Micro, Small & Medium Enterprises (MSMEs) and Potential Women Entrepreneurs for Inclusive Growth in India

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Abstract: Micro, Small and Medium Enterprises (MSMEs) have been playing an important role in the overall economic development of a developing country like India, where millions of people are unemployed or underemployed. MSMEs seem to be a small and insignificant part of the economy but employ 40% of the total population of India i.e. for the second largest workforce after agricultural sector. They constitute of 90% of the total industrial units and are responsible for 45% of industrial output and 40% of the total exports. Their labour intensive nature and even geographical distribution results in employment opportunities for both self-employed and job seeking people promoting equity and inclusive growth. The development of this segment is extremely critical to meet the national imperatives of financial inclusion and generation of significant levels of employment across urban, semi-urban and rural areas of the country. Further, it can nurture and support development of new age entrepreneurs who have the potential to create globally competitive businesses from India. In Modern India, more and more women are taking up entrepreneurial activity especially in MSMEs. Women across India are displaying an attentiveness to be economically independent. They have imprinted a niche for themselves in the male dominated world. Indian women well manage both burden of work in household front and meeting the deadlines at the workplace. Gender equality and economic development are the two sides of the same coin. This sector has been regarded as engine of economic growth and social development in regional and national level. This paper mainly focuses on the contribution of MSMEs to the Indian economy in terms of economic growth, employment generation, fostering equitable and enhancing potential industrial base for women entrepreneurs in the country. The paper also analyses that despite some infrastructural deficiencies, lack of skilled persons and inadequate market linkages, but this sector has registered remarkable success with regard to increase in number, quantum of investment, scale of production, export promotion and overall contribution to national GDP, and the problems & challenges which are faced by women entrepreneurs in India. It also focuses on initiatives taken by the government for women entrepreneurs.

Keywords: Inclusive growth, Women entrepreneurs, Market linkages, GDP (gross domestic product), financial inclusion

I. INTRODUCTION

In the 21st century, Micro, Small and Medium Enterprises (MSMEs) are acting as specialist and soul of economic growth in India as well as in the world. MSMEs play a dominant role in the economic development of a country like India. MSMEs have been largely recognized as a foundation stone for the industrial development of any country [24]. MSMEs not only play significant role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSME are the complementary of large industries of ancillary units and this sector contributes enormously to the socio-economic development of the country [11]. MSMEs can be the backbone for the existing and future high growth businesses with both domestic and foreign companies investing in the ‘Make in India’ initiative and make significant impact in the area of indigenisation. The new wave MSME should enable the development of a business eco- system that enables and continuously support business that are gearing to deliver the right product, the right quality, the right solution and the right service at a competitive price both in domestic and international markets. It is equally important that the MSME segment develops in all areas of agriculture, manufacturing and services sectors because each of these sectors will continue to be very relevant to the overall GDP growth as well as employment generation. The MSME sector will act as a catalyst to bring about this socio-economic transformation [1]. MSMEs contribute approximately 8% to India’s GDP. The manufacturing sector among MSMEs, which is a little larger than the services sector, constitutes 90% of the
total industrial units that spread all over India. This leads to an equitable distribution of national income, poverty alleviation and inclusive economic growth. World over, small and medium enterprises are considered to be the engine of growth that tap into the latent entrepreneurial talent in the nation and provide an opportunity to the weakest sections of the society to employ themselves as well as others and in the process help the ones they are providing services to[2]. Historically the development process has witness a trend of people shifting from agriculture to non- farm activities such as manufacturing and services. In coming years, India is expected to witness significant demographic dividend and a disproportionate expansion in the working age population. Estimates suggest that the MSME sector offers maximum opportunities for self-employment as well as jobs, after the agricultural sector. In addition labour-capital ratio tends to be higher for MSMEs [3].The gradual process of privatization allowed restructuring to take place prior to privatization, and the large firms could be reorganized into smaller units. A new, vibrant small enterprise sector was thus created, headed by young managers willing to invest for their future [18].Thus in recent times India has witnessed a rapid growth in numbers of new business and first generation entrepreneurs, especially women entrepreneurs. However, the limited market access, namely capital access, brand promotions solutions, marketing support, logistics & sales support, and information & communication technology (ICT) support stall the zeal to take the enterprise to the next level. So there are both opportunities to explore and challenges to overcome for any Start-up and MSMEs to actually contribute to the India’s inclusive development [5].

