help of indices relating to the entrepreneurial behavior. The entrepreneurial behavior is measured on the following four dimensions: 23

1. Planning Orientation
2. Achievement Orientation
3. Expansion Orientation

2.9 FUNCTIONS OF WOMEN ENTREPRENEURS

As an entrepreneur, women should also perform all the functions involved in establishing an enterprise. These include idea generation and screening, determination of objectives, project preparation, product analysis, determination of forms of business organization, completion of promotional formalities, rising funds, procuring men, machine and materials and operation of business.

Frederick Harbison\textsuperscript{24} has enumerated the following five functions to a women entrepreneur:

1. Exploration of the prospects of starting a new business enterprise.
2. Undertaking the risks and 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 fact remains that, like the definition of the term ‘entrepreneur’, different scholars have identified different sets of functions performed by an entrepreneur whether man or woman. All these entrepreneurial functions can be classified broadly into three categories.

1. Risk-bearing
2. Organization
3. Innovations.

2.10 PROBLEMS OF WOMEN ENTREPRENEURS

Women entrepreneurs encounter two sets of problems, viz., general problems of entrepreneurs and problems specific to women entrepreneurs. \textsuperscript{25} These are discussed as follows:

\textsuperscript{24} Jose Paul et.al. 1996, ibid, p. 65.

\textsuperscript{25} Kanka S.S, 1999, ibid, p.10.
1. **Problems of Finance**: Finance is regarded as "life-blood" for any enterprise, be it big or small. However, women entrepreneurs suffer from shortage of finance on two counts. Firstly, women do not generally have property on their names to use them as collateral for obtaining funds from external sources. Thus, their access to the external sources of funds is limited. Secondly, the banks also consider women less credit-worthy and discourage women borrowers on the belief that they can at any time discontinue their business. Given such a situation, women entrepreneurs are bound to rely on their own savings, if any, and loans from friends and relatives, which are expectedly meager and negligible. Thus, women enterprises fail due to the shortage of finance.

2. **Scarcity of Raw Material**: Most of the women enterprises are plagued by the scarcity of raw material and necessary inputs. Added to this is the high price of raw material, on the one hand, and getting raw material at the minimum of discount, on the other. The failure of many women cooperatives in 1971 engaged in basket making is an example how the scarcity of raw material sounds the death-knell of enterprises run by women.26

3. **Stiff Competition**: Women entrepreneurs do not have organizational set-up to pump in a lot of money for canvassing and advertisement. Thus, they have to face a stiff competition

for marketing their products with both organized sector and their male counterparts. Such a competition ultimately results in the liquidation of Women enterprises.

4. **Limited Mobility:** Unlike men, women mobility in India is highly limited due to various reasons. A single woman asking for room is still looked upon suspicion, Cumbersome exercise involved in starting an enterprise coupled with the officials humiliating attitude towards women compels them to give up the idea of starting an enterprise.

5. **Family Ties:** In India, it is mainly a woman's duty to look after the children and other members of the family. Man plays a secondary role only. In case of married women, she has to strike a fine balance between her business and family. Her total involvement in the family leaves little or no energy and time to devote for business. Support and approval of husbands seem necessary condition for women's entry into business. Accordingly, the educational level and family background of husbands positively influence women's entry into business activities.

6. **Lack of Education:** In India, around three-fifths (60%) of women are still illiterate. Illiteracy is the root cause of socio-economic problems. Due to the lack of education and that too qualitative education, women are not aware of business,

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technology and market knowledge. Also, lack of education, causes low achievement and motivation among women. Thus, lack of education creates problems for women in the setting up and running of business enterprises.

7. Male-Dominated Society: Male chauvinism is still the order of the day in India. The Constitution of India speaks of equality between sexes. But, in practice, women are looked upon as abla, i.e. weak in all respects. Women suffer from male reservations about a woman's role, ability and capacity and are treated accordingly. In nutshell, in the male dominated Indian society, women are not treated equal to men. This, in turn, serves a barrier to women entry into business.

8. Low Risk-Bearing Ability: Women in India lead a protected life. They are less educated and economically not self-dependent. All these reduce their ability to bear risk involved in running an enterprise. Risk bearing is an essential requisite of a successful entrepreneur.

In addition to above problems, inadequate infrastructures facilities, shortage of power, high cost of production, social attitude, low need for achievement and socio-economic constraints also hold the women back from entering into business.
2.11 DEVELOPMENT OF WOMEN ENTREPRENEURS

-RECENT TRENDS

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 unaccounted for. Now, they are increasingly participating in all spheres of activities. The fact remains that the citadels of excellence in academic, politics, administration, business and industry are no longer the prerogatives of men in India. The general consensus that is emerging in all discussions relating to the development of women is that promotion of women entrepreneurs should form an integral part of all development efforts. The experience of the United States where the share of women-owned enterprises is continuously on rise strengthens the view that the future of small-scale industries depends very much on the entry of women into industry. Several national and international organizations and agencies have appreciated the need for and importance of developing women entrepreneurs in recent years. A brief review is given here.

