

# Catalysts of Change: Women Entrepreneurs Driving Economic Growth in India

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## Abstract

Raising the Economic Participation of Women in India: A New Growth Engine! Women entrepreneurship in India has emerged as a transformative force, significantly influencing the nation's economic landscape. Over the past few decades, there has been a marked shift in both the prevalence and recognition of women entrepreneurs, showcasing their growing importance in driving innovation and growth. Historically, women in India have faced numerous challenges in pursuing entrepreneurial endeavour's, stemming from entrenched societal conventions and pervasive gender biases. However, despite these obstacles, Indian women entrepreneurs have shattered barriers and achieved remarkable success across diverse industries.

While societal attitudes and government policies have evolved to support women entrepreneurs, they continue to face unique challenges on their entrepreneurial journeys. Nevertheless, women have become indispensable contributors to India's business ecosystem, spearheading change and fostering inclusive growth. This research aims to examine the evolution of women entrepreneurs in India and their increasing economic and social significance.

The study delves into key socioeconomic and legislative developments that have bolstered the empowerment and growth of women entrepreneurs in recent years. Employing a comprehensive review of existing literature, data, and reports, the research highlights the impact of women entrepreneurs on job creation, GDP growth, and workforce empowerment. Additionally, it underscores the critical role of women entrepreneurs as societal role models, driving gender equality and promoting women's empowerment.

Ultimately, this study emphasizes the importance of sustained support and targeted policies to further nurture and advance women entrepreneurs, positioning them as key drivers of India's economic transformation and social progress.

**Keywords:** Entrepreneur; Employment; Empowerment; Gender Equality; Challenges and Opportunities, gender, female economic participation.

## Introduction

### Indian Women in Entrepreneurship: A Growing Force

The entrepreneurial ecosystem in India has witnessed an increasing participation of women, fuelled by their resilience, creativity, and the evolving socio-economic landscape. Women entrepreneurs are now leading ventures in diverse fields, from technology, healthcare, and finance to fashion, beauty, and sustainable enterprises. This rise is not limited to urban centres; rural India too has seen a surge in

women establishing micro, small, and medium enterprises, particularly in sectors like handicrafts, food processing, and agribusiness.

The spirit of Indian women entrepreneurs is further underscored by their ability to overcome structural barriers, such as limited access to credit, socio-cultural constraints, and lack of mentorship opportunities. Initiatives like the Women Entrepreneurship Platform (WEP) by NITI Aayog and government schemes like Mudra Yojana and Stand-Up India have played a crucial role in bridging these gaps, providing financial assistance, mentorship, and capacity-building programs tailored to the needs of women entrepreneurs.

However, women have made remarkable strides in India's economic ecosystem, excelling in self-employment and wage-employment. The landscape is further enriched by women who have significantly influenced the business domain, leading industries with their innovative strategies and visionary leadership. Esteemed publications like *Fortune India* and *Forbes India* annually celebrate the accomplishments of these trailblazers. Notable names from the 2024 lists include Nita Ambani (Chairperson, Reliance Foundation), Kiran Mazumdar-Shaw (Founder, Biocon), Indra Nooyi (Former CEO, PepsiCo), Falguni Nayar (Founder, Nykaa), Richa Kar (Co-founder, Zivame), and Vineeta Singh (Co-founder and CEO, Sugar Cosmetics). These luminaries exemplify the transformative role of women in shaping India's business landscape, driving innovation, and spearheading initiatives that foster growth and change across industries.

### **The Concept of Women Entrepreneurship**

Women entrepreneurship refers to the process by which women identify opportunities, devise strategic plans, allocate resources, and embrace calculated risks to establish and manage entrepreneurial ventures. As defined by Brush (1992), this encompasses the initiation, development, and expansion of businesses by women, as well as their acceptance of the associated risks and rewards.

### **Objectives of this work**

1. To present an overview of self-employed and wage-employed women in the current economic landscape.
2. To examine the financial challenges and other critical obstacles faced by women entrepreneurs.
3. To analyse government schemes aimed at empowering women through skill development, financial support, education, and more.

The objectives of this work focus on understanding and highlighting the multifaceted role of women in India's economic framework. It aims to provide an in-depth overview of self-employed and wage-employed women, shedding light on their contributions and challenges.

