



## Issuances and Schemes in Financial Aid for Women Entrepreneurs

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### ABSTRACT

*Women entrepreneurs usually fail due to shortage of finances. They are bound to rely on their own savings or by borrowing from friends and relatives. Their access to external sources of funds is very limited. National and international agencies have recognised the need for the development of women entrepreneurship in recent times. The Government of India is also assigning importance to the development of women entrepreneurship. Indian Government is also conducting special EDPs for women to encourage them to join industry. Some institutional arrangements at the centre as well as at state level are made like State Financial Corporations, District Industry Centres, Nationalised banks and other voluntary agencies like FICCI's FLO, NAYE (National alliance of young entrepreneurs) to promote women entrepreneurship. This paper tries to focus on the issues involved in raising external finances especially from nationalised banks and the loans offered by different banks for women to start and expand their business. This paper is based on a survey conducted at gross root level by interviewing the women entrepreneurs in and around Vijayawada. The limitation of this paper is that the sample is small and may not represent the entire class of women who are involved in business.*

**KEYWORDS : Entrepreneurship, EDP, Nationalised banks, Institutional arrangement.**

Role of women and their place in society has become the subject of concern in most developing countries. The level of civilisation of a country is best judged by the status of women in its society and the extent of their participation in the development of the country affairs. In recent years particularly in the period following the declaration of United Nations' decade for women, there has been an increasing awareness of the disadvantaged status of women and the need to promote social equality and recognition of women as equal partners with men in development. Women in 3<sup>rd</sup> world countries are still struggling against many obstacles, in built in their social status. South Asian women in general are subject to considerable pressures to conform to the domestic role of wife, mother and to the religious ideology as well, which places a strong emphasis on females' secondary status. Women have the burden and baggage of history, traditions and social structures. In our Indian society the low literacy rate 40%, low work participation rate 28% and low urban population share 10% of women in comparison to 60%, 52% and 18% respectively of their male counterparts reveals their dis-advantaged position. The issue of women contribution to the economic growth has received a scarce attention and the role they play was hardly recognised. However, the times have changed and the modern woman is no longer afraid of reaching beyond her time-honoured roles. She knows her mind and is definite of her goals. She is akin to a master magician who can control every hat tossed in the air without losing the smile on her face.

In the present day society, access to education and work options vary for women belonging to different socio-economic strata. Women from more privileged classes have been able to acquire university education and take up professional jobs. However, cultural constraints on women are changing in the lowest strata of society also, where women are being pushed into the labour market out of dire economic necessity. These women are under taking a diverse range of economic activities to meet their subsistence needs.

With changing times, women are coming out of the glass ceilings and are indulging themselves in every line of business from pickles to power cables. The job seekers are now becoming the job providers by starting up their own enterprises. If we see the entrepreneurship among women it clearly shows us that they belong to two classes.

1. They come from a rich background and are willing to accept any risk and challenge.
2. They come from a financially weaker background and willing to start enterprise to sustain their family.

The strong holds of excellence in administration, politics, academics, and business are no longer the prerogatives of men. Women are also

indulging in business activities under Integrated Rural Development Programmes. Now we have women producing T.V Capacitors in Orissa, solar cookers in Gujarat. Women are dominating particularly in 3 sectors namely.

1. Textile, clothing and leather production having employees over 80%.
2. Food, beverages and tobacco employing 75%.
3. Wood and wood processing employing over 60%.

More than 4/5 of India's population is in the rural areas and this population is spread over 6, 30,000 villages. In rural areas about nine out of ten people depend on agriculture. According to 2001-02 survey conducted by 3<sup>rd</sup> All India Census of SSI women own 10.11% of Micro and Small Enterprises. Promotion of women entrepreneurs of rural populace, should be the prime objective now. Starting up a small business is very difficult and is particularly a tough challenge for women. The greatest obstacle on the road to entrepreneurship is getting access to a loan.

### OBJECTIVES:

The objective of this paper is to identify the problems and other issues faced by women while obtaining financial assistance from banks. The questionnaire was designed to mainly know their financial avenues to run their business, their savings and consumption patterns before and after their venture into entrepreneurship. This paper mainly focuses on the difficulties faced by women entrepreneurs while starting and expanding their business.

### REASONS FOR TAKING UP ENTREPRENEURSHIP:

According to the survey 37% of women start the business as they have experience in the field. 25% of the interviewed entrepreneurs entered into a new venture hoping that it would generate more profits. 15% expressed that they are utilising their free time to earn money after attending to their household duties. 10% say that they can be their own bosses, to have financial freedom and can use their creativity. The remaining say that it is only a hobby for them and out of passion they entered the business.

