

# Role of MSME in supporting Women Entrepreneurs in India

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**Abstract:** *In the current era, Women Entrepreneurship has been recognized as a significant source of financial growth and economic development. Women entrepreneurs create new jobs not only for themselves but also provide to society. Women owned business enterprises are playing active responsibility in the Indian economy. The role of women as entrepreneurs is now accepted as an indicator of a stage of development and therefore to support women entrepreneurs government frame policies and enhancing the rights, roles, opportunities and promotion of women entrepreneurs through various schemes, incentives and promotional measures. The paper focuses on the role of MSMEs in empowerment of women entrepreneurs, policies and schemes for women entrepreneurs in India provided through MSMEs.*

*For the existing women entrepreneurs, the MSME provides Micro and Small Enterprises Cluster development programme (MSE-CDP) and other schemes to enhance competitiveness, technology upgradation, adoption of best manufacturing practices, marketing of products, employment generation etc. For the prospective women entrepreneur, MSME provides Trade Related Entrepreneurship assistance and development schemes for women (TREAD), Entrepreneurship development Programme (EDP) and other schemes for setting up their own venture, capital investment, educational skills and ability to run the business.*

**Key Words:** *Women Entrepreneurship, Women entrepreneurs, Micro, Small and Medium Enterprises (MSMEs)*

## 1. INTRODUCTION:

Entrepreneurship is considered as one of the most important factors contributing to the economic development and growth of the society. Grave and Hofer in 1891 defined the entrepreneurial process as involving all the functions, activities, and actions associated with perceiving of opportunities and creation of organizations to pursue them. An entrepreneur is the one who operates a new venture and also inherits some risks and is able to look at the environment and exploit opportunities available in the environment. In today's Globalised world, women entrepreneurs are playing a vital role and women entrepreneurship has been recognized as an important source of financial growth. Women Entrepreneurs may be define as the women or a group of women who initiates, organise and operate a business venture. They have to explore the different prospects of starting new enterprise, undertake risks, introduction of new innovations, coordination, administration and control of business and providing effective leadership in all aspects of business.

The Micro, Small and Medium Enterprises (MSME) sector play a vital role in the development of the economy and over the last five decades, it has emerged as a highly vibrant and dynamic sector of the Indian economy. As per the National Sample Survey (NSS) 73rd round conducted during the period 2015-16, MSME sector has been creating 11.10 crore jobs (360.41 lakh in Manufacturing, 387.18 lakh in Trade and 362.82 lakh in Other Services and 0.07 lakh in Non-captive Electricity Generation and Transmission) in the rural and the urban areas across the country. It also contributes significantly in the economic and social development of the country by fostering entrepreneurship. Entrepreneurship does not differentiate the sex and women entrepreneurs can improve their gender lot by initiating into entrepreneurial activities. MSME plays important role in improving this section of the society by providing several schemes.

## 2. OBJECTIVES OF THE CURRENT STUDY:

The purpose of this paper is to understand the role of MSME in fostering women entrepreneurship. To study the support given by government to women entrepreneurs and to know about different techniques provided by them for empowering women entrepreneurs through MSME.

## 3. RESEARCH METHODOLOGY:

The study is descriptive in nature. This paper is based on secondary data and information that has been collected from the concerned sources as per need of the research. The relevant books, articles, papers and web-sites are used in this study.

## 4. LITERATURE REVIEW:

Singh (2008) identifies “the reasons & influencing factors behind entry of women in entrepreneurship. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneurs, social unacceptance as women entrepreneurs, family responsibility, gender discrimination, missing network, low priority given by bankers to provide loan to women entrepreneurs. He suggested the remedial measures like promoting micro enterprises, unlocking institutional frame work, projecting & pulling to grow & support the winners etc.”

Joseph Schumpeter’s vision on entrepreneurs is “the function of the entrepreneur is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological method of producing a new commodity or producing an old one in new way, opening a new source of supply of materials or a new outlet for products, by organizing a new industry. Entrepreneurship is an economic activity which is undertaken by an individual or group of individuals. Entrepreneurship can be defined as the making of a - new combination of already existing materials and forces; that entrepreneurship throws up as innovations, as opposed to inventions and that no one is entrepreneur forever, only when he or she is actually doing the innovative activity.”

