**MSME AND WOMEN ENTREPRENEUR: AN OVERVIEW**

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**ABSTRACT**

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrantanddynamicsectoroftheIndianeconomyoverthelastfivedecades.Itcontributessignificantlyintheeconomicandsocialdevelopmentofthecountrybyfosteringentrepreneurshipandgeneratinglargeemploymentopportunitiesatcomparativelylower capital cost, next only to agriculture. MSMEs are complementary to large industriesasancillaryunitsandthissectorcontributessignificantlyintheinclusiveindustrialdevelopment of the country. The MSMEs are widening their domain across sectors of theeconomy, producing diverse range of products and services to meet demands of domesticas well as global markets. TheMicro,SmallandMediumEnterprisesDevelopment(MSMED)Actwasnotifiedin2006 to address different issues affecting MSMEs, inter alia, the coverage and investmentceilingofthesector.On 9 May 2007, the erstwhile Ministry of Small Scale Industries and the Ministry of AgroandRuralIndustriesweremergedtoformtheMinistryofMicro,SmallandMediumEnterprises(M/oMSME).Over the last few years, women entrepreneurs have had a significant impact on the social demographic of the country as well. With women now participating in labour fields, working classes, private/government offices, and most importantly, starting their businesses, the result is seen as the development of abundant jobs in the country. In India, the last few decades have seen rapid development in terms of providing enough incentives for women entrepreneurs. This not only has elevated the status of women in the country but has also given a serious boost to the Indian economy. A small business is a privately owned corporation. It can be partnership-based or a sole proprietorship company with few employees. They either provide service or retail operations like bakeries and small manufacturing units. This type of business generally requires a small investment. India is growing as an emerging market in the world is partly fueled by entrepreneurs. The burgeoning growth of micro, small and medium enterprises (MSME) generates not only employment but also output and exports and in fact, is a major contribution towards the country’s GDP. The MSME sector contributes 30% to the GDP and during the 2006-2015 year, block registered an annual growth rate of 4.35%.The MSME sector is a vital part of the economic mechanism of the country, however, the sector also suffers from various drawbacks that prevent it from flourishing further. The stunted access to finance and credit, low scale technology, marketing, etc. is some of the challenges that the sector faces. The government envisages an increase in the sector and has rolled out various credit initiatives. Women entrepreneurs in India play a significant role in advancing the economic growth of the country. They collectively contribute 3.09% of industrial output and employ 10% of the total workers engaged in different economic activities. Indian women are playing an important role as being a part of MSMEs now, which means they have a significant role in boosting the economy of the country.

**Key words**: MSME, Women Entrepreneurs, Government Schemes, Women Empowerment and Economic Development

**MSME SCHEMES FOR EMPOWERING WOMEN ENTREPRENEURS**

**Introduction:**

Women entrepreneurs in India play a significant role in advancing the economic growth of the country. They collectively contribute 3.09% of industrial output and employ 10% of the total workers engaged in different economic activities in the country, according to ifc.org. Still, India ranks third-highest in the entrepreneurship gender gap across the world – only 33% of the early-stage entrepreneurs in India are women. One key reason behind this is the financing need of an estimated 70% of women-owned businesses goes unmet. Women find it challenging to receive adequate financial support to run and scale their businesses because of pre-existing biases in the credit ecosystem and being “thin file". The vast majority of women in India don’t have assets in their name to leverage as collateral. Factors like complicated documentation and lack of technology also pose barriers for women. While the number of women-led MSMEs in India has jumped from 2.15 lakh to 1.23 crore in a decade, they account for only 20% of India’s 63 million MSMEs. As per the government’s data available from the Ministry of Micro, Small and Medium Enterprises, for proprietary MSMEs as a whole, males owned 79.63% of enterprises as compared to 20.37% owned by females. Indian women are playing an important role as being a part of MSMEs now, which means they have a significant role in boosting the economy of the country.

##### **Definition of Micro, Small and Medium enterprises:**

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

* a micro enterprise, where the investment in plant and machinery or equipment doesnotexceedonecrorerupeesandturnoverdoesnotexceedfivecrorerupees;
* a small enterprise, where the investment in plant and machinery or equipment doesnotexceedtencrorerupeesandturnoverdoesnotexceedfiftycrorerupees;and
* a medium enterprise, where the investment in plant and machinery or equipmentdoesnotexceedfiftycrorerupeesandturnoverdoesnotexceedtwohundredandfiftycrorerupees.

The new classification has come into effect from 1stJuly, 2020. The earlier criteria of classification of MSMEs under MSMED Act, 2006 were based on investment in plant and machinery / equipment. It was different for manufacturing and service units. It was alsovery low in terms of financial limits. Since then, the economy has undergone significantchanges. A revision in MSME criteria of classification was announced under Aatma NirbharBharatpackageon13thMay,2020. Thishasbeendoneinordertoberealisticwithtimeandtoestablishanobjectivesystemofclassificationandtoprovideeaseofdoingbusiness.

