



Women entrepreneurship in India: An overview

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Abstract

The female population in India is almost equal to the male population. It is only when the women start contributing along with men that our nation can develop to its fullest potential. There are many ways to make women empowered but promoting entrepreneurship among them can be one of the best options. Keeping in mind the aspect of national development this paper tries to comprehensively discuss various aspects of women entrepreneurship in India such as necessity of promoting women-led entrepreneurship, factors influencing women entrepreneurship, challenges faced by women entrepreneurs, the initiatives undertaken by government in promotion of women-led entrepreneurs. Finally, an attempt has been made to provide necessary suggestions so as to overcome the challenges faced by women entrepreneurs.

Keywords: Women, entrepreneurs, entrepreneurship, challenges

Introduction

Women entrepreneurs are those who organize an enterprise, arrange finances, prepare marketing strategies, determine salaries, wages while shouldering the risk involved in business. They attribute their success to perseverance, hard work, determination, dedication, devotion, confidence and integrity.

Enterprises such as MSMEs act as the growth engines of our economy as they foster entrepreneurship and generate employment. According to MSMEs registered on the Udyam Registration portal and Udyam Assist Platform in India as of early 2026 74.7 million MSMEs are operating in India and are making a contribution of 31.1% of the nation's Gross Domestic Product (GDP), 35.4% to manufacturing output, and around 48.58% to exports. These MSMEs employ over 328.2 million people. As per the Government of India's definition of MSMEs 99% of these enterprises are in the micro sector.

Women-led entrepreneurship represents one of the most rapidly expanding entrepreneurial demographics, making substantial contributions to innovation, job generation, and wealth creation globally (Brush & Cooper, 2012) [1], yet they face numerous challenges that hinder their full potential. Currently, around 20% of enterprises in India are owned by women, with a majority classified as micro-enterprises and often operating in the informal sector. This statistic highlights a persistent gender gap within the entrepreneurial landscape, as women-owned businesses account for only 20.37% of all proprietary Micro, Small, and Medium Enterprises in the country.

Promotion of women-led enterprises is necessary for socio-economic progress of our nation. India has a potential of creating more than 30 million women-owned enterprises thereby creating around 150-170 million jobs by 2030 (Google and Bain & Co, 2019).

Promotion of women entrepreneurship can lead to increasing participation of women in entrepreneurial activities thereby improving the socio-economic status. (VanderBrug, 2013) [4]

The 2019 MasterCard Index of Women Entrepreneurs shows that the gender gap in entrepreneurship has worsened in India. Female Entrepreneurial Activity rate in comparison to men in the country registered a fall from 79.6% to 62.1% between 2018 and 2019 (Mastercard, 2019). Further, the motivation to grow a business among women is as low as 8 percent, one of the lowest rates amongst 60 markets covered by the Global Entrepreneurship Monitor (GEM), which records a global average of women's motivation to grow a business at 21 percent (LEAD at Krea University, 2020). COVID-19 has further impacted women's participation in the economy and workforce globally as well as in India. The income of an estimated 740 million women in the informal economy globally fell by 60% in the first month of the COVID-19 pandemic, according to a report by UN Women (UN Women, 2020) [6].

Factors influencing Women Entrepreneurs in India

The factors that influence women entrepreneurs in India tend to vary greatly from those that affect men and play a significant role in a woman's ability to establish, run and grow an enterprise. The recent Edelgive Foundation Landscape Study on Women Entrepreneurship summarizes the following factors (Edelgive Foundation, 2020) [7]:

Access to financial resources: Includes (a) the extent to which a woman is able to access credit for her enterprise; (b) the confidence of the system to provide credit to women-led enterprises and (c) the extent to which a woman controls financial resources of her family, including those contributed by her.

Socio-economic Characteristics: Includes economic status of the family, caste and religious category, ability status, vulnerability, or survival status. Also includes age, educational status, marital status and place of residence.

Family Support: Includes division of labour within the family, tasks and support provided by family members to manage the enterprise.

Environmental Factors: Attitude and behaviour of employees, clients, vendors and other stakeholders important for functioning of the enterprise. Also includes enterprises that were set up under special circumstances such as disaster relief (e.g., Covid-19, earthquake, floods).

Technical, Managerial and Financial Management Skills: Includes current level of skills, her perception about the sufficiency of her skills, efforts made by her to develop these skills, her perceived need to build these skills and her knowledge about processes or ways to enhance her skills.

