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## **GRT** MSMEs and Women Entrepreneurs in India – An Overview



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**Abstract:** The MSME sector contributes significantly to the country's manufacturing output, employment and exports and is credited with generating the highest employment growth as well as accounting for a major share of industrial production and exports. Indian women have demonstrated their great potential as successful entrepreneurs. Some of the women entrepreneurs are leading the biggest shipping companies, trading and export houses, brewing plants, plastic factories and electronic establishments and so on. Although the MSME businesses owned by women have traditionally been in the service sector, in recent years women entrepreneurs have been moving rapidly into manufacturing, construction, and other industrial fields. Women business owners still face greater difficulties in gaining access to commercial credit and bidding on government contracts than do their male colleagues, and pockets of resistance to women entrepreneurs remain strong in some industries and geographic regions. The MSME sector not only plays a critical role in providing employment opportunities at comparatively lower capital cost than large industries but also helps in industrialization of rural and backward areas, reducing regional imbalances and assuring more equitable distribution of national income and wealth. In the present paper focused on MSMEs and women entrepreneurs in India.

**Key words:** Women Entrepreneurs, Performance, MSMEs, India.

### **INTRODUCTION:**

The Micro, Small and Medium Enterprises (MSMEs) play a vital role for the growth of Indian economy by contributing 45 per cent of industrial output, 40 per cent of exports, employing 60 million people, create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and international markets. The contribution of MSMEs was 17 per cent GDP in 2011. There are approximately 30 million MSME Units in India and 12 million persons are expected to join the workforce in the next 3 years.

The Micro, Small and Medium Enterprises sector has emerged as a highly energetic and active sector of the Indian economy over the last five decades. MSMEs not only play significant role in providing employment opportunities at comparatively lower cost of capital than large scale industries but also help in establishment of industrialization of rural and backward areas, which leads to reduce regional imbalances and assure equitable allocation of national income and wealth. MSMEs are complementary to large industries as ancillary units and contribute enormously to the socio-economic development of the country. MSMEs of India has to face many challenges and utilize the opportunities in the fast changing global markets. Now, MSMEs are required to make use of consultancy services to upgrade their competencies in various fields like marketing, finance, business development operations, technology etc.

### **CONCEPT OF MSMEs AND WOMEN ENTREPRENEURS**

Micro, Small and Medium Enterprises (MSME) Sector consists of any enterprise, whether proprietorship, Hindu undivided family, association of persons, cooperative society, partnership or undertaking or any other legal entity, by whatever name called, engaged in production of goods pertaining to any industry specified in the first schedule of Industry Development & Regulation Act, 1951 and other enterprises engaged in production and rendering services, subject to limiting factor of investment in plant and machinery and equipments respectively as noted below:

#### **A. For manufacturing sector, an enterprise is classified as:**

- Micro enterprise, if investment in plant and machinery does not exceed twenty five lakh rupees;
- Small enterprise, if investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; or
- Medium enterprise, if investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees;

#### **B. In case, enterprise is engaged in providing or rendering of services, it is classified as:**

- Micro enterprise, if investment in equipment does not

exceed ten lakh rupees;

- Small enterprise, if investment in equipment is more than ten lakh rupees but does not exceed two crore rupees; or
- Medium enterprise, if investment in equipment is more than two crore rupees but does not exceed five crore rupees.

**Table – 1: Investment Limit of MSMEs**

<i>Manufacturing Sector</i>	
<b>Enterprises</b>	<b>Investment in plant &amp; machinery</b>
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
<i>Service Sector</i>	
<b>Enterprises</b>	<b>Investment in equipments</b>
Micro Enterprises	Does not exceed ten lakh rupees:
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

Source:

[http://www.dcmsme.gov.in/ssiindia/defination\\_msme.htm](http://www.dcmsme.gov.in/ssiindia/defination_msme.htm)

#### **WOMEN ENTREPRENEURS**

Women entrepreneurs may be defined as a “Woman or a group of women who initiate, organize and run a business enterprise”. Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, a woman run a enterprise is defined as “an enterprise owned and controlled by a women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women”. Women entrepreneur constitute 10 per cent of the number of the number of entrepreneur in the country. This has been a significant growth in self-employment of women with women now starting new ventures at three times the rate of men.

