



Challenges and Opportunities faced by Women Entrepreneurs in India

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Abstract

Entrepreneurs play a pivotal role in the emerging economies by serving as engines of economic growth and structural change. A country's economic growth is imbalanced without the participation of women in entrepreneurial activities. In India, women entrepreneurs are gaining massive importance and are supported by all the stakeholders since 1991. However, despite all the efforts and the fact that women account for almost half the population, their involvement in entrepreneurial activity remains very low. The present study is an attempt to decode the concept, profile and dynamics of women entrepreneurship in India. It focuses on the factors responsible for women to become entrepreneurs and critically examines the constraints faced by women entrepreneurs. Another main purpose of the study is to analyze the adequacy of government policy for growth of women entrepreneurship. The study is based on the data from last decade and takes into account the post-pandemic scenario. Highly cited research studies on women entrepreneurship, analysis of government reports and global publications have been utilized for the purpose of the study. The study brings forth some suggestions to encourage the women's participation in entrepreneurial activities.

Keywords: Emerging economies, Women Entrepreneurship, India

JEL Classification: L26

1. Introduction

Rising rate of unemployment is one of the biggest challenges faced by India. The most appropriate solution to this problem is considered as Entrepreneurship and in accordance; Government of India has come up with many policy measures to give a boost to the culture of innovation and entrepreneurship in India. Initiatives such as Start-Up India, Make in India, Atal Innovation Mission (AIM), Support to Training and Employment Program for Women (STEP) Scheme, Digital India, Trade India, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), and the National Skill Development Mission, are taken by the government in order to foster the entrepreneurship in India.

All these steps have made India a fertile ground for entrepreneurship. As per Global Entrepreneurship Monitor (GEM) India Report (2021-22), India's entrepreneurial activity expanded in 2021, with its Total Entrepreneurial Activity rate (percentage of adults (aged 18–64) that are starting or running a new business) increased to 14.4% in 2021, up from 5.3% in 2020. The World Bank's Doing Business Report (2019) has ranked India at 63rd

position out of 190 countries as compared to 77th position in 2018 and 100th position in 2017. It has also recognized India as one of the top improvers for the year, bringing in reforms and streamlining the processes of starting a business, getting permits, making available electricity, simplifying the taxation system, etc. Similarly, India has been on an upward trajectory over the past few years in the Global Innovation Index. India has been ranked 46th in 2021 as compared to 81st in 2015 in terms of the competitiveness and innovation index. India has become the 3rd largest start-up ecosystem in the world after the US and China (Economic Survey of India, 2022).

Certainly, in India's growing entrepreneurial culture, women's representation remains low at just 14% of all enterprises, revealing a notable gender disparity that reflects a broader societal issue regarding the role and status of women. Throughout history, women have been revered as powerful goddesses and yet, paradoxically, assigned an inferior status in traditional society, highlighting the complex and evolving dynamics of gender roles and perceptions. Despite progress over time, women were historically burdened with domestic responsibilities and unequal status in comparison to men, leading to a persistent gender gap in professional development that endures into modern times.

As women constitute almost 50 % of the Indian population, it is obvious to assume that they would be participating equally as men and also contributing in the growth of economic nation. (Verma, 2014). However, this is not true. Therefore, Government collaboration with private institutions like Confederation of Women Entrepreneurs (COWE), National Entrepreneurship Network (NEN), and Federation of Indian Women Entrepreneurs (FIWE) supports the promotion and development of women entrepreneurs by leveraging both public and private resources. The government's launch of women-oriented financial schemes, such as Annapurna, Stree Shakti, and Bharti Mahila Bank Business Loans, provides critical financial support tailored to women entrepreneurs' needs. It is also hosting industrial fairs, exhibitions, training programs, and conferences create awareness and encourages women to pursue entrepreneurship, enhancing their skills and knowledge in this field. Various financial institutions and commercial banks are also taking steps to promote women entrepreneurship such as enhancing women entrepreneurs' access to capital through tailored financial products and better financial inclusion, reducing the risk of business closures due to lack of funds. Moreover, establishing mentorship programs and support networks for women entrepreneurs, providing guidance and resources to help them overcome challenges and mitigate the risk of failure. Also, investing in skill development and entrepreneurship training programs specifically designed for women, equipping them with the knowledge and capabilities needed to manage and sustain successful businesses. While these efforts have led to increase in self employment of women, the involvement of women in entrepreneurial ventures is still very low. The entrepreneurial ecosystem for women entrepreneurship is still not very favourable. Very few women in India start their businesses and those who do mostly face the risk of failure. Lack of access to capital or unprofitability majorly induces the women to shut down their businesses(GEM, 2019).

