



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

The Economic Potential Of Women Entrepreneurs In India: Unlocking Opportunities

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Abstract:

Women entrepreneurship in India has gained considerable attention in recent decades due to its potential to transform the socio-economic fabric of the country. Women are increasingly stepping into entrepreneurial roles across various sectors, breaking stereotypes, and contributing significantly to employment generation, poverty alleviation, and innovation. However, despite their progress, women entrepreneurs continue to face a host of challenges, ranging from financial constraints and socio-cultural barriers to lack of institutional support and limited access to markets. This paper explores the economic potential of women entrepreneurs in India by analysing secondary data from government reports, international organizations, and scholarly research. The study emphasizes the importance of unlocking this potential through gender-sensitive policies, financial inclusion, digital empowerment, mentorship, and supportive ecosystems. Solutions are suggested in alignment with the objectives of the study. The findings reveal that women entrepreneurship can act as a multiplier effect for economic growth, contributing to India's GDP, job creation, and inclusive development. If adequately supported, women entrepreneurs could redefine India's trajectory as a global economic powerhouse.

Keywords: Women Entrepreneurs, Economic Potential, India, Gender Equality, Inclusive growth, financial inclusion.

Introduction

Entrepreneurship is universally recognized as a vital driver of economic development, innovation, and societal transformation. In India, the entrepreneurial ecosystem has experienced tremendous growth in recent decades, supported by globalization, liberalization, and digitalization. Within this landscape, **women entrepreneurs have emerged as key change-makers**, defying traditional roles and engaging actively in business, startups, and social ventures. India, with its vast demographic dividend, presents immense opportunities for women to participate in entrepreneurial activities. Women entrepreneurship is

not only a matter of gender equality but also a strategic economic imperative. According to a **McKinsey Global Institute (2020)** report, advancing women's participation in the economy could add **\$770 billion to India's GDP by 2025**. Despite these promising figures, women represent only **20% of the total entrepreneurs in India** (NITI Aayog, 2022). This indicates an untapped reservoir of entrepreneurial talent waiting to be harnessed. Women entrepreneurs face a unique set of challenges: patriarchal attitudes, difficulties in accessing finance, inadequate skill development opportunities, and limited exposure to networks and markets. Yet, their potential remains immense, especially in emerging sectors like e-commerce, healthcare, education, fintech, and sustainable development initiatives. This study seeks to examine the economic potential of women entrepreneurs in India, assess the challenges they face, and explore the solutions that could unlock their opportunities for growth and impact.

Review of Literature

Several scholars and institutions have emphasized the significance of women entrepreneurs in driving inclusive growth:

1. **Sharma & Varma (2018)**: Highlighted that women entrepreneurs contribute substantially to micro and small enterprises in India. Their participation, however, is often hindered by financial illiteracy and inadequate support systems.
2. **Kumar (2019)**: Observed that women-owned SMEs are resilient and innovative, particularly in rural economies, where they promote self-employment and social empowerment.
3. **Das (2020)**: Suggested that women entrepreneurs bring unique management styles, often more collaborative and community-focused, leading to sustainable business practices.
4. **NITI Aayog Report (2020, 2022)**: Only 14–20% of entrepreneurs in India are women. Their ventures largely remain informal and micro in nature, restricting scalability.
5. **World Bank (2021)**: Emphasized that female-led enterprises create jobs not only for themselves but also for other women, amplifying the impact on economic participation.
6. **UN Women (2021)**: Advocated for inclusive supply chains and digital literacy programs to empower women entrepreneurs, particularly in developing economies like India.

Synthesis:

The literature shows a consensus: women entrepreneurs are central to India's growth story, but systemic challenges like financing gaps, cultural constraints, lack of formal training, and poor institutional support prevent them from realizing their full potential.

Objectives of the Study

1. To assess the current status and role of women entrepreneurs in India.
2. To analyze the economic potential of women entrepreneurs in contributing to GDP, employment, and innovation.
3. To identify the major challenges and barriers faced by women entrepreneurs.
4. To explore opportunities available for women entrepreneurs in India.
5. To suggest policy, institutional, and practical solutions for strengthening women's entrepreneurship.

