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### Fostering Inclusive Growth Through A Thrust on Women Entrepreneurship

by  
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#### INTRODUCTION

*Inclusive Growth* is the type of economic growth that creates opportunities of growth for all segments of the population by enhancing their capabilities as an instrument to growth and involves sharing of the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across the society. It is true that closing the gender gaps are the biggest necessity if the nation wants to move towards the wider parameters of development and equality. However this cannot be attained unless the indicators of development and growth show a skewed pattern of distribution. The empowerment of women thus becomes indispensable to have any talks of growth and development to attain fruition. When we talk about empowerment we talk about empowerment on all counts; be it social, political, or economic. However is true that the first two forms of empowerment are largely dependent on the third one. It is true that economic empowerment is a precondition of growth and unless and until one is capable of taking care of its well being which largely depends upon the income and other consumption patterns, one would not be able to think about other wider empowerment perspectives namely social and political. Even the psychological theories such as Abraham Maslow's Need Hierarchy Theory also keeps the basic and biological needs at the initial levels to attain other higher levels of need such as self-actualization.



#### INCLUSIVE GROWTH AND NEED FOR GENDER EQUITY

The status of inequality in gender perspectives put a bigger question mark on the question of *Inclusive Growth*. According to data released by Human Development Report 2017<sup>1</sup>, only 26.8 percent of women above the age of 15 years are part of India's labour force — compared to 79.1 per cent men. Only 12.2 per cent of Parliament seats are held by women. Global Entrepreneurship Index, an initiative of Global Entrepreneurship Development Institute is a breakthrough advance in measuring the quality and dynamics of entrepreneurship ecosystems at a national and regional level. GEDI's women's entrepreneurship index — the Female Entrepreneurship Index — measures the development of high potential female entrepreneurship worldwide. Analyzing the reports of this index it is seen that India doesn't fair well in the criteria of entrepreneurship related scenarios. Moreover, the gender version of this index Gender-Global Entrepreneurship and Development Index (GEDI) shows an even further dismal picture showing the state of women entrepreneurship in India. It can be inferred from several of its previous reports namely 2014 and onwards that India hangs over to the range of dismal 70 out of the 77 countries. According to the study<sup>2</sup>, India has moderate female entrepreneurship environment in terms of women identifying opportunities to start businesses (60%), feeling they have the skills (52%) and do not fear failure in starting a business (57%). India also does not fare well in terms of female labour force participation rates. There is skewed distribution of

occupation in the country wherein softer professions such as teaching, hospitality and fashion & beauty industries find fairly wide participation of women, however, areas such as science, technology, engineering and management (STEM) find very low or even negligible visibility of women in such fields. This kind of occupation crowding, or the tendency for reservation of male and female occupation in a country's economy, results not only in the gender wage gap but also in the concentration of women's entrepreneurial activity within specific sectors, which can be highly compromising the capabilities and potential of a specific population group and also detrimental to fully utilizing a nation's innovative capacities. One positive finding is that opportunity perception for businesses by women in India is on a higher side. However women are not strongly represented in management positions. Four countries (China, India, Malaysia and Thailand) recorded less than 30 percent female managers. In India, the gender bias in the workplace i.e. percentage of women managers is a mere 14% (GEDI 2014)<sup>3</sup>. Work force participation rate of women is also low in India (OECD 2014)

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## CHALLENGES FACED

Female workforce participation rate (WPR) in India stands at 31.8%, which is almost half of the male WPR at 73.2%<sup>5</sup>. According to a McKinsey Global Institute study<sup>6</sup>, India could boost its GDP by \$2.9 trillion by 2025, if female workforce participation rate is improved by 10 percentage points. The gender bias at workplace outplays women's ability to unleash her potentials in professional areas and hence undermines her capabilities. The said data can be overturned by encouraging women entrepreneurship on a wider level. Whereas the participation of women has been manifest in traditional areas of apparel, food and fashion, however enhancing the capabilities of women in business fields wherein her participation has been lacking can open new avenues of growth for her. This expansion and development of women's capabilities in large number of businesses which are male dominated will empower her in all fields and this can be done only through skill development in various aspects of her personality.