It has been found that women from low-income economies are more likely than other regions to underperform and have a higher failure/closure rates as compared to men- owned businesses (Ghani et al., 2014). As per the GEM Survey 2018, India has one of the highest business discontinuation rates of 26.4% out of all participating economies. As per PHD Report (2019), the reasons for the low existence of women entrepreneurship in India is due to inhibiting reasons like social norms, access to capital, lack of trust of venture capitalists, lack of risk-taking ability, etc. They face tremendous bias socially, culturally and financially right from their childhood, which affects their morale and confidence. This gap in gender parity is very apparent. India was ranked 135th out of 146 surveyed countries in Global Gender Gap Index, 2022 by the World Economic Forum.

In case of women entrepreneurs and especially those involved in micro-enterprises, they have a very few, if any resources available to them. In addition, whatever minimum resources they have, they are not able to collaborate or bundle them to create organizational capabilities or derive any value or uniqueness. This again sets them up for failure. Ventures fail when they are not able to create any kind of core competency. Women micro-entrepreneurs are generally lacking in available resources and further do not have the expertise to uniquely utilize them to their benefit. Therefore, majority of them are unable to develop any kind of capabilities, which can ensure their survival.

Even with the prevalence of many supportive programs and schemes, the phenomenon of low women entrepreneurial participation with high failure rates is of great concern. Therefore, it is very important to study what factors can lead to success of women entrepreneurs. Further, the majority of the women-owned enterprises belong to category of micro-enterprises (MSME report, 2021-22), hence, it is important to study and identify the factors, which could influence their success.

2. Methodology

This exploratory study on women entrepreneurs in India relies on secondary data from domestic and international sources, including journals, gender-disaggregated databases, and government reports, to provide insights into the status of women entrepreneurship.

3.1 Understanding Entrepreneurship

Many economists study entrepreneurship as a driver of economic growth. They analyze how entrepreneurs create value, generate innovation, and stimulate job creation within economies. Some researchers delve into the psychology of entrepreneurs, examining traits like risk-taking, creativity, and resilience. They explore how these psychological factors influence entrepreneurial success. Richard Cantillon, an economist in the 18th century, is credited with introducing the term "entrepreneur". Say recognized that entrepreneurs were distinct from those who merely supplied capital, emphasizing their role in risk-taking and resource allocation. (Say, J. B. 1803). Joseph Schumpeter, in the 20th century, expanded the theory of entrepreneurship by emphasizing the importance of innovation (Schumpeter, J.A. 1934). He highlighted that entrepreneurs drive economic progress through the introduction of new products, processes, and ideas. Frank H. Knight emphasized that entrepreneurs play a crucial role by bearing risks. He argued that it's the willingness to take on uncertainty and risks that can lead to profit generation for entrepreneurs. Max Weber's theory suggested that the spirit of capitalism, characterized by a strong work ethic and rational economic activity, drives entrepreneurial activity within a society. He connected entrepreneurial behavior to cultural and societal values. Hagen's perspective highlights that marginalized groups may turn to entrepreneurship as a means to achieve economic equality and gain respect in society. Entrepreneurship can empower these groups and help address social disparities. It can thus be construed that entrepreneurs are economic agents who take calculated risks in pursuit of profits. Their willingness to bear uncertainty and innovate can lead to economic growth and prosperity. Entrepreneurship is crucial for all types of economies, including developed, developing, and transition economies. It drives job creation, economic development, and fosters adaptability and growth in various economic contexts.