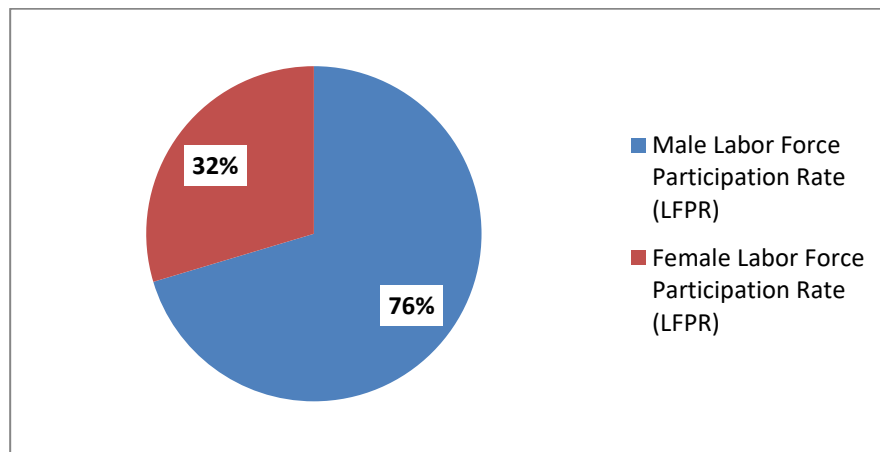
### **Statistical Perspective on Women Entrepreneurship in India**

The domain of women entrepreneurship in India has undergone substantial evolution and expansion in recent years. Statistical insights offer a nuanced understanding of the prevailing trends, highlighting the growth trajectory and the challenges faced by women entrepreneurs in a rapidly changing economic environment. With increasing government support, societal shifts, and a growing focus on gender inclusivity, Indian women entrepreneurs are poised to become pivotal drivers of economic growth and innovation in the coming years.

## Women Workforce Participation

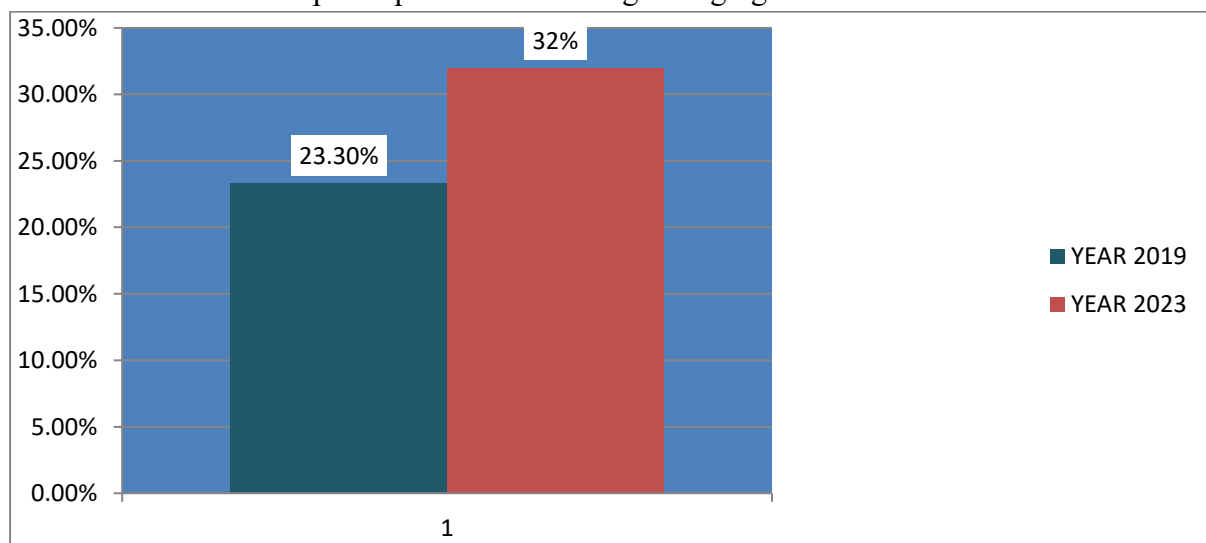
Women constitute 48% of India's population, but their labor force participation remains low.

- Male Labor Force Participation Rate (LFPR): ~76% (2023)
- Female Labor Force Participation Rate (LFPR): ~32% (2023, rising but still low)



**Fig 1: Labor Force Participation Rate**

- However, recent trends indicate an increase from 23.3% in 2019 to 32% in 2023. India has one of the lowest female workforce participation rates among emerging economies.

