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SOURCES OF FINANCE FOR WOMEN ENTREPRENEURS

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ABSTRACT:

Schumpeter defines an entrepreneur as a person who is willing and able to convert an original idea and invention into a successful innovation. To receive utmost contribution from the entrepreneurs for the progress of the society and the nation as a whole it is indispensable to support them financially and socially. There is ample evidence to suggest that besides cultural constraints, the access to formal sources of credit is one of the major factors stifling the growth of women entrepreneurship in India. There has been substantial growth in women's involvement in the economic activities all over the world over the past few decades. For this both the Government and Non-Government agencies have to play a vital role. Despite the efforts of Governmental and Non-Government organizations, the women entrepreneurs are facing many problems. It has been pointed out by many research studies that more than 70% of the problems faced by the women entrepreneurship are related with credit. In order to solve various financial problems faced by women entrepreneurs many schemes were introduced.



KEYWORDS: Entrepreneurship, Non-government organization, Credit.

INTRODUCTION :

Entrepreneurship refers to starting a new business or venture. Schumpeter defines an entrepreneur as a person who is willing and able to convert an original idea and invention into a successful innovation. To receive utmost contribution from the entrepreneurs for the progress of the society and the nation as a whole it is indispensable to support them financially and socially. Women constituting half of our population represent an

untapped source of economic growth and entrepreneurship is one way of using that vast pool of human resource as mediators of that growth. Although India has witnessed a significant rise in the number of women entrepreneurs over the past few decades influencing the demographic characteristics of business yet the entrepreneurial world in the country is still dominated by men. There is ample evidence to suggest that besides cultural constraints, the access to formal sources of credit is one of the major factors stifling the growth of

women entrepreneurship in India. Finance is life blood of business. So, it becomes necessary for women entrepreneurs to approach to financial institutions when need arises. While banks do not deliberately exclude women, something in the system is not working. Not only in rural areas but even in big cities there are women with entrepreneurial spirit who cannot realise their full potential in the absence of banking facilities. Funding for women entrepreneur has had a hard time. In Joyce Rosenberg's article 'Women Small Business

Owners struggle to get loans'. She cites possible reasons including the lack of collateral, strict business regulations, perceived, risk for the lender, low or negative cash flow and revenues and lack of preparation. As a woman there is a high chance that you have faced numerous challenges from various quarters to start your own business. A number of financial institutions provide support to women entrepreneurs for their innovative and imaginative scheme of activities aimed at skill development for income and employment generation in different sectors. Besides, the society should also facilitate the growth of women by recognizing their talents and abilities. There has been substantial growth in women's involvement in the economic activities all over the world over the past few decades. For this both the government and nongovernment agencies have to play a vital role. Despite the efforts of governmental and non-organizations, the women entrepreneurs are facing many problems. Enough though efforts made to enhance MSMEs through priority sector lending targets and Credit Guarantee Schemes have been introduced; women entrepreneurs get excluded from mainstream financing efforts. It is the reason why women entrepreneurs are often referred to as the 'missing middle'. It has been pointed out by many research studies that more than 70% of the problems faced by the women entrepreneurship are related with credit. Financial institutions have historically viewed women entrepreneurs as more doubtful preposition than men entrepreneurs. Hence, Managing Director of World Bank rightly said that "Investing in women entrepreneurs is smart economics". In order to solve various financial problems faced by women entrepreneurs many schemes were introduced.

OBJECTIVES

1. To discuss attitude of different financial institutions towards women in providing loan to them.
3. To study different sources of finance available for women entrepreneurs.
4. To find out problems faced by women entrepreneurs in getting finance.
5. To suggest measures to improve financial availability to women entrepreneurs.

LITERATURE REVIEW

Pandey and Ansari (2012) It is therefore essential to encourage educated young women to entrepreneurial streams with financial, technical and scientific assistance. Hence, an integrated approach is necessary for making the movement of women entrepreneurship a success. Governmental and Non-governmental organizations should make more focused and directed efforts, and initiate specific programmes for women entrepreneurship development. Entrepreneurial development programmes should train, motivate, enhance and shape-up individual skills of women having market potential.

Kaur and Bawa (1992) study is based on primary data, showed that 54 per cent of women entrepreneurs had started their business with their own personal savings and some financial assistance from their spouse, 23 per cent received finances from their parents, 13 per cent from relatives and friends and only 10 per cent from government agency and nationalized banks.

A recent study by Vatharkar (2012) examined the problems faced by women entrepreneurs in Pune district at various levels in their journey as entrepreneurs. The study found that women entrepreneurs faced various problems at start-up and operating stage such as role conflict, lack of motivation, lack of finance, discriminating treatment, understanding government rules and regulations.