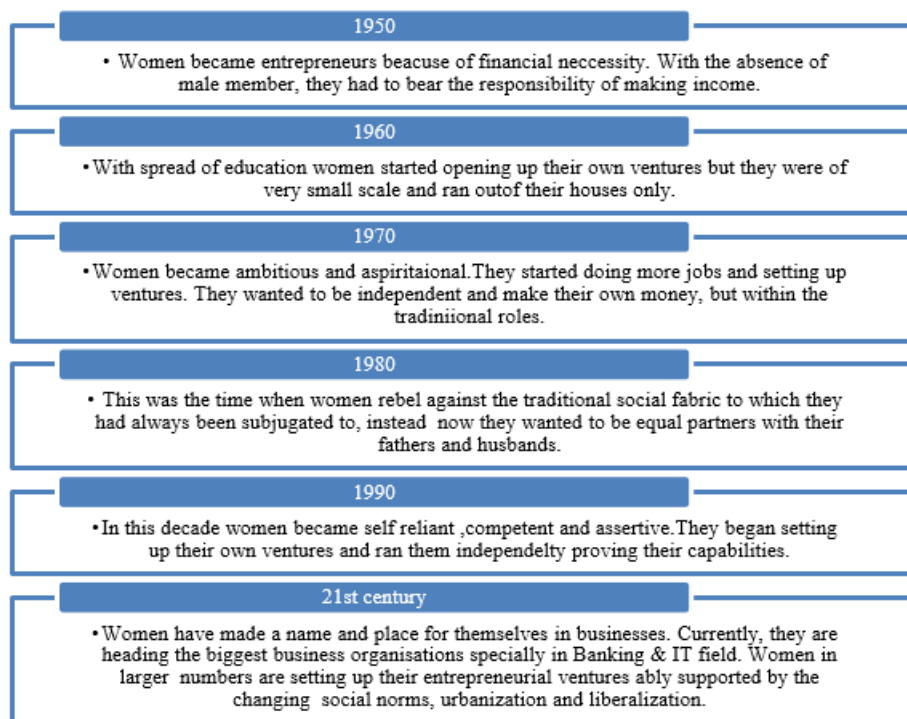
3.2 Women's participation in the Indian Economy

Women constitute nearly half of the population of India (48.4%). However, for centuries, they have been dominated and discriminated against, and restricted to the confines of the house. Due to biased gender issues and traditional gender roles, women have been considered secondary to their male counterparts. Traditionally, the girl child was not provided education and had very limited exposure or mobility. Even their career and income were considered secondary to the husbands; hence, they were not given much importance.

Even in cases where women worked, their efforts and contribution received no recognition. Field et al. (2010) states — Women engage in various labor-intensive activities, including agriculture and small-scale industries, yet their contributions to these sectors and daily household chores often go unrecognized as meaningful gainful employment. Similarly, in corporate they generally face a glass ceiling and are not easily promoted to senior positions in their organizations (Tan, 2008) compared to their male counterparts.

However, times are changing. With the support of government policies and the advent of education, women are gradually getting their due in society. Post- independence, women were granted equal status by the Constitution of India. As women are becoming aware of their rights, they are rebelling against the social prejudices and discrimination they have had to endure for centuries. They are now seen to be actively participating in the economy, political structure, and society at equitable terms as their male counterparts. They began by working as receptionist, nurse, and clerk in others ventures. As they gained experience, they became more confident, and slowly began to venture into setting up their own business (Verma, 2014).

The growth of women entrepreneurship (Verma, 2014; Kulkarni and Bakhare, 2011) across the decades can be seen in the figure as given below:



Though, it took almost 71 years, but time has never been better for women to become entrepreneurs. The increase in literacy levels and the rapid pace of modernization, globalization and urbanization, have opened up newer opportunities for them. With the cost of living increasing, it has also become imperative for them to contribute to the family income (Verma, 2014). So leaving the confines of their home, larger numbers of women are now working with organizations or setting up their business to generate income for their families and themselves.

These days all fields and all sectors of industry are approachable and open to women. Women entrepreneurs are no longer restricted to the conventional 3 P's of Pickle, Papad, and Powder; rather they have graduated to 3 E's of Engineering, Electronics, and Energy (Singh and Sebastian, 2018).

Women are especially being encouraged and supported to set up micro and small businesses, as they require lesser investment but are effective at generating income and creating employment opportunities for other men and women. Cooperative enterprises are being encouraged as they can play an important role to support women who have limited access to entrepreneurial resources and marketing of products/services because of their constrained traditional roles (Verma, 2014). Government is also providing effective support through women-oriented policies and subsidies. Besides, it is also providing mentoring and training programs for developing their required skills and connect them with industry to give them peer support (Jahanshahi et al., 2010).