Senthilkumar, Vansantha and Varadharajan (2012) conducted a study on women entrepreneurship development found that “the Indian women enjoy a disadvantageous status, in the society as there is low literacy rate, low work participation rate and low urban population share of women as compared respectively of their male counterparts confirm their disadvantageous position in the society our age old sociocultural traditions and taboos arresting and women within four walls of their houses also make their conditions for the disadvantageous. These factors combine to serve as non-conductive condition for the emergence and development of women entrepreneurship in the country. The development of women entrepreneurship is expectedly low in the country. This indicates that very few percentages of women are involved in total self-employed persons in the country.”

Priyanaka Sharma (2013) highlighted “the development ways for women entrepreneurship. These are providing better educational facilities, adequate training programs, vocational training, and establishing special target groups for women entrepreneurs etc. This study also highlighted the problems faced by women entrepreneurs.”

## 5. WOMEN ENTREPRENEURS:

Women Entrepreneur’s Enterprise as defined for the first time, in 1988 laid down that “an enterprise owned and administered by a woman entrepreneur with a minimum financial interest of 51% in the share capital and giving at least 50% employment to women would be treated as women’s Enterprise” by SSI Board.

Keeping in view the promotional requirements of women entrepreneurship, the SSI Board in 1991 revised the definition of Women Entrepreneurs as “A Small Scale Industrial Unit/ Industry related service or business enterprise, managed by one or more women entrepreneurs in proprietary concerns, or in which she/ they individually or jointly have a share capital of not less than 51% as Partners/ Shareholders/ Directors of Private Limits Company/ Members of Cooperative Society”. It revised the definition by deleting the condition of employing 50% women workers.

## 6. STATUS OF WOMEN :

According to the National Sample Survey (NSS) 73rd round, conducted by National Sample Survey Office, Ministry of Statistics & Programme Implementation during the period 2015-16, Out of 633.88 lakh MSMEs, 608.41 lakh (95.98%) MSMEs were proprietary enterprises. It had been observed that there has been overwhelming predominance of male owners in proprietary MSMEs where, male owned 79.63% of enterprises as compared to 20.37% owned by female.

### Percentage Distribution of Enterprises in rural and urban areas (Male/Female ownership category wise)

Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
All	79.63	20.37	100

(Source: Government of India Ministry of Micro, Small and Medium Enterprises, Annual Report 2017-18)

Further male dominance can be observed from the below table in ownership for small and medium enterprises with 95% or more enterprises being owned by them in comparison to females who owned very less portion of the total, as compared to micro enterprises where 79.56% were owned by males in comparison to 20.44% owned by females.

### Percentage distribution of Enterprises by Male/Female Owners

Category	Male	Female	All
Micro	79.56	20.44	100
Small	94.74	5.26	100

Medium	97.33	2.67	100
All	79.63	20.37	100

(Source: Government of India Ministry of Micro, Small and Medium Enterprises, Annual Report 2017-18)

## 7. SCHEMES:

Women have been one of the most disadvantaged and oppressed sections of our country with regard to access to and control over resources. Problems faced by them and particularly for those who are illiterate and semi-illiterate both in rural and urban areas continue to be grave. The primary responsibility of development of the MSMEs lies with the State Government. However, the Central Government is playing a proactive role in supporting the State Government's efforts for the promotion & development in several sectors, such as Infrastructure, Technology Up gradation, Credit Support, market development & Export Promotion, Entrepreneurship Development & Training and access to information service. In order to alleviate women entrepreneurs' problems, there are number of schemes that are being introduced to resolve the above said problems are as follows:

### 7.1. TRADE RELATED ENTREPRENEURSHIP ASSISTANCE AND DEVELOPMENT SCHEME FOR WOMEN (TREAD)

"Trade Related Entrepreneurship Assistance and Development (TREAD)" scheme was launched by Government of India during the 9th plan period. It focuses on economic empowerment of women through trade related training, providing credit facilities, information and counseling extension activities related to trades, products, services etc. According to the scheme, such women can have credit facility which will be made available to applicant woman through NGOs who would be capable of handling funds in an appropriate manner. Besides providing help in getting financial assistance from the government, these NGOs will also provide them adequate counseling & training for taking up productive activities. The focal point of the scheme is to provide grant assistance to the nodal NGO which has been sanctioned bank loan for passing through the same to eligible women for taking up non-farm activities.

