

# Analyzing the Impact of Government Policies on the Growth of Women-led Business in India

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## Abstract

WOMEN in today's world left no stone unturned to prove themselves as an independent individual and an independent money maker. Women are ready to face any challenges to prove themselves. Being a woman entrepreneur is among the most difficult challenges in today's changing social, cultural, and economic environment of business across the globe.

For economic progress and enhancement of women as individuals and the nation as a whole entrepreneurship plays a very significant character. Some unpredicted and extreme tests result in difficult entrepreneurship specifically for women entrepreneurs like fresh product establishment and technological variations in production process, economic transformation, vulnerable market conditions, etc.

The objective of the study is to examine the offerings of women as entrepreneurs toward our nation and to examine the steps taken by the government in favor of women entrepreneurs to encourage them and its impact on the economic condition of our country and also to give effective suggestions to make the way easier of women to become an entrepreneur.

## Keywords

Women entrepreneurship, Challenges, Government Schemes, Development Strategy, Schemes and Policies, Economic Development.

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## Introduction:

Women's participation in the economy is critical for gender equity, poverty alleviation, and sustainable economic development. According to McKinsey's Global Institute (MGI), India's GDP might rise by USD 0.7 trillion if 68 million more women join the workforce by 2025. As per the World Bank report, India could boost GDP growth by 1.5 percentage points if 50% of its workforce is female. But India's female labour force participation rate (FLFPR), which was 27 percentage points lower than the world average, fell from 32% in 2005 to 19% in 2021. This steadily weakened in several FLFPR features, such as increased enrollment of girls in post-secondary education, a decline in child labour, and a structural shift away from the agriculture sector after 2005. Additional factors include a decline in the market for labor-intensive industry products on a global scale, an imbalance in the amount of unpaid care work, and a lack of career opportunities.

The economic contribution of women to India's GDP is 17%, which is less than half of the average for the world.

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The COVID-19 pandemic made matters worse by preventing women from finding work or a source of income, reducing business earnings, and increasing the burden of unpaid care. According to UN Women, 47% of women lost their jobs in the first lockdown in 2020, compared to 7% of the male workforce who lost their jobs. Among the countries in Central and East Asia, India suffered the most from the pandemic's effects on female entrepreneurs.

In response to these circumstances, India has stepped up its policy decisions to improve the economic climate and generate more revenue and employment. India improved its standing and was ranked 62nd in the World Bank's 2019 report on the ease of doing business. India is

home to the third-largest start-up ecosystem globally. There has been a greater effort to accelerate the number of women joining STEM fields and leading technological start-ups. The 2020 All India Survey on Higher Education Report calls for growth in the total number of women pursuing degrees in STEM fields—science, technology, engineering, and mathematics. It is said that companies with at least one female founder have more inclusive workplace cultures, hire three times as many women as males, and produce ten percent more revenue overall. In India, women hold only 20% of all businesses. Of these, 82% are microbusinesses operated as sole proprietorships, with the majority being concentrated in the unorganized sector. Bad social norms have an impact on the entrepreneurial decisions and aspirations of female entrepreneurs. Other hurdles include restricted loan availability, capacity-building that is concentrated on a small number of sectors, a lack of information, poor networking opportunities, and low market linkages. The Indian government has made several steps, at various levels, to encourage female entrepreneurs. NITI's WEP stage is a crucial central initiative to stem the stagnation of female entrepreneurship across India.

### **Women Entrepreneurship Platform (WEP)**

To foster a cooperative environment for female entrepreneurs in India, NITI Aayog developed the Women Entrepreneurship Platform in 2017, with support from the Indian government. Women from all around India come together on the Women Entrepreneurship Platform (WEP), a unique unified access portal, to create a congenial environment that supports them achieve their dreams of becoming entrepreneurs. WEP planned to achieve this by uniting as a unified aggregator of pertinent data and services. It would strengthen industry associations and raise awareness of current, successful programmes among WEs. It offers exclusive access to programmes for a) entrepreneurship skill-building and mentoring, b) incubation and acceleration, c) marketing support, d) finance and financial aid, e) compliance and tax support, and f) community and networking. Since WEP's inception in 2018, over 26,500 women have registered and benefited from this platform.

