

Strengthening access to finance for women entrepreneurs



L to R: Ranjana Agarwal, Past President, FLO; Anuja Narain, Treasurer, FLO; Vinod Mukhi, General Manager, Rashtriya Mahila Kosh; Neeta Boochra, President, FLO; S Prahalathan Iyer, Chief General Manager, EXIM Bank; Dr. Manju K Prakash, Executive Director, FLO and Kumar Neel Lohit, General Manager, IDBI Bank.

Women entrepreneurs make significant contributions to the economies. In many developed countries, women are starting businesses at a faster rate than men and are making noteworthy contributions to job creation and economic growth. Further, economically empowered women are major catalysts for development, as they usually re-invest their money in their children's health, nutrition and education.

India is home to around three million women entrepreneurs. However, the credit coming to them from the formal sector is only 27 per cent. For men this percentage is as high as 70 per cent.

Although the financing needs for women-owned enterprises are not radically different from the needs of male-owned enterprises, the level of financial exclusion is higher due to a combination of factors. Also, the social status of women and prevalent social norms in India influence

perceptions of financial institutions and the ability of women entrepreneurs to access finance.

Given this backdrop, EXIM Bank together with FICCI Ladies Organisation organised an interactive session on 'Access to Finance for Women Entrepreneurs' on September 22, 2014.

In her welcome address, Neeta Boochra, President, FLO said, "Women in India have faced far greater challenges and difficulties that have resulted in restricting their growth and progress." She added, "Investing in each of woman individually may carry a degree of risk. But investing in women collectively is not a risk at all – it is a sure bet."

In his opening remarks, S Prahalathan Iyer, Chief General Manager, Exim Bank, said, "Access to finance has been one of the major factors impeding the success and growth of women owned enterprises." He stated, "Several initiatives have been taken up by the government to

support women entrepreneurs such as policies supporting micro-finance institutions, directives from the RBI, setting up of Bhartiya Mahila Bank etc."

Talking about various women specific schemes, Kumar Neel Lohit, General Manager, IDBI Bank, said, "There is no dearth of women specific schemes but it has not much benefited the women takers. The issue is not so much about repayment intentions but there are certain institutional aspects where a bank will see if you fit in the guidelines of a particular product." Talking about the socio-cultural fabric of India, which often hinders women economic growth, Lohit said, "In the Indian social set-up, collaterals are often not in the name of women and this is something that does not encourage women entrepreneurs' access to finance from the formal sector."

Vinod Mukhi, General Manager, Rashtriya Mahila Kosh (RMK), updated about the history and