CHAPTER-VI

Role of Institutional and Non-Institutional Financial Assistance for the
Promotion of Women Entrepreneurs:

Introduction

The five-year plans, industrial policy and annual budgets clearly express the Governmental policy towards entrepreneurial development. Though women do not directly feature as thrust areas for human development in the five year plan, they find a place in the industrial policies announced from time to time. Various programmes are undertaken by the Government to promote self-employment by offering training and credit facilities. The Government also encourages setting up of trading, manufacturing and processing small-scale industries run by the women. However Indian women are subject to social taboos and other restrictions, which are often reported in newspapers. Low female literacy rate, their confrontation with male members in entrepreneurship and lack of infrastructure for business acts as deterrents. Reserve Bank of India insists on collateral security despite instruction that up to Rs. 5000 can be loaned out without any security. Some industries in developing countries are heavily dependent upon institutional support. It is imperative that we should cultivate skills to avoid much dependency on these agencies. There has to be individual garnering of funds so that dependence on financial institution be strictly limited.

The Government of India recommended identification of industries in the small-scale sector that can help women to become self-employed and establish industries based on labour intensive technology. The ultimate motive was to bring the poor strata of women into the mainstream of the national life through development of entrepreneurship.
among women in the country. A National Level Standing Committee on Women Entrepreneurship was constituted under the Chairmanship of the Minister of State for Sports, Youth Affairs, Women and Child Welfare under which a model syllabus have been developed for conducting exclusive programmes for women under different categories including tiny units. (I) The programmes are briefly discussed below:

Programmes for Women under Different Categories of Units:

1. Industry related service and business enterprises to recognise as small-scale industries with investment limits at par with the tiny sector irrespective of location of unit.

2. Enterprises run by women are redefined. Stipulation regarding employment of majority of women workers to be dispensed with. Relevant criteria are major share-holding and management control by women entrepreneurs.

3. Support from National Equity Fund for new projects not exceeding Rs. 10 lakh of project cost through equity support (up to 15 percent). The unit to be located in places up to 5 lakh population (15 lakh in case of hilly areas and N E Regions). In case of rehabilitation proposals, population limit in 15 lakhs.

4. Single Window Loan Scheme enlarged to cover projects up to Rs. 20 lakhs term loan with working capital margin up to Rs. Rs. 10 lakhs. The scheme to be channelled through com. Banks in addition to SFC’s and State Small industries Development Corporation.

5. Relaxation of certain provision of labour loans.

6. Easier access to institutional finance.

7. Integrated infrastructure development to be pursued for small-scale units.

8 Technology Development Cell (TDC) to be set up is SIDO.

9 Export Development Centre to be set up in SIDO.

10 Technology information Centres to be established to provide up to date technology and market information.

11 Adequacy and equitable distribution of indigenous and imported raw materials to be ensured to the small scale sector particularly to tiny sub-sector.

12 Package for handlooms, handicrafts, village industries covered by KVIC and other village industries in the form of compressive integrated support service.

These benefits are available both to enterprises run by men and women equally.

Women have been mostly engaged in the unorganised and tiny sector in Assam and carries on entrepreneurial activities from home itself. For encouraging women entrepreneurs a National Standing Committee on Women Entrepreneurs was constituted to look into problems of women entrepreneurs and evolve policies for promotion of entrepreneurship among women in the country. According to recommendation of the committee a model syllabus have been developed for conducting exclusive programmes for women under different categories including tiny units. Government of India announced on 6th August, 1991, policy measures for promoting and strengthening small, tiny and village enterprises. The salient features are: (2)

1 Reservation of products for manufacturing in the small-scale sector to continue. Units included in this list not to be subjected to compulsory licensing procedure.

2 Hike in investment limit in plant and machinery for small-scale, ancillary and export oriented units retained as Rs. 60 lakhs, Rs. 75 lakhs and above Rs. 75 lakhs respectively.

3 Increase in investment limit in tiny sector from Rs. 2 lakh to Rs. 5 lakh irrespective of location of unit.

**Financial Assistance to Women Entrepreneurs under Different Schemes:**

Government of India, through all its schemes and the SIDBI have sanctioned and disbursed financial assistance to women entrepreneurs in Assam under various scheme.