II. LITERATURE REVIEW

The distinctive feature of Small and Medium Enterprises (SMEs) are less capital intensive and high labour absorption which has created unprecedented importance to this sector. As per the Development Commissioner of Micro, Small and Medium Enterprises (2001), the sector has the credit of being the second highest in employment, which stands next to agricultural sector. Monetary policy and financial institutions facilitated the creation of new enterprises and jobs (Stiglitz, 2001[18]. Pandey (2007), states that SMEs constitute about 90% of the industrial units in the country and also contributes to about 35% of India’s exports. There are more than 12.34 million SMEs contributing 6 per cent to the GDP of India (Sridharan, 2006)[9]. Kumar and Gugloth (2012) evaluated the performance of MSMEs before and after liberalization. The study also analysed the impact of globalization on the performance of MSMEs and made a comparative analysis of the growth pattern of key parameters between pre and post globalization period. It took a period from 1999 to 2010 for the analysis [24]. Most of the MSMEs are family owned businesses across the world. Therefore, their functioning is quite limited to the leadership of the head of the household. Most innovative firms have more developed organizational structures — in terms of number of departments as compared to a routine activity firm (Sanchez and Mann, 2005; Camison, 1997). Organizational structure concerns with work division (the distribution of tasks and activities) and coordination mechanisms (this includes standardization and formalization). Sudan (2005) highlighted the various challenges faced in the development of the Micro and Small Scale Enterprises Development and policy issues by raising different questions related to Micro and Small Enterprises. The study also highlighted the concept, advantages, issues and policy options of MSE sector[12].Studies on MSME organizational structures have also proved that the myth “small firms are informal, unstructured and centralized” is untrue. Small firms that exhibit specialization and centralized decision making have a more complex structure (Meijaard et al. 2005)[8]. MSMEs encourage entrepreneurship, generate employment, and reduce poverty (Kayunula and Quarty 2000; Mead and Liedholm 1998, Fischer 1995). MSMEs have contributed to economic development by creating employment for rural and urban growing labour force, providing desirable sustainability and innovation in the economy as a whole (Curran, 2007). MSMEs in India have employed more labour-intensive production processes than large enterprises (Leutkenhorst, 2004) consequently; they have contributed significantly to the provision of productive employment opportunities, the generation of income and, eventually, the reduction of poverty (Jasra et. al. 2011)[8]. Singh and Raina (2013) described the problems and challenges faced by women entrepreneurs in India and also analysed the policies of Indian government for women [24].Digitization and other technological development have significant positive impact on the overall production process of any sector. Studies by Dasgupta and Singh (2005); Chanda (2002) finds that technological development leads to more demand for manpower and in turns growth of ITES in India. Johannes (2015) supports that technological development, servicification of manufacturing and global values; and demand for service with rising income are the drivers for the global trade in services. MSMEs are the vehicle for sustainable and financial development for any economy. Information transparency is one of the important factors for banks to extend SME credit (Morris et al., 2001; Das, 2007).High-performance of MSME sector contributes significantly to the growth of trade [7]. The study also focused to find out the status of women entrepreneurs in India. In modern India, more and more women are taking up entrepreneurial activity especially in MSMEs. It is also observed that Indian women have imprinted a position for themselves in the male dominated world. It further showed that Indian women can well manage their household work as well their workplace deadlines. The study identified that the factors which motivate women to become a successful entrepreneurs are achievement motivation and human relation [24].
Objectives of the Study

The major objectives of the present paper are the following:
- The conceptual and infrastructural framework of MSMEs
- The growth and performance of MSME sector in India in recent times,
- The contribution of the MSME sector in investment & export promotion.
- The magnitude of employment generated by the MSMEs.
- The problem and challenges faced by Potential women entrepreneurs and their contribution in Indian economy.
- The initiatives taken by government for women entrepreneurs in India.

Data Source

The present study is 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, website of Reserve Bank of India, various journals, newspapers, economic census, reputed books and web sites.

III. ANALYSIS AND INTERPRETATION

Concept of MSME

India’s growth story in the past decade has seen rapid industrial progress as well as exponential growth of the services sector. The micro, small, and medium enterprises (MSMEs) sector played a significant role in this through innovation, diversification, and employment generation. An estimated 29.8 million MSMEs in India contribute 11.5 percent of gross domestic product (GDP), 45 percent of industrial output, 40 percent of exports, and employ nearly 69 million people. MSMEs in India are broadly divided into two classes according to the provisions of the MSME Development (MSMED) Act, 2006. These are:
- **Manufacturing enterprises** engaged in the manufacturing or production of goods pertaining to any industry specified in the first schedule of the Industries Development and Regulation Act, 1951, defined in terms of investment in plant and machinery.
- **Service enterprises** engaged in providing or rendering of services defined in terms of investment in equipment.[25]

The segmentation into micro, small, and medium is based on investment in plant and machinery (in case of manufacturing) or in equipment (in case of services). This is detailed in table 1.