## ****Reasons for Women Entrepreneurs:****

Deciding what to do for independency is the competitive question now. Women are often guided to manage the chores indoors. Those words are rare in the city and more in the outskirts. Independency and entrepreneurship for women are a blessing. A few reasons why to be the CEO of a small business are:

**Motivation Fuel:** Running a small venture by yourself is a constant motivation fuel for each one of us. Following your dreams and becoming the next renowned women entrepreneur is phenomenal. Also, through this, you can stay active all the time to complete the task.

**Stand for Non-Profits:** Most satisfactory part of becoming an entrepreneur is involving in social work. You can be a part of social society and can support many NGOs. You can also set up a small business to solve a problem in your community.

**Financial Independence:** You will get some cash inflows and cash outflows with a business start. You will get financial comfort. There will indeed be some off time, too, where the company may generate a loss. But with the tips mentioned below in this article, you can make sure that your small business doesn’t fall off.

**Job Security:** Climbing the corporate or multinational company ladder is real. You will always be uncertain about your promotion or termination. In short, your financial independence is in someone else’s hand if you are not choosing a small business. With a small business, women entrepreneurs will have the liberty to continue the business till they want. You can also provide jobs to other friends or members of your family.

## ****Women in MSMEs:****

Indian women are playing an important role as being a part of MSMEs now, which means they have a significant role in boosting the economy of the country. However, we still have just about 14% of women entrepreneurs in India. The surge in women’s entrepreneurship can not only improve the financial situation of the country but also provide tangible benefits to the people of the country, some of which include:

**Economic impact** – The establishment of businesses in the country has also impacted and grown the economy exponentially over the last few years. This has opened doors for women entrepreneurs to equally become a part of this economically beneficial climate in the country.

**Employment creation** – With such an easy provision of MSME loans, starting a business is easier than ever. A successful business can also employ people, which eventually creates jobs for women entrepreneurs and other people.

**Emerging new domains** – With the number of opportunities and options in terms of employment now, women have equal resources as compared to men. Especially with the availability of the internet, starting a business and drawing an MSME loan online is now easier than ever.

As the number of women entrepreneurs in the country is growing, the opportunities and MSME schemes to empower women entrepreneurs are also being introduced by the govt.

**Become the Face of your company:** This will be your small business; therefore, you should be the Face of this small business. You will have a social media profile that is viewed frequently. Keep posting about your success with you in it. This will allow others to know where they are investing. You will impact others by being a strategic leader and bold lady.

**Do not entertain imposters:** Do not ever listen to single imposters. Listening to imposters will be deliberating for you and your business. The person who second-guesses you and your success will give you anxiety and not progress. Imposter syndrome usually holds back people of high calibers, and they are mostly our closed ones. Be confident with what you are starting and stay focused.

**Focus on building a strong team:** Surround yourself with people who want to learn and who are professional. Do not sit around in a crowd that is unaware of the feeling of success. Building a strong team will lead you to success. Doing everything on your own is not possible; therefore, delegating your tasks is as important as your time investment. It is recommended to identify the three most important facets of the business. The three facets are:

* **Production Management:** The production team has to be experienced and well-organized. They are required to be well-accustomed to your business products and their production techniques. They should know how to complete the task and delegate it.
* **Finances and Budgeting:** Preparing the budget and adhering to it is essential. For small businesses budgeting somewhere gets out of hand. With a good finance team, prepare your budget and good finances.
* **Digital Marketing:** This is the most important part of any business now. Having a great digital marketing team now decides your social and web presence. Hiring a person who is excellent and willing to go excellent in this is crucial.

**Connect with multiple brands with women entrepreneurs:** There are many women entrepreneur networks, but finding the focused one is beneficial. With the help of a networking group, get the game-changing advice and relationships that help you scale your business to the next level. It may happen that women in the network have already crossed the stage where you are stuck. The network will help you connect and communicate with others.

**Have Patience; it takes time:** Good things take time and will require consistency. While building a small business, remember every small step count, and you have to take those small steps. There is no jumping and grabbing the last step. With a small business, you are also building a women entrepreneur in you. Give her some time, train her and be the best when the time comes.

## ****MSME SCHEMES:**** The MSME schemes introduced for women entrepreneurs specifically ensure that they find it easier to start up new businesses and obtain the necessary MSME loans to start these businesses.Some of these schemes are:

### ****Mahila Udyam Nidhi Scheme:**** Originally introduced to offer financial assistance of up to 10 lakhs to small businesses, the Mahila Udyam Nidhi Scheme now also helps women set up new projects and businesses. Under this scheme, women entrepreneurs also have the liberty of upgrading the existing projects.The Mahila Udyam Nidhi Scheme has a variety of interest rates depending on the market rates, and the loans have a repayment tenure of up to 10 years with a 5-year moratorium period.