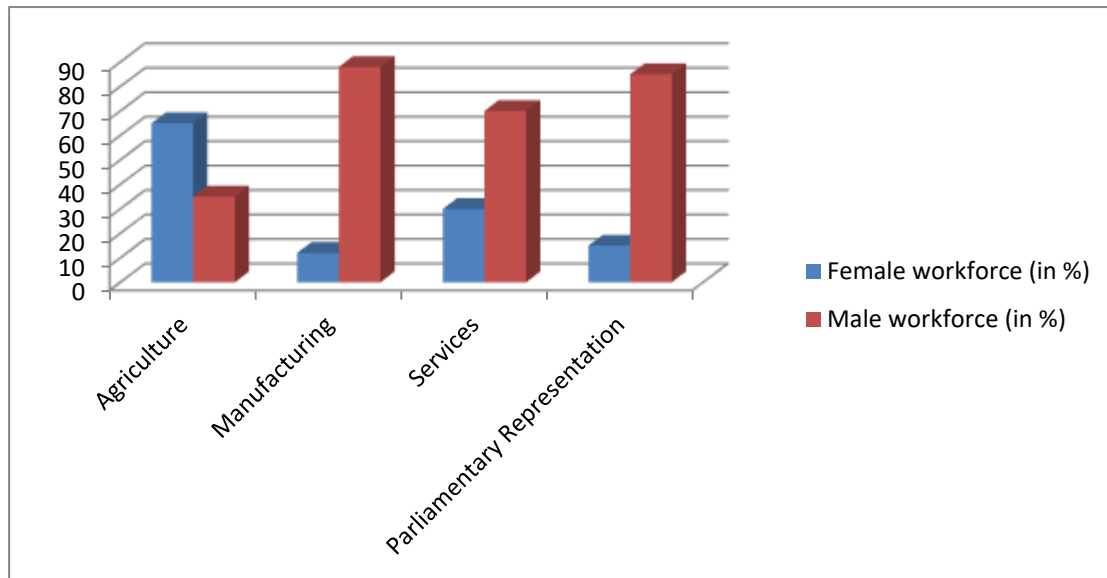


**Fig 2: Increasing Female workforce participation rates**

## Sectoral Productivity Comparison

1. Agriculture – Women make up ~65% of the agricultural workforce but often work in unpaid or low-paid roles.
2. Manufacturing – Women's participation is lower (~12%), mostly in low-wage textile and informal sectors.
3. Services – Women are better represented in education, healthcare, and IT (~30%), but leadership roles remain male-dominated.

4. Parliamentary Representation: Women now hold 82 seats in Lok Sabha (15%), with a push to increase to 33% under the Women's Reservation Bill.

