

Role of Government Policy in the Economic Empowerment of Women through Women Entrepreneurship

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ABSTRACT: Indian women have made themselves free from the clutches of the patriarchal society where women were treated only as a show piece and were meant to be in the four walls of the house doing the household chores like cooking, washing clothes, cleaning utensils, giving birth to children and nurturing them. Women entered the corporate world not only as job takers but also as job creators. Yes, women have finally plunged into the business and have stepped into the shoes of an Entrepreneur. Indian women by becoming entrepreneurs have moved a step forward from just having a corporate career which gave her financial independence and growth to substantiate her abilities. This note analyzes the spatial determinants of female entrepreneurship in India in the manufacturing and services sectors. It finds that good infrastructure and education predict higher female entry shares. Gender networks also influence women's economic participation, as strong agglomeration economies exist in both manufacturing and services. A higher female ownership among incumbent businesses within a district-industry predicts a greater share of subsequent female entrepreneur. Moreover, higher female ownership of local businesses in related industries (similar labor needs, input-output markets) predicts greater relative female entry rates. The constitution of India has given special attention to the needs of women to enable them to exercise their rights on equal footing with men and participate in national development.

Keywords: Entrepreneur, Corporate, Constitution, Industries

I. INTRODUCTION

In the process of poverty eradication and

reducing gender discrimination, the governments have been implementing various schemes and programmes providing ways and means towards women development and empowerment. After attaining independence, the Government of India, initially decided to pave a path to bring about social change based on three major areas, viz., constitutional and legal reforms, planned development based on mixed economy and state support to social welfare activities. All these three policies are expected to create a democratic, just and prosperous society. All these three steps have their impact on the status of women. The Government of India has undertaken several initiatives and instituted policy measures to foster a culture of innovation and entrepreneurship in the country. Job creation is a foremost challenge facing India. With a significant and unique demographic advantage, India, however, has immense potential to innovate, raise entrepreneurs and create jobs for the benefit of the nation and the world. In the recent years, a wide spectrum of new programmes and opportunities to nurture innovation has been created by the Government of India across a number of sectors. From engaging with academia, industry, investors, small and big entrepreneurs, non-governmental organizations to the most underserved sections of society. Recognizing the importance of women entrepreneurship and economic participation in enabling the country's growth and prosperity, Government of India has ensured that all policy initiatives are geared towards enabling equal opportunity for women. The government seeks to bring women to the forefront of India's entrepreneurial ecosystem by providing access to loans, networks, markets and trainings.

Table 1: Selected Indicators on Status of Women

Indicators	Male	Female
Literacy Rate (%) Census 2011	82.14	65.46
Maternal mortality ratio (per 100,000 live births) SRS 2009-10		212
Sex Ratio Census 2011	1000	940
Child Sex Ratio (0-6 years) Census 2011	1000	914
Worker Population ratios (Per 1000)	819	336
MPs in Lok Sabha (%)	89.18	10.82

Source: Ministry of Women and Child Development

1.1 Concept of Entrepreneur; An entrepreneur is a person who combines capital and labor for production. According to Cantillion "entrepreneur is the agent who buys means of production at certain prices, in order to sell at prices that are certain at the moment at which he commits himself to his cost". According to P.F Drucker "she is one who always (1) searches for change (2) responds to it (3) exploits it as an opportunity."

1.2 Concept of Women Entrepreneur; A woman entrepreneur is a woman who starts and

owns and enterprise by investing at least 51% in an enterprise. Most entrepreneurs in India function in the unincorporated or unorganized (informal) sector which accounts for 99% of all firms (Table 2). Unincorporated and unorganized enterprises are firms of small size that are not covered by most employment and social protection laws. Data with gender classification for these small enterprises is obtained from NSSO surveys about every five years for manufacturing and service enterprises.

Table 2: Distribution of firms in India by status in 2006-2007

Manufacturing			Services		
Firm type	Count in thousands	Percentage of total	Firm type	Count in thousands	Percentage of total
Organized	140	1	Incorporated	68	1
Unorganized	17,068	99	Unincorporated	6,661	1

Source: manufacturing: NSS 62nd and ASI, 2005-2006 services: NSS 63rd, 2006-2007.

