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THE MISSING MIDDLE: BRIDGING THE GAP OF FINANCING NEEDS FOR WOMEN OWNED SMES IN INDIA

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Abstract

Globally, share of women in entrepreneurial activity is lesser than that of men, with little advancement over time. The gap in early stage entrepreneurial activity rate between men and women is highest in India as compared to other BRICS nations (GEM, 2014). The Gender GEDI Index, that evaluates the entrepreneurial ecosystem for women in different countries, with India's ranks second to last, behind Egypt and Morocco out of 17 countries. Women owned businesses in India are undercapitalized and there is a financing gap of Rs. 6.37 trillion with 73% of the total finance demand among women owned business in India remains unmet. (IFC report, 2013).The gender gap in entrepreneurial activity and capitalization can be due to differing economic, financial and socio-cultural factors that affect the business environment for entrepreneurs. Lending to women-owned micro, small, and medium enterprises (MSMEs) is still not explored as compared to lending to MSMEs in India. Due to lack of segmental focus and with higher perception of risk, formal financial institutions have not contributed much to understand this segment. For growth and development of nation it is mandatory to bridge the credit gap for women-owned SMEs across the developing world.

This paper aims at understanding how access to finance for women owned MSMEs differs from men-owned MSMEs by mapping women-owned MSMEs worldwide along with their capability in accessing finance, to present the best practices for promoting growth of women-owned MSMEs by providing access to finance, and for building fact base in enabling policy discussions. The findings of a paper are based on

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secondary research and recommends potential interventions by financial institutions for closing the credit gap in women owned SMEs. It is concluded that improved access to credit is most effective when coupled with strong institutional environments; efforts should be made to establish more robust institutions and favorable business conditions.

Keywords: *Women Owned SMEs, Credit Gap, Financing needs, Economic Growth, Women Entrepreneurs.*

1.1 Introduction

It is properly identified that small firms are engine of innovation and economic growth (Acs and Armington 2006; Baumol 2002). The OECD (2016) reports that in transiting economies, small and medium enterprises (SMEs) account for atleast 45% of total employment and 33% of GDP. According to a new study from the International Finance Corporation (IFC 2012), SMEs account for more than half of all formal jobs worldwide, and their share of aggregate employment is comparable to that of large firms.

Women entrepreneurs make remarkable towards contribution to the Indian economy. There are nearly three million micro, small, and medium enterprises with complete or partial female ownership. Collectively, these women-owned enterprises contribute 3.09 percent of industrial output and employ over 8 million people. Women entrepreneurship is largely skewed towards smaller sized firms, because almost 98 percent of women-owned businesses are micro-enterprises. Apart from being under-represented in enterprises of all shapes and sizes, bigger is the firm less likely it is to be headed by a woman. Societal attitudes and norms prohibit women from even considering initiating a business, while systemic barriers consider that many women entrepreneurs stay confined to very small businesses resulting in operation in the informal economy. Access to finance is often considered as one of the primary obstacles that affect SMEs disproportionately (Ayyagari et al., 2012). Research from the International Finance Corporation (IFC) and Goldman Sachs estimated that as many as 70% of women-owned SMEs in developing countries are unserved or underserved by financial institutions – a financing gap of about $287 billion. It is clear that creation and growth of small firms is facilitated in countries that provide a supporting environment, including easier access to finance. Financial market imperfections are particularly restricting for small entrepreneurs who lack collateral, credit histories, and connections. Many of these entrepreneurs in developing countries are women.

In terms of access to finance, there is evidence that women entrepreneurs have disadvantage compared to their male counterparts. As per the reports of IFC (2011b) across the developing world, more women-owned SMEs cite access to finance as major obstacle than SMEs with no women ownership. Around 5.3 to 6.6 million women-owned SMEs in developing economies, which account for 63 to 69 percent of women owned SMEs, are estimated to be unserved or underserved by financial institutions. This amounts to credit gap of $260 to $320 billion. The importance for closing the lending gap for small women-owned business in emerging markets are clear as it would boost economic growth, labor force participation, drive up per capita income and strengthen GDP growth.