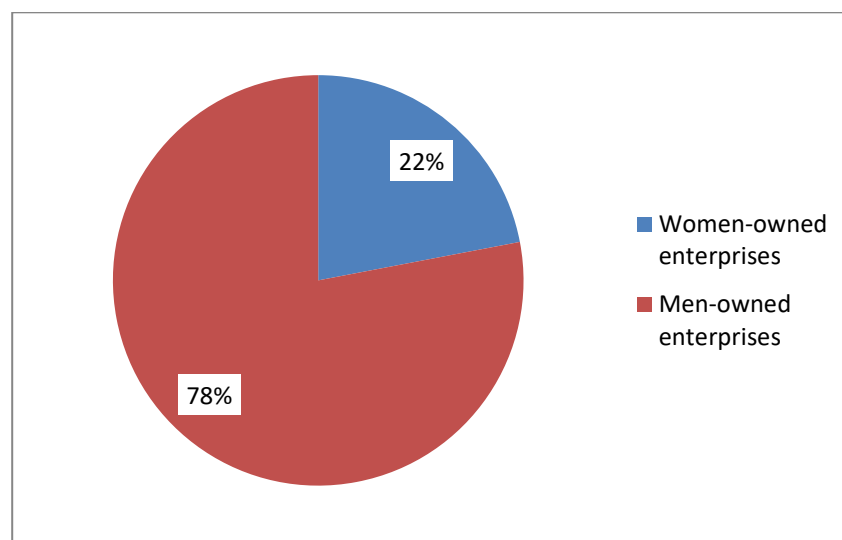


**Fig 3: Genderwise distribution in different sectors**

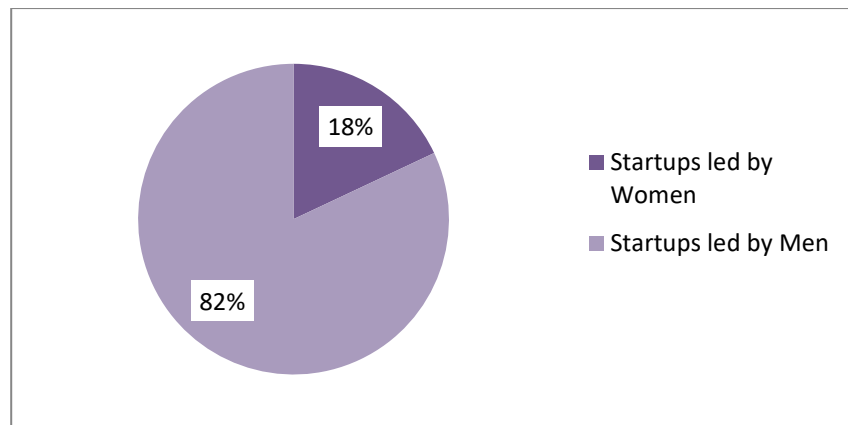
## Contribution to Employment

According to the National Sample Survey (NSS) data, women-owned enterprises provide employment to more than 13 million people in India (National Sample Survey Office, 2013).

**Total Women Entrepreneurs:** As of recent estimates, India has approximately 15.7 million women-owned enterprises, accounting for about 22% of all enterprises in the country. **Rise in Women-Led Startups:** The proportion of startups led by women in India has grown from 10% in 2017 to 18% in recent years, indicating improved educational opportunities, better access to funding, and supportive governmental policies.



**Fig 4: Women Vs Men owned enterprises**



**Fig 5: Women Vs Men led sartups**

## Gender-Based Income Distribution

### a) Wage Gap Between Men and Women

- Average gender pay gap: Women earn ~20-30% less than men for the same job.
- Formal sector: Women earn ~19% less than men on average.
- Informal sector: The gap is wider due to lack of minimum wage protection.

### b) Wealth Distribution

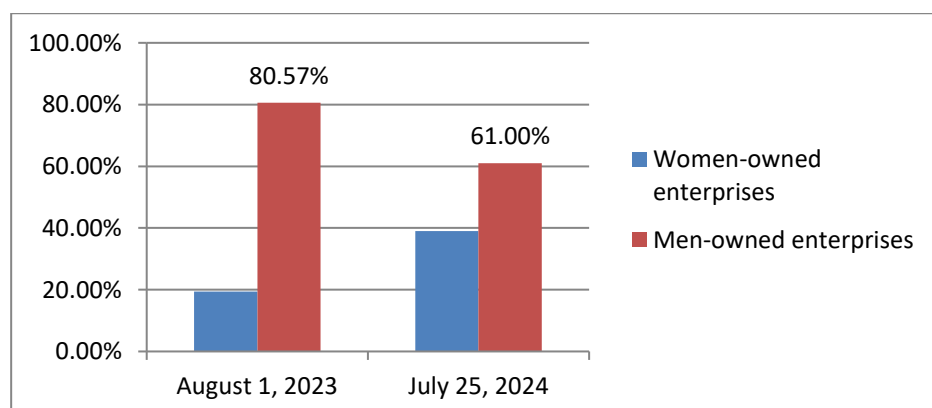
- Top 10% of men control a larger share of wealth due to better job opportunities and asset ownership.
- Women own only ~20% of land and property in India, limiting financial independence.

### c) Leadership Representation

- Women hold only ~5% of CEO positions in top companies.
- Political participation is improving, but representation remains below global averages.

