

# A study on government support for promoting the women entrepreneurs (MSME) through loan Schemes in India

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## Abstract

In Indian society, women are traditionally discriminated against and excluded from political and family related decisions. Despite the large amount of work women must do on a daily basis to support their families, their opinions are rarely acknowledged and their rights are limited. But now Globalization arrived in India through an external and internal alignment of political and economic forces that led to the opening of the country to the outside world. Women are voicing out their opinions and has become the global leaders and surviving in the striving competition. They play an important role in MSME. For women there are schemes provided by MSME. This paper focuses on the schemes available for women entrepreneurs in MSME.

## Introduction

MSME stands for Micro, Small and Medium Enterprises. These industries or enterprises form the backbone of our economy and need assistance and protection from other big companies as they lack in resources and technology. To do this the government provides some schemes, rebates or counseling to these enterprises.

## Objective of the Study

- To study about the schemes available for women entrepreneurs in India

## Source of Data

Only secondary data is used.

## Review of Literature

1. Stefoovic and Pratic, research conducted in Serhia and The study says that understanding motivational and success factors can be helpful for entrepreneurs and their SME's because it could affect the in cress of percentage of successful ventures. Author suggests that it is necessary to make significant improvements in the process of institutionalization of supporting SME's. This can be achieved by creating environment that will facilitate development of entrepreneurship through numerous

stimulating activities such as incentives that would facilitate cooperation of SME's and large enterprises and creation of clusters, establishing organizations for providing assistance to entrepreneurs (eg: Association of entrepreneurs, government agencies for SME's development, business incubators, industrial parks etc.) and providing easy accessible capital.

2. Rajan and Saradha [4], in their study of women entrepreneurship and support systems research says that internal support is very important for starting any business more than external support. According to the study internal supports are family, Spouse, Parents, Moral Support, Internal Support, Financial support, Motivation and encouragement from internal family members.

## Loan Schemes

### 1. Annapurna Scheme

- a. Scheme meant for women who want to set catering units such as lunch packs, snack and other forms of food.
- b. Loans can be utilized for purchasing utensils, water filters and other kitchen equipment required for business
- c. Loan is sanctioned by State Bank of Mysore.
- d. The maximum loan amount provided on this composite term loan is Rs. 50,000.
- e. The loan requires a guarantor and assets to be submitted as collateral
- f. The loan needs to be repaid in 3 years or 36 monthly instalments.
- g. There is a one month 'EMI free' period after the loan is paid.
- h. Their interest rate applicable on this loan is as per market rates.

### 2. Stree Shakthi Package for Women Entrepreneurs

- a. Unique scheme run by State Bank of India
- b. Only women entrepreneurs who have taken part in Entrepreneurship Development Programmes (EDP) organised by state level agencies are eligible to apply.
- c. It aims to support entrepreneurship among women by providing them certain concessions like no security requirement for loans up to Rs 5 lakh in case of tiny sector units or lowering of interest rate by 0.5 per cent in case the loan exceeds Rs 2 lakh.
- d. This package is available for women entrepreneurs who have 50% ownership in a firm or business.

### 3. Mahila Udhaya Nidhi Scheme

- a. The bank supports and encourages women entrepreneurs to start their new ventures.
- b. This bank lends Business Loans up to a maximum of Rs. 20 crores to manufacturing enterprises.

- c. As a woman you can avail this loan at a concession of 0.25% on the loan interest rate and get a collateral-free loan up to Rs. 1 crore under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).
- d. The interest rate on this loan starts from 10.15% p.a.
- e. This bank offers loans for the retail sector, loan against property, MICRO loans, and SME loans.

#### 4. Dena Shakthi Scheme

- a. The scheme is offered by Dena Bank.
- b. It aims at providing financial assistance to women entrepreneurs.
- c. Women benefit from a 0.25% reduction in the interest rate.
- d. This loan is available for entrepreneurs engaged in agriculture, manufacturing, micro-credit, retail stores, or small enterprises.
- e. The maximum ceiling limit on this loan is Rs. 20 lakhs under retail trade, Rs. 20 lakhs under education & housing and Rs. 50,000 under micro credit.