With a view to develop better half of the society, the United Nations declared the decade 1975-85 as the Decade for Women. The UNIDO Preparatory Meeting on the Role of Women in Industrializations in Developing Countries held at Vienna during 6th to 10th February, 1978 identified several constraints such as social, attitudinal and institutional barriers, insufficient employment opportunities, inappropriate and inadequate education

28 Jose Paul, Ajith kumar N et. al., ibid p.75.
and training, insufficient information and so on which held women back from participating in industrial activities. Since the First World Conference on Women, which was held in Mexico City in 1975, much has changed for the world's women. Their education and salaries have increased, they have taken up high profile jobs and have become economically independent in their own right.\(^2\)

The World Conference of the United Nations Decade for Women held at Copenhagen in Denmark on 30\(^{th}\) June, 1980 also adopted a programme aimed at promoting full and equal opportunities and treatment of women in employment and their access to non traditional skilled trades.\(^3\)

The First National Conference of Women Entrepreneurs held at New Delhi in November 1981 advocated the need for developing women entrepreneurs for the overall development of the country. It called for priority to women in allotment of land, sheds, sanction of power, licensing, etc. The Second International Conference of Women Entrepreneurs organized by the National Alliance of Young Entrepreneurs (NAYE) held in 1989 at New Delhi also adopted certain declarations involving women's participation in industry.\(^4\)

A specifically planned approach with a special focus on the welfare of women was adopted in the First Five Year Plan in 1951. It held that "In order that women may be allowed to fulfill her legitimate role in the family and the community, adequate services need to be

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\(^2\) Pillai, 2000, “The Empowerment of women entrepreneurs-a conceptual framework” in K. Sasikumar (ed) ibid, p.60.


promoted for her welfare. The position and functions of women differ to a great extent in different communities and, therefore, community welfare agencies will have to work out their programmes and activities according to the specific requirements of the areas in which they work". Since then, a number of programmes have been formulated and implemented, primarily in the field of health, education and employment. Up to the fourth plan, the stress was on the provision of curative and meliorates services. Thereafter, the emphasis shifted to the promotion of preventive and developmental programmes.32

The Government of India has been assigning increasing importance to the development of women entrepreneurs in the country in recent years. Hence after 1980 policy makers are giving more emphasis in preparing certain plans and programmes for women. Thus, under the plan periods, the government focused the developmental programmes towards women especially in the Sixth and till the Tenth Five-Year Plans.

The Sixth Five Year plan, 1980-85 has envisaged and incorporated a new chapter entitled "Women and Development" for the first time since the inception of Five Year Plans in 1951 that emphasized specifically on general as well as special programmes for the promotion of social welfare and entrepreneurial

development.\textsuperscript{33} Example, proposed for promoting female employment in women-owned industries.

The Government moved a step forward in the \textit{Seventh Five Year Plan} by including a special chapter on "Integration of Women in Development". \textsuperscript{34} The chapter suggested.

- To treat women as specific target groups in all development programmes.
- To devise and diversify vocational training facilities for women to suit their varied needs and skill
- To promote appropriate technologies to improve their efficiency and productivity.
- To provide assistance for marketing their products
- To involve women in decision-making process.

The \textit{Eighth Five-Year Plan}, 1992-97 has given emphasis to the development of small-scale sector. The number of small-scale units in 1992 was 1.7 million and in 1995-96 has increased to 2.7 million. It was estimated that small-scale entrepreneurs would increase by 9\% by the end of 1997, if this trend continues, the total small-scale units owned by women may increase by 22\% by the year 2001.\textsuperscript{35}

\footnotesize
\begin{itemize}
  \item[^{33}] Sixth Five -Year plan (1980-85) Government of India, Planning Commission, New Delhi
  \item[^{34}] Kanka S.S, 1999,ibid, p. 12
  \item[^{35}] Eighth Five-Year plan (1992-97) draft, Government of India, Planning Commission, New Delhi
\end{itemize}
New policy initiatives- During the Eighth plan period, the Govt. of India has taken some initiatives through the Department of Small Industries. For the first time, separate policy measures for the growth and development of village and small-scale industries was announced during August 1991. These policy measures have spelt out clearly many issues related to HRD for SSI sector including Entrepreneurship Development. They are specified briefly as follows:-

1. Government will continue to support first generation entrepreneurs through training large number of EDP trainers and motivators will be trained,
2. Topics on EDP would be integrated into the curricula of vocational and other degree level courses,
3. Women Entrepreneurs will receive support through special training programmes.