Literature Review

Using firm level data from OECD countries, Watson (2002) and Fair lie and Robb (2009) presents that performance of female-owned businesses on main parameters, like profit, size, and productivity is lower as compared to male owned businesses. Sabarwal and Terell (2008), in their study covering Eastern Europe and Central Asia and present that female owned enterprises are minor in terms of size of assets and employment. These findings have been reflected in Coleman (2007) as in case of 1998 US Survey of Small Business Finances. Using World Bank Enterprise Survey data, Bardasi et al. (2011) shows missing gender differential in value added per worker and total factor productivity while controlling the industry in which they work. However, Bardasi et al. (2011) shows that female-owned firms are less productive in both Eastern Europe & Central Asia and Latin America but not in sub-Saharan Africa.

Using the Survey data of World Bank Enterprise for the sub-Saharan African region, Aterido et al. (2011) pointed out a significant gender gap in labor coefficient and 12% productivity gap between male and female-owned firms.

Watson (2002) documents that poor performance of female-owned enterprises in Australia is because of lower initial start-up capital.

Although access to formal finance is often considered as most pressing obstacle to the growth of small and medium enterprises (SMEs), existing literature highlights women-owned enterprises particularly suffer from problem in obtaining credit from formal sources (Berger and Udell 2006). Previous literature also reflects that women-owned firms have lower loan approval rates from formal sources indicating credit market discrimination (Muravyev et al. (2009). Using cross country data from the Business Environment and Enterprise Performance Survey (BEEPS), Muravyev et al (2009) scrutinize that women entrepreneurs face lower probability of receiving loans and have to pay higher interest rates. As a result, women are discouraged from entrepreneurship and running business on an efficient scale. The reasons for the observed gender gap in accessing financial services may arise from both the supply and demand sides.

The demand-side factor stresses the lower number of credit applications from women-led businesses due to fear of rejection. Lower demand for credit by women-owned firms rise due to certain features like small size of business, risk aversion, perceiving themselves to be less creditworthy (Watson and Robinson 2003), perceiving financial obstacles that do not exist, lack of self-confidence (Scott and Roper 2009), and sector of activity. Coad and Tamvada (2012), used firm-level data from the third census of registered small-scale firms and discovered that firms headed by females grow slower after controlling other factors. De and Nagaraj (2014) have also used data from Indian manufacturing firms show that firms with better liquidity turn out to be most productive. Deshpande and Sharma (2013) highlighted the ethical and racial disparity in indicators of business performance. In a study of micro women entrepreneurs in the city of Ahmadabad, Kantor (2005) reports no effect of access to credit on the value added. Among the highlighted constraints faced by these firms, access to finance is considered to be the most pressing obstacle (Sharma 2014).

In this context, policymakers have realized the requirement of providing a support to this sector and have undertaken various initiatives like credit guarantee schemes, promotion of women entrepreneurship, and marketing assistance for accelerating the growth in this sector.

2.1 Research Gap and Problem Statement

It is noted that there is a body of literature in SME support and development space that sought to bring the challenges, dynamics and funding issues faced by small enterprises. Furthermore, there are Government policy programmes moved towards the support and funding of small enterprises through various funding agencies and institutions. However, it is still not known the extent to which these initiatives have been successful in addressing the funding and support challenges faced by women owned SMEs and mapping the credit gap that exist between the demand and supply side.

2.2 Study Objective

The study seeks to understand available literature on financing requirement of women owned SME specifically in the emerging economies. Therefore, the main objective of the paper is to assess and measure the credit gap on the demand side and supply side along with discussion support provided by financial institutions to women owned SMEs in India.

3.1 Women as Key Drivers for Economic Growth

Women's participation in economy is a game-changer strategy with the capacity to transform the entire economy. Few nations have made women's economic participation also known as womenomics, an integral part of economic stimulus agenda. Yet it is observed that many women founders struggle in accessing the capital, technology, networks and knowledge that they need to start and grow their businesses.

While there have been some advantages in female labor participation rates over past few years, results vary for each country, and overall there is still substantial room for improvement. Research of Goldman Sachs (2014) on closing the credit gap for women owned Smes has also shown that one of the best environments for investment in human capital is an environment where major income is in the hands of women. As female labor participation rates increases, countries can reap the benefit of 'dual dividend,' given that women are more likely than men to use their increased bargaining power to buy goods and services in improving the family's welfare. This increased bargaining power has the potential in creating a virtuous cycle as female spending supports the development of human capital, which in turn will fuel economic growth in the years ahead.

