



# ROLE OF FINANCIAL INSTITUTIONS IN THE DEVELOPMENT OF INDIAN WOMEN ENTREPRENEURSHIP

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## ABSTRACT

Women entrepreneurs create employment by starting enterprises in all regions, encouraging balanced regional growth and a higher quality of life. Today's entrepreneurs confront several problems, the biggest of which is funding. This research investigates financial institutions' entrepreneur support. Women entrepreneurs are supported by many financial institutions for their creative skill development programs that generate money and jobs in various areas. Additionally, society should recognise women's qualities and abilities to help them thrive. Over the last several decades, women's economic participation has grown worldwide. For this, government and non-government entities are crucial. Women entrepreneurs face several challenges despite government and non-governmental initiatives. Many research studies have shown that credit issues affect over 70% of women entrepreneurs. Historically, financial institutions saw women entrepreneurs as a questionable proposition rather than an economic growth element. Many financial institutions assist women entrepreneurs' creative skill development programs for revenue and employment. Additionally, society should recognise women's qualities and abilities to help them thrive. Women's economic participation has grown worldwide in recent years, and government and non-government entities must play a role. Women entrepreneurs face several challenges despite government support. Many have noted that credit issues affect over 70% of women entrepreneurs. Women entrepreneurs have been seen as riskier by banks than males.

**Keywords:** - Women, Entrepreneurship, Institutions, Growth.

## INTRODUCTION

Recognising entrepreneurialism as a component of economic growth was done in 1950. Since then, a great deal of study has focused on this area. It is a well-known truth that entrepreneurs are either created or formed by interventions that are both inventive and creative. But neither men nor women generally are displaying

enough entrepreneurial abilities, and women's positions are more precarious. As a result, they need assistance, especially in areas where female entrepreneurs encounter additional difficulties. In 1970, Ester Boserup published a book titled "Women's Role in Economic Development" that was the first to highlight the role of women in direct productive labour. A byproduct of Boserup's study in India, this work is complex. It laid the groundwork for future studies on women and development conceptually as well. Instead of focussing on ways to include women in economic development, dependency theorists and neo-Marxist feminists started to examine women's relationships with development in the mid-1970s. The divide between women's public and private life was further strengthened by Western prejudices in development programs and a general lack of knowledge about women's labour in developing cultures. The productive sector was the primary emphasis of women's development initiatives, which sought to improve women's skills in order to increase their income. Financial organisations: Rather of investing their customers' money in physical assets, some financial organisations invest their customers' money in financial assets like deposits, loans, and bonds. A number of banks and other financial organisations are actively supporting women business owners. The following are descriptions of some of these government agencies: While National Institute for Entrepreneurship, Research Development Corporation, National Small Business Development Corporation, and Regional Rural Bank serve rural areas, Khadi and Village Industries, National Agriculture Bank for Rural and Development, and Co-operative Societies serve rural areas. Rural and urban regions alike are served by the Small Industries Development Corporation, National Small Industries Corporation, Small Industries development of India, and Industrial Financial Corporation of India.

## REVIEW OF LITERATURE

**Rajendhiran & Devi (2017)**, in their research study they concluded that, entrepreneurs are acknowledged as a key component of economic growth. Women business owners get funding from a variety of sources because of their creative and original plans to increase their income and create jobs in many fields. There has been sufficient success for women entrepreneurs to carve out a niche for themselves. Still, many people believe the falsehood that investing in a female-run company is very risky. They persist in believing that female entrepreneurs would always fail because they are unable to cope with the same level of pressure as male entrepreneurs. Women business owners will finally be able to break free of this myth and achieve parity with their male colleagues in terms of their impact on the nation's economic growth and development.

