

## **Role of Entrepreneurship development agencies in promoting women Entrepreneurship: a study of Kerala**

Dr. Vinisha Bose

*Programme Coordinator /Faculty, Entrepreneurship Development Institute, Kerala.*

---

### **ABSTRACT:**

**Purpose** - This paper is based on a probe carried out to critically analyze the pros and cons of various measures initiated by the state, central governments and financial institutions for the promotion of women entrepreneurship in Kerala.

**Methodology** - The study is a field level investigation done among the women entrepreneurs and the officials of the various institutions rendering support to women entrepreneurs.

**Findings** - The study revealed that the reality on ground regarding the development measures for promoting women entrepreneurship does not match the blueprint of the programme in official writing. This implies that women entrepreneurship development in the state is still in a rudimentary state and adequate measures are to be initiated to promote women entrepreneurship which is an imperative necessity for mitigating the mounting unemployment problem.

**Conclusion** – The study gives a number of constructive suggestions for making changes in the existing schemes of assistance, launching new schemes and making cordial relations between officials of the agencies and women entrepreneurs.

**KEYWORDS:** *Entrepreneurship, Economic Development, Government and Financial institutions, Women Entrepreneurs*

---

### **I. INTRODUCTION**

It is a shame on mankind, acclaimed to be the highest in the scale of creation that the female sex has been held in low esteem, branding it weak and incapable of seeking an independent existence. An impartial and unbiased probe to unravel the truth, will necessarily lead us to fathom the abysses of civilization, where ‘‘the purest gems of the ray serene’’ lie hidden in the form of feminine strength and competence. It bodes well that, owing partly to the enlightenment created by great reformers and partly to the just resistance put up by organized feminist movements, the position of women in society has now come to be accepted by and large. Modern governments have come out with legislative guarantees, ensuring them an equitable role in national progress, wealth creation and development. It is now universally accepted that women are capable of taking up and executing any task that their male counterparts are competent for.

Economic development is one of the prerequisites for the people who are in the clutches of poverty, especially poor women, to ameliorate their status and live a dignified life in the society Entrepreneurial activity always is seen as an engine of economic growth and development. It can contribute to the creation of wealth and jobs may foster innovation and provides autonomy to the individual. Women are even now kept aloof from participating in entrepreneurial activities. However, currently everywhere there is a growing recognition that development can be significantly accelerated if more and more women could be encouraged to become entrepreneurs. But the fact remains that woman as entrepreneurs need to be supported. Women, while still a minority in the business world, have in them inherent entrepreneurial potential and are, or can be, an important resource for economic growth and, by implication, for job creation. Women’s entrepreneurship appears to be an ‘‘untapped source of economic growth’’ Despite the fact that women represent more than half of the world population and are very large source of human capital with huge potential, they account for only less than half of their male counterparts in the field of business initiation and promotion. Whenever, a discussion on national human resources takes place it is common to describe them as ‘manpower resources’ because it is widely believed that men are the producers of the economic wealth and they alone have the prerogative of getting recognized and rewarded for the final outcome.

Small Scale Industries (SSI) plays a key role in the industrialization of a country. It is considered as an important means for checking concentration of economic power in the few hands and bringing about economic dispersal and more equitable distribution of national income. The nature and character of SSI is congenial to

women to become entrepreneurs. In the households where women are economically active, female children are perceived as potential wage earners and they receive a higher share of household resources than where women are economically unproductive.

## **II. STATUS OF WOMEN IN KERALA**

The much acclaimed Kerala model of development is well known and hardly needs a detailed explanation. Kerala is the only state in India, where women outnumber men with a high sex ratio ever since 1951. The literacy rate, health status, empowerment of women and other indicators show that Kerala women are far ahead of their counterparts in the rest of the country. Its level of social development is almost at par with the level of development in the highly industrialized countries including the United States. Kerala's per capita SDP has been growing even faster than the all India average because of its low population growth. Because of this, women have entered almost all walks of social life in the state. A bird's eye view the status of women in Kerala will reveal that even though the indicators in social development are enviable a proportionate level of achievement is not found in the economic front, especially in the cadres of employees and entrepreneurs.