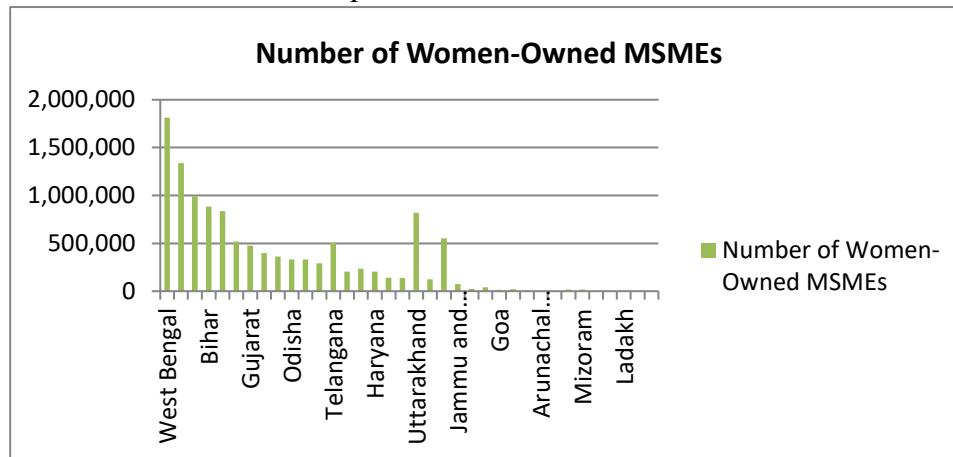
## Nation Wise Increasing Number of Women Entrepreneurs

India has witnessed a significant increase in women entrepreneurs within the Micro, Small, and Medium Enterprises (MSME) sector in recent years. As of August 1, 2023, women-owned MSMEs represented 19.43% and as of July 25, 2024, women-owned enterprises constituted approximately 39% of the total MSMEs registered on the Udyam and Udyam Assist Platform (UAP).



**Fig 6: Increasing Number of Women owned enterprises in India**

- State-wise data indicates that West Bengal leads with 18.13 lakh women-owned MSMEs, followed by Maharashtra with 13.38 lakh, Tamil Nadu with 9.90 lakh, and Bihar with 8.82 lakh registered units. MSME Mart+1 The Financial Express+1

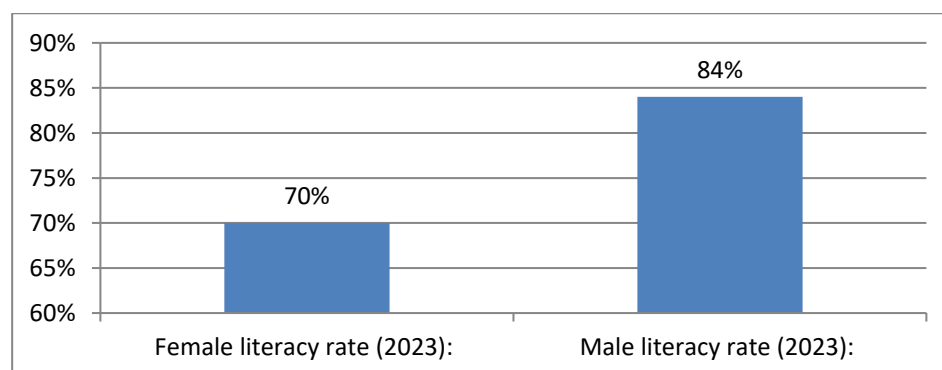


**Fig 7: Number of Women owned MSMEs in different states of India**

- This data underscores the growing participation of women entrepreneurs across various states and union territories in India.

In India, women are more likely to be self-employed than men, but this trend is driven by necessity rather than opportunity. According to the Periodic Labor Force Survey (PLFS) 2022-23. Overall Self-Employment Rate (PLFS 2022-23): Women: 58.6% and Men: 54.4%

As of 2023, the female literacy rate in India is approximately 70%, reflecting significant progress over the years but still highlighting a substantial gender gap. In comparison, the male literacy rate stands at around 84%, underscoring the need for continued efforts to bridge this disparity. Improving female literacy remains a critical focus area for achieving gender equity and empowering women across socio-economic dimensions. The gender gap in literacy has narrowed but is still a challenge, especially in rural areas.

