

# Role of Government in Promoting Women Owned Small and Medium Enterprises- A Case Study in Karnataka



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## Abstract

The largest source of employment after agriculture is MSMEs sector. In India this sector enables to generate and provide lakhs of employments opportunities to men and women. These entrepreneurs use indigenous knowledge, cultural wisdom and entrepreneurial skills for the sustenance of their lives and livelihoods. Apart from contributing to national income, work as instruments of inclusive growth, touching the lives of the most vulnerable and most marginalised sections of the society. This sector seeks to empower people to break the cycle of poverty and deprivation. It focuses on people's skills, energy and entrepreneurial sprite. MSME sector acts like 'Engine of Growth' for the economic and social sustainability of the country. To promote and develop this sector, the role of government is very essential and needs some kind of motivations in the form of policies and programmes for growth and development of women owned small and medium enterprises. To encourage first generation women entrepreneurs in small and medium sector, government undertaken various promotional sachems, but still women entrepreneurs are expecting many more things in effective way to meet the present challenges and survival in competitive market like India.

**Keywords:** Women Entrepreneurs, MSMEs, Govt. Policies, Promotional Schemes.

## Introduction

Economic development in every economy is a continuous process and activity. The process of socio-economic change is an intrinsic part of human activity. Human being continuously works for utilizing the gift of the nature and makes his living more comfortable. They always think of and work for maximizing economic growth. This is what is happening in every economy. The governments evolve effective programmes to co-ordinates social, economic, technological and cultural factors for the balanced and sustained rate of economic growth. Economic planning through women entrepreneurship is increasingly becoming an effective instrument of socio-economic transformation.

The economic development originates and fosters in relation to the strength and health of the local entrepreneurship and depends on the rate of its generation and equality to the intensity of its sense of social responsibility, its index of managerial capabilities. This is one such law of dynamics of economic development which clearly states that human being is the key factor in economic development and "Entrepreneur" is the driving force. The growth and development of an economy depends upon the strength of an entrepreneur, who works for the growth and sustainable development. The higher the birth rate of genuine industrials and innovative entrepreneurs, the faster is the rate of economic growth. Entrepreneurial density, innovative propensity and management capability in the society in a particular period determine the character and future of the economic development. Therefore, in the economic development of the nation an individual entrepreneur's plays a vital role.

In a developing country like India, small and medium scale business enterprises plays a significant role in economic development of the country. These industries, by and large represent a stage in economic transition to modern technology. The variations from traditional nature of this process are reflected in the diversity of these industries. Most of the SMEs use the simple skills and machinery. Besides playing economic role for the country, SMEs because of its unique economic and organisational

characteristics also play social and political roles in local employment creations by using locally available scarce resources, balanced resources utilisation, income generation and in helping to promote changes in the system in the gradual and peaceful manner. In the days of multinationals, small and medium enterprises and first generation entrepreneurs have to contribute significantly in the country's economic development. Liberalisation, globalisation and open economy, concepts have posed a challenge for the small and medium enterprises (SMEs).

The advocacy in favour of SMEs sector which is still strong and valid is based on the grounds of promotion of economic well-being of masses, decentralisation of economic power, diffusion of economic growth, removal of regional disparities, creation of large scale employment, quick production, capital saving, import substitution and export promotion, saving foreign exchange and promoting the sense of participation in the economic development efforts, provide livelihood, check rural urban migration, generate export earnings and touch upon the lives of the remotest and marginalised people. The main thrust of all the policies is on the

**Sector Wise Profile of Male and Female Entrepreneurs in India**  
(in Thousands)

Sector	Rural			Urban			Total		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Micro	106.74	580.68	687.42	103.92	693.42	797.34	210.66	1274.10	1484.76
Small	1.20	18.06	19.26	2.68	54.59	57.27	3.88	72.65	76.53
Medium	0.05	0.68	0.72	0.07	1.90	1.96	0.11	2.57	2.69
Total	107.99	599.42	707.40	106.66	749.91	856.57	214.65	1349.32	1563.97

Source: Fourth Annual Censuses of MSME, GOI

The above table indicated that micro entrepreneur sector accompany more number of people, compared to small and medium enterprise sector. Micro sector nearly 1484.76 thousand of entrepreneurs are working out of which male entrepreneurs are 1274.10 thousand, female entrepreneurs are very less, its accounts only 210.66 thousands. Where has in small scale sectors also women entrepreneurs are very less (3.88 thousands), compared to male entrepreneurs. In medium scale sectors entrepreneurs are very less in numbers, both men and women entrepreneurs, its accounts only 2.69 thousands, of which women entrepreneurs are only 0.11 thousands, which is very negligible extent, compared to other sectors of women entrepreneurs.