1.3 Basic characteristics of female entrepreneurs in India; Most entrepreneurs in India have no employees and often engage in subsistence activities such as street vendors. They differ in characteristics from small unorganized firms that employ people and have more structured activities. The entrepreneurs without employees often also substitute regular employment, with the purpose of having more flexibility for household tasks or children (Williams, 2004), or simply because lack of education restrains the access to labor market

(Minniti, 2010). In contrast, entrepreneurs that employ workers, sometimes called "opportunity-driven entrepreneurs" (Kobeissi, 2010), generally intend to grow a company on their own and are usually more educated than the entrepreneurs without workers. This is slightly different from OECD countries; where many entrepreneurs without workers tend to develop to larger businesses, or many highly educated young people become entrepreneurs in a difficult job market (OECD 2013).

Table 3: Sectorial breakdown of entrepreneurs with workers in 2011

Female Entrepreneurs			Male Entrepreneurs	
Rank	Sector	in % of the total	Sector	in % of the total
1	Retail trade, except of motor vehicles and motorcycles	17	Retail trade, except of motor vehicles and motorcycles	22
2	Manufacture of wearing apparel	14	Wholesale trade, except of motor vehicles and motorcycles	7
3	Education	12	Food and beverage service activities	7
4	Other personal service activities	11	Land transport and transport via pipelines	7
5	Human health activities	9	Manufacture of wearing apparel	5
6	Manufacture of textiles	6	Manufacture of food products	5
7	Food and beverage service activities	6	Wholesale and retail trade and repair of motor vehicles and motorcycles	5
8	Manufacture of food products	4	Manufacture of textiles	4
9	Wholesale trade, except of motor vehicles and motorcycles	3	Manufacture of fabricated metal products, except machinery and equipment	3
10	Manufacture of wood and products of wood and cork, except furniture	2	Education	3
	Total top ten sectors	83	Total top ten sectors	69

Source: NSS 67th, 2010-2011

II. OBJECTIVE OF THE STUDY

- To understand and analyze the factors responsible for growth of women entrepreneurship in India.
- To study about the opportunities and challenges faced by the women entrepreneurs in India.
- To study the policy measures undertaken by the government and other agencies to promote women entrepreneurship in India.

III. SCOPE AND METHODOLOGY OF THE STUDY

The study looks into the status of women entrepreneurs in different sectors in India and its impact on Indian economy. In the study adopted of the exploratory research design methodology.

Sources of Data: The study is primarily

based on the secondary data collection method. These data are collected from magazine, journals, industry reports, company websites, news articles and government reports.

IV. GOVERNMENT POLICY FOR DEVELOPMENT OF WOMEN ENTREPRENEURSHIP

The government of India and the various state governments have come up with policies and programmes to assist women entrepreneurs and help in solving the above stated challenges and problems which they face. A brief account of these policies and programmes are given below.

4.1 Policy Initiatives: Government of India is committed to develop MSMEs in general and women entrepreneurship in particular. In a broad manner the government has implemented the MSME Development Act 2006 which has already

come into effect. There is a provision to reserve items exclusively for the MSMEs. At present 20 items are reserved for these sectors. However depending on the factors such as economies of scale, level of employment, prevention of concentration of economic power etc. there are possibilities of de-reservation also. The govt. has also launched National Manufacturing Competitiveness Programme (NMCP) to encourage competitiveness in this sector. Women entrepreneurship has been benefiting from these policy initiatives.

4.2 Entrepreneurship Development Programme (EDP): The Government also announces from time to time Entrepreneurship Development Programme (EDP) especially for the first generation of women who desire to be entrepreneur. For the purpose of training and skill development there are three important institutions namely National Institute of MSME, Hyderabad, National Institute of Entrepreneurship and Small Business Development (NISESBUD, Noida and Indian Institute of Entrepreneurship (IIE), Guwahati and NISC, Delhi. All the institutions taken to gather had trained more than 20,000 women during the 2011-2012.

4.3 Prime Minister's Employment Generation Programme (PMEGP): PMEGP

launched in 2008-09 also gives special attention to urban and rural women by providing them subsidy at the rate of 25 to 35 percent of the project cost in urban and rural areas respectively. Bank finance in the form of loan is 95% of the project cost for women.

