



Women Entrepreneurship in India: Challenges and Contribution in Economic Growth

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Abstract

Women entrepreneurs in India represent a rapidly growing but under-leveraged segment of the national economy. This study examines the dual role of women's entrepreneurship: the obstacles that constrain women-led business formation and growth, and the contributions these ventures make to employment, income generation, innovation, and inclusive economic development. Drawing on a synthesis of contemporary literature, policy documents, and secondary datasets, the paper identifies structural and cultural barriers - limited access to formal finance, skills and training gaps, restrictive social norms, weak market linkages, and inadequate supportive infrastructure - that disproportionately affect women founders. Despite these constraints, evidence shows that women-led enterprises promote diversification of local economies, create resilient livelihoods, foster value-chain linkages in key sectors, and contribute to poverty reduction and gender-equitable growth. The analysis highlights how targeted interventions - improved access to credit and mentorship, gender-sensitive business support services, favourable regulatory reforms, and stronger networks - can unlock significant economic benefits. The paper concludes with policy recommendations for governments, financial institutions, and development agencies to scale enabling ecosystems that amplify the impact of women entrepreneurs, thereby strengthening India's broader economic growth and social inclusion objectives.

Keywords: women entrepreneurship, economic development, India, challenges, empowerment, financial inclusion, gender equality, rural women, skill development, government policy

Introduction

Women entrepreneurs are individuals who start and run their own businesses. In India, many women are launching ventures across towns and villages - in retail, services, manufacturing, and technology.

By themselves, these commercial endeavors provide income, empower women, and improve their social standing. Additionally, they create jobs and provide new ideas and goods that benefit families and local economies overall. But, women face a number of difficulties.

For instance, they typically have trouble obtaining loans, training, market access, or network support. A company's ability to grow may be hampered by social standards, travel restrictions, and household duties. Women's advancement is further hampered by the lack of childcare, reliable infrastructure, and transportation.

However, even in difficult times, women-owned businesses have been a significant economic force. In addition to creating jobs locally, they also increase a family's income and thus contribute to the eradication of poverty. This study looks at the



main problems women entrepreneurs face in India and shows how supporting them better with credit, training, networks, and friendly policies can boost economic growth and improve lives.

Opportunities for Economic Growth

Women's entrepreneurship presents many clear opportunities to strengthen India's economy. Below are key areas where supporting women-led businesses can deliver measurable gains, each with a short explanation.

1. Job creation and livelihoods

Women starting businesses create work for themselves and others. This brings money to families and reduces local unemployment. Support with small loans and local training helps this happen.

2. Poverty reduction and inclusive growth

When women earn, they spend more on food, health and children's schooling. That improves family life and breaks poverty cycles. Giving women financial help and information makes this easier.

3. Greater economic participation

More women running businesses means more people are working and producing goods or services. That grows the country's economy. Removing barriers and teaching skills encourages more women to join.

4. Diversification of industries and value chains

Women start businesses in many fields (crafts, food, services, tech). That makes the economy stronger and less dependent on one sector. Training and access to inputs help women enter new areas.

5. Innovation and new market niches

Women often make products or services for specific needs (for women, children, elders). These new ideas create new customers and businesses. Small grants and mentorship help turn ideas into products.

6. Stronger local and rural economies

Women-owned enterprises keep money in villages and small towns. This reduces migration to

cities and helps local growth. Support like common workspaces and market links makes local businesses thrive.

7. Improved export potential

With the right quality and packaging, women-made goods (textiles, food, crafts) can be sold abroad. Exports bring more money into the country. Help with quality standards and market links opens export chances.

8. Multiplier effects on small-business ecosystems

A woman's business buys materials, hires helpers, and uses local services - this helps many other small businesses. One business supports several others. Encouraging local buying strengthens the whole area.

9. Human capital development

Running a business teaches skills like money management and digital use. These skills improve people's work and future chances. Short practical training programs build these skills fast.

10. Formalization and tax base expansion

When women register businesses and use banks, they get loans and government help. The government also raises revenue to fund services. Simple registration and handholding make formalization easier.

11. Digital economy and gig opportunities

Online platforms let women sell, freelance, or work from home with low cost. This expands markets beyond the local area. Teaching basic digital skills and providing internet access helps women join.

12. Social and gender-equity benefits

Earning money gives women more say in family and community decisions. In addition to improving children's physical and mental health, this leads to a higher degree of social fairness. These benefits are further reinforced by the promotion of famous individuals and women's organizations.

Economic Growth Contribution

The Indian economy depends on the existence of



female entrepreneurs. Not only do their businesses raise household earnings, but they also have positive benefits on efficiency, market size, and overall welfare.

1. Increasing GDP and labour force participation

Because more and more women are founding and operating firms, their involvement in entrepreneurship benefits the economy as a whole. The more women who run their own businesses, the more individuals are engaged in the productive workforce, which raises output and hence boosts GDP.

2. Job creation at local levels

Women-led micro, small, and medium enterprises (MSMEs) generate employment - often in communities and rural areas where formal jobs are scarce - helping reduce unemployment and underemployment.

