



ROLE OF FINANCIAL INSTITUTION IN THE DEVELOPMENT OF WOMEN ENTREPRENEURSHIP

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ABSTRACT:

Entrepreneurship as an ingredient of economic development is now recognized. 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 sector. Hence, an integrated approach is necessary for making the movement of women entrepreneurship a success. Governmental and Non- governmental organization should make more focused and directed efforts, and initiate specific programmes For women entrepreneurship development.



KEY-WORDS: Finance, financial Institution, Entrepreneurship.

INTRODUCTION:

Entrepreneurship as an ingredient of economic development has been recognized long ago 1950. It was since then substantial amount of research has gone into this sphere. It is well known fact that entrepreneurs are born but they can also be made through innovative and creative interventions. However men and women at large are not showing sufficient of entrepreneurship skills and the women's position is more critical. Therefore, they should be helped particularly where women entrepreneurs are prone to face more hurdles. The focus on the contribution of women in direct productive work was first brought out in 1970 by Ester Boserup in his book "Women's Role in Economic Development". This work of Boserup is a complication of his research experience in India. It also provided a conceptual framework for research on Women and Development.

As technology speeds up lives, women are an emerging economic force, which cannot be neglected by the policy makers. Irene Natividad has observed that "Global markets and women are not often used in the same sentence, but increasingly, statistics show that women have economic clout most visibly as entrepreneurs and most powerfully as consumers". Today, women in advanced market economies own more than 25 percent of all businesses and women-owned businesses in Africa, Asia, Eastern Europe and Latin America are growing rapidly. In some regions of the world, transformation to market economy, women entrepreneurs is a growing trend. However, in India, the actual participation of women in income generating activities is quite unsatisfactory, only eight per cent of the small scale-manufacturing units are owned and operated by women. The World Bank's Gender at Work report (2014) assert; "On virtually every global measures, women are more economically excluded than men".

OBJECTIVES OF THE STUDY:

The main objective of this paper is to examine various "ROLE OF FINANCIAL INSTITUTION IN THE DEVELOPMENT OF WOMEN ENTREPRENEURSHIP" The specific objectives are the following.

1. To Know the concept and need of Women Entrepreneurship.
2. To Know the status of Women Entrepreneurship.
3. To know the challenges faced by Women Entrepreneurship in India.
4. To know the financial institutions of women Entrepreneurship.
5. To know the financial scheme for Women Entrepreneurship.
6. To identify the obstacles in obtaining finance by women Entrepreneurship.

METHODOLOGY OF THE STUDY:

The Study based on the secondary information. The study namely "ROLE OF FINANCIAL INSTITUTION IN THE DEVELOPMENT OF WOMEN ENTREPRENEURSHIP" is a descriptive and theoretical study. An attempt is made to review the existing literature on women entrepreneurship and other related issues. Sources for the secondary data are originated from the various sources like newspapers, books, journals, magazines, and media reports.

CONCEPT OF WOMEN ENTREPRENEURSHIP:

Entrepreneurship is an economic activity which is undertaken by an individual or group of individuals. Entrepreneurship can be defined as the making of a "new combination" of already existing materials and forces; that entrepreneurship throws up as innovations, as opposed to inventions and that no one is entrepreneur forever, only when he or she is actually doing the innovative activity. Women entrepreneurship is the process where women organize all the factors of production, undertake risks, and provide employment to others. Women entrepreneurs may be defined as the women or a group of women initiate, organize and operate a business enterprise. Women are expected to be called women entrepreneurs.

The Government of India has defined a women entrepreneur as an 'enterprise owned and administered by women entrepreneurs having a minimum financial interest of 51percent of the share capital and giving at least 50 percent of the employment generated in the enterprise to women'.

IMPORTANCE OF WOMEN ENTREPRENEURSHIP:

Women perform an important role in building the real backbone of a nation's economy. There is considerable entrepreneurial talent among women. Many women's domestic skills such as people and time management and household budgeting are directly transferable in the business context. In the closing years of the 21st century, multi- skilled, productive and innovative women entrepreneurs are inextricable for achieving sustained economic growth. Globalizations of industrial production and economic interdependence have become the torch-bearers for all international co-operations. In the dynamic world which is experiencing the effects of globalization, privatization and liberalization, women entrepreneurs are likely to become an even more important part of the global quest for sustained economic growth and social development. The economic status of woman is now accepted as an indication of the society's stage of development. Women (especially rural women) are vital development agents who can play a significant role in the economic development of a nation, but they should have an equal access to productive resources, opportunities and public services. It has also been realised in the last few years that the widespread poverty and stunted economic growth can be overcome only by gainful and sustainable economic participation of women. National development will be sluggish, if the economic engine operates only at half power. Women in Enterprise Building has emerged as an agenda for many policy makers, researchers, and trainers and as well as for associations and organizations involved in women development. If women acquire skills, they can carve a niche for themselves in the outside world too. This is the reason why women entrepreneurship development has become a subject of great concern and serious discussion in recent times.