However, the fact that the government is sharing genuine interest in promoting women entrepreneurship is enough to dispel the gloom. There exist a variety of institutions at the all India and state levels which provide support to entrepreneurs. The important agencies extending various types of assistance to women entrepreneurs in Kerala are; DIC, MSME-DI, KITCO, KSWDC, KFC, K-BIP, KIED, CMD, K-BIP, KINFRA, KSIDCO, KVIB, Public sector banks, Co operative banks, Regional rural banks and Private sector banks. In the light of institutional and financial support held out to the women entrepreneurs from different sources in recent times, an extensive survey and an intensive assessment of women entrepreneurship promotional programmes in the state of Kerala are of utmost importance, even an imperative necessity. These important reasons embolden the author to make a probe in this direction.

## **III. OBJECTIVE**

The objective of the study was to find out the efficacy of the various women entrepreneurship promotional measures, being promoted by the government and financial institutions in the state and to identify the insufficiencies and flaws.

## **IV. HYPOTHESIS**

The efforts taken by the promotional agencies are not at all effective for nurturing women entrepreneurial ventures in the state.

## **V. METHODOLOGY**

### **1. Universe**

The respondents of the study consist of women entrepreneurs, employees of government and financial institutions. Six districts for detailed study are: Trivandrum, Alappuzha, Kottayam, Idukki, Ernakulam and Trissur.

### **2. Selection of sample**

For selecting the sample women entrepreneurs for the study, the list of the names and addresses of registered units was collected from the District Industries Centers (DICs). The main criteria for selecting units for the detailed study were:

- a) The women entrepreneurs, who registered their units on or before 31<sup>st</sup> March, 2006 were selected.
- b) Those units in which the owned women entrepreneurs have a definite say and active involvement were chosen for the detailed study. Therefore, judgment sampling technique was used in conformity with the afore mentioned criteria for selecting the sample.

According to the data of the industrial records, there were 53204 units registered in the name of women as on 31<sup>st</sup> March, 2006. And the total numbers of units in these six districts are 29969 as on 31-03-2006. A uniform sample of 50 women entrepreneurs per district was taken. So the sample number for the study constitutes 300 units.

### **3. Sample Government and Financial Institutions**

The agencies from where the sample Women Entrepreneurs had availed themselves of various assistances have been selected as the sample agencies for the study.

#### 4. Sources of data

Data were gathered from both primary and secondary sources. The primary data were collected from women entrepreneurs and the various officials in Government and non government sector engaged in the development of women entrepreneurship activity. Secondary data has been mainly drawn from various records and publications of Governmental and Nongovernmental offices.

#### 5. Tools for Data Collection

Since the study was basically of survey nature, the major research tool for data collection was interview schedule.

#### 6. Tools of Analysis

For the purpose of analysis, the statistical tools such as averages, percentages, ratios, weighted average and Wilcoxon matched Paired test were used in the study. Chi-square, Anova test and T test were used to test the hypothesis and to draw inferences.

### 7. FINDINGS OF THE STUDY

#### a. Support from governmental and financial institutions

For motivating both the aspiring and existing women entrepreneurs in Kerala and to overcome the impediments and constraints in business different government agencies as well as non-governmental organizations are offering support in various ways- in terms of financial assistance, by providing scarce raw materials, skill development training facilities and marketing support etc. Mainly because of the inadequacy of the means of creating awareness among the respondents, the major portion of these incentives and facilities remain unutilized; only a few women entrepreneurs are found to avail of the services offered by these agencies.

**Table No. 1 Extent of Awareness about Government Agencies**

Responses	Number	Per cent
Fully Aware	88	29.33
Aware	43	14.33
Moderate	75	25
Nil	94	31.33
Total	300	100

Source – primary data

It is pertinent to mention here that even amongst those who were aware of the existence of such schemes, very many of them admitted that they were not fully conversant with the nature and content of these schemes of assistance. Lack of adequate promotional efforts on the part of support agencies could be the major reason behind the ignorance of a big chunk of the respondents regarding the various schemes of assistance.

