



# WOMEN'S ECONOMIC EMPOWERMENT AND ENTREPRENEURSHIP DEVELOPMENT

Context | Opportunities | Challenges

# CONTEXT

Globally, over 2.7 billion women are legally restricted from having the same choice of jobs as men (Fifth Report on Women Business and the Law, World Bank, 2018). The report focuses on seven indicators of gender equality and women's economic participation: getting a job; providing incentives to work; accessing institutions; going to court; using property; building credit; and protecting women from violence. Though in India, the legal and institutional frameworks are more equal and progressive compared to other countries, it has not translated into more women joining the workforce and having a growing share in the entrepreneurship domain.

In India, women's low work participation driven by complex set of factors including norms, insufficient jobs and increase in household income. Entrepreneurship is promising area for growing women's work participation as there are opportunities for women from diverse contexts and capacities within current social norms.

The term women entrepreneurs, refers to women or group of women who lay the foundation of a business and

run it. To further elaborate: an entrepreneur is aware of a need related with a product or service and creates a business to fulfil that need, generally by taking on greater than normal financial risk in order to do so. It may be noted that entrepreneurship is a practice by which the individual pursues opportunities and takes on the responsibility to establish and run an enterprise.





**Entrepreneurship is a focus area for Government of India (GoI)** and its importance in the policy queue is increasing as self-employment is being promoted as a solution to the growing needs of the increasing young work force/ youth population.

**Ministry of Skill Development and Entrepreneurship (MSDE)** was established by GoI on November 2014 for enhancing employability of the youth through skill development. The National Entrepreneurship Awards (NEA) is a key initiative of MSDE to raise awareness about entrepreneurship and recognize first generation entrepreneurs and their ecosystem builders for their impact on entrepreneurship advancement. A total of 43 awards under NEA were declared in year 2018 including two awards under special category-women. Since 2016, only 12 women have been honoured under different categories including women's category.

## GoI focus on promoting entrepreneurship & related institutions





#### Micro Unit Development and Refinance Agency (MUDRA)<sup>1</sup>

has been established by Gol in March 2015 with a mission to create an inclusive, sustainable and value based entrepreneurial culture, in collaboration with partner institutions in achieving economic success and financial security. At present, MUDRA extends a reduction of 25bps in its interest rates to MFIs / NBFCs, providing loans to women entrepreneurs. MUDRA has enrolled about 200 institutions, including 93 banks, 72 microfinance institutions, 32 Non-Banking Finance Companies and 6 small finance banks for refinancing against their lending to micro enterprises. Total disbursements under PM Mudra Yojna during FY 2017–18 stood at Rs. 2,46,437 crore. Out of this, 40% has been disbursed to women entrepreneurs and 33% has been disbursed to social categories (SC/ ST/OBC).

Small Industries Development Bank of India (SIDBI) has been implementing two special schemes designed to pro-

mote women entrepreneurship: -

- **Mahila Udyam Nidhi** an exclusive scheme for providing equity to women entrepreneurs.
- **Mahila Vikas Nidhi** offering developmental assistance for pursuit of income generating activities to women.

Other initiatives of Gol to promote entrepreneurship include Start-up India, Make in India, Stand-up India, Trade related Entrepreneurship Assistance and Development (TREAD) etc. Further, NITI Ayog recently launched Women Entrepreneurship Platform (<https://wep.gov.in/>), to support budding women led enterprises; Startup India has been organising Startup India Yatra to select promising entrepreneurs from two and three tier cities. Government has also launched Udyam Sakhi portal (<https://www.udyamsakhi.org/>) to provide information to women interested for self-employment. (website currently available only in English).

<sup>1</sup> MUDRA is a refinancing Institution. MUDRA do not lend directly to the micro entrepreneurs / individuals. Mudra loans under Pradhan Mantri Mudra Yojana (PMMY) can be availed of from nearby branch office of a bank, NBFC, MFIs etc. MUDRA has been formed with primary objective of developing the micro enterprise sector in the country by extending various support including financial support in the form of refinance, so as to achieve the goal of funding the unfunded. Source: <https://www.mudra.org.in>

# Women entrepreneurs in India

GOI has defined women enterprises as “an enterprise owned and controlled by a 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.”