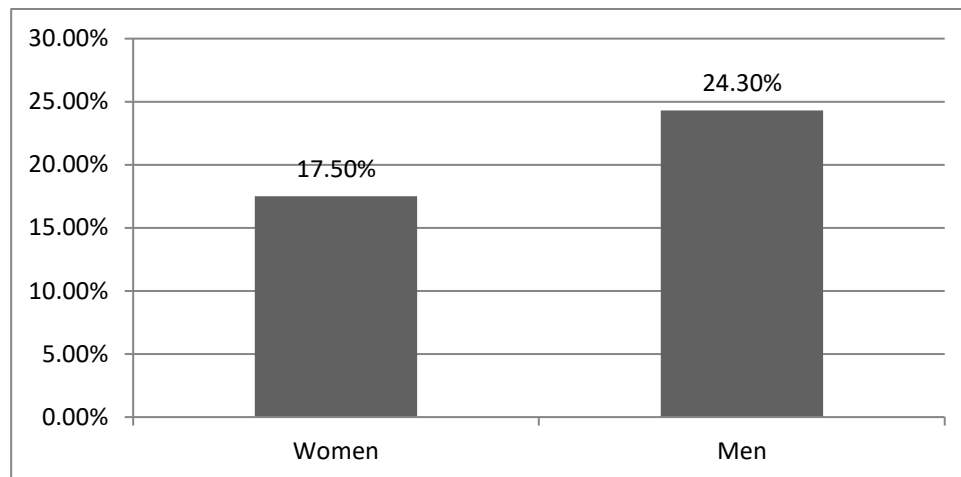


**Fig 8: Female Vs Male Literacy rate**

- Unpaid Family Work:**
  - Many rural women are self-employed in family businesses or agriculture but receive no wages.
  - 36.4% of rural women in self-employment are classified as unpaid helpers.

- **Limited Formal Job Opportunities:**

- Women face gender discrimination in hiring, fewer salaried job opportunities, and workplace safety concerns.
- Only 17.5% of working women have regular salaried jobs (compared to 24.3% of men).



**Fig 9: Women Vs Men in salaried jobs**

- **Home-Based Work & Entrepreneurship:**

- Many women engage in home-based businesses like tailoring, beauty services, food processing, and craftwork.
- Startups led by women are increasing, but challenges like access to capital remain.

4 **Agriculture Dependence:** In rural areas, a large share of women works as agricultural laborers or small farmers, classified as self-employed.

**Reasons for Low Female Labor Force Participation (FLFP)**

- Unpaid domestic work: Women spend ~6 hours/day on unpaid labor vs. men's ~52 minutes.
- Workplace safety & mobility: Concerns restrict women's job opportunities.
- Gender bias & stereotypes: Preference for men in high-paying jobs.
- Lack of childcare & maternity benefits: Many women drop out post-childbirth.

**Tab : Female Labor Force Participation by Income Levels and by Education Levels**

Income group / Education	Particulars	Types of Work	Challenges:
Low-Income Groups Illiterate/ Primary Education	Higher FLFP (~40-50%), but mostly in informal, low-wage jobs like agriculture, domestic work, and construction.	Agricultural laborers (~65% of female workers). Domestic helpers, street vendors, and daily wage workers. Factory and garment industry workers	No job security, low wages, and lack of social benefits. Limited access to formal employment.

Middle-Income Groups Secondary Education	Moderate FLFP (~30-40%), often in semi-skilled or clerical roles.	School teachers, nurses, bank employees, retail workers. Small business owners, self-employed artisans.	No job security, low wages, and lack of social benefits. Limited access to formal employment.
High-Income Groups Graduate & above	Lower FLFP (~20-30%), despite better education levels	Corporate jobs, entrepreneurship, IT, banking, law, medicine. Higher representation in STEM, management, and finance but fewer in leadership roles.	Social norms: Pressure to prioritize family over career. Glass ceiling: Fewer women in executive or board-level positions. Wage gap: Women earn ~20-30% less than men in the same roles.

## Barriers For Women Entrepreneurs

- Early marriage: ~23% of girls marry before 18.
- Dropout rates: is Higher among girls due to household responsibilities.
- Limited access to higher education(currently around 28% females are enrolled in higher education): Especially in STEM (Science, Technology, Engineering, Mathematics) fields.
- Limited Access to Finance
- Socio-cultural Barriers
- Work-Life Balance
- Unpaid domestic work: Women spend ~6 hours daily on unpaid housework vs. men's ~52 minutes.
- Limited mobility & safety concerns: Restricts work opportunities, especially in urban areas.
- Skilling gap: Women have lower representation in STEM and high-paying professional fields

## Global Recognition

Indian women entrepreneurs have gained global recognition for their achievements. According to the MasterCard Index of Women Entrepreneurs 2020, India ranked 52nd out of 58 countries in terms of women's ability to thrive as entrepreneurs (MasterCard, 2020). This indicates the potential for further growth and support for women entrepreneurs in India.