#### Facilities:

Credit	Government of India Grant up to 30% of the loan maximum up to Rs. 30 lakh as appraised by lending institution/ banks
	The lending institutions/ banks would finance loan assistance for women through NGO for non-farm activities
	For example if an NGO submits project for a number of individual or group(s) women say for Rs. 60,000 each for a group of 50 women, then the loan amount required by 50 women would be Rs. 30 lakhs. To it would be added the expenditure that the NGO will make in training / counseling of staff and other expenses related to arrangements. Say duly approved by lending institutes, it works out to be Rs. 20 lakhs. Then the total project cost would be Rs. 30 + 20 = 50 lakhs. In this case, the GOI grant would be Rs. 15 lakhs (30% of Rs. 50 lakhs).
Training & Counseling	Training organizations namely Micro, Small and Medium Enterprises – Development Institutes (MSME-DIs), Entrepreneurship Development Institutes (EDIs), NIMSME, NIESBUD and NGOs conducting training programmes for empowerment of women beneficiaries identified under the scheme would be provided a grant upto maximum limit of Rs. 1.00 lakh per programme provided such institutions also bring their share to the extent of minimum 25% of the Government grant and 10% in case of NER, subject to the condition that applications from NER are recommended by NSIC/ IIE, Guwahati.
Eliciting Information on Related Needs	Institutions such as Entrepreneurship Development Institutes (EDIs), NIMSME, NIESBUD, IIE, MSME-DIs, EDIs sponsored by State Govt. and any other suitable institution of repute will be provided need based Government grant limited up to Rs. 5.00 lakh per project primarily for undertaking activities aiming at empowerment of women such as field surveys, research studies, evaluation studies, designing of training modules, etc. covered under the scheme.

#### Operationalisation of the scheme:

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

## 7.2. MICRO & SMALL ENTERPRISES CLUSTER DEVELOPMENT PROGRAMME (MSE-CDP)

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the Cluster Development approach as a strategic move for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs). A cluster is a group of enterprises producing same/similar products/services.

The essential characteristics of enterprises in a cluster are (a) Similarity or complementarity in the methods of production, quality control and testing, energy consumption, pollution control, etc (b) Similar level of technology and marketing strategies / practices (c) Similar channels for communication among the members of the cluster (d) Common challenges and opportunities.

Cluster Development Programme aims at the sustainability and growth of MSEs by improvement of technology, skills and quality, market access, access to capital, building capacity for common supportive action through formation of self help groups, consortia, etc., setting up common facility centres etc.

### Cost of Project and Govt of India Assistance:

	Scheme	Project Cost	Government Contribution
1	Diagnostic Study	Maximum cost Rs. 2.50 lakhs	-
2	Soft interventions (Capacity building activities in the cluster where no fixed asset is acquired or formed)	Maximum cost of project Rs. 25.00 lakhs	GoI contribution of 75% (90% for Special Category States and for clusters with more than 50% women/micro/village/SC/ST units)
3	Hard interventions	maximum eligible project cost of Rs. 15.00 crore	GoI contribution of 70% (90% for Special Category States and for clusters with more than 50% women/micro/village/SC/ST units).
4	Infrastructure Development	Maximum eligible project cost Rs.10.00 crore	GoI contribution of 60% (80% for Special Category States and for clusters with more than 50% women/micro/SC/ST units).

### Operationalisation of the scheme:

- i) A Cluster Development Executive (CDE) is required for executing and monitoring all soft interventions in a cluster. Normally, a CDE can be a DIC Officer/MSME officer/retired expert or even hired person from Non Government Sector.
- ii) The hard interventions in a cluster and creation of physical infrastructure require to set up a user body/special purpose vehicle which could be society/trust/company to be formed by the cluster beneficiaries.

## 7.3. CREDIT GUARANTEE FUND SCHEME

The Government of India introduced the Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGS) in August 30, 2000 to make available collateral-free credit to the micro and small enterprise sector. Both the existing and the new enterprises are eligible to be covered under the scheme. The MSME, GoI and Small Industries Development Bank of India (SIDBI), established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Fund Scheme for Micro and Small Enterprises. The credit facilities which are eligible to be covered under the scheme are both term loans and/or working capital facility up to Rs. 100 lakh per borrowing unit, extended without any collateral security and / or third party guarantee, to a new or existing micro and small enterprise. For those units covered under the guarantee scheme, which may become sick owing to factors beyond the control of management, rehabilitation assistance extended by the lender could also be covered under the guarantee scheme.