Research Methodology

The study is based entirely on **secondary data** collection and analysis. Sources include:

- **Government reports:** Ministry of Women and Child Development, NITI Aayog, Ministry of Skill Development and Entrepreneurship.
- **International organizations:** World Bank, IMF, UN Women, McKinsey Global Institute, International Finance Corporation (IFC).
- **Research articles and books:** Scholarly publications on women entrepreneurship and gender studies.
- **Secondary sources:** Business magazines, economic surveys, and online research portals.

The methodology employs a **descriptive-analytical approach**, synthesizing data from multiple sources to identify trends, challenges, and policy gaps.

Strategic Measures for Unlocking Women's Entrepreneurial Potential

1: The Current Status and Role of Women Entrepreneurs in India

Women's entrepreneurial participation in India has shown gradual improvement over the past two decades. According to the Sixth Economic Census, women constitute approximately 13–14 percent of total entrepreneurs in the country, accounting for nearly 8 million enterprises. A significant proportion of these enterprises fall within the micro and small-scale sectors, particularly in areas such as food processing, handicrafts, tailoring, retail trade, and other service-oriented activities.

While a visible segment of women has entered modern sectors such as information technology, biotechnology, e-commerce, and health care, the majority still operate in informal and unorganized markets, often with limited access to capital, formal registration, or growth opportunities. There is also a clear urban–rural divide, with urban women having greater exposure to start-ups and formal enterprises, whereas rural women largely engage in livelihood-based businesses supported by self-help groups (SHGs) and microfinance institutions.

Role of Women Entrepreneurs in Economic and Social Development

Women entrepreneurs perform a dual role by contributing both to the economy and to social change. Economically, women-owned enterprises generate significant employment opportunities, particularly for women, thereby supporting inclusive growth. It is estimated that women-led MSMEs employ over 22–25 million people, highlighting their contribution to India's labour market.

In addition, the growing visibility of women in sectors such as digital platforms, start-ups, and green businesses underscores their potential as innovators and change-makers. The emergence of successful women entrepreneurs—such as Kiran Mazumdar-Shaw (Biocon), Falguni Nayar (Nykaa), and Vandana Luthra (VLCC)—illustrates how women are increasingly shaping India's entrepreneurial landscape at both national and global levels.

Socially, women's entrepreneurship promotes financial independence, gender equality, and empowerment, which have spillover effects on education, health, and community development. Women-led enterprises are often linked to community well-being, sustainability, and inclusive practices, thereby reinforcing their developmental role beyond mere economic contribution.

Supporting Evidence and Policy Context

The Indian government has initiated several schemes aimed at fostering women's entrepreneurship. Policies such as Stand-Up India, MUDRA Yojana, and the Women Entrepreneurship Platform (WEP) by NITI Aayog are designed to provide financial assistance, mentorship, and networking opportunities. Despite these efforts, structural issues such as restricted access to credit, limited mobility, lack of entrepreneurial training, and cultural barriers continue to restrict the scale and sustainability of women-led enterprises.

The Global Entrepreneurship Monitor (GEM) reports that India's female entrepreneurial activity rate remains below the global average, indicating untapped potential. Studies also suggest that if women entrepreneurs are fully enabled, India's GDP could increase substantially, thereby contributing to the nation's goal of becoming a \$5 trillion economy.

Findings: Women entrepreneurs constitute about 20% of India's entrepreneurial population. Their participation is concentrated mainly in micro and small-scale businesses, especially in handicrafts, retail, services, and food processing. Very few have penetrated high-growth and technology-driven sectors.

- **Scaling and Formalization:** Establish cluster-based industrial hubs for women-owned enterprises to move from informal to formal economies.
- **Awareness Campaigns:** Launch nationwide awareness programs on government schemes such as **MUDRA Yojana, Stand-Up India, Startup India**, and state-level initiatives.
- **Inclusive Statistics:** Create a national database exclusively mapping women-owned businesses to monitor progress and identify sectors where women's role can be expanded.

2: The Economic Potential of Women Entrepreneurs in Terms of GDP, Employment, and Innovation

The economic potential of women entrepreneurs is a multidimensional concept that captures their capacity to contribute to **national output (GDP), job creation (employment), and competitiveness (innovation)**. Assessing this potential is critical in understanding how women-led enterprises can serve as a driver of inclusive and sustainable economic growth in India.

