



## **EMPOWERING WOMEN ENTREPRENEURS THROUGH MSMEs IN INDIA**

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### **ABSTRACT**

In India, MSMEs are essential to promote social inclusion and economic growth. The empowerment of female entrepreneurs is among their most important accomplishments. This study examines how MSMEs, particularly in India, facilitate women's economic involvement by offering easily accessible entrepreneurship options. Through Financial Inclusion, Skill development and Government backed programs like MUDRA loans and the Stand up India initiative, the MSME sector provides a supportive ecosystem. By lowering Barriers to entry, these programs have made it possible for women to launch and grow businesses in a variety of Industries like handicrafts, food processing, and textiles. MSMEs have greatly improved women's self-reliance, income production and leadership roles in spite of obstacles such social limitations and restricted access to financing. The current study focuses on the status of women entrepreneurs in MSMEs and hurdles as well as difficulties that Indian women entrepreneurs confront. It also focuses on government initiatives and schemes designed by MSME to support female entrepreneurs.

**Key Words:** *Women Entrepreneurs, Empowerment, MSME, Problems & Prospects, Government Initiatives.*



## **INTRODUCTION**

Acting on an idea is what entrepreneurship is all about. Typically, the goal is to create a new product or service that disrupts an existing market. Beginning as a tiny firm, entrepreneurship typically has a much larger long-term goal, achieving high profits and gaining market share through unique, ground-breaking ideas. Gender equality has become essential in the current economic climate. Female entrepreneurs are an important part of the workforce and play a crucial role that can be separated from advancement and the economy. Women who start, plan, and run their own businesses are referred to as entrepreneurs. Thus, a self-assured, imaginative, and creative woman becomes an excellent entrepreneur. Seeking financial independence on an individual basis, while providing job possibilities for others. According to Wube (2010), a woman entrepreneur is a person who consistently engages with the financial, economic, and supportive sectors in order to make a positive impact on the community. In the MSME sector, which used to be flooded with businessmen, women from all social levels and backgrounds are now warmly welcomed. More Indian women are stepping up as a result of the government's implementation of various incentives for female entrepreneurs. Programs from the central and state governments are featured. The MSME sector has begun to embrace female entrepreneurs with open arms. India has made significant progress in the previous several decades in terms of offering sufficient and equitable incentives for female entrepreneurs. This has significantly improved the Indian economy in addition to raising women's position in the nation. In recent years, women entrepreneurs have also had a big impact on the nation's socioeconomic demographics. There is so much employment in the nation today that women are involved in the labor force, the working class, private and public positions, and most importantly, starting their own enterprises.

## **SAFE FRAMEWORK**

The acronym SAFE, which stands for Sustainable, Autonomous, Formal and Employment generating Enterprises, was introduced for MSMEs. The goal of this strategy approach is to make the MSME sector a more robust and growth-oriented ecosystem.



**Sustainable:** A large number of women work from home as part-time entrepreneurs who heavily rely on contractors and middlemen to get access to markets. These businesses are quite vulnerable to outside shocks like COVID-19. According to a survey by Bain and Company 2020, COVID-19 negatively impacted over 73% of women-owned businesses in India, and roughly 20% of female entrepreneurs saw their revenue completely disappear. The majority of female entrepreneurs are focused on micro and small businesses in non-professional services, including dressmakers, Tailors, shopkeepers, street vendors, vendors of arts and crafts, and honors beauty parlours, among other sectors and industries heavily impacted by the pandemic.

**Autonomous:** Even when women own businesses, they might not have the exclusive authority or autonomy to determine how to manage the company, give priority to investing in their business, and manage how earnings and profits are spent. They rely heavily on men for important business decisions, raw material procurement, pricing information, and market access.

**Formal:** About 95.6% of women-owned businesses are unofficial or unregistered. Their entrepreneurial rights and the expansion and durability of their businesses are harmed by a high degree of informality. Additionally, decreased production and revenue are faced by informal economic units.