#### Review of Literature

Gurmeet Singh and Rakesh Belwal (2008) – This research work was carried out in Ababa, the capital city of Ethiopia. The study was focused on the growth of small and medium scale enterprises, which are particularly owned and operated by women entrepreneurs, their problem areas, developmental issues etc. It suggests some important strategies and techniques for ensuring women entrepreneurship growth and advancement of SMEs in the research area.

Fatima Khatun & A.T.M Fardaus Kabir (2014) -This study is focused on women owned small

development of new entrepreneurs in MSME sectors. The needs, problems and potential of these enterprises differ not just with the nature of activity, but also with the size, geographical location and organisational structure. The SMEs are use power-driven machines and possess some technological sophistication. The market for these industries is relatively wide and quite often includes export market. These industries are generally located close to or in the urban areas including large industrial centres.

The government of India and state governments is striving to improve the economic and social conditions of the mass population and non-form sector through a host of measures including creation of productive employment opportunities based on optimal use of local raw materials and skills as well as undertaking interventions aimed at, improving the supply chain, enhancing skills, upgrading technology and expanding markets and capacity building of the entrepreneurs and their groups. In spite of good efforts from Government side, we may not get the expected results in this sector. The below table shows the status of women enterprises in MSME sector.

and medium scale entrepreneurs in ensuring women empowerment. They mention that 50% of the world population is from women but their condition in all areas like social, economic, political and in other areas women are vulnerable. In the recent past women are working hard to come out this worst situation. Under this survey 22 women entrepreneurs and 45 women employees were selected as sample. At the end they find that SME sector is such a business area where, women start their business easily with their small amount of capital. This entrepreneurship helps them to be economically, socially and politically empowered, and also contribute for the prosperity of the family and development of the country.

Dr. M P Trivedi and Ashok Guar (2015): This research study argues that entrepreneurship is considered as important strategy and driver for economic prosperity. Inculcating the culture of entrepreneurship in the minds of women bring socio-economic development and sustainability of women. Some of the recent research studies show that maximum number of women entrepreneurs were in MSME sectors. This article highlight factors affecting women entrepreneurs and assisting institution in MSME sectors. This work states that according to Global Gender Gap Report 2012, in world economic forum, India rank at 105<sup>th</sup> place on the list of 135

countries. Women are comparatively good in decision making aspects, and bring good results even though the number is less. It point out the major challenges before the women entrepreneurs are raising the loans from commercial banks, earning good profit on business, poor level of education and management skills etc. at the end they conclude that women entrepreneurs are the wheels for economic growth for that they need necessary information, education, credit, training and above all motivation to take up the contemporary challenges.

Sonu Garg and Dr. Parul Agarwal (2017) - In this research paper the researcher felt that the growth and development of any nation, in the world of competition requires entrepreneurs at the core of the economic development. Since from the civilisation period entrepreneurial activities has been dominated by male. In the information and technological era, women have become more aware and better educational facilities have enabled them to venture into his male dominated space. Women entrepreneurs now recognised as key player in sustaining both social development and economic growth. However in a country like India, where almost fifty percent of the population is made up of women, the number of enterprises run by women entrepreneurs is only 7.36% or out of 361.76 lakhs of enterprises in MSME sector only 26.61 lakhs have women enterprises. Because of socio-economic hurdles faced by women, while attempt to venture in to setting up of and running their own enterprises. Hence this paper attempt to identify the problems and challenges faced

by the women entrepreneurs and also suggest some remedies to overcome their obstacles.

**Objectives**

1. To know the present status of women entrepreneurship in SME sector.
2. To study the policies and schemes expected by women entrepreneurs in SME sector.

**Research Methodology**

1. For the study is concerned, the researcher is selected only 168 women entrepreneurs.
2. Only women owned Small and Medium Enterprises are considered as sample unit.
3. The scope of the study is confined to only 3 districts like Tumkur, Bangalore Urban and Bangalore Rural districts of Karnataka.
4. Tools used for data analysis is averages.

