
WOMEN ENTREPRENEURSHIP IN THE INDIAN BANKING SECTOR: A SOCIO-LEGAL PERSPECTIVE

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“Changing agency of women is one of the major mediators of economic and social change, and its determination as well as consequences closely relate to many of the central features of the development process”.
-Amartya Sen

Abstract: Equal participation of women in all aspects of economic development has always been a concern of a democratic society. Socio-economic changes and legal protection contributed towards the participation of women in nation building and the economic growth of the country. Women’s entrepreneurship in banking and other financial sectors particularly can definitely contribute to the economic well-being of the family and communities, poverty reduction and women’s empowerment, thus contributing to the economic development of the nation as such. However, women entrepreneurship still continues as a minority. Women entrepreneurs often face gender-based barriers to starting and growing their career in businesses. This paper concentrates on how existing women entrepreneurship in the banking had contributed towards economic development as well as the challenges for women entrepreneurship in relevant fields. The paper also analyses the need for the existing legal system to encourage participation of women in banking sector.

Introduction: In the area of finance, women have certainly increased their share of management positions at a varying pace. Women are increasingly seeking entrepreneurship as an avenue for economic growth. The government and semi-government organizations play an important role in mobilizing women to become entrepreneurs through different programs. Enhancing women’s participation in development is essential not only for achieving social justice but also for reducing poverty. Worldwide experience shows clearly that supporting a stronger role for women contributes to economic growth; it improves child survival and overall family health. Investing in the development of women is central to the advancement of the society as women play a very significant role in the well being of the family and upbringing of the next generation. Hence advancement of women is always considered as pivotal in the progress of societies across the world. Through gender equality we can attain the ultimate goal of gender justice which aims at protecting the subordinated gender viz. women from the exploitations and denials. This means that women must exercise full participation in the decision making process in all walks of life. Women entrepreneurship need to be recognized as an effective means of attaining these goals as it guarantees as well as encourages the role of women as decision makers. Thus the term ‘women entrepreneurship’ is defined as a status where women creates and owns the business and enjoys complete control over such business[1]. This innovative role of women helps her to gain strength in the economic matters and through this she will be in a position to raise her voice more effectively for gender equality.

In spite of these well recognized principles, women still face many barriers in achieving this goal and hence women are not able to benefit from social development and contribute to the society as such. Such barriers find its roots in male dominated or patriarchal societies

where all forms of resources are in the hands of men. This begins with comparatively low investment in female education and health, they continue with restricted access to services and assets, and they are made worse by legal and regulatory constraints on women’s opportunities. Property, especially land-the universal collateral-is usually registered in a man’s name. Some countries have laws that prevent women from entering into contracts in their own capacity. Such kind of legal and regulatory restrictions prevent women from participating in the labor force on equal terms with men. The need to balance home and market responsibilities is a major constraint on women’s earnings, productivity and accumulation of human capital. The lack of affordable childcare facilities forces women into jobs with flexible hours and locations but the consequences are often lower earnings, discontinuities in work, limited mobility, and lower levels of skill[2]. Traditions determine the mindset of the people in the society and hence determine their behavior and attitude to the development of women. Even though there are many standard policies to promote gender equality by building more schools, encourage women education and employment, giving micro credit to women and so on, but these are not sufficient to improve the status of women[3]. Such a social situation also acts as contributing factors that lowers the status of women in the society as a whole. However, it is noteworthy that in spite of such social barriers representation of women in labour has increased. There is an increase in the number of women with a higher educational background and technical knowhow. Still the upcoming participation of women in the managerial position is marginal. With her higher educational qualifications, entry into banking sector may be easy but the other barriers limit women to come up to the level of entrepreneurship.

Bridging the Gender Gap in Economic

Development:As in the World Bank’s annual *Doing Business* report, the number of new limited liability companies in India between 2004-11 is 70,450[3]. Amongst this it is estimated that presently women entrepreneurs comprise only about 10% of the total entrepreneurs [4]. Cross-country data from the World Bank Entrepreneurship Snapshots find that India’s rate

of entrepreneurship is lower than its stage of development and similar comparisons also highlight that India’s gender ratio among entrepreneurs is lower than its peers [5]. However there is a remarkable change in the changing trend towards women entrepreneurship in cities rather than other areas as presented in the table [6].



But the development of women in rural areas needs to be more concentrated as women in these areas are the most exploited by many aspects. Women in rural areas have the potential to organize and manage business and as an initiative entrepreneurship in the area of micro level banking sectors can be more encouraged. As the table demonstrates women entrepreneurship in quite impressive in cities but if we do not encourage women entrepreneurship in other areas the overall development of women through entrepreneurship will remain only as a myth.

The world wide statistics on women participation in managerial position reveals that there is only 20-40% representation in about 48 countries whereas the representation of women in senior managerial position is much lesser than the said figure[7].

