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A Study on the Challenges of Women Informal Entrepreneurs in the Slums of Chennai City



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ABSTRACT

Informal sector is considered as global phenomenon where more than 60 per cent of the world population depends on this sector (ILO, 2018). It is very common in developing and emerging economies particularly in India. Informal entrepreneurship is any kind of activity that takes place outside formal economy. Slums are informal settlements which is a direct outcome of increased pressure on urban land caused by the influx of migrants from rural to urban area. Generally, women in slums are considered as poorest of the poor and face difficulties in accessing basic amenities like water, sanitation and health services. Besides, they are victims of economic insecurity with low paid, menial and exploitative work due to lack of alternative job for their survival. A good proportion of them eke out their livelihood by engaging in small businesses as street vendors, hawkers etc., within their locality. These women are referred to as Self Employed Class. With this background, the present paper identifies the economic background of women in informal sector as entrepreneur, their status in the society and the challenges faced by them. The sample consists of 50 women belonging to the slums of Chennai City.

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1.0 INTRODUCTION

Since globalization, the informal sector plays an important role in income and employment generation. In India, Majority of the women workers in the informal sector are struggling with the gender discrimination whereas the gender discrimination in the formal sector seems to be very lesser. Moreover, it is stated that this unfilled space of gender inequality could be reduced by employing more of women workers in the informal sector through running petty shop, Tiffen Centre and vendors etc. It is the prime duty of the Government to initiate more measures for the empowerment of women focusing informal sector amid all the policy measures (Sharma, 2012).

Since Independence the process of urbanization has given rise to new and vigorous phases of urbanization. Consequences of these urban growths are changes in industrial and commercial

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development which brings more changes in the economic bases of these cities, producing disparities in economic strata that make many people live in slums. Slums are the places with inadequate facilities such as poor-quality water, ventilation, light and lack of drainage, latrine and improper road facilities *etc.*, In India, more than 65 per cent of people living in slums of India.

According to the 2011 census out of the four major cities with the highest population in slums, Chennai ranks fourth after Mumbai, Hyderabad, and Kolkata. A total of 30 per cent of Chennai's population lives in the slums of the city. Female population constitute 529862 out of these 175992 women are living in the slums of Chennai. Rapid urbanization, Migration and employment in the unorganized sector are the major causes for increasing number of slums in the city.

1.1 Informal Entrepreneurship and Slums

Women play various roles within the household and in the society. Majority of the women remained deprived of employment opportunities because of their socio-economic and cultural barriers. Therefore, self-employment or setting up of small business of their own may become an opportunity for women to get financial securities.

Growth of slums due to urbanization is very common in many countries in the world. Slums are informal settlements which are the consequences of increased pressure on urban land caused by the influx of migrants especially poor people who are unable to afford for own or rented houses in cities. People in slum area are deprived of essential civic amenities and reside in pathetic katcha house amidst insanitary environment without any drainage facilities and improper roads.

1.2 Review of Literature

[Francis and Kaviarasu \(2019\)](#) revealed that Poverty is a major impediment for women development. Poverty eradication would be to provide sustainable livelihood opportunities to women. Creating employment opportunities through micro level enterprises is necessary. For the last two decades, women have been ventured into multi-tasking activities like earning while doing household tasks. The study analysed how the married women in the Chennai slums involved themselves as an entrepreneur in the small size business nearby their residence. The results showed that there is no significant association between age of the women and women entrepreneurs.

[Webb et al., \(2020\)](#) though entrepreneurial activities in the informal sectors are considered illegal, many groups of people in society take it as legitimate. Those who involved themselves as entrepreneurs make use of the available opportunities in a socially accepted manner.

[Ahmed et al., \(2021\)](#) said women empowerment can be achieved only through self-employment where women as an entrepreneur in the informal sector can easily access resources for their survival.

[Bharathi and Reddy \(2022\)](#) analysed that women in India proved themselves as a powerful weapon that have various talents still find it very difficult to give their entry into entrepreneurial arena. His study restricted to women entrepreneurs in slum areas of municipalities in Kadappa District and analysed various constraints by applying KMO-Barlett test.

1.3 Statement of the Problem

Women possess entrepreneurial traits which are not effectively channelized due to dominance by the men and stereotype attitude. They are unable to evolve into successful

entrepreneurs. Women have faced the dual role conflict as an income earner and homemakers. Slums generally consist of informal workers, working in the nearby non-slum area or may find work within slums. In spite of the schemes and policies introduced by the Government with satisfactory results, there is proliferation of slums. It is therefore relevant to study the socio-economic status of women and their challenges as an informal entrepreneurs in the study area.