Some of the schemes for women entrepreneurs are briefly discussed below:

a) **Region-wise assistance:** - The assistance towards Assam is negligible throughout 1990-1998 period and the assistance have gradually decreased from 1995-96 from Rs. 56.22 crores to Rs. 18.74 crores in 1995-96 which gradually dropped to Rs. 10.10 crores in 1996-97. The conclusion lies either in low fund flows from the banks or under utilisation of fund from this region.

b) **Assistance under all schemes office-wise:** - The Guwahati Office (SIDBI) in Assam sanctioned Rs. 58.44 crores between 1990-95 which was 20.90 in 1995-96. The amount disbursed between 1990-1998 was 90.83 crores which formed less than 1% of total amount disbursed in All India in the same period.

c) **Refinance State-wise assistance:** - Between 1990 and 1995 Rs. 46.53 crores was sanctioned to Assam. In 1995-96 Rs. 17.12 crores was sanctioned. The amount decreased to Rs. 4.64 was in 1996-97. However the total amount sanctioned from 1990 to 1998 was Rs. 78.96 crores out of which Rs. 66.11 crores was finally disbursed. Even this amount disbursed to the State of Assam was a meagre 1% of all India total.

d) **State-wise assistance under NEF (Soft loan) Scheme:** - Not much was sanctioned to Assam under this scheme. No amount was sanctioned in 1995-96
and 1997-98. Only two Soft loans amounting to Rs. 1.94 crores was sanctioned in 1996-97 and ultimately Rs. 1.47 was disbursed on the same amount. From 1990 to 1998, loans disbursed was only Rs. 18.35 crores which was an insignificant amount for a backward state like Assam.

e) **State-wise assistance under MUN (Soft loan):** - No soft loan under Mahila Udyan Nidhi was sanctioned for the state of Assam throughout 1990-1998. In the entire N E Region only six loans were sanctioned amounting to Rs. 62 crores. There are upcoming and enterprising women entrepreneurs in Assam, who are constantly in need of Government assistance to boost their morale, in the entrepreneurial efforts.

f) **Refinance State-wise assistance SEMFEX (Soft loan):** - This category of loan was also not sanctioned to Assam all through these years. An amounting of Rs. 16.61 crores was disbursed in N E Region which benefited 42 numbers of loanees.

g) **Refinance State-wise assistance SWS (TL) and SWS (WC):** - under both the schemes negligible amount was sanctioned and disbursed in Assam which forms a fraction of the amount disbursed all over India.

h) **Refinance assistance to ST/ST/PHP:** - This is an important category of loan segment to the backward castes and the physically handicapped people. The constitution of India permits the development of Scheduled Caste and Scheduled Tribes in education, jobs, sports and other activities like entrepreneurship. Assam is a composite society inclusive of all segments of population. Under this category total amount disbursed from 1990 to 1995 was Rs. 122.41 crores. In 1995-96 it
was 24.01 crores. 1996-97 and 1997-98 no funds were allocated to Assam.

Assam and its women entrepreneurs are in need of loan assistance to meet their commitments. The policy of the government in encouraging women entrepreneurs needs to be befitting to yield positive results. The access to financial institution should be a simpler process so as to create a friendly environment for interactive process. This will definitely help the region for a take-off economically.(3)

During the 2002-2003, the sanctions of SIDBI were Rs.10, 908 cores, while the disbursements were Rs. 6,789.5 cores. (Economic Survey 2003-2004). Under sanctions, refinance constituted a major portion of the total sanctions. Rediscounting of short-term bills and bills rediscounting scheme to help manufacturers in offering payment credit facilities for purchases were the other forms of financial assistance to small scale industries by SIDBI. These come under indirect assistance provoded by SIDBI. It provides direct assistance also in the form of direct discounting marketing scheme, assistance to leasing companies infrastructural development, factoring services etc. It provides equal support for seed capital, Mahila Udyam Nidhi (MUN) Scheme and Special Scheme for Ex-servicemen. It provides resource support to National Small Industries Corporation Ltd. And State Small Industries Development Corporation.


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Role of Rural Bank (Presently working as Gramin Vikas Bank) towards Women Entrepreneurship:

In rural markets, distribution is also handicapped due to lack of adequate banking and credit facilities. The rural outlets require banking support to enable remittances and to get replenishment of stocks and to help credit transactions in general and to obtain credit support from the bank. (4)

Regarding advertisement of bank schemes the following procedures are usually adopted as per guidelines of lead bank district manager.

Dissemination of information through Government agencies like DRDA and DIC. It is not known whether panchayat level meeting are held for rural women to inform them about banks schemes. The rural banks have reported that their loan assistance is received by women who have been trained under schemes organised under the following programmes

1. Gramin Mahila Samity.
2. TRYSEM, NISIET.
3. EMTC, DRDA
4. DWCRA.
5. PMRY
6. Modern Vocational Typing Centre
7. Training Received in Block Level.

