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# A Study of Role of Financial Institutions in Developing Women Entrepreneurship

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**Abstract:** Entrepreneurship as an ingredient of economic development is now recognized. A number of financial institutions provide support to women entrepreneurs for their innovative and imaginative scheme of activities aimed at skill development for income and employment generation in different sectors. There has been a substantial growth in women's involvement in the economic activities all over the world over the past few decades. For this both the government and non-government agencies have to play a vital role. Despite the efforts of governmental and non-governmental organizations, the women entrepreneurs are facing many problems. With a view that women entrepreneurs should come forward in industrial field and become self- sufficient, governmental and financial institutions have announced many schemes of providing financial assistance. The Financial Institutions also has been contributing its share to this cause. They have launched a number of schemes of assistance to the favour of women entrepreneurs. This attempts to examine the role of financial institutions in developing and promoting women entrepreneurship.

***Keywords:*** ***Financial Institutions, Women Entrepreneurs, Financial Assistance***

## I. INTRODUCTION

Entrepreneurship as an ingredient of economic development has been recognized long ago in 1950. It was since then substantial amount of research has gone into this sphere. It is well known fact that entrepreneurs are born but they can also be made through innovative and creative interventions. However men and women at large are not showing sufficient of entrepreneurship skills and the women's position is more critical. Therefore, they should be helped particularly where women entrepreneurs are prone to face more hurdles. The focus on the contribution of women in direct productive work was first brought out in 1970 by Ester Boserup in his book "Women's Role in Economic Development". This work of Boserup is a complication of his research experience in India. It also provided a conceptual framework for research on Women and Development. Around the mid 1970's, neo-Marxist feminists and dependency theorists began looking at the relationship between women and development rather than the strategies for integrating women in economic development. However, lack of understanding of women's work in developing societies, and Western biases in development projects reinforced the division between public and private spheres of women lives.

Women and development like women in development focused on productive sector, and aimed at skill development for income generation. A number of institutions collect funds from the public and place them in financial assets such as deposits, loans and bonds rather than tangible property. Various financial institutions and banks are playing a significant role in the development of women entrepreneurship. With a view that women entrepreneurs should come forward in industrial field and become self-sufficient, governmental and financial institutions have announced many schemes of providing financial assistance.

## II. PREVIOUS WORK

Everett H.E. Hagen (1962) attempted to study the origin of entrepreneurs in many countries. He noted that the entrepreneurs have emerged mainly from a particular socio-economic class. Further, in the Indian context, the leading business communities like Parsis, Marvaris and Sindhees have been found to have a deep desire in engaging in industrial activities.

Berna (1966) in her study entitled "Industrial Entrepreneurship in Chennai State found that the entrepreneurs hailed from diverse castes, occupations and classes, as only small –scale operations they came up to their present positions and diversified their production. This is attributed to their youth, education and technical training.

Habibullah (1987) showed that training is an effective tool for entrepreneurship development in Bangladesh. Habibur Rahman (1995) emphasized the importance of project viability, collateral and entrepreneurial evaluation at the project appraisal level of banks. Saleh (1999) found inadequate cash flows, marketing deficits and discriminating treatment from supportive service agencies to create obstacles to women entrepreneurship development in Bangladesh. Rahman (1999) examines women borrowers‟ involvement with the microcredit program of the Grameen Bank, and the grassroots lending structure of the bank. He focuses on the processes of village-level microcredit operation and addresses the realities of the day-to-day lives of women borrowers and bank workers and explains informant strategies for involving themselves in this microcredit scheme.

## III. OBJECTIVE

The main objective of the study is to trace out the several financial institutions providing financial assistance and their role in developing women entrepreneurship.

## IV. ROLE OF FINANCIAL INSTITUTIONS

Financial sector plays an indispensable role in the overall development of a country. The most important constituent of this sector is the financial institutions, which act as a conduit for the transfer of resources from net savers to net borrowers, that is, from those who spend less than their earnings to those who spend more than their earnings. The financial institutions have traditionally been the major source of long-term funds for the economy. These institutions provide a variety of financial products and services to fulfil the varied needs of the commercial sector. Besides, they provide assistance to new enterprises, small and medium firms as well as to the industries established in backward areas. Thus, they have helped in reducing regional disparities by inducing widespread industrial development. The Government of India, in order to provide adequate supply of credit to various sectors of the economy, has evolved a well developed structure of financial institutions in the country. These financial institutions can be broadly categorised into All India institutions and State level institutions, depending upon the geographical coverage of their operations. At the national level, they provide long and medium term loans at reasonable rates of interest. They subscribe to the debenture issues of companies, underwrite public issue of shares, guarantee loans and deferred payments, etc. Though, the State level institutions are mainly concerned with the development of medium and small scale enterprises, but they provide the same type of financial assistance as the national level institutions.