It is found that existing and potential women entrepreneurs are not fully making use of the available Government schemes including latest technological support through agencies instituted for the purpose. Even few respondents who are making use of the assistance do not go beyond receiving financial help. The respondents were asked to list the assistances availed of themselves from the government agencies. The efforts of these agencies to promote women entrepreneurship will be successful only when the various services offered are properly utilized by the women entrepreneurs.

**Table No. 2 Availing of the Schemes of Assistance by the Respondents**

Services	Number	per cent
Training	194	64.66
Subsidy/Incentives	129	43
Marketing	36	12
Trade fairs	12	4
Infrastructural facilities	13	4.33
Quality up gradation	3	1
Buyer seller Meets	11	3.66
Consultancy	30	10
Testing Facility	2	0.66

\*Some of the sample respondents availed more than one facility.

It is found that from the various assistances offered by the Government supportive agencies, training facility was utilized by 64.66 per cent, but most of them did not go beyond PMRY training. Even that was to satisfy a mandatory precondition attached to the availing of loan facility. From this, we can understand the fact that most of the respondents are attending training not to develop their entrepreneurial skill but only for availing of the loan facility. And for getting a loan sanctioned from banks for entrepreneurial activity, a certificate of having undergone EDP training is necessary. Though a number of EDP agencies are engaged in imparting training to the prospective and aspiring entrepreneurs, it appears that sincere effort is not being made to ensure that the objective of EDPs is fulfilled. In the absence of any specific evaluation of these programmes it is difficult to quantify their outcome. After completing the training there is a need to have a retrospective look into how many participants have actually started enterprises. The programmes conducted by the various agencies vary in duration, selection procedure, course content, etc. There is a certain imbalance between the supportive activities i.e. the financial assistance and the stimulating activities i.e. entrepreneurial development.

**Table No.3 Wilcoxon matched –paired test for skills developed and business performance indicators before and after attending training programme**

Obs		Test	Stat	pValue
1	Drawing up financial statements	Signed Rank	1010.5	<.0001
2	Human resource management	Signed Rank	1008	<.0001
3	Business failure signs and causes	Signed Rank	2050	<.0001
4	Finance and cash flow	Signed Rank	1399.5	<.0001
5	Managing growth of the business	Signed Rank	162.5	<.0001
6	sustainable competitive advantage	Signed Rank	300.5	0.0004
7	Creative problem solving	Signed Rank	202.5	<.0001
8	Legal aspects of the business	Signed Rank	138.5	<.0001
9	Annual sales/Turn over	Signed Rank	10.5	0.0313
10	Value of capital assets	Signed Rank	85	0.5678
11	Profitability of the business	Signed Rank	-5	0.1250
12	Satisfaction of customers	Signed Rank	3	0.2500

Here we have wilcoxon test for each row and in the case of skills developed through training programme; Drawing up financial statements, Human resource management, Business failure signs and causes, Finance and cash flow, Managing growth of the business, Creative problem solving, Legal aspects of the business- All these rows are significant i.e. training make a difference. With regard to business performance indicators -Value of capital assets, Profitability of the business, Satisfaction of customers, Sustainable competitive advantage are non significant (P value >0.05) with respect to before and after training. i.e. training does not make any difference in Value of capital assets, Profitability of the business, Satisfaction of customers.

Though women have taken keen interest in the EDPs, it has been observed that many female candidates even after completing the EDP successfully failed to start their own ventures for the following reasons.

- 1) Lack of adequate follow up support from these institutions.
- 2) Lack of co-ordination between the employees of promotional agencies and women entrepreneurs.
- 3) Poor improvement in technical skill.
- 4) Poor infra structural facilities
- 5) Heavy burden of documentation and formalities
- 6) Arbitrary changes in the administration of laws by the government.
- 7) Unnecessary intervening of politicians and administration.
- 8) Social environment is not conducive to the development of women entrepreneurs.