Usually the women seek financial assistance for the following kinds of economic activities.


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1. Weaving
2. Knitting and Embroidery
3. Poultry, Duck Rearing
4. Tailoring and Cutting
5. Handloom
6. Jam-Jelly Centre
7. Piggery
8. Dairy, Goat Farm
9. Fishery

These are enterprises in which rural women are generally familiar with and all the rural banks reported that women apply for loan in these categories exclusively.

The banks have other problems as well. They are in most cases pressurised to sanction loan amount by pressure groups, overruling the usual economic criteria. These pressure groups in Assam specially in this district usually comprise of outlawed insurgency groups, people with political patronage and other anti-social elements. There have been complaints from banks regarding pressure also from sponsoring authority without paying attention to aptitude and managerial attitude of rural women. Most of the banks confirm reports that they are pressurised to sanction loan by force and coercion.

There are other hurdles to be overcome by the rural women. The banks usually insisted on the securities. However, for loans up to 25,000/- no security is instated. The usual forms of security insisted by the banks are:

a) Land

b) Property, like building etc.
c) Hypothecation of assets acquired by bank finance

d) Hypothecation of goods.

e) Other securities, like service security, title documents, certificates, cash deposits etc.

The Government have simplified procedures up to a certain extent. The fact, that no security is insisted up to Rs. 25,000 is an indicator of encouragement to women enterprise. It is comparatively easier to start a tailoring, knitting and poultry, duck-rearing unit with that amount. However, land and property, as security, is an impediment to enterprising women. In a traditional patriarchal society the title of ownership usually passes from the male members to the males. In such practice, it is a complex and lengthy procedure for the village womenfolk to change the title of ownership from their husbands or father’s name to their own. Hypothecation of goods and assets by the bank simplifies procedure and enables women to seek loan easily. The banks, mostly find it cumbersome to grant loans to the women due to some reasons. The banks usually cite the following reasons for the difficulty in sanctioning loans to the women’s entrepreneurs. They are:

1. **Future Uncertainty**: - As women are new entrants in the field of entrepreneurship, the banks often hesitate to sanction loan, fearing uncertainty in repayment.

2. **Lack of guidance**: - Banks feel the women lack the knowledge of financial management as they do not have the guidance to direct them in their venture. In practice the banks find that about 80 percent of the women honest in repayment of
loan amount. Default among the women loanees being attributed to the following factors:

a. **Lack of good and suitable market:** - As already mentioned marketing is the core of a good entrepreneurial policy. The women often are at a disadvantaged position, as far as marketing of their product are concerned.

b. **Lack of knowledge:** - Women are considered to be ignorant of the basic knowledge concerning bank loans, feels the rural banks, and this is the cause of default rate in women. In any enterprises, all kinds of management practices should be followed from principles of profitability. Since women lack the basic professionalism, they come out as loan defaulters.

c. **Diversion of funds:** - The banks observe that the major cause of default in women is the diversion of funds from entrepreneurial activity to household activities like managing the household expenses, educating the children, medical treatment, agricultural farm expenses etc. This diversion, transfers the funds from business and there is no additional input or profit. Thus the women are at a loss to repay.

d. **Loss in business:** - Whenever a woman faces any loss in business, created out of loan money, she skips instalment payment to banks and this is the recurring phenomenon, the banks face in Assam.

e. **Habitual dishonesty:** - Some banks attribute the cause of non-payment to habitual dishonesty in some women.
f. **Failure of judicial action**: Banks feel that the defaulter cannot be brought to book as there is no effective and instant judicial action associated with the defaulters. They move about scot-free and therefore do not hesitate to remain as defaulters.

g. **Income of unit is not sufficient**: The banks also observe that one of the reasons for default is that income of unit is insufficient to meet the demands of business. So the women cannot refund the amount.

It is a very sad state of affairs, that when the Government is assisting the women, and they have turned out to be defaulters. Going through the basic causes of default, as brought forward by the banks, it can be concluded that imparting basic training in the shape of EDPs should be mandatory complied before applying for loan. This in fact, will train the women desirous of starting an enterprise to acquired basic knowledge of business. It will help them in selecting appropriate economic activity and the management of enterprises so as to be successful business managers.