3. Improving household welfare and human capital

When women control income, they often spend more on children's health, nutrition, and education. These investments raise the future quality of the workforce and strengthen long-term economic prospects.

4. Diversifying economic activity and value chains

The participation of women in sectors like handicrafts, food processing, services and technology not only diversifies the economic base but also strengthens the local supply chains, and decreases the dependency on a few industries.

5. Innovation and niche markets

Women entrepreneurs mostly produce goods and services that cater to unmet needs, especially of women and families. This encourages market innovations and new commercial opportunities to be unlocked.

6. Small-business ecosystems boosting

The firms owned by women are capable of producing the demand for inputs, logistics and services, thus supporting the suppliers, traders and service providers and spreading benefits throughout the local economies.

7. Formalization and taxation revenues increasing

Women who are operating in the informal sector start registering their businesses and moving to the formal sector gain access to financial resources provided by government programs and credit while also enlarging the pot of taxes and fiscal resources.

8. Export enhancing and foreign exchange earning

Due to the strong market linkages and the capacity building, women-led ruptions in the textile, food products, and crafts sectors can scale up for international markets. Thus, women's contribution towards export growth would be significant.

9. Resilience and inclusive growth elevated

The existence of businesses run by women from a variety of backgrounds and with ties to the local community promotes the economic resilience of these communities to shocks and also helps to ensure that the benefits of growth are shared with the marginalized groups.

10. Digital and gig-economy participation accelerated

Digital tools and platforms bring about the participation of many women in the starting or scaling of the business with lower fixed costs; thus, the entrepreneurship expands to remote work, e-commerce, and freelance services.

Women Entrepreneurs in India: Challenges

1. Access to formal finance is still very limited

Numerous women do not qualify for bank loans due to their inability to provide collateral, have irregular or undocumented income, or not having a proper KYC done, so they have to rely on informal lenders who charge very high-interest rates for very small amounts that do not really help the business to grow. This keeps companies small, makes it difficult for them to decide whether to invest in high-quality equipment or stock, and increases the likelihood of failure. Taking up group lending, offering collateral-free microloans, developing loan products especially for small-scale female entrepreneurs, and planning financial literacy initiatives to inform women of their formal alternatives are some of the suggested remedies.



2. Lack of training and a shortage of business skills

Women get together beginning with technical or craft abilities, but they are still untrained in bookkeeping, pricing, cost control, marketing, tendering, and basic legal and tax problems. These strategies can include brief and useful training courses, peer-learning groups, mentorship, and company incubation that are tailored especially for women and thereby help close the gap.

3. Domestic responsibilities and time poverty

Women's time for selling, training, attending fairs, and even planning is reduced by unpaid everyday labor like cooking, caring for others, and chores. Lack of time reduces competitiveness and hinders networking and business expansion. Time for business-related activities can be increased by sharing family duties, offering local childcare, and allowing training schedules to be more flexible.

4. Cultural and social barriers

Women may be prohibited by their families or communities from traveling, working late, or spending time alone with male clients or suppliers. Some families prioritize household duties above entrepreneurship, which reduces opportunities and postpones decision-making. The resistance can be reduced by family members participating in corporate conversations, community awareness efforts, and role models.

5. Inadequate mentoring and professional networks

Women typically interact with buyers, suppliers, investors, and seasoned business owners less frequently, which restricts their access to broader markets, learning opportunities, and referrals. They also lose confidence-boosting and strategic guidance in the absence of mentors. Growth can be accelerated and opportunities opened via networks, peer clusters, and mentorship programs that prioritize women, including virtual mentoring.

6. Limitations on market access and marketing expertise

Producers may be restricted to local markets or

forced to accept cheap prices supplied by middlemen due to a lack of expertise in branding, packaging, negotiating, or internet sales. This limits their capacity for expansion and drastically lowers their margins. They will be able to attain better rates and grow their market through collective marketing (cooperatives), branding and packaging training, and assistance in joining online marketplaces or trade shows.

7. Bureaucratic and regulatory obstacles

Formalization is hampered by the lengthy and difficult registration, licensing, and tax compliance processes as well as an abundance of paperwork. Many women entrepreneurs in small businesses prefer to remain informal to escape these bureaucratic hurdles, but then lose access to grants, loans, and formal contracts. On the other hand, by means of simplified procedures, single-window help desks, mobile registration camps, and targeted hand-holding, the formalisation can be made easier and more attractive.

8. Limited access to technology and digital literacy

Women are limited in the use of technology to reduce operational cost and to get the wider market because of limited exposure to smartphones, online payments, digital accounting, and e-commerce. Low adoption is also a result of other limitations, such as language and data costs. Basic digital literacy courses held in local languages, digital kiosks for sharing, and simple vernacular apps can help to get entrepreneurs online.

