



WOMEN EMPOWERMENT AND ENTREPRENEURSHIP IN INDIA: THE MSME PERSPECTIVE

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Abstract

Women's empowerment and entrepreneurship are deeply interlinked forces that drive inclusive and sustainable economic growth. In India, women constitute nearly half of the population, yet their participation in formal entrepreneurship and business ownership remains comparatively low. The micro, small, and medium enterprise (MSME) sector—often referred to as the backbone of the Indian economy—offers significant potential for enhancing women's socio-economic empowerment. Women-led MSMEs contribute not only to income generation and employment but also to social transformation by improving decision-making power, confidence, and overall well-being among women. It also highlights key government initiatives such as the Stand-Up India Scheme, Mudra Yojana, and Mahila E-Haat that aim to strengthen women's participation in business. Furthermore, the review discusses the emerging opportunities brought by digitalization, technological innovation, and evolving social attitudes toward women entrepreneurs. The inferences concludes that while substantial progress has been made in integrating women into the entrepreneurial ecosystem, persistent structural, cultural, and financial barriers continue to hinder their growth. Strengthening institutional support, enhancing access to finance and markets, and promoting digital literacy are essential to unlock the full potential of women-led MSMEs. The paper ultimately underscores the importance of viewing women entrepreneurship not merely as an economic activity but as a transformative tool for achieving gender equity and inclusive development in India.

Keywords: Women, Entrepreneurship, Empowerment, MSMEs, Equality, Policy



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1. INTRODUCTION

Women's empowerment has emerged as a central theme in India's socio-economic development agenda. Empowerment goes beyond mere economic participation; it includes the ability to make decisions, access resources, and exercise control over one's life. Entrepreneurship, particularly in the MSME sector, serves as a vital mechanism for achieving such empowerment. Micro, Small, and Medium Enterprises play a crucial role in India's industrialization, employment generation, and poverty alleviation, accounting for approximately 30% of the national GDP and over 110 million jobs. Despite this, women's participation in entrepreneurship remains disproportionately low. According to the latest reports from the Ministry of MSME, women own less than 20% of registered MSMEs in India. Cultural norms, limited access to finance, inadequate training, and infrastructural constraints continue to restrict women's entry into and growth within this sector. Yet, the rising tide of education, digital literacy, and government-backed initiatives is gradually transforming this landscape¹

1.2 Importance of Women Entrepreneurship

Women entrepreneurship contributes to national development by utilizing underexplored human resources and promoting inclusive economic growth. It leads to increased family incomes, community welfare, and gender equality. Moreover, women entrepreneurs often reinvest a significant portion of their income into their families' health, education, and well-being, thus creating a multiplier effect that benefits society at large. When women engage in entrepreneurial activities, they challenge traditional gender roles, serve as role models, and inspire broader social change.

1.3 MSMEs: The Backbone of the Indian Economy

MSMEs are recognized as engines of growth and catalysts for socio-economic transformation. With a strong presence in rural and semi-urban areas, they provide opportunities for self-employment, innovation, and local development. For women, MSMEs offer a relatively accessible entry point into business ownership due to their smaller capital requirements and flexibility. Women-led MSMEs are particularly active in sectors such as textiles, food processing, handicrafts, healthcare, and education.

1.4 Linking Empowerment, Entrepreneurship, and MSMEs

The relationship between empowerment and entrepreneurship is both direct and reinforcing. Entrepreneurship enables women to gain financial independence and decision-



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making power, while empowerment fosters confidence and agency to pursue entrepreneurial ventures. MSMEs, being a key driver of inclusive growth, offer an institutional platform through which this relationship can thrive. However, understanding this interconnection requires examining not only economic indicators but also social, psychological, and political dimensions of empowerment²

2. WOMEN'S ROLE IN MSMEs

2.1 Socio-Economic Contribution of Women in MSMEs

The socio-economic contribution of women entrepreneurs in the MSME sector has been growing, and women-led businesses are becoming an integral part of India's economic landscape. The **National Sample Survey (NSS) 2016** reveals that approximately **20% of MSMEs in India are women-owned**. While this percentage has increased in recent years, it is still a small proportion compared to male-led MSMEs.