<table>
<thead>
<tr>
<th>Type</th>
<th>Manufacturing (investment in plant and machinery) Indian rupees million ($ thousands)</th>
<th>Service (investment in equipment) Indian rupees million ($ thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Up to 2.5 (Up to 45.5)</td>
<td>Up to 1.0 (Up to 18.2)</td>
</tr>
<tr>
<td>Small</td>
<td>2.5 – 50.0 (45.5– 909.1)</td>
<td>1.0 – 20.0 (18.2 – 363.6)</td>
</tr>
<tr>
<td>Medium</td>
<td>50.0 – 100.0 (909.1–1,818.2)</td>
<td>20.0 – 50.0 (363.6– 909.1)</td>
</tr>
</tbody>
</table>


Role of MSME in ‘Make in India’

The MSME sector holds the key to economic prosperity in India which are characterized by an abundant labour supply, unemployment and underemployment, capital scarcity, a growing modern large industrial sector providing scope for ancillarisation, and so on. In India, MSMEs constitute nearly 94% of industrial enterprises. There are more than 440 lakh (4.4 million) MSME units in India with a gross output of more than Rs. 18 lakh crore (Table 2).

<table>
<thead>
<tr>
<th>Year</th>
<th>Total MSME units (in lakh)</th>
<th>Gross output (in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>361.76</td>
<td>13,51,383.45</td>
</tr>
<tr>
<td>2007-08</td>
<td>377.37</td>
<td>14,35,179.26</td>
</tr>
<tr>
<td>2008-09</td>
<td>393.70</td>
<td>15,24,234.83</td>
</tr>
<tr>
<td>2009-10</td>
<td>410.82</td>
<td>16,19,355.53</td>
</tr>
<tr>
<td>2010-11</td>
<td>428.77</td>
<td>17,21,553.42</td>
</tr>
<tr>
<td>2011-12</td>
<td>447.73</td>
<td>18,34,332.05</td>
</tr>
</tbody>
</table>


Size, Nature of activity, Type of organizations, Type of Management/Ownership Enterprises

The latest Census conducted was Fourth All India Census of MSME with reference year 2006-07 covering both Registered and Unregistered Sectors. The result made use of Economic census (2005) conducted by central statistical organization (CSO).
Table 3: Fourth All India Census of MSME (2006-07)

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Characteristics</th>
<th>Registered sector</th>
<th>Unregistered sector</th>
<th>Economic census-2005</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Size of Sector (in Lakh)</td>
<td>15.64</td>
<td>198.74</td>
<td>147.38</td>
<td>361.76</td>
</tr>
<tr>
<td>2</td>
<td>No. of rural units (in Lakh)</td>
<td>7.07 (45.02%)</td>
<td>119.68 (60.22%)</td>
<td>73.43 (49.82%)</td>
<td>200.18 (55.34%)</td>
</tr>
<tr>
<td>3</td>
<td>No. of Women Enterprises (in Lakh)</td>
<td>2.15 (13.72%)</td>
<td>18.06 (9.09%)</td>
<td>6.40 (4.34%)</td>
<td>269.61 (7.36%)</td>
</tr>
<tr>
<td>4</td>
<td>Total Employment (in Lakh)</td>
<td>93.09</td>
<td>408.84</td>
<td>303.31</td>
<td>805.24</td>
</tr>
<tr>
<td>5</td>
<td>Per unit Employment</td>
<td>5.95</td>
<td>2.06</td>
<td>2.06</td>
<td>2.23</td>
</tr>
<tr>
<td>6</td>
<td>Per unit original value of plant &amp; Machinery (in Lakh)</td>
<td>6.72</td>
<td>0.48</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Per unit Fixed Investment</td>
<td>28.72</td>
<td>1.21</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Compounded from Table 3

**a) Size of the MSME Sector**

Table 4a: Size of the Registered MSME Sector

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing (%)</td>
<td>95.05</td>
<td>4.74</td>
<td>0.21</td>
<td>100.00</td>
</tr>
<tr>
<td>Repairing &amp; Maintenance (%)</td>
<td>94.16</td>
<td>5.57</td>
<td>0.27</td>
<td>66.67</td>
</tr>
<tr>
<td>Services (%)</td>
<td>96.85</td>
<td>3.08</td>
<td>0.08</td>
<td>33.33</td>
</tr>
</tbody>
</table>

