
UNIT 7 SMALL-SCALE PRODUCTION

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7.0 INTRODUCTION

Indian Economy has witnessed drastic changes since 1989 after the opening up of the Economy through the implementation of neoliberal economic policies. The entrepreneurial activities at various levels took momentum during that period. The mobilization of women for economic empowerment through various government sponsored programmes like DWCRA, SGSY, Self Help Group movement and National livelihood mission provided opportunities for women to mobilize themselves to take up entrepreneurial activities. This Unit will introduce you to the concepts like who is an entrepreneur, types of women entrepreneurs and what is meant by small-scale production. Further, the learners will learn about the factors influencing women's entrepreneurship and the problems women entrepreneurs face in small-scale production with the help of case studies. These cases are drawn from different parts of the country. Let us now read about what will be your learning from this unit.

7.1 LEARNING OUTCOMES

After studying this, you shall be able to:

- Define small scale production;
- Explain concepts of entrepreneurship and entrepreneur; and
- Examine the factors contributing to becoming a successful entrepreneur in small-scale production areas.

7.2 WHO IS AN ENTREPRENEUR?

The word 'entrepreneur' derives from the French word "Entreprendre" (to undertake). In the early 16th Century, it was applied to persons engaged in military expeditions and extended to cover construction and civil engineering activities in the 17th Century. However, during the 18th Century, the word 'entrepreneur' was referred to economic activities. Many authors have defined 'entrepreneur' differently. Generally, an entrepreneur is an adult individual who combines capital and labour for production. According to **Cantillon**, "entrepreneur is the agent who buys means of production at certain prices, to sell at prices that are certain at the moment at which she/he commits themselves to his cost". According to P.F Drucker, "person one who always (1) searches for change (2) responds to it (3) exploits it as an opportunity.

7.2.1 Categories of Women Entrepreneurs

Participation of women in various economic activities is measured through the female work participation rate. As per the Government of India, the Periodic Labour survey (PLS) in July 2020- June 2021, the female work participation rate is 25.1 per cent. As you are aware, the Economy in India, as well as throughout the world, is divided into formal (organized as called in India) and informal (unorganized sector as called in India) sectors. Women predominantly work in the unorganized sector due to patriarchy and other gender-related issues like low skill and low education.

Women constitute 50 % of the population. If government or any other agencies formulate policies to improve economic development of the country without the active involvement of women and other genders, the policy will be failed and it is doesn't improve overall development of the country. Therefore, government formulates gender sensitive policies in order to enable women in economic activities. The existing patriarchy tries to make entrepreneurial spirit male space. But that is not true. Women entrepreneurship has gained momentum in the last three decades with the increase in the number of women enterprises and their substantive contribution to economic growth due to change in the gender relations. Government initiatives and feminist interventions have made financial institutions responsive to support women entrepreneurship. Since the Tenth Five Year Plan, encouraging entrepreneurship for women has been a key area of intervention for poverty alleviation in rural areas. In the time of feminisation of agriculture, expansion of farm and other non-farm enterprises which involves large number of women can be a significant factor for reducing poverty in rural areas. Development of entrepreneurship based on science and technology (S&T) interventions has become crucial for attaining livelihood security for women in which small-scale industries play a key role (A Road map for Women in Science and Technology, Vision document). Government of India has major schemes like: **Scheme for Fund for Regeneration of Traditional Industries (SFURTI)** and **Prime Minister Employment Generation Programme (PMEGP)** and **Pradhan Mantri Mudra Yojana (PMMY)** in the MSME sector to encourage entrepreneurship among women and other marginalised groups.

The Women's Biotech Park was set up by the Department of Biotechnology in Chennai in the year 2000. The aim was to provide opportunities for professionally qualified women to take a career of self-employment by setting up environment friendly biotechnological enterprises. The goal was to make the project commercially viable based on the bio sources available within the state. They have classified technologies into four broad segments: Agriculture, Food, Medical and Environmental biotechnology. A good number of women entrepreneurs have been supported through this project. Special drive for **entrepreneurship based on S&T** is critical for employment generation and livelihood security of women. Small scale industries particularly should be encouraged to organise such programs with the help of S&T institutions (Source: A Road Map for Women in Science and Technology, Vision Document, unpublished draft).

There are the following categories of women entrepreneurs.

