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**AN ANALYSIS UPON THE PARTICIPATION OF  
WOMEN ENTREPRENEURSHIP IN  
DEVELOPMENT AND PERFORMANCE OF  
MICRO, SMALL AND MEDIUM ENTERPRISES IN  
INDIA**

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# An Analysis upon the Participation of Women Entrepreneurship in Development and Performance of Micro, Small and Medium Enterprises in India

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**Abstract – Women are generally perceived as home makers with little to do with economy or commerce. The topic of women in entrepreneurship has been largely neglected both in society in general and in the social sciences. Not only have women lower participation rates in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do. The transition from homemaker to sophisticated business woman is not that easy. But this picture is changing. In Modern India, more and more women are taking up entrepreneurial activity especially in micro, small and medium scale enterprises. Women across India are showing an interest to be economically independent. They are willing to be inspired by role models- such as Indra Nooyi, Chief Executive–Pepsi Co. or Ekta Kapoor, Creative Director-Balaji Telefilms. The Indian women are no more treated as beautiful showpieces. They have carved 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 work place.**

**Women Entrepreneurship plays a prime role in industrial development. India has always been a land of entrepreneurs and also occupied a strategic position in the Indian economy. Today the village and MSME units account for about 45% of the total industrial production, 30% of the country exports and estimated to employ 96 millions person in over 26 million units throughout the country. The government of India has defined women entrepreneurship based on women participation in equity and employed of a business enterprise.**

**Women participation as entrepreneurs in these enterprises is become an important issue which need to be considered. Govt. of India is taking many initiatives in this direction and for this shake they have launched various policies for the development of women entrepreneurship in MSME.**

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## INTRODUCTION

As we know that economic development of a country is not possible without women participation, Micro Small and Medium enterprises can help to achieve this objective. But in India the contribution of economically active women in the past was not so much successful because of male dominated society and due to the lack of effective regulatory and supervisory measures. Majority of women in India are not only poor but also stifled between the world that determined by culture and tradition to engaging themselves in household activities to keep them outside into various economic

activities. For those cultural barriers- despite various initiatives from different corner, the level of participation of women in the mainstream economic activities remains not enough and the percentage of women participation in business and industry is still below counterpart. Although women have now become aware of their socio-economic rights and have ventured to avail the opportunities and take challenge to develop themselves in business activities.

Micro, Small and Medium Enterprises (MSME) defined by Micro, Small and Medium Enterprises

Development (MSMED) Act, 2006, relate to all enterprises engaged in production of goods pertaining to any industry specified in first schedule of Industrial (D&R) Act, 1951 & other enterprises engaged in production and rendering of services subject to limiting factor of investment in plant & machinery and equipment respectively.

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;

In case, enterprise is engaged in providing or rendering 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 but does not exceed five crore rupees.

In developing countries like India, micro, small and medium enterprises (MSMEs) have a crucial role to play because of their potential contributions to employment creation, improvement of income distribution, poverty reduction, export growth of manufactured products, and development of rural economy. Beside these contributions, MSMEs are also considered as an important place for women, especially in rural areas, to be actively involved in economic activities, not only as hired workers but, more importantly as entrepreneurs. In other words, MSMEs can provide an avenue for the testing and development of women ability as entrepreneurs. It is also generally believed that, together with other actions to improve access to opportunities and resources (e.g. education, healthcare, technology, credit, employment), women's entrepreneurship development in Asian developing countries, as in other parts of the developing world, has also a tremendous potential in empowering women and transforming society in the region.

The role of the MSME is primarily to assist the States/Union Territories in their efforts to promote growth and development of MSMEs. The main focus

of the schemes/programmes undertaken by the Organisations of the Ministry is thus to provide/facilitate a wide range of services and programmes required for accelerating the development of MSMEs. Nevertheless, there are a few schemes/programmes which are individual/ beneficiary oriented. While, there are several schemes, wherein women are provided extra benefits/concessions/assistance, M/o MSME is implementing two specific schemes for women i.e. the scheme of TREAD and Mahila Coir Yojana. The details of concessions for women may be seen in the respective scheme guidelines as available on the Ministry's website [www.msme.gov.in](http://www.msme.gov.in). The details of TREAD and Mahila Coir Yojana are explained in the following paragraphs. The policies of the Government announced from time to time have laid considerable emphasis on promotion of women entrepreneurship particularly among first generation women through various training and support services. Special attention is given by organizing exclusive Entrepreneurship Development Programmes (EDPs) for women.

