

A STUDY ON ROLE OF BANKING SECTOR IN WOMEN ENTREPRENEURSHIP DEVELOPMENT

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Abstract

In the last two decades, women-owned businesses have picked up a high pace in India. The emergence and growth of women-owned enterprises have greatly contributed towards the economic growth and development of India. In our country most of the women enterprises are related to service sectors. Women entrepreneurs have contributed not only for economic development but also provided opportunity for employment especially for women job-seekers. However, it is to be taken into consideration that woman entrepreneurs have to face a lot of hurdles and problems especially in fund generation. A women entrepreneur should have a good source of knowledge with regard to finance. Finance is the backbone of any firm, and lack of adequate financial support makes it very difficult to carry forward the business activities. The researcher has focused on the role of banks and their contributions in encouraging women entrepreneurs.

Keywords: Entrepreneurship, banks, success, growth, support, business enterprises, women entrepreneurs.

1.Introduction

Various studies say that Female entrepreneurship matters for individuals, for communities and for countries. Studying female entrepreneurship contributes to our understanding of entrepreneurship and human behaviour in general, and allows researchers to ask questions that shed light not only on why women behave the way they do but also on the linkages between entrepreneurship and wealth creation, employment, human capital accumulation, labour market dynamics and many others. Women

entrepreneur may be defined as a woman or group of women who initiate, organize, and run a business enterprise. In terms of Schumpeterian concept of innovative entrepreneurs, women who innovate, imitate or adopt a business activity are called "women entrepreneurs".

Kamal Singh who is a woman entrepreneur from Rajasthan, has defined woman entrepreneur as "a confident, innovative and creative woman capable of achieving self-economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal, family and social life."

The Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, the Government of India (GOI2006) has defined women entrepreneur 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." However, this definition is subject to criticism mainly on the condition of employing more than 50 per cent women workers in the enterprises owned and run by the women.

In nutshell, women entrepreneurs are those who think of a business enterprise, initiate it, organize and combine the factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running a business enterprise and assumes to accept all business risks.

2. Review of Literature

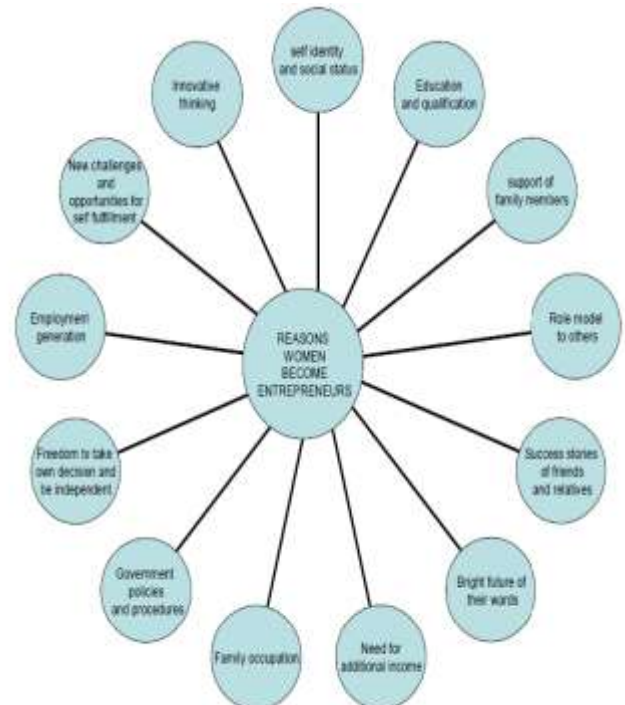
The past 30 years have seen significant changes in the status and political weight of women entrepreneurs, as well as a rapid increase of interest and research on the topic. In fact, starting with the first papers in the early 1970s, research on female entrepreneurship has expanded to a variety of disciplines, methods and countries.

Research in the 1970s and 1980s was rooted in early-trait psychology. Most of these studies did not test theory but, rather, considered gender as a variable (Greene et al, 2007). Thus, much research of the time focused on who the woman entrepreneur was (Birley et al, 1987; Holmquist and Sundin, 1988), or on how women entrepreneurs compared to men entrepreneurs (Sexton and Kent, 1981; Masters and Meier, 1988). This concern with individual characteristics emerged from the hope of developing an 'ideal profile' of the entrepreneur and aimed at identifying and recording those characteristics that separated entrepreneurs from other individuals.