4.1 Women Owned SMEs in India: An Overview

As per International Financial Corporation (2016) Around 3.01 million women-owned enterprises represent approximately 10 percent of all MSMEs in the country. Collectively, they contribute 3.09 percent of industrial output and employ over 8 million people. The total number of women enterprises in the SSI Sector was estimated at 10,63,721 (10.11 %). The estimated number of enterprises actually managed by women was 9,95,141 (9.46 %). In Mizoram, Orissa, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu and Pondicherry, the share of women employment was significantly higher (more than 20 %). The position of women entrepreneurships and women enterprises is given State-wise in the table given below" (https://www.dcmsme.gov.in/ssiindia/census/ch11.htm)

Table: PARTICIPATION OF WOMEN IN MANAGEMENT/OWNERSHIP IN SSI SECTOR, STATE-WISE

Name of State/ UT	No. of Enterprises Managed By Women	No. of Women Enterprises
JAMMU & KASHMIR	5640	5742
HIMACHAL PRADESH	3515	3722
PUNJAB	30190	29068
CHANDIGARH	2059	2243
UTTARANCHAL	8706	8804
HARYANA	10087	9620
DELHI	13368	14383
RAJASTHAN	29785	36371
UTTAR PRADESH	54491	72667

BIHAR	38170	49443
SIKKIM	30	98
ARUNACHAL PRADESH	131	150
NAGALAND	207	179
MANIPUR MIZORAM	9168 3076	10745 3700
TRIPURA	631	863
MEGHALAYA	3658	3580
ASSAM	11189	11757
WEST BENGAL	71847	69625
JHARKHAND	7271	7865
ORISSA	33274	38233
CHHATTISGARH	11766	10034
MADHYA PRADESH	62351	68823
GUJARAT	55361	53703
DAMAN & DIU & DADRA & NAGAR HAVELI	167	213
MAHARASHTRA	80662	100670
ANDHRA PRADESH	77347	77166
KARNATAKA	101264	103169
GOA	677	810
LAKSHADWEEP	61	67
KERALA	137561	139225
TAMIL NADU	130289	129808
PONDICHERRY	1089	1065
ANDAMAN & NICOBAR ISLANDS	53	110
All India	995141	1063721

Source: https://www.dcmsme.gov.in/ssiindia/census/ch11.htm

Around 78 percent of women enterprises belong to the services sector. Women entrepreneurship is largely tilted towards smaller sized firms, as almost 98percent of women-owned businesses are micro-enterprises. Approximately 90 percent of women-owned enterprises are in the informal sector. Women's equal access and control over economic and financial resources is important for achievement of gender equality and empowerment of women as well as equitable and sustainable economic growth and development.

Table 1: Geographical distribution of Women Owned MSME

Prevalence of women-owned business	State-wise share (percent)	Number of states/union territories (#)	State/union territories	Combined share (percent)
High	>10.00	4	Kerala, Karnataka, Tamil Nadu, West Bengal	51.9
Medium	5.00-10.00	2	Andhra Pradesh, Madhya Pradesh	11.5
Low	2.00-4.99	7	Rajasthan, Maharashtra, Punjab, Gujarat, Odisha	26.7
Very Low	<1.99	20	Rest of India	9.9

Source: International Finance Corporation Report on Improving Access to Finance for Women Owned SMEs in India

As with remaining sector, access to finance is the biggest obstacle to growth and development for women-owned MSMEs. As a result, there continues to be a total reliance on informal sources of finance for seed capital and working capital requirements. The funding resources for women-owned MSMEs are presented below:

Table 2: Access to finance of women owned SMEs

Funding source	Share (percent)
Formal financial sources	3.1
Semi-formal financial sources	4.8
Self, family, friends or informal sources	92.1

Source: International Finance Corporation Report on Improving Access to Finance for Women Owned SMEs in India

