



## INSTITUTIONAL FINANCIAL SUPPORT TO RURAL WOMEN ENTREPRENEURSHIP DEVELOPMENT

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### **Abstract**

*This paper concentrates on the institutional support to the development of rural women entrepreneurship. For a country whose population of women alone is more than the total population of many other countries, India fares low where their treatment is concerned. The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 1990s. Women Entrepreneurs need to be lauded for their increased utilization of modern technology, increased investments, finding a niche in the export market, creating a sizable employment for others and setting the trend for other women entrepreneurs in the organized sector. While women entrepreneurs have demonstrated their potential, the fact remains that they are capable of contributing much more than what they already are. Women entrepreneurs create new jobs for themselves and others and also by being different. The number of sexual abuse and domestic violence cases against women clearly shows that women in India do not enjoy even basic human rights. Given such a scenario, it becomes clear that women charities have an important role to play. The growth and development of women entrepreneurs have accelerated because entrepreneurial development is not possible without active participation of women. So a suitable environment has been created for growth of women entrepreneurs. Because of the importance of women entrepreneurs, a number of institutions have emerged for growth of women entrepreneurs.*

**Key words:** *Entrepreneurship, Institutions, Rural development, Women Charities, Women Entrepreneurship etc.*

### **Introduction**

Entrepreneurship so defined, pertains to any new organisation of productive factors and not exclusively to innovations that are on the technological or organisational cutting edge, it pertains to entrepreneurial activities both within and outside the organisation. Entrepreneurship need not involve anything new from a global or even national perspective, but rather the adoption of new forms of business organisations, new technologies and new enterprises producing goods not previously available at a location. This is why entrepreneurship is considered to be a prime mover in development and why nations, regions and communities that actively promote entrepreneurship development, demonstrate much higher growth rates and consequently higher levels of development than nations, regions and communities whose institutions, politics and culture hinder entrepreneurship.

Women in India consistently lag behind the men in terms of access to education, healthcare, jobs etc. Apart from the economic and social inequality, women in India are victims of heinous crimes such as, dowry deaths, rape, molestation and immoral trafficking. As per the latest statistics:

- The female child sex ratio (0-6 years) is 914 per 1000 males
- Rural female literacy rate only 58 per cent while rural male 78 per cent
- A woman employment in urban areas is only 13.9 per cent while in rural areas is 29.9 per cent. With the rise in poverty, many women are forced to work in very low end and low paid jobs.
- Employment of women in organized sector is less than eight per cent.
- Women especially in the child bearing age often deficient innutrition due to poverty. As a result the number of maternal deaths in India is one of the highest in the world and 87 percent of all pregnant women in India are anemic.

Rural women's access to financial services is a key factor of successful rural development strategies for inclusive growth. Designing appropriate financial products for women to be able to save, borrow and insure is essential to strengthen women's role as producers and widen the economic opportunities available to them. For this purpose it is essential to understand how context-specific legal rights, social norms, family responsibilities and women's access to and control over other resources shape their need for capital and their ability to obtain it. It is important that development strategies that aim to boost rural women's productive capacity must enhance women's direct access to financial services, i.e., not mediated through their husbands. A second benefit of improving women's direct access to and control over resources is that this leads to higher investments in human capital and have a stronger impact on children's health, nutrition and education with important long-term implications for families and societies.

### **Concept of Women Entrepreneurship**

Women Entrepreneurship Development an essential pre-condition to the development of the nation as a whole. Entrepreneurship amongst women has been a recent concern. The development of women entrepreneurship is very low in



India, especially in the rural areas. Women have become aware of their existence, their rights and their work situation. The educated women do not want to limit their lives in the four walls of the house. They demand equal respect from their partners. However, Indian women of middle class as well as in rural area have to go a long way to alter their role and to achieve equal rights and position because traditions are deep rooted in Indian society. The progress is more visible among upper class families in urban cities.