Motivation/Aspiration: Factors that motivate a woman to set up her enterprise and influence her to not only sustain the same, but her aspirations to grow the enterprise as well.

Any Government policy and scheme that aims to create a gender sensitive ecosystem for women entrepreneurs needs to keep these factors in mind and address them in the design and implementation of policies.

Specifically, there has to be a clear commitment and focus to support women entrepreneurs through women-centric schemes and programs that comprehensively cater to the needs of women in order to enable them to become successful entrepreneurs. Capacity building would be an important element of any intervention focused on promoting women-led enterprises whereby women would be equipped in technical skills, financial and digital literacy, management skills as well as skills like creativity, collaboration, communication, flexibility.

Conservative socio-economic environments and lack of family support combined with women's own lack of confidence and aspiration, means that they need a lot of handholding, encouragement and psychological support throughout their entrepreneurship journey with the help of mentors and other support services. Access to good and committed mentors is one of the most critical support areas women-led enterprises across the spectrum, from micro enterprises to startups and from individual to group enterprises, need. While technical skills can be imparted to women using modular offline/online approach, inter-personal support is most effective when coming from another person who has been through that journey themselves.

Lastly, it would be key for any policy and scheme to adapt to the reality of the lives of women instead of just making a provision for women entrepreneurs in a policy that has traditionally benefited men. This means ensuring access to social services like child care, health insurance, infrastructure services like gas and water connections and customized financial products, networking and marketing activities, amongst others.

Contributions of Women entrepreneurs

(i) Women entrepreneurs are pivotal in generating employment and fostering economic growth. They not only create jobs for themselves but also for others, contributing to community well-being and economic stability. (ii) Women have made strides across various sectors including e-commerce, technology, and traditional crafts. Initiatives like the Women Entrepreneurship Platform (WEP) aim to

support women in diverse fields by providing access to resources and networks. (iii) Successful female entrepreneurs serve as inspiration for others, promoting a culture of entrepreneurship among women.

Challenges

1. Limited access to credit remains a critical issue. Studies indicate that only 3% of surveyed women entrepreneurs had accessed external funding, which is essential for starting or expanding businesses.
2. Lack the necessary skills and training to thrive in competitive markets. Capacity-building initiatives often focus on limited sectors, leaving gaps in essential business skills.
3. Cultural Barriers persistent social norms and expectations restrict women's entrepreneurial ambitions and opportunities.

Government Initiatives

The Indian government is recognizing the importance of empowering women through entrepreneurship and has launched several initiatives aimed at addressing these challenges: (i) Women Entrepreneurship Platform (WEP) was launched by NITI Aayog, to create a supportive ecosystem for women entrepreneurs by providing information, resources, and networking opportunities. (ii) Schemes like Mudra Loans and Annapurna Yojana offer financial assistance specifically tailored for women entrepreneurs, facilitating access to capital for various business ventures.

Women's Empowerment through Economic Activities- A historical context

The journey of women's empowerment through economic activities has evolved significantly over the centuries, reflecting broader social, cultural, and economic changes. This evolution can be understood through several key phases:

1. In ancient societies, women's roles were predominantly confined to domestic spheres, focusing on household responsibilities and child-rearing. Economic activities were largely agrarian, with women participating in farming alongside men but often receiving little recognition or compensation for their contributions. In some cultures, women held significant power, such as in matriarchal societies or as traders in marketplaces. However, these instances were exceptions rather than the norm.
2. During the medieval period, women's economic roles were similarly limited. They often engaged in cottage industries, producing goods for local markets. Despite their contributions, societal norms dictated that men's work was valued more highly, leading to a lack of economic independence for women.
3. The Industrial Revolution marked a turning point for women's economic participation. As factories emerged, women began to enter the workforce in greater numbers, particularly in textile and garment industries. This shift provided women with opportunities to earn wages; however, they often faced harsh working conditions and were paid significantly less than their male counterparts. The rise of labor movements during this era also spurred early feminist activism, advocating for better working conditions and rights.