9. Logistics and infrastructure limitations

Inadequate storage (especially for cold storage), bad roads, erratic power supplies, and a bad internet connection lead to expensive production, waste of perishable items, and delivery delays. These issues raise expenses and reduce competitiveness. Cluster-based storage solutions, improved transportation connections, shared workspaces, and common facility centers can all greatly simplify and resolve these problems.

10. Safety and mobility issues

Fear of harassment, lack of safe transport or



poor street lighting can limit women's ability to attend markets, work late, or travel for training - constraining growth and participation. Safety concerns also influence where women set up shop. Improving local transport options, safe market hours/locations, community safety initiatives and female-only transport solutions reduce these barriers.

11. Discrimination and gender bias

Women may face biased loan decisions, lower bids in procurement, dismissive behaviour from buyers or suppliers, or scepticism about their business abilities. Bias reduces access to capital, customers and contracts. Gender-sensitization for officials and lenders, formal procurement set-asides, and awareness campaigns can help correct discriminatory practices.

12. Difficulty in scaling and taking risk

Scaling requires systems, staff, larger capital, and risk tolerance areas where many women lack resources or feel vulnerable because of irregular incomes and family obligations. This leads to cautious growth or stagnation. Staged finance (small growth loans), business development services, pilot projects, and risk-sharing mechanisms encourage safe scaling.

13. Insufficient childcare and support services

Absence of affordable, reliable childcare forces many women to choose low-commitment work that fits around caregiving rather than businesses that require longer hours or travel. This reduces earnings and growth potential. Community crèches, employer-supported childcare, and local cooperative childcare models free up time for business activities.

14. Information gaps about schemes and markets

Even when helpful government schemes, subsidies, training or market linkages exist, information is often fragmented, poorly communicated, or hard to navigate - especially for women with lower literacy or who live in remote areas. As a result, many eligible entrepreneurs miss opportunities. Single-window information portals, village-level extension workers, SMS/voice updates in local languages, and outreach camps can close the information gap.

Government Schemes and Initiatives for Empowering Women Entrepreneurs in India

1. Pradhan Mantri MUDRA Yojana (PMMY) - micro-credit for small enterprises

PMMY offers unsecured loans to small and micro businesses (up to specified limits) to buy equipment, working capital, or expand. Special loan products and outreach under PMMY make it easier for women to get quick, small business credit without large collateral - useful for start-ups and micro units.

2. Stand-Up India - credit for SC/ST and women entrepreneurs

Stand-Up India facilitates bank loans (typically ₹10 lakh to ₹1 crore) for new enterprises owned by at least one woman or members of SC/ST communities. It aims to link eligible borrowers with banks and provide hand-holding to start and scale businesses. This is a flagship route for women seeking formal business loans above micro level.

3. Deendayal Antyodaya- National Rural Livelihoods Mission (DAY-NRLM) - SHG and livelihood support

DAY-NRLM builds and strengthens women's Self-Help Groups (SHGs) at village level, provides access to savings, credit linkages, skill training and market linkages. By collectivising women into SHGs and federations, the mission improves their bargaining power, reduces finance gaps, and supports enterprise creation in rural areas. Recent government updates show huge scale-up of SHG mobilisation.

4. Women Entrepreneurship Platform (WEP) - information, training and networks

Launched through Startup India, WEP is a one-stop portal that aggregates information, mentorship, digital tools, events and funding links specifically for women entrepreneurs. It helps reduce information gaps and connects women to mentors, incubators and market opportunities.

5. Mahila e-Haat- online marketplace for women-led products

Mahila e-Haat is a government-run e-marketplace that lets women entrepreneurs sell products directly to buyers, helping bypass intermediaries and reach



wider markets. It also supports visibility for craft, food and small manufacturing enterprises run by women.

6. Skill, training and enterprise promotion schemes (STEP, PMEGP, PMEGP/PMEGP-like)

Central schemes such as STEP (Support to Training and Employment for Women) and PMEGP (Prime Minister's Employment Generation Programme) provide skills training, credit-linked subsidies and help set up micro enterprises. These combine training with access to subsidised credit or margin support, enabling women to move from skill to small business.

Conclusion

Women's entrepreneurship in India is a powerful driver of inclusive economic growth: it creates jobs, raises household incomes, brings innovation to underserved markets, and strengthens local economies. Yet the potential of women-led businesses is held back by interlinked challenges - limited access to finance and assets, time poverty from unpaid care work, gaps in skills and digital access, weak market linkages, safety and mobility constraints, and social bias. Removing those barriers requires coordinated action across finance, training, infrastructure and social policy. Practical steps include easier access to collateral-free and growth finance, targeted business and digital skills training, affordable childcare and safe transport, stronger market linkages (including digital marketplaces), simplified regulatory procedures, and mentoring and networking programs tailored to women. State and district institutions, financial providers, industry bodies, and community organizations all have roles to play. When policy, private sector support, and community change work together, women entrepreneurs can scale sustainably - delivering not only better livelihoods for millions of families, but also measurable gains in productivity, formalization, and national growth.

Investing in women's entrepreneurship is therefore both an equity imperative and a smart economic strategy.

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