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# Empowering Growth: Analyzing the MSME and Entrepreneurial Ecosystem for Women in India

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**ABSTRACT**
Micro, Small, and Medium Enterprises (MSMEs) serve as the backbone of the Indian economy, driving industrialization, innovation, and job creation. Despite their critical role, women-led enterprises remain significantly underrepresented, accounting for only about 20% of the total MSME sector. Furthermore, a vast majority of these businesses operate in the informal economy as low-margin, subsistence-driven micro-units. This paper examines the structural composition, core drivers, and systemic bottlenecks characterizing the entrepreneurial ecosystem for women in India.

Adopting a comprehensive desk-research methodology, this study analyzes empirical data from the Ministry of MSME annual reports, national databases, and recent economic literature. The ecosystem is evaluated through a holistic lens, assessing how socio-cultural dynamics, financial frameworks, institutional policies, and digital networks intersect to shape the trajectory of female entrepreneurs.

The findings reveal that while targeted government interventions—such as the Stand-Up India scheme, Mudra loans, and the Credit Guarantee Fund Trust for Micro and Small Enterprises-CGTMSE a collateral-free credit program—have expanded baseline credit access, structural barriers persist. Chief among these are stringent collateral requirements by formal financial institutions, deeply entrenched patriarchal biases, limited mobility, and a stark digital literacy gap. These barriers effectively bottleneck female entrepreneurs, preventing them from scaling their ventures.

The study concludes that transforming women's entrepreneurship from a survivalist activity into a scalable economic driver requires a paradigm shift. It recommends moving beyond basic vocational training toward advanced digital, financial, and managerial literacy

programs. Ultimately, a well-coordinated intervention by policymakers, banking institutions, and local incubators is essential to dismantle structural biases, streamline credit delivery, and integrate women-led MSMEs into global value chains, unlocking a vital engine for India's macroeconomic growth.

**Keywords:** Women Entrepreneurship, MSME Sector, Entrepreneurial Ecosystem, Financial Inclusion, Policy Intervention, India.

## INTRODUCTION

Entrepreneurship is an important instrument of economic development because it encourages individuals to identify opportunities, mobilise resources, introduce products and services, generate employment, and contribute to innovation. In developing economies such as India, entrepreneurship also has an important social dimension because it can provide employment opportunities and improve household economic security.

Women constitute a significant part of India's potential entrepreneurial population. Women participate in economic activities as business owners, self-employed workers, producers, artisans, traders, service providers, professionals, farmers, and members of self-help groups. Increasing women's participation in entrepreneurship can contribute to household income, employment generation, local development, and economic empowerment.

The MSME sector is particularly relevant to women entrepreneurs. MSMEs include a wide range of enterprises, from very small home-based businesses to relatively large manufacturing and service enterprises. Women's businesses can be found in sectors such as food processing, textiles, handicrafts, retail, beauty and wellness, education, healthcare, professional services, agriculture-related activities, tourism, digital services, and manufacturing.

However, starting a business does not necessarily mean that the enterprise will grow. Women entrepreneurs may face difficulties in obtaining adequate finance, accessing markets, acquiring

technology, building professional networks, obtaining business information, and balancing enterprise activities with household responsibilities.

Therefore, women's entrepreneurship should be examined through an **Entrepreneurial Ecosystem perspective**.
An entrepreneurial ecosystem consists of various interconnected elements:

- Finance
- Markets
- Infrastructure
- Skills
- Technology
- Institutions
- Government policies
- Networks
- Mentoring
- Family and social support
- Business information
- Digital platforms

The effectiveness of women's entrepreneurship policy depends on how these components interact.
For example, providing a loan may help a woman start a business. However, if she lacks marketing skills, access to customers, digital knowledge, transportation, or reliable suppliers, the business may not grow.

Therefore, the question is not simply:
"How many women received loans?"
A broader question is:
"How effectively does the entrepreneurial ecosystem help women start, formalise, sustain, and scale enterprises?"
This paper addresses this broader question.

**BACKGROUND OF WOMEN ENTREPRENEURSHIP IN INDIA**

Women entrepreneurship in India has evolved significantly over time. Traditionally, many women participated in household-based production, agriculture-related activities, handicrafts, tailoring, food preparation, and small-scale trading.With increasing educational opportunities, urbanisation, technological development, digitalisation, and changing economic structures, women's entrepreneurship has expanded into new areas.