3.3 Women Entrepreneurship in Micro Small and Medium Enterprises in India

MSMEs provide substantial employment opportunities with lower capital investments, making them a vital source of livelihood for many. They contribute to reducing unemployment and underemployment in India. They promote industrialization in rural and backward areas, which helps reduce regional disparities. This decentralization of economic activity contributes to balanced regional development. The sector aids in a more equitable distribution of national income and wealth by empowering smaller entrepreneurs and supporting socio-economic development, especially in comparison to larger industries.

Distribution of Enterprises owned by Male/ Female Entrepreneurs (in percentage)

Category	Male	Female	All
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
All	79.63	20.37	100

Source:

MSME Annual Report 2021-22

Male entrepreneurs are majorly seen in Medium Enterprises while Female Entrepreneurs are mostly concentrated in Micro Enterprises. Women are not found in enterprises that require huge investment and thus turnovers. It can be attributed to factors like unavailability of finance, lack of support or risk averse nature of women. Moreover, the percentage share of female entrepreneurs is almost one fourth than that of male entrepreneurs. This difference itself depicts the existing gender gap in entrepreneurship.

Total number of establishments owned by women entrepreneurs	8,050,819
Rural establishments owned by women entrepreneurs	5,243,044(65.12Percent)
Urban establishments owned by women entrepreneurs	2,807,775(34.88Percent)
Women owned establishments without hired workers	6,697,354 (83.19Percent)
Women owned establishments with hired workers	1,35,3465(16.31Percent)
Women owned agricultural establishments	2.76 Million (34.3Percent)
Women owned non agricultural establishments	5.29 Million (65.7Percent)

Source: All India Report of Sixth Economic Census 2016.

According to the Sixth Economic Census, Women own around 13.76% of the total 58.5 million establishments in India, signifying a substantial presence of women entrepreneurs in the country. Women own around 13.76% of the total 58.5 million establishments in India, signifying a substantial presence of women entrepreneurs in the country. Women entrepreneurs contribute significantly to the Indian economy, both as business owners and as employers, highlighting their vital role in economic development and job creation.

The notable findings evident from the review of Census of Micro, Small and Medium enterprises are:

Women's participation in Micro, Small, and Medium Enterprises (MSMEs) is limited, despite the significant number of establishments in India. This highlights a potential for further promoting women entrepreneurship in the country.

The number of women entrepreneurs is steadily increasing in both registered and unregistered sectors. This trend signifies an evolving landscape of female entrepreneurship in India.

There's a need to encourage the registration of unregistered women-led enterprises. Bringing more of these businesses into the formal sector can provide better prospects and support the growth of women entrepreneurs.

4. Challenges faced by Women in Entrepreneurship

It is considered that Multitasking is a crucial element of modern-day management, and it is assumed as a natural existing characteristic in women. However, women mostly remain unrecognized and invisibles as workers because of the fact that they are women and the work done by them in informal economy are hidden. The contribution and work of women in economy, family and community is being undervalued since ages, especially when they are contributing to family businesses, home based workers or domestic paid works (Jain, 2016). Women are an asset, not just a resource. Sufficient investment is not done in women's education and economic opportunities to showcase their potential as valuable contributors to society and the workforce. Societal narratives should be challenged that perceive women as solely responsible for absorbing shocks or maintaining stability and instead recognize their role as dynamic, innovative partners in progress. (Bhatt, 2016)

Economically women are not treated on par with men; this is also due to the patriarchal- male dominant structure of the family system existing in the country. It is an urgent need to ensure equal access to education, employment, and entrepreneurship for women to enable them to participate fully in the economy. It is important to implement policies such as paid parental leave, affordable childcare, and anti-discrimination measures to facilitate women's economic participation. It is crucial to promote financial literacy and access to financial services for women, enabling them to save, invest, and contribute more effectively to economic development. (Sharma, 2015)

Indian women face a lot of constraints in moving towards progress and equality in the social structure. Women are denied opportunity in every sector such as health, education, employment, information & technology, access to productive assets, shelter and so on (Rao, 2015). A study on women empowerment through entrepreneurship conducted by Shobhamani and V. Basil Hans – with Syndicate Institute of Rural Entrepreneurship Development, Manipal as the focal point – found that even when women create wealth from their enterprise self-employed women are hardly recognised as 'entrepreneurs' (Shobhamani, 2009).