### **Institutional Support to Women Entrepreneurship-An overview**

There are number of problems regarding women entrepreneurship in India. Some of them are absence of definite agenda of life, absence of balance between family and career obligations, poor degree of financial freedom, no direct ownership of the property, lack, of entrepreneurial skill and finance, no awareness about capacities, low ability to bear risk, problems of work with male workers, lack of self confidence, lack of professional education, mobility constraints and lack of interaction with successful entrepreneurs. To overcome these problems, followings are some of associations or institutions which have played pivotal role for growth and development of women entrepreneurs.

#### **1) Federation of Indian Women Entrepreneurs (FIWE)**

Federation of Indian Women Entrepreneurs (FIWE), which is a National-level organisation, founded in 1993, is today, one of India's Premier Institution for Women thoroughly devoted towards Entrepreneurship Development, having a large membership base of 15,000 individual members/professionals and more than 28 Member Associations spread throughout the country- The objective of the organisation is to foster the Economic Empowerment of Women, particularly the SME segment, by helping them to become successful entrepreneurs and become a part of the mainstream industry. FIWE endeavours to provide: Networking platform for women, Technical know-how, Industry research and expertise, Skill development and training and brings the businesswomen on a Common Forum; and ensures that their opinions, ideas and visions are collectively and effectively taken up with policy-makers and various other agencies respectively for the development of Enterprise in Women.

When FIWE was established at Hyderabad (India) by converting the Women's Wing of the erstwhile National Alliance of Young Entrepreneurs (NAYE) into an Autonomous National Level Women Entrepreneurs Organization. The main objective of FIWE is development of women entrepreneurship in the country. It has a large membership base of 15000 individual members/professionals and 28 member associations spread across the country and also affiliated with International Federation of Women Entrepreneurs (IFWE), which has a membership base of 21 countries and more countries are being added soon.

FIWE provides business counseling to aspirant women start-ups. It also provides hand holding and networking opportunities to startups and also to women interested in growing their business further.

#### **2) Centre for Women Entrepreneurship and Gender Studies**

Women Entrepreneur Trainer-Motivators (ETMs) Programme -Programme for promoting women entrepreneurship.

For Entrepreneur Trainer-Motivators involved in promoting women to take up entrepreneurship as a career option. The strength of an ETM lies in providing all the necessary motivation, training and assistance to potential and existing entrepreneurs. However, if one looks at the complexities at the behavioural and resource levels in the case of women, the significance of an ETM's role becomes further concretized. Considering this, gender sensitization becomes an indispensable component of such a programme to bring about an attitudinal change and noticeable improvement.

This programme has been designed in view of the aforesaid need, for trainers and resource persons to help them disseminate the required inputs in such a way that the integration of women into the mainstream of socio-economic life is facilitated. The aim is to develop a cadre of hard core professionals who will work for the promotion of economic activities among women. The major objectives of the programme are to:

- Train the participants to identify and analyse constraints and barriers to women entrepreneurship development and devise appropriate strategies.
- Train them to initiate, plan and implement entrepreneurship development activities for creation of small enterprises
- Inculcate in them strategic skills to sensitize the environment for extending timely support required for establishment of small business ventures.
- Groom them for effective counseling of women entrepreneurs.
- Share the Indian experience in small enterprise creation by women and its sustainability.



The participants are equipped with new tools and techniques to lead women to new enterprise creation and growth of existing small enterprises. The course curriculum focuses on subjects such as; entrepreneur, enterprise and entrepreneurship, women and entrepreneurship, analysis of competencies and assessment of women entrepreneurs, business opportunity identification and plan preparation, small business management information technology, effective business counselling and designing and managing support services for women entrepreneurs, etc.

