

ROLE OF WOMEN IN SUSTAINABLE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES IN INDIA

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ABSTRACT

Micro, Small and Medium Enterprises play a significant role in the Economic development of the many countries in the world. Today, the small-scale industry (SSI) constitutes a very important segment of the Indian economy. The small-scale sector has emerged as a dynamic and vibrant sector of the economy. It is a well-recognised fact that vibrant small-scale sector holds the key to economic prosperity in an economy like India, characterised by abundant labour supply, unemployment and underemployment, capital scarcity, growing modern large industrial sector providing scope for ancillarisation and so on. This paper is an effort made to highlight the sustainable development through women participation in Small and Medium enterprises. It analyses women's participation in entrepreneurial activities so as to highlight the contribution of women entrepreneurs towards economic development. In the recent times women have increasingly come forward to participate in the employment sector. Not only that, women have come forward to establish their own enterprises as well and have become job providers. With growth in modern civilization overtime and due to expansion of business as well as social and political activities, the societies all over the world have realized the potential of women as contributors to economic growth and development.

Keywords: Women Entrepreneurs, Economic Development, SMEs.

Objectives

- To study women contribution towards Small and Medium Enterprises.
- To study women participation in Small and Medium Enterprises.

INTRODUCTION

SMALL AND MEDIUM ENTERPRISES

The commonly used criteria at the international level to define SMEs are the number of employees, total net assets, sales and investment level. If employment is the criterion to define, then there exists variation in defining the upper and lower size limit of a SME. The European Union makes a general distinction between self-employment, micro, small and medium sized businesses based on the following criteria:

Number of employees

0	Self-employed
2-9	Micro business
10-49	Small business
50-249	Medium-size business

*Source: Effective Policies for Small Business: A Guide for the Policy Review Process and Strategic Plans for Micro, Small and Medium Enterprise Development (2004), UNIDO and OECD,
http://www.unido.org/fileadmin/user_media/Publications/Pub_free/Effective_policies_for_small_business.pdf*

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:

(a) **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.

(b) **Service Enterprises:** The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipments.

According to the Ministry of Micro, Small and Medium Enterprises, recent ceilings on investment for enterprises to be classified as micro, small and medium enterprises are as follows:

Classification	Manufacturing Enterprises	Service Enterprises
Micro Enterprises	Rs. 2.5 million/ Rs. 25 lakh (US\$ 50,000)	Rs. 1 million/ Rs. 10 lakh (US\$ 20,000)
Small Enterprises	Rs. 50 million/ Rs. 5 crore (US\$ 1 million)	Rs. 20 million/ Rs. 2 crore (US\$ 40,00,000)
Medium Enterprises	Rs. 100 million/ Rs. 10 crore (US\$ 2 million)	Rs. 50 million/ Rs. 5 crore (US\$ 1 million)

* Investment limit in Plant & Machinery

** Investment limit in equipments

*** Rs 50 = 1 USD

Source: http://www.sme.gov.eg/English_publications/Issue2_english.pdf

In the Indian context, micro, small and medium enterprises as per the MSME Development Act, 2006, are defined on the basis of their investment in plant and machinery (for manufacturing enterprise) and on the basis of equipments for enterprises providing or rendering services. 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 medium enterprise is where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore 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. In the case of the enterprises engaged in providing or rendering of services, as

- a micro enterprise is where the investment in equipment does not exceed ten lakh rupees.
- a small enterprise is where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees.
- a medium enterprise is where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

WOMEN ENTREPRENEURS AND SMES

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. 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 are highly important contributors to the country's economic and social development. Over the years women participation in the economy has increased rapidly and they constitute almost half of the total population. Since 1990, women's participation in the SMEs business has increased enormously. Women's labor force participation rate has increased over the years. 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.

In India Women constitute around half of the total population. 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. 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. This is the century of telecom, IT and financial institutions. Many of these new industries are headed and guided by women who are seen as pioneers. The transition to the new millennium is where the women will create new paradigms of being a daughter who takes the responsibility of her parents, is a wife who wishes to create a home and a family, a mother who takes charge of the children to make them the children of the new millennium. She is also the entrepreneur who builds an enterprise and discovers her relevance and meaning of her life in herself.