Women in MSMEs not only provide jobs for themselves but also contribute to employment creation within their communities. Women in rural areas, in particular, are leveraging small-scale industries in textiles, agriculture-based production, handicrafts, and services like food processing and beauty parlors to support local economies.

Case Study:

An example is **Rama Devi**, a women entrepreneur in rural Odisha who started a small food processing unit. By leveraging government schemes such as the **Pradhan Mantri Mudra Yojana (PMMY)**, Rama was able to secure funding for her venture. Today, her business not only provides employment to over 50 women but has also created awareness about nutrition and healthy food in her community.

2.2 Women's Participation in Different Sectors of MSMEs

Women's participation in MSMEs spans across various sectors. However, certain industries see higher female participation due to their accessibility and low entry barriers. These include:

- **Handicrafts & Textiles:** Indian women, particularly in rural and semi-urban areas, have traditionally been involved in the production of textiles, embroidery, and handcrafted goods. These products, often rooted in local culture, have a significant export value.



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- **Food Processing:** Women entrepreneurs in MSMEs are also making strides in the food processing industry. From dairy products to packaged snacks, women are capitalizing on the growing demand for convenience foods.
- **Beauty & Wellness:** Women have increasingly become entrepreneurs in the beauty and wellness sector, especially in urban centers. Beauty salons, wellness centers, and spa services are growing industries led by women entrepreneurs.
- **Agriculture & Horticulture:** In the agricultural sector, women entrepreneurs are involved in organic farming, floriculture, and dairy farming. These areas not only ensure food security but also contribute to environmental sustainability.
- **Case Study:**

A remarkable case is that of **Shanti Devi**, who runs a sustainable organic farming venture in Rajasthan. Through support from various agricultural cooperatives and MSME government schemes, she has built a thriving business that empowers women by providing training and employment in her farming venture³

3. CHALLENGES FACED BY WOMEN ENTREPRENEURS

3.1 Socio-Cultural Barriers

Indian women entrepreneurs face significant social and cultural barriers that limit their ability to start and sustain businesses. In traditional Indian society, entrepreneurship is often seen as a male-dominated activity, with women expected to prioritize family care and household responsibilities.

Women may also face family resistance to venturing into business, especially in conservative rural areas, where women's primary roles are still largely confined to domestic spaces. Additionally, societal pressures, such as gender expectations about how women should behave, also influence women's decision to enter business and their ability to sustain it.

3.2 Economic and Financial Challenges

Access to finance remains one of the most significant hurdles for women entrepreneurs. According to a report by the **McKinsey Global Institute**, **only 9% of women entrepreneurs** in India have access to formal financial institutions, compared to 13% of men. Women entrepreneurs often struggle to meet the stringent requirements set by banks for loans and credit. The **lack of collateral**, **gender biases**, and **inconsistent income flow** from businesses make it challenging for women to secure financing.



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3.3 Legal and Institutional Barriers

Legal and regulatory frameworks in India are not always conducive to the needs of women entrepreneurs. While there are government policies that support women in business, the **implementation of these policies** often faces roadblocks due to bureaucratic inefficiencies and lack of awareness at the grassroots level.

For instance, women may not be fully aware of their rights under business laws, or they may not have the capacity to navigate complex legal frameworks due to lack of support structures. This is particularly true for women in rural areas, where access to legal assistance and business consultancy is limited.

