

Dalit and Women MSMEs in India - Status, challenges and opportunities

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Introduction:

Micro, small and medium enterprises (MSMEs) in India and abroad have demonstrated considerable strength and resilience in maintaining a consistent rate of growth and employment generation during the global recession and economic slowdown. Indian economy during the recent years has shown an appreciable growth performance by contributing to creation of livelihood opportunities to millions of people, in enhancing the export potential and in increasing the overall economic growth of the country. Prompt and appropriate fiscal stimulus, effective monetary policy and huge capital inflows were greatly instrumental in the bounce back situation of the economy. As a catalyst for socio-economic transformation of the country, the MSME sector is extremely crucial in addressing the national objectives of bridging the rural-urban divide, reducing poverty and generating employment to the teeming millions. It is therefore, essential that India adopts a suitable policy framework that provides the required impetus to seize the opportunities and create an enabling business environment in order to keep the momentum of growth and holistic development.

In spite of these things the MSMEs among Women and Dalits have not been got revolutionary changes in their life. Even today also there are many hurdles and constraints are there for the Dalit and Women entrepreneurs are concerned. The study makes an attempt to focus on the status, challenges and opportunities which are concerned to the Dalit and Women MSMEs in India for development, to identify important issues and challenges and offer suggestions to address the same.

Keywords: *Micro, small & medium enterprises (MSME); growth potential; challenges; market linkages;*

2. Objectives of the Study:

To briefly highlight on the functional scenario of MSMEs in India.

To know the portion of Dalit and Women MSMEs in India.

To focus on the Challenges and opportunities for Dalit and Women MSMEs in India

To identify some important issues, challenges and constraints confronted by these enterprises and to offer suggestions to overcome the same.

3. Methodology:

The study is completely based on secondary sources of data by way of access to various Government policies/ programs including published Annual Reports, Journals, Books and available official websites.

4. Literature Review:

Christopher J. Green, Colin H. Kirkpatrick, and Victor Murinde, (2006) in their paper have examined the ways in which financial sector development policy might contribute to poverty reduction, particularly by supporting the growth of micro and small enterprises (MSEs). This paper highlights on the changing role of MSEs in the development process and the access of MSEs to informal and formal finance, including the role of microfinance. **Nanda, Ramana & William R.Kerr (2009)** have expressed the view that financing constraints are one of the biggest concerns impacting potential entrepreneurs around the world.

K,Vasanth,Majumdar M., K. Krishna (2012) in their paper have stated that since several successful models of the sustainable SME are gradually evolving, networks of SMEs would become essential for addressing the systemic problems under lying the industrial ecology, enterprise resilience, and global supply chain sustainability. **Srinivas K T, (2013)** has studied the performance of micro, small and medium enterprises, and their contribution in India’s economic growth and concluded that MSMEs play a significant role in inclusive growth of Indian economy.

MSMEs- An Indian Perspective:

Micro, Small and Medium Enterprises in India offer a heterogeneous and varied nature of fabric in terms of the size and structure of the units, variety of products and services, scale of production and application of technology. These enterprises are quite complementary to the large scale industries as ancillary units. They contribute to the socio-economic development of the country quite significantly. The MSMEs in India constitute about 80% of the total number of industries and produce about 8,000 value added products.

Table: 1. Classification of MSMEs based on financial position:

Enterprises	Micro	Small	Medium	Remarks
Manufacturing Sector	Up to Rs.25 lakh	Above Rs.25 lakh- up to Rs.5 crore	Above Rs.5 crore up to Rs.10 crore	Investment in plant & machinery
Service Sector	Up to Rs.10 lakh	Above Rs.10 lakhs up to Rs.2 crore	Above Rs.2 crore- up to Rs.5 crore	Investment in equipment

Source: MSME Annual report

The enactment of Micro, Small & Medium Enterprises Development (MSMED) Act, in 2006 by the Government of India (GOI) gave a legal basis and framework to the micro, small and medium enterprises by defining and classifying these enterprisers on a uniform basis. This classification covers industries both under manufacturing and service sector and the above limits are excluding the cost of land, building and other specified items.