Although the financing requirement for women-owned enterprises is not practically different from the requirements of male-owned enterprises, the level of financial exclusion is higher due to a combination of factors. Also, the social status of women and prevalent social norms in India influence perceptions of financial institutions and the capability of women entrepreneurs to access finance. The key demand and supply side constraints specific to women entrepreneurs' ability to access finance are outlined in table below:

Table 3: Demand side and Supply side barriers in access to Finance

DEMAND SIDE	SUPPLY SIDE
• Limited financial awareness and understanding of financial products/ services: • Need for support from male family members: • Lack of confidence or hesitation to approach financial institutions:	• Perception of higher risk profile in the absence of collateral security and guarantee/support by male family member • No real attempt to tailor products/services to suit the needs of the woman entrepreneur: • Perception that bank branches are unwelcoming to women customers: • High transaction costs given the small size of women-owned MSME firms: • Lack of reliable information about financial management makes the women entrepreneurs less attractive to financiers

Source: http://www.scielo.br/scielo.php?script=sci_arttext&pid=S0102-311X2007001200003

Barriers: Supply Side

Gender Stereotyping: Relationship of Women entrepreneur with financiers suffer because of gender stereotyping and discrimination. Access to financial resources and its size (usually in terms of numbers of individuals employed) are correlated. It is argued that it is a stereotype that women-owned businesses are small not because of lack of financial resources, but rather due to deliberate or socially induced choice on their part.

Perception about high risk: Commercial banks are mostly wary of small businesses because of the thought that SMEs are high risk borrowers. Furthermore, banks have inaccurate perceptions of women's borrowing and entrepreneurial behavior. Women, who typically lack collateral security, are considered risky in most countries

High Cost of Lending: The cost of administration and servicing of small loans is high due to the same loan processing and documentation requirements for enterprises of all sizes, which is not required for such loans. Additionally, the credit risk assessment process, which generally is sophisticated, is common for small and large loans.

Weak financial system: An improper developed financial market in various developing countries acts as a structural barrier for accessing financing facilities by women entrepreneurs, that makes designing financial services for women entrepreneurs even more problematic.

Inadequate Knowledge and Capacity of Financial Institutions: The knowledge of management in financial institutions is not adequate as far as the nature and financing needs of WOEs in considered. As a result, differentiating treatment to their needs is missing in general, both in developing and developed countries, with some exceptions.

Rigidity in Financial Product Design: Banks often depends on personal profiles and track records while reviewing loan applications. Those are often not strong in case of women entrepreneurs, often due to improper records of such relationships. There is inadequate deliberate efforts by the financial institutions for designing tailored financial products for WOEs.

Barriers: Demand Side

One can classify the barriers to access to finance by WOEs from a demand perspective in to three main groups:

1. Society and Law;
2. Personal background of entrepreneurs; and
3. Type of business.

Nature of Role in Family and Society: Mostly women start businesses with an intake of lesser capital than their male counter parts because of limitations in income and lack of knowledge about the availability of institutional funding. They are less likely to use bank loans compared to men at start-up due to problem in mobility as well. Women tend to borrow from family and friends and mostly use non traditional or non-institutional lenders due to lack of access to formal channel and for fear of Unknown, which means that women incur higher search and transaction costs (Haynes and Haynes 1993). They also face difficulties in obtaining funding due to family responsibilities.

Informal Entity: The majority of the SMEs, particularly WOEs, are operating informally in the market. Registration systems are limited to companies, excluding most SMEs, which are not incorporate form. Women prefer to operate informally due to hassles of the registration procedure and also due to the type of their venture. However, there is little scope for institutional financial support for informal entities. This situation is prevailing mostly in developing and least developed countries, especially in the rural and suburban areas.

Lack of Collateral: The majority of SME-owners, who do not look for bank credit complains about "excessive collateral" requirement, which is a strong barrier for them to access bank loans. The kind of collateral usually considered by banks are appropriate security in form of land or buildings, security papers, deposit, insurance certificate etc. These securities must be owned by the borrower, .This presents a particular problem for women, who rarely have property in their name, and for young entrepreneurs who may stand to inherit property but do not have a current title. It is also worth mentioning that bankers are generally not interested in taking farm land as collateral indicating that they would only consider land owned in the municipal area.