➤ Contribution to GDP

Women entrepreneurs hold the potential to significantly augment India's Gross Domestic Product (GDP). At present, their contribution remains underutilized due to the low share of women-owned enterprises—around **13–14 percent of total entrepreneurship in India**. Research by McKinsey Global Institute suggests that advancing gender equality and enhancing women's participation in economic activities could add **\$700 billion to India's GDP by 2025**.

The untapped potential is evident in both the formal and informal sectors. While women have been successful in micro and small-scale enterprises, their limited access to capital and markets restricts scaling-up, thereby reducing their aggregate contribution to GDP. If structural barriers are addressed—such as unequal access to credit, technology adoption, and institutional support—women entrepreneurs could emerge as key contributors to India's vision of a **\$5 trillion economy**.

➤ Contribution to Employment

Women entrepreneurs serve as **employment generators**, particularly in the small and medium enterprise (SME) segment. Women-led MSMEs in India employ over **22–25 million people**, thereby directly addressing the challenge of unemployment and underemployment.

Employment generation by women-led enterprises has specific socio-economic benefits:

- **Inclusive workforce participation:** Women entrepreneurs tend to employ more women, creating an enabling cycle of empowerment.
- **Rural employment opportunities:** Through SHGs, cooperatives, and small businesses, women entrepreneurs provide local jobs that prevent migration and sustain rural economies.
- **Skill development:** Women-led businesses often prioritize skill training, particularly in crafts, services, and digital entrepreneurship.

Scaling women entrepreneurship can, therefore, play a critical role in **absorbing India's growing labor force** and narrowing the gender gap in workforce participation.

➤ Contribution to Innovation

Innovation is a hallmark of sustainable entrepreneurship, and women entrepreneurs are increasingly proving their capacity to introduce **new products, processes, and business models**. Their contributions can be assessed across three dimensions:

- **Product Innovation:** Women entrepreneurs have been instrumental in areas such as organic foods, wellness products, sustainable textiles, and digital platforms.
- **Process Innovation:** Adoption of digital tools, e-commerce platforms, and cost-efficient practices by women entrepreneurs has redefined access to markets.
- **Social Innovation:** Women often create enterprises with strong social impact—such as microfinance, education, health care, and environmental sustainability—which blend economic viability with societal welfare.

High-profile examples include **Falguni Nayar (Nykaa)** in e-commerce, **Kiran Mazumdar-Shaw (Biocon)** in biotechnology, and **Suchi Mukherjee (Limeroad)** in online retail. These cases illustrate how women entrepreneurs are shaping innovation-led growth in India.

3: Major Challenges and Barriers Faced by Women Entrepreneurs

The objective of identifying the major challenges and barriers faced by women entrepreneurs is central to understanding why their participation and contribution remain below potential in India. Despite progress in recent years, women entrepreneurs continue to encounter a range of structural, institutional, and socio-cultural constraints that limit the growth and sustainability of their enterprises. Analyzing these barriers provides valuable insights into the gendered nature of entrepreneurship and helps in designing targeted policy interventions.

➤ Financial Constraints

One of the most significant barriers faced by women entrepreneurs is **restricted access to finance**.

- **Collateral requirements:** Traditional banking systems demand collateral, which women often lack due to limited asset ownership.
- **Perceived risk:** Financial institutions frequently perceive women-led businesses as riskier, leading to fewer loans or higher interest rates.
- **Dependence on informal finance:** Many women rely on personal savings, family funds, or informal credit networks, which restrict scalability.

This financial exclusion reduces the capacity of women to expand from micro-enterprises into medium or large-scale ventures, thereby limiting their contribution to GDP and employment.

➤ Socio-Cultural Barriers

Cultural norms and patriarchal attitudes remain powerful obstacles in women's entrepreneurial journeys.

- Women are often expected to prioritize household and caregiving responsibilities, restricting their mobility and time for business activities.
- In many regions, there is still social resistance to women taking leadership roles or engaging in market-based activities.
- Stereotypes labeling women as "less capable entrepreneurs" undermine their confidence and acceptance in business networks.

These barriers not only restrict entry into entrepreneurship but also discourage sustained participation.

➤ Lack of Education, Skills, and Training

Although educational attainment among Indian women has improved, there remains a **skills gap** in terms of entrepreneurial, digital, and financial literacy.