### **Women Entrepreneurs – Ancient to Modern Period**

In the nineteenth century, the concept of entrepreneur emerged specifically the term "women entrepreneurs."

#### **18<sup>th</sup> Century**

Indian women managed retail stores, modest handloom firms, and other businesses around of eighteenth century. More women began to fly into the spotlight and break free from society's constraints during the 18th and 19th centuries. But before the 20th century, women supplemented their income by starting their businesses.

#### **19<sup>th</sup> Century**

In this period, women were encouraged to launch modest businesses from the confines of their abode. Numerous of them launched a few of their businesses. To augment their income, they commenced working at jobs like creating bangles, pottery, and papads (wafers). In certain places, mothers started taking their daughters to school with their sons.

#### **20<sup>th</sup> Century**

Women's participation and contributions were quite apparent in the earlier part of the 20th century, and also in the 1990s, the involvement of businesswomen increased. Women are approached to share their knowledge, make investments, identify a market niche, and generate notable jobs or other opportunities. Historically, women have run small enterprises like grocery stores and xerox shops. During this time, women in business had the greatest success and spectacular improvements.

### **Women Entrepreneurs Strengthen India's Entrepreneurial Ecosystem in Modern Day**

Women in India have significantly made their mark as entrepreneurs, and they now stand shoulder to shoulder with some of the most powerful men in the economic world. Over the years, they have transcended the limitations of housework and surmounted certain gender disparities by becoming employers in addition to working.

In addition to being skilled business owners, women also have better credit histories than men do. Their businesses generate over 50% more revenue each month than do male-owned businesses, which contributes to the advancement of a positive credit history. The bulk of female entrepreneurs looking for loans are in the e-commerce and food (restaurant) sectors, making for 45% of all disbursements, according to data from Indifi. Additionally, as part of its recent agreement with Facebook, Indifi offers specific incentives, like as a 0.02% interest rate reduction, to women-owned businesses.

The CEO and co-founder of Indifi, Mr. Alok Mittal, stated that Fintech companies recognize the importance of women not just from a career perspective but also by offering them innovative solutions to cater to their needs and wants. These kinds of chances are important for women's empowerment because they enable these women to make better choices and inspire many others with their inspiring tales of success. A poll indicates that women-owned businesses in India could climb as much as 90% over the next five years, while comparable businesses in the US and the UK are anticipated to grow by 50% and 24%, respectively. In actuality, 80% of Indian women who set up their businesses in rural and semi-urban areas state that this has improved their socioeconomic and cultural position to a great extent. That they are grateful to the government and business organisations like Indifi, who work together and support a range of initiatives that significantly advance women's empowerment in India.

## Literature Review

The Development and Importance of Indian Women Entrepreneurs (August 2023 publication in the World Journal of Advanced Research and Reviews) This study describes how a woman went from having nothing to being a successful independent business owner and highlights how crucial it is for women to be involved in the entrepreneurial ecosystem to advance the nation's economy.

Policies and Programmes for Indian Women Entrepreneurs (published in February 2021 in IJRAR) This study highlights the value of female entrepreneurs to the growth of our nation and the numerous

impediments women face while starting their businesses. The government implemented many programmes and policies to close this gap that support women entrepreneurs. These programmes inspire women to advance in entrepreneurship by giving them a platform and financial support.

An Overview of Female-led Startups in India (Published in the International Journal of Social Science and Economic Research in April 2020) This study says that the development of the Indian economy over the last ten years has been marked by a 'culture' that inspires the foundation of startups and new businesses across the nation. The actualization of the true potential of female-centric and female-led entrepreneurs can promote innovation, economic growth, and job creation. Women entrepreneurs should be provided enhanced contact for finance and network.

