

It's for Her Business: Loans for Women Entrepreneurs

Written by Nisary Mahesh



Indian nationalised banks have been unveiling a slew of attractive lending schemes for women entrepreneurs in a bid to promote entrepreneurship among the women folks. But are our women entrepreneurs utilising the opportunities that are open for them? Surveys at banks reveal that schemes for women are having a slow uptake.

Low awareness about these schemes among women plays the spoil sport here. “Even though women love to don entrepreneur’s hat, they are somewhat hesitant” says an SBI spokesperson at Kochi. But women entrepreneurs are not agreeing to this. They say that even though there are many schemes open for women in the market, it is still difficult to get the loans sanctioned in a jiffy.

A spokesperson of SBI, Kochi says “Most of the women entrepreneurs approaching us are either from well-to-do-families, or those who are planning to start a business for their survival. In many other cases, women are mere silent partners in business and avails loans as just co-applicants, rather than standing alone”.

“Not many women are walking-in seeking loans for startups. We assume that many women entrepreneurs are starting their ventures out of their pockets and after a successful run they need to get financial assistance for expansions” says Mr. Chandran, Senior Manager, Dhanalaxmi Bank.

“Women are perceived as less likely to become defaulters. There are lesser chances of failures in women owned enterprises as women generally take their steps carefully ahead in business than men. Job satisfaction is more important to them than burning hands for profits” comments Mr. John Mathew, SBI.

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Many schemes that are exclusively for women provide relief in terms of collateral security and interest rates. Interest rates vary in most cases from 0.25% to 1% on applicable conditions.

For instance, under Bank of India's, Priyadarshini Yojana scheme, no collateral security is required for loans up to Rs 5 lakh and for small-scale industries (SSI) units and there is a relief of interest rates from 0.5% to 1 %. Similarly, Oriental Bank of Commerce's Orient Mahila Vikas Yojana scheme, there is upto 2% concessions and no collateral security for loans upto Rs.10 lacs and in case of SSI no collateral security required up to Rs.25 lacs.. The banks also have micro-credit units which provides doorstep services to rural women. Similarly for SBI's Stree Shakti Package, security is waived for loans up to Rs 5 lakh for industrial units.

Some banks like State Bank of India (SBI) and Canara Bank have special cells for women entrepreneurs. Besides consulting, these cells provide training, counseling and at times avenues for showcasing and marketing their products.

They give a more realistic view of the businesses and often give references of similar businesses and the issues they were facing initially. Canara Bank has took the lead by establishing the Centre for Entrepreneurship Development (CED) for Women. The bank has also opened exclusive branches for women — the Mahila banking division — the first of its kind in the banking industry.

Lots of special schemes for women entrepreneurs are available across banks.

If women's ownership in a company is less than 50%, the benefits of women's schemes cannot be availed.

Challenges

When compared to the loud talks on empowering women entrepreneurs, the schemes are only providing minor concessions. The terms and conditions are similar to any other consumer loans.

Seema, a Kochi based entrepreneur who had availed a loan of Rs. 3 lakhs for opening shop on

home decorating materials says “The process was very time consuming which required many visits to the branch. The higher the loan amount, the more difficult it is to avail it”. She had applied for Rs.5lakhs. But only 3 lakhs was approved for her.

Awareness

Before approaching a bank, one should be aware of the various schemes that various banks offer. Do a comparative study before you make a decision. When going for a loan, it is extremely important to understand all clauses and calculations.

Business Plan & Product Marketing

It is a sad fact that not many women know how to take advantage of specialised loans. For this, a business plan is of utmost importance. “If convinced that they will be able to market their products well, we will sanction loans or extend top-up loans” says the spokesperson of SBI. You should also have a thorough knowledge about the market of your products and how you are going to operate.

Join a women's network

There are many helping hands available for women like NGOs, microfinance institutions, self-help groups and government schemes. This helps one to interact with other women entrepreneurs and thereby to learn from others experience.