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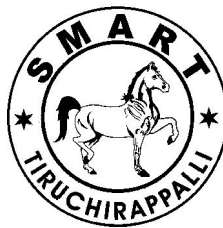
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## EMPIRICAL ANALYSIS OF WOMEN ENTREPRENEURS IN PUNJAB's MSME SECTOR

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### ***Abstract***

*At all India level, dominance of male owners, pervades in each of the three segments of MSME Sector, although it is relatively less pronounced in the case of Micro Sector. In the State of Punjab too, percentage of women entrepreneurs, as compared to male entrepreneurs, in the MSME Sector, is very low. The participation of women, in the MSME Sector, was identified in three different roles. Some women are owners of enterprises, some are managers of enterprises and others are employees. This paper is an attempt, to study the position of Women Entrepreneurs, in the MSME Sector of Punjab and to study the relationship between various financial, social and economic variables and the profile of registered women entrepreneurs, under the MSMED Act, 2006, to provide direction to planners and policy makers, to formulate suitable measures for the growth of women entrepreneurs, in Punjab's MSME Sector. The findings were based on secondary data, collected from all the District Industry Centres (DICs) of Punjab. The results indicated that there were 645 registered women entrepreneurs, as on March 31<sup>st</sup>, 2014. The maximum was recorded in Ludhiana District, followed by Amritsar and Patiala District, in the Micro Segment, manufacturing various goods.*

**Keywords:** *Women Entrepreneurs, MSMEs, Punjab State, India, Entrepreneurial Profile, Business Characteristics.*

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## 1. Introduction

Small businesses act as seedbed, for the growth of entrepreneurship worldwide. Today's dynamic business environment requires a perfect mix of new ideas, skills and competencies, to establish, run and develop a business. Micro, Small and Medium Enterprises (MSME) Sector has emerged as a highly vibrant and dynamic sector of the Indian economy, which has given a boost to self-employment, by creating successful entrepreneurs. It accounts for a large share of all firms, constituting a major source of employment, at comparatively lower capital cost than large industries and also helps in industrialization of rural and backward areas, thereby reducing regional imbalances and assuring more equitable distribution of national income and wealth. To facilitate the development of these enterprises and also to enhance their competitiveness, the Micro, Small and Medium Enterprise Development (MSMED) Act was notified in 2006. This Act addresses policy issues, affecting MSMEs as well as the coverage and investment ceiling of this sector. It provides the first ever legal framework, for the recognition of the concept of 'enterprise', which comprises both manufacturing and service entities. Micro enterprise (Not exceeding Rs.25 lakh-Manufacturing; Not exceeding Rs.10 lakh-Service), Small (More than Rs.25 lakh but does not exceed Rs.5 crore - Manufacturing; More than Rs.10 lakh but does not exceed Rs.2 crore - Service); Medium (More than Rs.5 crore but does not exceed Rs.10 crore - Manufacturing; More than Rs.2 crore but does not exceed Rs.5 crore - Service), constitute the MSME Sector.

According to the fourth **All India Census of MSME (2006-07)**, the State of Tamil Nadu recorded the largest number of working enterprises, with a share of 14.95 % in India while Gujarat remained second, marginally

behind Tamil Nadu, with a total share of 14.70%. Top ten States, in terms of working enterprises, accounted for a total share of 82.13 %, while remaining 25 States/UTs accounted for 17.87%. The Punjab's micro, small and medium enterprises (MSMEs) also play a pivotal role, in the overall industrial economy of the State. The development of small scale units, in Punjab, could be witnessed in Ludhiana, Jalandhar, Amritsar and Goraya. Many of these units produce bicycles, sewing machines, agricultural implements, medical instruments, hosiery, machine tools and sports goods or parts of those goods.