Source: Government of India Ministry of Micro, small & Medium Enterprises, Annual Report 2009-10

**Table 4b: Size of the Unregistered MSME Sector**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of the Sector (Lakh)</td>
<td>198.74</td>
<td>-</td>
</tr>
<tr>
<td>Number of Rural Units (Lakh)</td>
<td>119.69</td>
<td>60.22</td>
</tr>
<tr>
<td>Number of Urban Units (Lakh)</td>
<td>79.05</td>
<td>39.78</td>
</tr>
<tr>
<td>Enterprises (Lakh)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Micro Enterprises</td>
<td>198.39</td>
<td>99.83</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>0.35</td>
<td>0.17</td>
</tr>
</tbody>
</table>

Source: 4th All India Census Report on MSME
b) Nature of Activity

![Nature of Activity Diagram]

Source: Govt of India MSME annual Report 2010-11 and 4th All India census of MSME

c) Type of Organization

![Registered Type of Organization Diagram]

![Unregistered Type of Organization Diagram]

Source: Govt of India MSME annual Report 2010-11 and 4th All India census of MSME
d) Type of Management / Ownership Enterprises:

Source: Govt of India MSME annual Report 2010-11 and 4th All India census of MSME [17]

Growth and Performance of Micro, Small and Medium Enterprises (MSMEs)

MSME has shown constant growth rate around 11% every year till 2010-11. The highest growth in recent time was recorded during 2011-12(18.45%) where as during 2012-13 and 2013-14 growth rate was around 14% and 12% respectively. But it jumped to 17% in 2014-15. However, for 2015 shown impressive growth of 18.74% [11].

The Micro, Small and Medium Enterprises (MSMEs) have witnessed the highest growth rate in manufacturing sector employment in recent years. The estimated trends in regards to performance of MSME sector with respect to Total Working Enterprises, Employment generation and Market Value of Fixed assets are as follows: [20]

<table>
<thead>
<tr>
<th>Sl no.</th>
<th>year</th>
<th>Total Working Enterprises(in lakh)</th>
<th>Employment(in Lakh)</th>
<th>Market value of Fixed assets( in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2006-07</td>
<td>361.76</td>
<td>805.23</td>
<td>868,543.79</td>
</tr>
<tr>
<td>2</td>
<td>2007-08</td>
<td>377.36</td>
<td>842</td>
<td>920,459.84</td>
</tr>
<tr>
<td>3</td>
<td>2008-09</td>
<td>393.7</td>
<td>880.84</td>
<td>977,114.72</td>
</tr>
<tr>
<td>4</td>
<td>2009-10</td>
<td>410.8</td>
<td>921.79</td>
<td>1,038,546.08</td>
</tr>
<tr>
<td>5</td>
<td>2010-11*</td>
<td>428.73</td>
<td>965.15</td>
<td>1,105,934.09</td>
</tr>
<tr>
<td>6</td>
<td>2011-12*</td>
<td>447.64</td>
<td>1,011.69</td>
<td>1,182,757.64</td>
</tr>
<tr>
<td>7</td>
<td>2012-13*</td>
<td>467.54</td>
<td>1,061.40</td>
<td>1,268,763.67</td>
</tr>
<tr>
<td>8</td>
<td>2013-14*</td>
<td>488.46</td>
<td>1,114.29</td>
<td>1,363,700.54</td>
</tr>
<tr>
<td>9</td>
<td>2014-15*</td>
<td>510.57</td>
<td>1,171.32</td>
<td>1,471,912.94</td>
</tr>
</tbody>
</table>

Contribution to Industrial Production and Export

MSME are at present, operating in wide variety of sectors such as manufacturing, trade and services and there by constitute a formidable component of country’s industrial production. Over the year MSME reached at a level on the optimum utilization of available domestic resources and produces quality products and services. The sector account for more than 90 of the percent Industrial units in India and it has been increasing impressively for last many years. MSME had an impact on various issues of the economy such as industrial progress, entrepreneurship, job creation, economic empowerment etc. MSME made possible an inclusive and balanced growth. Around 50% MSME are owned by rural people and hence increases the standard of living of people [11]. There are over 6,000 products ranging from traditional to high-tech items, which are being manufactured by the MSME’s in India. The sector also offers maximum opportunities for both self-employment and jobs in India, after the agriculture sector [20].