#### **PERFORMANCE OF MSMEs IN INDIA**

The Fourth All India Census of MSME 2006-07 estimated the size of MSME sector for the first time taking data from multiple sources. The size of the sector was estimated at 361.76 lakh and 105.21 lakh as compared to Third All India Census of Small Scale Industries (SSI), 2001-02 in terms of estimated number of enterprises. The estimated employment generated in the sector is 805.24 lakh and 249.33 lakh as compared to Third All India Census of SSI. These estimates from census are not strictly comparable. The estimated size of number of MSMEs as 361.76 lakh and employment as 805.23 lakh includes enterprises relevant to MSME sector for the activities pertaining to wholesale / retail trade, legal, educational &

social services, hotel & restaurants, transports and storage & warehousing (except cold storage) which were excluded from the coverage of both Fourth Census of MSMEs 2006-07 and Third Census of SSI, 2001-02. For these activities, estimates were based on data extracted from Economic Census, 2005 conducted by CSO, MOSPI and accounted for 147.38 lakh and 303.31 lakh in terms of number of MSMEs and employment respectively. The summary results of the exercise are given below.

While on a strictly comparable basis, growth rate recorded during the year 2001-02 to 2006-07 was 15.30 per cent and 15.02 per cent for estimated number of Enterprises and Employment respectively. The sector as a whole recorded a growth rate of 28.02 per cent and 26.42 per cent in cases of estimated number of enterprises and employment respectively, taking into account the definitional changes during the period 2001-02 to 2006-07.

As the activities brought under the coverage of MSME sector due to definitional changes in 2006-07 were limited to services sector, the growth rate for manufacturing sector is comparable. The growth recorded during the year 2001-02 to 2006-07 in manufacturing sector was 22.46 per cent and 18.49 per cent for estimated number of enterprises and employment respectively. For service sector, while the growth rate in estimated number of enterprises and employment recorded was 31.21 per cent and 34.00 per cent respectively, during the period of 2001-02 to 2006-07 taking into account the expanded coverage of the sector, the same was 9.39 per cent and 10.12 per cent respectively on strictly comparable basis.

The MSME sector has maintained a higher rate of growth vis-a-vis the overall industrial sector. It is clear from the data of table 3 that the growth rate of MSMEs has increased from 12.60 per cent in 2006-07 to 13.56 per cent in 2008-09 where as the growth rate in overall industrial sector has declined from 11.90 per cent in 2006-07 to 7.80 per cent in 2010-11 with many fluctuations during the period. This indicates that the contribution of MSME sector has been much higher as compared to over industrial sector in India. Therefore, the Central Government and the State governments should take initiations by giving much priority for the development of MSMEs in making them more competitive.

#### **REASONS FOR WOMEN BECOMING ENTREPRENEURS**

The following are the reasons for women becoming entrepreneurs,

- Creating new thinking knowledge
- New challenges and opportunities for self fulfillment
- Employment generation
- Freedom to take own decision and be independent
- Government policies and various schemes
- Need for additional income
- Success stories of friends and relatives
- Education and qualification self identity and social status
- Increasing standard of living
- Increasing socio-economic awareness

Table - 2: State wise women participation of ownership in SSI/MSMEs

S. No.	Name of State/ UT	2001-02	2006-07
		No. of units owned by Women Entrepreneurs	No. of units owned by Women Entrepreneurs (in lakh)
1	Jammu & Kashmir	5742	3.09
2	Himachal Pradesh	3722	1.31
3	Punjab	2908	3.01
4	Chandigarh	2243	0.10
5	Uttaranchal	8804	2.43
6	Haryana	9620	1.46
7	Delhi	14383	0.38
8	Rajasthan	36371	5.99
9	Uttar Pradesh	72667	8.39
10	Bihar	49443	2.57
11	Sikkim	98	0.02
12	Arunchal Pradesh	150	0.10
13	Nagaland	179	0.22
14	Manipur	10745	1.15
15	Mizoram	5700	1.29
16	Tripura	863	0.16
17	Meghalaya	3580	1.19
18	Assam	11757	4.07
19	West Bengal	69625	4.42
20	Jharkhand	7865	0.75
21	Orissa	38233	2.16
22	Chhattisgarh	10084	2.09
23	Madhya Pradesh	68823	10.18
24	Gujarat	53703	23.40
25 & 26	Daman & Diu & Dadra & Nagar Haveli	213	0.05
27	Maharashtra	100670	8.98
28	Andhra Pradesh	77166	5.23
29	Karnataka	103169	26.68
30	Goa	810	0.33
31	Lakshadweep	67	0.00
32	Kerala	139225	38.30
33	Tamil Nadu	129808	54.65
34	Pondicherry	1065	0.33
35	Andaman & Nicobar Islands	110	0.20
	All India	1063721	214.68

Source: Third All India Census of Small Scale Industries 2001-2002.