**G**oi has defined women entrepreneurs based on women’s participation in equity and employment of a business enterprise. Accordingly, the GOI has defined women entrepreneur as “an enterprise owned and controlled by a 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.”

India is witnessing a major growth in entrepreneurship. According to Global Entrepreneurship Report 2018, India has been ranked at five (5) in entrepreneurship context<sup>2</sup>, further innovation among entrepreneurs is most prevalent in India (47%) (after Luxembourg and Chile -both 48%) where entre-

preneurs are introducing products or services that are new to customers and not generally offered by competitors. The report also says that about 50% among those seeing good opportunities to start a business express fear of failure which prevented them to start a business. As per the report, entrepreneurship in India is continues to be dominated by males as Female/Male Total early-stage Entrepreneurial Activity (TEA<sup>3</sup>) ratio stands at only 0.62% indicating start at little more than half the rate of men in entrepreneurship. The report also mentions that business capital requirement of women entrepreneurs has largely been met by informal sources.



<sup>2</sup> GEM introduces a composite index, the National Entrepreneurship Context Index (NECI), which assesses the environment for entrepreneurship in 54 economies. Derived from 12 framework conditions, the NECI weighs ratings for these conditions by the importance experts place on them. NECI results are consistently high in the East and South Asia region, where three economies rank in the top five for NECI results—Indonesia (2), Taiwan (4), and India (5). [http://www.epf.um.si/fileadmin/user\\_upload/GEM\\_2018\\_-\\_2019\\_Global\\_Report\\_WEB\\_160119.pdf](http://www.epf.um.si/fileadmin/user_upload/GEM_2018_-_2019_Global_Report_WEB_160119.pdf). Overall ranking of India is 68 and its regional ranking is 12.

<sup>3</sup> GEM has coined the term Total early-stage Entrepreneurial Activity (TEA) as entrepreneurial activity that is centered on the period preceding and immediately after the actual start of a firm. It includes the phases of (i) nascent entrepreneurship when an entrepreneur is actively involved in setting up a business, and (ii) new business ownership, owning and managing a business in existence up to 42 months.



The Mastercard Index of Women Entrepreneurs ranked India a low 52nd out of 57 countries when it came to women entrepreneurs' ability to capitalise on opportunities offered by their local environments. India had ranked 52nd in 2017 too.

As per the Sixth Economic Census (2013)<sup>4</sup> report, released by the Ministry of Statistics and Programme Implementation, women constitute around 14% of total number of entrepreneurs in India. The report indicates that about 58.5 million establishments were found to be in operation, which includes 34.8 million establishments (59.48%) in rural areas and nearly 23.7 million establishments (40.52%) located in urban areas. Total number of establishments owned by women entrepreneurs was 8.05 million (13.76%) with Tamil Nadu having the highest share (13.51%). These establishments provided

employment to 13.45 million persons (10.24%), out of which 83.19% were without hired workers. About 88.8% of the workers were employed in the establishments hiring less than 10 workers.

As per the data in the report, the average employment in women-owned enterprises is a meagre 1.67 - most women run companies / set-up are small scale and self-financed. Women entrepreneurs are in higher numbers in five states - Tamil Nadu, Kerala, Andhra Pradesh, West Bengal and Maharashtra.

The Mastercard Index of Women Entrepreneurs (MIEW)<sup>5</sup> 2018 uses 12 indicators and 25 sub-indicators to track how 57 economies (Asia Pacific, Europe, North America, Latin America, Middle East & Africa -representing 78.6 percent of the world's female labour force) differ in terms of the level of Women's Advancement Outcomes, Knowledge Assets & Financial Access and Supporting Entrepreneurial Factors. The index also explores conditions which are deterrents of women's ability to thrive in the business world.