However, a network of financial institutions already exists to meet the varied needs of industries. Most of them satisfy the needs of large and medium industries viz. KFC, KSIDC. In financing the SSI sector SIDBI has been playing the role of apex financial institution. Besides SIDBI, KFCs, NSIC, - are also providing financial, marketing, and technological support to them. It can be seen that the majority of the entrepreneurs availed of financial assistance from commercial banks other than Governmental financial institutions for the smooth running of their enterprises. When questioned on the facilities provided by the government, they simply

said that only two facilities are provided and they are loan and subsidy. But it is interesting to note that they did not make any difference between government agencies and banks. Either they tried to club together these two facilities or they did not know the difference between government agencies and commercial banks. Similarly, the characteristics of assisted entrepreneurs, those who have utilized most of the schemes provided by these agencies, indicate that they are better off, compared with an average small entrepreneur. These features indicate that either promotional institution tended to focus their operations on better –off enterprises, or only those enterprises which were endowed with knowledge and initiative to approach these institutions were the major beneficiaries. In any case, it appears that the assistance programmes had not adequately fulfilled the objective of encouraging dispersal of industrial activities and widening the base of industrial entrepreneurship.

Financial institutions, besides financial assistance to units provides development and support services also. At the time of sanctioning loan they usually provide consultancy services. Only a few provide marketing and training to women entrepreneurs.

**Table No 4 Availing of assistance by the respondents**

Assistance	Number	Percentage
Financial Support	231	77
Development support	8	2.66
All	18	6
Not utilized any	43	14.33
Total	300	100

Source – primary data

The table reveals that 77 per cent of the respondents had availed of only financial support. While 2.66 per cent had got development support and 6 per cent had availed of all the facilities provided. Nearly 14.33 per cent of the units have not taken the benefit of any type of assistance. The reasons are many, some are not aware of the formalities for getting the assistance, some did not need assistance, and some needed assistance but stayed away because of the innumerable formalities associated with the processing of applications for assistance. The procedures for providing assistance should be simplified by reducing the formalities, streamlining the procedures and expeditious decision making. The aid giving agencies should ensure that the applications for assistance are not turned down on grounds of minor, avoidable and unimportant considerations.

These promotional institutions assist all and sundry in setting up small units with an attitude of indifference or over-ambitious objectives. But they fail to provide adequate working capital, raw materials, training, and power supply nor do they help women entrepreneurs in finding marketing outlets for the sale of their products. This situation has arisen because of the absence of a meaningful coordination among the concerned agencies. Propounded by different departments and initiated at different times, most of the schemes share a lot of common features. However, by their definition many financiers and business angels are reluctant to fund such low production, low capital, low risk ventures.

The amount of capital required to start and operate a small industry unit is low and because of this, people without any entrepreneurial aptitude or talent often venture into this field. Assistance given without proper scrutiny and systematic follow up often cause money to be wasted by the recipient units. In spite of an impressive structure of institutions for providing technical assistance, a large proportion of the small enterprises in the sample for study indicated that the right type of information for technical improvements when they actually faced specific problems in their day to day operations could not be secured from them. In the study it was revealed that the needs of women entrepreneurs, those who were just starting their ventures, (a) requested assistance and training in implementing the business idea, (b) identifying initial sources of financing, and (c) advertising/promotion. The entrepreneurs, who were already established, had a somewhat different set of needs including financing for expansion and increasing sales. The study had identified ten most desired needs of fast growth entrepreneurs: (a) using cash flow to make operational decisions (b) financing growth (c) increasing the value of the business (d) compensation for self and associates (e) hiring, training and motivating for growth (f) succeeding in a rapidly changing world (g) successful selling (h) sales force management (i) management success (j) problems and pitfalls of growth.

The experience of women entrepreneurs of the first generation has indicated a high degree of mortality due to inadequate inputs in technical, managerial and financial areas. In such cases, it was necessary for the bank to go beyond its traditional role as financier and become a partner in progress in the constituent unit, by a higher degree of involvement in all functional areas of the management of the unit. There are some examples of

successful women entrepreneurs in Kerala, but the number of women in the list of notable entrepreneurs and instances of great enterprises promoted and nurtured exclusively by women in Kerala is conspicuously low.

The respondents were asked to list down the problems which they faced in these agencies while availing of various schemes of assistance.