Today, women entrepreneurs operate in:
Manufacturing, Retail, Food processing, Education, Healthcare, Beauty and wellness, Information technology, Digital marketing, E-commerce, Professional services Handicrafts, Tourism, Agriculture-based enterprises, Financial services, Logistics, Sustainable and green businesses
The growth of digital platforms has further reduced certain geographical barriers.
A woman operating from a small town can potentially sell products to customers in other cities through digital platforms. Digital payments allow businesses to receive money electronically, while social media provides relatively low-cost marketing opportunities.
However, digital opportunities also require digital skills, product quality, reliable logistics, customer management, and financial literacy.

**MEANING OF WOMEN ENTREPRENEURSHIP**

Women entrepreneurship refers to the process in which women identify business opportunities, organise resources, undertake risks, establish enterprises, and manage business activities to create economic or social value.
A woman entrepreneur may be:

- A sole proprietor
- A partner
- A company promoter
- A self-employed person
- A member of a producer group
- A member of a self-help group
- A startup founder
- A professional service provider
- A manufacturing enterprise owner

Women entrepreneurship should therefore not be restricted to a particular sector or enterprise size.

**MEANING OF MSME**

Micro, Small and Medium Enterprises are business organisations classified according to prescribed investment and turnover criteria.
MSMEs play an important role in:

- Employment generation

- Production
- Exports
- Innovation
- Local economic development
- Supply chains
- Entrepreneurship development

For women, MSMEs provide relatively accessible entry points into business.

A small food-processing unit, boutique, consultancy, tailoring enterprise, online store, beauty service, educational service, or handicraft enterprise can begin with comparatively limited resources and expand gradually.

**ENTREPRENEURIAL ECOSYSTEM**

An entrepreneurial ecosystem refers to the overall environment in which entrepreneurs start, operate, develop, and grow their businesses.

It consists of different people, institutions, resources, policies, markets, infrastructure, and support systems that interact with one another to encourage entrepreneurship.

**STATEMENT OF THE PROBLEM**

Although women's participation in entrepreneurship has increased, many women-owned enterprises remain concentrated at the micro level.

Several challenges continue to affect women entrepreneurs:

- Inadequate finance
- Limited collateral
- Lack of business information
- Limited market access
- Digital capability gaps
- Limited professional networks
- Social restrictions
- Mobility constraints
- Household responsibilities
- Lack of mentoring
- Difficulty in scaling

- Limited access to technology
- Competition
- Cash-flow problems

Therefore, the major problem is not simply the creation of women-owned businesses but the development of an ecosystem that enables those enterprises to become sustainable and growth-oriented.

**OBJECTIVES OF THE STUDY**

The major objectives of the study are:

1. To examine the women's MSME entrepreneurial ecosystem in India.
2. To analyse the role of finance in promoting women entrepreneurship.
3. To examine the importance of market access for women-owned MSMEs.

**METHODOLOGY**

The study is based primarily on **Secondary Data**.
Information has been examined from:

- Ministry of MSME
- Government of India
- Press Information Bureau
- Udyam Registration Portal
- Government programme documents
- Ministry of Finance
- Entrepreneurship development programme information
- Publicly available government reports

**WOMEN'S PARTICIPATION IN THE MSME ECOSYSTEM**

Official government information provides evidence of substantial participation by women in formalisation systems.

**Table 1: Selected Indicators of Women-Owned MSMEs**

| Indicator | Period | Official figure |
|---|---|---|
| Women-owned MSMEs registered on Udyam | July 2020–January 2024 | 46,67,278 |
| Share of women-owned enterprises in cited Udyam data | Same period | 20.5% |
| Employment associated with women-owned Udyam MSMEs | Same period | 2,84,07,069 |

| Indicator | Period | Official figure |
|---|---|---|
| Investment associated with women-owned Udyam MSMEs | Same period | ₹1,26,845.12 crore |
| Turnover associated with women-owned Udyam MSMEs | Same period | ₹17,14,992.98 crore |
| Women-owned informal micro enterprises under UAP | Jan 2023–Jan 2024 | 91,08,058 |
| Share of women-owned IMEs in cited UAP data | Same period | 70.49% |

**Source:** Ministry of MSME / Government of India information released in February 2024.

The figures demonstrate that women have a significant presence in the formalisation ecosystem.

