

An account of growth in micro and small enterprises owned and managed by women in India

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Abstract. The role of women in economic development of a country is well known. But when it comes to economic development of women in a country, particularly India, then the situation becomes grave and serious as women lag far behind men in achieving better standard of living. However, things are changing now as can be seen in the development of entrepreneurship among women in India. With the onset of the new millennium, participation of women as workers, owners and managers respectively in the micro and small enterprise sector has been increasing. This paper examines the growth of women run enterprises as well as employment of women in the small industry sector of India.

Key words: MSME (Micro, Small and Medium Enterprises), Registered, Unregistered, Proprietary, Manufacturing, Service, Gross Enrolment Ratio, Higher education, Technical Education

Introduction

In the traditional society of India entrepreneurial activities are mostly pursued by males with females playing supporting role. However, this trend is slowly changing as women entrepreneurship has started taking shape over the years due to increasing social and governmental support to empower women. Now women are increasingly participating in the small industry/business sector renamed as Micro, Small and Medium Enterprise (MSME) sector in India where investment limit is lower and affordable which also includes easy borrowing facilities. The present study assumes entrepreneurship as a means of economic empowerment through the act of manufacturing/trade/service etc undertaken by ownership/management of MSME. Note that MSMEs are confined to non-agricultural sector of the economy. Let us define MSME as given by the MSME Census of India.

A Micro Enterprise is defined as the unit with investment on plant and machinery up to Rs.25 lakh in manufacturing and Up to Rs. 10 Lakh in services. Small Enterprise is the unit with investment on plant and machinery between Rs. 25 lakhs to 1 crore in case of manufacturing and Rs. 10 Lakh to Rs. 2 Crore in services. Medium Enterprise is a unit with investment on plant and

machinery between Rs. 1 to 5 crores in case of manufacturing and Rs. 2 Crore to Rs. 5 Crore in services.¹

More than two crore MSMEs are existing in India spanning the non-farm sector in both Rural and Urban areas. Most of them have no registration while a few are registered with different government agencies. Enterprise registered with District Industrial Centre/Khadi and Village Industries Corporation (KVIC)/Coir Board, National Small Industries Corporation (NSIC) etc are called registered enterprise, otherwise, it will be known as un-registered enterprise. Registration helps in product identification, keeping record of employment generation, codifying the type of goods manufactured and estimating the demand of the good in the market etc which will ultimately help the policy makers to address the problems and formulate rules to benefit the entrepreneurs.

Having this in background, let us now define women entrepreneurs. The Third MSME Census of India held in 2001-02 defines women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, a women enterprise is defined as “an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital as partners/ shareholders/ Directors of Private Limited Company/ Members of Co-operative Society and giving at least 51% of the employment generated in the enterprise to women”. Women enterprises can be classified as: (i) owned by women, (ii) managed by women and (iii) employing women.²

Objectives of the Study

To find out growth in the number of micro and small enterprise owned/managed by women and to examine their level of their employment in the MSME sector.

Data and Methodology

The paper is confined to women in the MSME sector in India spanning across the non-agricultural sector of the economy. The major source of data is the Third and Fourth All India Census of MSMEs respectively for years 2001-02 and 2006-07. The earlier two censuses held in 1977 and 1987 respectively did not cover women entrepreneurs separately. Results of Fourth Census on MSMEs happen to be the latest so far. Statistical analysis has been done by using tables and charts with help of MS Excel.

Growth of Women Enterprises

Women hold around 10 per cent of the total number of MSMEs running in India. As given in Table 1, share of women in total number of MSMEs in India has marginally declined to 9.43 per cent in 2006-07 (20.21 lakhs women run units out of a total of 214.38 lakhs) from 10.11 per cent in 2001-02 (10.64 lakhs out of a total of 105.42 lakhs), thus indicating the fact that MSME sector has continued to be excessively male dominated with males owning and managing nearly 90 per cent of total enterprises. Nevertheless, women share in the total number of registered MSMEs has increased from 10 to 13.75 per cent during this period while their share in the unregistered enterprises has marginally decreased from 10.13 to 9.09 per cent. Increase in the share in the registered sector having been registered with government agencies provides lots advantages which include availability of loans and subsidy at easier terms and conditions, availability government assistance in training and marketing of product, allowing government to keep record for future use etc.

Table 1: Percentage distribution / share of women owned enterprises at all India level

Year	REGD	UNREGD	Total
2001-02	10.00	10.13	10.11
2006-07	13.75	9.09	9.43

Source: Reports of the 3rd and 4th All India Census on MSMEs, 2001-02 and 2006-07

Even if share of women enterprises in the MSME sector is low, the growth in their number has been tremendous and encouraging. Table 2 gives the data on number of registered and unregistered micro / small enterprises owned by women in India (in Lakhs) respectively in rural and urban areas of India. On the other hand, Table 3 provides figures relating to average annual growth in the number of enterprises run by women. There has been a massive increase in the total number of MSMEs – from 105 lakhs in 2001-02 to 214 lakhs in 2006-07 – an increase by more than cent per cent. The effect of this overall growth has also impacted the growth of women enterprises.