**Employment Generating:** Employment-wise, the MSME sector in India supports about 111 million jobs (NSS 73<sup>rd</sup> Round 2015-16) and accounts for 30% of the country's GDP (India Brand Equity Foundation). According to Bain and company 2019, 22 to 27 million individuals are employed by women-owned MSMEs. (NITI Aayog, 2022)

## **REVIEW OF LITERATURE**

Hackler et al. (2008) demonstrated that women who work for themselves attain their educational goals at a faster rate than women who work for other employers. When compared to other working women, the percentage of self-employed women who hold managerial jobs is shown to be somewhat greater. Subramanyam and Reddy (2012) examined the performance of MSMEs in India. It looks at the illness of MSME and compares the growth of the MSME sector with that of the entire industrial sector. According to the report, the MSME sector makes a substantial contribution to the GDP and export revenue of India. Additionally, it was



discovered that industrial illnesses take 5 to 7 years to weaken an industrial unit's health. Sharma (2013) concludes that men predominate in Indian society and that women are expected to be economically and socially dependent on men. Numerous issues confronting women business owners included a lack of education, societal hurdles, formal legal requirements, high production costs, a society dominated by men, a lack of managerial skills, a lack of confidence, etc. With particular reference to Coimbatore city, Jayan (2013) analyzed women's entrepreneurship in MSMEs and the relationship between industry-related characteristics and entrepreneurship success. The study found that human relations and accomplishment motivation are the things that drive women to become successful business entrepreneurs. Bade and Rao (2020) examined that to support the overall growth of women entrepreneurs, it is critical to establish a system for raising awareness among them, offering foundational entrepreneurial education, committing to rigorous training programs, and running successful EDP initiatives. To facilitate the overall development of female business owners. Hasniati et al. (2023) determine that personality traits have a major impact on the traits of female business owners in Makassar city. The results demonstrate that contextual factors significantly influence entrepreneurial decisions through moderating variables. These qualities include accomplishment motivation, future orientation, leadership, responsiveness, and innovation. The choice of women entrepreneurs also plays a role in maintaining the viability of the family economy. The purpose of the research is to investigate how MSMEs contribute to the advancement of Female Entrepreneurs' economic empowerment. Women still encounter obstacles in Entrepreneurship in spite of legislative initiatives. MSMEs provide a strategic path to boosting women's economic participation because of their accessibility and flexibility. Identification of opportunities and gaps for further support are goals of the study.

### **OBJECTIVES OF THE STUDY**

1. To study the current status of women entrepreneur in MSMEs.
2. To study the problems faced by women beneficiaries while availing the benefit to entrepreneurial initiatives.
3. To study the MSME schemes for empowering women entrepreneurs.



## RESEARCH METHODOLOGY

The paper produced is primarily a descriptive study. The secondary data and information were thoroughly examined in order to prepare the study. The secondary data was gathered from annual reports, books, articles, and conference proceedings published in various magazines and publications, as well as paper and online resources. The percentage analysis technique, diagrammatic presentation, and graphic presentation are all used in this study.

## DISCUSSIONS

### Women Entrepreneurs in India

According to the Ministry of MSME's (2024) **Udyam registration portal**, women-owned MSMEs account for 20.5% of all MSMEs registered on the portal since it was launched on July 1, 2020. The employment created by all Udyam registered units is increased by 18.73% by these women-owned MSMEs, which account for 11.15% of the total investment. 10.22% of all MSMEs registered with the Udyam are made up of women-owned businesses. The following table contain information on the overall number of women-owned MSMEs as well as their contribution to employment, investment, and turnover:

Category	Total	Employment	Investment (rupees in crore)	Turnover (rupees in crore)
Women MSMEs	4667278	28407069	126845.12	1714992.98
MSMEs	22819417	151668034	1137237	16784358
Percentage of women owned MSMEs	20.5%	18.73%	11.15%	10.22%

**Table-1:** Women owned MSMEs under Udyam Registration portal (Up to 31<sup>st</sup> January 2024)

(Source: Ministry of Micro, Small and Medium Enterprises, 2024)



