

## **CHALLENGES FOR WOMEN IN THE ENTREPRENEURIAL ECOSYSTEM OF INDIA**

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### **ABSTRACT**

Indian women's contribution to the country's GDP stands at 18 per cent which is almost half of the global average of 37 per cent. Only 14 percent of women choose entrepreneurship as a career in India and nearly 91 per cent of Indian women are employed in the unorganised sector. Many research reports establish that a country's GDP can be increased by more than a quarter if it can extend equal entrepreneurial opportunities to men and women. Fostering women entrepreneurs in the entrepreneurial ecosystem of India can contribute significantly in large scale job creation, substantial income generation, income disparity reduction, etc.

But it is well documented that women entrepreneurs are facing several challenges across every sphere of the entrepreneurial ecosystem. The emergence of Covid 19 pandemic crisis and consequent lockdown has aggravated the difficulties of women entrepreneurs. The objective of this reflective paper is to study the present scenario of women entrepreneurs in India and the challenges they face. The paper proposes some pragmatic suggestions to improve the present scenario and meet these challenges. The study is carried out through review of literature and secondary data is used to meet the objectives of the study. The results reveal that women entrepreneurs are dealing with multiple challenges at all the levels of the entrepreneurial ecosystem i.e., finance to training and overall. The study advocates enabling an ecosystem providing equal opportunities for women in the entrepreneurial ecosystem and policy targeted to growth of women entrepreneurs.

**Keywords:** Entrepreneurial Ecosystem, Women Entrepreneurs, Pandemic Crisis, Challenges.

## 1. INTRODUCTION

The role of women entrepreneurship development as an instrument of women empowerment is gradually rising all over the world. Women entrepreneurship development is associated with cultivating entrepreneurial skills amongst women through structured policies and programs and enabling women to tackle the challenges of the entrepreneurial ecosystem. The concept of an 'entrepreneurial ecosystem' refers to the interaction that takes place between a range of institutional and individual stakeholders so as to foster entrepreneurship, innovation and SME growth (Mazzarol, 2014). This ecosystem comprises several subsystems such as policies, programs, infrastructure, finance, human capital, education and training, markets, etc. It is dynamic, self-regulated, and flexible. It ensures the emergence, growth, and survival of any entrepreneur. Women entrepreneurs operate within the boundaries of this ecosystem and face several challenges such as limited finance, bureaucratic hurdles, unskilled workforce, etc.

**Figure 1: Entrepreneurial Ecosystem**



**Source: Adapted from Isenberg (2010); World Economic Forum (2013) Mazzarol (2014)**

The data from sixth economic census 2013-14 reveals that only 13.76% women are present in the total number of entrepreneurs in India. The low rates of women entrepreneurship are also reflected in a dismal score in the Female Entrepreneurship Index, where India ranked 70th among a list of 77 countries. The Covid 19 pandemic

crisis and associated lockdown has aggravated the situation of women entrepreneurs by posing critical challenges such as reduction in demands, financing crunch, labour issues, high domestic responsibilities, health concerns etc. This situation can be transformed by recognising the challenges for women enterprises in the current ecosystem and providing feasible solutions to overcome the challenges. Reflecting on this, the vision of this paper is “encouragement to women entrepreneurs in the entrepreneurial ecosystem is essential to achieve inclusive growth and sustainable future for India”.

### **Objectives and Methodology**

The objective of this reflective paper is to study the present scenario of women entrepreneurs in India and the challenges they face. Specifically, present study seeks to achieve the following research objectives:

**RO<sub>1</sub>:** To conceptually evaluate the present scenario of women entrepreneurs.

**RO<sub>2</sub>:** To pinpoint the challenges emerging for women entrepreneurs in the entrepreneurial ecosystem.

This study adopts a descriptive approach to carry out the research work and employs secondary sources to collect data such as annual reports of the Ministry of Micro, Small & Medium Enterprises, Economic Surveys, National Sample Survey Organisation, various plan documents of Government of India, News reports, and Web portals.




## **2. WOMEN ENTREPRENEURS IN INDIA**

Women entrepreneurship has gained momentum in India after the inception of economic liberalization and globalization. "Women Entrepreneur" is a person who accepts a challenging role to meet her personal needs and become economically independent. The Government of India has defined women entrepreneurs as an enterprise owned and controlled by women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women. In the simplest sense, women entrepreneurs are those women who take the lead and organize the business or industry and provide employment to others.

Indian women entrepreneurs are shaping the future of the country by managing over 15.7 million women-owned enterprises and by leading the start-up ecosystem. According to a report by IBEF, presently, 45% of the start-ups in India are run by women, out of which over 50,000 are recognised by the government. Some of the major unicorn start-ups have

been established in the country by women entrepreneurs during the last decade (Figure 2).