The early 1990s, as women gained more prominent roles as both entrepreneurs and political actors, saw studies of female entrepreneurial behaviour being inspired by feminist theories (Hurley, 1999; Greer and Greene, 2003). Most feminism-inspired studies remained empirical, however, and did not address theoretical issues explicitly (Snyder, 1995). At about the same time, in an alternative to the feminist approach, a significant impact on the study of women's employment choices came from economics when, in 1990, Claudia Goldin published her book *Understanding the Gender Gap*. Although her book did not address self-employment or entrepreneurship explicitly, it legitimized the study of women's labour behaviour and, together with studies by Blau (Blau and Ferber, 1987; Blau, 1998; Blau and Kahn, 2007) and Nobel laureate Gary Becker (Becker, 1965), inspired a significant amount of research, both theoretical and empirical, on issues linking female entrepreneurship to the allocation of family resources, marriage and childbearing decisions, opportunity perceptions, self-confidence and poverty, among others.

By the end of the 1990s, the field of female entrepreneurship was established as a well-respected and defined area of academic inquiry and female entrepreneurship had become a popular argument for the media and for political debates on employment and labour markets. In addition to women entrepreneurs' professional characteristics and achievements, research has been conducted on issues related to health, motherhood, family position and life style satisfaction (see Schindehutte et al, 2003; Williams, 2004, among others). Increased attention has also been paid to entrepreneurial teams and networks (see Aldrich et al, 2002; Greve and Salaff, 2003, among others), and to the study of female-owned businesses, covering subjects such as growth and performance, management style, financing, human capital, labour markets and social entrepreneurship, among others (see Bird and Brush, 2002; Burke, 2002; Carter, 2003; Stewart et al, 2003).

3. Reasons for Women Become Entrepreneurs



Source : Secondary Data

4. Top Most Women Entrepreneurs in India

There are top most women entrepreneurs in different zone in our India. Some examples are Dr. Kiran Mazumdar-Shaw (Chairman & Managing Director of Biocon Ltd.), Indra Nooyi (CFO, Pepsico), Neelam Dhawan (Managing Director, Microsoft India), Naina Lal Kidwai (Group General Manager & Country Head-HSBC, India), Indu Jain (Chairperson (former), Times Group), Priya Paul (Chairperson of Park Hotels), Simone Tata (former Chairperson of LAKME, Chairperson of Trent Limited), Mallika Srinivasan (currently the Director of TAFE- Tractors and Farm Equipment), Chanda Kochar (MD & CEO-ICICI Bank), Sulajja Firodia Motwani (JMD-Kinetic Motors), Ekta Kapoor (JMD & Creative Director, Balaji Telefilms), Ritu Kumar (Fashion Designer), Shahnaz Hussain (CEO, Shahnaz Herbals Inc), Jyoti nayak (President Shri Mahila Griha Udyog Lijjat Papad), Ravina Raj Kohli (Founder & Executive Director, JobCorp), Preetha Reddy (Managing Director of Apollo Hospitals), Keya Seth (Founder of Keya Seth's Aromatherapy) etc.

5. Objective and Methodology of Study

The main objective of the study is to know the role of Banks, Financial Institutions and Government in promoting women entrepreneurship in India. The study is mainly based on the secondary source in form of various research papers, websites and eBooks. The researchers have placed their own observations regarding the same.

6. Functions of Women Entrepreneurs:

The major functions of a business have to be undertaken by a business entrepreneur. As such a woman entrepreneur is also obliged to perform all the functions involved in establishing an enterprise. Some of these include idea generation and screening, determination of objectives, project preparation, product analysis, and determination of forms of business organization, completion of promotional formalities, raising funds, human resource management, machine and materials, new product development and operation of business.

7. Role of Indian Government in Promoting Women Entrepreneurs

At present, the Government of India has adopted various schemes for women operated by different departments and ministries. Some of these are:

- Integrated Rural Development Programme (IRDP)
- Khadi And Village Industries Commission (KVIC)
- Training of Rural Youth for Self-Employment (TRYSEM)
- Prime Minister's Rojgar Yojana (PMRY)
- Entrepreneurial Development programme (EDPs)
- Management Development programmes
- Women's Development Corporations (WDCs)
- Marketing of Non-Farm Products of Rural Women (MAHIMA)
- Assistance to Rural Women in Non-Farm Development (ARWIND)schemes
- Trade Related Entrepreneurship Assistance and Development (TREAD)
- Working Women's Forum
- Indira Mahila Yojana
- Indira Mahila Kendra
- Mahila Samiti Yojana
- Mahila Vikas Nidhi
- Micro Credit Scheme
- Rashtriya Mahila Kosh
- SIDBI's Mahila Udyam Nidhi
- Mahila Vikas Nidhi
- SBI's Stree Shakti Scheme
- NGO's Credit Schemes
- Micro & Small Enterprises Cluster Development Programmes (MSE-CDP).
- National Banks for Agriculture and Rural Development's Schemes
- Rajiv Gandhi Mahila Vikas Pariyojana (RGMVP)
- Priyadarshini Project- A programme for Rural Women Empowerment and Livelihood in Mid Gangetic Plains,,
- NABARD- KfW-SEWA Bank project
- Exhibitions for women, under promotional package for Micro & Small enterprises approved by CCEA under marketing support .