### 3) State Bank of Mysore

#### (a) Small and Medium Enterprises (SMEs)

Stree Shakthi Package for Women Entrepreneurs - Women Entrepreneurs comprise those small scale units managed by one or more women entrepreneurs who have stake not less than 51 per cent of the equity. The important features of the package are: the Entrepreneurs who have undergone EDP conducted by State Level Agencies or programmes co-sponsored by Bank are eligible for financial assistance. Branch Manager and the field staffs will provide necessary inputs and assistance to those women who do not plan to set full pledged industrial ventures but would like to do something at home.

**Table 1, Assistance of SBM in the field of Women Entrepreneurship (Concession Margin)**

Particulars	Category Limit Slab in Rs.	Margin Concession
Retail Traders	Over Rs.5000 up to Rs.25000	Nil
	Over Rs.26000 up to Rs.1.00 lakh	5 per cent
	upto Rs.25000	Nil
Business Enterprises	Over Rs.25000 upto Rs.1.00 lakh	5 per cent
Professional and Self Employed Women	Upto Rs.25000	Nil
	Over Rs.25000	5 per cent
SSI	Upto Rs.25000	Nil
	Above Rs.25000	5 per cent

Source: <http://www.statebankofmysore.co.in/advance/micro-and-small-enterprises-mses/stree-shakthi-package-for-women-entrepreneurs.html>.

#### Interest Concessions

- No interest concession in respect of SSI units enjoying credit limits over Rs.25000 but up to Rs.2 lakh.
- Above Rs.2 lakh and up to Rs.50 lakh, interest rate lower by 0.50 per cent than the applicable rate.
- For Small Business enterprises under the scheme, interest rate lowers by 0.50 per cent than the applicable rate.
- For advances to professionals and self employed person's interest rate lower by 0.50 per cent than the applicable rate.
- No interest concession to advance granted to private retail traders.

#### (b) Annapurna – Scheme for Financing Women for Establishing Food Catering Unit

**Table 2: Profile of the Annapurna Scheme**

Particulars	Requirements
Eligibility	Women (both individual and Partnership firms)
Purpose	For establishing food Catering Unit for selling tiffin/food/lunch packs etc.
Extent of Finance	Term Loan component can be used for purchase of utensils and cutlery, gas connection, Refrigerator, mixer cum Grinder, Hot case, Utensil Stand, Tiffin boxes, Working table, water filter etc.
Repayment	Up to 36 monthly installments including one month moratorium period.
Margin	10 per cent
Rate of Interest	As per prevailing rates
Security	Hypothecation of assets created out of Bank Loan
Guarantee	One guarantor (with sufficient means) acceptable to the Bank

Source: <http://www.statebankofmysore.co.in/advances/micro-and-small/enterprises-mses/stree-shakthi-package-source-for-women-entrepreneurs.html>.

### 4) Central Bank

#### Cent Kalyani - Scheme for Loan to Women Entrepreneurs

This scheme is specially introduced to offer financial assistance to Women Entrepreneurs for economic pursuits in Industry, Agriculture and Allied Activities, Business or Profession. The bank with network of branches spread throughout the country welcomes women entrepreneurs to avail financial assistance for pursuing vocations to their choice.



Credit facilities are available for Women Entrepreneurs for the following:

- a. **Small Business:** For Entrepreneurs who intend to provideservice (not a professional service) such as setting up to small lunch/canteen, mobile restaurant, circulating library etc.
- b. **Professional and Self Employed:** Entrepreneurs who are specially qualified/skilled and experienced like Doctors, Chartered Accountants and Engineers or trained in Art or Craft etc.
- c. **Retail Trade:** For entrepreneurs who intend to engage in retail trading of various commodities.
- d. **Village and Cottage/Tiny Industries:** For entrepreneurs who are engaged in manufacturing, processing, preservationand services such as Handloom, Weaving Handicraft, Food-processing, Garment making etc. in village and small towns with a population not exceeding 50,000 utilising locally available resources/skills.
- e. **MSME:** Micro, Small and Medium Enterprises - To start a unit engages in manufacture, processing or preservation of goods.
- f. **Agriculture and allied Activities:** For women entrepreneurs who are engaged/intend to engage in agriculture and allied activities, such as raising of crops, floriculture, fisheries, bee keeping, nursery, sericulture etc. and also trading in agriculture inputs.
- g. **Government Sponsored Programme:** Apart from the above schemes, woman entrepreneurs are also financed under the various Government Sponsored Programmes where Capital subsidies are available.