Micro, Small and Medium Enterprises (MSMEs) contributes 8 per cent to the country’s GDP, 45 per cent to the manufactured output and 40 per cent to the country’s exports. It provides employment to 60 million people through 28.5 million enterprises. According to a survey reports, exports from these enterprises have been on the rise, despite increased cost of raw materials, sluggish global demand and stiff international competition. MSMEs constitute over 90 per cent of total enterprises in most of the economies and are credited with generating high rates of employment and account for a major share of industrial production and exports. With its agility and dynamism this sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession and is likely to have a multiplier impact on economic growth. Apart from providing the support to the large industries, MSMEs have played an important role in the development of States in terms of the employment generation. More than 55 per cent of these enterprises are located in six major States of the country, namely, Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh and Karnataka. The MSME sector has slowly come into the limelight, with increased focus from the government and other government institutions, corporate bodies and banks. Policy based changes; investments into this sector; globalisation and India’s robust economic growth have opened up several latent business opportunities for this sector [13].

Figure 5: Investment, Production, and Exports in MSME sector

Source: Grant Thornton International Business Report (IBR), 2011
Growth of Women Entrepreneurs in India

Women struggle in India for entrepreneurial freedom though more than 70 years have completed after the independence. They still face various socio-economic problems. Women entrepreneurs in India comprise a small proportion of the total entrepreneurs. The emergence of women entrepreneurs has been hampered by attitudinal constraints, social traditions and kinship system, lack of technical knowledge and little competition from men. In spite of the small number of such units, women start units for manufacturing solar cookers, TV, capacitors, electronic ancillaries, and small foundries. The growth of women entrepreneurs in the country has been accelerated by several government agencies and voluntary organization like Mahilamandals and so on. Indian women have become more career-minded, economically independent and more achievement-oriented. They would like to widen their scope of work and taste the fruit of achievement. But, now, the scenario is changing fast with modernisation, urbanisation and development of education and business. Thus, the opportunities of employment for women have increased drastically after Globalisation. [26].

Women-owned micro, small, and medium enterprises

Around 3.01 million women-owned enterprises represent about 10 percent of all MSMEs in the country. Collectively, they contribute 3.09 percent of industrial output and employ over 8 million people. Approximately 78 percent of women enterprises belong to the services sector. Women entrepreneurship is largely skewed towards smaller sized firms, as almost 98 percent of women-owned businesses are micro-enterprises. Approximately 90 percent of women-owned enterprises are in the informal sector. The classification of women-owned businesses is shown in table 6, while table 7 shows the geographical location of women-owned MSMEs across India.

Table 6: Classification of women-owned MSMEs

<table>
<thead>
<tr>
<th>Category</th>
<th>Registered</th>
<th>Unregistered</th>
<th>Total</th>
<th>Total versus all women-owned businesses (%)</th>
<th>Total versus all MSMEs (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>274,059</td>
<td>2,655,318</td>
<td>2,929,377</td>
<td>97.62</td>
<td>9.40</td>
</tr>
<tr>
<td>Small</td>
<td>40,722</td>
<td>30,414</td>
<td>71,136</td>
<td>2.37</td>
<td>0.23</td>
</tr>
<tr>
<td>Medium</td>
<td>276</td>
<td>----</td>
<td>276</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Total</td>
<td>315,057</td>
<td>2,685,732</td>
<td>3,000,789</td>
<td>100.00</td>
<td>10.25</td>
</tr>
</tbody>
</table>

Table 7: Geographical distribution of women-owned MSMEs

<table>
<thead>
<tr>
<th>Prevalence of Women-owned businesses</th>
<th>State-Wise Share (%)</th>
<th>Number of States/Union territories(#)</th>
<th>States/Union territories</th>
<th>Combined Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>&gt;10.00</td>
<td>4</td>
<td>Kerala, Karnataka, Tamil Nadu, West Bengal</td>
<td>51.9</td>
</tr>
<tr>
<td>Medium</td>
<td>5.00—10.00</td>
<td>2</td>
<td>Andhra Pradesh, Madhya Pradesh</td>
<td>11.5</td>
</tr>
<tr>
<td>Low</td>
<td>2.00—4.99</td>
<td>7</td>
<td>Rajasthan, Maharashtra, Punjab, Uttar Pradesh, Bihar, Gujarat, Odisha</td>
<td>26.7</td>
</tr>
<tr>
<td>Very Low</td>
<td>&lt;1.99</td>
<td>20</td>
<td>Rest of India</td>
<td>9.9</td>
</tr>
</tbody>
</table>

Source: Fourth All India Census of MSMEs 2006-07; Annual Report of Ministry of MSME, 2011-12 projected, Micro save Analysis