The micro, small and medium scale enterprises (MSMEs) have been generally acknowledged as the bedrock of the industrial development of any country.

The micro, small and medium enterprises (MSMEs) sector in India has a very pivotal role to play in the development of the country. In India, MSMEs are the second largest source of employment after agriculture. They account for almost 40 per cent of industrial production, 95 per cent of the industrial units, 34 percent of the exports and manufacture over 6000 products. This sector produces a melange of industrial products such as food products, beverage, tobacco and goods produced from it, cotton textiles and wool, silk, synthetic products, jute and jute products, wood and wood products, furniture and fixtures, paper and goods produced from it. Other services also include machinery, apparatus, appliances and electrical machinery. This sector also has a large number of growing service industries.

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

- Manufacturing Enterprises:** The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and Regulation Act, 1951). The Manufacturing Enterprises are defined in terms of investment in Plant & Machinery.
- Service Enterprises:** The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment's.

According to the Micro, Small and Medium Enterprises (MSME) Development Act of 2006, (India) a micro enterprise is where the investment in plant and machinery does not exceed twenty five lakh rupees. A small enterprise is where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees. A medium enterprise is where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees.

Firstly it is very important to explain the concept of micro small and medium enterprises. Micro; A micro enterprise is that where investment in plant and machinery (original cost excluding land and buildings and the items specified by the ministry of small scale industries does not exceed Rs 25 lakh. The total no of employee"s ranges in micro enterprises is (2-9) Small ; A small enterprise where the investment in plant and machinery (original cost excluding land and building and the items specified by the ministry of small scale industries is more than 25 lakh but does not exceeds Rs 5 crore. The total no of employees" ranges in small enterprises is (10-49) Medium; A medium enterprise is an enterprise where the investment in plant and machinery (original cost excluding land and building and the items specified by the ministry of small scale industries dated 5th October 2006. Is more than Rs 5 crore but does not exceed Rs 10 crore.the total no of employees ranges in medium enterprises is 50-250.

In most economies smaller enterprises are much greater in many sectors. SMEs are also responsible for driving innovation and competition in India , the micro and small enterprises sectors play a vital role in the overall industrial economy of the country it is estimated that in term of value the sector accounts for about 39% of the manufacturing output and 33% of the export of the country . Further in recent years the MSMEs sector has consistently registered higher growth rate compared to the overall industrial sector. The major advantage of the sector is its employment potential at low capital cost as per available statistics this sector employees estimated 31millions person spread over 12.8 million enterprises and the labor intensity . It is not possible to imagine a world without women in the society. Both men and women complete each other and play important role in each other's life and contribute equally towards the society. But still it is most unfortunate that in many places of the world women are still not given equal status in the society. But now things are changing with time. The present paper tries to understand how and what role SMES are playing in improving the condition of women in rural area of Rajouri (J&K). Moreover this paper further highlight various schemes designed and implemented by MSMEs for developing and enhancing women entrepreneurship in rural areas Now as far as the topic women participation in micro small and medium enterprises is concerned in the past women are considered only as a house wife and they are not free

to move and thus the education of women is also effected a lot and hence it create a lot of communication gap among them. But in modern time they are fully acquainted with the facilities provided by the state and central government as in eight five year plan in 1992. These types of activities encouraged the women and the literacy rate of women is also improving day by day. As Mahatma Gandhi said that (if we teach a single girl it means we are teaching the whole society. Now the time has come the women are meeting shoulders with the men. As my topic is concentrated on the women participation in micro small and, medium enterprises in district Rajouri. I analyze that there is a lot of problem in women education especially in rural areas and there is still need of improving the education system in this rajouri district. the women literacy rate of this district is almost 11% from this statistics we can say that there is still a lot of backwardness in education system .As we know that without education everything is not possible in the fields like participation in MSMEs, advancement of the society etc. there is a still need of women empowerment in these hilly and remote areas.

