

WOMEN ENTREPRENEURSHIP: GROWTH AND PERFORMANCE OF INDIAN MSME SECTOR

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Abstract

This paper designed to assess the present scenario of women entrepreneurs in India as globally women entrepreneurs have become an integral part of the quest for the sustained economic development and social progress and are also playing a vital role. 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 growth & performance of MSME sector and the problems faced by women entrepreneurs in the competitive world of business environment.

KEY WORDS: Entrepreneurship, MSME's, Women Entrepreneurship.

INTRODUCTION

Entrepreneurship is the need of the hour. 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.

"The MSME sector is the nursery of [entrepreneurship](#) and has been recognised as the engine of growth. The MSMEs also have a vital role in the dispersal of industries and generation of employment opportunities," The sector provided employment to over eight crore persons through more than 3.6 crore enterprises producing over 6,000 products and was playing a significant role in fulfilling the national objectives of growth with equity and inclusion.

OBJECTIVES

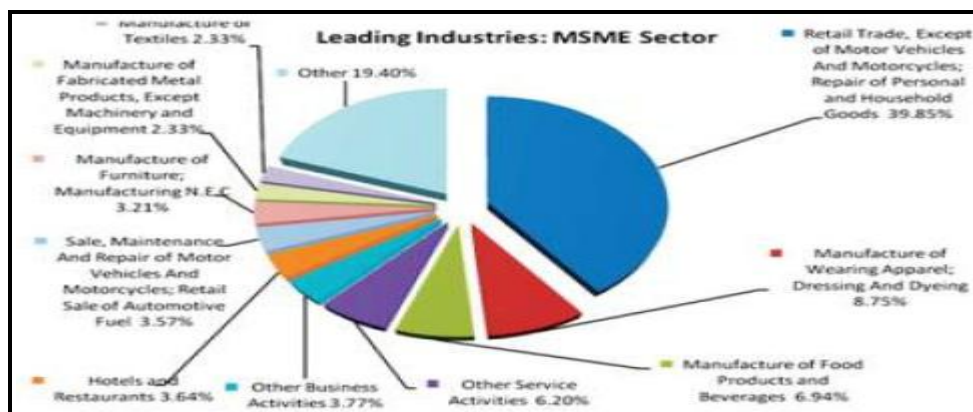
- To study the present scenario of women entrepreneurs in India.
- To identify the problems & challenges faced by Indian women entrepreneurs.
- To study the growth and performance of MSME sector in India.

RESEARCH METHODOLOGY

The study focuses on the descriptive and analytical in nature. The data used for the study is secondary in nature and has been collected from annual reports of Ministry of Micro, Small and Medium Enterprises, Government of India, various journals, newspapers and white papers on Micro, Small and Medium Enterprises.

GROWTH AND PERFORMANCE OF MSME SECTOR IN INDIA

The latest results of Fourth All India Censuses of Micro, Small & Medium Enterprises (MSME), and the performance of the sector is assessed which contributes significantly to the number of enterprises, employment and output of the country.



Source: - Final Report of the Fourth All India Census of Micro, Small & Medium Enterprises 2006-07: Registered Sector.

The above diagram is based on the data sets of Third and Fourth All India Census of SSI/MSME, augmented with data sets of EC, 2005 and growth rate observed during fourth (1998) and Fifth (2005) Economic Census, the performance of SSI/MSME Sector is summarized as below: It may be noted that for both the Third and Fourth All India Census of SSI/MSME, unregistered sector was assessed by conduct of sample survey of the sector.

PERFORMANCE OF SSI / MSME: EMPLOYMENT, INVESTMENTS

The scope and coverage of the MSME sector was broadened significantly under the MSMED Act, 2006, which recognized the concept of “enterprise” and to include both manufacturing and services sector, besides defining the medium enterprises under MSME sector.