## 2. Review of Literature

**Hisrich, D. R., & Fulop, G., (1995)** found better bank relationships, improvement in business support system, tax discounts, qualified business partners and professional training, to be essential for entrepreneurial development. According to **Ganesh, et al., (2002)**, majority of women entrepreneurs (44%) were below the age of 50 and many of them were highly educated (65% Graduates and 24% Postgraduates) and majority of them belonged to the urban area (82.59%). There was no correlation between age and business initiation while there was positive correlation between training and growth and negative correlation between experience and obstacles encountered. Middle aged women were more motivated than young and aged women and many of them faced problems in male controlled domains and in dealing with external environment. **Kalyani, W., & Chandralekha K., (2002)** found that women entrepreneurs (in the Rayalaseema area of Andhra Pradesh), in the age group of 31-40 years, were more self-inspired whereas those above 41 years, were more self-involved in taking major decisions. Women, with higher educational qualification, recognized the

importance of training, memberships etc. As compared to married women group, the other group with unmarried, divorced and widows, was better involved in their business activities and its management. The type of family did not have any direct association with their business involvement but single child parents were better involved. Women were major players in subsistence aquaculture not because of their resources and knowledge but because subsistence aquaculture was considered as extension of their household maintenance work. Even when women were superior in material and cognitive pathways, when compared with their husbands, this did not necessarily lead to greater self-confidence or empowerment through change in gender relations in the household. **Kusakable, K. (2003). Robinson, J., et al., (2007)** found the average age of respondents to be forty nine, and fifty percent were mothers. Those, who were competing for government contracts, were not taken seriously because of having minority/ women status. **Nayyar et al., (2007)** found that women faced financial problems related to non-availability of long term finance and inability to meet working capital requirements. Marketing issues, such as poor location of their premises and lack of transportation, hindered their growth process. More women opt to leave corporate world, to chart their destinies (**Goyal, M., & Prakash J., 2011**). Problems, faced by women entrepreneurs, can be categorized as Socio-personal, Financial, Skill & Training, Marketing and Infrastructural (**Devi, A., & Goswami, G., 2014**). More married women launched their own business as they had family support (**Kolangiappan, M., 2014**).

### 3. Statement of the Problem

It has been found, at the international level, that a lot of research has been done on

the role of women entrepreneurs and their contribution towards making the economies better. At the national level also, research has been done in States like Tamil Nadu and Kerala but it was found out that not much research has been done on this topic and no work was found after the enactment of MSMED Act, 2006, in Punjab.

### 4. Need of the Study

Entrepreneurship is seen as one of the most important solutions, to unemployment, poverty and low economic growth. Entrepreneurs are viewed as initiators of action and stimulators of socio-economic change and development. This study could provide a direction to planners and policy makers, to formulate suitable measures, for the growth of women entrepreneurs in Punjab's MSME Sector.

### 5. Objectives of the Study

The main objectives of the study were, to assess the profile of women entrepreneurs and to study the relationship between financial, social and economic variables of women entrepreneurs, in the State of Punjab.

### 6. Hypotheses of the Study

**NH-1:** There is no significant difference in gross output, produced by Micro Enterprises, and Small Enterprises owned by women in Punjab.

**NH-2:** There is no significant difference in the net worth of Micro Enterprises and Small Enterprises, owned by women, in Punjab.

### 7. Research Methodology

#### 7.1 Sample Selection

The research design, adopted for this study, was ex-post facto in nature since the phenomenon had already occurred. Empirical

analysis was done, on the bases of information collected, on two aspects of entrepreneurial profile and business profile of 645 women enterprises, in 22 District Industry Centres of Punjab, registered till 31<sup>st</sup> March, 2014.

## 7.2 Data Collection

Secondary data were taken from various government reports like MSME Annual Reports, Report on Third Census of Registered SSI Units and Sample Survey of Unregistered Units, 2001-2002, Punjab, and Directorate of Industries & Commerce, the Government of Punjab.

## 7.3 Period of the Study

The study covered the women entrepreneurs, registered with DICs, after the enactment of MSMED Act, 2006, till 31<sup>st</sup> March 2014.

## 7.4 Tools Used

Percentages, Regression analysis, Anova and Mann Whitney Statistics Test, were applied to the data, for drawing inferences.

## 8. Analysis of Data

**Table-1** shows the total number of 645 women entrepreneurs, in Punjab, who were registered with DIC's after the enactment of MSMED Act, 2006, till March 31, 2014. Maximum women entrepreneurs (217) were found in Ludhiana District, followed by Amritsar (128), Patiala (64), and SAS Nagar (59). Districts, including Fatehgarh Sahib (07), Hoshiarpur (06), Mansa (02), Pathankot (7), SBS Nagar (02) and Tarn Tarn (09), recorded less than 10 registered women entrepreneurs. No woman entrepreneur was registered, in three Districts during the study period (Roop Nagar, Firozpur and Sri Muktsar Sahib). Out of 645 enterprises, 526 were micro enterprises, owned by women entrepreneurs and 119 were small enterprises, owned by women in Punjab.