1.4 Objectives

1. To study the economic background of women informal entrepreneurs in the slums of Chennai.
2. To analyse the challenges of the Informal women entrepreneur in the study area.

2.0 RESEARCH METHODOLOGY

The Research study is descriptive to identify the women slum dwellers in unorganized entrepreneur entity in the city of Chennai. Sample of 50 Women were selected by using simple random sample methods. Questions were asked and responses were noted as most of the respondents were illiterate. The data were analysed using a simple frequency table and percentage method and chi-square test were used.

2.1 Hypothesis of the Study

- **H₁:** There is a robust association between the educational status and the challenges of informal women entrepreneurs in the slums of Chennai city.

3.0 RESULTS AND DISCUSSION

Table 1

Economic and Social Background of the Women in the Study Area

Economic and Social background	Frequency	Percentage
Age		
<30	9	18
31 - 40	10	20
41-50	13	26
>51	18	36
Marital status		
Married	27	54
Unmarried	3	6
Divorced	14	28
Destitute	6	12
Educational status		
Illiterate	38	76
Primary	7	14
Secondary	5	10
Graduates	0	0
Income per day		
<500	38	76
>500	12	24

Type of House		
Rental	32	64
Own	18	36
Family Type		
Nuclear	17	34
Joint	33	66

Source: Primary source

Table 1 depicts the profile of the women in the study area. Most (36%) of the respondents in the study were above 60 and above years of age. Demographic characteristics of the study population showed that 54% of the women were married and 28% were divorced. Majority of the women (76 per cent) are uneducated none are Degree holders. Majority of the women (76 per cent) of women earning less than 500 rupees per day 66 per cent of women are living in rental house remaining 44 living in own house (katcha house type) respondents predominately belongs to the joint family system (66 per cent) relatively remaining (34 per cent) are from nuclear family system.

Table 2

Type of Business

Type of Business	Frequency	Percentage
Tailoring	4	8.00
Petty shop	5	10.00
Tiffin Centre	7	14.00
Idli flour sale	8	16.00
Vegetable Vendors	11	20.00
Street Food Vendors	5	10.00
Fish Vendors	10	20.00
Total	50	100.00

Source: Primary source

It can be noted that Table 2 presents data on the types of businesses along with their respective frequencies and percentages within a particular sample or population. The sample comprises a total of 50 businesses. Among these, Vegetable Vendors have the highest frequency, accounting for 11 businesses, or 20% of the total. Idli flour sale follows closely with 8 businesses, representing 16% of the sample. Fish Vendors and Tiffin Centre each contribute 10 businesses, constituting 20% of the sample collectively. Petty shops and Street Food Vendors both have 5 businesses each, making up 10% of the sample together, while Tailoring businesses have the lowest frequency, with 4 businesses, accounting for 8% of the total. This table provides a clear overview of the distribution of various business types within the sample.

Table 3

Reasons for Business

Reasons	Frequency	Percentage
Lack of alternative jobs	11	22.00
Financial Independence	9	18.00
Flexible work hours	6	12.00

Better home-work balance	4	8.00
No earning members in the family	20	40.00
Total	50	100.00

Source: Primary source

Table 3 elucidates the reasons motivating individuals within a particular context. The data encompasses a total of 50 respondents, each citing a reason for their actions. The most prevalent reason is the "Lack of alternative jobs," with 11 individuals or 22% of the sample identifying it as their primary motivation. Following closely is "No earning members in the family," selected by 20 individuals, constituting the majority at 40% of the sample. "Financial Independence" and "Flexible work hours" are cited by 9 and 6 individuals, respectively, making up 18% and 12% of the total. Lastly, "Better home-work balance" is mentioned by 4 respondents, representing 8% of the sample.

Table 4

Challenges and Problems of Women in the Study Area

Challenges and Problems	Frequency	Percentage
Lack of encouragement from the family and society	4	8.00
Lack of knowledge about various forms of Government financial assistance	12	24.00
Heavily involved in family problems	3	6.00
Poor storage facilities	6	12.00
Difficulties in procuring stock from the wholesale market	5	10.00
Tough competition from the shops located in non-slum area	4	8.00
Highly dependent on money lenders, relatives or friends for getting loans	9	18.00
Zero knowledge on bank procedure to avail loan facilities	7	14.00
Total	50	100.00

Source: Primary source

Table 4 presents a comprehensive overview of challenges and problems faced by a particular group. The data encompasses responses from a total of 50 individuals who have encountered various difficulties in their endeavours. Among the prominent issues identified, "Lack of knowledge about various forms of Government financial assistance" emerges as a significant challenge, with 12 individuals or 24% of the sample citing it as a concern. Following closely is the challenge of being "Highly dependent on money lenders, relatives, or friends for getting loans," with 9 respondents, representing 18% of the sample. "Zero knowledge on bank procedure to avail loan facilities" is noted by 7 individuals, making up 14% of the total. Other challenges, such as "Poor storage facilities," "Difficulties in procuring stock from the wholesale market," and "Tough competition from the shops located in non-slum areas," are also identified by respondents, each contributing to the overall landscape of challenges faced by this group.