There has been continuous tussle between the DIC and banks in Assam on account of the single problem i.e. disbursement of loan application of the entrepreneurs. This problem has created statement in policy decisions of banks. If the banks grants loans only to selected applicants, it may lead to worsening of unemployment scenario. If the banks grant all application without any consideration, there is bound to be low recovery rate due to factors mentioned above, as also reported by the banks and the media.
The situation calls for aggressive campaign and awareness drive and overall, create a drive for entrepreneurship culture, which any women can acquire by their sheer willpower and the tendency to survive in an empowered environment.

Government of Assam should have a State level plan, coordinated by various institutions and agencies with wide publicity. This should be mentioned by a single body which has strong foundation in the grass-root level. In other words the plan should be decentralised for more effective performance of women entrepreneurs. More participation by women, will add the necessary feedback to the whole exercise. (5)

Role of Nationalised Banks and other financial institutions for the development of Women Entrepreneurship:

An attempt is made to discuss the role of some of the nationalised banks and other development financial institutions in the matter of extending financial assistance to women entrepreneurs.

1. Lead Banks: - Under the lead bank scheme the districts in the country have been allotted to different commercial banks, each of whom is expected to act as a cost-consortium and as leader of the operating financial institutions in the allotted districts, in the matter of deposit mobilisation, identification of prospective avenues for financial assistance etc. Some lead banks have schemes for women who have the spare time and are desirous of supplementing the family income. Such loans are available to women above 18 years of age. EDP programmes are also arranged by some banks. (6)

2. **State Bank of India:** SBI provides financial assistance to professionals and self-employed persons to develop their own business. Financial assistance under the scheme is provided for repair / renovation / alteration of business premises and acquisition of premises entirely for business purpose, purchase of office equipment, purchase of equipment for rendering professional service, acquisition of a vehicle for use in their profession, purchase of furniture, fixtures, etc. Assistance is provided to the extent of 80 percent of the cost of the venture with the applicant contributing the balance of 20 percent as his margin. Total assistance under the scheme would not exceed Rs. 2 lakhs of which not more than Rs. 1 lakh would be for working capital. Finance for purchase of service equipment like x-ray machine, screening machine, and other electronic medical equipment required by medical practitioners shall be outside the ceiling of Rs. 2 lakhs. Interest on term loans and working capital components will be charged at the rates as advised by Reserve Bank of India (RBI) from time to time. The present rates are 13.5 percent for women, and 15 percent for others. SBI has launched entrepreneurship development scheme during 1967 with the specific objective to provide financial assistance to industrial units. (7)

3. **Finance and Credit for Small Scale Industries:** Small-Scale industrial sector raises the term credit and working capital required by it from commercial banks, co-operative banks, regional rural banks and state financial corporations. The banking system provides mainly working capital and the State financial corporations. The banking system provides mainly working capital and the State

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Financial Corporations cater mainly to invest capital. Assistance in kind is available to the small-scale industrial sector from the National Small Industries Development Corporation, State Small Industries Corporations (SSIDCs), which supplies machinery on hire purchase basis. The Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), the National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), and the Industrial Reconstruction Bank of India (IRBI) provide refinance facilities to banks and financial corporations for financing small-scale industrial sector. The credit provided by banks to the small-scale industrial sector is treated as credit to 'priority sector'. The commercial banks are required to lend 40 per cent of their total loans to the ‘priority sector’ of which 15 per cent to 16 per cent is required to be in the form of direct agricultural advances. The rest may be lent to small-scale industries, small businesses, small transport operators, indirect agricultural loans etc.\(^8\)

4. **Bank of India**: - In 1995 Bank of India introduced a special scheme for development of women entrepreneurs in India called “Priyadarshini Yojana”. Under this scheme artisan, agricultural and allied activities, self-help groups (SHG) received the benefits.\(^9\) The women entrepreneurs are also eligible for finance under Govt. Sponsored scheme like –

   i. Scheme for Urban Micro-Entrepreneurs (SUME)

   ii. Prime Ministers Rojgar Yojana (PMRY) in rural and urban areas.

Some other nationalised banks like United Commercial Bank, Union Bank of

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India in small towns of Assam were contracted for information regarding assistance to women entrepreneurs.

Nationalised banks both in urban and rural area vie for entrepreneurs, who are trained, offer a viable and feasible scheme and have the marketability of products and security. Though banks offer such lucrative schemes, and have been offering so from 1976 onwards the recovery rate of loan sanctioned is abysmally poor or there is no recovery at all. In case of Union Bank of India the rate of recovery is only 6% which is very poor. The UCO Bank is able to recovery only 4% of loaned amount.