4.4 Startup India: Through the Startup India initiative, Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle. Since its launch in January 2016, the initiative has successfully given a head start to numerous aspiring entrepreneurs. With a 360 degree approach to enable startups, the initiative provides a comprehensive four-week free online learning program, has set up research parks, incubators and startup centers across the country by creating a strong network of academia and industry bodies. More importantly, a 'Fund of Funds' has been created to help startups gain access to funding. At the core of the initiative is the effort to build an ecosystem in which startups can innovate and excel without any barriers, through such mechanisms as online recognition of startups, Startup India Learning Programme, Facilitated Patent filing, Easy Compliance Norms, Relaxed Procurement Norms, incubator support, innovation focused programmes for students, funding support, tax

benefits and addressing of regulatory issues.

4.5 Support to Training and Employment Programme for Women (STEP): STEP

was launched by the Government of India's Ministry of Women and Child Development to train women with no access to formal skill training facilities, especially in rural India. The Ministry of Skill Development & Entrepreneurship and NITI Aayog recently redrafted the guidelines of the 30-year-old initiative to adapt to present-day needs. The initiative reaches out to all Indian women above 16 years of age. The programme imparts skills in several sectors such as agriculture, horticulture, food processing, handlooms, traditional crafts like embroidery, travel and tourism, hospitality, computer and IT services.

4.6 Trade related Entrepreneurship Assistance and Development (TREAD): To address the critical issues of access to credit among India's underprivileged women, the TREAD programme enables credit availability to interested women through non-governmental organizations (NGOs). As such, women can receive support of registered NGOs in both accessing loan facilities, and receiving counseling and training opportunities to kick-start proposed enterprises, in order to provide pathways for women to take up non-farm activities.

V. WOMEN CONTRIBUTION IN 'MAKE IN INDIA'

There has been a constant increase in the percentage of women entrepreneurs in India. However, there exists a dire need of more women participation in the country. Female talent still remains one of the most underutilized resources in the country. India ranks 87 out of 144 countries on the Global Gender Index Gap, as per the report which compares the data across four parameters: Health, education, political empowerment, and economic participation and parity. Though the women participation is increasing in every sector, the economy is losing money due to gender parity. A study conducted by McKinsey stated that India could increase its GDP by 16% to 60% just by enabling women to participate in the economy on the same footing as men. We cannot have men-only factories while an ambitious 'Make In India' programme gets going. It is important to remember that manufacturing, in which China and Taiwan have made a mark, has an active participation by women.

Under all these circumstances, there are women in India who have made a mark and continue to be world's most powerful women entrepreneurs in various sectors.

5.1 Pharmaceutical and Healthcare: The

pharmaceutical and healthcare sector has seen enterprising women leaders. Swati Piramal, a pioneer in pharmaceutical empire, campaigned for new drug research and highlighted the importance of scientific innovation. Kiran Mazumdar Shaw, another exemplary woman leader who founded Biocon, the country's leading biotechnology enterprise has immensely contributed to research, innovation and affordable health care. She has been also conferred upon with the '2014 Other Gold Medal' and the coveted '2014 Global Economy Prize' for business by German based Kiel Institute for the World Economy.

5.2 Women CXO's: There are multiple spheres where women have achieved success at the CXO level. Vinita Bali, former MD of Britannia Industries quadrupled the company's revenue to USD 989 million in financial year in 2013-14 from USD 248 million in 2005-06. She is the only Indian who is a part of the United Nations committee that was set up to lead the 'Scaling Up Nutrition' across the globe. Another name which is counted among India's most inspiring women is Indira Nooyi, who has ensured a steady revenue growth ever since she was appointed the chairperson and CEO, PepsiCo, the second largest food and beverage business in the world.

5.3 Banking: Women hold the reins of some of the largest Indian banks and financial services companies. The biggest example is that of the chairperson of State Bank of India, Arundhati Bhattacharya, who is the first person to hold this position. She was named among the 50 most powerful women, a list compiled by Fortune. Besides her, are the Managing Director and Chief Executive Officer of ICICI Bank, Chandna Kochar, and Managing Director and CEO of Axis Bank, Shikha Sharma, both of whom have played a significant role in the development and progress of the retail banking sector in India. Another achievement in this industry was the establishment of an all-women's bank, Bhartiya Mahila Bank Ltd in August 2013. A pan India bank, BMB has over 100 branches across the country. The bank focuses on providing monetary assistance to economically neglected, discriminated, rural and urban women.

