



Building Concrete Structure for Wealth of Women Enterprises and Raising Institutional Finance

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ABSTRACT

The present paper is discussing and elaborating about building concrete structure for wealth of women enterprises. There are various ways women enterprises can be boosted by financing and guidance of institutional expertise. Researcher study thoroughly banking anatomy, other financial institution and their operational criterion. Researcher also revisited the role of BEP and how impacts in financing activities particularly for women entrepreneur. Researcher also go in deep regarding the role of profit particularly for women entrepreneur against banks dilemma of empowering women at the cost of profit margin or loss for the sake welfare of the people

Keywords: Wealth, Profit, Break –even Point, Bank, Women Enterprises

1.1 Introduction

The definition of profit is very clear and wide its application. The various reasons behind ambiguities the term profit can be understood by the Economist, Accountants, Financial Experts and social Scientist. This difference in their opinions of many experts of various disciplines also it can also be seen the difference among the same field. The Controversies of Profit Calculation can be seen by the opinions of accountants. Should the profit is calculated on the basis of gross/ net of interest and taxes or Profit is calculated on Gross/Net depreciation, interest and taxes?

The definition of profit changes in terms of application, purpose and scope where it is used .For financial experts Profits are taken as means of efficiency, effectiveness and tools for controlling the health of business. For Founders and owners of a company , Profit is a tools of calculating worth of their investment, For Creditors , profit is seen as margin of safety, for the employees profit is seen in terms of fringe benefits, For Government measures profit in terms of taxable income and reason for legal action, For Country's prospect profit is taken as key of economic prosperity, Economic development, increase of national income which translates the rise of standards of living of citizen of the country. It is difficult to explain profit due to variation of their units, type of companies, their operations, output and purpose.

1.2 Rationale for Profits

It is universally accepted in wide perspectives that value of profit which is not realized is not added by an enterprises irrespective of profit is assumed as a tools of efficiency and effectiveness of an organization. It can be understood through example. Annual profit is Rs-100000 or profit 0.30% over and above investment made by women enterprise is least important when the company is expend that amount on food needs of thousands of people who are facing for hunger compare to the women Enterprise who provides to generate employments to many person or facilitate infrastructure development which help to create increase production will appreciate ten or twenty times. In the next year, it is treated as basis of further growth. In this situation value added is more important than profit in terms of test of efficiency and effectiveness of an

Organization.

The Value added by product is made of all the operating expenses of a company must be paid for purchasing raw material and other related expenditure purchase and value of the product is created from the point of view of economic, social, business. The Value added can be understood through the sum of money is supported by useful output for the society and economy deducted from all outside purchases from sales. It refers to the net income wealth generated during particular period.

An enterprise can even survive without profit. But Organization cannot think of survival without adding value. It means Value add is flowing blood of company. If the enterprises do not facilitate value adding in its operation, It may result its death gradually.

The above analogy clears that if the bank or business organization of women entrepreneur falls in the zone of losses can be sustainable proposition till the company gives the priorities of value addition in terms of product, services or both for benefit of the society. The Women Enterprise sector is facing very tough competition due to government's policy for incorporation of New Economic Policy (NEP) and liberalization privatization and Globalization policy (LPG). Under this environment Profitability play very crucial role in the operating of any enterprises. However profit is very easy and convenient for evaluating the performance efficiency and effectiveness of an enterprise specifically run by women Enterprise.

It means economic stability can be attained through profitability is very essential to any women managed enterprise .Profitability is one of the vital tool which gives efficiency and effectiveness of an organization. Profit is important benchmark for measuring performance of an organization. Profitability refers surplus income over expenditure divided by value of input which is used in the business. Profitability refers the ability of an organization to make profit .The organization can be bank or women enterprise or any type. Profit is used as absolute way while profitability is taken as relative way in terms of investment and managerial efforts which is used for attainment of profit. The profitability of an business organization depends on utilization of allocation of resources over the factor of production subject to attributed priorities like on-time payment, non loan diversification, social economic and political development, employment generation. Since paper focus on of female organization which is reflection of female empowerment. Resource allocation indicates to the efficiency and profitable use of specifically bank loans, own funds and governments approach towards it. Assistance and deployment of various kind of resources by women entrepreneur for competing demand. Fund or input efficiency indicates the difference between fund raised by venture and profits obtained by deployment of inputs. Bank's performance can be determined by magnitude of profit in terms of loaning accrued of women entrepreneurs . Net Value addition of Woman entrepreneur through product and employment generation which is consequent of loan granted to women business which lead to impact and acceleration economy at large.