Women's property ownership: While additional security is the main criterion for mainstreaming commercial banking credit, the ownership of assets still remains a specific problem for women in many transition economies, developing and least-developed countries. Sometimes, the ownership pattern is in favour of a male counterpart because of tradition, in some cases due to religion. In many countries in South, parallel succession laws have been implemented, however, these laws are not compulsory.

4.1.2 Analysis of Access to Finance Gap for Women- owned Enterprises estimating demand for financing for women-owned businesses

The small enterprises segment leads the demand for financing, followed by micro and medium enterprises. The total debt requirement by women-owned MSMEs is estimated at Indian rupees 6.10 trillion ($111 billion) and equity at Indian rupees 2.58trillion ($47 billion). Financing requirements by segment and the split between debt and equity by segment, is provided in table 4 below:

Table 4: Financing Requirement of Women Owned SMEs

	Total demand in Indian rupees trillion ($ billion)	Demand Share (percent)	Debt demand in Indian rupees trillion ($ billion)	Equity demand in Indian rupees trillion ($ billion)
Micro	2.05 (37.36)	24	1.64 (29.89)	0.41 (7.47)
Small	6.42 (116.70)	74	4.31 (78.44)	2.10 (38.26)
Medium	0.21 (3.75)	2	0.14 (2.50)	0.07 (1.25)
TOTAL	**8.68 (157.80)**	**100**	**6.10 (110.82)**	**2.58 (46.98)**

Source:http://serialsjournals.com/serialjournalmanager/pdf/1435297532.pdf

4.1.3 Supplying finance to women-owned businesses

Total formal finance extended to women-owned MSMEs in 2012was approximately around Indian rupees 2.31 trillion ($42 billion).This credit supply emerged from different types of financial institutions like public sector banks, non-banking financial corporations, and self-help group-bank linkage programs. Breakdown of types of institutions financing women-owned MSMEs is given in table 5.

Table 5: Supply of finance to women owned MSMEs by different institutions

Source	Financing supply share (percent)
Public sector banks through microcredit	30
Public sector banks to small scale industries	38
Prime minister's Rozgar Yojana	2
Swarna Jayanti Shahari Rozgar Yojana	1
Swarna Jayanti Gram Swarozgar Yojana	4
Private sector banks	19
Foreign banks	5

Source: International Finance Corporation Report on Improving Access to Finance for Women Owned SMEs in India

4.1.4 Lending Gap in Women-Owned Business

Formal sources of credit supply include public sector banks, non-banking financial companies, and self-help group-bank linkage programs. Approximately, 78 per cent of women enterprises belong to the services sector. Women entrepreneurship is largely concentrated towards smaller sized firms, as almost 98 per cent of the businesses are micro-enterprises. Together, these enterprises contribute approximately 3.09 per cent of industrial output. The lending gap for women-owned micro, small and medium enterprises (MSMEs) businesses in India is around Rs.6.37 lakh crore ($116 billion) as per a study by World Bank Group member IFC.

There are differences in the ways by which women and men SME owners approach, access and use credit for initiating and expanding their businesses.

In view of these differences, it should be a matter of concern to incorporate women-specific solutions into the system for improving credit access in the SME sector. Closing the credit gap requires the following conditions:

More suitable credit terms: Offering loans with terms and conditions that are better aligned with the actual risk that women represent, rather than perceived risk, would make bank credit more attractive for female business owners. Offering alternative options for fulfilling collateral requirements, as well as long term loans for investment purposes rather than shorter-term loans to manage working capital, could also prove beneficial.

Better assessment of credit risk: In contradiction to some common belief, the experience of lending to women in developing countries through microfinance and other more traditional methods suggests that women are reliable borrowers with better repayment records. As such, means to assess the credit risk of women accurately at the individual level are needed to ensure that wrong impression do not unnecessarily impede access to loans for women-owned SMEs.

Profitable lending models for women-owned SMEs: The debt market for women-owned SMEs in developing countries is mostly untapped which represents a substantial opportunity for financial institutions and other providers. It would also encourage other participants in entering the market.
A wide range of surveys suggest that SMEs report access to credit as their biggest constraint in both the developed and the developing world.8 Evidence also shows that, in general, women-owned businesses have more restricted access to external finance than male-owned businesses (Powers, Magnoni, 2010; GPFI and IFC, 2011).