**National Level Institutions:**

A wide variety of financial institutions have been set up at the national level. They cater to the diverse financial requirements of the entrepreneurs. They include all India development banks like IDBI, SIDBI, IFCI Ltd, IIBI; specialized financial institutions like IVCF, ICICI Venture Funds Ltd, TFCI ; investment institutions like LIC, GIC, UTI; etc.

**All-India Development Banks (AIDBs):**

Includes those development banks which provide institutional credit to not only large and medium enterprises but also help in promotion and development of small scale industrial units.

Industrial Development Bank of India (IDBI):-IDBI was established in July 1964as an apex financial institution for industrial development in the country. It caters to the diversified needs of medium and large scale industries in the form of financial assistance, both direct and indirect. Direct assistance is provided by way of project loans, underwriting of and direct subscription to industrial securities, soft loans, technical refund loans, etc. While, indirect assistance is in the form of refinance facilities to industrial concerns.

**Industrial Finance Corporation of India Ltd (IFCI Ltd):**

IFCI was the first development finance institution set up in 1948 under the IFCI Act in order to pioneer long-term institutional credit to medium and large industries. It aims to provide financial assistance to industry by way of rupee and foreign currency loans, underwrites/subscribes the issue of stocks, shares, bonds and debentures of industrial concerns, etc. It has also diversified its activities in the field of merchant banking, syndication of loans, formulation of rehabilitation programmes, assignments relating to amalgamations and mergers, etc.

**Small Industries Development Bank of India (SIDBI):**

SIDBI was set up by the Government of India in April 1990, as a wholly owned subsidiary of IDBI. It is the principal financial institution for promotion, financing and development of small scale industries in the economy. It aims to empower the Micro, Small and Medium Enterprises (MSME) sector with a view to contributing to the process of economic growth, employment generation and balanced regional development.

**Industrial Investment Bank of India Ltd (IIBI):**

IIBI was set up in 1985 under the Industrial reconstruction Bank of India Act, 1984, as the principal credit and reconstruction agency for sick industrial units. It was converted into IIBI on March 17, 1997, as a full-fledged development financial institution. It assists industry mainly in medium and large sector through wide ranging products and services. Besides project finance, IIBI also provides short duration non-project asset-backed financing in the form of underwriting/direct subscription, deferred payment guarantees and working capital/other short-term loans to companies to meet their fund requirements.

**Specialised Financial Institutions (SFIs):**

SFIs are the institutions which have been set up to serve the increasing financial needs of commerce and trade in the area of venture capital, credit rating and leasing, etc.

**IFCI Venture Capital Funds Ltd (IVCF):**

IVCF-formerly known as Risk Capital & Technology Finance Corporation Ltd (RCTC), is a subsidiary of IFCI Ltd. It was promoted with the objective of broadening entrepreneurial base in the country by facilitating funding to ventures involving innovative product/process/technology. Initially, it started providing financial assistance by way of soft loans to promoters under its 'Risk Capital Scheme' . Since 1988, it also started providing finance under 'Technology Finance and Development Scheme' to projects for commercialisation of indigenous technology for new processes, products, market or services. Over the years, it has acquired great deal of experience in investing in technology-oriented projects.

**Tourism Finance Corporation of India Ltd. (TFCI):**

TFCI is a specialised financial institution set up by the Government of India for promotion and growth of tourist industry in the country. Apart from conventional tourism projects, it provides financial assistance for non-conventional tourism projects like amusement parks, ropeways, car rental services, ferries for inland water transport, etc.

## V. CONCLUSION

It can be said that today we are in a better position wherein women participation in the field of entrepreneurship is increasing at a considerable rate. Women sector occupies nearly 45% of the Indian population. At this juncture, effective steps are needed to provide entrepreneurial awareness, orientation and skill development programs to women. The role of Women entrepreneur in economic development is also being recognized and steps are being taken to promote women entrepreneurship. In the last, to ensure women entrepreneur ship development, integrated efforts by various organization and agencies are needed so that necessary assistance should be provided to prospective as well as existing women entrepreneurship.

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