According to data from the platform, which registers informal micro enterprises, women-owned IME have contributed 70.49% of all IMEs since the portals launch on January 11, 2023, and they have contributed 70.84% of employment. Total number of women-owned IMEs under the Udyam registration portal is given as follows:

Category	Total	Employment (no. of persons)
Women IME	9,108,058	11,023,945
IMEs	12,920,177	15,561,967
Percentage	70.49%	70.84%

**Table-2:** Women owned Informal Micro Enterprises under Udyam Registration portal

(Up to 31<sup>st</sup> January 2024)

(Source: Ministry of Micro, Small and Medium Enterprises, 2024)

State Name	Micro	Small	Medium	Employment	Investment (In crores)	Turnover (In crores)
MHARASHTRA	8,25,120	9,082	572	32,79,075	18,338.39	2,51,357.15
TAMIL NADU	6,15,385	7,705	402	42,79,608	17,206.32	1,91,942.79
UTTAR PRADESH	3,43,917	6,320	305	21,70,076	8,853.72	1,53,964.46
KARNATAKA	2,83,507	4,756	247	21,74,825	9,053.61	1,13,609
GUJARAT	2,46,403	5,871	277	12,17,957	8,647.54	1,37,919.81
TELANGANA	2,28,450	3,056	179	21,30,624	8,766.43	73,600.24
RAJASTHAN	2,16,179	4,608	206	11,66,292	5,788.93	1,11,004.19
ANDHRA PRADESH	2,13,987	3,228	144	18,03,672	7,229.41	73,435.96
PUNJAB	1,77,253	2191	89	6,77,559	3,966.4	55,3557.98
WEST BENGAL	1,65,798	3,217	145	18,10,762	4,692.07	84,054.67

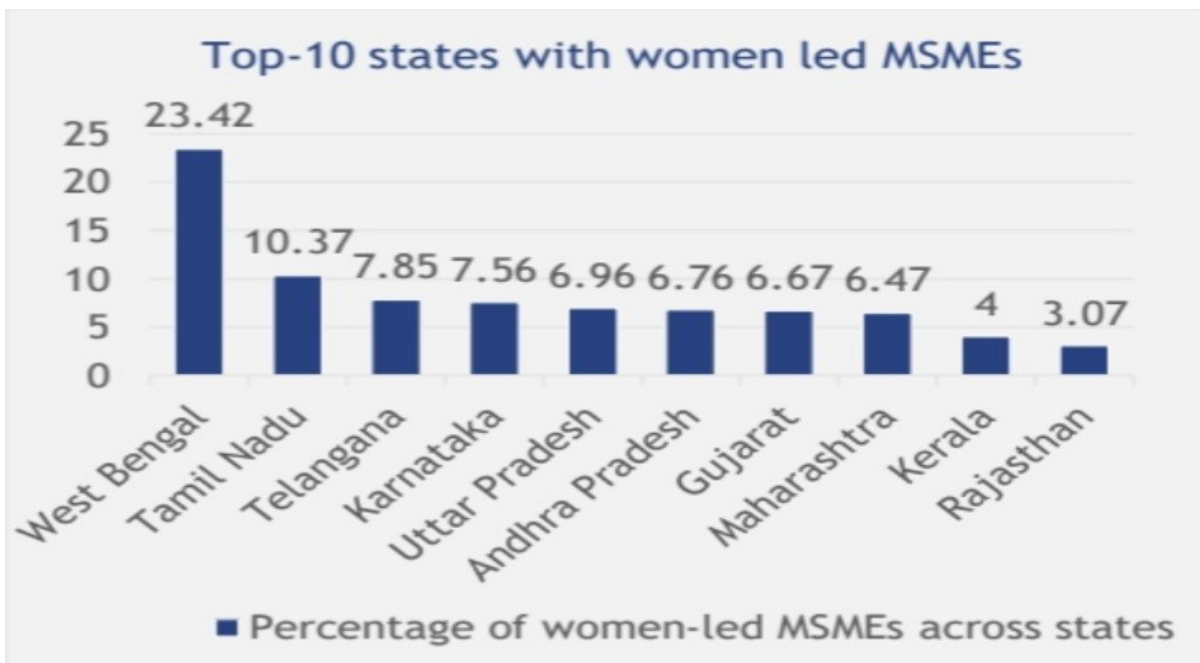
**Table-3:** Top Ten Women Owned MSMEs Under Udyam Registration portal