As with the rest of the sector, access to finance is the biggest barrier to growth and development for women-owned MSMEs. As a result, there continues to be a heavy reliance on informal sources of finance for seed capital and working capital requirements. The funding sources for women-owned MSMEs are listed in figure 5.
Major problems/Challenges faced by MSMEs in India

Despite the sector’s strategic importance in overall industrialisation strategy and employment generation, as well as the opportunities that the Indian landscape presents, the MSME sector confronts several challenges. Technological obsolescence and financing problems have been associated with this sector since long. Also constraints such as high cost of credit, low access to new technology, poor adaptability to changing trends, lack of access to international markets, lack of skilled manpower, inadequate infrastructure facilities, including power, water, roads, etc., and regulatory issues related to taxation (state-central), labour laws, environmental issues etc. are also linked with its growth process[13].

Problems for the Growth of Women Entrepreneurship in India: There are a number of problems regarding the growth of women entrepreneurship in India, which given below:

![Diagram of challenges faced by women entrepreneurs](http://indusedu.org)

- **Absence of Definite Agenda of Life**
- **Absence of Balance between Family and Career Obligations**
- **Poor Degree of Financial Freedom**
- **No Direct Ownership of the Property**
- **Paradox of Entrepreneurial Skill and Finance**
- **No Awareness about Capacities**
- **Low Ability to Bear Risk**
- **Negligence by Financial Institutions**
- **Lack of Self-confidence**

Although the financing needs for women-owned enterprises are not radically different from the needs of male-owned enterprises, the level of financial exclusion is higher due to a combination of factors. Also, the social status of women and prevalent social norms in India influence perceptions of financial institutions and the ability of women entrepreneurs to access finance. The key demand and supply side constraints specific to women entrepreneurs’ ability to access finance are outlined in figure 8.

**Figure 8: Demand and supply side constraints to access finance for women entrepreneurs**

- **Demand Side**
  - Limited financial awareness and understanding of financial products/services:
  - Lack of adequate collateral: Access to collateral remains a key issue, especially for women entrepreneurs

- **Supply Side**
  - Perception of higher risk profile in the absence of collateral security and guarantee/support by male family member:
  - No real attempt to tailor products/services to suit the needs of the woman entrepreneur
  - Perception that bank branches are unwelcoming to women customers:
Opportunities

The post liberalization era in the Indian economy has enhanced opportunities and challenges for the small industries sector. The following factors – strengths coupled with opportunities work in favour of Indian MSMEs.

By the very nature of their operations, industrial units in the small-scale sector enjoy certain inherent advantages over their larger counterparts. The free economy ushers in accessibility to bigger markets, greater linkages for MSMEs with larger companies and marketing outfits, improved manufacturing techniques and processes. Various measures adopted by Government of India, Reserve Bank of India and SIDBI have attempted to alleviate the problems of SME sectors. These initiatives coupled with other developments in the economic environment will enhance the prospects of SMEs. [19]

12th Plan for MSME Growth

The 12th Five Year Plan (2012-2017) has made some important recommendations to make MSME sector a vital part in the country’s growth story. The sector is a blend of tradition and modern, with informal sector enterprises at the bottom of ‘MSME Pyramid’. The process of liberalization and global market integration has opened up wide opportunities for the sector, as also new challenges. The new ambitious National Manufacturing Policy, which aims to make India a manufacturing hub and increase the sectoral share of manufacturing in GDP to 25 per cent in the next decade from the present level of 15-16 per cent, requires substantial support from MSME sector and quantum jump in the growth rate of MSME sector from the existing level of 12-13 % per annum. This necessitates convergence of efforts and resources. The key issue is of capacity building of Small Business Service providers to become efficient and pro-active agents of change. This requires convergence of Sound Macro-economic policies, Seamless Institutional Structures, Outcome based performance indicators; Performance based funding, Good Governance - Transparency and Accountability Systems, Independent Monitoring and Evaluation, Effective participation by target beneficiaries.