## Government Schemes to empower Women Entrepreneurs

### Central Government Initiatives:

The Indian government has launched various programs and policies to support women entrepreneurs. Initiatives like Stand-Up India, MUDRA Yojana, and Atal Innovation Mission provide financial assistance, collateral-free loans, skill development training, and mentoring support to women entrepreneurs (Ministry of MSME, 2021; Department of Financial Services, 2021).

- The Women Reservation Bill (2023) aims to increase women's political representation, leading to better economic policies for women.



- Pradhan Mantri Mudra Yojana (PMMY): Provides collateral-free loans up to ₹10 lakh to non-corporate, non-farm small/micro enterprises, benefiting many women entrepreneurs.
- Stand-Up India Scheme: Provides tax incentives, funding, and skill development programs. Aims to facilitate bank loans between ₹10 lakh and ₹1 crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and one-woman borrower per bank branch for setting up greenfield enterprises. As of April 2023, over 180,000 entrepreneurs have benefited, with more than 80% of the loans directed towards women entrepreneurs.
- Mahila Coir Yojana: A women-oriented self-employment scheme in the coir industry, providing training and distribution of motorized rats for spinning coir yarn.
- Mahila e- Haat: An online marketing platform to support women entrepreneurs, artisans, and NGOs for showcasing products and services.
- Women Entrepreneurship Platform (WEP): Encourages mentorship, financial support, and networking.
- Bharatiya Mahila Bank: Offers financial assistance and banking services tailored for women entrepreneurs.

#### State Government Initiatives :

The Uttar Pradesh government has implemented several initiatives to enhance female labor force participation and promote women's empowerment. Key policies and programs include:

1. ODOP scheme promotes district-specific traditional industries where many women participate. (around 30% are women participants)
2. Mahila udhyami yojana: offers subsidies and loans to women entrepreneurs (Maximum of Rs. 10,00,000 per woman or max. Rs. 2,50,000 per project).
3. Rajiv Gandhi mahila vikas pariyojana
4. Skill development and employment programs

#### FUTURE WOMEN WORKFORCE IN INDIA

##### Policy Recommendations

1. Improved Financial Accessibility: Expanding microfinance and venture capital opportunities for women entrepreneurs.
2. Skill Development and Education: Implementing targeted training programs in business management, digital literacy, and leadership.
3. Encouraging STEM Participation: Promoting women entrepreneurs in science, technology, engineering, and mathematics sectors to drive innovation.
4. Stronger Institutional Support: Simplifying regulatory frameworks and ensuring gender-sensitive policies.
5. Enhanced Networking and Market Linkages: Facilitating business incubators and mentorship platforms to connect women entrepreneurs with industry experts and investors.

##### Future Script

- According to McKinsey Global Institute, increasing women's participation in the workforce could add \$700 billion to India's GDP by 2025.
- In sectors like IT, healthcare, education, and banking, women's employment has surged, with companies increasingly prioritizing gender diversity.

## CONCLUSION

Women are not only pivotal to India's economic growth but also essential for fostering innovation and driving social change. By empowering women entrepreneurs, the country can leverage their untapped potential to create jobs, uplift communities, and address persistent gender inequalities. Studies have shown that businesses led by women tend to prioritize inclusive practices and social impact, further enhancing societal well-being.

Improving access to education, financial resources, and digital tools is fundamental to bridging the existing gender gap in entrepreneurship. Initiatives like mentoring programs, networking opportunities, and skill development workshops can significantly boost women's confidence and business acumen. Moreover, reducing barriers such as restrictive cultural norms, workplace safety concerns, and the burden of unpaid domestic labour is crucial for encouraging women to enter and sustain entrepreneurial ventures.

Collaborations between public and private sectors can amplify the reach and impact of existing schemes and policies, ensuring they address the specific needs of women. Promoting women entrepreneurs in high-growth sectors like technology, renewable energy, and healthcare can accelerate India's economic transformation. As women take on leadership roles, they inspire societal shifts toward greater gender equality, benefiting the nation. Building an ecosystem where women entrepreneurs thrive is not just a moral imperative but also an economic necessity for India's sustainable growth and global competitiveness.

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