According to **Table-2**, 48.7% of women entrepreneurs (314) were in the age group of 36-45 years, 28.4% were in the age group of 46-55 years (183), followed by 14.4% in the age group of 25-35 years (93). Only 8.5% of the registered entrepreneurs (55), in Punjab, were above the age of 55. It is concluded that majority of registered women entrepreneurs, in Punjab were 36-45 years. Out of the total 645 women entrepreneurs, 62.5% were Hindus (403), 37.1% were Sikhs (239) and 0.5 % belonged to other religions (3). It is concluded that majority of women entrepreneurs, in Punjab (more than 50%), were Hindus. 89.5% of women entrepreneurs (577) were from the general category, 8.7% were OBCs (56) and 0.09% were SCs (6). This was due to the fact that women, belonging to lower categories, did not get opportunities or do not have their own funds, to start their business. 47.3% of women, running business in Punjab, were graduates (305), followed by 32.9% being undergraduates (212). Only 9.3% had completed their post-graduation. 9.1% of women reported other qualifications (59) like vocational courses etc and 1.4% were diploma holders. Level of education affected an entrepreneur's performance and her choice of selection into entrepreneurship. The majority, i.e 97.5% of women entrepreneurs, were married (629). Married women enjoyed more family support, which helped them in performing better. Many women entrepreneurs were supported by their family members.

**Table-3** shows that 81.6% of enterprises (526), owned by women in Punjab, were micro enterprises, where the investment limit was not more than 25 lakhs, in the case of manufacturing enterprises and not more than 10 lakhs in the case of service enterprises. Only 18.4% of enterprises (119), owned by women in Punjab, were small enterprises where the investment limit was not more than five crores

in the case of manufacturing enterprises and not more than two crores in case of service enterprises. 90.9% of registered women entrepreneurs in Punjab, were sole proprietors (586), running the business on their own. 7.3% of women enterprises reported partners (47) and 9% of these enterprises were private limited companies (6). Only three percent came under public limited companies (2). Two ran co-operatives. The women enterprises, which did not have a sole proprietor, were owned by women, who have individually or jointly, reported a share capital of not less than 51% wherein acted as partners/share-holders/directors of private limited company/members of co-operative society. The reason, for maximum number of sole proprietorship, in women enterprises, was because of the fact that about 80% of these enterprises were micro enterprises where the investment limit was not more than 25 lakhs. The financial requirement was comparatively less in this segment than in other two segments. 88.5% of the enterprises (571) recorded less than 15 employees, working for them. The percentage of enterprises (54), employing workers between 16 to 30, was 8.4% and those enterprises (20), having more than 30 employees, was 3.1%. This was due to the fact that maximum number of enterprises was operating at micro level, at a low scale, where many workers were not needed. 97% of women, who owned enterprises (622), were using electricity as the major fuel for doing their business. 1.6% used coal (10) and 0.8% of enterprises (5) were working, without using electricity. Other types of alternate fuels like oil, LPG, firewood etc were used by 0.6% of enterprises (4). Many units, in all the districts of Punjab, were located in urban areas or industrial areas. As a result, they depended more on electricity, which was easily available than any other fuel in these areas.

**Table-4** shows that there was significant difference in gross output, produced by Micro Enterprises and Small Enterprises, owned by women, in Punjab, as the p-value (0.03) was less than the level of significance (0.05). Hence the null hypothesis (NH-2) is rejected. The mean value of the gross output, for micro enterprises, was 81.70 lakhs whereas that of small enterprises was 220.82 lakhs. Mann Whitney Statistics Test, a non- parametric test, was applied to the data as the value of standard deviation was high. It was 155.05 in the case of Micro enterprises and 401.78 in the case of Small enterprises. It also shows that there was significant difference in the net worth of Micro Enterprises and Small Enterprises, owned by women, in Punjab, as the p-value (0.00) was less than the level of significance (0.01). Therefore, the null hypothesis (NH-2) is rejected. The mean value of net worth for micro enterprises was 56.85 lakhs whereas that of small enterprises was 92.09 lakhs.