### 5) Tamilnad Mercantile Bank Ltd.

#### Mahalir Loan - exclusive loan for women, entrepreneurs

This scheme is exclusively tailored for women in business to give them that extra edge and succeed. This loan scheme is suitable for all the general business that need funding for the working Capital and other business related funding necessities. This scheme is attractive and offers loan up to Rs.10 lakhs with interest on diminishing balance.

**Table 3: Profile of the Mahalir Loan**

Particulars	Details
Purpose	Working Capital requirements/term loan to purchase fixed assets such as plant and machinery etc.
Eligibility	Women Entrepreneurs consisting of all units managed by one or more women entrepreneurs in proprietary concern or in which she/they individually or jointly have a share of not less than 51 per cent as partners/share holders/directors of private limited company/members co-operative society.
Form of Advance	WCTL/WCDL/Term Loan/Demand Loan/Working Capital Limits such as OD, CC etc.
Loan Quantum	The requirement of the borrower is assessed on case to case basis. The total credit exposure under this loan scheme is restricted up to Rs.10 lakhs.
Repayment	<ul style="list-style-type: none"> <li>• Working Capital Limit – one year.</li> <li>• Term Loan/Demand Loan: The repayment period shall be fixed on the basis of income generation of the borrower upto the maximum of seven years.</li> <li>• Primary: Hypothecation of Stock/Book Debts/ Equipments/Machineries and Fitting and Furniture etc.</li> <li>• Collateral: Collateral</li> </ul> Security should be obtained to fully cover the advance.
Guarantee	The guarantee should be obtained from husband/father of (borrower) the proprietor/partner. Third party guarantee need not be insisted.
Insurance	Comprehensive insurance has to be made on all the assets hypothecated to the bank. Machineries and Collateral Security like Building should also be insured.
Rate of Interest	<ul style="list-style-type: none"> <li>• BR+4.75 per cent (15.50 per cent p.a) for Loans up to Rs.2 lakhs.</li> <li>• BR + 5.75 per cent (16.50 per cent p.a) for Loans above Rs.2 Lakhs and up to Rs.10 lakhs. Current base rate for Lending (BR) is 10.75 per cent p.a.</li> </ul>
Margin	<ul style="list-style-type: none"> <li>• Loans up to Rs.25,000.00 – 20 per cent</li> <li>• Loans above Rs.25,000.00 – 20 per cent</li> </ul>
Penal Interest	Any irregularity or default in repayment will attract penal interest of 2.00 per cent p.a. over and above rate of interest on the balance outstanding.
Processing Charges	<ul style="list-style-type: none"> <li>• Term Loan: one per cent of Limit sanctioned without any maximum cap.</li> <li>• Working Capital Fund and Non-Fund Based): 0.50 per cent of the loan amount without maximum cap.</li> </ul>



**6) SIDBI** – SIDBI stands for Small Industries Development Bank of India. It is a national level institution which extends facilities for growth of small scale industries. This organization has introduced two special schemes for small scale industries by women. These are:

- MahilaUdyamNidhi
- MahilaVikashNidhi

These two special schemes for women entrepreneurs provide equity and developmental assistance to Women entrepreneurs. These organisations provide financial assistance to women to start entrepreneurial work in the field of spinning, weaving, knitting, embroidery and block printing. Besides the above schemes, SIDBI has launched the following schemes to provide assistance to women entrepreneurs:

- Micro Credit Scheme
- Women Entrepreneurial Development Programme
- Marketing Development Fund for Women.