**As per the MIEW Report 2018 India ranked a low 52nd out of 57 countries** when it came to women entrepreneurs' ability to capitalise on opportunities offered by their local environments. India had ranked 52nd in year 2017 too.

Female Owners as a percentage of Total Business Owners remains as the benchmark indicator of the MIWE 2018. For India, it is at only 11%; the country shares the space with other low-middle income markets such as Egypt, Bangladesh and Tunisia.

MIWE 2018 report states cultural bias and lack of access to **financial services are amongst major hindrances for women business holders**. The report also indicates that Indian women business owners are less likely to grow their businesses, either locally or overseas, and are more eager to discontinue them than their counterparts in other countries. It could be because their ventures struggle for funds or due to continued non-profitability combined with lack of self-belief/ entrepreneurial drive and low levels of training and education.

The report suggests that women entrepreneurs appear to thrive better in wealthy and more developed economies such as New Zealand, Sweden, Canada, the United States and Singapore, where the component scores for women's advancement, women's knowledge assets and financial access, and supporting entrepreneurial conditions are higher. Similarly, **markets that are less wealthy and developed tend to render comparatively less enabling conditions for women's advancement as entrepreneurs.**

## Overview of Women Entrepreneurs in India

Number of Establishments  
(in million)

**34.8**  
Rural Area

**23.7**  
Urban Area

By women entrepreneurs  
(in million)