3.1 Testing of Hypothesis

- **H₁:** There is no association between the educational status and the challenges of informal women entrepreneurs in the slums of Chennai city.

Table 5

Key Challenges of Women Entrepreneurs

Challenges	Chi-square Test	P Value
Lack of knowledge about various forms of Government financial assistance	3.136	0.000**
Highly dependent on money lenders, relatives or friends for getting loans	8.120	0.000**
Zero knowledge on bank procedure to avail loan facilities	6.430	0.000**

Source: Primary source

** denotes significant 5 % level

The results of the chi-square analysis indicate significant associations between certain challenges and specific factors (*Refer* Table 5). Three challenges were examined, and the chi-square test statistics revealed statistically significant results for all of them. Specifically, "Lack of knowledge about various forms of Government financial assistance" ($\chi^2 = 3.136$), "Highly dependent on money lenders, relatives, or friends for getting loans" ($\chi^2 = 8.12$), and "Zero knowledge on bank procedure to avail loan facilities" ($\chi^2 = 6.43$) all demonstrated significant associations with the factors under investigation ($p < 0.001$). Hence the hypothesis (H_1) is accepted.

4.0 SUGGESTIONS AND POLICY RECOMMENDATIONS

- Since educational status was found to have a significant association with the challenges faced by women entrepreneurs, it is advisable to provide targeted entrepreneurial education and training programs for women in slum areas. These programs can equip them with the necessary knowledge and skills to overcome challenges and make informed business decisions.
- Addressing the lack of knowledge about various forms of government financial assistance and bank procedures is crucial. Government agencies and financial institutions should design and implement financial literacy programs tailored to the needs of women entrepreneurs in slum areas. This can empower them to access financial support and manage their finances effectively.
- Given the high dependency on money lenders, relatives, or friends for loans, policies should focus on improving access to formal financial institutions. Initiatives like microfinance schemes with favourable terms and conditions can help women entrepreneurs break free from reliance on informal sources of credit.
- Establish a supportive ecosystem that includes mentorship, networking opportunities, and access to market information for women entrepreneurs in slum areas. This can help them overcome challenges related to competition and market access.
- Streamline and simplify government assistance programs for entrepreneurs. Ensure that information about these programs is easily accessible to the target audience, including women in slum areas. This can address the challenge of limited knowledge about available support.
- Promote financial inclusion by collaborating with banks and financial institutions to provide tailored financial products and services to women entrepreneurs. This should include affordable credit options and training on loan application procedures.

- Invest in infrastructure development to improve storage facilities in slum areas. This can help women entrepreneurs overcome challenges related to product storage and preservation.
- Facilitate linkages between slum-based women entrepreneurs and markets in non-slum areas. This can help them access a wider customer base and compete more effectively.

5.0 CONCLUSION

In conclusion, this research delved into the economic backgrounds and challenges faced by women informal entrepreneurs in the slums of Chennai. The study unveiled a complex interplay of factors that influence the entrepreneurial pursuits of these women. Notably, the research found significant associations between educational status and the challenges encountered, underscoring the importance of education and knowledge in addressing these challenges.

The challenges identified in the study, such as the lack of knowledge about government financial assistance, heavy reliance on informal sources of credit, and limited understanding of bank procedures for loans, shed light on the unique obstacles faced by slum-based women entrepreneurs. These challenges hinder their ability to grow and sustain their businesses.

Furthermore, the study's acceptance of the hypothesis (H_1) reinforces the need for tailored interventions and policies aimed at enhancing the economic prospects of women entrepreneurs in slum areas. These interventions should encompass entrepreneurial education, financial literacy programs, and improved access to formal financial institutions.

In crafting a comprehensive response to the challenges identified, it is imperative to foster a supportive entrepreneurial ecosystem, simplify government assistance programs, promote financial inclusion, enhance storage facilities, and facilitate market linkages. By implementing these measures, policymakers, NGOs, and other stakeholders can empower women entrepreneurs, improve their economic well-being, and contribute to overall socio-economic development in slum communities.

This research contributes valuable insights into the world of informal entrepreneurship among women in slum areas, shedding light on both the challenges and potential solutions. It is our hope that these findings will guide future initiatives aimed at creating a more equitable and prosperous environment for women entrepreneurs in marginalized urban settings.

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