**Discussions and Results**

**Government Policies and Schemes are Expected for Promotion of SMEs**

It is a known fact that Government policies and schemes are very important input for the sustainability of any commercial venture or business. As the sample study is focussed on small scale entrepreneurs, the perception of the sample respondents with regard to government policies and schemes would be of high importance in terms of modification of existing policy of small and medium scale of industries in the state. In this regard, about 12 benefits were provided to the respondents to which they feel is the most important. They had the choice to select more than one. The collected data was tabulated, analysed and the result is provided in the below Table.

**Table : Government Policies and Schemes Expected for Promotion of SMEs by Type of Ownership**

	A	B	C	D	E	F	G	H	I	J	K	L
Sole proprietorship	47 (79.7)	30 (50.8)	45 (76.3)	45 (76.3)	44 (74.6)	21 (35.6)	21 (35.6)	21 (35.6)	26 (44.1)	34 (57.6)	15 (25.4)	6 (10.2)
Partnership firms	28 (70.0)	15 (37.5)	27 (67.5)	24 (60.0)	26 (65.0)	14 (35.0)	19 (47.5)	19 (47.5)	17 (42.5)	21 (52.5)	12 (30.0)	6 (15.0)
Private Ltd	23 (46.9)	15 (30.6)	26 (53.1)	31 (63.3)	28 (57.1)	27 (55.1)	25 (51.0)	26 (53.1)	31 (63.3)	33 (67.3)	23 (46.9)	16 (32.7)
Others	11 (91.7)	9 (75.0)	11 (91.7)	10 (83.3)	8 (66.7)	8 (66.7)	4 (33.3)	7 (58.3)	9 (75.0)	7 (58.3)	2 (16.7)	1 (8.3)

Note: Percentages shown in parenthesis are based on the total respondents (cases) and the absolute figures shown are number of responses. Hence the horizontal total percentages would not be equal to 100.

A - Development and Management of Industrial Estate	G - Capital Investment subsidies for new units setup in a particular district
B – Guidance for licensing procedures	H - Seed capital / Margin money assistance scheme
C – Suspension / Deferment of Sales Tax	I - Priority allotment of power, water etc.
D – Subsidies	J - Consultancy / technical support
E – Maximum availability of loan with lower interest rate	K - Development of marketing channels
F – Availability of training facilities	L - Check whether needy women getting the benefits of various schemes

Going by the type of ownership, firstly, those enterprises functioning under sole proprietorship, Development and Management of Industrial Estate (79.7%), Suspension / Deferment of Sales Tax (76.3%), Subsidies (76.3%) seem to be the most important areas where they think there is a need for change in the government policy. About 75 percent of respondents were of the opinion that development and management of industrial estate, suspension of

sales tax and giving more subsidies and so on need to look by the government. Also, availability of loan with lower interest rate (74.6%) is also one of the benefits that are expected by the government for small scale enterprises run by women. Nonetheless, about fifty percent other facilities or benefits which had preferences from the government were Consultancy / technical support (57.6%), Capital Investment subsidies (35.6%) for new units setup in a

particular district and about one third of respondents were of the opinion that Seed capital / Margin money assistance scheme (35.6%), are the ones that is essential in order to promote SMEs in future.

Those enterprises which are running the enterprises under partnership firms, are expecting development and management of industrial estate(70%), suspension / deferment of sales tax (67.5%), maximum availability of loans with lower interest rates(65%), providing subsidies (60%), consultancy / technical support services(52.5%), capital investment subsidies for new units and seed capital/ margin money assistance scheme (47.5%) priority allotment of power, water etc (52.5%), guidance for licensing procedures(37.5%), availing of training facilities(35%), development of marketing channels(30%) and check needy women get the benefits(15%) are important issues are need to be concentrated by the governments.

Where as in case of, those enterprises which are running the enterprises under private limited firms are expecting, development and management of industrial estate(46.9%), suspension / deferment of sales tax (53.1%), maximum availability of loans with lower interest rates(57.1%), providing subsidies (63.3%), consultancy / technical support services(67.3%), capital investment subsidies for new units(51%) seed capital/ margin money assistance scheme (53.1%) priority allotment of power, water etc (63.3%), guidance for licensing procedures(30.6%), availing of training facilities(55.1%), development of marketing channels(46.9%) and check needy women get the benefits(32.7%) are important issues are expected by running under private limited companies regarding to government policies and schemes are expected for promotion of SMEs.