**2.76**  
Agriculture sector

**5.29**  
Non-Agriculture sector

**80,50,819** Total number of establishments owned by women entrepreneurs

**52,43,044**

Rural establishments owned by women entrepreneurs

**28,07,775**

Urban establishments owned by women entrepreneurs

**66,97,354**

Women owned establishments without hired workers

**13,53,465**

Women owned establishments with hired workers

**2.76 Million**

Women owned agricultural establishments

**5.29 Million**

Women owned non-agricultural establishments

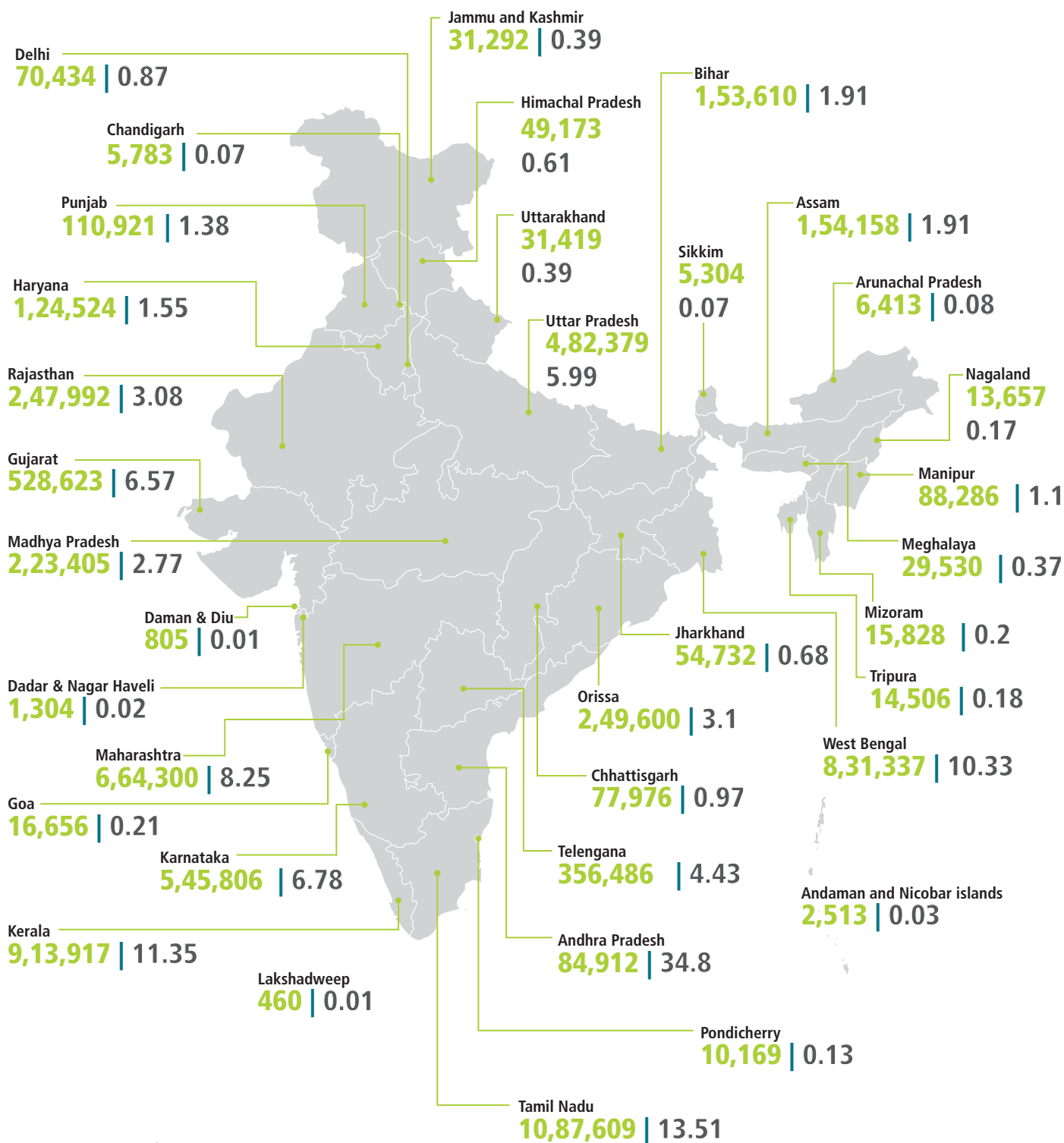
Source: All India report of Sixth economic census 2016

<sup>4</sup> <http://www.indiaenvironmentportal.org.in/files/file/All%20India%20Report%20of%20Sixth%20Economic%20Census.pdf>

<sup>5</sup> Source : [https://newsroom.mastercard.com/wp-content/uploads/2018/03/MIWE\\_2018\\_Final\\_Report.pdf](https://newsroom.mastercard.com/wp-content/uploads/2018/03/MIWE_2018_Final_Report.pdf)

# State wise Women Entrepreneurship in India

■ Total Women establishments ■ Percentage of total establishments



Source: All India report of Sixth economic census 2016

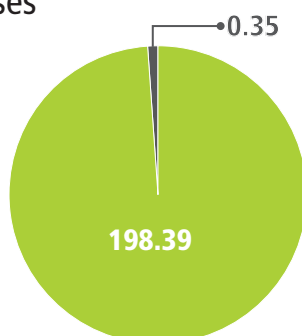
# Young entrepreneurs, where are the women

## Status of enterprises Fourth Census (2006-07)

■ Micro enterprises (in lakhs)  
■ Small enterprises (in lakhs)

**♀18.06**

Number of Women  
Enterprises (in Lakh)



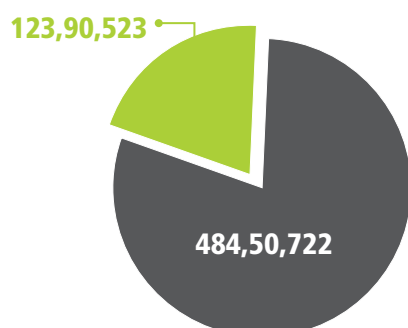
Source : DC-MSME

## Status of MSME unit ownership

■ Share among female owners ■ Share among male owners

Number of units

**6,08,41,245**



Source : DC-MSME

As per the report of The Global Youth Index 20186, which is an assessment of youth development in 25 countries, India ranks 16th in the overall index and 1st in the group of south Asian countries examined. As per the report, the strongest area for India is youth entrepreneurship supported by targeted policies and training opportunities. As per the report, there is a clear divide when it comes to gender. Young women are more likely to be outside education, work or training in a majority of the countries surveyed, with Pakistan, India and Saudi Arabia recording the largest gaps.