- Women entrepreneurs in organized & unorganized sectors
- Women entrepreneurs in traditional & modern industries
- Women entrepreneurs in urban & rural areas
- Women entrepreneurs in large-scale and small-scale industries
- Single women entrepreneurs and joint venture entrepreneurs

Since this Unit discusses women in small-scale industries (S.S.I.) through case studies, we will read about case studies of women entrepreneurs in the following sections after learning more about small-scale industries.

7.3 NATURE AND DEFINITION OF SMALL-SCALE INDUSTRIES

The definition of small-scale industries varies from country to country. It is based upon factors like the number of persons employed, investment, production/turnover, location, technology, etc. Most countries have taken the number of persons employed and the amount of investment as the essential criteria for defining the concept of a small-scale industry.

Most small-scale industrial units are small in size regarding the number of people engaged in production, volume of production, and monthly or years of profits. The Small -scale Units also have limited financial resources. In these kinds of Units, the entrepreneur herself/ himself will be the owner and performs most of the production and all managerial functions. Sometimes, She/ he may make his close acquaintance or friend join the Unit as a business partner. The partner may contribute part of the capital, or she /he may involve in production-related activities, and she/he may assist her/him in managerial activities. The small-scale production may locate in the dwelling place itself. Some may rent a space in the city's periphery or small town to run the unit. The small-scale units may or may not register as production Units. The Self-Help Groups (SHGs) movement from the 1990s onward in India has provided

opportunities for women to join a group consisting of 10 to 15 members from the same socioeconomic background, and they get trained by various agencies (both government and Non-Governmental Organizations) to start a small-scale production unit. A very negligible percentage of small-scale production units follow proper organizational structure. The owner of small-scale production may have a formal school education, but they may not have technical or managerial education. In the process of their production, they might learn all production and entrepreneurial-related knowledge through informal learning. Also, they have minimal financial sources. The government of India programme facilitates SHGs to have access to banks and financial institutions to start production units. All these units are labour intensive, and women may work for more than 12 hours to sustain themselves in the production and market-related activities. SHGs and other small-scale production units have been mostly located in rural and semi-urban areas.

Let us read about a few case studies of women entrepreneurs.

7.4 JOURNEY OF WOMEN ENTREPRENEURS

7.4.1 Case Study 1-Social Skills and Entrepreneurship

Mrs. K.K.K. hails from an impoverished family background, has no formal education, and is currently about 80 years of age. She has been a very industrious person since her childhood. She likes to go to weekly markets (*Haat*) in different villages, which sometimes are as far as 20-30kms, to trade various products, including rice, different varieties of fruits and soaps. During these visits, she learned how to communicate with people and started building good relationships with regular customers and suppliers. Gradually, she met many other business women and men and made friends with them.

When she got married, she became involved in agriculture and produced many vegetables. She got land and could supply to various markets in plenty. She could also generate employment for people from nearby villages. After ten years of her work in agriculture, she shifted her business to some construction and transport works and invested in her first automobile, an old truck which in those days they used to call '**Dok Truck**'. It helped her in various ways, especially in carrying agricultural produce to the market.

Later she bought a Jeep. This helped her go from one village to the other. Due to her industriousness, she once again proved herself by making the transport business successful and bought a mini bus and an Ambassador car. This experience made her realize that business was profitable, and she bought more vehicles, including buses and ambassador cars which were in better condition than the earlier ones. Lack of competitors in those days brought her large profits. Mrs K.K.K. never took a loan or any financial support from anyone or the bank since she believed that it was only hard work and that living a simple and economical lifestyle is adequate to sustain oneself financially. Although her transport business went down after the Supreme Court order to ban deforestation, she was not discouraged by that. She availed many other new opportunities; now, her businesses include a general store and real estate business.

She mentioned some inevitable constraints; finance, ill health and pregnancies. Other constraints she mentioned were employees not being loyal towards work, high transportation costs, high competition, inflation, difficulties marketing the products and in getting customers, maintenance of business, and retaining employees. Being illiterate, she has to depend on somebody to translate whatever is written on paper. However, she overcame these problems with her experience, hard work, patience and family support.

(Source: This Case Study is drawn from Sairabell Kurbah, Role of Women Entrepreneurs in the Economic Development of Meghalaya: A North Eastern State, India)

7.4.2 Case Study 2-Social Entrepreneurship and Retail Business

A big group from a Kolkata-based enterprising woman - Aparna Banerjee retails her goods under the name 'Project *Sukanya*'.