* **TREAD Scheme:** The Trade-Related Entrepreneurship Assistance and Development (or TREAD) scheme is aimed to empower women by providing them with the necessary credit for projects which includes training, counselling, and knowledge to run the projects in the ideal way.The TREAD scheme aims to build the knowledge of women in businesses better. Under this scheme, the Government provides a grant of up to 30% of the total project cost, which is determined by the financial institutions.

### ****Pradhan Mantri Rozgar Yojana:**** The Pradhan Mantri Rozgar Yojana allows women entrepreneurs to receive the necessary financial assistance under this scheme to grow their businesses. The best thing about this scheme is that it is applicable in all industries, new and old businesses, and throughout all the services.The aim of the scheme is to empower women by providing them with the necessary MSME loans in order to help them become financially stable. One of the most important features of this scheme is that it also offers a 15% discount on the project costs, which is up to a maximum of 12,500 per person.

### **Annapurna Yojana:** If any women want to take up their interest in catering and make it into a business, this scheme is the right option for them. The Annapurna Yojana allows women to launch a catering business by borrowing a sum of 50,000 under this scheme. With a repayment period of 36-months and required collateral, this scheme is already benefitting a lot of women throughout the country.

### ****Udyogini Scheme:**** The Udyogini scheme is ideal for women who want to start a new business of any kind. The original plan with the scheme is that it’s more suitable for families that earn less than1.5 lakhs per year. Without any discrimination against any class of women, the Udyogini scheme is meant to benefit everybody who needs it.Under this scheme, the loan amount of 3 lakhs is provided in cash with a lower interest rate. The scheme aims to help women become financially stable to launch their own businesses, especially in remote areas.

### ****Dena Shakti Scheme:**** All women entrepreneurs that are involved in agriculture, manufacturing, or similar enterprises can acquire loans under the Dena Shakti scheme. The loans offered under the Dena Shakti Scheme are up to 50,000 with a concession of about 0.25% on the rate of interest. However, for retail trading, housing, or education, loans of up to 20 lakhs could be sanctioned.Women entrepreneurs have achieved so much over the past few decades that it’s evident that women can contribute to the faster growth of society and the economy of the country. After emerging from such a long time of conventions and taboos, women have tackled so many problems of starting new businesses and creating new opportunities that the male folk practically couldn’t do.A lot of inspirational women have already carved their niches in different fields of business. Moreover, the introduction of the Government schemes to empower women entrepreneurs is also paving the road for women entrepreneurs to become independent as well.

## GOVERNMENT BUSINESS LOAN SCHEMES FOR MSMES IN INDIA:

### Mudra or Micro Units Development and Refinance Agency:

This scheme launched in 2015 and aims at funding the non-corporate and non-farming micro business units. The government loan for business in India are categorized under three heads with varying capital ceilings fixed at, 50,000 under Shishu loans; 5 lakhs under Kishore loans; and 10 lakhs under Tarun loans. The funding under the MUDRA scheme is divided into, (i) Micro Credit Scheme for a limit of1 lakh covered through micro-finance institutions; and (ii) Refinance Scheme for a limit of 10 lakh covered through commercial, regional rural and small finance banks, and non-banking financial companies.

### Credit Linked Capital Subsidy and Technology Up-gradation Scheme(CLCS-TUS):

These schemes intend to improve the competition in the MSME sector through various interventions in the areas focusing on an upgrade of technology, superior product quality, waste reduction, design intervention, enable cloud computing, facilitate intellectual property and incubate ideas. In short, this credit linked subsidy scheme will bring down the cost of production thereby maintaining price competition in domestic and international markets.The CLCS-TUS offers 15% capital subsidy on credit that has been availed for aforementioned upgrades to a maximum limit of 15 lakhs. The implementation agencies include SIDBI and NABARD.

### Credit Guarantee Fund Scheme for Micro and Small Enterprises:

The CGMSE scheme was launched in 2000. This scheme provides financial support to micro and small industries in the form of credit that is free of any collateral. Now, this is eligible only for working capital loan of 10 lakhs in amount. In case of credit facilities that amount to more than 10 lakhs and up to 1 crore, the loan requires primary security in the form of mortgage of non-movable assets. The governments’ coordinated enterprises have increased the use and popularity of this scheme for entrepreneurs who have viable projects yet do not have any collateral or security to provide for credit Financing.