Mitali Tiwari Women face several challenges at social, political, economic and at individual level while setting up and taking forward their business venture. A number of women entrepreneurs working in the field have identified several restraining factors which impede the growth and development of their business ventures. While societal and political factors are the ones which necessitate steps to be taken by the government at policy level, individual factors include incapacities of women of their own personal traits, knowledge, awareness and technical and entrepreneurial skills. To increase professionalism, acquire business acumen and arrange for resources and aids and incentives for their business, there is a need to have a look at the major incapacitating factors which restrain their business growth and then focus on the development of skills of these particular sectors.

- 1. Lack of bank funds especially Venture Capital financing (VCFs):** Arranging for finances for funding of their enterprises has always been an age old problem for their own. Very few women have owned finances for investment purposes in their business. There is thus always a compelling need to look for bank credit or for venture capital financing opportunities. Access to bank credit has always been tedious for women as very few banks are willing to offer funds to women. Many reasons are cited by bank authorities and women entrepreneurs themselves for

this. As per a report released by International Finance Corporation (2014)<sup>2</sup>, the total supply of formal finance to women-owned micro, small and medium enterprises (MSMEs) was around Rs. 2.31 lakh crore during 2012 — resulting in

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Page: 196

a finance gap of Rs. 6.37 lakh crore or 73% of the total demand. The basic problem in getting access to bank credit is that the banks avoid giving funds to women enterprise as locking bank funds in these enterprises involves risk. Women enterprises are perceived as risk prone as many of them die an early death or are lost in their nascent stage. Women also don't have enough collateral to offer against the loans. Many banks prefer to give loans to the married women in anticipation that their husbands may provide the necessary collaterals. The same case is true for Venture Capital Financing (VCFs). It is not that VCFs don't wish to provide funds to women centric enterprises particularly due to their gender orientation. It is because VCFs are interested in big projects whereas women start with smaller or moderate level of projects. Also women are more averse to risk taking and hence shun the idea of pitching in with the big future projects. Hence the problem may not be the gender itself but the inherent incapacitating or self-limiting attitude attached with it and which needs to be corrected.

- 2. Lack of opportunities for Business networking:** The second challenge is that very few business women are aware of the entrepreneurship networking resources available. Business networking is essential as it is a source of learning by experience sharing by other successful women entrepreneurs. Although very few women centric networking opportunities are available however there is a need to make business women aware of such networking and also make use of them to learn business tactics.
- 3. Apprehensiveness for equity financing:** Women start with small to moderate projects and are apprehensive of taking it big. Funding is always a problem but still they avoid moving to equity financing. This is because they are at first apprehensive of widening and enlarging their enterprise and second and more importantly, they are unable to comprehend the basic of equity financing and also how to go about it. It is thus necessary that a professional guidance can be given to them to take up equity financing
- 4. Lack of familiarity with startup life, marketing, financing and accounting practices:** Business women generally lack the basic of startup life. There are many aspects of a startup related to marketing, finance, accounting, supply chain, delivery mechanisms, banking, technology etc. This is because their enterprises lack business professionalism and acumen. Women mostly do not have exposure to such aspect or if they have theoretical knowledge they lack hands on experience on this. This is why even the most unique and creative business idea dies an unnatural and early death because of lack of



Page: 197

this professional acumen. Women thus need to be trained on this so that they acquire necessary business skills for this.

## **SKILL DEVELOPMENT INITIATIVES: TEACHING BUSINESS SKILLS TO WOMEN FOR GROWTH**

It is a no surprise that entrepreneurship can be taught and business skill can be acquired. McClelland<sup>8</sup> said that entrepreneurial traits were not just inborn. They could well be inculcated and developed through bringing change in attitudes, enhancing need for achievement and through practical training and hands on experience. It is not that we lack business women but that we need a judicious mix of training programs having a rich curriculum and need based training modules which may develop the inherent strengths within women. Both the soft skills as well as hard skills need to be developed. Whereas the soft skills can be enhanced through psychological training, assessment programs and motivational counseling, hard skills can be developed through hands on experiences and professional training programs suiting the requirements of business women in general as well as specific fields.

### **DEVISING A MULTIDIMENSIONAL BOTTOM UP GROWTH STRATEGY**

It is necessary to take a multi-dimensional perspective on entrepreneurial skill development of women. The skill development initiatives must thus include "*bottom-up growth strategies*" to encourage the broad-based rise of entrepreneurial initiatives.