**7) SIDO** - SIDO stands for Small Industries Development Organisation. The primary objective of this organisation is to conduct various programmes including entrepreneurship development programme for women. This organisation has introduced various development programmes in 'the areas of TV repairing, leather goods, screen printing and preparation of circuit boards.

**8) CWEI** - Stands for Consortium of Women Entrepreneurs of India. In the context of the opening up of the economy and the need for upgradation of technology, the Consortium of Women Entrepreneurs of India started in the year 2001 provides a common platform to help women entrepreneurs find innovative techniques of production, marketing, and finance. CWEI consists of NGOs, voluntary organisations, self-help groups, institutions, and individual enterprises, both from rural and urban areas, which collectively support and benefit from the activities taken up by the consortium. CWEI takes up integrated activity linked with product development and manpower training. It also acts as an intermediary between Indian entrepreneurs and overseas agencies for marketing and exports.

**9) WIT** - WIT denotes Women India Trust. The promoter called KamilaTyabji has taken initiative for establishment of this trust in X968. The sole objective of this trust is to help women entrepreneurs. With the establishment of Kamila Trust in U.K., it has facilitated its members to market their product in London. It has also extended export support to the countries like Australia, Europe and Germany.

**10) SEWA** - SEWA stands for Self Employed Women Association. It is a trade union of women which was registered under TradeUnion Act, in 1972. The primary objective of this organisation is to empower women entrepreneurs in rural sector. Most of members of this organisation are originated from unorganized sector. At present SEWA has shifted its operations from rural areas or level to global level and receive substantial grant from international organisations like Ford Foundation and UNICEF.

**11) SHGs** - SHGs denotes Self Help Groups. It is regarded as an association consisting of small group of self employed women entrepreneurs. The women entrepreneurs may be either from rural or urban areas. The primary objective of SHG is to take care as welfare of its associated members. It provides financial assistance as welfare of its members through financial institutions and non-government organisations.

**12) FIWE** - FIWE stands for Federation of India Women Entrepreneurs. It came into existence in the year 1993 on the outcome of resolution in 7<sup>th</sup> International conference of women entrepreneurs. It has helped women entrepreneurs in diversified activities through interaction with various women organisations and associations.

**13) NABARD** - NABARD stands for National Bank for Agriculture and Rural Development. It is an autonomous organisation. The primary objective of this autonomous organisation is to provide liberal credit facilities to women entrepreneurs. The followings are some of essential characteristics of NABARD on liberal credit to women entrepreneurs.

1. It launched the project in 1992 to provide finance to SHG.
2. It provides facilities on resources and training in NGO Formation.
3. It arranges training to bank official on formation of SHG.
4. It provides refinance to bank against lending to SHG.



### **Conclusion**

Women in India have come a long way from being just 'homemakers'. The world now sees them with a different eye and a new respect. Women entrepreneurship in India has come a long way from women working only part time. Successful women entrepreneurs in India have made their presence felt in every field be it the world of politics, music, fashion, movies and entertainment or business. In the recent era, the Indian women entrepreneurs are eager to do the business. Women have been taking interest in income generating activities through entrepreneurship. Because of the establishment of lot many institutions and centers for supporting women entrepreneurship, women identified their needs, demands and their selves. So they expect the equal status and respect from the society. Government of India took many initiatives to develop and improve the position of women and thereby promoting their entrepreneurial skills and capabilities like adequate training programmes on management skills, encourage women participation in decision-making and vocational training extended to women community that enables them to understand production processes and production management. Financial institutions provide more working capital assistance both for small scale venture and large scale venture. Financial help from the government as well as from their families to support the business affect their satisfaction level but it does not hold good in the case of their orientation because satisfaction is more reflected in the financial gains of the business, which can occur only when they have initial access to it, whether through financial institutions or through their families.

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