4. GOVERNMENT POLICIES AND SCHEMES FOR WOMEN ENTREPRENEURS (EXPANDED)

The Government of India has rolled out several schemes to promote women entrepreneurship in the MSME sector. These include:

- **Stand Up India Scheme:** Aimed at providing loans to women, Scheduled Castes (SC), and Scheduled Tribes (ST) entrepreneurs to set up greenfield projects. Under this scheme, women can avail loans ranging from ₹10 lakhs to ₹1 crore.
- **Pradhan Mantri Mudra Yojana (PMMY):** This scheme facilitates financial support to micro-enterprises, with a significant portion allocated to women entrepreneurs. It provides loans up to ₹10 lakhs, primarily for the non-corporate, non-farm small/micro-enterprises.
- **Mahila Coir Yojana:** A scheme that supports women in the coir industry by providing them with training and financial assistance to start businesses in coir products⁴

5. IMPACT OF MSMEs ON WOMEN'S EMPOWERMENT IN INDIA

5.1 Economic Empowerment

Women-led MSMEs play a vital role in driving inclusive economic growth. Through business ownership, women gain access to income, savings, and investment opportunities that enhance their financial independence and contribute to national productivity. The **International Labour Organization (ILO)** notes that every 10% increase in women's participation in the workforce can add up to **1–2% growth to GDP**. Women entrepreneurs in MSMEs generate employment for others, especially for marginalized women, thereby creating a multiplier effect in local economies.



For instance, the **Self-Help Group (SHG)** model under the **National Rural Livelihood Mission (NRLM)** has been instrumental in promoting women’s micro-enterprises. Women members often pool their savings to create small-scale businesses like tailoring units, dairy cooperatives, or handicraft centers. This collective approach has empowered millions of rural women by giving them a source of steady income and financial stability. Contribution of women-Led MSMEs to India’s Economy is presented in the table 1.

Table 1: Contribution of Women-Led MSMEs to India’s Economy

Indicator	2010	2015	2020	2024 (Est.)
% of MSMEs owned by women	9.5%	13.7%	20.4%	24%
Employment generated (million)	8.2	11.5	15.7	19.3
Average revenue per enterprise (₹ lakh/year)	4.5	6.8	8.9	10.2

Source: Ministry of MSMEs, Government of India (Compiled)

Economic empowerment also results in improved household decision-making. Studies by the **National Sample Survey Office (NSSO)** show that women who run enterprises are more likely to have a say in family financial planning, children’s education, and healthcare expenditures. Entrepreneurship thus becomes a pathway not only to financial self-sufficiency but also to greater autonomy and self-confidence.

5.2 Social and Cultural Empowerment

Entrepreneurship has a transformative social dimension. Women who operate MSMEs challenge entrenched patriarchal norms and redefine gender roles. In many Indian communities, especially rural and semi-urban, women entrepreneurs are now seen as agents of change. By demonstrating competence in business, they inspire other women to pursue careers, education, and self-reliance.

In states like **Kerala, Tamil Nadu, and Gujarat**, women’s industrial cooperatives have led to social innovations—such as community childcare centres and shared workspace facilities—that reduce women’s domestic burden and encourage professional engagement. These enterprises create solidarity among women and facilitate the building of social capital.

Furthermore, entrepreneurship enhances women’s visibility and status in local governance structures. Many women entrepreneurs go on to become **panchayat leaders** or



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heads of local business associations, amplifying women's voices in policymaking and development planning. The social networks built through entrepreneurship also help women negotiate with suppliers, government departments, and financial institutions more effectively.

3.3 Political Empowerment

Entrepreneurial success often translates into political visibility. Women entrepreneurs who attain recognition for their contributions to local economies often emerge as community leaders and advocates for gender equity. Several government and non-governmental platforms—such as **WE Connect International**, **FICCI Ladies Organisation (FLO)**, and **CII Indian Women Network (IWN)**—have provided women business owners opportunities to interact with policymakers and influence decisions affecting the MSME ecosystem.