Interestingly, the goods are not sold from huge showrooms but from 54 roadside mobile kiosks managed by 141 women who work in shifts. Another 3,500 women directly benefit from this project by making products such as handicraft items, edibles like 'papad' (wafer made with potato/rice paste), pickles and jams. Packaged spices and ready-to-eat lunches are also sold. She plans to launch another 500 'bou carts' (women carts) that would be deployed across 18 districts, again managed by women.

"When I got the idea for these mobile kiosks, my first step was to finalize the design and patent it under the Intellectual Property Rights Act. Thus, the Project *Sukanya* retail chain is also patented," says Banerjee. The project resulted from extensive research based on material gathered from 62 villages across India during her studies in Anthropology at Calcutta University.

"I did my M.B.A. in Logistics and Supply Chain Management from XLRI and realized during that time that I wanted to become a social entrepreneur. I then did a course in Anthropology to get a grip on human rights. I realized that women need financial independence to get freedom from restrictions, abuse and social taboos," says Banerjee, who struggled to complete her studies under severe financial constraints.

Banerjee realized that marketing was the bottleneck of all small-scale enterprises, and blocking cash within a supply chain was not advisable. "I found that retail was the only option. However, setting up a huge retail space was beyond my capabilities. I hit upon the mobile kiosk idea and worked on it for two years, getting all required permissions and licenses to place them on the roads. No loophole was left open. The carts are manufactured at our unit," she adds.

The attractively designed sleek kiosks, which are placed at most major crossings in the city, quickly catch the eye. The apron-clad women operating them are polite and knowledgeable about the products. Kakoli Das, 24, is one of the smiling faces at the Rashbehari kiosk. "We do not have any problems with the police regarding parking our kiosk. Our paperwork is watertight. The customers, too, are friendly. We get repeat clients regularly now."

Project *Sukanya* has a 20,000 sq. ft. common facility centre at Topsia. The rural women who supply the products come here with their samples. The products are graded into three categories. Under the A category, the product is immediately bought with a 10 per cent advance. *Sukanya* gives support for better packaging for the B category products and is bought. Falling under the C category are products that have market saturation. *Sukanya* trains these women to shift focus to products that would have more market demand. The edible products are tested and certified by the central government's National Test House.

The venture's success is evident from the fact that several big retail chains have started offering to buy out Project *Sukanya* and the patent for the mobile kiosks. "But I am committed towards my social responsibility. Rather than entrepreneurship, it is the emancipation of women that is my primary concern. My venture helps several needy women take home a well-earned salary," says Banerjee.

As Banerjee puts it, all women within the project are "those in need of a livelihood". Jayanti Chatterjee, 49, from Baharu village in South 24 Parganas district, responded to one of the first advertisements by *Sukanya* in a newspaper and approached Banerjee for a job. A school dropout, Jayanti had done menial jobs for over three decades and yet had managed to send her six siblings to school. However, they all went their ways once they were well settled, leaving her to cope with an ailing mother. Jayanti, who is in charge of the *Sukanya* Tollygunge kiosk, today earns a regular income of Rs 3,000 per month.

Swapna Dutta, 50, an urban poor, was dumped by her husband during the initial years of their marriage. She managed to educate her son up to higher secondary by doing odd jobs. However, when he secured admission to an engineering college, Dutta found herself helpless. The *Sukanya* project came to her rescue and she pays the tuition fee from the regular monthly salary of Rs 2,800.

On the anvil for Banerjee is a rural initiative. Project *Sukanya* is set to adopt a village, offering alternative livelihood options. "Many villages have poor irrigation or flooding problems that restrict agriculture activity. I have approached the government for adopting one such village to set up the *Sukanya* Village Common Facility Centre," says Banerjee.

Sukanya has also spread its wings beyond West Bengal with 30 new outlets. Groups of needy women have already been identified in states such as Kashmir, where consignments of saffron and apples have already arrived to be sold from the mobile kiosks. Here too, women are at the back and front ends of operations.

(source: <http://smeworld.org/story/focus/msme-ministry-government-schemes-women-entrepreneurs-india.php>)

7.4.3 Case Study 3 -An Entrepreneur by Accident

The story of Patricia Narayan, winner of this year's 'FICCI Woman Entrepreneur of the Year award, is amazing. She started her career 30 years ago as an entrepreneur, selling eateries from a mobile cart on the Marina beach in Chennai amidst all odds -- battling a failed marriage, coping with her husband, multiple addicts, and taking care of two kids.