#### 5. Udyogini Scheme

- a. The scheme is promoted by Punjab and Sind Bank to encourage female entrepreneurs to obtain business loans at liberal terms and low-interest rates.
- b. Under this scheme, women entrepreneurs who are between the age group of 18 – 45 years can get a loan up to Rs. 1 lakh. However, the family income limit to avail this loan is set at Rs. 45,000 per annum for all women including those belonging to SC/ST.
- c. No income limit is prescribed for women belonging to other categories like widows, destitute or disabled women.
- d. Karnataka State Women's Development Corporation (KSWDC) provides a subsidy at 30% of the loan sanctioned for widows, destitute, disabled women and women who belong to SC/ST category, or Rs. 10,000 whichever is lower. Under the general category, the subsidy is at 20% of the loan or Rs. 7,500 whichever is lower.
- e. This loan can be used for agricultural activities, retail, and small business enterprises

#### 6. Cent Kalyani Scheme

- a. The scheme has been launched by Central Bank of India.
- b. It is available for women employed in village and cottage industries, micro, small and medium enterprises, self-employed women, agriculture and allied activities, retail trade, and government-sponsored programmes.

- c. The objective of this loan is to help women entrepreneurs to start a new project or expand/modernize an existing unit.
- d. You can avail a loan of up to Rs. 100 lakhs under this scheme.
- e. There is no need for collateral security or third-party guarantee on this loan. There is no processing fee either.
- f. The interest rate varies from one sector to another and is based on market rates.

## 7. Mahila Udyam Nidhi Scheme

- a. The scheme has been launched by Punjab National Bank.
- b. This scheme is mainly targeted towards the small-scale sector.
- c. You can get a loan up to Rs. 10 lakhs.
- d. This soft loan is repayable within 10 years.
- e. The interest rates are dependent on market rates and are revised from time-to-time.
- f. There are special loans catering to beauty parlours, day care centres, buying auto-rickshaws, two-wheelers, and cars.
- g. The rate of interest varies for each of these loans.

## 8. Mudra Yojana Scheme

- a. Launched by the Government of India this scheme provides loans to women to motivate them to start new ventures.
- b. This loan can be applied for by women who are looking to start their own beauty parlours, tailoring units, tuition centres and other small ventures. This scheme also targets groups of women who get together to start a joint venture provided they are eligible.
- c. This loan is collateral free.
- d. The Yojana provides three categories under which your business will fall and the funding will be done accordingly. The categories are:
  - i. **Shishu** – Under this category you can get a loan of up to Rs. 50,000. This is for businesses who are in their initial or starting stages.
  - ii. **Kishor** – Under this category, you can get a loan of up to Rs. 50,000 to Rs. 5 lakhs, if your business is well established.
  - iii. **Tarun** – you can get a loan of Rs. 10 lakhs if your business is well established and if you're looking for funds to expand it. Once you get a loan through this scheme, you will be given a 'Mudra Card' that is just like a Credit Card. The limit of your card will be 10% of the loan you have been granted

## 9. Orient Mahila Vikas Yojana Scheme

- a. This scheme was started by Oriental Bank of Commerce.
- b. Women borrowers can enjoy up to 2% concession on the rate of interest.
- c. There is no need for collateral security for loans starting from Rs. 10 lakhs and going up to Rs. 25 lakhs in case of small-scale Industries (SSI).
- d. The bank has micro-credit units which provide doorstep services to women residing in rural areas.
- e. However, only women who manage all units in a proprietary concern in which she/they individually or jointly have a share capital of not less than 51% are eligible for this loan.
- f. The repayment tenure is set at 7 years.
- g. Now that you have some idea about the kind of loans available for women, perhaps it's time to take that step and start your own business. After all, you've got everyone including the banks rooting for you.

## Conclusion

The work is an initial study to study in general the loan schemes available for women entrepreneurs in India. There may be challenges and difficulties in MSME. Need to understand the policies better to enhance the business legally. Keep all records updated. Women entrepreneurs need to update themselves with respect to all other factors. Women will shine and come out in flying colors be a role model for so many in utilization of the loan schemes.

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