The Working Group has pointed out the following issues that obstruct rapid growth of MSMEs: Regulation, Technology, Credit & Finance, Orthodox Marketing, Skills, Dated Institutional Framework, Advocacy and Empowerment, Transparency. The Group recommends that during the 12th Plan period, modular industrial estates with plug and play facilities in the respective areas may be launched as pilot projects. [23]

Making Inclusive Growth

Mahatma Gandhi emphasized the idea of “Primary of Labour in Social System as well as in the process of production. To him, labour was the source of wealth. Perhaps, this was the logic that” rich cannot accumulate the wealth without the co-operation of the poor in society” [26]. The MSME sector is a microcosm of all
vulnerabilities—it touches upon the lives of Women, Children, Minorities, SCs and STs in the Village. In the urban slums and in the deprived pockets of flourishing towns and cities. For many families, it is the only source of livelihood. Thus, instead of taking a welfare approach, this sector seeks to empower people to break the cycle of poverty and deprivation. It focuses on people’s skill and agency. Different segments of the MSME sector are dominated by different social groups. Women are mostly found in the unregistered sector—food processing enterprises, manufacturing enterprises and weaving—and often work part time in the family enterprises. Women and small children roll bidis, make agarbattis, and do zari and sequin work for meagre wages. Large number of Muslims is found in the unorganised weaving sector and in power looms.[16] Small Industries Development Bank of India (SIDBI) lead the policy advocacy efforts for Financial Inclusion in India. This support is part of Poorest State Inclusive Growth (PSIG) programme—a technical assistance programme which aims to improve access to financial services [27].

**Major Activities under different Scheme**

**Awareness Programmes & Workshop:**
- Awareness Programme aims to create awareness amongst MSMEs about the benefit of implementing ICT applications in their enterprises. The objective of workshop is to have interaction amongst various stakeholders involving Industry Associations etc.

**Cloud Computing**
- To encourage MSMEs to use Cloud Computing for ICT applications. Cloud Computing services will be provided in 3 categories:
  1. With subsidy- Maximum subsidy of Rs. 1 Lakh per unit over a period of 2 years to Micro and Small Enterprises.
  2. Without subsidy - Services through Cloud at ultra low cost to desirous Micro, Small & Medium Enterprises.

**Publicity, Branding and Mobilization**
- To publicize and mobilize the scheme amongst MSMEs, various activities like Hoarding/Permanent Display, Media Campaign, Documentary/Short Films, preparing Book of Knowledge on ICT etc. will be undertaken.

**Miscellaneous Expenses**
- Under the head, expenses towards Project related travel, admin expenses, prompting of guidelines, purchase of office automation equipments, hiring of consultants etc. may be incurred.
- Here is a list of various schemes and loans exclusively for women that aim at promoting and easing out the process for them:

**Annapurna Scheme**
- This scheme is offered by the State Bank of Mysore for those women entrepreneurs who are setting up food catering industry in order to sell packed meals, snacks, etc. The amount granted as a loan under this scheme can be used to fulfill the working capital needs of the business like buying utensils and other kitchen tools and equipment.
- Under this loan, a guarantor is required along with the assets of the business being pledged as collateral security. Further, the maximum amount of money that is granted is ₹50,000 which has to re-paid in monthly instalments for 36 months.

**Stree Shakti Package for Women Entrepreneurs**
- This scheme is offered by most of the SBI branches to women who have 50% share in the ownership of a firm or business and have taken part in the state agencies run Entrepreneurship Development Programmes (EDP).
- The scheme also offers a discounted rate of interest by 0.50% in case the amount of loan is more than ₹2 lakhs.

**Bharatiya Mahila Bank Business Loan**
- This loan is a support system for budding women entrepreneurs looking to start new ventures in the fields of the retail sector, loan against property, MICRO loans, and SME loans.
- i) The maximum loan amount under this loan goes up to ii) 20 crores in case of manufacturing industries and also a concession is available to the extent of 0.25% on the interest rate and interest rates usually range from 10.15% and higher.
- Additionally, under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), there is no requirement of collateral security for a loan of up to iii) 1 crore.

**Dena Shakti Scheme**
- This scheme is provided by Dena bank to those women entrepreneurs in the fields of agriculture, manufacturing, micro-credit, retail stores, or small enterprises; who are in need of financial assistance. The interest rate is also decreased by 0.25% along with the maximum loan amount being ₹20 lakhs for retail trade; education and housing whereas ₹50,000 under the microcredit.
Udyogini Scheme  
This scheme is offered by Punjab and Sind Bank so as to provide women entrepreneurs involved in Agriculture, retail and small business enterprises to get loans for business at flexible terms and concessional interest rates. The maximum amount of loan under this scheme for women between the age brackets of 18-45 years is 𝑅 1 lakhs but your family income is also taken into consideration and is set at 𝑅 45,000 per annum for SC/ST women.

Cent Kalyani Scheme  
This scheme is offered by the Central Bank of India with the aim of supporting women in starting a new venture or expanding or modifying an existing enterprise. This loan can be availed by women who are involved in village and cottage industries, micro, small and medium enterprises, self-employed women, agriculture and allied activities, retail trade, and government-sponsored programs. This scheme requires no collateral security or guarantor and charges no processing fees. And the maximum amount that can be granted under the scheme is 𝑅 100 lakhs.