- Limited exposure to technical and managerial training reduces competitiveness.
- Women entrepreneurs often lack access to mentoring, incubation centers, and professional networks.
- Rural women, in particular, face a double disadvantage due to low literacy levels and minimal training opportunities.

This hinders innovation and restricts women to low-value, traditional business sectors.

➤ Market and Networking Limitations

Effective entrepreneurship requires access to markets and business networks. Women entrepreneurs face difficulties in this area due to:

- Limited participation in trade fairs, exhibitions, and business associations.
- Difficulty in building professional networks in male-dominated industries.
- Inadequate digital infrastructure in rural areas, which restricts online business expansion.

These barriers reduce visibility and market linkages, which are crucial for scaling enterprises.

➤ Policy and Institutional Gaps

Despite various government schemes—such as **Stand-Up India**, **MUDRA Yojana**, and **Women Entrepreneurship Platform (WEP)**—the effectiveness of policies is often limited by:

- Low awareness among women entrepreneurs about available schemes.
- Complex application procedures and bureaucratic hurdles.
- Insufficient monitoring and evaluation of the impact of policies on women-owned businesses.

Thus, while policies exist, their reach and implementation remain inconsistent.

➤ Psychological and Personal Barriers

Challenges also stem from internalized social conditioning and personal constraints.

- Lack of self-confidence and risk-taking ability can hold back women from pursuing large-scale ventures.
- Work–life balance pressures force many women to limit their business ambitions.
- Fear of failure is heightened in societies where women are judged more harshly for entrepreneurial setbacks.

4: Opportunities Available for Women Entrepreneurs in India

Exploring opportunities entails mapping the demand-side spaces where women-led firms can grow and the supply-side enablers that make entry and scaling feasible. Below is a structured, thesis-ready analysis.

A. Demand-Side Opportunity Spaces (Where growth can happen)

➤ Digital Commerce & Services

- Rapid adoption of online marketplaces enables low-cost market entry, niche branding, and pan-India reach.
- High-potential niches: D2C wellness/beauty, artisanal goods, edtech micro-courses, home-based cloud kitchens, professional services (design, accounting, translation).

➤ Care Economy & Social Services

- Rising demand for childcare, eldercare, home health aides, and rehabilitation services.
- Scope for certified franchises, platform-based staffing, and skill academies.

➤ Agri–Allied and Food Processing

- Value addition (spices, ready-to-eat, millet-based products), farm-gate aggregation, cold-chain micro-entrepreneurship.
- Women’s SHGs and FPOs can integrate upstream (inputs) and downstream (branding/export).

➤ Green & Circular Economy

- Opportunities in clean energy distribution (solar appliance retail/after-sales), waste upcycling, sustainable textiles, eco-packaging, water-saving products.

➤ **Light Manufacturing & Craft 4.0**

- Apparel, accessories, handicrafts with design upgrades, quality standardization, and cluster-based common facilities.
- “Make in India” sourcing by large retailers opens vendor slots for compliant women-led units.

➤ **Healthcare & Wellness**

- Preventive health, diagnostics collection centers, telehealth facilitation, nutraceuticals, Ayurveda-based products.

➤ **Tourism & Experiences**

- Homestays, culinary tours, local guides, culture curation—especially in heritage and eco-tourism circuits.

➤ **Govt & Corporate Procurement**

- Reserved/preferential procurement windows in public entities and large corporates’ supplier diversity programs.

➤ **Export Gateways (Online & Offline)**

- Cross-border e-commerce for small consignments; niche categories: handmade fashion, organic foods, wellness, educational toys.

➤ **Technology & Innovation**

- Low-code/AI-enabled micro-SaaS, fintech agency models, martech for SMEs, local-language content products.

B. Supply-Side Enablers (What makes these opportunities accessible)

- **Credit & Risk Instruments:** Collateral-light loans, revenue-based financing, credit guarantees; invoice discounting via TReDS; micro-insurance.
- **Digital Rails:** UPI, ONDC, e-invoicing, e-logistics aggregators lowering distribution and compliance costs.
- **Incubation & Mentorship:** Women-focused incubators, accelerator cohorts, angel networks; alumni and SHG federations as mentorship pools.
- **Standards & Compliance Readiness:** GST, FSSAI, ISO-lite toolkits; plug-and-play documentation libraries.
- **Cluster & Common Facility Centers:** Shared design studios, testing labs, packaging units to reduce capex.
- **Skill & Credentialing Pathways:** Short-cycle training in digital marketing, quality control, export documentation, caregiving certifications.
- **ESG & Impact Capital:** CSR procurement, impact funds, and supplier diversity targets that prefer women-owned vendors.