5.4 Capacity Building Movement Undertaken to Build Skilled Workforce: It has been noted that out of 4,500 startups, only one in 10 were founded by women. If we include women in the economic

process, the GDP can increase up to 60%. If more women are encouraged to become entrepreneurs, the economy of the country would change drastically.

5.5 Digital India: Digital India aims to transform India into a digitally empowered society and knowledge economy. The first Women Village level Entrepreneur Conference was held in March 2015, a step in the positive direction.

5.6 Startup and Stand up India: Both startup and stand up India initiatives empower women entrepreneurs and provide financial assistance to those who are setting up their businesses. The programmes also aid those who have already established their business but fall under the startup category. Through these schemes, the government aims to turn women from job-seekers to job-creators. "Entrepreneurs" or ladies, who are doing phenomenal odd jobs from the domains of their homes, are the latest to attract attention in the world of business in India. From making and selling eatables, to opening small garment boutiques, the Indian women are not shying from making that extra contribution to their economic well-being.

VI. ESTIMATING DEMAND FOR FINANCING FOR WOMEN-OWNED BUSINESS

Based on the 4th MSME Survey Census of Registered and Unregistered MSMEs, 2006 and the 2011-12 report of the Ministry of MSME, there are 321,000 registered and 2.69 million unregistered women-owned MSMEs in India. These 3.01 million enterprises were segmented into micro, small, and medium enterprises. The financing demand for each of these comprises of working capital needs, financing of long-term assets, and investment demand. The total combined demand for finance by women-owned MSMEs, using 2012 data as a base, is approximately Indian rupees 8.68 trillion (\$158 billion), which includes both debt and equity. The small enterprises segment leads the demand for financing, followed by micro and medium enterprises. The total debt required by women-owned MSMEs is estimated at Indian rupees 6.10 trillion (\$111 billion) and equity at Indian rupees 2.58 trillion (\$47 billion). Financing requirements by segment and the split between debt and equity by segment, is provided in table 4.

Table 4: Financing requirements of women-owned MSMEs

	Total versus all women owned businesses (percent)	Total demand in Indian rupees trillion (\$billion)	Demand Share (percent)	Debt demand in Indian rupees trillion(\$ billion)	Equity demand in Indian rupees trillion (\$ billion)
Micro	97.62	2.05 (37.36)	24	1.64 (29.89)	0.41 (7.47)
Small	2.37	6.42 (116.70)	74	4.31 (78.44)	2.10 (38.26)
Medium	0.01	0.21 (3.75)	2	0.14 (2.50)	0.07 (1.25)
TOTAL	100.00	8.68 (157.80)	100	6.10 (110.82)	2.58 (46.98)

Source: Women-owned Businesses in India: An Overview

6.1 Supply of finance to women-owned businesses: Total formal finance extended to women-owned MSMEs in 2012 was around Indian rupees 2.31 trillion (\$42 billion). This credit supply originated from various types of financial institutions such as

public sector banks, non-banking financial corporations, and self-help group-bank linkage programs. A breakdown of types of institutions financing women-owned MSMEs is given in table 5.

Table 5: Supply of finance to women-owned MSMEs by different institutions

Source	Financing supply share (percent)
Public sector banks through microcredit	30
Public sector banks to small scale industries	38
Prime Minister's Rozgar Yojana	2
Swarna Jayanti Shahari Rozgar Yojana	1
Swarna Jayanti Gram Swarozgar Yojana	4
Private sector banks	19
Foreign banks	5