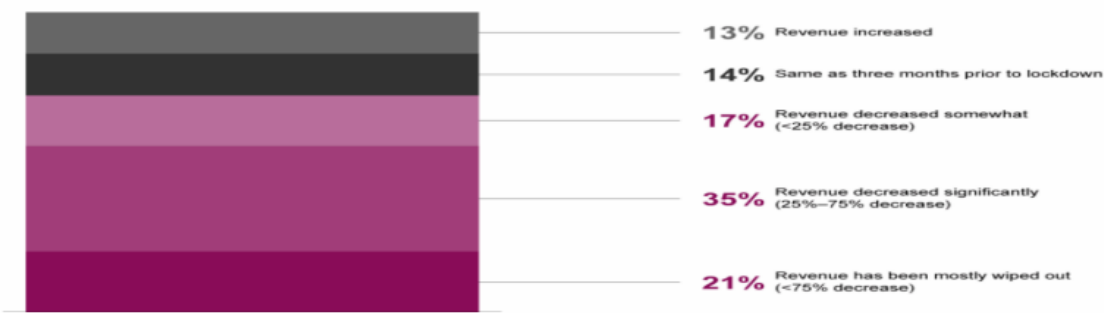
Some of the impediments of women entrepreneurship include the following:

- Less access to education
- Family Ties
- Gender inequality-Male dominated society
- Financial constraints- lack of working capital
- Gendering of entrepreneurship
- Socio-cultural barriers
- Low mobility
- Strong competitions
- Low ability to bear the risk
- Family responsibilities & obligations
- Inaccessibility to information
- Lack of training
- Lack of awareness about opportunities
- Lack of role models
- Violence against women

5. Impact of Covid 19 on Women Entrepreneurship

In the initial months of the 2020 lockdowns, an estimated 17 million to 19.3 million women were unemployed. Sectors with a high female presence, like trading and services, were severely affected. Small businesses, including dressmakers, retailers, hairdressers, beauty-parlors, and domestic helpers, experienced notable instability compared to other industries. During the lockdown, male employment dropped by 30%, and female employment fell by 43%. Women's entrepreneurship has gained popularity globally, making significant contributions to socio-economic development. Women's entrepreneurial participation lags behind men. Programs that offer training and apprenticeships empower women with special needs, enabling them to engage in various entrepreneurial roles across different sectors of life and public sector. During the outbreak, a higher percentage of women-led businesses (72%) faced cash constraints, and more women entrepreneurs (69%) deferred loan payments (50%) in comparison to their male counterparts. Studies show that women entrepreneurs express more confidence in their firms' recovery, yet they face ongoing challenges. Women's household workload has increased, along with their share of unpaid labor, even as businesses and the economy begin to rebound. More than 70% of female entrepreneurs experienced increased domestic disputes compared to 53% of men. Women are less likely to be aware of government assistance programs (76% vs. 54% for men). The shift of support programs to online platforms limits access for women who may lack financial and digital proficiency.

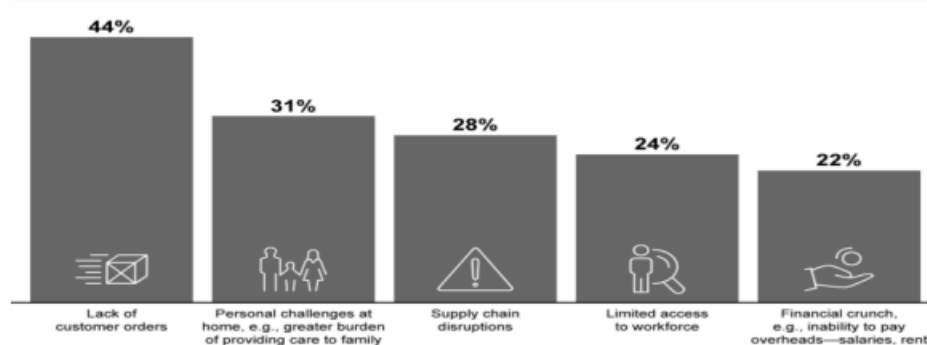
Over 70% of women entrepreneurs surveyed faced a decline in business revenue due to Covid-driven lockdown and restrictions



Source: AWE Foundation

According to a study conducted by the AWE foundation, women's entrepreneurship has had a negative impact over time, with 21% of women-owned businesses being completely wiped out due to factors such as a lack of customer demand, a lack of supply, a lack of finance, and increased household responsibilities. Furthermore, data shows that 35% of women-owned businesses have seen a considerable loss in sales, ranging from 25% to 75%, due to different issues. 17% of entrepreneurs have seen a slight decline in sales, less than 25%. Approximately 14% of women entrepreneurs have not seen a loss in sales or increased revenue. Only 13% of women entrepreneurs have benefited from the pandemic by increasing their earnings