1.3 Bank and woman entrepreneur Borrowing from bank

Similar to other business such as bank, profit plays very significant role for Women entrepreneur's business. Women entrepreneur largely depend on bank to meet their various demand arise from their creditors for meeting suppliers bills, workers wage and salary, borrowed capital for interest for the purpose of land, building, rent, local bodies tax remuneration from gross earnings and optimum profit.

Profit is index for calculating efficiency not only banks but also for women entrepreneurs which is financed by bank. Profit is basis of survival of every commercial unit including bank and women entrepreneur. The existence, survival and sustained growth is possible only when it is consistent and regular profit margin accrued by an organization. This will give internal growth and stability towards attainment of assigned objectives. So it has been observed by experts of finance that only bank and women entrepreneur are maintaining their defined role to accrue profit margin in such way which provide sustain and grow of their business. Still bank take this area very sincerely and seriously . Because any miscalculation can be danger for survival of these business. RBI and government of India have taken great concern related profit margin and other financial related issues

It is also point of consideration that nationalized banks do not focus only profit like any business unit, but it also focus other priorities related to economy of the country. So the role of bank becomes pivotal .It why that banks are searching value addition through providing product, service or both. It doesn't mean bank will sideline profit aspects of business at the cost of social service . In this aspect Dr. I. G Patel has rightly pointed out that no society can survive, if Society thinks that bank is charitable institute and bank do not function like other business unit. The quote of IG Patel clearly refers that profit is prerequisite for survival and growth of business unit including even bank. So, Profit is necessary for successful working business houses. In this background, it is clearly prove that the factors of profitability play very important role in bank and any business run by women entrepreneur .

1.4 Banker Side:

Bank incurs cost as interest on borrowings from RBI and public deposit, dividend on share, bad debts. The level and extent of marketing services has to maintain relation with cost. Bank has other priorities also besides profit. In this regard the relevant question generally raise that what should be the size, amount and scale of banking service or production which impart sufficient profit for consistent growth or survival. Bank has obligation to focus and give priority of all those marketing services for the interest of economic development and interest of public at large. In this priority sector bank has to face overdue which lead as non performing asset for banking business. Ultimately such practice for longer period is assumed as suicidal for bank's financial health . This situation creates liquidate the entire banking business. The liquidation of cooperative

bank particularly in any way do not remedy to the problem because the banking business impart benefitting in number of ways. Bank is such a financial institute which directly or indirectly helps employment generation, decrease geographical disparity in terms of wealth, increase momentum of economic activities, creating foundation of democratic institution, establishing relation with government and non Government institutions. It indicates the importance of bank in building of economic and democratic process. In view of this, It is necessary to understand that under what level of bank should function or deliver to its consumer for marketing and service? In Other words, What should be level of service /Marketing function and rate of investment.

This relevant question can be understood through the technique of Break Even Analysis. It refers the point where total cost is equal total revenue. Break even chart was propounded by Walter Rautenstrauch at the beginning of last century. As per his view Bank cost are separated from the categories of fixed cost and variable cost. Hence Total cost can be calculated by summation of Fixed cost and variable cost($TC = FC+VC$).Marketing Operation can be well structured by understanding these cost completely . In this regard the variable cost give good input regarding scale of marketing operation.

With this postulation, The Fixed cost and variable cost will generate the explanation behind the scale of marketing against extent of cost and profit . The explanation can be shown through chart No 1.