Table: 2. Dalit and Women population in India:

1. Total Population	121,05,69,573
2. Female	58,64,69,174
2. SC Population	20,13,78,086
3. ST Population	10,42,81,034
4. Total SC/ST Population	30,56,59,120
6. SC/ST Youth Population (National Demography of youth Population is 65% of Age between 18-35yrs)	19,86,78,428 (65% of total SC/ST Population) 20.00 Crore

Source: 1. Annual report of MSMEs 2015-16, 2. Wikipedia

It is quite clear from the above table that out of 121 crores population in India, around 59 crores of population is constituted by women and 31 crores of population is belong to SC and STs. The main problem is that in such a huge mass majority of the Dalits and women are unemployed and not having any work at all.

Table: 3.Total number of working manufacturing and service enterprises: (In Lakhs)

Characteristics	Reg. Sector	Un-Reg. Sector	Total	Percentage
Manufacturing	10.05	104.51	115.01	32%
Services	05.14	241.61	246.75	68%
Total	15.64	346.12	361.76	100%

Source: Annual report of MSMEs 2015-16

The above table depicts the total number of manufacturing and service working enterprises in India. In total there are 361.76 lakhs of MSMEs are there in India which includes 246.75 lakhs service enterprises and 115.01 lakhs manufacturing enterprises. It is clear from the above table that the service enterprises are dominating in MSMEs sector.

Table: 4. Total number of working enterprises in rural and urban area: (In Lakhs)

Characteristics	Reg. Sector	Un-Reg. Sector	Total	Percentage
Number of rural enterprises	7.07	193.12	200.19	55%
Number of urban enterprises	8.57	153	161.57	45%
Total	15.64	346.12	361.76	100%

Source: Annual report of MSMEs 2015-16

The above table crystallizes about total number of working enterprises in rural and urban area in India. In the total 361.76 lakhs of MSMEs 200.19 lakhs enterprises which are situated in rural area where as 161.57 lakhs enterprises are in urban area. The inferences can be drawn from the above table that majority of the MSMEs are situated in the rural area.

Table: 5. Total number of men and women working enterprises: (In Lakhs)

Characteristics	Reg. Sector	Un-Reg. Sector	Total	Percentage
Number of women enterprises	02.15	24.46	26.60	07%
Number of Men enterprises	13.49	321.66	335.16	93%
Total	15.64	346.12	361.76	100%

Source: Annual report of MSMEs 2015-16

The above table exhibits about total number of men and women working enterprises in India. In the total 361.76 lakhs of MSMEs 26.60 lakhs enterprises are belongs to women where as 335.16 lakhs enterprises are belongs to men. In toto the conclusion can be drawn that a major portion of 93% MSMEs are owned by the men in India. So it is the need of the hour to empower women based on their portion of population.

Table: 6. Total number of men and women employment in working enterprises: (In Lakhs)

Characteristics	Reg. Sector	Un-Reg. Sector	Total	Percentage
Female	19.04	101.52	120.56	15%
Male	74.05	610.62	684.68	85%
Total	93.09	712.14	805.24	100%

Source: Annual report of MSMEs 2015-16

The above table reveals about total number of men and women employment in working enterprises in India. In the total 805.24 lakhs of MSMEs employees, 684.68 lakhs employees are male where as 120.56 lakhs employees are female. In a nutshell, the inferences can be drawn that a major

portion of 85% employees are men in MSMEs. There is an urgent need to create more and more employment opportunities to women based on their portion of population.

Table: 7. Total number of working enterprises by type of social category: (In Lakhs)

Characteristics	Reg. Sector	Un-Reg. Sector	Total	
SC	1.19	27.15	28.34	09%
ST	0.45	20.4	20.84	06%
OBC	5.99	145.74	151.73	41%
Others	8.01	149.55	157.57	44%
Not Responded	0	3.27	3.27	00%
Total	15.64	346.12	361.76	100%

Source: Annual report of MSMEs 2015-16

The above table reveals about total number of working enterprises by type of social category in India. In the total 361.76 lakhs of MSMEs, 28.37 lakhs owners are SCs, 20.84 lakhs owners are STs, 151.73 lakhs owners are OBCs, 157.57 lakhs owners are others and remaining 3.27 lakhs owners are not specified their category. At last the the inferences can be drawn that a major portion of 41% and 44% owners are OBCs and GMs in MSMEs business. It indicates that even after providing all sorts of assistance to the Dalits, the scenario has not been changed. It may be the faulty policy implementation of the government which has to be amended to empower Dalits.