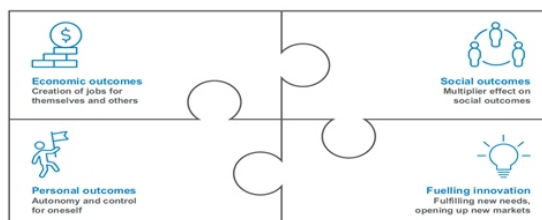
**Figure 2: Start-ups founded by Women Entrepreneurs**

Brand	Founder / Co-founder	Date of Establishment	Total Funds Raised	Market Valuation
 <b>BYJU'S</b> The Learning App	Divya Gokulnath	2011	US\$ 8.5 billion	US\$ 18 billion
 <b>NYKAA</b>	Falguni Nayar	2012	US\$ 148.5 million	US\$ 12.5 billion
 <b>RobiKwik</b>	Upsana Taku	2009	US\$ 380 million	US\$ 750 million
 <b>zolo</b>	Isha Choudhry	2015	US\$ 90 million	US\$ 100 million
 <b>thrillophilia</b>	Chitra Gurnani Daga	2009	US\$ 1.24 million	US\$ 4.48 million

Source: Adapted from IBEF report, January 2022, <https://www.ibef.org/>

“India has 432 million working-age women and 13.5 –15.7 million women-owned businesses that provide direct employment to 22–27 million people (IBEF report 2022)”. According to Boston Consulting Group, start-ups founded or co-founded by women generate 10% more cumulative revenue, have a more inclusive work culture, and employ three times more women than men. Women entrepreneurship ensures women empowerment in the country. Women empowerment means giving the capacity and means to direct women's life towards desired goals. When women start their own business, they become economically independent, start playing crucial roles in society, and exuberant optimism for a prosperous future. Women empowerment through entrepreneurship creases a gender-just, more inclusive, and sustainable society.

**Figure 3: Transformational Gains from Women Entrepreneurship**



Source: Adapted from Bains & Company Report, 2019.

Given the enormous benefits of women entrepreneurship, the government has started various schemes and programs for women entrepreneurs. Some of the recent schemes to promote women entrepreneurship are:

**1. Bhartiya Mahila Bank:** This bank was launched in November 2013 with the aim to foster women entrepreneurship in the entrepreneurial ecosystem and to provide easy loans on concessional rates to those women who are underprivileged but eager to start up a new manufacturing enterprise. It offered a popular 'Annapurna Scheme' also to resolve the financing problems of women engaged in food catering business. A scheme 'Bharatiya Mahila Bank Business Loan Scheme' was also started by the bank for budding women entrepreneurs focussing on new small scale business ventures in retail. This bank was merged with State Bank of India on March 31, 2017.

**2. Mudra Yojana Scheme for Women:** This micro credit scheme was launched by the Government of India in April 2015 to financially support MSME and the women entrepreneurs of India. Mudra cards pertaining to easy business loans were issued to women entrepreneurs under this scheme to make them economically independent. As per recent data, loans worth Rs 6.86 lakh crore were extended to women entrepreneurs till June 2021.

**3. The Women Entrepreneurship Platform (WEP):** It was launched by NITI Aayog in 2017 to facilitate potential and existing women entrepreneurs and empower them using three novel ideas such as Iccha Shakti (Inspiring), Gyaan Shakti (Making Knowledgeable) & Karma Shakti (business skills & Hands on training). This platform was renewed in 2021 and 'WEP Nxt' was launched to promote women-owned businesses across the country.

**4. Udyogini Scheme for Women Entrepreneurship:** This scheme was started in 2014 with the aim of women empowerment and their financial inclusion. This credit-oriented initiative offers loans of concessional rates to deprived women. This credit facility supports the business ventures and makes women self-reliant and self-development.

**5. Pradhan Mantri Rozgar Yojana (PMRY):** This scheme was started by the central government in 1993 with the aim to help the unemployed youth and women in becoming skill-based self-employed. Its widespread coverage of urban as well as rural women and ease of getting subsidized financing makes it one of the best schemes for women entrepreneurs. It has helped lakhs of women in settling up micro enterprises in the manufacturing industry, trading business, and service industry.