**Industrial Development Bank of India (IDBI):**

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

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

2) to extend financial assistance on concessional terms to enable women entrepreneurs to set up industrial units in the small scale sector. These programmes (EDP) for women are to be organised through recognised institutions such as TCO, EDI, Khadi and Village Industries Commission (KVIC), voluntary agencies, etc. The IDBI provides assistance upto Rs. 10,000 per women trainee, an amount expected to take care of training, stipends, cost, of course material, market visits, consultancies, post-training follow-up and escort services. The IDBI has set up a new fund of Rs. 5 crores called **Mahila Udyan Vidhi Scheme** to provide seed capital assistance to women entrepreneurs. (10)

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IFCI Scheme for Interest Subsidy for Women Entrepreneurs:

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

1. She should have preferably (though not necessarily) undergone a full course of an Entrepreneurship Development Programme (EDP).

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

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

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

5. She must have been sanctioned and disbursed financial assistance by SFC or a state level financial institution performing the role of SFC or a bank for block capital / meeting capital cost of the project. (11)

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**Small Industries Development Bank of India (SIDBI):**

1. Provides training and extension services support to women entrepreneurs according to their skill and socio-economic status.

2. Extends financial assistance on concessional terms to enable them to set-up industrial units in the small-scale sector.

3. The programmes for training, consultancy support and extension service for women entrepreneurs are organised through designated agency, such as technical consultancy organisation, Entrepreneurship Development Institute of India, Central, State Social Welfare boards, KVIC or other recognised training and management institutes under Mahila Udyan Nidhi Scheme SIDBI provides.

4. Equity type assistance to women entrepreneurs who set-up new industrial projects in small-scale sector.

5. The eligible units are all new industrial projects in the small-scale sector as also service activities which are eligible for finance as per SSI norms setup by women entrepreneurs, would be eligible for assistance under the scheme provided the cost of the project does not exceed Rs. 10 lakh. \(^{(12)}\)

**National Bank for Agriculture and Rural Development (NABARD):**

The poor may organise themselves, into small groups of up to 20 persons, known as Self-Help Groups (SHGs) to inculcate the habit of thrift and credit operations among themselves. SHGs may be organised in cluster of blocks/districts either by reputed Voluntary Agencies (Vas) / NGOs and / or at the initiative of branch managers of commercial, Cooperative and Regional Banks (RRBs). Reserve Bank of India advised

\(^{(12)}\) Ganeshan, S. *"ibid"*, pp.69-72
commercial banks to actively participate in linkage programme. The scheme has been subsequently extended to RRBs and Co-operative Banks, National Bank for Agriculture and Rural Development (NABARD) initiated the pilot project for linking SHGs with the formal banking system in February 1992. NABARD provides 100 percent refinance to banks on their lending to SHGs/ Vas/ NGOs. A wide variety of support services is also extended by NABARD to all agencies involved in the promotion of SHGs.

**Rashtriya Mahila Kosh** (RMK), sponsored by Govt. of India (Department of Women and Child Development) DWACD, was setup in 1993 with the objective of assisting women below the poverty line in undertaking income generating activities through provision of package of financial and other service, and encourage promotion of women SHGs. Its head office is in New Delhi. The main function of RMK is to provide credit for facilitating production and economic activities, along with some support for training for skill up-gradation. NGOs, Women Credit Cooperatives, and Women Development Corporations operating on sound lines with at least three years experience can avail of short and long-term loans from RMK.

Rashtriya Gramin Vikas Nidhi (RGVN) established in 1990 with headquarters at Guwahati (Assam), as a non-profit society, is an organisational innovation in support of social action. Its sponsors are IFCI, IDBI and NABARD. RGVN aims to improve the quality of life of the poor or otherwise underprivileged rural and urban people through social action. It focuses action on groups, which are disadvantageously placed in society, but have the potential for pursuing socially and economically productive activities. Micro Credit Programme, also known as Credit and Savings Programme (CSP) was launched by RGVN in May 1995, as a two-year action research programme. Encouraged by its results,
the programme has been extended. NABARD and SIDBI are providing support to this programme. RGVN extends financial and techno-managerial support to NGOs with a view to empowering them to implement income-generating activities for the poor. NGOs in turn mobilise collective strength of the poor in making them self-reliant. More than just being a credit programme, this intervention is targeted at bringing about intrinsic attitudinal changes within the communities in the effective use of credit and thrift in livelihood strengthening. (13)

Non-Institutional Financial Assistance:

The family, friends and relatives are the most common source of capital for a new enterprise. They are most likely to invest due to their relationship with the entrepreneurs. This helps overcome one portion of uncertainty felt by the impersonal investor knowledge of the entrepreneurs.