#### **FOCUS OF THE STRATEGY**

Business opportunities are not created by external mechanisms. They are developed within the environment itself through markets and consumer based needs. The issue is to identify these business opportunities and develop a business idea so as to give it a viable and feasible shape. This needs a multipronged strategy wherein the entrepreneurs need to be trained through training programs conducted by institutions, providing enabling environment for women led enterprises to grow and develop and providing a networking framework for successful and potential entrepreneurs for experience sharing. The strategy must thus include:

- **Programs:** for the strengthening and training of entrepreneurial capabilities;



- **Enablers:** for the creation of an enabling business regulatory environment, for women to fulfill their own initiatives for advancement
- **Networks:** The promotion and channelizing of collective self-help efforts of business women through business networking

#### **THE PROGRAMS**

There can be a judicious mixture of wide range of skill development programs which can be devised to inculcate entrepreneurial acumen amongst business women. A number of government and non-government agencies are there for providing supportive need based training programs to entrepreneurs all over the world. With a firm belief that entrepreneurs are not just inborn but that they can also be trained, there are a good number of institutions in India itself which provide training in the form of several such programs of short or long term duration. There are two components to the training and support extended by these agencies; those that exert personality related and attitudinal influences developing soft skills and those that train them in entrepreneurial hard skills for managing and running their entrepreneurial ventures and expanding them in the face of competition at national and global levels.

- 1. Women Entrepreneurship Development Programs (WEDPs):** Entrepreneurship Development programs are envisaged to impart training to potential and existing entrepreneurs to start new business or diversify and expand the existing one. The program trains the candidates to identify business

opportunities in the market, generate a new business idea, devise and formulate a workable business plan, write a business plan proposal for sending to financial agencies, formulate marketing strategies, devise new ways of supply chain management, devise advertisement and promotion packages etc. EDP has three phases viz., a) Pre-training phase — includes activities and preparations required to launch the training programme. b) Training phase — tries to bring desirable change in the behaviour of trainees and c) the Post-training phase — involves assessment to judge how far the objectives of the programmes have been achieved. Inputs such as financial management, technical management and managerial training and exposure in functional areas such as marketing, negotiating skills, time and quality management, and problem solving skills are developed and inculcated.

- 2. Technology Business Incubators (TBI):** are programs initiated by National Science & Technology Entrepreneurship Development Board (NSTEDB) for growth of technology based enterprises. The program includes services in the areas such as market survey/marketing assistance, business planning and training, organizing



management/technical assistance, assistance in obtaining statutory approvals, Information dissemination on product ideas/technologies, arranging legal and IPR services etc.

- 3. Trade Related Entrepreneurship Assistance and Development (TREAD):** Grants up to Rs. 1 lakh per programme are provided to training institutions for conducting entrepreneurship related programs. Need based grants up to Rs. 5 lakh are provided for for national level EDIs for conducting field surveys, research, evaluation studies, developing training modules etc is provided.
- 4. Mahila Coir Yojana**— Self-employment programme for women providing training for spinning coir yarn on motorized ratts, also provides ratts at subsidised rates
5. The government of India also endeavours to increase job opportunities in the country in the shape of several reputed programs such as the Prime Minister's Employment Generation Program (PMEGP), National Livelihoods Mission, Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY), and Pradhan Mantri Kaushal Vikas Yojana (PMKVY) along with several entrepreneurship development programs. For generating and supplementing income at grassroots level thorough entrepreneurship, the major focus of these programs is basically skill development. Other reputed programs of government are
  - Stree Shakthi Package-Provides all necessary guidance and interest concession facility on loans to women
  - Annapurna Scheme — Business loans upto INR 50000 is provided
  - Cent Kalyani Scheme, Mahila Udyam Nidhi Scheme, Dena Shakti, Mahila Vikas Nidhi scheme are run by specific banks for providing credit facilities to women
  - TREAD — Scheme by MSME provides subsidy upto 30% of total project cost and & 70% of loan assistance
  - Bharatiya Mahila Bank (BMB) — Provides Collateral Free Loan Schemes such as *Shringaar, Annapurna and Parvarish*
  - Additional incentives under PMEGP, MSME Cluster programs and Credit Guarantee Fund Schemes

The apex financial institutions, Government of India and various State Governments have set up entrepreneurship training institutions which are engaged in providing ED trainings, in addition to rendering need based support and other services.