However, one important point should be noted:

**Registration does not necessarily mean business growth.**

An enterprise may be registered but still have:

- Low turnover
- Few employees
- Limited market reach
- Low productivity
- Irregular operations

Therefore, registration data should be combined with performance indicators.

**FORMALISATION OF WOMEN-OWNED ENTERPRISES**

Formalisation is an important component of the entrepreneurial ecosystem.

Formalisation can provide:

- Business identity
- Better access to formal finance
- Eligibility for certain government schemes
- Procurement opportunities
- Greater institutional visibility
- Better business records

The **Udyam Registration Portal** provides an online mechanism for MSME registration.

The **Udyam Assist Platform** seeks to bring informal micro enterprises into the formalisation framework.

This is particularly relevant for women because a significant amount of women's economic activity occurs at the micro and household level.

**However, formalisation should not be viewed as the final objective.**

The progression should ideally be:

**Informal activity → Formalisation → Finance → Market access → Productivity → Expansion → Employment generation**

**PRADHAN MANTRI MUDRA YOJANA**

The **Pradhan Mantri MUDRA Yojana (PMMY)** is an important mechanism for financing micro enterprises.

The scheme aims to facilitate institutional credit to micro and small business activities.

Government information released in 2025 indicated that women accounted for a substantial share of PMMY loan accounts.

This demonstrates the importance of micro-credit in women's entrepreneurship.

However, a distinction must be made between:

**Credit access** and **enterprise performance**.

Receiving a loan does not automatically guarantee:

- Profitability
- Business survival
- Employment creation
- Expansion

Therefore, future evaluation should examine business outcomes after finance is provided.

**STAND-UP INDIA**

Stand-Up India was introduced to facilitate bank loans for greenfield enterprises promoted by women and SC/ST entrepreneurs.

The scheme provides a pathway towards larger enterprise financing compared with very small micro-credit.

Government information reported substantial participation by women in the scheme.

Its importance lies in supporting women who want to move beyond very small livelihood businesses towards more investment-intensive enterprises.

**MARKET ACCESS**

Finance alone cannot create a successful business.

A business needs customer.

Therefore:

**Finance + Product + Market = Sustainable Enterprise**

Women-owned MSMEs may face market constraints because of:

- Limited customer networks
- Local market dependence
- Weak branding
- Limited bargaining power
- Lack of market information
- Limited digital marketing skills

**PUBLIC PROCUREMENT AND WOMEN ENTREPRENEURS**

Government procurement can create institutional demand for women-owned enterprises.

The Government has a procurement provision requiring Central Public Sector Enterprises, Ministries and Departments to procure a specified share from women-owned micro and small enterprises, with a **3% annual procurement target** reported for women-owned MSEs.

This can create opportunities in:

- Stationery
- Food products
- Textiles
- Uniforms
- IT services
- Consultancy
- Manufacturing
- Maintenance services

Therefore, procurement policy should be accompanied by **procurement readiness programmes**.

**ENTREPRENEURSHIP SKILL DEVELOPMENT PROGRAMME**

The Ministry of MSME's Entrepreneurship Skill Development Programme seeks to encourage entrepreneurship and strengthen enterprise-related capabilities.

Such programmes are important because many first-generation entrepreneurs may possess technical skills but lack:

- Business planning skills
- Financial management
- Marketing knowledge
- Regulatory knowledge
- Digital skills

Training can therefore reduce information gaps. However, one-time training may not be sufficient. A stronger model would be:

**Training → Mentoring → Market linkage → Finance → Follow-up**

**DIGITALISATION AND WOMEN ENTREPRENEURSHIP**

Digitalisation has transformed entrepreneurship.

Women entrepreneurs can use:

- WhatsApp Business
- Social media
- Digital payments
- E-commerce
- Online advertising
- Digital accounting
- Cloud-based tools
- Online procurement

**DIGITAL ENTREPRENEURSHIP MODEL**

A simple model is:

**Digital Access**
↓
**Digital Skills**
↓
**Online Visibility**
↓
**Customer Acquisition**
↓
**Sales**
↓
**Business Data**
↓
**Improved Decision-Making**

This shows that simply giving access to technology is insufficient. Women entrepreneurs must also know how to use technology for business growth.