A research study based on primary data by Dr. D.D.Arora & Subhash Chandra (2013) tried to examine the financial obstacles faced by women entrepreneurs during start-up stage and running up of their enterprise. A survey of 189 enterprises from urban and rural areas of three divisions, (Ambala, Rohtak, and Gurgaon) of Haryana State was conducted. The results of the study showed that 39.2 percent of sample women entrepreneurs faced the problem in obtaining start-up capital and accepted it as a major obstacle.

Some recommendations for a healthy eco system of women entrepreneurship in India are-

Dena Shakti Scheme finances women entrepreneurs by including following activities / sectors under 1.Agriculture & allied activities 2.Small Enterprises (Direct and Indirect Finance) 3. Micro and small (manufacturing) enterprises 4. Micro and small (service) enterprises which include small road

and water transport operators, small business professional and self-employed and all other service enterprises 5. Retail Trade 6. Micro Credit 7. Education 8. Housing

Schemes from Punjab National Bank

Assists women entrepreneurs for setting up of new projects in tiny /small scale sector and rehabilitation of viable sick SSI units. Existing tiny and small scale industrial units and service industries undertaking expansion, modernization technology up gradation & diversification can also be considered.

CENT Kalyani

New as well as Existing Women entrepreneurs for her Micro / Small enterprise (as defined under MSME Act- 2006) .i.e engaged in manufacturing and service activity for eg Handloom weaving Handicraft, Food-Processing, Garment making etc. etc. Professionals & Self employed women – Doctors, Chartered Accountants, and Engineers or trained in Art or Craft etc. Health /Beauty clinics/Dieticians/Fashion Designing Beauty Parlors.Small Business-Small lunch/canteen, mobile restaurant, circulating library/ tailoring /Day Creches for children ,Tailoring, Typing / STD/ Zerox booth etc.Transport Operators- Three wheeler /Four wheeler . (Retail Trade/ Education and training Institute/ Self Help Group not eligible)

Stree Shakti Package

The Stree Shakti Package is a unique scheme run by the SBI, aimed at supporting entrepreneurship among women by providing certain concessions. An enterprise should have more than 50% of its share capital owned by women to qualify for the scheme.

Oriented Mahila Vikas Yojana

Women Entrepreneurs enterprise consisting of all units managed by one or more in proprietary concerns or in which she/they individually or jointly have a share capital of not less than 51% as partners/ shareholders/ directors of a private ltd. company/members of a co-operative society.

MUDRA Loan

Micro Units Development and Refinance Agency Ltd. [MUDRA] is an NBFC supporting development of micro enterprise sector in the country. MUDRA provides refinance support to Banks / MFIs for lending to micro units having loan requirement upto 10 lakh. MUDRA provides refinance to micro business under the Scheme of Pradhan Mantri MUDRA Yojana.

Udyogini Financial Linkages

Udyogini links entrepreneurs with social investor firms. Entrepreneurs will be evaluated and qualified independently, though the funds are routed through and guaranteed by Udyogini; Provides formal financial linkages; Micro-insurance; Subsidies for critical inputs available from government schemes and other programs.

Maan Deshi Foundation – Women’s Bank

Provide financing to women entrepreneurs to expand their businesses; Create new and customised credit products and services specifically for rural women; Promote digital banking; Represent rural women’s concerns at the national and international level for Banking and Financial Inclusion; Provide insurance schemes and products; Provide doorstep banking services

ICICI Bank: Empowering women through economic independence

ICICI Bank launched the Self Help Group – Bank Linkage Programme exclusively for underprivileged women in rural India. The programme provides unsecured loans to these women-led groups and helps them in starting or expanding their own businesses. Through this programme, the

Bank aims at promoting entrepreneurship among rural women and in helping them to earn sustainable livelihoods.

Small Industries Development Bank of India (SIDBI)

The purpose is to provide refinance facilities and short term lending to industries. It is an institution for the promotion, and development of the Micro, Small and Medium Enterprise (MSME) sector and for co-ordination of the functions of the institutions engaged in similar activities.

Stand Up India

Prime Minister Narendra Modi launched the 'Stand up India' scheme on 5 April 2016 as part of the government's efforts to support entrepreneurship among women and SC & ST communities. The scheme offers bank loans of between • 10 lakh (US\$15,000) and • 1 crore (US\$150,000) for scheduled castes and scheduled tribes and women setting up new enterprises outside of the farm sector.