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Page: 200

- i. National Institute for Micro, Small and Medium Enterprises (NIMSME), Hyderabad:** provides specialized training programmes, to train the potential and existing entrepreneurs to face challenges, develop and shape business ideas and help the enterprises to cope with global competition and gain the much needed competitive edge in the global scenario.
- ii. Entrepreneurship Development Institute of India (EDII), Ahmedabad:** The EDII set up in 1983 is sponsored by apex financial institutions. The institute has been working for the development of entrepreneurship through conducting short term and long term entrepreneurship related programs such as EDPs, Faculty development Programs etc.
- iii. National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA:** set up by Ministry of Micro, Small and Medium Enterprises, Government of India, it is an apex body for coordinating and overseeing the activities of various institutions/agencies engaged in Entrepreneurship Development particularly, in the area of small industry and small business.
- iv. Indian Institute of Entrepreneurship (IIE), Guwahati:** established in the year 1993 at Guwahati by the Ministry of MSME, Government of India, the Institute has been conducting several Entrepreneurship and Skill Development Programmes (ESDPs) on food processing, jute diversified products, electrical wire manufacturing, bamboo products manufacturing tailoring and embroidery, customer care, beauty products manufacturing, steel fabrication, etc.
- v. The National Science & Technology Entrepreneurship Development Board (NSTEDB):** was established in 1982 by the Government of India under the aegis of Department of Science and Technology (DST). Some of the highly successful initiatives of NSTEDB are TBI, STED, STEP, EDC/IEDC, FDP, STST, EDP, TEDB, WEDP, EAC, etc. About 100 organizations, most of which are academic institutions and voluntary agencies, have been benefiting from the NSTEDB support in the task of ED and employment generation.<sup>2</sup> The department conducts several women related entrepreneurship orientation and development programs so as to inculcate entrepreneurial acumen amongst women in the technical fields.
- vi. Rural Development and Self Employment Training Institute (RUDSETI):** The RUDSETI was established in 1982, and has acquired a national status and has set up 24 units in 14 states. The Institute provides training programs such as Trainer's Training Program on Entrepreneurship Development, Skill upgradation/



Page: 201

Refresher programme, Trainer's Training programme on Growth of Entrepreneurs, Trainer's training programme on Counselling & Business Development Services to Micro & Small Entrepreneurs., Capacity building Training for self-employment

promotion/entrepreneurship development organizations, HRD training program to Bankers, NGOs and development agencies, Training to Trainers & other stake holders involved in implementation of financial inclusion

### **THE ENABLERS**

Apart from the ongoing training and entrepreneurship related information dissemination programs there needs to be special focus for providing an enabling environment through several initiatives provided for specific aspects of entrepreneurship.

- **Women specific Angel Funds and Venture Capital Funding:** There is a need to start and encourage women specific angel fund and venture capital funding. The various financial institutions may be encouraged to provide angel funding to institutions. The women entrepreneurs may be trained to write business proposals and give presentations to these institutions that could then plan to provide angel funding to these enterprises. Also these funding institutions may themselves provide need based solutions for any plans for expansion and resizing of their business enterprises.
- **Collateral free bank loans:** The government should encourage providing collateral free bank loans to women enterprises having practically viable and creative business ideas and may provide credit guarantee facilities specifically for these enterprises. The present credit guarantee scheme of MSME has limited outreach hence several such schemes must be devised and implemented.
- **Diversified supplier programs & enhanced government procurement:** Supplier diversity initiatives are the means by which women-owned business enterprises can have opportunities to supply their products to major corporations. Although such initiatives may be targeted towards government, private and multinational companies, however government initiative should be freely forthcoming to set an example for others. Such types of initiatives ensure their inclusivity in the supply chain practices in sourcing goods and services from suppliers of diverse backgrounds. Such programs help women access valuable networks, globalize, and grow their businesses.
- **Simplified public contract procedures; simple regulations for accessing public equity:** The procedures to access and applying for public contracts by women led enterprises must be simplified so that



it may well be within the understanding of simple and not so qualified/educated business women too. There must be simple regulations for accessing funds through floating public equity. This will prevent apprehensions from the minds of women to float public equity and would thus catalyze efforts for expansion and resizing of the business ventures.

- **Rewards for successful women entrepreneurs by Central/State governments:** Learning by observation is best form of learning. Hence successful business women must be rewarded by central and state governments and due recognition and publicity must be given to their efforts through newspapers and magazine so that potential entrepreneurs may have experience sharing with these successful business women
- **Awareness regarding entrepreneurship as an attractive career option:** Training in entrepreneurial attitudes should start at the high school level through

well designed courses at school level. Entrepreneurship as a subject must be taught at school level so that girls at school level may be made aware regarding entrepreneurship as a career option apart from traditional areas of science, engineering and management. Vocational training must be extended to girls students at basic levels starting from schools which will enable them to understand the production process and production management.