Family, friends and relatives provide a small amount of money as loan for new enterprise, reflecting in part the small amount of capital needed for most of the new enterprises. Even though it is relatively easy to obtain money from family, friends and relatives, like all sources of capital, there are positive and negative aspects. Even though the amount of money provided may be small, if it is in the form of equity financing, the family, friends and relatives members than has an ownership position in the enterprise and all rights and privileges of that enterprise, which may have a negative effect on employees, facilities or sale and profit. Although this possibility must be guarded against as much as possible, frequently, family, friends and relatives are not problem investors and in fact are more patient than other investor’s in desiring a return on their investment.

In order to avoid problem in the future, the entrepreneur must present the positive and negative aspects and nature of the risk of the investment opportunity to try to minimize the negative impact on the relationship with family, friends and relatives should problems occur.

One thing that helps to minimize possible difficulties is to keep the business arrangements strictly business. Any loan or investments from the family, friends and relatives should be treated in the same businesslike manners as if the financing were from an impersonal investor. Any loan should specify the rate of interest and the proposed
repayment schedule of interest and principal. If the family, friends and relatives is treated in the same way as any other investor, potential future conflicts can be avoided. It is also beneficial to the entrepreneurs to settle everything up front and in writing. All the details of the financing must be agreed upon before the money is put into the enterprise. Such things as the amount of money involved, the terms of the money, the rights and responsibilities of the investor, and what happens if the business fails must all be agreed upon and written down. A formal agreement with all these items helps avoid future problems. (14)

Finally, the women entrepreneurs should carefully consider the impact of the investment on the family, friends and relatives members before it is accepted. Particular concern should be paid to any hardships that might result should the business fail. Each family, friends and relatives should be investing in the enterprise because they think it is a good investment, not because they feel obliged because of the relationship.

The entrepreneur needs to consider all possible sources of capital and select the one that will provide the needed financial assistance with minimal cost and loss of control. Usually, different sources of financial assistance are used at various stages in the growth and development of the enterprise, as occurred in the case of Walt Disney, a successful entrepreneur indeed.

A final source of funds for the entrepreneur is private investor, who may be friends and relatives or wealthy individuals who utilise their own sizable savings frequently as private investment that too at an exhorbitant rate of interest.

Self Help Groups (SHGs):

Self Help Groups play a vital role in rural development in general and for rural women in particular. The group approach makes available the collective wisdom and combined resources for any task. This system has been functional in countries like Bangladesh, Malaysia, Korea, Philippines and Indonesia. In India, the banking sector has formally accepted SHGs as eligible entities for deployment of credit. The success of SHG financing is based on self-trust and self-help. These groups are voluntary informal groups of individuals. The basis of SHG lies in two major principles:

(i) poor and capable of saving, and
(ii) poor are good credit risk.

A typical rural women’s SHG performs a number of useful functions. These include: (15)

(a) Enabling members to become self-dependent and self-reliant.
(b) Providing a forum for members for discussing their social and economic problems.
(c) Providing a platform for members for exchange of ideas.
(d) Developing the decision-making capacity of members.
(e) Fostering a spirit of self-help and co-operation among members.
(f) Instilling in members the strength and confidence for solving problems.
(g) Providing organisational strength to members.

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Linking of Self Help Groups (SHGs) with Non-Governmental Organisations (NGOs):

The basic hypothesis of such linkage is that if lending through SHGs can be established to be commercially sound and financially viable, banks should undertake to meet the loan capital requirement of these groups and thereby contribute effectively to rural development. NABARD has started on a pilot basis direct lending to NGOs under Revolving Fund Scheme for leading to SHGs. The main advantage of such a linkage model is that the entire credit cycle of assessment of the need, appraisal, disbursement, recovery, monitoring and supervision are brought closer to the scene of action.

The Mahila Sewa Sahkari Bank promoted by the Self Employed Women’s Association (SEWA) is registered as an urban co-operative bank. The Friends of Women’s World Banking (Ahmedabad) meets the need for flexible credit delivery system by offering timely assistance repayable in easy instalments. It has set up a corpus with funds from financial institutions like IFCI, IDBI and NABARD and extends loan to SHGs of women in different parts of the country for undertaking productive economic activities.¹⁶