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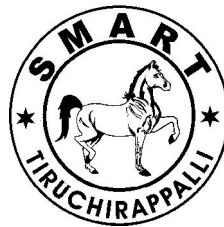
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## ROLE AND INVOLVEMENT OF GOVERNMENT AGENCIES AND FINANCIAL INSTITUTIONS IN THE DEVELOPMENT OF WOMEN ENTREPRENEURS IN MADURAI DISTRICT

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### **Abstract**

*Adequate support of Government agencies and financial institutions is indispensable for enhancing the pace of industrialization. Several institutions have been set up in India in the public and private sectors to provide financial and technical assistance for entrepreneurship, particularly women entrepreneurship and are playing a pivotal role in giving financial and consultancy assistance to entrepreneurs for setting up of new ventures and also for their modernization, diversification and expansion. The Government of India has created a network of financial and development institutions to supply credit and other development and support services. Still small entrepreneurs, especially women, face the problem of credit and other service. This paper focuses on the role and involvement of Government agencies and financial institutions in the development of women entrepreneurship in Madurai District. The assessment has been made on the basis of the perception of women entrepreneurs, Government agencies and financial institutions.*

**Keywords:** *Subsidy, Incentives, Prime Minister's Employment Generation Programme (PMEGP), EDP, Annual Credit Plan.*

**JEL CODE:** G20, L26, L80, L88

### **1. INTRODUCTION**

Women constitute around half the world's population and India is no exception. They are, therefore, regarded as the better half of the society. In traditional societies, they were confined to the four walls of houses performing household activities. In modern societies, they

have come out of the four walls to participate in all sorts of activities. Women have been performing exceedingly well in different spheres of activities like academics, politics, administration, social work and so on. They have started plunging into industry also and run their enterprise successfully.

Now women have emerged as an important part of industrial growth. To achieve

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equal status with men, women have to come out of their traditional roles and responsibilities and have to create an identity for themselves, assuming a variety of functions. To make this dream a reality, women have to consider their labour as not drudgery but a delight.

Women employed in unorganized and organized sectors are predominantly in unskilled and semi-skilled categories. Even the newer industries like engineering, electronics and pharmaceuticals which are increasingly employing educated women as skilled workers, tend to limit their participation to a few processes where the job involves dexterity of fingers or is repetitive and monotonous in nature. Many factors like urbanization, technical progress, women education etc., have profoundly changed the traditional conditions even in a developing country like India.

## **2. OBJECTIVES**

The main objective of the study is to understand the various forms of financial assistance given by the Government, Banks and Non-Banking Financial Institutions to Women Entrepreneurs.

To analyse the women entrepreneurs' perception of the uses of various financial assistance and the various training programmes given to them.

## **3. PERIOD OF STUDY**

This study covers a period of six months from October 2012 to March 2013.

## **4. STATISTICAL TOOLS**

Primary data were collected, tabulated and interpreted with the help of a master table. Descriptive Statistics such as frequencies, percentages and mean scores were calculated for various variables used in this study.

## **5. STATEMENT OF THE PROBLEM**

Women development is closely associated with the national development. Since women constitute half the total population and account for the second largest group of potential entrepreneurs in India, they do play a very important role in the advancement of the country. The Government of India has taken conscious efforts to substantially enhance the spirit of entrepreneurship among women from the Fifth Five Year Plan (1974-78) onwards. Since then, several developmental programs have been implemented in this direction. Still, it is a major problem for the Government and promotional agencies to identify potential women entrepreneurs, their current status and problems and how to help women to derive optimum benefit from promotional measures to achieve a sustained and speedy growth of women entrepreneurship.

It is against this background that the present study entitled, "role of government agencies and financial institutions in the development of women entrepreneurs in Madurai District" has been attempted.

## **6. REVIEW OF LITERATURE**

**Schwartz** (1979), in an exploratory study of 20 female entrepreneurs, found that their prime motivations for starting a business were the need to achieve, the desire to be independent and the need for job satisfaction and economic necessity. These female entrepreneurs tended to have an autocratic style of management.