For example, through **FLO's representation on policy advisory committees**, women entrepreneurs have contributed to discussions on credit reform, digital inclusion, and market access for women-owned MSMEs. Such participation marks an important shift from women being passive recipients of development programs to becoming active stakeholders in economic governance⁴

6.1 WOMEN ENTREPRENEURSHIP IN DEVELOPING ECONOMIES

6.1 Women Entrepreneurship in Developing Economies

Globally, women's entrepreneurship is recognized as a critical driver of inclusive development. In developing countries such as **Brazil, Indonesia, and South Africa**, women's MSMEs are crucial to job creation and innovation. According to the **Global Entrepreneurship Monitor (GEM, 2023)**, about 17% of adult women in developing nations are engaged in entrepreneurial activities, compared to 10% in India. In **Brazil**, women entrepreneurs account for nearly 34% of MSME owners, supported by strong social protection mechanisms and access to credit through government banks. Similarly, **South Africa's National Women Empowerment Fund** provides women-led start-ups with low-interest loans and mentorship. These examples highlight how targeted, gender-responsive policies can reduce structural barriers and accelerate women's business participation (Figure 1). This comparative perspective underscores that India's policy framework must evolve from **gender-neutral** to **gender-responsive**, ensuring that women-specific needs—such as childcare support, safety, flexible workspaces, and financial literacy—are systematically addressed.

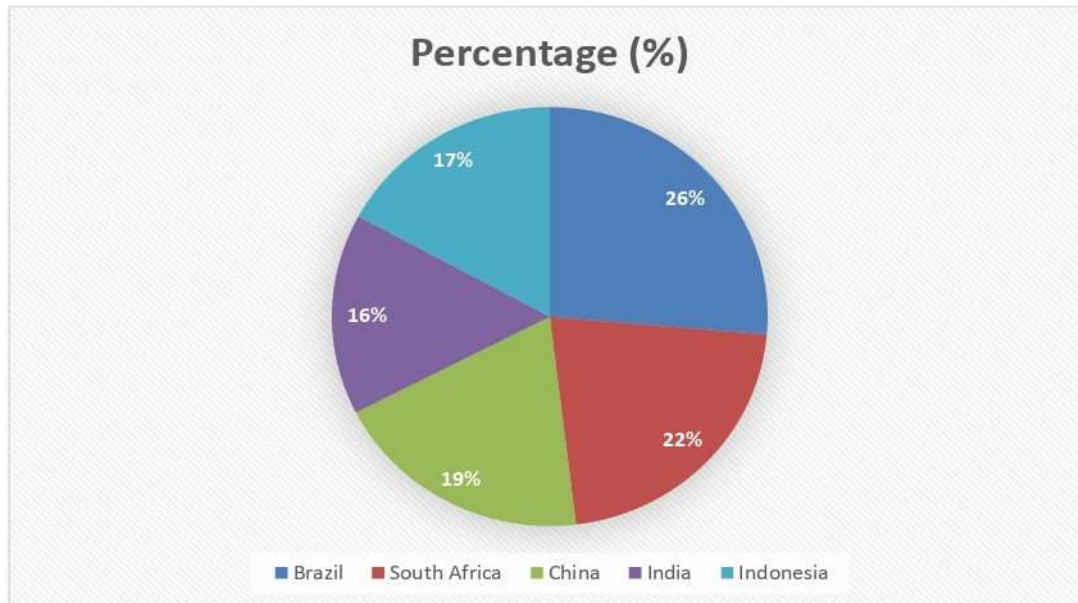


Figure 1: Women's Entrepreneurship Rates in Selected Developing Economies (2023)

6.2 Best Practices and Lessons for India

Several international best practices offer lessons for India:

1. **Mentorship Networks:** Programs like the U.S. *Small Business Administration's Women Business Centers* provide mentorship, incubation, and business counseling tailored to women's needs. India's *Women Entrepreneurship Platform (WEP)* could expand on this model by integrating peer learning and digital mentorship across regions.
 2. **Inclusive Finance Models:** In Kenya, *mobile microfinance systems* (e.g., M-Pesa) have revolutionized access to capital for women entrepreneurs. India can scale up similar digital microcredit systems, integrating them with UPI and Jan Dhan accounts.
 3. **Gender-Sensitive Procurement:** Canada and Australia reserve a share of government procurement contracts for women-owned businesses. Adopting such a measure in India would significantly increase market opportunities for women-led MSMEs. By adopting these global strategies, India can create a more inclusive entrepreneurial ecosystem that not only supports women's enterprises but also ensures their long-term sustainability ⁵
- Comparative Overview of Women Entrepreneurship Policies is presented in the table 2



Table 2: Comparative Overview of Women Entrepreneurship Policies

Country	Key Initiative	Focus Area	Outcomes
Bangladesh	Grameen Bank	Microcredit access	90% women borrowers
Brazil	Empreendedoras Brasil	Mentorship & digital inclusion	35% growth in women MSMEs
South Africa	DSBD Program	Supply chain inclusion	28% rise in women-owned MSMEs
India	Stand Up India, PMMY	Credit support, skill development	20% of MSMEs women-led

Source: Empowerment as interlinked circles, with “Women Entrepreneurs” at the centre)

7.1 Drivers, Challenges, and Emerging Trends in Women’s Entrepreneurship

7.1. Economic Empowerment and Social Transformation

One of the primary drivers of women’s entrepreneurship is the pursuit of economic empowerment. Entrepreneurship provides women with an opportunity to generate income, achieve financial independence, and contribute to household well-being. Research has consistently shown that women entrepreneurs invest a higher proportion of profits back into family welfare, education, and health, which enhances social development at the community level. This dual impact — economic and social — creates a multiplier effect: women’s businesses not only generate revenue but also uplift households and local communities.

Moreover, the rise of women entrepreneurs is closely linked to social transformation. As women participate more actively in business, traditional gender roles are challenged, leading to shifts in societal perceptions about women’s capabilities and leadership. Female entrepreneurs often become role models for younger generations, inspiring other women and girls to pursue education, professional careers, and business ownership. This cultural shift reinforces the cycle of empowerment, gradually reducing gender inequality in economic and social spheres.



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7.2. Policy and Institutional Support

Government policies, regulatory frameworks, and institutional support play a critical role in encouraging women's entrepreneurship. Many countries have implemented targeted initiatives such as grants, loans, and tax incentives specifically for women-owned businesses. Programs like the U.S. Small Business Administration's Women-Owned Small Business (WOSB) program, India's Stand Up India initiative, and European Union grants for women entrepreneurs are designed to reduce entry barriers, facilitate access to funding, and promote growth.

Institutional support extends beyond financial incentives. Mentorship programs, women's business associations, professional networks, and incubators provide the necessary guidance, training, and peer support that women entrepreneurs require to navigate complex business environments. Access to these institutional resources not only builds confidence and skills but also increases the likelihood of business sustainability and scalability.

7.3. Education, Skills Development, and Technology Access

Education is a fundamental enabler of entrepreneurship. Women with higher levels of education are more likely to start and manage businesses effectively, innovate in products or services, and adopt modern management practices. Vocational training, entrepreneurship courses, and business management programs equip women with essential skills such as financial literacy, marketing, and strategic planning.

Technological advancements further amplify these benefits. Digital platforms, e-commerce, cloud computing, and mobile banking allow women to overcome geographical and logistical constraints. For example, women in remote or rural areas can now access online marketplaces, digital payment systems, and global supply chains, enabling them to scale their businesses beyond local limitations. Digital literacy programs, coding bootcamps, and tech incubators specifically targeting women are increasingly vital in promoting female-led technology ventures⁶

8. EMERGING TRENDS IN WOMEN'S ENTREPRENEURSHIP

Despite challenges, women's entrepreneurship is rapidly evolving, influenced by technology, societal changes, and global economic shifts. Identifying these trends provides insight into the future landscape and opportunities for female entrepreneurs.