Women entrepreneurs are encountering many problems along with the problems that are specific to women. The major problem they face is the availability of finance. Generally, women entrepreneurs are bound to rely on their savings. They are failing in business due to shortage of funds. A number of schemes providing credit to women entrepreneurs are devised by the financial institutions especially banks to cater to the needs. But there is a wide gap between the policy and practice. The main problem that women entrepreneurs are facing is the collateral security. The banks, though are providing finance it is only a minor relief. Women entrepreneurs prepare their project

report to procure finance from banks but the sanction depends on how the bank officer perceives it. It varies from case to case and person to person.

The higher the requirement of finance the greater is the difficulty to get loan. Banks provide short term loans, intermediate loans and long term loans. Women require huge finance while starting the business. 50% of the interviewed entrepreneurs have taken loan one time, 10% have taken twice and 3% have taken more than twice. Others are self-sufficient and did not approach any financial institutions.

Though women are aware of the fact that banks provide loans but they do not know the schemes that banks provide. Only 20 % of the entrepreneurs knew the schemes and the rest do not know. The survey also reveals that the women entrepreneurs cannot approach the banks because of their non-eligibility for getting sanction of the loan according to the rules of the banks, some don't require funds, and cumbersome procedures involved are also preventing them to approach banks and they are therefore, preferring to obtain the necessary investment either from relatives or friends.

During my interaction with the entrepreneurs, I came across one woman by name Leela, whose husband was bedridden and was unable to work and she was forced to take up the financial responsibility. She underwent training for a beautician course and obtained a recognised certificate with a view to establish a beauty parlour. She tried almost every nationalised bank for the initial capital of Rs/-1 lakh with her project report. No bank responded favourably and simply rejected her application saying that her application did not satisfy any of the rules framed by the bank. Now she is running a mobile beauty parlour with minimum requirement of capital and visits the clients' houses with her kit and is able to earn Rs/-50000 approximately per month.

The survey also reveals that they don't approach the banks due to the following reasons.

- a. The rate of interest
- b. Heavy documentation
- c. Non-cooperation of the banks
- d. Delays in approval decisions
- e. Poor service of the bank employees
- f. Sanction of loan according to the whims and fancies of the manager.

In order to encourage more and more women enterprises in Micro and small enterprises several schemes are devised by different banks. India's private as well as state run banks have several schemes targeting women entrepreneurs. Let us focus on some banks' schemes that are available for women to run their own businesses

#### Name of the bank Scheme

1. State bank of Hyderabad: Stree Shakti package offers some concessions and facilities for women entrepreneurs,
2. State bank of Mysore: Streeshakthi package is earmarked for Women Entrepreneurs who own 51% of the ownership in the firm. Women who participated in EDP or programs sponsored by SBM are eligible to apply for a loan. It also introduced ANNAPURNA scheme to help the women who are in food catering business.

3. Punjab National Bank: PNB Mahilaudyamanidhi provides finance for MSIs and also for rehabilitating the sick units. It also has another scheme by name PNB Mahila SamridhiYojana which provides finance for infrastructure to boutiques, beauty parlours, tailoring shops etc.PNB ShakhikaranAbhyan provides concessions such as reducing the interest rate, waiver of processing fees and limiting margin money to 10%.
4. Oriental bank of commerce: provides loans for the purchase of fixed assets apart from working capital.
5. Central bank of India: provides loans under CENT KALYANI
6. Bank of India: Priya darshiniYojana
7. State bank of India: Stree Shakti package
8. State bank of Travancore: MahilaVikassheme.
9. Canara bank: opened exclusive branches for women – the Mahila banking division.
10. Andhra bank: Credit linked capital subsidy scheme operated by ministry of micro, small and medium enterprises for technology up gradation of SSIS
11. Allahabad bank: Rural small employment training Institute to impart training and skill up-gradation to rural young women.

The other banks which provide special schemes include corporation bank, Indian bank, UCO bank, united bank of India, Vijaya bank, IDBI Bank etc. Women who wish to enter into business should first explore the avenues that they have and know the schemes that different banks provide. Some banks not only provide counselling but also offer training programs in how to market their products. Women entrepreneurs face many difficulties to continue their business and are suffering from insufficient financial sources and working capital.

#### CONCLUSION:

The Indian Nationalised banks are providing attractive schemes to promote women entrepreneurship but as per the surveys at banks, they reveal that women are not utilising the opportunities. The surveys reveal that women are having a low stake. There is a loud talk on the women empowering schemes but there are only marginal concessions provided to them. They are almost similar to that of the other loans provided by the banks. The Government is no doubt providing special schemes for empowering women but they are not sufficient and should introduce more schemes for motivating women to take up the small scale business. It is also of prime importance to create awareness among the aspiring woman entrepreneurs about the availability of various financial assistance schemes.

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