

MANIDHANAHEYAM FREE IAS ACADEMY – TNPSC GROUP II & IIA
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Self Employment and Entrepreneurship Development

1. Self Help Groups and its objectives

Rural development is one of the main pillars of progress of India. It has lagged behind in many aspects of development even after six decades of the independence of India. According to 2011 population census, rural and urban India accounts for 33.8 per cent and 20.09 per cent of people below the poverty line respectively. Self Help Group has emerged as a new model for combating poverty. This concept mainly demonstrates the significance of togetherness. The Self Help Group represents an association of people formed to attain certain common goals.

Self Help Group is a small informal voluntary association created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity, and joint responsibility. The benefits include mobilization of savings and credit facilities for the pursuit of group enterprise activity.

National Bank for Agricultural & Rural Development (NABARD) has defined Self Help Group as “a homogenous group of rural poor voluntarily formed to save whatever amount they can conveniently save out of their earnings and mutually agree to contribute to a common fund of the group to be lent to the members for meeting their productive and emergent credit needs”

Objectives of Self Help Groups

1. Focusing on empowerment of women.
2. Saving people from the clutches of money lenders
3. Building capacity of women and to enable them to participate in generating activities.
4. Creating the habit of saving in the minds of the people who are economically backward.
5. Promoting entrepreneurship skills among women.
6. Creating awareness about the importance of credit circle or revolving credit and the payment of the circle.
7. Elevating the economic standard of the member’s families.
8. Developing skills and facilitating credit linkages for eventual economic empowerment.
9. Promoting awareness among the members about finding solutions for their economic problems.

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10. Identifying the common interest of the group members and carrying out their operations in the most efficient and economic way.
11. Enabling the members to overcome all social and economic barriers.
12. Promising and ensuring human rights to women at all stages of their life cycle.

Features of Self Help Groups

1. The motto of every group members should be “saving first – credit latter”
2. Self Help Group is homogeneous in terms of economic status.
3. The ideal size of a Self Help Group ranges between 10 and 20 members.
4. The groups need not be registered.
5. Groups are non-political, voluntary associations and follow a democratic culture.
6. Each group should have only one member from one single family.
7. A group is to be formed with only men or only with women.
8. Self Help Group holds weekly meetings mostly during non-working hours, and full attendance is made mandatory for better participation.
9. The groups have transparency among themselves and they have collective accountability in respect of financial transactions.
10. Every group provides a platform to its members for exchange of their views and ideas freely.

Functions of Self Help Groups

1. Developing and enhancing the decision making capacity of members.
2. Increasing general awareness on literacy among members.
3. Equipping the poor with basic skills for understanding monetary transactions.
4. Maintaining books and registers to ensure proper accounts.
5. Providing necessary training in the chosen field.
6. Submitting the accounts for annual audit by a qualified auditor.
7. Deciding the loan amount to be sanctioned to the group members.

2. Status of Self Help Groups in Tamil Nadu

Women's Project

1. It is implemented by Tamil Nadu Women Development Corporation.
2. It is a program for socio-economic empowerment of women.

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3. It is implemented with the participation of non-governmental organizations.

Women's groups in Tamil Nadu

1. Started in 1989 in Dharmapuri.
2. Launched with the help of the International Fund for Agricultural Development
3. Salem in 1991-92. Extensive to Southern Forest Districts.
4. In 1992-93 it was extended to Madurai (M) and Ramanathapuram districts
5. In 1997-98, the Women's Scheme was started with the financial assistance of the State Government.
6. At present Self Help Groups in Tamil Nadu have 59,00,000 women members.

Activities

1. Charitable organizations in forming Self Help Groups. It also works closely with the Women's Program to provide training.
2. NGOs also provide funds for this.
3. The quality of the women's program is reflected in the vocational training provided to the Executives (M) members of SHGs.
4. This skill makes women more willing to work cooperatively in a team.
5. Training is given in 4 modules for 4 days to know the practical (m) concepts of SHGs.
6. The research develops the skills of the members like leadership, account keeping etc.
7. 5 days intensive training is provided to SHG members to develop them as “Entrepreneurs”.

3. India's efforts at Promoting Entrepreneurship and Innovations

1. Startup India:

Through the Startup India initiative, Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle. Since its launch in January 2016, the initiative has successfully given a head start to numerous aspiring entrepreneurs. A ‘Fund of Funds’ has been created to help startups gain access to funding.