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8.1. Digital Transformation and Online Businesses

The digital revolution has democratized access to entrepreneurship. Women now leverage e-commerce platforms, social media marketing, and digital payment systems to launch and scale businesses. Online marketplaces such as Etsy, Amazon, and Shopify have become popular avenues for women-led ventures in retail, handmade crafts, and professional services.

Moreover, digital tools enable women to operate flexible businesses, reducing the constraints imposed by location or traditional business infrastructure. Virtual services such as online coaching, telemedicine, and freelancing platforms have expanded opportunities for women seeking flexible yet profitable entrepreneurial paths.

8.2. Green and Sustainable Entrepreneurship

Sustainability and environmental consciousness are increasingly shaping entrepreneurial strategies. Women are at the forefront of green business initiatives, developing products and services that promote renewable energy, waste reduction, eco-friendly packaging, and sustainable agriculture. Research indicates that women entrepreneurs are more likely to integrate social and environmental goals into business models, thereby contributing to the broader global agenda of sustainable development.

8.3. Social Enterprises and Impact-Driven Ventures

Women entrepreneurs are increasingly leading social enterprises that address pressing societal issues such as poverty, education, healthcare, and gender equality. These ventures prioritize social impact alongside financial returns, creating innovative solutions to complex problems. The growth of social entrepreneurship reflects a shift in values, where women leverage their businesses not only for profit but also for community welfare and systemic change.

8.4. Women in STEM and Tech Startups

Historically underrepresented in science, technology, engineering, and mathematics (STEM), women are now making significant inroads into tech entrepreneurship. Female-led tech startups are emerging in software development, artificial intelligence, fintech, health tech, and biotech. Government initiatives, corporate programs, and global campaigns encouraging women in STEM have created mentorship networks, incubators, and funding opportunities tailored to female innovators.



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8.5. Rise of Women-Led Investment Funds

Another notable trend is the emergence of women-led investment funds and venture capital initiatives. Female investors are increasingly supporting women entrepreneurs, addressing gender biases in funding allocation. These funds not only provide capital but also strategic mentorship, networking opportunities, and access to international markets. This trend fosters a virtuous cycle: women investors support women entrepreneurs, who in turn create businesses that contribute to economic and social development⁷

9. CONCLUSIONS

Women entrepreneurship and the MSME sector together form a dynamic axis of transformation in India's socio-economic landscape. As the nation advances toward the vision of *Viksit Bharat* (Developed India), the empowerment of women through entrepreneurship emerges not only as a moral and social responsibility but also as a crucial economic strategy. Empowered women entrepreneurs drive innovation, generate employment, and contribute significantly to GDP growth, while also uplifting communities and promoting inclusive, sustainable development. Over the past few decades, India has witnessed a steady rise in women-led enterprises, thanks to improved access to education, expanding financial inclusion, and supportive policy frameworks such as the Stand-Up India Scheme, Mudra Yojana, and Mahila E-Haat. These developments underline the transformative potential of the MSME sector as a key enabler of women's empowerment. However, despite this progress, persistent barriers continue to impede the full realization of women's entrepreneurial potential. Structural challenges—such as gender bias, lack of access to capital and markets, limited mentorship opportunities, and socio-cultural constraints—still restrict many women from scaling their enterprises. Addressing these challenges requires coordinated action across multiple levels: policy reforms, institutional capacity building, gender-sensitive financial systems, and community-level awareness initiatives. The future of women's entrepreneurship in India lies in building a resilient, inclusive, and forward-looking MSME ecosystem. This involves promoting digital and financial literacy, encouraging innovation and leadership training, strengthening market linkages, and fostering collaboration between government, private sector, and civil society. Encouraging mentorship networks, incubators, and women-focused venture funds can provide the necessary momentum for scaling up women-led businesses. At a broader level, empowering women entrepreneurs contributes not only to economic prosperity but also to social equity and national progress. Each woman-led enterprise represents a step toward a more equitable, innovative, and sustainable India.



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