“Women Entrepreneurship in India-Issues and Challenges” (Published in Humanities and Social Science journal in 2019) This study throws light on all the difficulties women face in their daily lives. Women have to face lots of problems like family problems, financial problems, problems created by society, etc. to become independent and to be entrepreneurs how women face all challenges and difficulties that come their way very strongly and prove themselves.

The missing middle: Bridging the gap of financial needs for women-owned SMEs in India (Published in IITM Journal of Management and IT in 2019) this study focuses on all measurable steps taken by the Government to fulfil the capital requirement of women entrepreneurs who are engaged in micro, small and medium enterprises. The government helps female entrepreneurs in all possible ways; by launching various schemes that provide them loans at low interest rates; and also provide them a platform to develop their skills and present their innovative ideas to the whole world.

## Research Methodology

The secondary data used in this research. Secondary data on various aspects of women's entrepreneurship has been gathered from government publications, newspapers, research papers, reports from many other countries, books, National & International Journals, and

public and private publications available on different websites and in libraries.

### **Organizations helping women entrepreneurs set up their business**

#### **WE-HUB**

In 2018, the Women Entrepreneurship Hub (WE-HUB), a state-led incubator solely for female entrepreneurs, was established in Telangana, India. WE-HUB is a platform supporting and encouraging all kinds of creative ideas, including tech startups, social innovation startups, and any other original idea. In addition to giving women the support, guidance, and mentorship they need, WE-HUB encourages more women to pursue entrepreneurship.

#### **WSquare's W-Incubate**

W-Incubate was Bengaluru's first incubator for female entrepreneurs and women-led businesses. With a focus on growth-stage and early-stage startups, this platform provides appropriate guidance on all aspects of being an entrepreneur, including branding, marketing, networking, mentorship, hands-on assistance, industry leader workshops, office space for up to a year, and access to seed funding and other investment opportunities.

#### **Women Biotechnology Incubator**

To encourage women in pursuing tech entrepreneurship, the Women Biotech incubator was established. This incubation was funded by the Biotechnology Industry Assistance Council (BIRAC). By the end of 2020, the biotechnology centre wants to have assisted 500 female entrepreneurs.

#### **Womennovator**

In 2014, Womennovator was founded as a virtual incubator to help female entrepreneurs demonstrate their ideas. This center's unique selling point is that it aims to create a community of women who are dependable, kind, and supportive in addition to serving as a virtual incubator.

### **Government Schemes for Women Entrepreneurs in India**

#### *Annapurna Scheme*

Under this scheme, the government provides help to those women entrepreneurs who are engaged in the food catering industry and are still establishing their small-scale businesses. In this scheme, the loan is given to women entrepreneurs to fulfil their capital requirement and under this scheme, women can sell packed food items and snacks which is very popular today. This scheme helps to become an entrepreneur and to have better capital options and new products. The limit of loans provided under this scheme is Rs.50000.

#### *Bharatiya Mahila Bank Business Loan*

This bank is created in the first place to provide help and full support to women in their journey to becoming an entrepreneur. Women invested their talent and their capital in different fields to gain success. Under this scheme, a loan of a limit of Rs.20 Crore is provided to women entrepreneurs.

#### *Mudra Yojana Scheme*

It is an initiative of the Indian government to improve the status of women by giving them business loans to encourage them to be self-dependent. Mudra cards will be given to them after approval of the loan, Mudra card works like a credit card with a withdrawal limit of 10% of the loan. The loan limit under this women's loan scheme by the government is Rs. 10 Lakhs.

### **Government Female Loan Schemes Offered Under Mudra Yojana**

#### *SHISHU Loan:*

For new and startup enterprises, the Mudra Shishu Loan plan offers loans up to Rs. 50,000.

#### *KISHOR Loan:*

Under this scheme, loans between Rs. 50,001 and Rs. 5,00,000 are available for the acquisition of raw materials, machinery, and business expansion for

already-existing enterprises.