**Table-5** shows that there was about 71 percent of variation, in the dependent variable, was due to variations in independent variables i.e., 71% changes in the value of Total Fixed Assets (in lakhs) was due to changes in the values of age of women entrepreneur, turnover (in lakhs) of products, type of enterprise and number of persons employed. To check the linear relationship between the dependent variable and the independent variables, f-value was calculated. **Table-6** shows that total fixed assets were linearly related to the age of women entrepreneur, turnover (in lakhs), number of products produced, type of enterprise and number of persons employed, as f value was significant at 0.01 level. **Table-7** shows the impact of various independent variables on the dependent variable, i.e., Total Fixed Assets.

## 9. Findings of the Study

The data revealed that there was significant impact of turnover on total fixed assets. There was significant impact of number of products on the total fixed assets. There was significant impact of number of persons employed, on the total fixed assets. There was significant impact of type of enterprise (Micro/Small/Medium), on the total fixed assets. There was no significant impact of age of entrepreneur, on the total fixed assets.

## 10. Conclusion

Entrepreneurship is one of the most critical inputs, in the development of a particular region. The industrial development, along with individual development in the economic environment, results in the upward movement of the graph, showing a positive change. MSME Sector outnumbered the large industries in every country, playing a vital role in the process of industrialization. Since women constitute half of the total population, they also have an important role to play in the advancement of economies. The Government of India has initiated conscious efforts, to substantially enhance the spirit of entrepreneurship, among women, by offering various financial incentives, along with training programmes. Still it is a major problem for the Government and promotional agencies, to identify potential women entrepreneurs, their current status and problems and to drive optimum benefit from promotional measures, to achieve a sustained and speedy growth of entrepreneurs. This study highlighted the entrepreneurial profile of women, in Punjab, which would be helpful to government officials, policy making and other government agencies, which are promoting women entrepreneurship.

## 11. Suggestions

To improve the status of women entrepreneurs in Punjab, the Government should

focus on the following aspects. More opportunities should be created, for women, to enter small and medium segment of this sector as their representation was negligible in these two segments. Women should be provided training, on management related issues, as many of them were simple graduates, without any formal management qualifications. Efforts should be made, to curb the growth of unregistered sector, by providing incentives to registered units. The Government should frame policies, for SC/ST women, so that they can also start their own business. Financial assistance, through banks, should be provided to them. More interactions, in the form of workshops, seminars and conferences, should be arranged so that they can discuss their problems and find solutions for the same.

## 12. Limitations

The study was limited to the State of Punjab only and did not reflect universal entrepreneurial profile. There are chances that different factors play different roles in different regions. Moreover, data were analyzed, for only those women entrepreneurs, who were registered with the District Industry Centres, after the enactment of MSMED Act 2006, as the data, before this period, were not available.

## 13. Further Scope of the Study

The role of women entrepreneurs, in the MSME Sector, could be studied, from other parts of India as well. A comparative study of women entrepreneurs in Punjab, with its neighboring States like Haryana and Himachal Pradesh, can be a good subject for research. A comparative study of women entrepreneurs, with respect to male entrepreneurs, could be another area of research. Women entrepreneurship can be studied, as a measure of women empowerment. Other variables like role of micro finance, in the development of women entrepreneurs, can also be studied.

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**Table-1: Number of Women Enterprises in Punjab**

<b>District/Type</b>	<b>Micro (n=526)</b>	<b>Small (n=119)</b>	<b>Total (n=645)</b>
Amritsar	122(23.19)	6(5.04)	128(19.84)
Barnala	6(1.14)	4(3.36)	10(1.55)
Bathinda	14(2.66)	1(0.84)	15(2.33)
Faridkot	4(0.76)	4(3.36)	8(1.24)
Fatehgarh Sahib	3(0.57)	4(3.36)	7(1.09)
Gurdaspur	14(2.66)	6(5.04)	20(3.1)
Hoshiarpur	6(1.14)	0(0)	6(0.93)
Jalandhar	10(1.9)	7(5.88)	17(2.64)
Kapurthala	30(5.7)	6(5.04)	36(5.58)
Ludhiana	177(33.65)	40(33.61)	217(33.64)
Mansa	2(0.38)	0(0)	2(0.31)
Moga	13(2.47)	3(2.52)	16(2.48)
Pathankot	4(0.76)	3(2.52)	7(1.09)
Patiala	55(10.46)	9(7.56)	64(9.92)
Sangrur	13(2.47)	7(5.88)	20(3.1)
SAS Nagar	42(7.98)	17(14.29)	59(9.15)
SBS Nagar	1(0.19)	1(0.84)	2(0.31)
Taran Taran	10(1.9)	1(0.84)	11(1.71)