2. Make in India:

This scheme is designed to transform India into a global design and manufacturing hub, the Make in India initiative was launched in September 2014.

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It came as a powerful call to India's citizens and business leaders, and an invitation to potential partners and investors around the world to centralize information about opportunities in India's manufacturing sector. This has in turn helped procure investments, foster innovation, develop skills, protect intellectual property and build best-in-class manufacturing infrastructure.

3. Atal Innovation Mission (AIM):

AIM is the Government of India's endeavour to promote a culture of innovation and entrepreneurship, and it serves as a platform for promotion of world-class Innovation Hubs, Grand Challenges, start-up businesses and other self-employment activities, particularly in technology driven areas.

4. Support to Training and Employment Programme for Women (STEP):

STEP was launched by the Government of India's Ministry of Women and Child Development to train women who have access to formal skill training facilities, especially in rural India. The Ministry of Skill Development & Entrepreneurship and NITI (National Institution for Transforming India formally it is called as planning commission) Aayog recently redrafted the Guidelines of the 30-year-old initiative to adapt to present-day needs. The programme imparts skills in several sectors such as agriculture, horticulture, food processing, handlooms, traditional crafts like embroidery, travel and tourism, hospitality, computer and IT services.

5. Jan Dhan-Aadhaar - Mobile (JAM):

JAM, for the first time, is a technological intervention that enables direct transfer of subsidies to intended beneficiaries and, therefore, eliminates all intermediaries and leakages in the system, which has a potential impact on the lives of millions of Indian citizens.

6. Digital India:

The Digital India initiative has been launched to modernize the Indian economy to make all government services available electronically. The initiative aims at transforming India into a digitally-empowered society and knowledge economy with universal access to goods and services.

7. Stand-Up India:

It was launched in 2015, Stand-Up India seeks to leverage institutional credit for the benefit of India's underprivileged. It aims at enabling economic participation of, women entrepreneurs, Scheduled Castes and Scheduled Tribes and share the benefit of Indian growth with the above mentioned categories. Towards this end, at least one women and one individual from the SC or ST communities is granted

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loans between Rs.10 lakhs to Rs.1 crore to set up Greenfield enterprises in manufacturing, services or the trading sector.

8. Trade related Entrepreneurship Assistance and Development (TREAD):

This scheme envisages to address the critical issues of access to credit among India's underprivileged women, the TREAD programme enables credit availability to interested women through non-governmental organizations (NGOs). As such, women can receive support of registered NGOs in both accessing loan facilities and receiving counselling and training opportunities to kick-start proposed enterprises, in order to provide pathways for women to take up non-farm activities.

9. Pradhan Mantri Kaushal Vikas Yojana (PMKVY):

A flagship initiative of the Ministry of Skill Development and Entrepreneurship (MSDE). This is a Skill Certification initiative which aims to train youth in industry-relevant skills to enhance employment opportunities for livelihood creation and employability.

10. National Skill Development Mission:

This scheme was unveiled in July 2015. The mission aims at building synergies across the sectors in terms of skill training activities. With a vision to build a 'Skilled India' it is designed to expedite decisionmaking across the sectors to provide skills at scale, without compromising on quality or speed.

4. Schemes for Entrepreneurs of Tamil Nadu Govt

1. Employment generation scheme for the unemployed

Departments

Tamil Nadu Department of Small Medium Enterprises

Objectives

Eliminate unemployment, encourage local self-employment, prevent migration to urban areas

Amount of assistance

1-10 lakhs with various installments of financial assistance

2. Entrepreneurship Development Programme

- i. Department: Tamil Nadu Industry Investment Corporation
- ii. OBJECTIVES: To motivate economically (m) socially disadvantaged persons to start self-employment, earn income and lead a dignified life.
- iii. Amount of Assistance: 50,000 - 5,00,000 with various installments.

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3. New Entrepreneurs (M) Entrepreneurship Development Scheme

- i. **Department:** Tamil Nadu Government Industries (M) Directorate of Commerce
- ii. **OBJECTIVES:** To provide grants, finance and opportunities to young (M) educated entrepreneurs to start new businesses.
- iii. **Extent of Assistance:** Not exceeding 25% of project value (a) Up to Rs.25 lakhs

4. Tamil Nadu Backward Economic Development Corporation

- i. **Sector:** Backward, Very Backward Minority Welfare Sector
- ii. **Objectives:** To provide economic (m) financial assistance
- iii. **Amount of Assistance:** 15000 - 3,00,000 with various installments.

