

ENTREPRENEURSHIP AND SOCIAL EMPOWERMENT IN INDIA: CHALLENGES, POLICIES, AND PATHWAYS FOR WOMEN ENTREPRENEURS

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ABSTRACT

Women's entrepreneurship has emerged as a key pathway for economic participation and social empowerment in India. Despite expansion through microfinance, self-help groups, government credit, and digital platforms, women entrepreneurs face barriers relating to finance, skills, markets, technology, social norms, and unpaid care work. Using a descriptive and analytical design based on secondary data from NITI Aayog, the Ministry of MSME, Startup India, and UN Women, the study examines these challenges, related government policies, and financial inclusion and digitalisation, arguing that credit access alone is insufficient and proposing a pathway from enterprise creation towards survival, productivity, scale, and leadership.

KEYWORDS: Women Entrepreneurship, Social Empowerment, Financial Inclusion, Digital Entrepreneurship, MSMEs, Government Policies, India.

INTRODUCTION

Entrepreneurship is increasingly recognised as an instrument of economic development, employment generation and social transformation. Women entrepreneurs occupy a particularly important position in this transformation because their economic participation influences household income, decision-making, education and community development. Women's entrepreneurship is best understood not merely as business ownership but as a process through which women gain greater control over resources, income and participation in economic institutions. India has seen substantial expansion in women-focused entrepreneurship programmes, including credit schemes, self-help groups, startup initiatives and digital platforms. However, numerical expansion in enterprise registration does not by itself indicate complete empowerment, since women entrepreneurs often remain concentrated in micro-scale, traditional sectors with limited access to growth capital. This study examines the challenges limiting enterprise growth, the contribution of government interventions, and pathways towards a sustainable women entrepreneurship ecosystem.

REVIEW OF LITERATURE

Recent studies highlight both the scale and the constraints of women's entrepreneurship in India. NITI Aayog a (2025a) examined financial-access data and reported that 30% of individual enterprises and 22.2% of collective enterprises lacked credit readiness even for small loans, recommending collateral-light credit, simplified digital loan processes and post-loan mentoring. A related NITI Aayog (2025b) study on lending trends found that the number of women entrepreneurs holding individual business loans rose from about one crore in 2023 to 1.6 crore in

2025, alongside continued concentration of women-owned enterprises in apparel, textiles, beauty and food-related sectors.

The Ministry of MSME (2024) reported that women-owned enterprises constituted 20.5% of MSMEs registered on the Udyam portal up to January 2024, with women-owned informal micro-enterprises accounting for 70.49% of Udyam Assist registrations; the Ministry of MSME (2026) updated this to over 3.07 crore women-led enterprises by February 2026. UN Women (2024) frames economic empowerment around women's agency, autonomy and control over resources, income and time, identifying unpaid care work as a persistent constraint on entrepreneurial participation. Collectively, this literature indicates rapid quantitative growth in registration and credit access, but points to a continuing gap between enterprise creation and enterprises' survival, scale and women's effective control - a gap that remains under-examined in studies focused mainly on registration statistics.

STATEMENT OF THE PROBLEM

Government data and recent research confirm substantial growth in the number of women-owned enterprises and in women's access to institutional credit. However, existing evidence relies largely on registration and disbursement figures, which do not indicate whether women exercise effective control over their enterprises, whether these enterprises survive and grow, or whether entrepreneurship translates into broader social empowerment. There is limited synthesis of the financial, social, technological and institutional barriers that mediate this relationship. This study addresses that gap by examining how far current policies and support structures translate enterprise creation into sustained empowerment for women entrepreneurs in India.

SCOPE OF THE STUDY

The study covers women entrepreneurship in India at the national level, drawing on secondary data from government and institutional sources up to February 2026. It examines the financial, social, technological and institutional dimensions of women's entrepreneurship, along with major central government schemes and the contribution of self-help groups and digital platforms. The study does not extend to primary survey data, state-specific analysis, or firm-level financial performance, and is confined to descriptive and analytical interpretation of existing secondary evidence.

OBJECTIVES OF THE STUDY

1. To examine the role of women entrepreneurship in promoting social and economic empowerment in India.
2. To identify the major financial, social, technological and institutional challenges faced by women entrepreneurs.
3. To analyse major government policies and schemes supporting women entrepreneurs.

RESEARCH METHODOLOGY

A. Research Design

This descriptive and analytical study examines India's women entrepreneurship ecosystem, the barriers women entrepreneurs face, and the contribution of government interventions, using secondary evidence rather than primary surveys or an experimental design.

B. Sources of Data

The research is based on secondary data collected from:

- Ministry of Micro, Small and Medium Enterprises, Government of India
- Department of Financial Services, Ministry of Finance
- NITI Aayog, Startup India and the Coir Board
- Press Information Bureau and UN Women
- Government policy documents, reports and academic literature

C. Method of Analysis and Limitations

The study applies descriptive analysis, comparative interpretation, trend analysis and thematic analysis of institutional evidence; it does not establish causal relationships between individual schemes and empowerment outcomes. It relies predominantly on secondary data with

differing definitions and reporting periods, may not fully capture informal enterprises, and does not measure household-level empowerment through primary interviews.

FINDINGS

A. Growth and Current Trends

India's women entrepreneurship ecosystem has expanded through digital financial services, registration systems, self-help groups, microfinance and startup support, as summarised below.