(Up to 31<sup>st</sup> January, 2024)

(Source: Ministry of Micro, Small and Medium Enterprises, 2024)

### States with the Highest Number of Women MSMEs

States differ in the distribution of MSMEs owned by women. Sikkim (0.04%) has the lowest percentage of women-led MSMEs, while West Bengal (23.42%) has the most. The results of the poll show that the southern states of India have an environment that is comparatively more conducive to women entrepreneurs. When it comes to the number of establishments under women-owned firms, these five states rank among the top ten. With 10.73%, Tamil Nadu is in first place, followed by Telangana (7.85%), Karnataka (7.56%), Andhra Pradesh (6.76%), and Kerala (4%).



**Figure-1:** Top 10 states in Share of women MSMEs

(Source: MSME Annual Report 2022-2023)

### PROBLEMS FACED BY WOMEN ENTREPRENEURS

Following are the main problems faced by Women Entrepreneurs:

**Fewer Sectors are Women-Friendly:** Majority of women-owned companies in the nation are in low-profit industries, with windmills controlling the more lucrative industries like construction and manufacturing. Women entrepreneurs are also compelled by the male-centric



character of many companies to work in what have traditionally been regarded as women-friendly areas such as education, clothing, and beauty care. It severely restricts their experience, opportunities, and skills.

**Insufficient Institutional and Social Support:** The majority of female entrepreneurs don't receive the social support from peers, family, and local networks that they need to launch their businesses. One of the biggest issues facing women entrepreneurs in the nation is a lack of mentorship from the business community. Even though there are programs to support female entrepreneurs, many women don't get prompt advice or assistance from authorities.

**Unsatisfactory Prospects for Funding, Even Though It May Sound Unjust:** Due to investor prejudice and other issues, women in the nation do not have easy access to funding. Banks and other financial institutions view women as less creditworthy; many venture capital firms and angel investors hesitate to engage in women-led businesses. Furthermore, a lot of Indian women don't have any assets or property registered in their names, which creates issues when requesting private finance or collateral loans.

**Inability to Use Professional Networks:** Access to professional networks is another fundamental issue facing Indian women entrepreneurs. The Google Bain pole also shows that a lack of network growth opportunities negatively impacts more than 45% of small business owners in metropolitan areas. Additionally, research indicates that men are predominant in the majority of current professional networks, making it challenging for women to enter or function in these environments.

**Pressure to Stick to Traditional Gender Roles:** It is expected of women to take care of the home, raise children, cook, and tend to the elderly. It can be difficult to balance work and family obligations, but it becomes much more difficult when you want to establish a brand. One of the biggest obstacles facing female entrepreneurs is the pressure to adhere to established gender stereotypes. They are frequently advised to give up entrepreneurship in favor of an easy career that allows them to spend more time with their families and children.

**Absence of an Entrepreneurial Environment:** It takes a lot of learning, unlearning, and upskilling to become an entrepreneur. Being in an atmosphere that is rife with entrepreneurial spirit is essential for someone to succeed as a business owner. But a lack of such a productive environment frequently affects a lot of ladies. First of all, family obligations sometimes force



women to run their businesses from home. as a result, pass up chances to network, engage with the business community, and expand their market reach.

**Restricted Movement:** One of the main issues facing Indian women entrepreneurs is limited mobility. They cannot go on solo trips or stay in hotels for work without being concerned about their safety. In India, there are still more men than women who own motorized vehicles, despite the fact that more financially independent women have begun to invest in automobiles.

**Insufficient Schooling:** A major qualification for a modern entrepreneur is to have previously managed a profitable company. The entrepreneur should have a business management degree or professional experience working in the relevant field to make up for their lack of experience running a business. Sadly, women's education in India does not receive the attention it deserves.