PROBLEMS FACED BY WOMEN ENTREPRENEURS IN INDIA

There are many problems faced by women, which are of different dimensions and magnitudes, which prevent them from realizing their full potential as entrepreneurs, such as:

- The financial institutions are skeptical about the entrepreneurial abilities of women. According to a report by the United Nations Industrial Development Organization (UNIDO), "despite evidence that women's loan repayment rates are higher than men's, women still face more difficulties in obtaining credit," often due to discriminatory attitudes of banks and informal lending groups.
- Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, only few women can devote all their time and energies to their business."
- Indian women give more emphasis to family ties and relationships. Married women have to make a fine balance between business and home. More over the business success depends on the support the family members extended to women in the business process and management.
- Entrepreneurs usually require financial assistance of some kind to launch their ventures - be it a formal bank loan or money from a savings account. The women entrepreneurs are suffering from inadequate financial resources and working capital. The women entrepreneurs lack access to external funds due to their inability to provide tangible security. Very few women have the tangible property in hand.
- The greatest deterrent to women entrepreneurs is that they are women. A male dominant social order is the building block to them in their way towards business success. Male members think it a big risk financing the ventures run by women.
- Another argument is that women entrepreneurs have low-level management skills. They have to depend on office staffs and intermediaries, to get things done, especially, the marketing and sales side of business.
- Low-level risk taking attitude is another factor affecting women folk decision to get into business. Low-level education provides low-level self-confidence and self-reliance to the women folk to engage in business. Investing money, maintaining the operations and ploughing back money for surplus generation requires high risk taking attitude, courage and confidence.
- Knowledge of latest technological changes, know how, and education level of the person are significant factor that affect business. The literacy rate of women in India is found at low level compared to male population. Many



women in developing nations lack the education needed to spur successful entrepreneurship. They are ignorant of new technologies or unskilled in their use, and often unable to do research and gain the necessary training.

- The male - female competition is another factor, which develop hurdles to women entrepreneurs in the business management process. Despite the fact that women entrepreneurs are good in keeping their service prompt and delivery in time, due to lack of organizational skills compared to male entrepreneurs women have to face constraints from competition. The confidence to travel across day and night and even different regions and states are less found in women as compared to male entrepreneurs. This shows the low level freedom of expression and freedom of mobility of the women entrepreneurs.

GOVERNMENT AND WOMEN ENTRENEURS

The industrial policies of the Government announced from time to time, have laid considerable emphasis on promotion of women entrepreneurship, particularly among first generation women entrepreneurs, through various training and support services. Special attention is being given by organising exclusive Entrepreneurship Development Programmes (EDPs) for women. Entrepreneurship development is usually associated with development of MSMEs and has great importance in developing countries, as they accounted, on average, for more than 95% of all firms, thus the biggest source of employment, providing livelihood for over 90% of the country's workforce, especially women and the young. The degree of women entrepreneurship development is closely related to the degree of gender equity, which in developing countries is generally lower than that in developed countries. promotion of women entrepreneurs is a prerequisite for overall economic growth and more targeted initiatives are also needed to support women entrepreneurs.

CONCLUSION

Among all sectors of the economy, the SMEs has recorded the highest growth rate during the last decade. The increase in the female labor force participation in SMES business may also be attributable to improving economic incentives in employment and policies favoring the employment of women. Policy statements in the Government's also provide opportunities for women in SMEs business and economic participation as well as participation in `education and training.

SUGGESTIONS

- Increase the ability of women to participate in the labour force by ensuring the availability of affordable child care and equal treatment in the work place.
- Promote the development of women entrepreneur networks. These are major sources of knowledge about women's entrepreneurship and valuable tools for its development and promotion. Co-operation and partnerships between national and international networks can facilitate entrepreneurial endeavours by women in a global economy.
- Listen to the voice of women entrepreneurs. The creation of government offices of women's business ownership is one way to facilitate this. Such offices could have programme responsibilities such as providing women's business centres, organising information seminars and meetings and/or providing web-based information to those wanting to start and grow a business.

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