4. The 20th century saw substantial changes in women's economic empowerment.
 - a. **Post-World War II Era:** The war effort necessitated women's participation in the workforce, leading to increased acceptance of women as economic contributors. Many women remained in the workforce after the war, leading to a gradual shift in societal attitudes towards women's work.
 - b. **Second Wave Feminism:** In the 1960s and 1970s, the feminist movement emphasized gender equality in all spheres of life, including economics. Women began advocating for equal pay, access to education, and reproductive rights—key components that would enable greater economic independence.
 - c. **Legislative Changes:** Significant legal reforms occurred during this period, such as the Equal Pay Act of 1963 in the United States and similar laws worldwide that aimed to eliminate wage discrimination based on gender.
5. **Contemporary Trends:** In recent decades, women's empowerment through economic activities has gained momentum globally.
 - a. **Microfinance and Self-Help Groups:** Initiatives like microfinance have empowered women by providing them with access to credit and resources needed to start their businesses. Self-help groups (SHGs) have also played a crucial role in fostering entrepreneurship among women by promoting savings and collective decision-making.
 - b. **Technological Advancements:** The rise of digital platforms has opened new avenues for women entrepreneurs. E-commerce allows women to reach wider markets without the need for significant capital investment.
 - c. **Global Initiatives:** International organizations like UN Women advocate for women's economic empowerment as a means to achieve gender equality and sustainable development. Programs focus on enhancing women's access to markets, education, and decision-making processes.
2. **Sector-Specific Studies:** Most research tends to generalize the challenges faced by women entrepreneurs without delving into sector-specific issues. While some studies highlight barriers such as access to finance and societal norms, they often overlook how these barriers manifest differently across various industries (e.g., technology, textiles, services). There is a need for more nuanced studies that explore these sector-specific dynamics.
3. **Regional Disparities:** there is an acknowledgment of regional inequalities in women's entrepreneurship across India and understanding these differences is crucial for tailoring policies that effectively address this problem.
4. **Intersectionality:** Existing literature often fails to consider the intersectionality of gender with other socio-economic factors such as caste, class, and education level. Women entrepreneurs from different backgrounds may face unique challenges that are not adequately addressed in current studies. This oversight limits the understanding of how various identities influence entrepreneurial experiences and outcomes.
5. **Evaluation of Government Policies:** While several studies discuss government initiatives aimed at promoting women entrepreneurship, there is a lack of critical evaluation regarding their implementation and impact. Many programs are still new, and their effectiveness has not been thoroughly assessed, leaving a gap in understanding how these policies can be improved to better support women entrepreneurs.
6. **Support Networks and Mentorship:** Research has highlighted the importance of networking and mentorship for women entrepreneurs; however, there is insufficient focus on how these networks operate. The literature often overlooks informal networks and community-based support systems that could play a vital role in empowering women entrepreneurs.
7. **Cultural and Social Norms:** While societal norms are frequently mentioned as barriers to women's entrepreneurship; there is a lack of in-depth qualitative research exploring how these cultural attitudes evolve over time and how they specifically affect women's entrepreneurial intentions and success in urban environments.

Gaps in Literature Regarding Women's Entrepreneurship

The literature on women's entrepreneurship has grown over the years. However, several significant gaps remain that hinder a comprehensive understanding of the challenges and opportunities faced by women entrepreneurs in this context. Some key gaps that have been identified are as follows:

1. **Lack of Comprehensive Data:** A predominant gap is the absence of detailed datasets on women-led enterprises. Current literature indicates that while there are some government initiatives aimed at supporting women entrepreneurs, there is no systematic collection of gender-disaggregated data under these policies. This lack of data makes it difficult to assess the effectiveness of existing programs and understand the true landscape of women entrepreneurship.

Suggestions

Women play a crucial role in India's entrepreneurial ecosystem, contributing significantly to economic growth and social change. However, overcoming the challenges they face requires concerted efforts from both governmental bodies and society at large. By enhancing support systems and promoting gender equality in entrepreneurship, India can harness the full potential of its female workforce, leading to a more inclusive and prosperous economy. The historical context of women's empowerment through economic activities illustrates a complex interplay of social norms, legislative changes, and individual agency. While significant progress has been made over the years,

challenges remain. Continued efforts are necessary to address systemic barriers that hinder women's full participation in economic activities. Empowering women economically not only benefits individuals but also contributes to broader societal growth and development. Addressing the gaps in the literature is essential for developing a comprehensive understanding of women's entrepreneurship. By focusing on detailed data collection, intersectionality, policy evaluations and cultural dynamics, one can contribute significantly to enhancing women's empowerment through entrepreneurship.

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