In spite of the enormous importance of the micro, small and medium enterprises (MSME) sector to the national economy with regards to job creation and alleviation of object poverty among improvised women .the degree of recognition and strategic support provided to the sector is grossly inadequate. Although several economists have argued that the promotion of women entrepreneurs is a prerequisite for overall economic growth and alleviation of poverty , women entrepreneurs have not been provided with meaningful assistance from the national government in terms of recognition , access to finance and skills required for operating small businesses and enterprises profitably and efficiently . Although the MSME sector in India provides livelihood to 49% of all employed women in India .The strategic support it receives from the national government has been minimal .The plight of destitute women has been significantly improved due to MSMEs in countries such as Bangladesh , Singapore, japan, china, south Korea, Taiwan and Malaysia. The success achieved in each of the above countries is mostly attributed to support to MSMEs in terms of policy, respect for the basic rights and needs of women, The availability of resources such as finance, good infrastructure, skills, and appropriate technology and an enabling macro-economic environment for attracting international investors .However small businesses and enterprise constitute the only livelihood available to the majority of improvised women in India. women depends on MSMEs as a source of livelihood essentially because national government fail to meet their requirements for survival and entrepreneurial aspiration , economic have actively engaged and earn their livelihood in small enterprises where Govt policies , regulations, owners business skills, availability of finance ,

appropriate business trainings and market matter most for their survival. Surveys conducted by the World Bank 2005. The world trade organization (2002) the ministry of finance and economic development of India 2003. Women entrepreneur in India institute new business and enterprises at a rate twice as fast as men and they find it harder at the outset to grow their business to the next higher level.

## **WOMEN ENTREPRENEURS: CURRENT SCENARIO**

Entrepreneurship amongst women has been a recent concern. Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. Government of India has defined women entrepreneurs as an enterprise owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women. Like a male entrepreneurs a women entrepreneur has many functions. They should explore the prospects of starting new enterprise; undertake risks, introduction of new innovations, coordination administration and control of business and providing effective leadership in all aspects of business.

Women play a pivotal role in alleviating poverty through productive work that they are engaged in outside their home. Although increasing women's participation in micro, small and medium scale enterprise is among the developmental goals and targets to reduce poverty, improved family health and empower women's economic status. Women's entrepreneurship deals with both the situation of women in society and the role of entrepreneurship in that same society.

Women constitute around half of the total world population. So is in India also. They are therefore, regarded as the better half of the society. In traditional societies they were confined to the four walls of houses performing house hold activities. In modern society they have come out of the four walls to participate in all sort of activities. The Indian women are no more treated as beautiful showpieces. They are also enjoying the fruit of globalization marking an influence on the domestic and international sphere.

Women across India are showing an interest to be economically independent. Women are coming forth to the business arena with ideas to start micro, small and medium enterprises. They are willing to be inspired by role models- the experience of other women in the business arena.

The myth that women cannot engage in productive employment needs to be dispelled. They can be encouraged to set up small and medium scale industries on their own initiative. Entrepreneurship development for women is an important factor in economic development of India.

The role of Women Entrepreneur needs to be considered in the economic development of the nation for various reasons. Women Entrepreneur has been recognized during the last decade as an important untapped source of economic growth. Women Entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to management, organization and business problems as well as to the exploitation of Women Entrepreneurial opportunities.

## **MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)**

The President under Notification dated 9th May 2007 has amended the Government of India (Allocation of Business) Rules, 1961. Pursuant to this amendment, Ministry of Agro and Rural Industries (Krishi Evam Gramin Udyog Mantralaya) and Ministry of Small Scale Industries (Laghu Udyog Mantralaya) have been merged into a single Ministry, namely, "Ministry Of Micro, Small and Medium Enterprises (Sukshma Laghu Aur Madhyam Udyam Mantralaya)".

Worldwide, the micro small and medium enterprises (MSMEs) have been accepted as the engine of economic growth and for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of the large enterprises. The MSMEs constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, the MSMEs play a vital role in the overall industrial economy of the country. In recent years the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession.

As per available statistics (4th Census of MSME Sector), this sector employs an estimated 59.7 million persons spread over 26.1 million enterprises. It is estimated that in terms of value, MSME sector accounts for about 45% of the manufacturing output and around 40% of the total export of the country.

## **FACTORS AFFECTING WOMEN ENTREPRENEURS' PERFORMANCE**

Women Entrepreneurs have grown in large number across the globe over the last decade and increasingly the entrepreneurial potentials of women have changed the rural economies in many parts of the world. But this does not mean that the problems are totally resolved. In support of this The Centre for Women's Business Research in the United States as sited in UNECE (2004) and identified the following factors that affect women entrepreneurs.