The following important point was introduced towards the implementation of programmes for promoting women entrepreneurship-

*Promoting entrepreneurship amongst women, weaker sections of the society organising special skill related and process oriented EDPs, which are relevant to micro and tiny enterprises.*

It is difficult to ascertain the exact number of small-scale units because many units run by women are not registered. This is also a common factor in case of men owned small enterprises.
In the **Industrial Policy Resolution of 1991**, the Government of India further stressed the need for conducting special entrepreneurship development programmes for women with a view to encourage women to enter industry. Product and process-oriented courses enabling women to start small-scale industries are also recommended in the Policy Statement. It has also highlighted the necessity of providing special training to develop women entrepreneurship. The resolution further adds that the object of the course is to increase the representation of women in the field of small industry development and to enhance their economic and social status. The policy has a strategy for the holistic development of women. It is with a purpose to develop their overall personality and at the same time to uplift their economic and social conditions.

There are several institutional arrangements both at the centre and the state levels like nationalized banks, state financial corporations, state industrial corporations, district industry canters and voluntary agencies like FICCIs Ladies Organization (FLO), National Alliance of Young Entrepreneurs (NAYE) which have been engaged in protecting and developing women entrepreneurs in the country. Added to these are national and international women associations set up with a purpose to create a congenial environment for developing women entrepreneurship in rural and urban areas.

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During **Ninth Five-Year Plan, 1996-2001**, Government of Karnataka has announced a New Industrial Policy 1996 and package of Incentives and Concessions during 1996-2001, to accelerate industrial development in Karnataka. Provision of Guidance Cells by DICs, educating rural women in non-farm activities, imparting training under self-employment schemes etc. It has also made provisions for the first generation women entrepreneurs to provide "incubator" programmes right from commencement of project implementation till commercial production from State industrial development agencies. During the period 1996-97 to 2000-2001 the achievement in the industrial sector of Karnataka were shown in table 2.2.

**TABLE 2.2**

Table showing the amount of Investment and Employment generated by Industrial Sector

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sector</th>
<th>No. of units Established</th>
<th>Investment in Rs. Cr.</th>
<th>Employment in Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Small-Scale Industries</td>
<td>93,845</td>
<td>3008.78</td>
<td>4,44,259</td>
</tr>
<tr>
<td>2</td>
<td>Medium Scale Industries</td>
<td>194</td>
<td>2,499.96</td>
<td>45,703</td>
</tr>
<tr>
<td>3</td>
<td>Large and Mega Industries</td>
<td>21</td>
<td>8,682.62</td>
<td>13,331</td>
</tr>
</tbody>
</table>

(Source: New Industrial Policy 2001-2006, Department of Industries and Commerce, Government of Karnataka)

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37 New Industrial Policy 2001-2006, Department of Industries and Commerce, Government of Karnataka
The **Tenth Five-Year Plan, 2002-2007** focuses on creating an industrial policy environment in which private sector companies, including erstwhile public sector companies, can become efficient and competitive. The special policy issues that are given special attention in the context of industrial development are:

- The removal of quantitative restrictions on imports is an important step in opening the economy to foreign competition. The net effect is to make industry as a whole uncompetitive in world markets.
- The second important policy issue relates to the need of extending industrial liberalization, which has been implemented extensively at the Central level, to the State level also.
- The Small-Scale industry (SSI) has a vital role to play in the process of industrialization, providing a vehicle for entrepreneurship to flourish and a valuable entry point for new entrepreneurs who can start a small enterprise and then grow big. Small-scale industries are also vehicles for achieving a broader regional spread of industry. Tenth Five-Year Plan is supportive to SSIs. Hence it is a proactive policy, encouraging the Banks to meet the needs of the SSI while maintaining all necessary banking diligence in credit appraisal.
- The policy also reconsiders the policy of reservation of certain products for SSI units.

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The Tenth Five-Year Plan is also a National Plan of Action for Empowerment of Women and is prepared with a view to translate the National Policy for Empowerment of Women into action. The salient features will be, the identification of partners, determination of action points and monitoring its progress.

The new industrial policy of Karnataka 2001-2006\(^{39}\) has the mission to achieve an economic growth rate of 8% to 9% over the next decade by promoting the rapid growth of market driven, knowledge based, efficient and competitive industrial sector.