The efforts of government and its different agencies are ably supplemented by NGOs that are playing an equally important role in facilitating women empowerment and promoting women entrepreneurship. Despite concerted efforts of governments and NGOs there are certain gaps

among the woman population. Of course we have come a long way in empowering women and hope the Indian Government brings up some more measures in motivating women entrepreneurs.

8. Financial Institutions Assisting Women Entrepreneurship in India

For the past several years, financial institutions have been playing a pivotal role in giving financial assistance and consultancy services to women entrepreneurs and making them satisfied. These institutions include: i) National Small Industries Corporation (NSIC), ii) All-India Development Banks (AIDBs), viz. IDBI, IFCI, ICICI, IIBI, IDFC and SIDBI, iii) Specialised Financial Institutions (SFIs), viz. Exim Bank and NABARD, iv) Investment Institutions, viz. LIC, GIC, NIC, NIA, OIC, UII and UTI, v) Regional/ State-Level Institutions, viz. NEDFI, SIDCs and SFCs, vi) Commercial Banks, vii) Co-operative Banks, etc

9. Banks role in Women Entrepreneurship Development

Banks are one of the primary pillars of Indian economy and, therefore, are an ideal agent to play a key role in women empowerment and promoting women entrepreneurs as concerned. At present, we have 27 Public sector banks in India, which have their presence even in the remote corners of the country. They have traditionally been first and foremost support structure for women as far as their financial needs are concerned. The schemes and facilities related to educational financing at a very early age or financial assistance for setting up livelihood or stable source of income in youth; banks have always played a very important role in enhancing financial inclusion of women in the Indian economy. All major public sector banks have announced women centric and women only financing and loan schemes that offer financing opportunities at lower interest rate and relaxed loan rules for the benefit of women entrepreneurs.

Despite, all the best efforts from the government and PSU Banks, women still remained away from banks and its services due to social and cultural barriers that prevent women to access the banking services. If we look at the comparative statistics regarding women in the banking sector, it paints a

rather gloomy picture. With women holding **only 24% of total operational bank accounts** in the country and **28% of total deposits**; the participation of women in the banking sector is definitely not at an acceptable level. Especially when it comes to credit supplied, **only 12% of individual bank loan accounts belonged to women**, which clearly shows a disparity of two genders in access to banking services.

9.1 Role of Commercial Banks Work for Women Entrepreneurs

Offer / design the products based on their needs

- Low rate of interest based products
- Collateral free
- Easy processing system
- Diversify products
- Repayment system based on business nature

Adopt standards on performance in

- Client reach
- Efficiency, profitability
- Financial integration
- Impact

Provide appropriate support modalities— institutions that meet high standards need

- Policies, regulations and legal structures that fit women entrepreneurs
- Financial counselling and training
- Commercial linkages
- Business advisory services
- Dealing with legal barriers

9.2 Bank's role in supporting Women Entrepreneurs

Bank Finance Policy

- Suitable Interest rates
- Technological services providers
- Financial sector policies
- Central Bank policy
- Legal structures
- Performance indicators

Women Entrepreneurs Skills

- Business Knowledge
- WE networks, associations
- Banking knowledge

- Market knowledge & networking
- Technological applications

Product Offerings

- Small Credit facility
- Working Capital
- Loan for Machine purchase
- Loan with grace period

9.3 Commercial Banks & Sustainable Development of Women Entrepreneurs

Commercial banks have provided assistance to women entrepreneurs to a large extent. This has directly led to the:

- Increase in Income
- Growth of Assets
- Improved Standard of living
- Increase in Women's Decision-making Power
- Increase in Community Participation

The reasons behind non-participation of women in Banking Sector;

- ✓ Lack of knowledge regarding the banking services
- ✓ Non-availability of banking services in remote areas
- ✓ High formalities to be fulfilled to avail loan
- ✓ Lack of women-centric banks

9.4 Role of Banks in India in promoting Women Entrepreneurs

A number of banks in India have come forward with various schemes for providing loan facilities to women entrepreneurs. Below, the researcher has mentioned all major women-centric banking schemes that are aimed at enabling and empowering women financially:

9.4.1BMB

To spur interest of women (especially in rural India) in availing banking services, the government of India in November 2013 took a great step of setting up the first public sector bank solely for women. With setting up of the **Bhartiya Mahila Bank (BMB)**; a new era has begun in the Banking service sector. BMB will provide financial services predominantly to women and women Self-Help

Groups (SHGs) and aims to enhance participation of women in economic activity. The bank was started with a view to empower women by meeting their needs. Led by Ms. Usha Ananthasubramanian, BMB has the unique motto of '**Empowering Women, Empowering India**', which clearly shows the goal behind this organization. The situation is surely improving, but not at a healthy rate, which is required to ensure equal participation and contribution of women in the Indian economy.