**6. Mahila Udyam Nidhi Scheme:** This scheme was launched by Small Industrial Development Bank of India (SIDBI) to encourage women entrepreneurs for starting their own business or tiny enterprises. Many banks offer loans under this scheme to women entrepreneurs for establishing new business and also for reconstruction of existing small-scale enterprises. Another scheme is 'Mahila Uddyami Scheme' under the MUDRA (Micro Units Development & Refinance Agency Ltd.) program of government. It is a financial assistance program for those women entrepreneurs who are establishing non-agricultural businesses and micro enterprises

There are many other schemes giving a level playing field to women in the entrepreneurial ecosystem such as Dena Shakti Scheme, Orient Mahila Vikas Yojana Scheme, Cent Kalyani Scheme, Stree Shakti Scheme, etc. A gender budget was started by the government in 2005 to promote gender equity and women development. The recent 17th gender budget 2022-23 takes a shift from women's development to women-led development in the post pandemic era and addresses challenges as well as opportunities for inclusive development of women. But the allocation of funds for Part A of the budget, which comprises 100% women specific schemes, is meagre. The increase in funds in Part B of the gender budget, which includes programs where minimum 30% allocation of funds is for women, is also not very encouraging. The expenditure of the gender budget is less than five percent of the total expenditure of India and below one per cent of the gross domestic product (GDP). Thus, despite of several strategic policy measures taken up by the government, the current state of women entrepreneurs in India is as follows (Bain & Company 2019):

- India still faces a large gap compared with other similar countries.
- Women-owned enterprises in India are largely single-person enterprises.
- True entrepreneurship among women is over-represented in numbers.

### **3. CHALLENGES FACED BY WOMEN IN ENTREPRENEURIAL ECOSYSTEM**

“We do not grow when things are easy, we grow when we face challenges”. Women entrepreneurs are surviving and growing amongst a plethora of challenging situations related to the entrepreneurial ecosystem of India. Some of these challenges are:

- 1. Government Policy:** The Indian government is spending only 1% of GDP on entrepreneurial promotion schemes. Women entrepreneurs are deprived from

benefits of economic growth to some extent due to less attention by planners and policymakers. There is not a single integrated policy focused towards strengthening the entrepreneurial ecosystem for women entrepreneurs.

2. **Regulatory framework and infrastructure:** Simplified law, rules and regulations plays a propulsive role in providing a conducive environment for initiation and growth of women led businesses. Inadequate infrastructure facilities such as road, electricity, water, fuel, etc. are proved to be threats for the survival of women led enterprises.
3. **Funding and Finance:** Finance plays a crucial role in establishment and growth of any business. Women entrepreneurs suffer from shortage of finance at times mainly due to gender discrimination. Firstly, they do not have property in their names to pledge and get loans. Then, banks and private investors consider them less creditworthy and demotivate them. Thus, acquiring easy and economical finance/funding is a big challenge for women entrepreneurs.
4. **Education and Training:** Women are still lagging behind in terms of education and especially business and technical education. Lack of entrepreneurial education and training, lack of technology and markets related knowledge, and lack of awareness about their rights and available facilities, etc., are impediments for women entrepreneurs.
5. **Socio-Cultural Barriers:** Business is still kept in the Men's domain in India. Male dominated society, prevalence of patriarchy, traditional mindset of both women and their family members, social beliefs, lack of confidence in self-capabilities, work life imbalance, low mobility, etc. are major inhibitors in the growth of women-led business in India.
6. **Human Capital and Workforce:** Women entrepreneurs face several additional workforce related challenges as compared to men. In Indian male dominated society, women face challenges from their subordinates. Men do not like to be led and commanded by women. Trust, security, obedience, compensation, etc. are some of the workforce related challenges for business women.
7. **Mentor, advisers, and support systems:** Women are comparatively less integrated with social networks and support systems. They hesitate to ask for business related mentorship and advice from their peer groups. This reluctance



limits the investment opportunities and pose several challenges for women entrepreneurs.

#### **4. RECOMMENDATIONS AND SUGGESTIONS**

A pro-women and conducive entrepreneurial ecosystem are required for accelerating women entrepreneurship in India. Firstly, the government should provide an inclusive and integrated women entrepreneurship policy framework at national, state, and district level. Self Help Groups (SHG) and start-up incubators are assisting women entrepreneurs but their numbers are very less. Increasing SHGs, incubators and developing mentorship programs can encourage women entrepreneurs. Secondly, ease of doing business should be encouraged by implementing a 'one stop loan portal' for women entrepreneurs. Simplified and transparent loan approval procedure is required to resolve financing and funding problems. Thirdly, online and offline entrepreneurial development programmes should be designed and disseminated for the benefit of women. Capacity building, gender sensitization, and skill-based training programs can be designed in the areas of digital literacy, entrepreneurship education, specific skills, start-ups education, marketing courses, etc.

#### **5. CONCLUDING REMARKS**

Women entrepreneurs can play a propulsive role in India's economic growth and development. According to the IBEF report 2022, over 30 million more women-owned businesses are expected to provide 150–170 million jobs by 2030. Government support and assistance to existing as well as new women-led enterprises can help in achieving 'faster and more inclusive' growth of the country and can make India a USD 5 trillion economy by 2024-25.

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