Muted customer demand and added domestic responsibilities have been the top challenges faced by women entrepreneurs



Source: AWE Foundation

Throughout COVID-19, women confront a variety of problems. Women's domestic chores have mostly risen due to individuals remaining at home. According to the study's findings, 44% of entrepreneurs confront a lack of client demand, while 31% encounter personal problems such as increased family responsibilities and child care. In addition, 28% of women-owned businesses had issues as a result of supply chain disruptions, such as not having access to adequate raw materials or being unable to produce finished items on time. Whereas 24% of women did not have access to employment, 22% of women entrepreneurs did not have access to working capital owing to a shortage of credit since there were low or no profits.

As most firms slowed during the outbreak, many women entrepreneurs rebuilt their company models and used innovative strategies to survive. The business may be divided into three distinct dimensions, such as skillset. Technology, operation, and Reskilling individuals are the most crucial element to consider when altering the business model. New abilities must be acquired to survive in the existing conditions. Additionally, the procedure of conducting business needs to adapt to manage the sickness while taking appropriate precautions and maintaining safety. Finally, technical advantages can be used to improve and preserve consumer satisfaction.

6. Role of Government Programmes for promoting Women Entrepreneurship in India

The government has consistently emphasized women's development through policies that promote their participation in various sectors, including the Small Scale Industries (SSI) sector. Efforts have been made to enhance women's skills and capabilities, providing them with the tools and resources needed to succeed in self-employment and industrial ventures. Early Five-Year Plans, like the Third and Fourth, emphasized female education and welfare measures as critical components of women's development. The Eighth Five-Year Plan prioritized women's empowerment at the grassroots level through the Panchayati Raj Institutions, aiming to enhance their participation in local governance. The Ninth and Tenth Five-Year Plans introduced strategies like the Women's Component Plan and the National Policy for Empowerment of Women to allocate substantial funds and prioritize the rights-based approach to enhance the survival, protection, and development of women and children. At present, the Government of India has over 27 schemes for women operated by different departments and ministries. Some of these are:

- Integrated Rural Development Programme (IRDP)
- Khadi and Village Industries Commission (KVIC)
- Training of Rural Youth for Self-Employment (TRYSEM)
- Prime Minister's Rojgar Yojana (PMRY)
- Entrepreneurial Development programme (EDPs)
- Management Development programmes
- Women's Development Corporations (WDCs)
- Marketing of Non-Farm Products of Rural Women (MAHIMA)
- Assistance to Rural Women in Non-Farm Development (ARWIND)
- Trade Related Entrepreneurship Assistance and Development (TREAD)
- Indira Mahila Yojana ; Indira Mahila Kendra; NGO's Credit Schemes; Micro & Small Enterprises Cluster Development Programmes (MSE-CDP);
- National Banks for Agriculture and Rural Development's Schemes; Rajiv Gandhi Mahila Vikas Pari yojana (RGMVP)
- Priyadarshini Project- A program established to empower rural women and enhance livelihoods in the Mid Gangetic Plains, featuring exhibitions for women entrepreneurs as part of a marketing support package for Micro & Small enterprises approved by the CCEA.

7. Conclusion

Women entrepreneurs play a significant role in the corporate world, contributing to innovation, economic growth, and diversity within businesses. Many women entrepreneurs effectively balance their roles as mothers and business leaders, demonstrating adaptability and multi-tasking skills. Women now own a substantial portion of businesses, showcasing their increasing presence and influence in the entrepreneurial landscape. The government promoted development activities has benefitted only a very small proportion of women i.e. urban middle class women even though the laws guaranteed equal rights in political process, education and employment. Women comprises of about 45% of the Indian population. It is thus, very important to take certain steps to support and promote women entrepreneurship in India. Establishment and enhancement of

entrepreneurial training programs that specifically target women, providing them with the knowledge and skills is needed to run successful businesses. It is also important to create supportive financial mechanisms, including loans and grants, with favorable terms for women entrepreneurs, to help them overcome financial barriers and launch or expand their businesses. Moreover, fostering mentorship opportunities and networking events that connect experienced women entrepreneurs with aspiring ones, providing guidance, support, and access to valuable business resources.

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