#### *TARUN Loan:*

Available to established organisations and industries, the Tarun Loan Scheme offers loans between Rs. 500,001 and Rs. 10,00,000.

#### *Orient Mahila Vikas Yojana Scheme*

This programme is intended for women who individually or jointly own 51% of the share capital as a private enterprise. These loans in India offer a benefit to female entrepreneurs by not requiring collateral security and having interest rates as low as 2%. There is a 7-year flexible repayment period and a 25 lakh rupee loan maximum.

#### *Dena Shakti Scheme*

The loan limit in this scheme is Rs.20 lakhs and related to those women who engaged themselves in the field of agriculture, retail, manufacturing, small enterprises, or micro-credit organizations.

#### *Pradhan Mantri Rozgar Yojana*

This programme, also known as PMRY, is among the best for female entrepreneurs in terms of social and economic advancement. The major goal of this strategy is to use smart brains at work and female entrepreneurs to create skill-based, self-employment that may be used to achieve financial independence. With a cap of Rs. 12,500 per borrower, the loan subsidy amount can only be up to 15% of the project cost.

#### *Udyogini Scheme*

The government's goal in running this programme is to empower women to be self-sufficient and independent. Only individuals with a family income of less than Rs. 40,000 per year are eligible for this. Loans in the commercial and service sectors are particularly encouraged, with a ceiling of one lakh rupees.

#### *Cent Kalyani Scheme*

This plan places particular attention on women

entrepreneurs. This programme was designed to target both newly established firms and those looking to expand. This loan has no processing costs and doesn't require any collateral. These women's loan programmes for female entrepreneurs allow the specific qualified categories of businesswomen to proceed with the loan and grow their enterprise. The maximum loan amount under this scheme is Rs. 100 lakhs.

#### *Mahila Udyam Nidhi Scheme*

It encourages MSMEs and small sector investments in various industries so they can grow and succeed. Additionally, this encourages the reinstatement of SSI units that are determined to be disqualified but are fact salvageable. The debtor has ten years to pay back the loan, with a maximum amount of Rs. ten lakhs. This scheme's primary goal is to close the equity gap.

#### *Stree Shakti Yojna*

Women business owners are eligible for additional incentives under this initiative, including a 0.05% discount on loans over 2 lakhs. Women entrepreneurs are given this chance to grow their businesses.

#### *Synd Mahila Shakti Scheme*

To encourage female entrepreneurs This programme was created by the Syndicate Bank. This program's main goal is to support women's economic empowerment by encouraging them to seek out business loans to grow their enterprises. With a 5 lakh maximum loan amount accessible under this initiative, the government envisions a future where women can joyfully contact financial aid to build their enterprises.

### **Suggestions**

The first task is to make sure that every woman is aware of all the schemes and help which are provided to them by the Government. It is not only the responsibility of the government to make women aware of their scope to be entrepreneurs but all Educational institutes, working institutes, banks, and many other sectors can also make them aware of these opportunities. The government should keep proper track of all their schemes so that their schemes are provided to women entrepreneurs properly

and legally without any involvement of corruption.

## Conclusion

Indian Women entrepreneurs are making substantial economic contributions that go beyond traditional gender roles. Women's participation in the entrepreneurial ecosystem strengthens the country's economic condition, removes gender inequality lessens illiteracy, and helps in social development. For sustaining India's economic growth and building a more inclusive and prosperous society it is important to recognize and keep in mind the potentials of women. The social contribution of women entrepreneurs is increasing day by day. Women also face a lot of problems like family problems, social problems, financial problems, etc. to become independent or to be educated but our government takes several initiatives to make sure that every woman fulfills their dream of being educated and becoming independent. The government launched various schemes to help them and provide them with financial support by giving them loans at low interest rates. The government also aims to motivate women entrepreneurs to innovate new ideas by providing them with new technology and equipment etc.

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