5. Tamil Nadu Industrial Co-operative Bank Corporation

- i. **Sector :** Financial Intermediaries
- ii. **OBJECTIVES:** To provide financial assistance to disadvantaged (M) and other classes to start business in association with the bank
- iii. **Extent of Assistance:** Providing funds under various Tamil Nadu Backward Economic Development Schemes

6. Directorate of Adi Dravidian Welfare

- i. **Department :** Department of Agriculture
- ii. **Objectives:** To provide additional subsidy to women, Adi Dravidian, tribal, differently abled, transgender entrepreneurs etc.
- iii. **Extent of Assistance:** Provision of funds to various industries on a regular basis

5. Women Entrepreneurs

According to Schumpeter's concept, "Women who innovate, imitate or adopt a business activity are known as women entrepreneurs".

Government of India based on women participation in equity and employment of business enterprise has defined women entrepreneurs as "An enterprise owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women."

Opportunities for Women Entrepreneurs

1. Opportunities Based on Business

Women entrepreneurs are bestowed with numerous business opportunities depending upon their area, choice of industry, capacity to invest, technical and non-technical skills etc.,

When a woman decides to become an entrepreneur she has extensive opportunities to tap into. The following are the opportunities unfolding in different spheres of commerce.

i. In the sphere of manufacturing

In the sphere of manufacturing women can start ventures like Agarbathi manufacturing, papad making, bedspread making, embroidery, export of handicrafts, apparel manufacturing, sweet stalls, manufacturing soft drinks, pickle making, manufacturing garments, handicrafts, printing press etc.

ii. In the sphere of service

In the sphere of service industries, women entrepreneurs may try their hand in ventures like catering service, computer centres, tutorial centres, Typewriting institutes, beauty parlours, dry cleaning, small restaurants, tailoring, crèche, florist shops, event management etc.,

iii. In the sphere of commerce

In the realm of trading ventures, women can enter the ventures like fancy stores, diagnostic centres, milk distribution, sweet stalls, drug stores, grocery stores, textile retailing, cool drinks parlour, coffee parlour, cell phone repairs, photo studios, photocopier firms, working women's hostel etc.,

iv. In the sphere of large business

Highly educated, experienced and broadly exposed women technocrats can start larger venture like running hospitals, coaching centres, diagnostic laboratories, manufacturing activities, suited to their field of specialisation, advertisement and media firms, call centres, hotels etc.,

2. Financial Opportunities

All Banks in India provide financial support to the women Entrepreneur, in the form of micro small loans to buy Raw Materials and Equipments.

3. Non-Financial support

- i. Putting in Policies, regulations and legal structures suitable to women entrepreneurs
- ii. Financial counselling and training

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- iii. Business advisory service
- iv. Handling legal barriers
- v. Establishing Commercial linkages
- vi. Client research
- vii. Profitability and Efficiency analysis
- viii. Offering and designing the products based on their needs
- ix. Lower rate of interest
- x. Collateral free loans
- xi. Simplified processing system
- xii. Flexible repayment system based on business nature

4. Opportunities Created by Associations

There are various associations like Self Help Groups (SHG), Federation of Indian Women Entrepreneurs (FIWE), Women's India Trust (WIT), Small Industries Development organisation (SIDO), National Bank for Agriculture and Rural Development (NABARD), Self Employed Women's Association (SEWA), Association of Women Entrepreneurs of Karnataka (AWAKE), The International Centre for Entrepreneurship and Career Development, TiEStree Shakti (TSS), Tamilnadu Corporation for Development of Women Ltd. (TNCDW), Marketing Organisation of Women Enterprises (MOOWES), Women Entrepreneurs Promotion Association (WEPA), Women Entrepreneurs Association of Tamil Nadu (WEAT) and WeoW by Google are aggressively promoting women entrepreneurship in India.

Similarly, MSE cluster development programme bear a substantial portion of the project cost in respect of ventures owned and managed by women entrepreneurs. The percentage of guarantee given by Credit Guarantee Fund Scheme for Micro and Small Enterprises extend upto 80% for MSEs owned and operated by women.