S.No	Year	Total Working Enterprises (in Lakh)	Employment (in Lakh)	Market Value of Fixed Assets (Rs. in Crore)
I	II	III	IV	V
1	2006-07	361.76	805.23	868,543.79
2	2007-08*	377.36	842.00	920,459.84
3	2008-09*	393.70	880.84	977,114.72
4	2009-10*	410.80	921.79	1,038,546.08
5	2010-11*	428.73	965.15	1,105,934.09
6	2011-12*	447.66	1,011.80	1,183,332.00
7	2012-13*	467.56	1,061.52	1,269,338.02

Table1: Performance of SSI / MSME: Employment, Investments

Source: MSME Annual Report 2013-14, Government of India

- Including activities of wholesale/retail trade, legal, education & social services, hotel & restaurants, transport and storage & warehousing (except cold storage) for which data was extracted from Economic Census 2005, Central Statistics Office, MOSPI.
- Estimated on the basis of per enterprises value obtained from sample survey of unregistered sector for activities of wholesale/retail trade, legal, education & social services, hotel & restaurants, transports and storage & warehousing(except cold storage) which were excluded from Fourth All India Census of MSMEs, unregistered sector .

CONTRIBUTION OF MANUFACTURING OUTPUT OF MSME IN GDP

According to the results of Third and Fourth All India Census of Small Scale Industries / Micro, Small & Medium Enterprises, an attempt has been made to estimate the share of MSME Sector in manufacturing output and GDP revising the existing ratio-based estimation procedure adopted by the Planning Commission in the year 1992. The methodology was finalized in consultation with the Central Statistics Office, Ministry of Statistics & Programme Implementation. The estimated value of manufacturing output of MSME Sector and its share in total manufacturing output & GDP, are as noted below:-

Contribution of Manufacturing Output of MSME in GDP

(At 2004-05 Prices)

Year	Gross Value of Output (Rs. In Crore)	Percentage Share of MSME	
		Total Manufacturing Output	Gross Domestic Product (GDP)
2006-07	1198817.55	42.02	7.73
2007-08	1322960.41	41.98	7.81
2008-09	1375698.60	40.79	7.52
2009-10	1488390.23	39.63	7.49
2010-11	1655580.60	38.48	7.42
2011-12*	1790804.67	37.52	7.28

Table 2: Contribution of Manufacturing Output of MSME in GDP

Note: * - Provisional.

Source: 1. Fourth All India Census of MSMEs 2006-07,
 2. National Account Statistics 2013, CSO, M/O SPI and
 3. Annual Survey of Industries, CSO, M/O SPI

Table 2 indicates that it can be seen the contributions of MSME sector to the Gross Domestic Product (GDP) of the country and also the growth trend based on the results of Third and Fourth All India Census of Small Scale Industries / Micro, Small & Medium Enterprises, an attempt has been made to estimate the share of MSME Sector in manufacturing output and GDP revising the existing ratio-based estimation procedure adopted by the Planning Commission in the year 1992. In the year 2006-07 this sector had given an estimated contribution of around 42 per cent of total industrial production and 8 per cent of GDP which was about 39.74 per cent of industrial production a decade ago (1999-2000) and was contributing to 5.86 per cent of GDP at that time. From this data it is clear that there has been a negative growth in industrial production and contribution to GDP in all the years of last one decade. Another important factor is over the last one decade this sector has always inched up its contribution to GDP.

CURRENT SCENARIO OF WOMEN ENTREPRENEURS IN INDIA

India is a fastest growing economy in the world which provides tremendous opportunities to entrepreneurs but scene for women entrepreneurs is one of the worst in the world because India is a Man's world. Though percentage of women entrepreneurs are increasing constantly from 14% in 1970 to 31% in 2010, motivated women who can really bring a difference are still handful. After India has introduced a new law in 2013 and made it mandatory for every company to have at least one woman on board of director, the number of successful women entrepreneurs has raised but not significantly. India ranked 29th out of 31 countries to facilitate women for entrepreneurship. India was ranked just before Pakistan and Bangladesh to create a favorable environment to support women to start their venture.