Table I
Selected Indicators of Women Entrepreneurship in India

Indicator	Evidence/Period	Key Observation
Women-owned MSMEs on Udyam Registration Portal	Jul 2020–Jan 2024	46,67,278 MSMEs; 20.5% of total registered
Employment on women-owned Udyam MSMEs	Jul 2020–Jan 2024	2.84 crore persons
Women-owned informal micro enterprises (Udyam Assist)	Jan 2023–Jan 2024	91,08,058 enterprises; 70.49% of IMEs
Women-owned UDYAM-registered MSMEs	Jan 2025	More than 40% (NITI Aayog)
Women-led enterprises (Udyam + Udyam Assist)	Feb 2026	3,07,42,621
Women account under Stand-Up India	Feb 2025	1.99 lakh accounts
PMMY loans to women entrepreneurs	FY 2023–24	₹2.22 lakh crore to 4.24 crore women

Sources: Ministry of MSME; PIB; NITI Aayog; Department of Financial Services.

Registration data must be read cautiously since definitions and systems have changed over time. A further trend is the shift from traditional livelihoods towards technology-enabled entrepreneurship: by December 2023, 48% of startups in the Startup India ecosystem had at least one woman director.

B. Major Challenges

- **Access to finance** - limited collateral, weak credit histories and low credit readiness.
- **Business and digital skills** - gaps in accounting, branding, e-commerce and digital marketing limit growth.
- **Social and cultural barriers** - gender norms restrict mobility, networking and negotiation, especially in rural areas.
- **Family responsibilities** - unpaid care work creates “time poverty” that limits business expansion.
- **Limited market access and networks** - weak supplier, buyer, investor and mentoring networks restrict long-term growth.
- **Digital divide** - gaps in connectivity, devices and digital literacy limit participation in the digital economy.
- **Legal and institutional barriers** - registration, taxation and compliance procedures remain difficult without regional-language advisory support.

C. Government Policy Interventions

- **Stand-Up India** — 2.67 lakh sanctioned accounts as of Feb 2025 (₹60,504 crore sanctioned), with women holding 1.99 lakh accounts.
- **Pradhan Mantri Mudra Yojana** — ₹2.22 lakh crore disbursed to 4.24 crore women entrepreneurs in FY 2023–24.
- **Startup India** — supports women-led innovation through networks and recognition, though reach beyond metropolitan ecosystems remains limited.

- **Women Entrepreneurship Platform (WEP)** — a NITI Aayog ecosystem platform aggregating information, finance, mentoring and market access.
- **Mahila Coir Yojana and TREAD** — support rural artisans and NGO-led training, counselling and credit facilitation.
- **Other initiatives** — PMEGP, Credit Guarantee mechanisms, NRLM-SHG programmes and PM Vishwakarma; over 3.07 crore women-led enterprises were registered on Udyam and Udyam Assist by Feb 2026.

D. Financial Inclusion, Self-Help Groups and Digitalisation

Self-help groups reduce finance barriers through collective savings and peer support and are most effective when combined with enterprise development, since credit without productive opportunity can increase indebtedness rather than empowerment. Digital payments, online marketplaces and digital bookkeeping allow women, especially home-based entrepreneurs, to reach customers beyond their locality, but a digital divide persists for women lacking reliable internet, devices or digital confidence. UN Women India has supported women entrepreneurs in market access and digital commerce, including ONDC registration.

E. Contribution to Social Empowerment

Women entrepreneurship strengthens empowerment through income and economic independence, employment generation for other women, greater confidence in financial decision-making, support for children's education, community leadership, and social innovation addressing needs in food, healthcare, education and rural livelihoods.

F. Implementation Gaps

Key implementation gaps include low awareness of appropriate schemes among rural women, fragmentation across departments and agencies, weak credit readiness due to missing business records, wide regional variation in infrastructure and market access, limited tracking of enterprise survival and scale beyond registration, continued concentration in traditional sectors, and insufficient post-loan mentoring and market linkage support.

SUGGESTIONS

- Build an integrated support system linking finance, skills, markets and mentoring.
- Strengthen credit-readiness programmes and expand collateral-free, guarantee-backed financing.
- Introduce structured post-loan mentoring for the first two to three years of operation.
- Deliver practical digital-entrepreneurship training in e-commerce and cybersecurity.
- Support entry into e-commerce, ONDC and institutional procurement through simplified onboarding.
- Promote diversification into technology, manufacturing and other emerging sectors.
- Strengthen rural entrepreneurship via SHGs, incubation centres and digital infrastructure.
- Integrate childcare and flexible-training support into entrepreneurship programmes.
- Deliver scheme, tax and finance information in regional languages through local institutions.
- Develop a national dashboard tracking enterprise survival, revenue, employment and credit access rather than registrations alone.

CONCLUSION

Women entrepreneurship has become a vital component of India's economic and social transformation, reflected in the growing number of women-owned MSMEs, expanding formal credit access and a growing women-owned share within UDYAM registration. Yet the central challenge is no longer simply enabling women to start enterprises but enabling them to survive, grow and exercise meaningful control over their businesses. Finance alone is necessary but insufficient: sustainable empowerment requires combining financial inclusion, digital capability, market access, mentoring, childcare and institutional responsiveness. Policy should shift from a narrow credit-centric approach to a life-cycle approach supporting women from awareness and skill development through enterprise establishment, scaling and leadership -moving women from beneficiaries of schemes to creators of enterprise, employment and value.

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