5: Policy, Institutional, and Practical Measures for Strengthening Women's Entrepreneurship

The objective of suggesting policy, institutional, and practical measures for strengthening women's entrepreneurship seeks to move beyond the identification of barriers and opportunities into the realm of actionable solutions. This objective is essential because while women entrepreneurs in India demonstrate considerable potential, their contribution to the economy remains below optimal due to systemic barriers such as financial exclusion, socio-cultural constraints, and institutional inefficiencies. Addressing these requires an integrated strategy combining **policy reforms, institutional mechanisms, and grassroots-level practical interventions.**

a) Policy Measures

Policy-level interventions are necessary to create an enabling environment in which women entrepreneurs can thrive.

- **Access to Finance:** Expansion of collateral-free credit schemes, gender-sensitive lending frameworks, and simplified access to working capital loans. Refinement of schemes like **MUDRA Yojana and Stand-Up India** to increase awareness and uptake.
- **Tax and Regulatory Incentives:** Provision of tax reliefs, reduced compliance burden, and preferential procurement quotas for women-led enterprises.
- **Digital and Export Policies:** Policies that support digital literacy, e-commerce integration, and simplified export procedures for women-owned firms.
- **Gender Mainstreaming in Policy:** Ensuring all MSME, start-up, and industrial policies incorporate gender perspectives rather than treating women entrepreneurship as a niche segment.

b) Institutional Measures

Institutions act as the backbone of entrepreneurial ecosystems. Strengthening institutional frameworks will enable women entrepreneurs to overcome systemic disadvantages.

- **Dedicated Support Bodies:** Establishment of women-focused incubation centers, business accelerators, and innovation hubs at state and district levels.
- **Networking Platforms:** Formal networks and chambers for women entrepreneurs to facilitate mentorship, knowledge sharing, and business-to-business (B2B) linkages.
- **Skill Development Institutions:** Collaboration between government, industry, and academia to deliver sector-specific training in areas like digital skills, financial management, quality standards, and innovation.
- **Monitoring Mechanisms:** Institutional monitoring of the impact of government schemes and financial assistance programs to ensure effective implementation and accountability.

c) Practical and Grassroots Measures

At the ground level, practical measures are required to translate policy intentions into actual outcomes.

- **Awareness and Outreach:** Conducting awareness campaigns in both urban and rural areas to inform women about available schemes, financing options, and entrepreneurial opportunities.
- **Capacity Building:** Organizing short-term, flexible training programs to upskill women in digital marketing, supply chain management, and e-commerce operations.
- **Cluster-Based Development:** Encouraging women entrepreneurs to form cooperative clusters or self-help group (SHG) federations for collective bargaining, shared infrastructure, and joint branding.
- **Technology Adoption:** Promoting affordable technology solutions, mobile apps, and digital payment systems to increase productivity and market reach.
- **Work–Life Balance Support:** Creating supportive services such as childcare centers, flexible working spaces, and safe transport facilities to reduce the burden of dual responsibilities.

d) Integrated Approach

The real strength of this objective lies in combining policy, institutional, and practical measures into a **cohesive framework**. Policies should provide the overarching support structure, institutions should deliver implementation and monitoring, while practical measures should directly address women's everyday challenges. For instance, while policies may mandate collateral-free credit, institutions must ensure effective disbursement, and practical interventions should train women in financial literacy to manage credit efficiently.

Conclusion

Women entrepreneurs in India represent an **untapped economic force** capable of transforming the national economy. Their contribution to GDP, job creation, innovation, and inclusive growth is immense but underutilized due to structural and cultural barriers.

By enabling access to finance, technology, mentorship, and supportive policies, India can unlock the full potential of women entrepreneurs. The cumulative effect would not only accelerate economic growth but also promote social empowerment, gender equality, and sustainable development.

The path forward demands a **multi-stakeholder approach** involving government, private sector, financial institutions, and civil society. Empowering women entrepreneurs is no longer just a question of equity but a strategic imperative for India's growth trajectory.

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