Category	Maximum extent of Guarantee where credit facility is		
	Up to Rs. 5 Lakh	Above Rs. 5 lakh up to Rs. 50 Lakh	Above Rs. 50 lakh up to Rs. 100 Lakh
Micro Enterprises	85% of the amount in default subject to a maximum of Rs. 4.25 Lakh	75% of the amount in default subject to a maximum of Rs. 37.50 Lakh	Rs. 37.50 lakh plus 50% of amount in default above Rs. 50 lakh subject to overall ceiling of Rs. 62.50 lakh
Women	85% of the amount in default subject to a		Rs. 40 lakh plus 50% of amount in

Entrepreneurs	maximum of Rs. 40 Lakh	default above Rs. 50 lakh subject to overall ceiling of Rs. 65 lakh
All other category of borrowers	75% of the amount in default subject to a maximum of Rs. 37.50 Lakh	Rs. 37.50 lakh plus 50% of amount in default above Rs. 50 lakh subject to overall ceiling of Rs. 62.50 lakh

#### 7.4. ENTREPRENEURSHIP DEVELOPMENT TRAINING PROGRAMME:

Entrepreneurship Development Programmes are being organized regularly to nurture the talent of youth by enlightening them on various aspects of industrial activity required for setting up MSEs. 20% of the total targets of EDPs are conducted for weaker sections of the society (SC/ST/women and PH) with a stipend of Rs. 500/- per month per candidate under the promotional package for MSEs. Even no fee is charged from the SC,ST,women and PH candidate under these programmes.

The objectives of Entrepreneurship Development Programmes are to provide useful information on product/process design, manufacturing practices involved, testing and quality control, selection and usage of appropriate machinery and equipments, project profile preparation, marketing avenues/techniques, product/service pricing, export opportunities, infrastructure facilities available, financial and financial institutions, cash flow, etc.

1	Agency	These training programmes are conducted by Ministry of MSME-DIs.
2	Duration	2 weeks
3	Minimum intake capacity	20
4	Training fee (Minimum)	(1) Rs.100/-for general candidates . (2) No fees for SC / ST and 50% fee from women and Physically Handicapped.
5.	Training cost	Rs. 20,000/-
6.	Age	18 Years and above.
7.	Qualification	As decided by the Director of the institute.
8.	Honorarium to guest speakers	Rs. 500/-for a session of 1hour and 30 minutes

#### 7.5. TECHNOLOGY UP GRADATION:

##### Objectives of the scheme:

The first objective of the scheme is to sensitize and encourage the manufacturing MSME sector in India to the use of Energy Efficient Technologies and Manufacturing Processes so as to reduce cost of production and emissions of GHGs.

The second objective of the scheme is to create awareness and encourage the MSMEs to acquire Product Certification/ Licenses from National/ International Bodies.

##### Major activities:

- (i) To sensitize MSME Sector through conducting Awareness Programmes to adopt Energy Efficient Technologies and acquire Product Certification/ Licenses from National/ International Bodies.
- (ii) To provide Financial Assistance in the form of subsidy to the extent of 25% of the project cost for implementation of Energy Efficient Technology (EET). The maximum amount of subsidy will be Rs. 10 Lakh for project cost of Rs. 40 Lakhs. This activity is implemented through various nodal banks.

#### 7.6. MARKETING DEVELOPMENT EXPORT PROMOTION:

The capability of Indian MSME products to compete in international markets is reflected in its share of about 34% in national exports. In case of items like readymade garments, leather goods, processed foods, engineering items, the performance has been commendable both in terms of value and their share within the MSME sector while in some cases like sports goods they account for 100% share to the total exports of the sector. In view of this, export promotion from the small scale sector has been accorded high priority in India's export promotion strategy which includes simplification of procedures, incentives for higher production of exports, preferential treatments to MSMEs in the market development fund, simplification of duty drawback rules, etc. Products of MSME exporters are displayed in international exhibitions free of cost under SIDO Umbrella abroad.

#### 8. CONCLUSION:

Importance of women entrepreneurship increases because of their contribution in employment generation and revenue creation. Women entrepreneurs not only limited to cottage and small enterprises but they are launching big

and medium scale enterprises. The government should play a facilitator role and improve accessibility of finance by encouraging more banks and other financial institutions. Also government should also increase their schemes for empowering women and efficient and effectively implementing them. Development of women entrepreneurs does not mean development of weaker or small sector but it means development of entire society with economic growth.

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