**Limited Capacity to Take Risks:** The ability to take on some inherent risk is a prerequisite for investment in and effective business management for entrepreneurs. Women frequently lack financial independence and lack experience making their own decisions. They are also risk-averse because they don't trust the judgments they make.

**Juggling Business and Family Responsibilities:** Family is frequently viewed as a woman's extension. It is expected of married women to be heavily involved in raising their offspring. Young women are consequently forced to put their families first and take a hiatus from their jobs.

## **MSME SCHEMES FOR EMPOWERING WOMEN ENTERPRENEURS**

The following capacity-building initiatives, which include enhancing women entrepreneurs roles in MSMEs, are carried out by the Ministry of MSMEs:

**Entrepreneurship Skill Development Programs:** Promoting new businesses, increasing the capacity of already existing MSMEs, and installing an entrepreneurial culture throughout the nation are the goals of the Entrepreneurship Skill Development Programs. It is required that approximately 40% of the beneficiaries of Entrepreneurship skill program come from underprivileged social groups, such as women, SC, ST, physically handicapped people, and women. Participants who are SC, ST, physically disabled, below the poverty line, or women will not be assessed participation fees.



**Mahila Coir Yojana (MCY):** Mahila Coir Yojana offers a 2-month training program with stipendiary funding with the goal of empowering women craftsmen in the coir industry. Women craftspeople are urged to apply for aid throughout the Prime Minister's employment generation program.

**The Mahila Udyam Nidhi Scheme:** The Mahila Udyam Nidhi scheme was first created to provide small enterprises with financial support of up to ₹10 lakhs. However, it now also assists women in starting new initiatives and businesses. Women business owners are also free to upgrade their current initiatives under this program. The loans under the Mahila Udyam Nidhi Scheme have a maximum payback term of ten years and a five-year moratorium period. The interest rates vary based on market rates.

**The TREAD Program:** The goal of the Trade-Related Entrepreneurship, Assistance, and Development, or TREAD, program is to empower women by giving them the credit they deserve for initiatives that include training, guidance, and knowing how to manage them successfully. The goal of this program is to increase the knowledge of women in business. The government contributes up to 30% of the project's overall cost, which is set by the financial institutions under this program.

**The Rozgar Yojana of Pradhan Mantri:** Women business honors can apply for the Pradhanmantri Rojgar Yojana to get the funding they need to expand their enterprise. The nice part about this system is that it can be used across all services, all sectors, and both new and established organizations. By giving them access to the MSME loans they need to become financially stable, the program seeks to empower women.

**Annapurna Yojana:** This program is the best choice for any woman who wants to pursue her passion for catering as a company. With the Annapurna Yojana, women can start their own catering businesses by borrowing up to ₹50,000. This program, which has a 36-month payback schedule and collateral requirements, is already helping a lot of women around the nation.

**The Udyogini Scheme:** The Udyogini scheme is perfect for women who wish to launch any kind of new business. According to the scheme's original design, families with annual incomes under ₹ 1.5 lakhs would benefit most from it. All those in need are to benefit from the Udyogini system, which does not discriminate against any class of women. The 3 lakh rupee loan amount under this initiative has a lower interest rate and is given in cash.



**Dena Shakti Scheme:** Under this scheme, all female entrepreneurs operating in manufacturing, agriculture, or related fields are eligible to apply for loans. The Dena Shakti scheme offers loans up to ₹50,000 with an interest rate reduction of roughly 0.25%. However, loans up to ₹20,00,000 could be approved for retail commerce, housing, or education.

## CONCLUSION

Over the past few years, the micro, small, and medium-sized enterprises sector in the Indian economy has become a highly dynamic and lively sector. Its promotion of entrepreneurship makes a substantial contribution to the nation's economic and social growth. The number of women beneficiaries and women entrepreneurs increases day by day, as guided by the Udyam registration portal. Women who are financially independent are contributing more towards employment and investment and actually helping society grow and develop more quickly. In order to help women attain their business objectives, the Indian government has created programs to make financing available to them. As such, they will have the capacity to grow and offer employment to more women.

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