Challenges:

Only few individuals have ambition of becoming an entrepreneur and a very small percentage of them actually succeed in becoming a successful entrepreneur. There are many hurdles for individuals, particularly who are from non-business background, in becoming an entrepreneur. It starts with lack of capital / inability to mobilize resources, lack of guidance, Poor and Inadequate Infrastructural Facilities, Inadequate Access and Marketing Linkages, Lack of Skilled Human Resources, Lack of Access to New Technology, Dilatory and Cumbersome Regulatory Practices and lack of ability to sustain interest even after initial losses in the business etc.

The Dalits and women, over last six decades, have made remarkable progress in various fields such as education, employment and politics. Post independence, the political equality coupled with reservation helped a lot for a small percentage of Dalit and women population to achieve economical progress through Government initiatives. However, negligible Dalits and women have succeeded in becoming successful entrepreneurs. In addition to routine constraints in the process of becoming an entrepreneur, the Dalits encounter additional problems due to their caste and social status.

Discrimination by the dominant castes in buying products and availing services from Dalit Entrepreneurs is one of the major constraints. The Dalit Entrepreneurs who venture into dealing with products and services for local market face difficulty in marketing their products and services due to their social status. Many Dalits even do not succeed in their traditional businesses, for example manufacturing of Shoes, because of their inability to scale-up their businesses to compete with organized sector.

Opportunities:

India is currently witnessing age of startup ecosystem. Billions of dollars have flown in as investments to boost the newly created companies. It is hence critically important that to accrue benefits of this revolution, dalit and women entrepreneurs do not remain behind. For them opportunities can be discussed as such in the present scenario:

Stand up India launched: In sequence to Startup India, on the similar lines Stand up India has been launched, specifically to cater to the needs of dalit aspirants. 1.25 lakhs bank branches would provide 2.5 lakh such entrepreneurs' collateral free loans of 1-10 lakhs.

MUDRA bank: loans for MSME sector with priority to SC/ST and women have been established
Easy private funding: angel investors have flooded Indian startup market. Hence getting funding in the initial stages is quite easy now. However there exist challenges too for dalit and women entrepreneurs not exposed to tech hub of cities like Bangalore, Pune, Gurgaon

Banks are lending to show their targets completed. There is large tendency to implicitly assume failure of nascent firm. Startup ecosystem has been flourishing through huge intricately related networks of alumnis, investors, colleagues etc. People in these circles are already aware of technical/managerial know how of starting/operating a firm before even beginning. This is vastly lacking in dalit and women aspirants in villages. Many have criticized the startup culture as high class adventure. Again, they have built very huge networks among themselves. Before Startup India launch, the legal hurdles in setting up a company, various forms filing, complicated procedures, initial higher costs of maintaining accountants/CAs are big hurdles. With most of them laborers, landless classes who very far from even know Stand up India. More awareness in the villages about the benefits of govt. of establishing a venture is required. Stand up India is an effort towards this direction; efficient working with proper attitude of banks towards vulnerable sections is the key.

Conclusion:

It is very clear from the above discussion that after having been made all sorts of efforts from the government, the status and problems of Dalit and women MSMEs have not been changed. The government faulty implementations of policy are the major reason. Before offering assistance it is the government should undertake some measures to educate them about the MSMEs. There are many schemes like MUDRA, Star up India, Make in India, Digital India have made for the upliftment of the people in general and Dalit and women in particular, but these are not serving the purpose of the same for their development.

There is a need of the hour to motivate Dalit and women youth to enter the business and industry sector as entrepreneurs, to encourage them to contribute to the nation's economy through wealth creation, to spread the spirit of enterprise to other fellow members, to encourage Dalit and women entrepreneurs and support them in their ventures. Bring together all Dalit and women Entrepreneur under one umbrella, become a one- stop Resource center for Existing and aspiring Dalit and women Entrepreneur, Promote entrepreneurship among Dalit and women youth as a solution to their Socio – Economic problems to make the dreams to come as true.

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