The major problem encountered during start up was credit discrimination and the subsequent problem was underestimating operating and / or marketing costs. **Huntley** (1985) used a case study approach to explore the life events and experiences that had influenced women to choose entrepreneurship

as a career alternative. Results indicate that the subjects were determined, hardworking and self-confident. In spite of financial hurdles, their determination, courage and optimism helped them to overcome these hurdles. Most ventured entrepreneurship because of the desire to be independent and to be in control of their lives. They defined their own measurement of success. They were looking for a balance between personal and professional interests and preferred career satisfaction that transcended other aspects of their lives. **N. Manimegalai** (1993) conducted a study on entrepreneurship development in industrial estates in Trichy District. In her study, she examined the differential performance of the entrepreneurs in industrial estates and outside the industrial estates. The analysis of social profile of entrepreneurship of industrial estates and units outside the industrial estates, reveals some difference in the characteristics pertaining to education, community and migration from other districts and their performance. Investment size was higher for industrial estates than for the units outside industrial estates. **Poonam Sinha** (2003), in a study based on a sample of 400 men and women entrepreneurs, revealed that the main motivating factor to start an enterprise was to earn money by both men and women entrepreneurs. The units set up by them were mostly micro enterprises. Traditional activities such as handicrafts and handloom still dominate the type of activities undertaken by women entrepreneurs. The units of both men and women entrepreneurs were suffering from inadequate income generation. Majority of women entrepreneurs managed finance through their own sources. The study concluded that women of the region had enough potential to take up entrepreneurship as a career. Determined efforts from women entrepreneurs, supported by congenial climate, can bring about substantial results. **R. Mathivanan** and

**R. Swaminathan** (2005), in their study, suggested that entrepreneurial education and entrepreneurial development programmes should be provided like EDP, WEDP and TRYSEM and proper provisions are needed to impart the training and re-orient the rural entrepreneurs in specific products to improve the technical and managerial skills. Tax incentives, liberalized credit policy, flexible repayments, transport, advertisement and warehousing facilities should be provided with minimum charges.

## 7. SAMPLE FRAME

From the women entrepreneurs registered at commercial banks, District Industries Centre, Khadi and Village Industries Board, Women Development Corporations and Local Association, women entrepreneurs registered in District Industries Centre, Madurai were selected. Out of the 600 women entrepreneurs registered in District Industries Centre, Madurai, a sample of 75 women entrepreneurs were taken using stratified random sampling technique. The information was collected from the 75 sample respondents by regular personal visits.

## 8. DATA COLLECTION METHOD

Both primary and secondary data were collected. The research instrument for primary data collection was interview schedule. The secondary data were collected from books, journals, reports from Government records and from various institutions.

## 9. LIMITATIONS OF THE STUDY

During the course of field work, it was found that some women entrepreneurs were dummy entrepreneurs. Some women entrepreneurs were running their businesses, in collaboration with their husbands or family members. These women entrepreneurs gave the information only after consulting their husbands

or family members. Figures pertaining to employees, profitability of the business and other information regarding financial implications were given by women entrepreneurs after some hesitation.

## 10. ANALYSIS OF THE STUDY

### Subsidy Given to the Entrepreneurs in Madurai District

The **Table 1.1** gives the details about subsidy given to women entrepreneurs in Madurai District during the period 2009-2010. It is understood that there was gradual increase in availing subsidy by women entrepreneurs during the period of three years i.e., from 2009-2012. Capital subsidies by the state were more than other subsidies. Value added tax subsidy was given to a minimum number of women entrepreneurs in the period 2009-2010 and it increased to 15 units in the period 2011-12.