5. Opportunities Created by Government

- i. Stand-Up India Scheme for Women Entrepreneurs
- ii. Trade related Entrepreneurship Assistance and Development (TREAD) Scheme for Women
- iii. Mahila Coir Yojana
- iv. Mahila E-haat v. Magalir Udavi Scheme
- v. Prime Minister's Rozgar Yojana (PMRY)
- vi. Development of Women and Children in Rural India (DWCRA)
- vii. Mudra Yojana Scheme for Women
- viii. Udyogini Scheme

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ix. TRYCEM

6. Opportunities Created through Training Programme

Government of India has introduced National Skill Development Policy and National Skill Development Mission in 2009 in order to provide skill training, vocational education and entrepreneurship development to the emerging work force. This has been catalysing the emergence of women entrepreneurs in India. The following training schemes are being implemented for promoting self employment of women by Government of India.

1. Support for Training and Employment Programme of Women (STEP)
2. Development of Women and Children in Rural Areas (DWCRA)
3. Small Industry Service Institutes
4. State Financial Corporations
5. National Small Industries Corporations
6. District Industrial Centres

7. Consortium of Women Entrepreneurs of India (CWEI)

Consortium of Women Entrepreneurs of India (CWEI) was registered as a civil society in the year 1996 which is a non-profit organisation in New Delhi. It is accredited by Government of India. It is a member of National Board, Ministry of MSME and is working closely with Ministry of Rural Development in the Public Private Partnership to support below poverty line families in India.

- i. They are acting as a springboard for enterprises started by the women.
- ii. It is helping women achieve high economic empowerment.
- iii. It is acting as a catalyst to improve the access of womenfolk to natural resources.
- iv. It is providing technological support in the sphere of product design and development in the case of women owned enterprises.
- v. It is providing quality control, marketing and technological supports to women owned enterprises.
- vi. It is spreading knowledge to women entrepreneurs about various government schemes.

6. Challenges of Women Entrepreneurs

1. Problem of Finance

The access of women to external sources of funds is limited as they do not generally own properties in their own name. Financial institutions too do not consider women in general creditworthy as they are sceptical of their

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entrepreneurial capabilities of women. They impose stringent condition which discourages women to avail themselves of loan assistance from banks. In this context, they are pushed to rely on their own savings and small loans from friends and relatives. Because of the limited funds, women entrepreneurs are not able to effectively and efficiently run and expand their business.

2. Limited Mobility

Indian women cannot afford to shed their household responsibilities towards their family even after they plunge into the venture started by them. This restricts the mobility of women entrepreneur significantly. The domestic responsibilities do not allow women entrepreneurs to freely move out of business enterprises in connection with business activities.

3. Lack of Education

Illiterate and semi-literate women entrepreneurs encounter a lot of challenges in their entrepreneurial journey with respect to maintaining accounts, understanding money matters, day-to-day operations of the company, marketing the products, applying technology etc., this reduces the efficiency of operating the business successfully.

4. Lack of Network Support

The successful operation of any venture irrespective of the size depends upon the network of support extended by various constituencies like family members, friends, relatives, acquaintances, neighbours, institutions and so on. Women entrepreneurs need much needed psychological support and wiser counselling especially during the time they actually encounter challenges. But it is reported that women entrepreneurs get very limited support in times of crisis from most of these constituencies.

5. Stiff Competition

Women entrepreneurs have to face acute competition for their goods from organised sector and from their male counterparts. Since they are not able to spend liberally due to financial constraints, they are not able to compete effectively and efficiently in the market.

6. Sensitivity

Women are more prone to a variety of emotions. Being mother, women are vulnerable to many emotions. They tend to have sympathy and empathy for others. This trait does not allow women entrepreneurs to take objective decisions in many contexts during the course of running the entrepreneurial venture.

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Besides, the weak emotions do not allow them to tolerate failures and disappointments arising during the normal course of their entrepreneurial journey. This inherently tone downs the effectiveness of their functioning.

7. Lack of Information

Women entrepreneurs are reported not to be generally aware of subsidies and incentives available for them due to their poor literacy levels or due to their pre occupation with household responsibilities. This lack of knowledge or limited knowledge about subsidies prevents them from availing themselves of special concessions, benefits and incentives awarded by Government and other agencies.

8. Dependent culture

In India, women however educated and talented are groomed to be dependent on their parents, life partners and children during the various phases of their life cycle. They could not take decisions on their own in many contexts due to this dependency factor. They have to take permission from their support groups to engage in any purposeful and gainful activity. They are not treated as equals unlike women in western countries. This cultural barrier does not allow them to start and manage their ventures according to their free will and pleasure.