Source: Annual Report, Ministry of Micro, Small and Medium Enterprises 2012

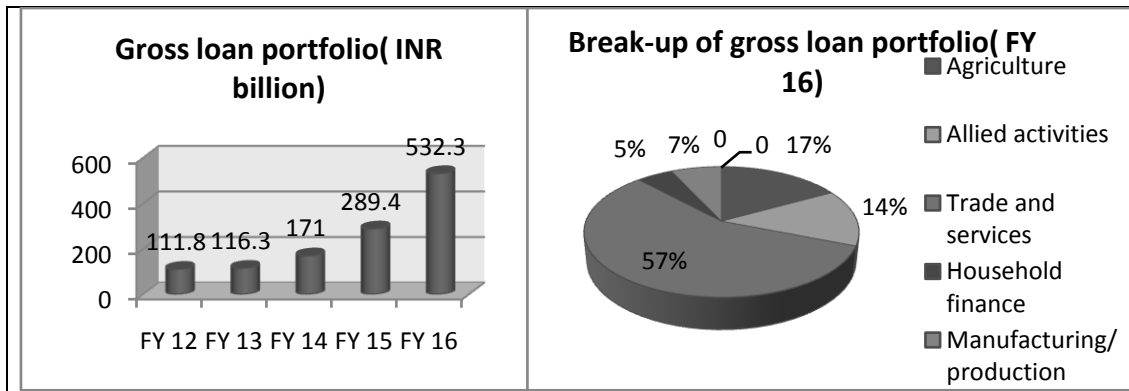
6.2 Microfinance : In 2012, the number of microfinance clients in India was 90 million. Of these, nearly 95 percent were women who primarily accessed loans for income-generating activities. Microfinance loans for seed capital allow women borrowers build credit habits and become more bankable. Thus, microfinance plays a key role in expanding access to finance for low-income women aspiring to become entrepreneurs. However, microfinance is effective in serving the needs of tiny enterprises which do not have as much potential to contribute to GDP and employment generation when compared with micro, small, and medium enterprises. MSMEs in India are constrained by microfinance's mono-product environment, singular delivery model, lack of flexibility, and shorter-tenure loans with limited amount of credit. In this environment, microfinance is limited to providing working capital to tiny home-based income generating activities. Microfinance innovatively addresses the

constraints of access to collateral through joint liability mechanisms and a sophisticated understanding of individual clients' personal circumstances in the case of individual lending. Another model of access to finance for women is the self-help group-bank linkage model. Largely promoted by NABARD, the SHG-bank linkage program was, in 2012, able to link over 9.9 million women with banks and enable access to credit. However, as this is targeted at low-income women and not at women-owned MSMEs, it caters to the needs of micro entrepreneurs, at best. Microfinance is widely seen as a valuable tool to expand access to finance and empower women to set up and grow businesses and become earning members of households. Microfinance has great potential to expand from its current tiny/home enterprise model to MSMEs run by women. Microfinance institutions have a strong women borrower base and are in a position to address specific needs of this segment. The unique characteristics of existing

microfinance models can be leveraged to bring more women entrepreneurs into the formal financial sector by building on microfinance credit

histories.

Figure 1: Gross loan portfolio through microfinance



Source: MF in Micrometer May 2016

VII. NINESCHEMES FOR WOMEN ENTREPRENEURSI IN INDIA

Women Entrepreneurs can be seen everywhere in the startup-up ecosystem of India. Women too are seen leaving their high-profile jobs as well as some stepping out of the four walls of their homes and joining the pool of Entrepreneurship in India. The major factor to jumpstart the entrepreneurial journey is capital and various banks offer specialized loans for women entrepreneurs that have slightly different and more flexible set of terms and conditions pertaining to collateral security, interest rates, etc.

Here is a list of various schemes and loans exclusively for women that aim at promoting and easing out the process for them:-

7.1 Annapurna Scheme: This scheme is offered by the State Bank of Mysore for those women entrepreneurs who are setting up food catering industry in order to sell packed meals, snacks, etc. The amount granted as a loan under this scheme can be used to fulfill the working capital needs of the business like buying utensils and other kitchen tools and equipment. Under this loan, a guarantor is required along with the assets of the business being pledged as collateral security. Further, the maximum amount of money that is granted is Rs50,000 which has to re-pay in monthly installments for 36 months, however, after the loan is sanctioned, the lender doesn't have to pay the EMI for the first month. The interest rate is determined depending upon the market rate.

7.2 Stree Shakti Package for Women Entrepreneurs: This scheme is offered by most of the SBI branches to women who have

50% share in the ownership of a firm or business and have taken part in the state agencies run Entrepreneurship Development Programmes (EDP). The scheme also offers a discounted rate of interest by 0.50% in case the amount of loan is more than Rs2 lakhs.