Legal framework for empowerment of women through entrepreneurship: There is a wide range of international instruments that are drafted for the purpose of protecting the rights of women by promoting women to participate in the economic development. ILO-WED[8] is part of the Small Enterprise Development Programme (SEED). ILO-WED works on enhancing economic opportunities for women by carrying out affirmative actions in support of women starting, formalizing and growing their enterprises, and by mainstreaming gender equality issues into the ILO's work in enterprise development. The ILO-WED approach is threefold; working with governments,

employers' organizations, trade unions, and local community-based organizations to create an enabling environment for WED that generates quality jobs; build institutional capacity in WED and development of tools and support services for women entrepreneurs. It does so both through targeted approaches and gender mainstreaming, with a clear objective to contribute towards gender equality and women's economic empowerment[9].

Indian constitution also provides adequate protection for women. Indian women enjoy all the fundamental rights in the same manner as men[10]. In addition to which Article 15(3) empowers state to make special provisions for the protection of women and children[11]. Article 16(2) prohibits discrimination in respect of employment on the basis of religion, race, caste, sex, descent or place of birth or residence or on the basis of any of them. Some of the directive principles are women specific such as art.39 (a)[12], 39(e)[13], 39(d)[14] and 42[15].

Government Policies and Protection of women entrepreneurs: The Seventh Five Year Plan[16] operated in keeping in view of empowering women entrepreneurs. It gave emphasis on five important areas.(1) Employment and income generation areas (2)Education and training services (3) Support services (4) General awareness services and (5) Legal support services[17]. The Ninth Five year plan also introduced various schemes for the development of women

entrepreneurs[18]. In addition to which Prime Minister's Rozgar Yojana (PMRY), preference is given to women beneficiaries. The government has also made several relaxations for women to facilitate the participation of women beneficiaries in this scheme. Similarly, under the Micro and Small Enterprises Cluster Development Programme by Ministry of MSME, the contribution from the Ministry of MSME varies between 30-80% of the total project in case of hard intervention, but in the case of clusters owned and managed by women entrepreneurs, contribution of the MSME could be upto 90% of the project cost. Similarly, under the Credit Guarantee Fund Scheme for Micro and Small Enterprises, the guarantee cover is generally available upto 75% of the loans extended; however the extent of guarantee cover is 80% for MSEs operated and/ or owned by women[19].

Domestic Legislations and women entrepreneurship in India:

Though the constitution and various policies of government mandate for women empowerment through the women entrepreneurship, hard reality is that there is no women specific business legislations in India. In the United States and other developed nations recognized women's role in development through the enactment of various legislations[20]. However, the recently passed Companies Act, 2013 promote for the women representation in companies management. Till date, the management and ownership of companies in India are dominated by the men[21]. However there is no attention by the government in these areas as it is quite evident that there is no single government initiated statistical analysis of the women entrepreneurship in the banking sector. It is the need of the day to promote not only women participation, but also in the next higher level of participation in the form of leadership. This will lead to a healthy working environment for the other women employees as well to contribute to the organisation in which they are. It is well established that women leadership is beneficial to the banking sector as many private banks have improved in their performances compared to that of previous financial year[22]. It is also required from the side of public sector banks to promote women leadership.

Women entrepreneurship in banking/ financial sector in India: Myth or reality?: Many women in India have attained prominent or leadership positions, rising to the highest echelons in every walk of life -- for example as entrepreneurs, industrialists, civil servants, police officers, airline pilots, scientists and engineers. Yet there remain a glass ceiling as a social barrier to empowerment of women. Hence there must be an adequate machinery to enable women to overcome additional barriers to ensure equitable access to the labour market, to have access and control over economic resources and entrepreneurial opportunities. In some cases, employment creation strategies have not paid much attention to occupations and sectors where women predominate; nor have they adequately

promoted the access of women to those occupations and sectors that are traditionally male[23]. The Entrepreneurship Development Process for Women in India is increasingly being recognized as an important untapped source of economic growth since women entrepreneurs create new employment opportunities and avenues for women's economic independence.

The Micro, Small and Medium Enterprises (MSME) sector in particular, which plays a central role in the economic and social development of the country and is described as an "engine of growth" is attracting increasing policy attention. According to the MSME Annual Report 2011-12, the MSMEs account for 45 per cent of India's manufacturing output and 40 per cent of India's total export. From a gender perspective, the MSME sector is also gaining prominence as in the broad context of economic downturn; one cannot afford to overlook women's contributions and the potential and challenges they face at different stages of the process[24].

Barriers for women entrepreneurship in Banking:

In spite of attaining higher educational qualifications and other factors that lead to self empowerment, still the women participation in the field of banking sector is very minimal. In order to identify and adopt adequate strategies to overcome this situation, the barriers which are both social and legal need to be critically analysed. Women in an organizational set up face barriers such as