### Loans to Women Entrepreneurs from various Banks

Several agencies have been set up by the Government of Tamil Nadu for providing varied services to women entrepreneurs. DIC, TANSIDCO, ITCOT, TNCDW, SISI, TACID, CED, TANSI, KVIC, DRDA, etc. in Tamil Nadu provide development/support services to entrepreneurs. The activities of these agencies in Tamil Nadu are more or less similar. The major activities include:

- Counseling and consultancy services
- Clearance from various departments
- Training programmes
- Identification of entrepreneurs
- Financial assistance
- Dissemination of information
- Entrepreneurial guidance
- Escort services

- Registration
- Conducting entrepreneurship development programmes and surveys
- Sanction and disbursement of subsidies
- Creating awareness of various policies

The **Table 1.2** explains the loan provided for entrepreneurs in Madurai District by various banks for the period 2009-2010 and 2010-2011, 2011-2012.

For the period 2011-2012, compared to 2009-2010 and 2010-2011, loans provided to women entrepreneurs was relatively high. It is also understood that public sectors loan disbursal to women entrepreneur was relatively higher than loan from other financial institutions.

### Government Agencies Approached

A further enquiry was made among women entrepreneurs to find out whether they were aware of the Government Agencies and which agency they approached most.

**Table 1.3** shows that majority of them had approached DIC, as it is a must to utilise subsidies and other facilities. They had also approached DRDA/CDS/ District and Block Panchayats as their second choice. SISI ranks prominently as the certificate issued by SISI helped them to obtain loans easily from banks and also to get other concessions.

### Training Programmes Attended

The Government Agencies in Tamil Nadu organize a host of training programmes for women entrepreneurs to acquire knowledge about their proposed business, develop personality traits, business skills and also for future expansion of business. An analysis of the type of training attended by women entrepreneurs in Madurai District is given in **Table 1.4**.

**Table 1.4** reveals that a significant number of respondents had attended EDP training. Respondents had also attended skills upgrading programmes which ranked second. Women Entrepreneurs in Madurai District indicated third preference to management/development training.

### **Skills Developed through Training**

The skills developed through training enable women entrepreneurs to run the business tactfully and face the challenges boldly. Those who had undergone various training programmes, were asked to rank the skills which they developed through training.

**Table 1.5** shows that technical skill was given first preference by women entrepreneurs in the study area. Self-confidence was ranked second and 'Mobility' ranked third.

### **Reasons for Rejection of Loan Proposal**

Non-availability of credit from banks and other financial institutions is a major problem normally faced by many women entrepreneurs. Financial institutions usually insist on the fulfillment of certain conditions by the borrowers, which may not be possible for women entrepreneurs, especially poor entrepreneurs. The women entrepreneurs, whose loan proposals were rejected by banks, were asked to specify the reasons, which are listed in **Table 1.6**.

**Table 1.6** reveals that the predominant reason for the rejection of loan proposal by the financial institutions is the the 'unfulfillment of the eligibility' criteria specified by the financial institutions.

### **Lending Schemes Utilised**

Lending schemes of financial institutions for the women entrepreneurs depend upon the type of their business activity. Women Entrepreneurs are normally offered term loans

and working capital loans. The PMRY loan is meant for poor women entrepreneurs, as it does not require any collateral.

The rank score comparison of the lending schemes utilized by women entrepreneurs is shown in **Table 1.7** which reveals that a large number of women entrepreneurs had taken term loan and working capital assistance under the single window scheme. Working capital assistance was ranked second.

### **Respondents' Opinion about Government Assistance**

The respondents were asked whether they were aware of various schemes of assistance which the Government had launched for entrepreneurs in general and for women entrepreneurs in particular. It is pertinent to mention here that even amongst those who were aware of the existence of such schemes, a majority replied that they were not fully aware of all schemes of assistance.

