Volume : 3 | Issue : 1 | Jan 2014 • ISSN No 2277 - 8160

Research Paper Commerce

Problems of Women Entrepreneurs of Micro, Small and Medium Enterprises (MSMEs)

Kushalakshi PhD Research Scholar (UGC-JRF), Department of Studies and Research in Commerce, Mangalore University, Mangalagangotri-574199, Karnataka, India

Dr. A. Raghurama Professor and Chairman, Department of Studies and Research in Commerce, Mangalore University, Mangalagangotri-574199, Karnataka, India

ABSTRACT

In the globalised world, women entrepreneurs are playing a vital role and they have become an integral part of the global quest for the sustained economic development and social progress. Entrepreneurship among women is relatively recent phenomenon. Due to the growing industrialization, social legislation, urbanization, political and economic transformations, the emergence of women owned enterprises are fast increasing in the economies of almost all countries. Spread of education and awareness has shifted the position of women from kitchen to higher levels of professional activities. Women entrepreneurship is gaining importance in India. In modern India, more and more women are taking up entrepreneurial activity especially in MSMEs. At the same time women entrepreneurs are faced with many social, economic and family problems too. This paper focuses on the problems faced by women entrepreneurs in the competitive world of business environment.

KEYWORDS : Entrepreneurship, MSMEs, Problems, Women Entrepreneurship.

INTRODUCTION

Entrepreneurship has been considered one of the catalysts of the industrial growth and has made significant contribution to economic development of a society. Entrepreneurship can be defined as a process of action an entrepreneur undertakes to establish his enterprise. It is, thus, a process of giving birth to a new enterprise. Entrepreneurship among women is relatively recent phenomenon. In modern India, more and more women are taking up entrepreneurial activity especially in Micro, Small and Medium enterprises (MSMEs). The MSMEs sector in India has a pivotal role to play in the socio-economic development of the country. In India, MSMEs are the second largest source of employment after agriculture. MSMEs have been globally accepted as the engines of economic growth and for promoting equitable development. In India, MSMEs play a pivotal role in the overall industrial development of the country. This sector contributes about 8 per cent of the GDP of India, 45 percent of the manufactured output and 40 percent of exports. They provide employment to over 60 million persons through more than 26 million enterprises. In recent years, the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. Thus, MSMEs are important for the national objectives of growth with equity and inclusion.

DEFINITIONS OF MICRO, SMALL AND MEDIUM ENTERPRISES

In accordance with the provision of Micro, Small and Medium Enterprises development (MSMED) Act, 2006, the Micro, Small and Medium Enterprises are classified into two categories based on their Investment in plant and machinery and Investment in equipments.

Manufacturing Sector:	
Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
Service Sector:	
Enterprises	Investment in equipments
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five core rupees

Source: Ministry of MSME

WOMEN ENTREPRENEURSHIP: CURRENT SCENARIO

Women entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. The Government of India connotes women entrepreneurs as "an enterprise owned and controlled by a woman having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated in the enterprise to women". However, this definition is subject to criticism on the condition of employing more than 50 percent women workers in the enterprises owned and run by the women.

Women in India constitute about 50 percent of the country's population. Hence, women are regarded as the 'better half of the society'. In earlier days, women were confined to the four walls of houses performing household activities. In the present modern society, women have come out of the four walls to participate in all sorts of activities. Due to the growing industrialization, social legislation, urbanization, political and economic transformations, the emergence of women owned enterprises are fast increasing in the economies of almost all countries. Spread of education and awareness has shifted the position of women from kitchen to higher levels of professional activities and has helped the women to emerge as today's most prominent and inspirational entrepreneurs in a male-dominated business area. Women are coming forward to the business arena with creative and innovative ideas to start micro, small and medium enterprises. Women entrepreneurs create new jobs for themselves and also for others. Women entrepreneurs are an integral part of the global quest for sustained economic development and social progress.

TYPES OF WOMEN ENTREPRENEURS

Women entrepreneurs can be classified into four groups depending on the driving motivational factors.

1. **Natural Entrepreneurs:** Natural entrepreneurs are those who start a business by an appropriate and systematic planning. They look into their business seriously and get motivated by the profit element and always try to keep themselves busy.

2. **Created Entrepreneurs:** Created entrepreneurs are those who have been encouraged and trained through specialized training programmes such as Entrepreneurship Development Programme to set up their own industrial units.

3. **Forced Entrepreneurs:** These entrepreneurs are compelled by circumstances such as the death of husband or father with responsibilities falling on them to take over the existing business.

4. **Benami Entrepreneurs:** Benami entrepreneurs act as a façade

for business of their husband or brother.

PROBLEMS OF WOMEN ENTREPRENEURSHIP IN INDIA

The basic problem of women entrepreneurs is that they are women. In many developing countries like India marriage is treated as the only carrier for women. Despite the constitutional and legal equality, women suffer from male domination. Some of the specific problems faced by the women entrepreneurs in India are as follows:

1. **Shortage of Finance:** Finance is the life-blood of an enterprise. It is prerequisite for accelerating the process of industrial development. However, women entrepreneurs always suffer from inadequate finance and working capital. Women entrepreneurs are not able to have access for external finance. An important reason that makes banks reluctant to provide loans is the inability of the women entrepreneurs to provide collaterals. The complicated procedure of bank loans also creates lot of problems in getting the required finance. Obtaining the support of bankers, lack of credit resources and managing the working capital are the problems that still remain in the males' domain.
2. **Marketing problems:** Women entrepreneurs often largely depend upon middlemen for marketing their products who pocket large amount of profit. The middlemen exploit the women entrepreneurs. Many women entrepreneurs find it difficult to capture the market and make their products popular. It is one of the core problems as this area is mainly dominated by men.
3. **Scarcity of raw materials:** The scarcity of required raw materials is the major problem faced by women entrepreneurs. They find it difficult to procure the required raw materials and other essential inputs for production in sufficient quantity and quality, because the prices of raw materials are quite high and fluctuate.
4. **Stiff Competition:** Many of the women enterprises have imperfect organizational set-up. Thus, women entrepreneurs have to face a stiff competition for marketing their products from both organized sector and male entrepreneurs having vast experience.
5. **Family Conflicts:** In India, it is mainly a woman's duty to look after the children and other members of the family. A married woman entrepreneur has to strike a fine balance between her business and family. The woman entrepreneur cannot succeed without the support and approval of husband and family. Women also face the conflict of performing home role as they are not available to spend enough time with their family members. Women entrepreneurs spend long hours in business. As a result, women entrepreneurs find it difficult to meet the demands of their family members and society as well. Their inability to attend domestic work, personal hobbies, entertainment and time for education of children adds to their conflicts.
6. **Lack of Education:** In India, most of the women are still illiterate. Illiteracy is the cause of socio-economic problems. Due to lack of education, women are not aware of business, market knowledge and technology. Thus, lack of education creates problems for women in the setting up and running of business enterprises.
7. **Male dominated society:** Our society is still male-dominated and women are not treated on par with men. The Constitution of India speaks of equality between men and women. However, in practice women are looked upon as weak and dependent on men. This in turn, serves as a problem to women entry into business.
8. **Low risk-bearing ability:** Women in India led a protected life. Women are less educated and economically not self-reliant. All these decrease their ability to bear risk involved in running an enterprise. Risk bearing is an important requisite of a successful entrepreneur.

In addition to above problems, high cost of production, inadequate infrastructural facilities, shortage of power, non-availability of labour and high labour prices, social attitude, low need for achievement, lack of managerial skills, lack of self-confidence and socio-economic constraints also hold the women back from entering into business.

SCHEMES FOR WOMEN ENTREPRENEURS

At present, The Government of India has over 27 schemes for women entrepreneurs operated by different departments and ministries. Some of the special schemes for women entrepreneurs implemented by the government bodies and allied institutions are provided below:

1. Integrated Rural development Programme (IRDP)
2. Khadi and Village Industries Commission (KVIC)
3. Training of Rural Youth for Self-Employment (TRYSEM)
4. Prime Minister's Rozgar Yojana (PMRY)
5. Entrepreneurial Development Programmes (EDPs)
6. Management development Programmes
7. Women's Development Corporation Scheme (WDCS)
8. Marketing of Non-Farm products of Rural Women (MAHIMA)
9. Assistance to Rural Women in Non-Farm Development (ARWIND) Schemes
10. Trade Related Entrepreneurship Assistance and Development (TREAD)
11. Working Women's Forum
12. Indira Mahila Yojana
13. Indira Mahila Kendra
14. Mahila Samiti Yojana
15. Mahila Vikas Nidhi
16. Micro Credit Scheme
17. Rashtriya Mahila Kosh
18. SIDBI's Mahila Udyam Nidhi
19. Mahila Vikas Nidhi
20. SBI's Stree Shakti Scheme
21. NGO's Credit Schemes
22. Micro and Small Enterprises Cluster development programme (MSE-CDP)
23. National Bank for Agriculture and Rural Development's Schemes
24. Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP)
25. Priyadarshini Project- A programme for Rural Women Empowerment and Livelihood in Mid Gangetic Plains
26. NABARD-KfW-SEWA Bank Project
27. Exhibitions for women, under promotional package for Micro and Small Enterprises approved by CCEA under marketing support

CONCLUSION

Women entrepreneurship plays a key role in industrial development. Empowering women entrepreneurs is essential for achieving the goals of sustainable development. Today with the growth of MSMEs, many women have entered into entrepreneurship. The Government of India has come forward with many schemes, concessions and incentives exclusively for women entrepreneurs. But in spite of these, women entrepreneurs have to fulfil their multiple roles as mother, wife and business women. Women entrepreneurs face many problems in their efforts to develop their enterprise. Therefore, women entrepreneurs need encouragement and support from the family members, Government, society and male counterparts. Finally, if all forms of gender discrimination and bias can be eliminated from the society as a whole, then it will allow women to be an entrepreneur on par with men.

REFERENCES

1. Annual Report (2012-13), Ministry of Micro, Small and Medium Enterprises, Government of India | 2. Aman Deep Singh and Manisha Raina (2013), "Women Entrepreneurs in Micro, Small and Medium Enterprises", International Journal of management and Social Sciences research, Vol.2(8), August, pp.4-8 | 3. Pallavi Mehta (2013), "Women Entrepreneurship: purpose, Problems and Prospects: A Study of Udaipur District", Pacific Business Review International, Vol.5 (11), May, pp.8-16 | 4. Pema Lama and Suranjana Saha (2012), "Women Entrepreneurship-The Emerging Economics Force in India", banking Finance, Vol. XXV (5), May, pp.14-18 | 5. S.S. Khanka (2010), "Entrepreneurial Development", S. Chand and Company Ltd, New Delhi | 6. T. Vijayakumar and B. Naresh (2013), "Women Entrepreneurship in India-Role of Women in Small and Medium Enterprises", TRANS Asian Journal of marketing and Management Research, Vol.2 (7), July, pp.13-25