- **Organizational Barriers:** The surveys provide clear evidence of a range of barriers that are impeding women's career progress in banking. Half of the women we surveyed (48%) said that barriers to progression for women existed in their organization, and 36% of men agreed. These barriers, collectively labeled as the glass ceiling, become more visible as women progress in their careers. A third (31%) of women in junior roles said they thought a glass ceiling existed for women where they worked rising to 61% of women in middle management roles. The reverse was true for men; 31% of men at junior level said a glass ceiling existed in their organisation, dropping to 23% of men at middle management level[25].
- **Preference Given to Men by Men:** In most banking companies 100% of the board composition consists of men. Men are preferred over the females due to the stigma created by societies. Men prefer to work for Additional working hours and they travel more for their companies, but for women due to their family Commitment they fail to devote entire attentions towards the corporate growth.
- **Lack of training for Multi-Tasking:** Women are not given adequate training for managing the challenges they confront in the banking and financial sector or often they are neglected.
- **Lack of Legal support:** The existing legal system fails to uplift the position of women in banking and financial sector. The specific

laws dealing with banking and financial sectors are for the regulation, control and supervision of the banking sector and it fails to recognize the human rights of its employees and employers, except that of the workmen. There is a need to pay attention to the working environment such as accessibility to work place, convenient working hours for women, grievance redressal mechanism etc.

The way forward-Role of women entrepreneurs in Banking Sector: Despite the barriers, professional women in India have broken the glass ceiling and started making impressive strides. Women CEO's in India currently head 11% of 240 large companies -India owned as well as state owned. The largest number of women CEO's today in India is in the finance and banking sector[26]. Women have come long way from the days of society. The following factors influenced women to occupy premier positions in the Indian financial sector:

Increasing attention in the field of education of women: Educated young women want to work. Often the motivating factors are independence, challenge, status, influence by others, etc. Twenty years ago women worked to keep the home fires burning, so took any job which would give them additional salary. But today women look for a long term career which give them the satisfaction of both the career and higher income and , the opportunity to reach the top rung of ladder wherever possible.

Gender Diversity: Most corporate managements have traditionally been male members but the experience of many companies like Mc Kinsey & co, demonstrates that companies with higher representation of women in senior leadership make better decisions, have better returns, risk management and bring more women in senior leadership roles.

Change in the law: The legal system also changed its attitude towards women. The Hindu (Succession) Amendment Act has conferred equal status to women in inheriting the family business. There are also remarkable changes brought about by other legislations for the protection of women such as Companies Act, 2013 which ensures participation of women in the Board of Directors of a company, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which protects women from all forms of harassment in the work place and so on.

Conclusion: Around 50 per cent of India's population is women, yet business spheres such as trade, commerce and industry is still considered a male preserve. Entrepreneurial work has also been predominantly a man's world in India, are women. Among the states, Gujarat, Maharashtra and Karnataka have more women entrepreneurs. Indian women are in

no way inferior to men in all walks of life and they can be good entrepreneurs as men in the country.

Therefore, it is essential to exploit the potential of Indian women. Women's participation in trade, industry and commerce, requiring entrepreneurship is still poor, mainly because of the problems associated with their gender roles.

Women's contribution to development is seriously underestimated and thus their social recognition is limited. The full visibility of the type, extent and distribution of this unremunerated work will also contribute to a better sharing of responsibilities between men and women. Lack of employment in the private sector and reduction in public services and public service jobs have affected women disproportionately.

Women entrepreneurship in the rural areas is not adequately attended by the policy makers. Rural areas are abundant in natural resources for the purpose of establishing such industries whether small scale or large scale. The lack of financial resources could be solved through policies which favor women entrepreneurship through micro finance[27]. To a major extent this issue could be well addressed by promoting women entrepreneurship in banking sector which may provide financial help to such rural women. Several ways can be adopted for motivating and inspiring informal micro financial services working with informal sector providers to boost their capital, enhancing efficacy and expanding contacts to poor people for the improvement of services they provide and cut the prevailing high interest rates[28]. Better and effective strategic plans need to be initiated through government policies and enforced through local governments in the model of kudumbasree which aim to promote more number of women as entrepreneurs thus providing for the opportunities for growth. Through a more conducive regulatory and legal framework we will be able to unlock the potential of women as creators of wealth through income generation. Thus what is required is to continue with the trend on educating the women, spreading awareness and consciousness among women to shine in all the fields, making them aware about their rights and strengths. This would help in improving economic conditions and financial opportunities and more women will definitely be able to be successful entrepreneurs.

This will not only change economies of the societies but will change the status of women and bring a change in the society towards positive development where there always exists gender equality and justice.

"There is no chance of the welfare of the world unless the condition of women is improved. It is not possible for a bird to fly on one wing"[29]

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 11. Art.14, Constitution of India.
 12. The legislations which gives special protection to women in the field of labour legislations include The Factories Act, Mines Act etc.,
 13. Art.39(a) That the citizens, men and women equally, have the right to an adequate means to livelihood
 14. Art.39(e)- That the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;
 15. Art.39(d)- That there is equal pay for equal work for both men and women.
 16. Provision for just and humane conditions of work and maternity relief.
 17. See <http://planningcommission.nic.in/plans/planrel/fiveyr/7th/vol1/7v1ch3.html>
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 - (ii) Micro Cordite Scheme for Women
 - (iii) Mahila Vikas Nidhi
 - (iv) Women Entrepreneurial Development Programmes
 - (v) Marketing Development Fund for Women
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