- **Collection of more reliable gender specific data:** All the above mentioned measures are only [possible when government has reliable set of gender specific entrepreneurship oriented data. This includes data on number of registers and unregistered women centric organizations, approximate amount of credit and other facilities given by banks and other government agencies to women led businesses etc. The availability to such type of specific gender based data is possible only when government initiates collection of such data through data collection agencies such As CSO, NSSO, Planning commission, state agencies and also private agencies involved in such comprehensive data collection activities.
- **Review of education policy, eliminating stereotyping, enhancing participation in STEM fields:** Our education policy must be reviewed in the light of focusing new roles of women in society. The traditional stereotypes of confining women to arts, literature and hospitality should be eliminated and their participation must be enhances in STEM fields taking up more technology oriented courses so as to increase their participation in technology entrepreneurship. For this new education policies and school curriculum should be designed and advocated and educational boards such as



CBSE, ICSE and other state boards must be encourage to start and propagate such courses at school/college levels.

### **THE NETWORKS**

Several networking groups are providing women entrepreneurs a helping hand. WEConnect International, which set up its India operations in 2012, connects women-centric enterprises it certifies to multinational corporate members like IBM or Accenture. Similarly the Women's Web Network for women conducts workshops, webinars and city-based customised initiatives for business women. The network provides supportive forum to benefit from the experiences of other women at work, facing similar challenges and forging ahead. Dell Women's Entrepreneur Network connects female entrepreneurs across the globe with networks, sources of capital, knowledge and technology, giving them the power to do more. Federation of Indian Women Entrepreneurs (FIWE), a national-level organization endeavors to provide networking platform for women, access technical know-how, disseminate industry research & expertise, and brings the businesswomen on a common forum and ensures that their opinions, ideas and visions are collectively and effectively taken up with policy makers.

Apart from professional global/country level women networking organizations, initiatives can be taken by local city based business women to start self-help groups so as to develop local experience sharing networks of their own. Such self-help groups may not just provide experience sharing opportunities but may also plan and manage common projects such as collective marketing programs, bulk buying from suppliers, develop common facilities such as machines, warehouses, and office or transport



facilities, generate group lending and borrowing facilities and can also start their group-owned enterprises. Such networking and business models must be encouraged and can be initiated on trial basis initially and if successful may be encouraged in other cities or states too. This would discourage any apprehensions in the minds of single women entrepreneurs and would inculcate team building and leadership spirits within the women.

### CONCLUSION

Need based short term income generating programs of the government might enhance income levels for certain sections for a limited period of time but these do not ensure long term sustainable generation of growth. After a time such programs fade away and it is because of this that there is multiplicity of poverty reduction and employment generation programs launched by the government throughout the planned era. However, none of the programs have been able to generate the much needed quality of growth



Page: 204

as was envisaged by the planners. This is mainly because such programs have acted like instant pain killers that can be given to provide emergency pain relief. However it does not eradicate the root cause of the pain. Development programs must thus focus on enhancing the overall capabilities of the poor, making them efficient enough to enhance their well beings through their own creative instincts and ideas. It is only then that subjective wellbeing can be enhanced apart from accelerating the objective criteria of growth and wellbeing. Empowerment brought through boosting entrepreneurship not only enhances the income levels but also instills a sense of confidence, self-respect and dynamism to the personality of the person and this confidence entails a trail of innovation and creative dynamism in the economy. This ensures a long chain of development process wherein the growth is automatic and spread to a longer frame of time. This type of growth ensures all the dimensions of Inclusive growth that policy makers have talked about and this is what makes the nation self-sustaining and dynamic.

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<sup>1</sup> Human Development Report 2017.

<sup>2</sup> Gender GEDI Report (2014).

<sup>3</sup> Global Entrepreneurship Index, 2014.

<sup>4</sup> OECD Economic Surveys: India, 2014.

<sup>5</sup> Labour Bureau, 2013-14.

<sup>6</sup> McKinsey Global Institute report, *The power of parity: How advancing women's equality can add \$12 trillion to global growth, 2015.*

<sup>7</sup> IFCI Report, 2014.

<sup>8</sup> McClelland. DC, *The Achieving Society, The Freepress, New York, 1961.*

<sup>9</sup> Annual Report, (2010c), NIESBUD.

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