Women entrepreneurs in India are concentrated in Micro, Small and Medium Enterprises (MSME). The latest available data on emergence of MSME sector, summarised in the tables below, indicates that there is limited participation of women entrepreneurs in MSME.

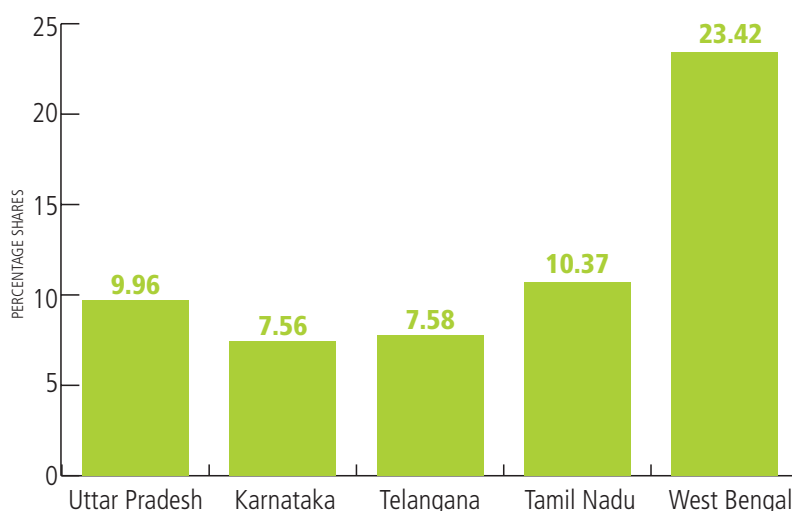
As per the records 73rd round of NSSO, there are approximately 12.4 million women owned proprietary MSMEs in the country. More than 20% proprietary MSMEs are owned by women. The report also indicates need to bring unregistered women enterprises into the registered sector for better prospects of women entrepreneurs.

Maximum number of women led MSME units are in the state of West Bengal followed by Tamil Nadu. Presented graph showcases percentage share of MSME owned by women.

India is rising as a start-up country. As per available records, 1020 companies got seed funding in India in year 2016, of that only 156 companies (15%) have either women founder / co-founder or CEO.

## Percentage share of MSMEs owned by women

States with the top five share



Source : Annual MSME Report, 2017-18

<sup>6</sup> <https://gyi.miskglobalforum.com/wp-content/uploads/2018/11/GYI-Key-findings-paper-English-12-Nov-2018-final.pdf>

<sup>7</sup> <http://www.dcmsme.gov.in/publications/census10.pdf>

<sup>8</sup> [http://www.mospi.gov.in/sites/default/files/publication\\_reports/NSS\\_report%20582\\_73rd\\_round\\_10aug18.pdf](http://www.mospi.gov.in/sites/default/files/publication_reports/NSS_report%20582_73rd_round_10aug18.pdf)





## Women's entrepreneurship and key challenges

First generation women entrepreneurs are shown to primarily venture into businesses like garment manufacturing, beauty and wellness, home-based food processing, catering, and day care.

**T**he status of women in terms of economic participation has been witnessing a change as a result of government efforts (particularly TREAD scheme, Rashtriya Mahila Kosh (RMK), Stand Up India scheme, Mudra Yojana Scheme for Women), improvement in education of women and raising awareness, growing industrialization and urbanization. It appears that women are more willing to take risks and pursue entrepreneurial activity which has led to growth in women entrepreneurs.