Today, she has overcome the hurdles and owns a chain of restaurants. "I was always interested in cooking and passionate about trying out new dishes. However, the thought of becoming a businesswoman never came to my mind as I do not come from a business family. Both my parents were government servants".

However, her marriage changed everything. Both the families opposed the marriage vehemently as her husband belonged to the Brahmin community; unfortunately, her marriage did not work out as her husband was addicted to alcohol, drugs, etc. She could not bring him out of the addiction. As a young woman, she did not know how to cope with this, and she was also getting beaten up every day.

Though her father, a very conservative Christian, never forgave her, he gave her refuge when she had nowhere to go. She was thrown out with two tiny children. It was a question of survival for her. She knew she should either succumb to the burden or fight. She decided to fight her lonely battle.

She did not want to be a burden to her parents. She started making pickles, squashes and jams at home. She just took a couple of hundred rupees from her mother. She sold everything she made in one day, and that gave her confidence.

(Source <http://business.rediff.com/slide-show/2010/jun/08/slide-show-1-from-50-paise-to-Rs2-lakh-a-day-success-story.htm>)

7.4.4 Case Study 4 - Weaving Success

Shrimati R.K. Ongbi Purnima Devi from Imphal West, Manipur, is a Proprietors of M/S. S.P.Embroidery Centre .

Her father, a carpenter and a part-time manager (who manages local religious and customary ceremonial functions), died when she was very young, leaving behind her mother, two elder sisters, one elder brother. Her mother, who is the 2nd among the three wives of her father, was much neglected by her father. Her mother's difficulties in raising her children inspired her to start her enterprise. "During the rainy season, when no jobs were available, we were to starve, and our father did not look after us. That ignited a challenge that women should be educationally and economically strong."

She further tells that "luckily my husband also supported me and helped me in every field. As soon as I finished my graduation in 1984, and due to my training from District Industries Centre (D.I.C.) in Embroidery. I availed a good chance of being a beneficiary of a government scheme – Prime Minister Rojgar Yojna 1995, and training in Entrepreneurship Development

Programme (EDP) under the auspices of North Eastern Industrial Consultant Ltd. (NECON)”.

People became attracted to the firm's finished products, specially designed for marriage and decorative purposes. A workforce of three artisans found it hard to supply the demand of the customers and in such a crucial moment, NECON sponsored training for twenty trainees, and I was given a free hand to select the trainees. Whenever I was occupied with family responsibilities, my family and workers looked after the enterprise in my absence. In this way, I ran my enterprise without much difficulty. There were only three leading competitors in my enterprise. I tried to be at the top by grooming my workers and building a good work infrastructure.

I started running a hostel on the first floor of my house where about twenty of my trainees and workers from far places are kept free of cost. My husband and I concentrate on our venture and tried to generate more employment through our firm. We aimed to generate more entrepreneurs in our field. Today one can easily see signboards of embroidery shops in the nook and corner of the state.

Currently, I am a member of the Jury in the State Level Yuva Kriti/Exhibition organized by Nehru Yuva Kendra Sangathan (NYKS), Imphal. I was also selected as a trade expert for Embroidery by the Board of Examiners for conducting the All India Trade Test of Craftsmen (final) by the Labour Department, Govt. of Manipur. The Unit received the prestigious “National Award 2009 “from Her Excellency, the President of India, Smt. Pratibha Devisingh Patil for Outstanding Entrepreneurship in MSME sector.

I feel loans can be given without any collateral to the women entrepreneurs. Due to much paperwork and delay in loan sanctioning, entrepreneurs usually become nervous and cannot concentrate on their work and plan. Banks and financial institutions seldom understand that without loans, entrepreneurs cannot grow. Working capital should be provided at the minimum interest to women entrepreneurs.

Handloom and Handicrafts enterprise is the most suited in the case of Manipur. The food and Fruit Industry has a promising future for women entrepreneurs. I would be happy if I could be an " **Inspire** "to my all-women friends.

(Source: Hina Shah, 2013).

Check Your Progress Exercise I

Note: I. Use this space given below to answer the question.

II. Compare your answer with the Course material of this Unit.

1. Who is an entrepreneur?

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- Write a note on small scale industry.