7.3 Bharatiya Mahila Bank Business Loan: This loan is a support system for budding women entrepreneurs looking to start new ventures in the fields of the retail sector, loan against property, MICRO loans, and SME loans. The maximum loan amount under this loan goes up to Rs20 crores in case of manufacturing industries and also a concession is available to the extent of 0.25% on the interest rate and interest rates usually range from 10.15% and higher. Additionally, under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), there is no requirement of collateral security for a loan of up to Rs1 crore.

7.4 Dena Shakti Scheme: This scheme is provided by Dena bank to those women entrepreneurs in the fields of agriculture, manufacturing, micro-credit, retail stores, or small enterprises; who are in need of financial assistance. The interest rate is also decreased by 0.25% along with the maximum loan amount being Rs20 lakhs for retail trade; education and housing whereas Rs50,000 under the microcredit.

7.5 Udyogini Scheme: This scheme is offered by Punjab and Sind Bank so as to provide women entrepreneurs involved in agriculture, retail and small business enterprises to get loans for business at flexible terms and concessional interest rates. The maximum amount of loan under this scheme for women between the age brackets of 18-45 years

is Rs1 lakhs but your family income is also taken into consideration and is set at Rs45,000 per annum for SC/ST women. 7.6 Cent Kalyani Scheme:

This scheme is offered by the Central Bank of India with the aim of supporting women in starting a new venture or expanding or modifying an existing enterprise. This loan can be availed by women who are involved in village and cottage industries, micro, small and medium enterprises, self-employed women, agriculture and allied activities, retail trade, and government-sponsored programs. This scheme requires no collateral security or guarantor and charges no processing fees. And the maximum amount that can be granted under the scheme is Rs. 100 lakhs.

7.7 Mahila Udyam Nidhi Scheme: This scheme is launched by Punjab National Bank and aims at supporting the women entrepreneurs involved in the small scale industries by granting them soft loans that can be repaid over a period of 10 years. Under this scheme there are different plans for beauty parlors, day care centres, purchase of auto rickshaws, two-wheelers, cars, etc. the maximum amount granted under this scheme is Rs10 lakhs and the interest depends upon the market rates.

7.8 Mudra Yojana Scheme for Women: This scheme has been launched by the Govt. of India for individual women wanting to start small new enterprises and businesses like beauty parlors, tailoring units, tuition centres, etc. as well as a group of women wanting to start a venture together. The loan doesn't require any collateral security and can be availed as per 3 schemes –

i. Shishu – loan amount is limited to Rs50,000 and can be availed by those businesses that are in their initial stages.

ii. Kishor – loan amount ranges between Rs50,000 and Rs5 lakhs and can be availed by those who have a well-established enterprise.

iii. Tarun – loan amount is Rs10 lakhs and can be availed by those businesses that are well established but require further funds for the purpose of expansion. If the loan is granted, a Mudra card will be given to you which functions the same way as a credit card however the funds available are limited to 10% of the loan amount granted to you.

7.9 Orient Mahila Vikas Yojana Scheme: This scheme is provided by Oriental Bank of Commerce

to those women who hold a 51% share capital individually or jointly in a proprietary concern. No collateral security is required for loans of Rs10 lakhs up to Rs25 lakhs in case of small-scale industries and the period of repayment is 7 years. A concession on the interest rate of up to 2% is given.

VIII. CONCLUSION

There has been a steady increase in the participation of women in small business indicating immense potential for entrepreneurial development among them. From the point of view of performance, it was observed that the women enterprises in India have made significant contribution towards generation of employment, gross output, asset creation and exports. Women form the family, which participate to develop society and Nation. Entrepreneurial movement among women started late and is still in its infancy. Changes in the global and domestic environment have contributed towards the growth of women entrepreneurship in India. As observed the success of women entrepreneurs differs from State to State in India. It was also observed that women enterprises are concentrated in the micro segment of the MSME sector. To enlarge their participation in small and medium segments a stronger coordinated role of Indian Government, financial institutions, voluntary agencies and educational institutions with an integrated approach is necessary. Young female entrepreneurs should share their success stories in the world of e-commerce to speed up entrepreneurial movement in India.

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