5.1 Global Financing Practices in Women Owned SMEs: Few Examples Ethiopia

Women business-owners of SMEs consider access to finance as one of their biggest challenges. In Sub-Saharan Africa, about 45 percent of women-owned enterprises are denied credit. In September 2008, USAID signed a DCA Agreement with BOA for offering loan financing assistance specifically targeting women entrepreneurs and Diaspora members. The Agreement included a guarantee, which was in addition to agreements signed with three other Ethiopian commercial banks—Awash, Dashen, and Nib International—targeting Diaspora members and SMEs in manufacturing, agriculture, and tourism.

UAE

In the United Arab Emirates (UAE), small and medium-sized enterprises (SMEs) comprise around 80% of the overall economy, and its support became a national priority. Nevertheless, small businesses account for less than 2% of banks' lending portfolios here, compared to an average of 12-15% in some more developed countries. Government, women business organization and banks are working together to create an environment propitious for the development of women-led businesses. The National Bank of Abu Dhabi plays a leading role in this effort. In the UAE, women entrepreneurs are voicing the same concerns as the other SMEs in the country.

For many of them, establishing a SME is not just a problem of finding loan, it is also about culture, more specifically a "risk culture". Government initiatives to encourage small businesses include the SME 100, a ranking of the 100 top-performing small businesses based on a number of financial and non-financial evaluation criteria, and Abu Dhabi's Khalifa Fund for Enterprise Development, designed to foster Emirati entrepreneurship through training, development and consultation. The Khalifa Fund for Enterprise Development was initiated in June 2007 as an independent agency of the Government of Abu Dhabi.

The Dubai Business Women Council (DBWC) is among the most active business associations in the UAE. In 2013 it held a meeting with senior management officials from the NBAD that explored various ways to support female entrepreneurs in the UAE through banking services provided by NBAD to SMEs. DBWC organizes the high-profile monthly event 'Majlis Business' to provide information about the latest knowledge, skills and best practices for women entrepreneurs and leaders.

The NBAD supports women entrepreneurship through trend-setting, coordination and the development of specific programs destined to women-led businesses. It also participates in consulting activities in cooperation with the DBWC.NBAD has two formal women's programs, both launched in 2012. These programs were developed in close cooperation with women business associations such as the DBWC. "Velvet", exclusively for women, combines personalized global private banking with commercial banking services. Velvet aims to empower women with financial knowledge and investment tools. It offers onshore and offshore banking services including savings accounts, wealth management, and inheritance planning in line with cultural sensitivities. Last but not least, Velvet private advisers are also female.

JORDAN

The practices of two local Jordanian banks, Capital Bank of Jordan and Jordan Islamic Bank, may provide hints about the current situation with access to finance of women-led businesses in Jordan. Since its initiation in 1995, Capital Bank has grown to become one of the top financial institutions in Jordan, offering the Jordanian market a comprehensive set of commercial and investment banking services tailored to the requirements of individuals and corporate clients alike. As per a study conducted by the World Bank in 2013, job creation and economic inclusion is the priority for Jordan. In this regard, the encouragement of women-led business becomes a policy of public interest. The major contributors for the Jordanian economy are SMEs, since they are the greatest employment generators.

In the credit market, limited access by women precludes learning about their potential performance as borrowers, including their ability to repay. Social norms exacerbate this problem. Through its gender mainstreaming, the MSME Development for Inclusive Growth Project will contribute to promoting women's economic empowerment. This is especially important in the microfinance sector, as women entrepreneurs account for 71 per cent of all microfinance clients. The project both mainstreams gender through the main components, as well as, directly targets women through some innovative sub-components such as designing new products that target

women, encouraging banks to have special windows for women, especially in the marginalized governorates where there are more social barriers.
For the moment, banks are slow in realizing the potential represented by women-led businesses. Banks in Jordan do not have specific products for women but there are no limitations or any barriers to finance any women project through bank normal products and programmes within bank policies". The policy of the banks towards women-led business is the same as towards SMEs in general. Both Capital Bank of Jordan and Jordan Islamic Bank are providing loans to women-led businesses.