**Table 1.8** shows that 45.33 per cent of respondents disagreed with the statement of "Govt. policies and assistance to women entrepreneurship are favourable and encouraging". Forty per cent of respondents disagreed with the opinion statement of "Govt. assistance, incentive and subsidy are easily availed and in time". 45.33 per cent of respondents agreed with the opinion statement of "Governments industrial policy is more favorable and encouraging to women entrepreneurs". Twenty per cent of respondents disagree that Government assistance are target oriented and not reaching the needy entrepreneurs. 22.67 per cent of respondents disagreed with the opinion of "Lengthy and complicated procedures cause delay in getting the assistance". 21.33 per cent of sampling disagreed with the statement, "Personal and

political influence prevails at a high level in getting assistance”. Twenty per cent of respondents disagreed with the statement, “Lack of awareness prevail regarding various Governments schemes and assistance.” Twenty four per cent of sampling disagreed with the statement, “Wrong attitude of govt. and bank officials about efficiency of women entrepreneurs”. 25.33 per cent of respondents disagreed with, “Support agencies have insignificant role to play in the existing enterprises”. Finally, 22.67 per cent of respondents disagreed with, “Officials of support agencies show gender bias in extending assistance under general schemes”.

**Perception of the sample respondents on the Role and Involvement of Government Agencies and Financial Agencies in the Development of Women Entrepreneurship.**

- ❖ Majority of respondents had approached DIC because it is a must to utilise subsidies and other facilities.
- ❖ It is understood that ‘unwanted delay’ and ‘attitude of the staff’ were the major reasons for dissatisfaction.
- ❖ Sixty per cent of women entrepreneurs in the study area were not aware of the financial institutions. Only 8 per cent recorded complete awareness.
- ❖ Majority of women entrepreneurs had approached mainly public sector banks for financial assistance. Meanwhile, TIIC and Co-operative Banks were ranked second and NSIC was ranked third.
- ❖ The analysis reveals that the predominant reason for the rejection of loan proposal by the financial institutions was the ‘unfulfillment of the eligibility’ criteria specified by the financial institutions.

- ❖ It could be understood from the study that 22.67 per cent of respondents disagreed with the statement, “Officials of support agencies show gender bias in extending assistance under general schemes”.
- ❖ Majority of women entrepreneurs recorded awareness about the Schemes introduced by the Government for the women entrepreneurs. Majority of women entrepreneurs availed the government schemes.
- ❖ Forty per cent of respondents disagreed with the opinion statement of “Govt. assistance, incentive and subsidy are easily availed and in time”.
- ❖ 45.33 per cent of respondents agreed with the opinion statement of “Government industrial policy is more favourable and encouraging to women entrepreneurs”.

**11. CONCLUSION**

Those are gone when women in India were confined to the four walls of their homes and their immense strength and potential remained unrecognized and unaccounted for. Today major changes are occurring in the way women entrepreneurs prepare themselves for starting their own venture. More formal training, greater economic opportunities and changing social attitudes influence the entrepreneurial environment.

The successful women entrepreneurs became the role models to others. They can share the knowledge with others and can guide other women entrepreneurs who propose to start new enterprises. They can become big industrialists and take part in the global economy. The social inequalities can be removed by maintaining good relationship with neighbours and the society.

They can bring economic prosperity and create a socialistic pattern of society in the process.

### FUTURE SCOPE

1. Performance appraisal of women Self-Help Groups (SHG)
2. Economic upliftment of the society through women SHG- A study
3. An appraisal of Confidence and Morale boosting in Women through Entrepreneurship / SHG
4. Inclusive Growth through Self-Help Group.

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**Table-1.1: Subsidy to Women Entrepreneurs (Rs.in Lakhs)**

No	Particulars	2009-10		2010-11		2011-12	
		No of Units	Amount (Rs.)	No of Units	Amount (Rs.)	No of Units	Amount (Rs.)
1	State capital subsidy	25	100.00	39	195.00	40	125.00
2	Low tension power subsidy	14	6.65	32	24.00	36	29.00
3	Generator subsidy	14	16.79	34	30.96	40	40.00
4	Value added tax subsidy	1	0.42	12	19.18	15	33.00

Source: Annual Credit Plan, Canara Bank Lead Bank Section.