9.4.2 State Bank of Mysore

Stree Shakthi - Financial assistance provided to business enterprises in which woman holds majority (more than 50%) stake. Under this scheme, women entrepreneurs who had undergone the EDP programme are eligible to get the financial assistance from the bank.

MyBank Sanchari Suvidha- Finance to Hotels, Restaurants and Lodges: Loans are provided to the business entrepreneur/partner for construction of building, flooring, furnishing, tiling, wood work, air conditioner etc.,

Annapurna Scheme for Financing Women for Establishing Food Catering Unit- Financial Assistance offered to targeted catering business units, owned and managed by women for purchase of kitchen utensils, gas connection, etc.,

9.4.3 Punjab National Bank

PNB Mahila Udyam Nidhi Scheme: Offers financial support to micro and small scale sector and industries owned and managed by women.

PNB Mahila Samridhi Yojna : Finances infrastructural purchases for small business units like tailoring shops, boutiques, telecom agencies, beauty parlours, and Internet browsing centres

Scheme For Financing Creches: Finances equipment purchase for crèche development; aids in purchase of stationery, refrigerators and water filters, etc

PNB Kalyani Card Scheme: Offers working capital credit for agricultural activities/ misc farm/non- farm activities to both literate and illiterate women dwelling in rural / semi-urban areas. Would include farmers, landless labourers, agricultural labourers, tenant farmers, share croppers, lessee farmers, etc

PNB Mahila Sashaktikaran Abhiyan : Offers low-interest rate of 0.25% in Non-Priority Sector Advances and 0.50% in Priority Sector advances & fee waiver of 50% for women.

9.4.4 Punjab and Sind Bank

P&S Bank Udyogini Scheme : Offers loans to women entrepreneurs on liberal terms for direct agricultural activities, Tiny SSI industry units, business enterprises, retail traders, professional employment and self-employment training.

9.4.5 Oriental Bank of Commerce

Scheme for Professional & Self-Employed Women: Provides financial assistance and long term loans for purchase of fixed assets to women

Scheme for Beauty Parlours / Boutiques / Saloons and Tailoring: Financial assistance is offered or small scale business units for the purchase of tools/equipment/furniture & fixture, shop etc.

Oriented Mahila Vikas Yojana: Need-based loans are provided to women entrepreneurs

9.4.6 Dena Bank

Dena Shakti Scheme for Women Entrepreneurs: Offers financing schemes to women entrepreneurs handling agricultural & allied businesses, small scale industries, retail trade, micro credit, education and housing.

9.4.7 Bank of Baroda

Akshaya Mahila Arthik Sahay Yojna: Provides financial assistance to women entrepreneurs working in retail trade and agricultural sectors.

9.4.8 Andhra Bank

Mutual Credit Guarantee Scheme for Women: Offers credit facilities to women entrepreneurs up to Rs 1 Lakh without collateral security with exception of retail sector.

9.4.9 SIDBI

Marketing Fund for Women: Offers financial assistance for marketing of products manufactured by women entrepreneurs in both domestic as well as international markets. Encourage women to do business global.

9.4.10 Bhartiya Mahila Bank

BMB Shringaar: Loan for setting up of Beauty Parlour /Saloon/Spa for women.

BMB Annapurna Loan : Loan for setting up of food catering business to women entrepreneurs

BMB Kitchen Modernization Loan: Financing facilities for housewives / working women for kitchen renovation and purchase of kitchen electronic items, kitchen furniture & utensils etc

BMB Parvarish : Loan for setting up of Child day care centre, for purchase of utensils, equipment etc

10. Findings

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.

The government must evolve appropriate policies to help women entrepreneurs. Networking facilities must be provided as well as adequate entrepreneurship awareness training should be provided using the help of local NGOs. Credit facilities must be made available and marketing

help must be provided. All these will help foster a culture of entrepreneurship among women in India.

11. Conclusion

It can be said that today we are in a better position wherein women participation in the field of entrepreneurship is increasing at a considerable rate. Women sector occupies nearly 45% of the Indian population. At this juncture, effective steps are needed to provide entrepreneurial awareness, orientation and skill development programs to women. The role of Women entrepreneur in economic development is also being recognized and steps are being taken to promote women entrepreneurship. Entrepreneurship among women, no doubt improves the wealth of the nation in general and of the family in particular. Women today are more willing to take up activities that were once considered the preserve of men, and have proved that they are second to no one with respect to contribution to the growth of the economy. Women entrepreneurship must be moulded properly with entrepreneurial traits and skills to meet the changes in trends, challenges global markets and also be competent enough to sustain and strive for excellence in the entrepreneurial arena.

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