**Table No. 5 The problems faced while availing assistance**

Problems Faced	1(3)	2(2)	3(1)	Over all weight age	Rank
Collateral Requirements	102	24	3	357	1
Too much of paper work	74	20	3	265	3
In adequate disbursement of loan	84	27	7	313	2
Requirement of audited financial statements	43	13	2	157	4
High rates of interest	20	4	-	105	8
High processing fee	25	8	2	124	6
Cumbersome monitoring and recovery procedures	26	7	1	122	7
Lack of transparency of bankers	40	13	2	148	5

Source – primary data

On analysis of the data it was found that demand for collateral requirement was one of the main problems, faced by the women entrepreneurs while availing assistance. Some respondents said that the commercial banks unjustifiably took collateral security from them under PMEGP scheme although the provisions in the scheme do not warrant it. The Security/ Surety and collateral requirements of Banks and Financial Institutions frustrate most women entrepreneurs. It is extremely difficult for women, particularly for those coming from the lower Socio-Economic strata to set up a modest sized unit as their own financial and other resources are barely inadequate to meet the promoter's contribution. Another problem faced by them is the inadequate disbursement of loan. Even when loans are provided it does not fulfill the needs of women entrepreneurs and they have to find other sources of funds for the smooth functioning of their enterprises. It was stated that cuts in working capital imposed by the bank managers restricted their ability to expand output precisely when other institutions were assisting to meet the increasing demand for their products. The third problem faced by the women entrepreneurs was too much of paper work. They have said that the rules and regulations have become obsolete and outdated as a result of which procedural formalities are too many. In the case of most of the units under study did not have a habit of keeping records about the working of their firms. During the period of field work it was really a hectic task to get the financial details of the enterprises, as many of them do not have the written records they had furnished the details from their memory. And so when these units approach banks for loan, they demands audited statements and these women entrepreneurs are at one's wits end. The problems of high rates of interest, high processing fee and cumbersome monitoring and recovery procedures are also faced by the respondents. Some women entrepreneurs hinted the unwillingness on the part of banks to finance a project promoted by a women entrepreneur. The problem gets compounded if the women entrepreneur happens to be an unmarried one because the bank officials suspect that after marriage the women will leave that station. The officials also doubt the capabilities of women entrepreneurs in making proper use of loan or other incentives.

The respondents alleged that a women entrepreneur allured by many facilities and incentives provided by the government soon loses her enthusiasm and zeal when she observes the real working of these agencies. Delay in project implementation results in cost overrun and the funds meant for the project get depleted either on account of her personal withdrawals during the period or owing to pre-operative expenditure.

The question of the success of an enterprise is directly related to the ability to plan for tapping the benefits of an available project. The major problem, which the first generation entrepreneurs faced, related to the project planning itself. Even though there are consultancy organizations helping in the preparation of project report very few women have availed of the services. The reason may be partly due to the baseless fear of huge costs and partly due to lack of awareness of the existence of such facilities and services. Our task is to facilitate improvement in such awareness among potential women entrepreneurs and usage of such services.

The study reveals that the general approach of supporting business is ineffective in promoting female entrepreneurship. More specific support systems to provide assistance to women entrepreneurs are needed. In fact, while it is true that existing support structures do provide women with the opportunity to make contacts, build networks and learn from the experiences of others, specific measures are still necessary.