Generally, most first generation women micro entrepreneurs are either housewives or young professionals having no previous experience of running a business. They are mostly self-employed and home-based. The finance requirement of most of the first generation women entrepreneurs is met through informal sources as they are unable to source timely

and adequate finance from formal sources. The MIWE 2018 report observes that cultural bias and lack of access to formal financial services are amongst major hindrances for women business holders in India.

It has been observed that first generation women entrepreneur generally venture into women oriented businesses such as garment / dress materials; fashion, beauty and wellness; home based food processing; catering, day care etc. due to the familiarity associated with the sector. The trend appears to be similar in other countries. As per the 2017 State of Women owned business report, commissioned by American Express, half of the women run businesses are in Health Care and Social Assistance Including child day care and home health care services; Other Services (hair and nail salons and pet care businesses), Professional / Scientific / Technical



Women entrepreneurs also face gendered barriers to starting and growing their businesses, like discriminatory property, matrimonial and inheritance laws, social norms which curtail their mobility and ability to network, and lack of access to formal finance mechanisms.

Services (Including lawyers, accountants, architects, public relations firms and management consultants).

Women entrepreneurs often face gender-based barriers to starting and growing their businesses, like discriminatory property, matrimonial and inheritance laws and/or cultural practices) social norms blocking access to participation for business networking, lack of access to formal finance mechanisms; limited mobility and access to information and networks, etc. These challenges hinder women's advancement and their integration in the mainstream.

Due to lack of business understanding and ability to manage growth, either they limit the business activity or hand it

over to husband / any other male member from family or go for closure. Apart from social barriers, the key challenges being faced by women include: -

**LIMITED ACCESS** to finance due to inadequate avenues for first generation women entrepreneurs due to lack of financial records

**LACK OF INFORMATION** on available financial markets and how to materialize linkage.

**LIMITED BUSINESS** intelligence and knowledge of trends due to lower level of digital literacy; and lack of understanding on implementing ideas to ongoing business and marketing of products.

**LIMITED ACCESS** to support network, also lack of availability of support for rural entrepreneurs.

**LESS EXPERIENCE** in running an enterprise / business, strategy & people management process, business formalization process and limited knowledge about compliances and taxation.

**ILLITERATE/LOW LITERATE** women with entrepreneurship abilities, especially in rural areas, also face constraints related with access to financial and technical support to expand the business from home based to commercial level.

**LACK OF SUITABLE** financial products and services for women entrepreneurs

**FINANCIAL INSTITUTIONS** especially generally don't prefer to link women owned enterprises due to small size, and uncertainties involved with continuity of the business.

**LIMITED ABILITY** to own assets due to property rights and inheritance laws

Despite supportive policies and institutional arrangements, women entrepreneurship in India remains low. Entrepreneurship is often regarded as a preferred choice among women considering greater flexibility than day job. Due to technology advancement and increasing e-business opportunities more number of women may be nurtured to become entrepreneurs. But a majority of women led enterprises remain home based and unregistered and hence are unable to reap available benefits.

The women entrepreneurs, especially first generation and stationed at districts / villages require sensitisation and support to run and expand the enterprise. Women interested to initiate business require information and market assistance to initiate the business, also mentoring and support services to facilitate sustainability.

Promoting women's entrepreneurship will boost the economy by better demand conditions, resource utilisation, capacity expansion, increased employment – in the process it would prove to be an effective tool to improve female labour force participation.





## ANNEXURE

### 1. The Proposal for Helping the Women Led Small Businesses / Micro-Enterprises Grow

- 1.1. Women Development Corporation, State Government Bihar, may consider to set-up a WDC Women Entrepreneurship Development Cell (WDC-WEDC) at state level to extend support to existing and prospective women entrepreneurs at districts with information, advice, and mentoring services in collaboration with relevant government bodies, support organisations and other non-government agencies. A similar cell has been set-up at the state of Kerala by MSME Development Institute, Thrissur .
- 1.2. It is suggested to conduct an assessment of registered and unregistered women led enterprises across districts to prepare capacity building and support service strategies for entrepreneurs in Bihar. At later stages, it should identify women entrepreneurs under three categories:

Women running home based enterprises	Women keen to start an enterprise	Start-up Business with women as founder/co-founder
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- 1.3. The WDC- WECD cell may further set-up district level Women Business Centres (DL-WBC) to facilitate engagement of youth in entrepreneurship and economic empowerment initiatives; act as interface between market and entrepreneur; organise capacity building programme and mentoring services.
- 1.4. DL-WBC may run enterprise labs for select existing and prospective women business holders. A brief on proposed district based labs is presented below: -

#### 4.1.1. District Based Enterprise Lab for Existing Women Business Holders

##### A. Objective:

- To support women led early stage businesses by capacity building in entrepreneurship, providing information on available capital and support services, guide in upscaling and achieving sustainability in the long run and provide mentoring support during period of support.

##### B. Course Design and Period of Support:

- Three-month continuous support with 3 weeks (about 80-85 hour) classroom and on-job training followed by mentorship support covering business intelligence, digital literacy for business, trend analysis, expansion, leadership etc. The course should have an embedded training need assessment exercise.
- The implementation of course will also have monitoring and evaluation system. How and to monitor what indicators
- The course module needs to be designed with integration of case studies and practical examples. Suggest some module sources that can be used
- During mentorship period, provision for an App based support interface may be considered. Any examples?
- Master Trainers to be developed at district level to deliver

the course and provide mentorship and other applicable assistance during support period.

##### C. Broad Module Based Course Coverage:

- Issues that limit women entrepreneurship opportunities and affect growth of businesses led by women. (district and state based issues may be included in the discussion).
- Key challenges being faced by women entrepreneurs while establishing and developing businesses.
- Business Development and Formalization; Access to Finance; Support network – Government and Other.
- Compliances and Taxation
- Digital Literacy for Business; Market Intelligence; E-Commerce
- Mentoring Services
- Monitoring and Evolution System – baseline, Midline and End-line
- Making district wise directory of supported business women
- Documentation, Making Case Studies, Sharing Learnings, Policy papers

### 1.1. District Based Enterprise Lab for Aspiring Women Entrepreneurs

##### A. Objective:

- A short week-long programme for identified women at project districts aspiring to start their own micro-enterprise.

##### B. Course Design and Period of Support:

- Week-long module based course (20-25 hours) to be delivered to prospective / aspiring women entrepreneurs.
- A general guideline / ready reference to be developed for participants. This should cover information on financial assistance available at the district / state and include sample project report generally desired by financial institutions.

##### C. Broad Module Based Course Coverage:

- Scanning the business environment and identification of Business Opportunity
- Selecting an opportunity and deciding on enterprise to set-up – target segment, players involved & competition, available resources, risk factors, strategy to be employed etc.
- Business Planning and Resource Mobilisation- Costing & Pricing, workers to place, capital deployment, analysis of returns and other financials.
  - Leadership building and situation analysis.
  - Business Formalisation and Development.
  - Establishing linkages.
  - Setting milestones, when to exit

##### D. Monitoring and Evaluation System

- To track trainees pursuing setting enterprise

##### E. Documenting Success Stories

Bihar women Entrepreneurship Fund

<sup>9</sup> <http://www.msmedithrissur.gov.in/woman-cell> <sup>7</sup> <http://www.dcmsme.gov.in/publications/census10.pdf>

#### References

[https://smallb.sidbi.in/sites/default/files/knowledge\\_base/statewisedistributionofwomenentrepreneurs.pdf](https://smallb.sidbi.in/sites/default/files/knowledge_base/statewisedistributionofwomenentrepreneurs.pdf)  
<https://smallb.sidbi.in/%20/fund-your-business%20/additional-benefits-msmes%20/women-entrepreneurship>

Centre for Catalyzing Change's,  
Sakshamaa, or the Initiative for What  
Works, Bihar, aims to accelerate  
gender focused and evidence-based  
transformative policies for women  
and girls in Bihar.  
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