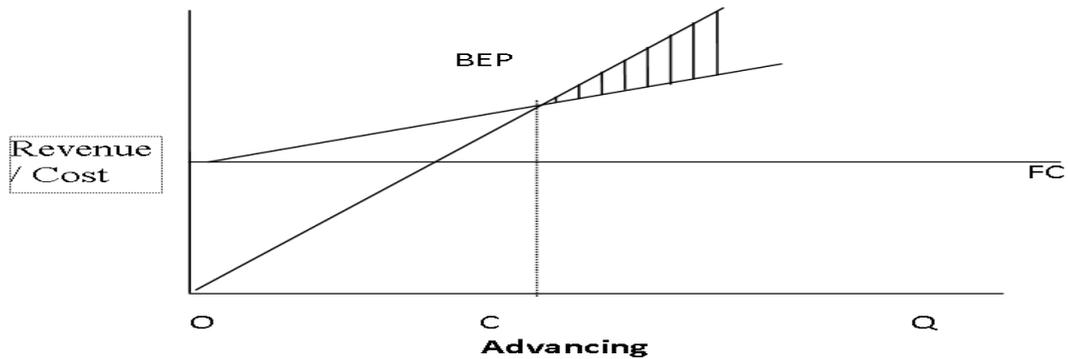


Chart 1

The chart II refers that total operating cost , the BEP-I will be protected . This point indicate the situation where business receives no profit no loss . In other word we can say that total cost can be acquired by selling or marketing services. The stage above BEP-I , is a position where bank can obtain profit. Subsequent consistent functioning , bank can receive more and more profit. But this phase of profit of the bank or business unit will be against of public interest. So, they do not consider as strategically because it hampers the business for long term .Although this phase of earning , the traditional break even analysis has to be cancelled. In this phase cost account will be straight line total cost curve , economists pincers shaped vary not proportionally due to scale of marketing due large scale diseconomies. The result of large scale operation might be obtained with costlier efforts . This is reason for new shapes to total cost curve as shown in chart II.Total cost curve are considered at right places where both linear tendencies can be seen from chart during the long run for marketing function .

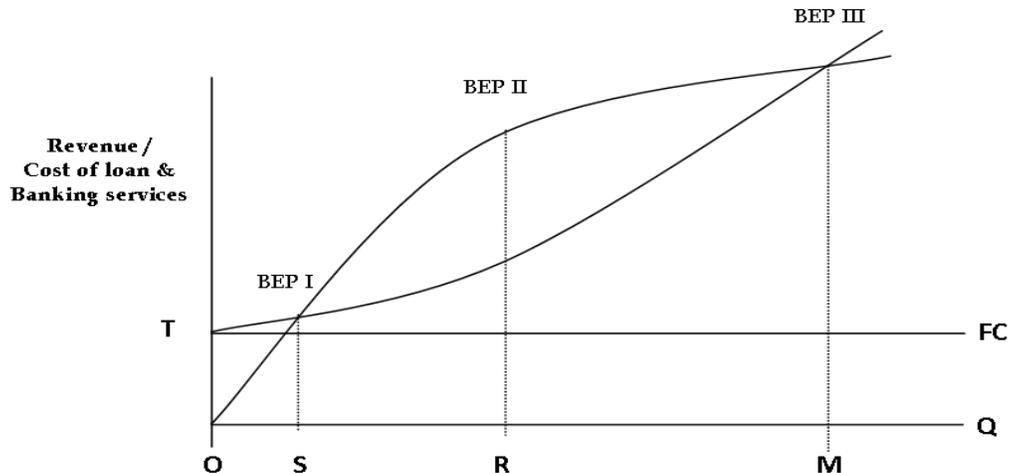


Chart II**Three phases of operating**

Above Chart gives input of BEP in Three phases of operating

1. BEP-I is first primary Break even point where Total cost and total revenue intersect each other. It means the point where total cost is equal total revenue. It refers that below this point loss is incurred and above this point profit will be incurred. Here scale of Marketing is represented as 'OS'
2. BEP-II is secondary break Even Point, where it is found that the gap between total cost and total revenue maximum. It means maximum degree or scale of profit. Here OR refers Scale or degree of marketing is greater than OS
3. BEP-III is tertiary break even point. It is second intersection between two total curves total cost and total revenue respectively. It is second absolute after Ist break even point where no loss or no profit. It is a point where maximum possible of marketing. This scale of marketing refers as OM, which is greater than OR and OS.

In the case of private banker and money will engross to obtain maximum Scale of marketing & services (R), where maximum profit can be obtained. In the case of Bank function on the basis of No profit No loss and with degree/scale of marketing is high, in that case tertiary BEP ie BEP-III at OM point should be criterion for the productive effectiveness and efficiency. When New bank operate its function in such a zone of function where it makes losses, in that case new bank try to obtain Primary Break even. This is just against of behaviour of mature bank which focus on making a profit on increasing level. Mature bank tries to achieve position near to BEP-III level. Break even point is referred in such way so that bank earn reasonable profit yield at least ROI equivalent to Bank Rate.

1.5 Women Entrepreneur Side:-

Bank financing women entrepreneur has several objectives behind it. While financing they think primarily about empowering women through providing finance and guidance towards business. After empowering they think about profit orientation. It is being experienced by many cases that bank finance women even occurring losses in their business under the consideration that particular business helps to society. They are in the business of welfare of the society in terms employment generation, producing at lower cost and utilizing scarce resources prudently and selling product at reasonable price etc. The Women entrepreneur must understand that for survival and growth, profit is necessary for larger aspects of economy.

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