## **8. RECOMMENDATIONS**

1. To make women entrepreneurship movement a success, cohesive efforts of all the concerned institutions viz. training, financial and marketing are greatly required. They are needed to work in collaboration with each other. A single coordinating agency, which facilitates the flow of adequate working capital, technology power, and marketing of finished goods, is desirable. Training programmes must be organized through concerted efforts of NGOs and governmental organizations.
2. Perhaps more effective publicity by the promotional agencies and systematic and vigorous follow up will help in improving matters. For better and effective utilization of assistance provided by the different agencies, care should be taken to ensure that :
  - a. Assistance is provided in time and in adequate quantities.
  - b. Encourage only such units which are capable of stimulating growth and employment.
3. Institutions like the DIC which are easily approachable for the women entrepreneurs have to maintain a closer contact with the technical research centers to obtain information on a continuous basis on adaptation of technology suited to the needs of small enterprises. There should be provision for storage of such information, and its dissemination to the units.
4. Majority of the entrepreneurs do not have investments in R&D facilities, even in cases of many entrepreneurs, who have research and development facilities, any investment of a substantial nature is not made. It is suggested that governments may encourage investments in R&D by providing incentives and concessions through government policies.
5. Only those who are seriously interested in setting up their own ventures should be allowed to join EDPs. The women, whose family already own industrial venture and want to join EDPs to take advantage of the concessions granted to women entrepreneurs, should be discouraged.
6. Training component should include skill formation knowledge on different technologies, handling of better equipments, legal aspects of running a business, preparation of feasibility reports, better marketing and communications. The content of the training programme should be planned keeping in mind the intelligence level and interest of the target group. The venue of the programme should be such that more and more women come to participate in it. .
7. Merely providing support and leaving the entrepreneurs to go their own way will defeat the objective of the programme. Therefore, adequate follow up and counseling of the entrepreneur is also essential both during the implementation stage and the production /running stage.
8. To reduce the incidence of sickness, what is most needed is to train the entrepreneurs to identify the symptoms of sickness, diagnose its causes and introduce remedial measures before the units become actually sick.
9. Similarly the procedures for disbursement of subsidies and grants, allotment of industrial plots and exhibition stalls, and other benefits intended for women entrepreneurs should be made viable, transparent, and easily accessible.

## **9. CONCLUSION**

Women now constitute a decisive force with which the future destiny of the world is inextricably blended. Its natural corollary is that it is most essential to help her throw away the fetters that an inequitable tradition has been using to suppress the enormous potential inherent in womanhood, lest universal peace and harmony should ever remain a distant dream. The best way to realize the man –woman equality and harmony, visualized in the most glorious document- Indian Constitution –is to bring her into the main- stream of economic activity by extending all possible assistance to help her latent capabilities in building up a progressive modern India. In this elaborate process a day will dawn that bears witness to the scene where men and women are sitting together as equals discussing matters pertaining to every walk of life and every segment in the society. Women will be seen in numbers as large as men occupying top positions in business as well as public affairs. Successful women entrepreneurs will be common sights in the streets and at the echelons of economy. But the development of entrepreneurship among women depends on various factors i.e. organization, education, stimulation and motivation etc. There is a need for motivating them through concerted and systematic efforts in the right direction. All such measures will facilitate women entrepreneurs to get into the mainstream of the socio-economic life in the country. Women entrepreneurs of Kerala, both prospective and practicing, have tremendous potential and can contribute substantially to the prosperity of our state. They should not be mixed up with other groups receiving general and social welfare benefits because there is a whole world of difference in the disabilities of different groups. Most of the women engaged in this trade are discontented and quite unhappy with support system in existence now. Official harassment and corruption have turned the arena into an Aegean stable. If the government does not step in with stringent measures and an impeccable will to set matters right, the future of women entrepreneurship in Kerala will be bleak. The researcher is an optimist. There is still room

for hope. Can the researcher hope that her efforts to highlight the pitiable condition of women entrepreneurs in Kerala will not prove a cry in the bewilderment?

#### **REFERENCES**

- [1]. Vinisha Bose (2012) ,”An analytical study of the impact of women entrepreneurship development measures promoted by the Government and Financial Institutions in Kerala “ , Ph.D thesis, M.G.University
- [2]. Manimekalai & Rajeshwari (2001), Galab & Chandrasekhara Rao (2003), Qazi, Moin (2005:40) and Bapuji (2008:188) et al, discussed about the importance of economic development to eradicate poverty and empowerment of women as well
- [3]. OECD 2004.
- [4]. Minniti .M Charecteristics of the Entrepreneur, GEM 2004 Global report ;launch in London , January 20 , 2005
- [5]. Diana Project, 2005
- [6]. Ranjana Harish and Bharathi Harishankar. V., “Shakthi; Multidisciplinary Perspectives on Women’s Empowerment In India, Rawat Publications, New Delhi, 2003.
- [7]. Economic Review, Various issues, State Planning Board, Kerala.