**Table-1.2: Loan provided for Women Entrepreneurs**

Name of Banks	2009-2010 (Amt)	2010-2011 (Amt)	2011-2012 (Amt)
State Banks Groups	87,014	65,139	2,89,997
Public Sector Banks	47,42,042	69,57,317	93,62,634
Private Sector Banks	10,30,492	18,10,649	22,83,579
Co-operative Banks	19,786	59,312	76,987
State Financial institutions/ others	0	4,040	46,747
Pandiyan Gramma Banks	1,51,458	1,00,570	12,17,220
Grand Total	60,30,792	89,97,027	1,32,77,164

Source: Secondary data from lead bank Note: Amount in lakhs



**Table-1.3: Government Agencies Approached by the Women Entrepreneurs**

Government Agencies	Mean Score	Rank
DIC	9.000	1
SIDCO/TANSIDCO	7.250	5
SISI	8.000	2
TNDCW	7.438	4
DRDA/CDS/District/Block Panchayats	7.895	3

Source: Primary Data

**Table-1.4: Type of Training Attended by the Women Entrepreneurs from the Various Government Agencies**

Type of Training	Mean Score	Rank
Skill upgradating	4.105	2
Management/development	3.000	3
PMRY training	2.000	4
Vocational training	2.000	4
EDP training	5.000	1

Source: Primary Data

**Table-1.5: Skills Developed by the Women Entrepreneurs from the Training Programme of Government Agencies**

Skills Developed	Mean Score	Rank
Communication	8.563	4
Management	8.3 13	5
Courage	7.538	6
Independence	7.500	7
Self-confidence	9.000	2
Mobility	8.57 1	3
Technical	10.125	1
Leadership	6.500	8

Source: Primary Data

**Table-1.6: Reasons for Rejection of Loan Proposal of the Women Entrepreneurs by the Financial Institutions**

Reasons	Mean Score	Rank
Unsatisfactory investment proposal	3.667	2
Loan amount is less than the minimum fixed by the FI	2.895	4
Poor financial position	3.000	3
Eligibility criteria not fulfilled	3.800	1

Source: Primary Data

**Table-1.7: Lending Schemes Utilized by the Women Entrepreneurs**

Lending Schemes	Mean Score	Rank
Term loans	11.905	3
Term loans and working capital assistance under single window scheme	12.974	1
Soft loan	11.000	5
Working capital assistance	12.902	2
PMRY loan	11.500	4

Source: Primary Data

**Table-1.8: Respondents' Opinion about Government Assistance**

Schemes	S A	A	N	D A	S D A	Total
Govt. policies and assistance to women entrepreneurship are favourable and encouraging.	5 (6.67)	14 (18.67)	3 (4)	34 (45.33)	19 (25.33)	75 (100)
Govt. assistance, incentive and subsidy are easily availed and in time.	5 (6.66)	15 (20)	11 (14.67)	30 (40)	14 (18.67)	75 (100)
Govt's industrial policy is more favourable and encouraging to women entrepreneurs.	5 (6.66)	14 (18.67)	8 (10.67)	34 (45.33)	14 (18.67)	75 (100)
Govt. assistance are target oriented and not reaching the needy entrepreneurs.	4 (5.34)	34 (45.33)	13 (17.33)	15 (20)	9 (12)	75 (100)
Lengthy and complicated procedures cause delay in getting the assistance.	6 (8)	33 (44)	9 (12)	17 (22.67)	10 (13.33)	75 (100)
Personal and political influence prevail at a high level in getting assistance.	10 (13.33)	37 (49.34)	6 (8)	16 (21.33)	6 (8)	75 (100)
Lack of awareness prevails regarding various Govt. schemes and assistance.	0 (0)	39 (52)	12 (16)	15 (20)	9 (12)	75 (100)
Wrong attitude of Govt. and bank officials about efficiency of women entrepreneurs.	12 (16)	37 (49.34)	5 (6.66)	18 (24)	3 (4)	75 (100)
Support agencies have insignificant role to play in the existing enterprises.	0 (0)	32 (42.67)	12 (16)	19 (25.33)	12 (16)	75 (100)
Officials of support agencies show gender bias in extending assistance under general schemes.	8 (10.67)	31 (41.33)	13 (17.33)	17 (22.67)	6 (8)	75 (100)

Source: Primary data