WOMEN ENTREPRENEURSHIP IN INDIA:

Women entrepreneurship in India represents a group of women who have broken away from the beaten track and are exploring new vistas of economic participation. Women in India entered business due to pull and push factors. Their task has been full of challenges. In spite of the family opposition, many women have proved themselves independent and successful entrepreneurs. The emergence of women entrepreneurs and women-owned firms and their significant contributions to the economy are visible in India and these businesses are ready for continued growth in the future. In India, women constitute half of the total population (495.74 million), but their participation in the economic activity is very low. The female work participation Rate was 25.7 percent 2001. In India, women are relatively powerless with little or no control over resources and little decision making power. Women in the informal sector are found to be home-based workers, engaged in the petty manufacture of goods, either on piece rate basis or on own account, petty traders and petty shopkeepers or service specialists. Studies reveal that 89 per cent of India's women workers toil in the informal sectors in sub-human conditions. Over 2/3 of the enterprises are self owned and have a fixed capital of less than Rs.50/- . Over 4/5 of the women workers in this sector earn less than Rs.500/-p.m. The income earned by women in this sector is said to be about ¼ of that of a woman in the organized sector”.

Nowadays women are well-educated with technical and professional qualifications. Many of them have medical, management and similar degrees and diplomas. Many entered their family business as equal partners. Women set up their own clinics or nursing homes, small boutiques, small manufacturing enterprises and entered garment exports. They have their own personal choices and the courage to undertake new ventures. However, many have to face family antipathy and do not get adequate support from their family.

7. CHALLENGES FACED BY WOMEN ENTREPRENEURS:

- **Conflicts between Work and Domestic Commitments:** Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business" (Starcher, 1996) technical skills, and work experience Needed to support the development of highly productive businesses.
- **Lack of finance:** Access to finance is one of the most common challenges that entrepreneurs face and this is especially true for women who are further *Women Entrepreneurship in India* 1145 impeded by lack of personal identification, lack of property in their own name and the need for their husband's countersignature on many documents.
- **Legal constraints in family law:** The institutional and legal environment is critical to the growth of female-owned enterprises. Laws regulating the private sphere specifically those regarding marriage, inheritance and land can hinder women's access to assets that can be used as collateral when securing a loan.
- **Heavy household responsibilities:** leave a demand on women especially those in rural areas who have more children. They are required to perform their traditional role as housewives and therefore, they have fewer hours of free time than men, both during the weekend and on weekdays. An ILO report on women entrepreneurship identifies the following problems faced by women entrepreneurs.
- **Lack of family support:** Sometimes the family may make the women feel guilty of neglecting household duties in her pursuit of business obligations. Cultural traditions may hold back a woman from venturing into her own business.
- **Lack of capital:** traditional sources of finance like banks are reluctant to lend to women entrepreneurs especially if they do not have any male or family backing. This is especially true of lower income females. Women do not have adequate finance or legal knowledge to start an enterprise.

- **Lack of confidence and faith:** lack of role models undermines the self Confidence of women entrepreneurs. The activity of selling is considered abhorrent to the female gender.
- **Lack of right public/ private institutions:** Most public and private incentives are misused and do not reach the woman unless she is backed by a man. Also many trade associations like ministries, chambers of commerce do not cater to women expecting women's organizations to do the necessary thing.

FUNCTION OF WOMEN ENTREPRENEURS:

According to Frederick Harrison, has a five functions of women entrepreneurship these are ;

1. Explore the prospects of starting new enterprises.
2. Undertaking of risks and the handling of economic and non-economic uncertainties.
3. Introduction of new innovations or imitation of successful ones in existence.
4. Co-ordination, administration and control
5. Supervision and providing leadership in all aspects of the business

FINANCIAL INSTITUTIONS:

A number of Institutions collect funds from the public and place them in financial assets such as deposits, loans and bonds rather than tangible property. Various financial Institutions and banks are playing a significant role in the development of women entrepreneurship. Some of them are described below.