Both CBJ and JIB are examples of new opportunities for women entrepreneurs represented by the willingness of local banks to introduce schemes and products to finance women-led businesses on a small scale. Both banks however do not foresee the development of specific financial products designed for women-led businesses in the near future and continue to consider them as part of a larger scheme of SME's financing

NIGERIA

The Federal Government launched in 2012 the Public Works and Women/Youth Empowerment Scheme (PW/WYE). The programme which is a component of the Subsidy Re-investment and Empowerment Programme (SURE) is targeted at generating about 370,000 jobs across the country. The PW/WYE is intended to create employment opportunities for women and youth in labour-intensive public works and is expected to generate 50,000 skilled jobs and 320,000 unskilled job opportunities.

Policymakers need to establish an enabling environment that will facilitate access to financial services for women entrepreneurs, through the development of a supportive legal and regulatory framework, and the development of education and training opportunities that are more aligned with the specific needs of women.

The Bankers' Committee, which comprises of the CBN, Nigerian Deposit Insurance Corporation (NDIC), Deposit Money-Banks and Discount Houses declared 2012 the year of "Women Economic Empowerment". The Bankers' Committee also now has a dedicated sub-committee focused on women economic empowerment headed by the Chief Executive Officer of Standard Chartered Bank (Nigeria) Limited. One of focus areas of this sub-committee is to facilitate the decision of the Bankers' Committee to ensure that women occupy more leadership positions in the industry.

INDIA

The MSME ecosystem in India is overflowing well of innovative ideas and creative solutions for a number of problems. But the number of women entrepreneurs and business owners is much lower than male entrepreneurs with only 13.76 percent of the total entrepreneurs in India are women, according to data by Startup India. There are just around 8 million female entrepreneurs, but the number of male entrepreneurs has crossed 50 million.

Governments at the central and state levels have launched financial schemes for micro units, which could go a long way in boosting women entrepreneurship.

Mudra Yojana Scheme

This general government scheme for small units is also applicable on women who are willing to start a small enterprise like beauty parlour, tuition center, tailoring unit, etc. It is also useful for a group of women wishing to startup together. Loans from Rs 50,000 onwards and upto Rs 50 lakh are sanctioned under this scheme. Collateral and guarantors are required only when loan amount exceeds Rs 10 lakh.

TREAD (Trade Related Entrepreneurship Assistance and Development) scheme

This scheme aims to empower women by providing credit to projects, conducting specific training and counseling, and eliciting information on related requirements. The scheme provides for government grant of upto 30 percent of the total project cost as appraised by lending institutions. These institutions would finance the other 70 percent.

Mahila Udyam Nidhi Scheme

Offered by Small Industries Development Bank of India, this scheme provides financial assistance of up to Rs 10 lakh to set up a new small-scale venture. It also assists with upgrading and modernization of existing projects. The loans are to be repaid within 10 years, and this includes five year moratorium period. Further, interest rates on these loans vary according to market rates.

Annapurna Scheme

This scheme is applicable to women entrepreneurs who have started a food catering unit. They can take loan of up to Rs 50,000 for purchasing kitchen equipment like utensils and water filters. A guarantor is required to secure the loan. After securing the loan, it can be repaid in 36 installments. Further, interest rates under this scheme as per prevailing rates and assets will be taken as collateral by the concerned bank.

Stree Shakti Package For Women Entrepreneurs

It is offered to women who have majority ownership (over 50 percent) in a small business. The women also need to be enrolled in the Entrepreneurship Development Programmes (EDP) organised by their respective state agency. Under the scheme, an interest concession of 0.05 percent can be availed on loans above Rs 2 lakh.

Dena Shakti Scheme

This scheme provides loans up to Rs 20 lakh for women entrepreneurs in agriculture, manufacturing, micro-credit, retail stores, or similar small enterprises. There is a concession of 0.25 percent on rate of interest. Under the scheme, loans up to Rs 50,000 are offered under the microcredit category.