Table 2: Number of micro / small enterprises owned by women in India (in Lakhs)

1	2	3	4	5	6	
Year	Area	REGD	UNREGD	Total	All India(M+F)	1
2001-02	Rural(R)	0.76	5.12	5.88	58.08	2
	Urban(U)	0.62	4.14	4.76	47.34	3
	R+U	1.38	9.26	10.64	105.42	4
2006-07	Rural(R)	1.07	12.75	13.82	126.75	5
	Urban(U)	1.08	5.26	6.34	87.63	6
	R+U	2.15	18.06	20.21	214.38	7

Source: Reports of the 3rd and 4th All India Census on MSMEs, 2001-02 and 2006-07

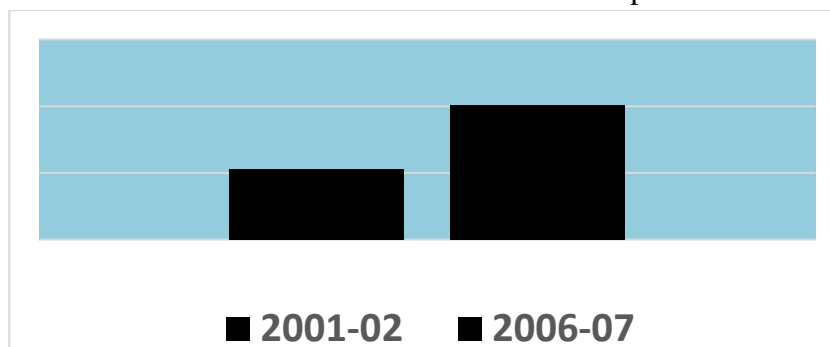
Take the case of registered sector which is comprised of about 11 per cent of total number of women run enterprises. In the rural area, the number of registered units run by women increased from 0.76 lakh in 2001-02 to 1.07 lakhs in 2006-07 at an average annual rate of 8.16 per cent whereas the same for urban area happened to be 0.62 lakh to 1.08 lakhs at a rate of 14.84 per cent. At all India level, the total number of registered women enterprises increased from 1.38 lakhs to 2.15 lakhs at an annual average rate of 11.16 per cent during the period 2001-02 to 2006-07. Unregistered enterprises constitute 89.36 per cent of the total number of enterprises owned by women with most them located in rural area. There has been an impressive average annual growth rate of 29.80 per cent between 2001-02 to 2006-07 in the number of unregistered women enterprises in rural area showing an increase from 5.12 lakhs to 12.75 lakhs in same period. In the urban area the number of unregistered units increased from 4.14 lakhs to 5.26 lakhs in this period indicating a growth rate of 5.41 per cent. In total unregistered women enterprises increased from 10.64 lakhs to 18.06 lakhs at a rate of 19 per cent annually between 2001-02 to 2006-07. Combining both registered and unregistered enterprises in this period, total number of women enterprises in rural area increased from 5.88 lakhs to 13.82 lakhs at an annual rate of 27 per cent while in the urban area the corresponding figures happened to be 4.76 lakhs to 6.34 lakhs at growth rate 6.64 per cent per year. This brings us to summarise that the total number of women enterprises in India increased from 10.64 lakhs to 20.21 lakhs at an annual average growth rate of 18 per cent in the five-year period 2001-02 to 2006-07.

Table 3: Average annual growth in women enterprises over the period 2001-02 to 2006-07

Area	REGD	UNREGD	Total	All India
Rural(R)	8.16	29.80	27	23.65
Urban(U)	14.84	5.41	6.64	17.02
R+U	11.16	19	18	20.67

Source: Calculated by using Table 1

Chart: Total Growth of Women Enterprises



Coming to the question of whether an enterprise is owned or managed by a woman, as shown in Table 4, in the year 2001-02 (Third MSME Census) out of 10.64 lakh micro and small units that were owned by women, 9.95 lakh units (93.51 %) happened to be managed by them. Most of these units, about 8.81 lakh (88.54 %) were unregistered. In the year 2006-07 (Fourth MSME Census), the number of unregistered women managed units increased many fold to 17.99 lakh (99.61 %) out of 18.06 lakh owned by them.

Table 4: Micro and Small Enterprises Owned and Managed by Women (Lakh Units)

Category	2001-02	2006-07*
Owned	10.64	18.06
Managed	9.95	17.99

Source: Reports of the 3rd and 4th All India Census on MSMEs, 2001-02 and 2006-07

*Data given for Unregistered Sector

Growth in Employment of Women in MSME Sector

Along with the increase in the number of women run MSMEs, the employment of women has also increased significantly as shown in Table 5. In the registered sector, employment of women increased from 9.75 lakhs to 19.04 lakhs (19.05 per cent annually) whereas the same in unregistered sector increased from 23.43 lakhs to 53.24 lakhs ((25.45 per cent per year) between 2001-02 to 2006-07. In total increase in female employment during this period took place from 33.18 lakhs to 72.28 lakhs (23.57 per cent per year). According to the report of Third MSME Census the employment generated per Rs. one lakh investment in the units managed by women was 2.49.

Table 5: Growth in number of female employees in the MSME Sector in India (in lakhs)

Year	REGD	UNREGD	TOTAL
2001-02	9.75	23.43	33.18
2006-07	19.04	53.24	72.28
% Annual Growth (2001-07) *	19.05	25.45	23.57

Source: Reports of the 3rd and 4th All India Census on MSMEs, 2001-02 and 2006-07

*Calculated from data

Discussion

The rising trends in the growth of women run MSMEs and women employment there in are caused due number of factors. Most important factor being increase in women educational attainment. Enrolment of women per 100 male enrolment in higher education increased from 36

in 1980-81 to 58 in 2001-02 and 62 in 2006-07 which is a significant development.³ Another important factor being rise of micro credit institutions and women self-help groups in various parts of the country. Increasing social and governmental support always help in such venture which have been there in place in recent times. However, the lower share of women run enterprises and women employment at all India level remain a serious concern.

Conclusion

The number of women owned enterprises in MSME sector in India has registered an impressive growth of 18 per cent per year during 2001-02 to 2006-07. This has also caused significant increase in women employment by about 23.57 per cent per year during the same period. Increase in women enrolment in higher education, availability of micro credit and government support are some of the factors for this increase. However, efforts must be made to increase the share of women in total ownership, management and total employment in MSME sector.

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