A) Governmental Institutions:

Regional Rural Banks, Co-operative societies, Khadi and village Industries, National Agriculture Bank for Rural and Development operate in rural areas whereas National Small Business Development Corporation, Research Development Corporation, National Institute for Entrepreneurship operates in urban areas .However, small Industries Development corporation of India, Industrial financial Corporation of India function in rural as well as urban areas.

In an earlier research (Bindiya 2001) undertook a study on Women and Agriculture .He found that the Regional Rural Banks are playing an important role in empowerment of rural women through various credit schemes for entrepreneurship development. These include KVIC, NABARD, Cooperative Societies and Regional Rural Bank . They provide loan opportunities to rural They women entrepreneur for dairying ,poultry, beekeeping ,food processing and preservation ,mushroom cultivation ,spices process, potato chips and other cottage industries These agencies provide loans to women entrepreneurship up to five lakhs without any security.

B) Non - Governmental Institutions:

World Assembly of Small and Medium Entrepreneurs, Xavier Institute for Social Societies are functioning in rural areas whereas National Association of Women Entrepreneurs and Executives, Indian Council of Women Entrepreneurs is working in urban areas . National Alliance Young Entrepreneurs, Self Employed Women's Association etc are having their presence in rural as well as urban areas. There are many promotional governmental and non-governmental institutes/agencies functioning at national level for the promotion of entrepreneurship .These are also playing significant role in the development of women entrepreneurship.

FINANCIAL SCHEMES FOR WOMEN ENTREPRENEURSHIP:

With a view that women entrepreneurs should come forward in industrial field and become self-sufficient, governmental and financial institutions have announced many schemes of providing financial assistance .Seed Capital Scheme-In order to start one's own business this scheme is undertaken by the government. Mohanty (2004) suggested that various self -employment and income generating schemes such as IRDP, SEEU, PMRY, SSI, KVI, and DWCRA implemented in Orissa have made significant contribution towards economic empowerment and self-employment of women and

development of women entrepreneurship. Important government agencies are Directorate of Industries, service Institution, Mahila Vikas Sambaya Nigam and Rashtriya Mahila Kosh were contacted for this purpose .The Rastriya Mahila Kosh mainly fulfills the credit needs of poor women particularly, those engaged in the unorganized sector not being adequately addressed by the formal financial institutions. Gupta (1997) found that the empowerment of India has started Priyadarshani Yojna in the name of late Prime Minister Smt. Indira Gandhi.

Recently ,Government of India launched more rational and motivational programmes for women entrepreneurship ,but now a day's women are facing lots of problem when she started a business unit .therefore financial institutions should be creating the conducive environment and enabling framework needed for healthy entrepreneurship .Financial institutions should be helpful to those women who intend to start a business units for the first time. They should also be provided assistance –finance as well as technical when she choose to start a visible and viable project requiring managerial skills, credit related security, necessary financial support, appropriate training, subsidies, funds, saving opportunities training, subsidies, saving opportunities ,borrowing etc Marketing facilities such as sales, purchases and other required support for timely start of a viable venture is also necessary for women empowerment.

OBSTACLES IN GETTING FINANCIAL ASSISTANCE BY INSTITUTIONS:

Despite the efforts of governmental and non-governmental organization the women entrepreneurs are facing lots of problems. In various studies it was reported that more than 70% of the problems faced by the women entrepreneurs are related with credit. In addition to credit, problems like lack of collateral, lack of knowledge about procedure of availing finance ,Lack of Training ,Delay in obtaining finance ,Under finance or inadequate finance ,High rate of interest, Absence of grace period or moratorium ,Reduce repayment period, Negative attitude.

CONCLUSION:

For the proper development of women entrepreneurship in India, we have evolved many more strategies to suit the various conditions in different communities and regions. The various conditions in different communities and regions. The various problems being confronted by women entrepreneurs can be solved in the following manners. Ministries of finance and central banks can play a key role in encouraging competition among a number of finance institutions with in their country. Government can also play a key role in promoting flexibility regarding collateral. Proper technical education to the women Improvement of identification mechanism of new women entrepreneurs. Engaged organizations and agencies in EDPs should co-ordinate their activities effectively. Free training facilities in the field of enterprises. Better co-ordination between financial institutions and women entrepreneurs. For developing a proper co-ordination between executives of promotional agencies and viable women entrepreneurs. Adequate follow-up support to the women entrepreneurs.

The task ahead for EDP institutions is to communicate the noble message of women entrepreneurship development in most effective manner among the women aspirants of all regions and all classes. In the last, to ensure women entrepreneurship development, integrated efforts by various organization and agencies are needed so that necessary assistance should be provided to prospective as well as excising women entrepreneurship.

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