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7.5 BARRIERS TO WOMEN ENTREPRENEURSHIP AT SMALL SCALE INDUSTRIES

Let us now read about some of the barriers that women entrepreneurs face while setting up enterprises. **Chaudhary & Sharma** (2017) discusses the following challenges faced by women entrepreneurs:

- Shortage of Finance:** Women and small entrepreneurs always suffer from inadequate financial resources and working capital. They lack access to external funds due to the absence of tangible security and credit in the market. Since women do not generally have a property in their names, they lack the security to avail of loans. Also, the complicated procedure of bank loans, the inordinate delay in obtaining the loans and the running about along with the transaction cost involved therein work as deterrents against many women who aspire to be entrepreneurs.
- Inefficient arrangements for Marketing and Sales:** For marketing their products, women entrepreneurs are often at the mercy of the intermediaries who pocket a chunk of profit. Further, women entrepreneurs find it challenging to capture the market and make their products popular. This problem is all the more severe in the case of food production and processing ventures.
- Stiff Competition:** Many women enterprises have imperfect organizational setups. They have to face severe competition from organized industries and male entrepreneurs. For example, women cooperatives engaged in hand-pounding rice in Kerala confronted heavy competition from mechanized rice mills, resulting in the liquidation of many units in the traditional sector.
- Lack of Education:** In India, lack of education, illiteracy and low skill among will affect entrepreneurship. Due to this, considerable percentage of women struggling to understand technological developments, financial services and banking. Lack of information and experience creates further problems in the setting up and running business enterprises.
- Low Ability to Bear Risk:** The existing socialisation process assumes that it is difficult for women to bear economic and other risks. Thus, they are not allowed to involve even small-scale production and they forced to follow protected life with patriarchal notions. Society dictates them to

live certain way of life and society feels the reproductive activities are suitable for the women. Lack of gender sensitivity at every level made women to choose certain type of entrepreneurial activities which are extension of their household activities. Sometimes, they face discrimination in the selection for entrepreneurial development training. Some of them lack entrepreneurial initiative or specialized training. Unregulated market, unplanned growth, lack of infrastructure, are some of the problems women face

6. **Social Attitude:** The biggest problem of a woman entrepreneur is the social attitude and the constraints in which she has to live and work. Despite constitutional provisions, there is discrimination against women. Women do not get proactive support from every social structure. Their hopes and aspirations are never cared for in the name of reproductive activities. Marriage, preference for boys and discrimination against girls are well-known practices amongst most Indian families.
7. **Low Mobility:** One of the most significant handicaps for women entrepreneurs is restricting their mobility. Even if women ready to travel to improve their production, the existing infrastructural facilities restrict their mobility. Lack of safe and secure transportation, lack of hygienic resting space, increased gender-based violence, lack of availability of public toilets, lack of low clean accommodation space in every town are biggest impediments.
8. **Family Responsibilities:** The society expects and imposes women to look after the children and other family members. Society expects women to fulfil the needs of all family members. Sharing of household responsibilities are uncommon in Indian family setup. This needs to be changes. Government must include gender -sensitisation programme to all to change the existing gender relations and treat every individual in the society equal.

Check Your Progress Exercise II

Note: I. Use this space given below to answer the question.

II. Compare your answer with the Course material of this Unit.

1. Identify the societal barriers faced by women entrepreneurs.

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2. Write a brief case study of a woman entrepreneur in your neighbourhood.

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7.6 LET US SUM UP

In this Unit, we have read about case studies of women entrepreneurs drawn from different geographical locations. Case 1 talked about the 80-year-old woman and how she became successful. Even though she does not have formal education, she could reach became a successful entrepreneur and tried different fields like selling vegetables to running a transport business. One can learn the qualities required to become an entrepreneur from her story. Like her story, there are cases of a social entrepreneur giving livelihood to many women as well as the story of an accidental entrepreneur. We have also discussed the problems faced by women entrepreneurs in the last section. Factors such as: gender inclusive infrastructure, entrepreneurial skill development, safe working environment, flexible working hours and access to small credit can create an enabling entrepreneurship ecosystem for women.

7.7 UNIT END QUESTIONS

1. Discuss cases of two successful women entrepreneurs and examine how their life narratives will have an impact on aspiring women entrepreneurs in small-scale industries.
2. Identify and describe the challenges faced by women entrepreneurs while setting up the business enterprise.
3. How does gender perspective help in building entrepreneurship among women? Discuss with the help of appropriate examples.

7.8 REFERENCES

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7.9 SUGGESTED READING

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