**Imam & Khan (2021)**, Women's contributions to entrepreneurship are rapidly growing, according to their research study. The economic sector is actively working to pass laws that will ensure all citizens have the same access to education, employment, and political representation. Regardless, a few of parameters are missing and need fixing right now. Women's labour productivity may be enhanced by the use of short-term support programs that include financing, technology, and skill training. The goal of microfinance programs should be to empower women economically by empowering them to start and grow their own enterprises and create a better life for their families. We should promote and expedite the involvement of rural women in micro-enterprises. Participation in entrepreneurial activities by rural women, if done well, may have a substantial impact on the economy. Owning and running a company is within the reach of rural women

because of their inherent indigenous knowledge, abilities, resources, and potential. Loan availability, different financing sources, certification processes, knowledge of government assistance programs, drive, technical proficiency, and support from family government and other groups must now be understood.

**Parande (2022)**, according to the researcher's findings, women business owners encounter several obstacles despite the best efforts of governmental and non-governmental organisations. According to a number of surveys, issues with credit account for over 70% of the challenges encountered by female entrepreneurs. Not only that, but issues like high loan rates, short payback periods, negative attitudes, delays, insufficient or underfinanced, no grace period or moratorium, poor training, and a lack of collateral are also common. The following methods may address the many issues faced by female entrepreneurs. Promoting healthy competition among a country's many financial institutions is an important function for ministries of finance and central banks. The government can also do a lot to encourage collateral flexibility. Providing women with enough technical education To enhance the system for identifying new female entrepreneurs. Agency and organisation efforts in EDPs should be well-coordinated. Facilities for free enterprise-related training. The banking sector and women business owners should work together more effectively. It is for the purpose of establishing effective coordination between promotional agency executives and successful female businesses. Women business owners get sufficient assistance with subsequent steps.

**Raghavendra & Bheemanagouda (2024)**, based on their research, it seems that KSFC has done enough over the last several years, reaching out to a sizable audience with interest subsidies and special packages made possible by the generous assistance of the state government. The analysis shows that the institution's financial aid to chosen entrepreneurs, particularly those from scheduled castes and scheduled tribes as well as women entrepreneurs, has been increasing over the last several years. Entrepreneurs in the Backward Community Scheme, the Minority Scheme, and the Single Window Scheme have the lowest CAGR and are seeing their growth rate decline year over year. This could be because these groups aren't well-informed about the different financial services that institutions provide, don't know how to apply for them, or simply don't meet the eligibility requirements. As a result, their businesses may not be able to thrive, leading to lower sales, profits, and working capital, and eventually, their closure. Some of the numbers aren't so great, even if the bank is doing something by lowering interest rates and offering new programs. The research shows that in order to manage their nonperforming assets (NPAs), KSFC has to think up new programs, raise public knowledge about the many financial services they provide, and implement changes.

## OBJECTIVES OF THE STUDY

- To understand the concept and need of Women Entrepreneurship.
- To analyse the role of financial institutions in women Entrepreneurship.
- To understand the financial scheme for Women Entrepreneurship.
- To identify the obstacles in obtaining finance by women Entrepreneurship.

## RESEARCH METHODOLOGY

The research relied on secondary sources. The research is both theoretical and descriptive in nature. Women business owners and other relevant topics are the focus of this literature study. Newspapers, books, journals, magazines, and news broadcasts are some of the many places secondary data may be found.

## CONCEPT OF WOMEN ENTREPRENEURSHIP

Individuals or groups engage in entrepreneurial activity when they want to make a profit. Making a "new combination" of previously existing materials and forces is one definition of entrepreneurship. Innovations, rather than inventions, are the product of entrepreneurship. No one is ever really an entrepreneur unless they are actively engaging in inventive activity. When women take the lead in organising the production aspects, taking calculated risks, and creating jobs for others, this is called women entrepreneurship. Any woman or female-led organisation that starts, manages, and grows a company is considered an entrepreneur. "Women entrepreneurs" is the anticipated label for women business owners.

"Enterprise owned and administered by women entrepreneurs having a minimum financial interest of 51 percent of the share capital and giving at least 50 percent of the employment generated in the enterprise to women" is how the Indian government defines a women entrepreneur.