**Source:** Data (DIC's of Punjab, 2014) using SPSS20.

**Table-2: Profile of Women Entrepreneurs in Punjab**

Profile	Groups	Frequency	Percent
Age	25-35	93	14.4
	36-45	314	48.7
	46-55	183	28.4
	Above 55	55	8.5
	Total	645	100
Religion	Hindu	403	62.5
	Sikh	239	37.1
	Other	3	0.5
	Total	645	100
Category	SC	6	0.9
	OBC	56	8.7
	General	577	89.5
	Other	6	0.9
	Total	645	100
Qualification	Undergraduate	212	32.9
	Graduate	305	47.3
	Postgraduate	60	9.3
	Other	59	9.1
	Diploma	9	1.4
	Total	645	100
Marital Status	Unmarried	14	2.2
	Married	629	97.5
	Widow	2	0.3
	Total	645	100

**Source:** Data (DIC's of Punjab, 2014) using SPSS20.

**Table-3: Business Profile of Women- owned Organizations in Punjab**

<b>Business Profile</b>		<b>Frequency</b>	<b>Percentage</b>
Type of Enterprise	Micro	526	81.6
	Small	119	18.4
	Total	645	100.0
Nature of Operation	Casual	1	0.2
	Perennial	612	94.9
	Seasonal	32	5.0
	Total	645	100.0
Nature of Activity	Assembly	2	0.3
	Manufacturing	561	87.0
	Processing	5	0.8
	Repairing & Maintenance	4	0.6
	Services	73	11.3
	Total	645	100.0
Type of Organization	Cooperative	2	0.3
	Partnership	47	7.3
	Private Company	2	0.3
	Proprietary	586	90.9
	Public ltd comp	2	0.3
	Pvt Ltd Comp	6	0.9
	Total	645	100.0
No. of Persons Employed	1-15	571	88.5
	16-30	54	8.4
	>30	20	3.1
	Total	645	100
Type of Fuel	No Electricity	5	0.8
	Electricity	622	97
	Coal	10	1.6
	Other	4	0.6
	Total	645	100

**Source:** Data (DIC's of Punjab, 2014) using SPSS20.

**Table-4: Significance of Enterprises**

	Micro (n=526)		Small (n=119)		MannWhitney Statistics	p value
	Mean	SD	Mean	SD		
Gross Output (in Lac)	81.70	155.05	220.82	401.78	184	0.03*
Net Worth (in Lac)	56.85	136.91	92.09	90.50	145	0.00**

Source: Data (DIC's of Punjab, 2014) using SPSS20.

**Table-5: Regression**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.708	0.501	0.497	42.68232

Source: Data (DIC's of Punjab, 2014) using SPSS20.

**Table-6: Anova**

Model		Sum of Squares	Df	Mean Square	F Value	Sig.
1	Regression	1036828.370	5	207365.674	113.826	0.000
	Residual	1032949.381	567	1821.780		
	Total	2069777.751	572			

Source: Data (DIC's of Punjab, 2014) using SPSS20.

**Table-7: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T Statistic	Sig.	Co linearity Statistics	
1	(Constant)	B	Std. Error	Beta			Tolerance	VIF
	Turnover in Lac	-64.410	12.365		-5.209	0.000		
	No of Products	0.054	0.006	0.297	8.726	0.00**	0.761	1.315
	No of Pearson Employed	4.466	1.656	0.083	2.697	0.00**	0.931	1.074
	Type of Enterprise	1.154	0.144	0.268	7.994	0.00**	0.783	1.277
	Age	54.311	4.817	0.357	11.276	0.00**	0.877	1.140
		0.149	0.244	0.018	0.610	0.54	0.994	1.006

Source: Data (DIC's of Punjab, 2014) using SPSS20.