Mahila Udyam Nidhi Scheme  
This scheme is launched by Punjab National Bank and aims at supporting the women entrepreneurs involved in the small scale industries by granting them soft loans that can be repaid over a period of 10 years. Under this scheme there are different plans for beauty parlors, day care centres, purchase of auto rickshaws, two-wheelers, cars, etc. the maximum amount granted under this scheme is 𝑅 10 lakhs and the interest depends upon the market rates.

Mudra Yojana Scheme For Women  
This scheme has been launched by the Govt. of India for individual women wanting to start small new enterprises and businesses like beauty parlors, tailoring units, tuition centres, etc. as well as a group of women wanting to start a venture together. The loan doesn’t require any collateral security and can be availed as per 3 schemes:

i) Shishu – loan amount is limited to 𝑅 50,000 and can be availed by those businesses that are in their initial stages.

ii) Kishor – loan amount ranges between 𝑅 50,000 and 𝑅 5 lakhs and can be availed by those who have a well-established enterprise.

iii) Tarun – loan amount is 𝑅 10 lakhs and can be availed by those businesses that are well-established but require further funds for the purpose of expansion. If the loan is granted, a Mudra card will be given to you which functions the same way as a credit card however the funds available are limited to 10% of the loan amount granted to you.

Orient Mahila Vikas Yojana Scheme  
This scheme is provided by Oriental Bank of Commerce to those women who hold a 51% share capital individually or jointly in a proprietary concern. No collateral security is required for loans of 𝑅 10 lakhs up to 𝑅 25 lakhs in case of small-scale industries and the period of repayment is 7 years. A concession on the interest rate of up to 2% is given.

Highlight of Good Governance Initiatives  
MSME has taken many initiatives for bringing transparency, accountability and responsiveness in governance processes.

i) ISO 9001:2008 certification for quality management processes and procedure as per current global standards.

ii) Interactive and updated website

iii) Paperless office environment: Now over 573 files and over 4000 transaction initiated. Many sections like Coir, SME, EDI, and IC already digitized over 95%.

iv) Social Media interaction with various stakeholders on Facebook.
v) A national portal for Filing of EM by MSME entrepreneurs.

vi) Streamlining of schemes and putting them together for easy access has improved service delivery.

vii) National Data-base of training and trainees has emerged as single point of interaction of job seekers and job providers. Job Portal is fast emerging as a tool for improving public service delivery and responsiveness of field functionaries.

viii) Public Grievance Management system and RTI responsiveness are areas of further improvement.

IV. CONCLUSION  
Undoubtedly, the MSME sector has the huge potential to contribute in the course of time to making India a 20 trillion dollar economy. Despite various incentives and facilities being provided to Indian MSMEs, they are losing their economic strength and emanating signals of large-scale sickness. Thus, more efforts are needed for reviving and promoting the Indian MSME sector. The efficiency and competitiveness of this sector can be improved through continuous technology innovation; quality improvement; easy access to finance;
diversification into new markets; better infrastructural facilities; and upgrading skills. There is an urgent need to build the capacity of MSMEs through associations or cooperatives to enable the bulk purchasing of material inputs and outputs. It is also necessary to encourage and promote market linkages between large and small producers and between markets thus expanding both local and foreign opportunities for MSMEs. Most importantly, facilitation from the Government is required to minimise the transaction costs of technology upgrades, market penetration, modernisation of infrastructure etc. A proper thrust, supportive policies and transparent systems will increase its competitiveness. Translating a paper policy into an actionable agenda at the grass-root has always been a problem in India. This clearly indicated that the policies and benefits have not reached the MSME operators. They are at large, operating with short-term focus, plagued with fear and distrust that the systems are unsupportive. The current perception may not kindle a progressive change at micro-organisational or at macro MSME sector level.[22] History shows that only with persistent and effective Government support in these areas were the MSMEs of countries like Japan, Korea etc. able to emerge as global players. [10] Women Entrepreneurs who were traditionally kept behind the four walls of their houses, now in modern society are capable of managing both their family and business. Though they face many problems and challenges in their path of becoming a successful entrepreneur but the government has taken many initiatives for the growth of women entrepreneurs. Finally, it can be said that there is a long way to go for women entrepreneurs and MSMEs in India and their success is the success of Indian economy.[27]

V. REFERENCES
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[26] file:///F:/msme/women%20entrepreneur.pdf Chapter III “Growth and Development Of Women Entrepreneurs in the Study Area”