Udyogini Scheme

Women entrepreneurs between the ages of 18 and 45, who are involved in agriculture, retail and similar small businesses, can avail loans up to Rs 1 lakh under this scheme. Further, her family's annual income should be below Rs 45,000 in order to avail the loan. However, no income limit exists for widowed, destitute or disabled women.

Cent Kalyani Scheme

Offered by the Central Bank of India, this scheme is for women business owners in multiple areas such as agricultural work or retail trading. Under this scheme, loans up to Rs 1 crore are sanctioned and no collateral or guarantors are required. Interest rates on loans depend on varying market rates.

6.1 Closing the credit Gap: Concluding Remarks

Closing the credit gap in women-led SME sector should boost long-term macroeconomic performance, particularly in low-income countries and should bring benefits with higher gender equality and social cohesion. While microfinance institutions have been quite successful in providing unserved and under-served women entrepreneurs by providing them access to short-term loans for meeting their working capital needs, microfinance has been less successful at developing products meeting women's investment capital needs. Following points can be implemented:

One size does not fit all: Approaches and the rationale for supporting women's self employment and entrepreneurship differ in the developed and developing worlds. The growth approach emphasizes women as an untapped source of growth, as a solution to unemployment and as a potential for innovation for the economy as a whole. On the other hand, poverty reduction rationale emphasizes self-employment as an economic survival tool for poor women and their families. Efforts to promote women's entrepreneurship stem also from a commitment to women's empowerment.

Adopting a "bottom-up" approach: A "bottom-up" approach may be more relevant than a "top-down" approach. The nation-wide push for legislation and research promoting women's entrepreneurship in the US in 1970s grew out of the momentum of the women's movement and the civil rights movement. Similarly, the Local Enterprise Agencies (LEAs) in the UK emerged "bottom up" as a grassroots phenomenon that started in the private sector as a response to locally defined needs and problems. In Bangladesh, large NGOs like the Grameen Bank and BRAC are now addressing the problem of access to finance for the "missing middle", filling the gap in the existing financing mechanism Improvements to financial infrastructure: Financial infrastructure encompassing the institutions, physical structures, technology and networks that allow for an effective exchange and holding of information and capital. It includes things like collateral registries, credit bureaus and payment and settlement systems. Enhancing financial infrastructure in developing countries would make financial services accessible to women.

Leveraging from New Basel Accord: The new Basel II accord among the central banks of member countries allows, on the one hand, lowering of the risk-weight curve for corporate credits; on the other hand, there will be a reduction directly related to the capital charges for loans to smaller businesses.

Benchmarking: Benchmarking is very important to achieve progress. Developing a system of data collection on a regular basis, information gathering and research on women entrepreneurs, their access to finance situation by types of products and institutions, can serve as the basis for effective policy design and improving the system. For addressing the definition problem, it would be important to add additional data on size (in terms of capital and number of employees) and gender (of owner) of each kind of entrepreneurship. This benchmarking may lead towards adoption of policy measures and assessing progress by individual government, private sector, civil society and other stakeholders.

Profitable lending models for women-owned SMEs. The loan market for women-owned SMEs in developing countries is relatively untapped and represents a substantial opportunity for financial institutions and other providers. Aside from anecdotal evidence that women may be better-performing borrowers than men, they may also be more loyal customers once they have secured and purchased multiple products from banks. Identifying and implementing profitable SME financing models for the female market would be mutually beneficial both for financial institutions providing loans and for the enterprises being served.

Conclusion and Scope for future research

There are many things which policy makers and researchers still have to understand for removing barriers of financing. It is still to be clarified whether women lack negotiating skills, the expectation of women from banking relationships, level of understanding about worth of its own business by the women owners, understanding of the mechanisms of borrowing for purposes other than asset financing (working capital, receivables financing, export financing etc.) and importance of injecting capital into their business, etc. Government need to foster public-private dialogue by including businesswomen's organizations in decisions on economic and regulatory policy and funding for economic development. Increase in women's ability to own and leverage assets as collateral, addressing issues such as property, housing deeds, bank accounts and inheritance. Ensure relevant laws, policies and government-supported finance opportunities affecting women business owners are transparent and easily accessible to the public. The present study can be conducted using the first hand information gathered directly by interviewing the women entrepreneurs for a direct insight on mapping the credit gap.

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