#### **Findings**

The study focused on the perception of the sample respondents of small and medium entrepreneurs with regard to government policies and schemes would be of high importance in terms of modification of existing policy of small and medium scale of industries in the state.

1. It is found from the study that, those enterprises functioning under proprietorship, the major expectations are Development and Management of Industrial Estate 79.9%, Suspension / Deferment of Sales Tax 76.3%, Subsidies 76.3%, maximum availability of loan with lower interest rate 74.6%, Consultancy / technical support 57.6%, Guidance for license Procedures 50.8%, priority allotment of water, power etc., 44.1%, availability of training facilities, capital investment subsidies for new units setup in the particular district represent 35.6% each, development of marketing channels 25.4%, and check whether needy women getting the benefits of various schemes 10.2% of the respondents are expected from governments for promotion of SMEs.
2. It is found from the study that, those enterprises functioning under partnership, Development and Management of Industrial Estate 70.0%, Suspension / Deferment of Sales Tax 67.5%,

Subsidies 60.0%, maximum availability of loan with lower interest rate 65.0%, Consultancy / technical support 52.5%, Guidance for license Procedures 37.5%, priority allotment of water, power etc., 42.5%, availability of training facilities 35%, capital investment subsidies for new units setup in the particular district represent 47.5% , development of marketing channels 30.0%, and check whether needy women getting the benefits of various schemes 15.0% of the respondents expected from governments for promotion of SMEs.

3. Those enterprises functioning under Private Ltd, Development and Management of Industrial Estate 46.9%, Suspension / Deferment of Sales Tax 53.1%, Subsidies 63.3%, maximum availability of loan with lower interest rate 57.1%, Consultancy / technical support 67.3%, Guidance for license Procedures 30.6%, priority allotment of water, power etc., 63.3%, availability of training facilities 55.1%, capital investment subsidies for new units setup in the particular district represent 51.0%, development of marketing channels 46.9%, and check whether needy women getting the benefits of various schemes 32.7% of the respondents expected above stated favorable policies and schemes from governments for promotion of SMEs.

#### **Suggestions**

1. Since from the independence, various ministries, departments, financial and non-financial institutions are established by the central and state governments for assisting and promoting women entrepreneurship in India. In spite of those efforts, results were very discouraging due to bureaucracy, red tapism, loopholes in the policies and attitude of implementing authorities and personnel. Hence, in this regard the governments and heads of the various departments need to be focused.
2. Obtaining financial assistance and government concessions through banks, financial institutions proven highly challenging to women and especially to first generation women entrepreneurs. Financial institution need to come forward to advance loans for women entrepreneurs to encourage them. Hence it the responsibility of the governments to venture a financial institution or funding agency to assist the first generation women entrepreneurs in MSME sectors.
3. A government needs to expand share of small and medium industry products in the domestic markets through publicity, standardization, market support and increased participation in the government departments purchase programmes.
4. There is a lack of entrepreneurial skills among the entrepreneurs - especially with respect to women entrepreneurs. It is therefore suggested to the government agencies that entrepreneurial development programmes may be conducted in all the taluks and district headquarters to promote entrepreneurial skills and talents among the people at regular intervals.

5. The Central and State Governments need to focus on imparting entrepreneurial skills through the necessary training programmes especially in the marketing and pricing of the commodities to the educated and unemployed women, so that they are trained and available to take up their own ventures.

#### Conclusion

Government has taken various schemes and programmes to eradicate the gender discrimination, poverty, and violence against women, promote entrepreneurship in SME sector but it is prevalent in all walks of the society and lack of entrepreneurial success. Hence government needs to be acted as a major catalyst in the democratic framework, organizing efforts and planning new initiatives in close consultation with women entrepreneurs from various regions through associations functioning at different levels. The direction needs to be pursued more vigorously at the district and state levels to bring about positive socio-economic transformation through women entrepreneurship in a number of fields, which have not yet been exploited by women. Genuine efforts should be made to develop women entrepreneurship more evenly in differently, in industrially backward regions including rural and semi-urban areas in providing all necessary infrastructures and policies to bring visible and positive socio-economic prosperity and empowerment of the society, particularly women entrepreneurs.

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