## IMPORTANCE OF WOMEN ENTREPRENEURSHIP

The true backbone of every nation's economy is built by women. Women have a lot of potential as business owners. Many of the abilities that women develop in the home, such as managing people and time effectively and creating family budgets, are very applicable in the corporate world. In the latter years of this century, continuous economic development cannot be achieved without women entrepreneurs who are multi-skilled, productive, and inventive. All international cooperation now rides on the coattails of globalisations of industrial production and economic interdependence. As the globe continues to adapt to the impacts of privatisation, liberalisation, and globalisation, women entrepreneurs will play an increasingly crucial role in the ongoing effort to achieve social and economic development on a worldwide scale. Nowadays, people look at a society's level of progress based on the economic condition of its women. It is only fair that women, particularly those living in rural areas, have equal access to public services, opportunities, and productive resources since women are powerful agents of change and may contribute significantly to a country's economic growth. In addition, it has become more clear in recent years that women's productive and long-term economic engagement is the key to ending extreme poverty and reviving stagnant economies. Slow national growth is inevitable when the economic engine is running at half capacity. Numerous societies and organisations dedicated to women's development, together with academics, educators, and policymakers, have made women in enterprise building a priority. Equal opportunity exists in the outside world, and women may carve out a space for themselves if they gain skills. In light of this, promoting female entrepreneurs has recently emerged as a hot topic of debate.



## WOMEN ENTREPRENEURSHIP IN INDIA

In India, women who are entrepreneurs are part of a movement that is challenging traditional gender roles and opening up new opportunities for women to have a say in the economy. Various pull and push forces encouraged women in India to pursue careers in business. They have faced several obstacles in their quest. Numerous women have shown their independence and achieved entrepreneurial success while facing resistance from inside their families. There is clear evidence of the rise of women entrepreneurs and women-owned enterprises in India. These businesses have made substantial contributions to the economy and are poised for future expansion. While women make about half of India's population (495.74 million), they are under-represented in the country's economic life. In 2001, 25.7% of women were in the labour force. When it comes to decision-making and resource control, women in India have very little sway. Women in the informal economy sometimes work from home, making small-scale things for sale or for personal use, as well as dealing in petty commerce, running mom-and-pop stores, or providing specialised services. Evidence suggests that 89% of women in India's workforce endure inhumane working conditions in the informal economy. With a fixed capital of less than Rs.50/-, more than two-thirds of the businesses are self-owned. More than 45% of the female employees in this field have monthly earnings below Rs.500. It is believed that women's earnings in this industry are around one-fourth of what women in the organised sector receive. Now more than ever, women have advanced degrees and certifications in a variety of fields. A large number of them hold credentials in medicine, business, or related fields. The majority of them joined the family firm as full-fledged partners. Women started their own healthcare practices, stores, factories, and even exported garments. They are free to make their own decisions and brave enough to try new things. Unfortunately, many people have to deal with family animosity and don't get enough help from their relatives.

## FINANCIAL INSTITUTIONS

Instead of putting the money people deposit with them into physical assets like houses or cars, some institutions put it into financial assets like loans, deposits, and bonds. There are a number of banks and other financial institutions that are actively supporting women business owners. Listed below are a few of them.

### *Governmental Institutions*

In urban areas, there's the National Institute for Entrepreneurship, Research Development Corporation, National Small Business Development Corporation, and Regional Rural Banks; in the country, you'll find Khadi and village Industries, National Agriculture Bank for Rural and Development, and Co-operative societies. Nonetheless, both rural and urban regions are serviced by the Small Industries Development Corporation of India and the Industrial Financial Corporation of India. Previously, conducted studies on women in agriculture (Bindiya 2001). Through their many lending programs aimed at fostering entrepreneurial spirit, he discovered that regional rural banks were significantly contributing to the economic independence of rural women. Cooperative Societies, Regional Rural Bank, KVIC, and NABARD are among them. For cottage businesses like as dairying, poultry, beekeeping, food processing and preservation, mushroom

growing, spices processing, potato chip making, and more, they provide credit options to rural women entrepreneurs. These organisations grant women business owners unsecured loans of up to five lakhs.