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 entrepreneurship has been recognised as an important source of economic growth. Women entrepreneurs create new jobs for themselves and others and also provide society with different solutions to management, organisation and business problems. However, they still represent a minority of all entrepreneurs. Women entrepreneurs often face gender-

based barriers to starting and growing their businesses, like discriminatory property, matrimonial and inheritance laws and/or cultural practices; lack of access to formal finance mechanisms; limited mobility and access to information and networks, etc. 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 as they are integral part of the global quest for sustained economic development and social progress.

A women entrepreneur- promoted enterprise is defined as a Micro, Small or Medium, manufacturing or service enterprise managed by one or more women entrepreneurs in proprietary concerns or other forms of organization and in which she/they individually or jointly have a share capital of not less than 51% as partners / shareholders/directors of a private limited company members of a cooperative society. As per the Fourth All India Census on Micro, Small and Medium Enterprises (MSMEs) covering registered and unregistered segments of MSMEs, with reference year as 2006-07, following is the status of women entrepreneurs in India.

Percentage Distribution of enterprises by gender of owner in rural and urban areas					
Area	Registered MSME		Unregistered MSME		
	Female	Male	Female	Male	NR
Rural	15.27	84.73	10.69	89.09	0.22
Urban	12.45	87.55	6.67	92.49	0.84
All	13.72	86.28	9.09	90.44	0.47

Source: Fourth All India Census of MSME 2006-07, Ministry of MSME

- The above table indicates the dominance of male in ownership is observed in both registered as well as unregistered MSMEs. For registered sector, male owned 86.28% of enterprises as compared to 13.72% owned by female. For unregistered sector, male owned 90.445% of enterprises as compared to 9.09% owned by female.

Percentage Distribution of enterprises by gender of owner and sector					
Sector	Registered MSME		Unregistered MSME		
	Female	Male	Female	Male	NR
Micro	14.19	85.81	9.1	90.43	0.47
Small	5.06	94.94	3.01	96.81	0.18
Medium	4.21	95.79	-	-	-
All	13.72	86.28	9.09	90.44	0.47

Source: Fourth All India Census of MSME 2006-07, Ministry of MSME

- Dominance of male in ownership is observed in all the segments of MSME sector. Also most of the women enterprises are micro enterprises in registered as well as unregistered MSMEs.

PROBLEMS FACED BY INDIAN WOMEN ENTREPRENEURS

Indian Women Entrepreneurs face several problems right from the beginning till the enterprise functions. Being a woman itself poses various problems to a woman entrepreneur, the problems of Indian women pertain to her responsibility towards family, society and lion work. The tradition, customs, socio cultural values, ethics, motherhood subordinates to ling husband and men, physically weak, hard work areas, feeling of insecurity, cannot be tough etc are some peculiar problems that the Indian women are coming across while they jump into entrepreneurship. Women in rural areas have to suffer still further. They face tough resistance from men. They are considered as helpers. The attitude of society towards her and constraints in which she has to live and work are not very conducive. The basic problems faced by women entrepreneurs are as follows:

➤ **PROBLEM OF FINANCE**

Finance is regarded as “life-blood” for any enterprise, be it big or small. Women entrepreneurs stiffer a lot in raising and meeting the financial needs of the business. Bankers, creditors and financial institutes are not coming forward to provide financial assistance to women borrowers on the ground of their less credit worthiness and more chances of business failure. They also face financial problem due to blockage of funds in raw materials, work-in-progress finished goods and non-receipt of payment from customers in time.

➤ **SCARCITY OF RAW MATERIAL**

Sometimes neither the scarcity of raw materials, nor, availability of proper and adequate raw materials sounds the death-knell of the enterprises run by women entrepreneurs. Women Enterprises are plagued by the scarcity of raw material and necessary inputs. Added to this are the high prices of raw material, on the one hand, and getting raw material at the minimum of discount, on the other.

➤ **TOUGH COMPETITION**

Usually women entrepreneurs employ low technology in the process of production. In a market where the competition is too high, they have to fight hard to survive in the market against the organized sector and their male counterpart who have vast experience and capacity to adopt advanced technology in managing enterprises.