Fourth all India Census, MSME 2006-07, Registered Sector, GOI, New Delhi.

#### WOMEN PARTICIPATION OF OWNERSHIP IN SSI / MSMEs

The total number of women enterprises in the Total SSI Sector was estimated at 10,63,721. The estimated number of enterprises actually managed by women was 9,95,141 (9.46 per cent). In the States of Mizoram, Orissa, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu and Pondicherry, the share of women employment was significantly higher (more than 20 per cent).

#### TYPE OF MANAGEMENT/OWNERSHIP

An enterprise (Manufacturing or Services) managed by one or more women entrepreneurs in proprietary concerns, or in which she / they individually or jointly have a share capital of not less than 51 per cent as partners / share holders / Directors of Private Limited Company/ Members of Co-operative Society is called a 'Woman enterprise'. It was found that 13.72 per cent (numbering 2.15 lakh) of the enterprises in the registered MSMEs sector were women enterprises, whereas the share of enterprises actually managed by female was also 13.72 per cent.

Table - 3: Number of Enterprises Managed by Gender

Gender	No. Enterprises in lakh	Percentage
Female	2.15	13.72
Male	13.49	86.28

Source: Fourth all India Census, MSME 2006-07, Registered Sector, GOI, New Delhi.

Table - 4: Gender and sector wise distribution of owned by Enterprises

	Micro	Small	Medium	All
Male	14.19	5.06	4.21	13.72
Female	85.81	94.94	95.79	86.28

Male owned 85.81 per cent of enterprises in micro sector while 94.94 per cent and 95.79 per cent of enterprises in small sector and medium sector.

Table - 5: Percentage of Distribution of Working Enterprises by Nature of Activity

Nature of Activities	Female	Male	Total
	No. of Enterprises in thousands		
Manufacturing	108.34	941.06	1049.4
Service	87.96	174.41	262.37
Repairing & services	18.36	233.85	252.21
All	214.66	1349.32	1563.98

Source: Fourth all India Census, MSME 2006-07, Registered Sector, GOI, New Delhi.

#### PROBLEMS OF WOMEN ENTREPRENEURS

- Lack of experience in financial planning
- Family problem
- Lack of technical training
- Obtaining finance
- Scarcity of Raw Materials
- Managing finance
- Collateral security
- Managing manpower
- Managing material
- Professional disrespect
- Managing marketing
- Lack of initiative and scarcity of role model
- Lack of exposure and information

#### SUGGESTIONS

- Proper technical education to the women and opening of women development cells.
- There should be a continuous attempt to inspire, encourage, motivate and co-operate women entrepreneurs.
- Attempts to establish for them proper training institutes for enhancing their level of work-knowledge, skills, risk-taking abilities, enhancing their capabilities.
- Credit facilities, financial incentive and subsidies.
- Attempts to bring about a society attitude change, generation of awareness and consciousness on the policy of

self-development of women entrepreneurs.

- Attempts by various NGO's and government organizations to spread information about policies, plans and strategies on the development of women in the field of industry, trade and commerce.
- Improvement of identification mechanism of new enterprise.
- Adequate follow-up and support to the women enterprises.
- Women Enterprises research and application from time to time have to be documented.

#### **CONCLUSION**

In recent years women made their mark in different walks of life and are challenging successfully with men despite the social, psychological and economic barriers. Women owned enterprises are the most vibrant sector of the Indian economy. Women entrepreneurs have evidently more to “acquire” than their males counterparts. This is largely due to the socio-cultural environment in which Indian women are born and raised. Social customs, caste restriction, cultural restraints and norms leave women lagging behind men. After independence, law guaranteed equal rights and equal opportunities in education and employment for women.

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