### PSB/MSME Loans in 59 Minutes:

This scheme was launched in September 2018 towards easing credit access to MSMEs. Through digital processing, the borrower receives an in-principle approval of a business loan within 59 minutes which can be either working capital loan or term loan. There are a number of partner banks associated and the borrower reserves the flexibility of choosing a lender bank. The eligibility sanction or in-principle approval letter can be attained with or without collateral provision to the tune of 1 lakh to 5 lakhs at present at a rate of 8.5% interest.The procedure requires GST Identification number, Income Tax returns in XML format, bank statements and ownership details of entrepreneurs for the approval within a stipulated time. The eligibility is also checked through CGTMSE as the platform for this loan is integrated with it.

### NATIONAL SMALL INDUSTRIES CORPORATION SUBSIDY:

This scheme offers financial benefits in various areas related to the growth and development of units in the MSME sector. The NSIC subsidy schemes are listed as,

* NSIC Subsidy for Raw Material Assistance
* NSIC Subsidy for Marketing Assistance
* NSIC Subsidy for Performance & Credit Rating
* NSIC Subsidy for Bill Discounting Scheme

These schemes provide focused and value-added improvement benefits to business units in developing operations as well as in availing subsidy in various areas.

The current export contribution from MSME stands at 50% and theemployment numbers at 11.10 crore. With the help of these schemes, the MSME sector can greatly benefit and increase its statistics. Apart from these, many other credit and finance schemes by the government are aimed at a growing MSME sector. The eligibility criteria and application procedure are quite streamlined and although otherwise promised they do take up valuable time in reimbursement. If you are looking for customized MSME loan that are easily and quickly facilitated without collaterals.

Among the various schemes by the MSME ministry, the most popular among women-led MSMEs is the Micro Units Development and Refinance Agency (MUDRA scheme). While the MUDRA scheme is gender-agnostic, one big reason why it is particularly suited for women is that it offers collateral-free loans, since women usually find it difficult to come up with the collateral required for financing. Other women-centric schemes by the Centre are Prime Minister’s Employment Generation Program (PMEGP), Stand-Up India, Mahila UDYAM Nidhi scheme, Udyogini scheme, SIDBI Make in India Loan for Enterprises (SMILE), and Rural self-employment training institutes (RSETI).

However, several women entrepreneurs remain unaware of these schemes. Even those who are aware, lack clarity on specific features of these schemes. And the low uptake of products by women has led several banks to discontinue the schemes. “Overall, these government schemes have played a significant role in supporting and promoting women entrepreneurs in India by providing access to financing and other resources. However, some on-ground implementation issues hinder the uptake and efficiency of these initiatives. There is still limited awareness of the accessibility of these schemes among a significant section of women entrepreneurs. One of the key solutions lies in digitalization. Women entrepreneurs face funding challenges, especially in Tier II and Tier III cities, because they do not have enough awareness about the digital lending space. Further, the COVID-19 pandemic has also adversely impacted women entrepreneurs. The need of the hour is to launch widespread awareness campaigns about financial literacy and digital solutions. It can lead them on the path to success with enhanced economic and entrepreneurial freedom. One plausible solution is the creation of more physical and virtual platforms that can act as facilitators for women entrepreneurs and introduce them to affordable digital solutions to enhance their prowess.

**Conclusion:**

In the 21st Century, being one of the women entrepreneurs is important, as independency is important. As per the recent statistics, it is clear that females hold over 90% of small businesses. 1.3% of female hold medium to large business while male entrepreneur holds 3.3%. The only constant motivation here is belongingness and independency. Be the one among this evergreen crowd and make yourself proud. The Financial Institutions can provide gender sensitivity training for relationship managers to be more effective in catering to women customers. Further steps, improving the technical knowledge of borrowers, adoption of differentiated assessment mechanisms of creditworthiness to appraise women’s repayment capacity better, and awareness campaigns of existing schemes for women entrepreneurs must be adopted.

"Women have the lowest NPAs and a better customer base. If financial Service Providers (FSPs) are gender intentional it will be beneficial for them from a business lens".“We must focus on building an ecosystem that encourages entrepreneurship among young women as a long-term enabler, followed by mentoring and confidence-building programs to address the challenges that they face while building their businesses”.The recently released Neo-Growth MSME Business Confidence Study highlighted the optimism of women entrepreneurs for 2023, with almost 80% of surveyed women business owners expecting to avail of a business loan for their various business needs this year. With India harbouring ambitions of becoming the third-largest economy in the world by the year 2030, MSMEs are expected to play a crucial role in realizing these goals as they account for a significant share of employment and industrial output.Assisting women entrepreneurs utilize government schemes, and upskilling them to reap the benefits of a digital economy, will lead to the creation of valuable brands that will catalyze India’s progress. With innovation and resilience at the core, women entrepreneurs may well be called the agents of change. Indian women are playing an important role as being a part of MSMEs now, which means they have a significant role in boosting the economy of the country.

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