National Credit Guarantee Trustee Company Ltd (NCGTC)

National Credit Guarantee Trustee Company Ltd (NCGTC) is a private limited company incorporated under the Companies Act 1956 on March 28, 2014, established by the Department of Financial Services, Ministry of Finance, as a wholly owned company of the Government of India, to act as a common trustee company for multiple credit guarantee funds.

Ernst and Young supporting women entrepreneurs

With help from the EY Foundation in India, programs supporting women entrepreneurs are proving highly successful at raising living standards. It's why supporting women entrepreneurs is at the heart of a holistic approach to village development in India, supported by annual investment of INR85m from the EY Foundation.

Empower: Accelerator for women in tech

Currently 5 accelerators : Zone Startups India (flagship program), Mumbai; empoWer (India's 1st tech accelerator for Women entrepreneurs); Axis Bank AccelerWomen have been among the most disadvantaged and oppressed section of our country with regard to access to and control over resources. Problems faced by them continue to be grave particularly for illiterate & semi literate women of rural and urban areas In order to alleviate their problems, ator & ThoughtFactory Co-Innovation Lab, Bangalore; Gateway 91, Mumbai; Barclays Rise Accelerator Program; Palava Accelerator.

Agri Udaan : Food & Agribusiness Accelerator 2.0

AGRI UDAAN is a Food & Agribusiness Accelerator organised by NAARM, a-IDEA and IIM-A, CIIE in partnership with Caspian Impact Investment and supported by DST. The program focuses on catalyzing scale-up stage Food & Agribusiness startups through rigorous mentoring, industry networking and Investor pitching.

Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme for Women

Govt. of India launched a scheme entitled " Trade Related Entrepreneurship Assistance and Development" (TREAD) during the 9th plan period which has slightly been modified and is now put in operation. The scheme envisages economic empowerment of such women through trade related training, information and counseling extension activities related to trades, products, services etc.

Science For Equity Empowerment and Development (SEED)

Science For Equity Empowerment and Development has the broad objectives of providing opportunities to motivated scientists and field level workers to take up action oriented and location specific projects aiming towards socio-economic upliftment of poor and disadvantaged sections of the society through appropriate science and technology interventions especially in the rural areas. Under

this program efforts have been made to associate concerned National Labs or other specialist S&T institutions with each major program so as to build-in expert input, utilize national S&T infrastructure and link it up with grassroots S&T interventions/initiatives.

Support to Training and Employment Programme for Women (STEP)

The Ministry has been administering 'Support to Training and Employment Programme for Women (STEP) Scheme' since 1986-87 as a 'Central Sector Scheme'. The STEP Scheme aims to provide skills that give employability to women and to provide competencies and skill that enable women to become self-employed/entrepreneurs. The Scheme is intended to benefit women who are in the age group of 16 years and above across the country. The grant under the Scheme is given to an institution/organisation including NGOs directly and not the States/ UTs. The assistance under STEP Scheme will be available in any sector for imparting skills related to employability and entrepreneurship, including but not limited to the Agriculture, Horticulture, Food Processing, Handlooms,

A. Policy makers and government should ensure that: - Legislation provides equal opportunity for women and men and non discrimination is actually practised. - Regulatory framework is flexible and works for the benefit of women entrepreneurs (e.g., credit reporting, opening hours of financial institutions). - Supplier diversity policies that promote sourcing from SMEs (including from women-owned enterprises) are explored - Women are the major beneficiaries of Schemes under the Financial inclusion agenda. -Women are aware of the schemes and programs through financial literacy campaigns - Grassroots monitoring to ensure the effective implementation of the policies.

B. Private sector banks and financial institutions need to : - Conduct market research to identify the potential business case for women-targeted interventions. - Explore partnerships that better link access to finance with capacity-building programs (including targeting entire value chains). - Strengthen information management systems to incorporate new financial products and services tailor made for women entrepreneurs. - Have collateral- free lending and setting quotas for lending to women entrepreneurs as well as guarantee scheme for zero collateral lending - Replace safe lending by priority lending for women. Make available Consortia (group) lending for women. - Undertake awareness campaigns i.e. workshops/camps about the schemes available for women - Make available International capital to innovative and aspiring women entrepreneurs. - Undertake training programs for credit officers, customer service representatives and managers to better attract and attend the female clients.

CONCLUSION:

Women constituting half of our population represent an untapped source of economic growth and entrepreneurship is one way of using that vast pool of human resource as mediators of that growth. As a woman there is a high chance that you have faced numerous challenges from various quarters to start your own business. Enough though efforts made to enhance MSMEs through priority sector lending targets and Credit Guarantee Schemes have been introduced; women entrepreneurs get excluded from mainstream financing efforts.

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