A. Access to finance - Access to finance is a key issue for women. Accessing credit, particularly for starting an enterprise, is one of the major constraints faced by women entrepreneurs. Women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers.

B. Access to markets - The ability to tap into new markets requires expertise, knowledge and contacts. Women often lack access to training and experience in on how to participate in the market place and are therefore unable to market goods and services strategically. Thus, women-owned SMEs are often unable to take on both the production and marketing of their goods. In addition, they have often not been exposed to the international market, and therefore lack knowledge about what is internationally acceptable. The high cost of developing new business contacts and relationships in a new country or market is a big deterrent and obstacle for many SMEs, in particular women-owned businesses. Women may also fear or face prejudice or sexual harassment, and may be restricted in their ability to travel to make contacts.

C. Access to training - Women have limited access to vocational and technical training in India. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. There is low enrolment among women in education, high dropout rates and poor quality of education. There is the existence of gender discrimination in building capacity of women and providing them with equal opportunities.

D. Access to networks - Women have fewer business contacts, less knowledge of how to deal with the governmental bureaucracy and less bargaining power, all of which further limit their growth. Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive. Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours. Lack of networks also deprives women of awareness and exposure to good role models

E. Access to policymakers - Most women have little access to policymakers or representation on policymaking bodies. Large companies and men can more easily influence policy and have access to policymakers, who are seen more as their peers. Women tend not to belong to, and even less reach

leadership positions in, mainstream business organizations, limiting their input into policymaking through lobbying. Women's lack of access to information also limits their knowledgeable input into policymaking.

## **WOMEN AND SME DEVELOPMENT IN INDIA**

Basically, Indian women have been one career that is marriage. But in present scenario, they are being shifted to teaching, professional career, office work, nursing and medicine. Moreover, they now started to engineering and business affairs. Actually participation of women in entrepreneurial behavior is comparatively a recent phenomenon.

As per the Fourth All India Census of MSME reveals that total number of registered enterprises was 15.53 lakhs out of which 2.15 lakhs units were registered as women enterprises. It was found that 13.85 per cent (205419) of the units in the registered MSME sector were women enterprises, whereas share of enterprises actually managed by female was 10.10%. There are 6.95% of the units in the unregistered MSMEs are women enterprises.

The CSO Survey of Manufacturing Enterprises (1994-95) showed that out of a total of 2.14 million proprietary units owned by women entrepreneurs 1.65 million (76 % of units) and 0.49 million (24% of units) units were located in rural and urban areas respectively. The survey also pointed out that women entrepreneurs have been undertaking activities in almost all industry groups and units' hosiery, garments, wood products, cotton textiles and food products.

Area wise Distribution of Female Enterprises - There is male dominance in ownership of MSMEs. However Female enterprises contribute 13.72 percent in the MSME Sector. Sector Wise Distribution of Female Enterprises - Paper depicts the sector wise distribution of female Enterprises in micro, small and medium scale enterprises. Micro enterprises are the major contributor in case of female enterprises which account for 14.19%. Whereas in case of medium enterprises it account for 4.21% where as small enterprises contribute to 5.06%. The overall contribution is 13.72% by female enterprises as against 86.28% by male enterprises.

## **CONCLUSION**

Despite all the odds that a working woman of today faces, there is an unprecedented rise in women entrepreneurship in India Today, more women than ever before earn a better living than previous generations in India's history. In the business sector, they are on the wheel of increasing entrepreneurship and new business ideas and are reaching new

professional heights. There may be many women who want to work but are not getting the opportunity to even attempt to do so. For this, they need access to the necessary information, education, credit, training and above all motivation to take on the challenges. In India, women today have emerged as a force to reckon with. Women need to believe in themselves and create an ecosystem to achieve success. And this can be done through education, continuous learning, sharing, support for each other and above all creating women's support networks. Despite the growth MSMEs, there still lies a vacuum which can be filled by women entrepreneurs to not only achieve stable monetary growth, but also break the socio-economic barriers prevalent in the society. So, it is a wake-up call for women to embrace and increasingly leverage the benefits of the internet and e-commerce. A capable and empowered woman can pick up a job any day, but if she becomes an entrepreneur, she can provide livelihood to many people.

It can be concluded that Micro, Small and Medium Enterprises are contributing to the economic growth and development of Indian economy. 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.

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