### ***Non - Governmental Institutions***

The National Association of Women Entrepreneurs and Executives and the Indian Council of Women Entrepreneurs operate in metropolitan regions, whereas the Xavier Institute for Social Societies and the World Assembly of Small and Medium Entrepreneurs operate in rural areas. Both urban and rural regions are home to groups like the National Alliance of Young Entrepreneurs and the Self-Employed Women's Association. The national level is home to a plethora of institutions and entities, both public and private, that work to encourage entrepreneurship. These are also important factors that are influencing women to start their own businesses.

## **FINANCIAL SCHEMES FOR WOMEN ENTREPRENEURSHIP**

Government and banking organisations have established many initiatives to provide financial help to women entrepreneurs, with the goal of encouraging them to enter the industrial area and become self-sufficient. The government runs a program called the Seed Capital Scheme that helps people establish their own businesses. According to Mohanty (2004), women in Orissa have been greatly aided in their economic empowerment, self-employment, and entrepreneurial growth by a number of income-generating and self-employment schemes, including IRDP, SEEU, PMRY, SSI, KVI, and DWCRA. For this aim, we contacted important government entities such as the Directorate of Industries, service institutions, Mahila Vikas Sambhaya Nigam, and Rashtriya Mahila Kosh. When traditional banks and credit unions fail to meet the requirements of low-income women working in the informal economy, the Rashtriya Mahila Kosh steps in to help. In honour of the late Prime Minister Smt. Indira Gandhi, the Priyadarshani Yojna was launched, according to Gupta (1997).

Nowadays, women encounter several challenges while launching a company unit, despite the fact that the Indian government has recently introduced more logical and inspiring programs for women entrepreneurs. Hence, it is the responsibility of financial institutions to foster an atmosphere that is conducive to entrepreneurship and provide the necessary framework for it to thrive. Women who are planning to establish their own businesses for the first time should get assistance from financial institutions. Financial and technical assistance should be extended to them when they embark on a visible and viable project that calls for managerial skills, credit-related security, the required financial support, the right training, subsidies, funds, savings opportunities, borrowing, etc. Equally important to women's empowerment is access to marketing infrastructure, including sales, procurement, and other essential support for the timely launch of a profitable enterprise.

## **OBSTACLES IN GETTING FINANCIAL ASSISTANCE BY INSTITUTIONS**

There are still many obstacles for women business owners to overcome, despite the best efforts of NGOs and governments. According to a number of surveys, issues with credit account for over 70% of the challenges

encountered by female entrepreneurs. Not only that, but issues like high loan rates, short payback periods, negative attitudes, delays, insufficient or underfinanced, no grace period or moratorium, poor training, and a lack of collateral are also common.

## CONCLUSION

Many other initiatives have been developed to address the diverse situations in different groups and areas in order to promote women's entrepreneurship in India. Various groups and areas have varied situations. The following methods may address the many issues faced by female entrepreneurs. Promoting healthy competition among a country's many financial institutions is an important function for ministries of finance and central banks. The government can also do a lot to encourage collateral flexibility. Providing women with enough technical education To enhance the system for identifying new female entrepreneurs. Agency and organisation efforts in EDPs should be well-coordinated. Facilities for free enterprise-related training. The banking sector and women business owners should work together more effectively. It is for the purpose of establishing effective coordination between promotional agency executives and successful female businesses. Women business owners get sufficient assistance with subsequent steps. The next step for EDP organisations is to find the best way to reach ambitious women from all walks of life and areas with the important message of women's entrepreneurial development. Finally, it is imperative that different organisations and organisations work together to support women entrepreneurs, both in the planning stages and those who are already in business.

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