➤ **LIMITED MOBILITY**

In India women mobility is highly limited and has become a problem due to traditional values and inability to drive vehicles. Moving alone and asking for a room to stay out in the night for business purposes are still looked upon with suspicious eyes. Sometimes, younger women feel uncomfortable in dealing with men who show extra interest in them than work related aspects.

➤ **FAMILY TIES**

Indian Women are very emotionally attached to their families. They are supposed to attend to all the domestic work, to look after the children and other members of the family. They are over burden with family responsibilities like extra attention to husband, children and in laws which take away a lots of their time and energy. In such situation, it will be very difficult to concentrate and run the enterprise successfully.

➤ **LACK OF EDUCATION**

In India women are lagging far behind in the field of education. Most of the women (around 60% of total women) are illiterate. Those who are educated are provided either less or inadequate education than their male counterpart partly due to early marriage, partly due to

son's higher education and partly due to poverty. Due to lack of proper education, women entrepreneurs remain in dark about the development of new technology, new methods of production, marketing and other governmental support which will encourage them to flourish.

➤ **MALE-DOMINATED SOCIETY**

Even though our Constitution of India speaks of equality between sexes, male chauvinism is still the order of the day. Women are not treated equal to men. Their entry to business requires the approval of the head of the family. Entrepreneurship has traditionally been seen as a male preserve. All these put a break in the growth of women entrepreneurs. In nutshell, in the male-dominated Indian society, women are not treated equal to men. This, in turn, serves as a barrier to women entry into business.

➤ **LOW RISK-BEARING ABILITY**

Indian Women are by nature weak, shy and mild and lead a protected life. They cannot bear the amount risk which is essential for running an enterprise. Lack of education, training and financial support from outsides also reduce their ability to bear the risk involved in an enterprises.

➤ **LIMITED MANAGERIAL ABILITY**

Women entrepreneurs are not efficient in managerial functions like planning, organizing, controlling, coordinating, staffing, directing, motivating etc. of an enterprise. Management has become a specialized job which only efficient managers perform. Therefore, less and limited managerial ability of women has become a problem for them to run the enterprise successfully.

➤ **LACK OF SELF CONFIDENCE:**

Women entrepreneurs because of their inherent nature, lack of self-confidence which is essentially a motivating factor in running an enterprise successfully. They have to strive hard to strike a balance between managing a family and managing an enterprise. Sometimes she has to sacrifice her entrepreneurial urge in order to strike a balance between the two.

CONCLUSIONS

MSMEs are becoming an important area of emphasis for India in general, primarily for its immense potentials as a source of employment given that there are a number of factors that affect their performance. Its support the sustained and coordinated effort from all dimensions would pave the way for the women moving into entrepreneurial activity thus contributing to the social and economic development of the members of the family and thereby gaining equality and equal importance for themselves. Women sector occupies nearly 45% of the Indian population. At this juncture, effective steps are needed to provide entrepreneurial awareness, orientation and skill development programs to women. The role of Women entrepreneur in economic development is also being recognized and steps are being taken to promote women entrepreneurship. At the micro level women entrepreneurs must be molded properly with entrepreneurial traits and skills to meet the changes in trends, challenges, global markets and also be competent enough to sustain and strive for excellence in the entrepreneurial arena. Policy makers such as governments, NGOs, and other stakeholders can strengthen these women micro entrepreneurs by launching promotional schemes that could lead to entrepreneurial success and design targeted policies and related support programmes that will actively stimulate the economic development of women enterprises at micro levels. Though contribution of women-led-businesses is increasing, there is a long way to go. Indian women lag behind on many social indicators like health, education and economic opportunities. Hence they need special attention due to their vulnerability and lack of access to resources. Ministry of MSME has various schemes targeted specifically to help women entrepreneurs. The problem lies in ignorance of women-friendly measures framed by Government. Indian society needs to

change its mindset and allow its women to educate, make decisions for her and use her in-born strength in terms of innovation and creativity.

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