The proposed Industrial Policy will therefore aim to achieve an average industrial growth rate of 10% to 12% per year and attract investment of at least Rs. 20,000 Crores per year and create, on an average, employment potential of at least 1.5 lakhs per year.

To achieve the above mission it has the following objectives:

1) Encourage rapid growth of sectors and markets in which Karnataka has strategic advantages.  
2) Enhance value addition in products and processes through rapid technology upgradation.  
3) Enable industry to access new markets-domestic and export through new products that meet global standards of quality and competitiveness.

\(^{39}\) New Industrial Policy 2001-2006, Department of Industries and Commerce, Government of Karnataka
4) Give impetus to Knowledge based industries and the service sector.

5) Provide Industry access to high quality infrastructure.

6) Fully tap the potential of the Small-Scale Sector and encourage establishment of new tiny and Small Scale Industries, particularly in the rural areas to achieve the twin objectives of the employment generation and utilization of local resources.

In order to achieve the objectives as set out in the policy, the Government offers the following incentives and concessions for new investments made in industrial sector on or after 1st April 2001. For the purpose of various incentives and concessions as detailed hereunder, the State has been classified into four Zones namely.

- Developed Areas : Zone-A
- Developing Areas : Zone-B
- Backward Areas : Zone-C
- Growth Centres and Mini Growth Centres, Specialized Industrial Parks and list of taluks : Zone-D
a) The Government will provide subsidy to all new Tiny/Small-Scale Sector Industries. The details of investment subsidy available to Tiny/Small Scale Sector Industries in different Zones will be as follows:

**TABLE 2.3**
The details of investment subsidy available to Tiny/Small Scale Sector Industries in different Zones

<table>
<thead>
<tr>
<th>ZONE</th>
<th>PARTICULARS</th>
<th>INDUSTRIAL SECTOR ELIGIBLE FOR SUBSIDY</th>
<th>INVESTMENT SUBSIDY</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Developed Areas</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>B</td>
<td>Developing Areas</td>
<td>Tiny Industries</td>
<td>10% value of fixed assets subject to a maximum of Rs. 5 lakhs</td>
</tr>
<tr>
<td>C</td>
<td>Backward Areas</td>
<td>Tiny Industries</td>
<td>20% value of fixed assets subject to a maximum of Rs. 10 lakhs</td>
</tr>
<tr>
<td>D</td>
<td>As detailed in Annexure-1</td>
<td></td>
<td>Tiny &amp; small-Scale Industries 25% value of fixed assets subject to a maximum of Rs 12.50 lakhs</td>
</tr>
</tbody>
</table>

(Source: New Industrial Policy 2001-2006, Department of Industries and Commerce, Government of Karnataka)

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40 New Industrial Policy 2001-2006, Department of Industries and Commerce, Government of Karnataka
b) Investment Subsidy for Industrial Units making new Industrial Investments under Expansion, Diversification and Modernization. Investment subsidy as per Para 1 (a) would also be available to all existing Tiny and Small Scale units undertaking expansion, diversification or modernization without exceeding prescribed monitory ceiling as applicable to new tiny/Small Scale industrial units subject to the condition that grant of this facility as per this order shall be available only on additional investment made.

c) Additional subsidy to special category of entrepreneurs: In addition to the subsidy at 1 (a) above, additional subsidy to an extent of 5% of the value of fixed assets subject to a ceiling of Rs.100.lakh shall be available for tiny/Small Scale units, except in zone-A, in respect of entrepreneurs belonging to Scheduled Castes and Scheduled Tribes (SCs/STs) and Women Entrepreneurs. This additional subsidy will however, be within the over all monitory ceiling indicated in Sub Para (a) of Para-1 Entrepreneurs who are covered under more than one special category as defined above will be eligible for special subsidy only under one of the special categories.
CONCLUSION

The above discussion on the concept of women entrepreneurship, three important categories of women entrepreneurs namely women with educational and professional qualification, women who do not have any education or formal training in management but have developed practical skills for running small scale sector and the third category of women who work in cities and slums to help women with lower means of livelihood are elucidated briefly.

This chapter also discussed the typology of female entrepreneurs which is very significant to know how effectively the women entrepreneur succeed in their ventures in view of their upbringing, educational qualification, formal training and the like. Besides this, the goals of women entrepreneurs, the structural internal and external factors influencing women entrepreneurship have been discussed. Subsequently, EDP in India, functions and problems of women entrepreneurship are indicated and eventually recent development in women entrepreneurship including the focus given to women entrepreneurship from sixth five year plan to tenth five year plan have been elucidated. All these matters are more in understanding the nature, kind and the nuances of women entrepreneurship on the one hand and in the next chapter institutional support to women entrepreneurs in general will be discussed.