**ROLE OF SELF-HELP GROUPS**

Self-help groups have created an important institutional platform for women's economic participation, especially in rural areas.

Self-help groups can support:

- Savings
- Credit
- Collective purchasing
- Collective production
- Training
- Market linkage

The collective model can reduce some individual-level barriers.

For example:, Instead of one woman purchasing raw materials independently, a group may purchase them collectively and negotiate better terms. Similarly, a group may collectively market products.

**SWOT ANALYSIS**

**Table 2: SWOT Analysis of Women's MSME Ecosystem**

| Strengths | Weaknesses |
|---|---|
| Large base of women entrepreneurs | High concentration in micro enterprises |
| Government policy support | Limited access to growth finance |
| Self-help group networks | Limited professional networks |
| Increasing digital adoption | Unequal digital capability |
| Growing formalisation | Limited market diversification |

| Opportunities | Threats |
|---|---|
| E-commerce | Market competition |
| Government procurement | Economic shocks |
| Digital payments | Rising input costs |
| Corporate supply chains | Platform dependency |
| Green entrepreneurship | Business closure risks |
| Export opportunities | Cybersecurity risks |

**MAJOR CHALLENGES FACED BY WOMEN ENTREPRENEURS**

**Financial Constraints**

Access to appropriate finance remains an important challenge.

**Collateral Requirements**

Some women may have limited ownership of assets that can be used as collateral.

**Market Constraints**

Small businesses may remain dependent on local customers.

**Digital Divide**

Access to smartphones does not necessarily mean advanced digital business capability.

**Skill Gaps**

Entrepreneurs may require training in accounting, marketing, costing, and management.

**Limited Networks**

First-generation entrepreneurs may lack professional contacts.

**Mobility Constraints**

Travel may be difficult because of safety, transportation or family responsibilities.

**Care Responsibilities**

Unpaid household responsibilities can reduce the time available for business.

**Scaling Problems**

Moving from micro to small enterprise requires additional capital, technology and managerial capacity.

**Information Gaps**

Entrepreneurs may not know which government scheme is suitable for their business.

**TABLE: CHALLENGES AND POSSIBLE SOLUTIONS**

| Challenge | Possible solution |
|---|---|
| Lack of finance | Appropriate credit and guarantee mechanisms |
| Limited collateral | Cash-flow-based lending and credit guarantees |
| Limited market access | Procurement and e-commerce |
| Digital skill gaps | Practical digital business training |
| Lack of mentoring | Women entrepreneur mentor networks |
| Care responsibilities | Flexible programmes and childcare |

| Challenge | Possible solution |
|---|---|
| Limited business knowledge | Business clinics |
| Weak branding | Marketing and packaging support |
| Limited networks | Clusters and associations |
| Difficulty scaling | Growth finance and technology support |

**WOMEN ENTREPRENEURSHIP AND INCLUSIVE GROWTH**

Women's entrepreneurship contributes to inclusive growth through several channels.

**Income generation**

Business ownership can generate individual and household income.

**Employment**

Growing enterprises can create jobs.

**Local development**

Small businesses circulate income within local economies.

**Innovation**

Women entrepreneurs introduce new products and services.

**Economic participation**

Enterprise ownership increases women's participation in economic decision-making.

**Diversification**

Businesses can diversify household income sources.

Therefore, women's entrepreneurship has both economic and social significance.

**WOMEN-OWNED MSMEs AND EMPLOYMENT GENERATION**

Women-owned MSMEs can contribute to employment in several ways.

A business may initially employ only the owner.

As the business grows:

**Owner → Family worker → 1–2 employees → Several employees → Formal organisation**

Therefore, supporting enterprise growth can create employment beyond the entrepreneur herself.

However, employment impact should be measured through actual enterprise data rather than assuming that every registered enterprise creates substantial employment.

**TABLE: FIVE-STAGE ENTERPRISE DEVELOPMENT MODEL**

| Stage | Main requirement | Intervention | Outcome |
|---|---|---|---|
| Entry | Idea and resources | Training + microfinance | Business creation |
| Formalisation | Institutional identity | Udyam/UAP + banking | Formal enterprise |
| Stabilisation | Customers and cash flow | Market linkage + mentoring | Business continuity |
| Scaling | Capital and technology | Growth finance + procurement | Expansion |
| Sustainability | Resilience | Innovation + diversification | Long-term survival |

**ROLE OF UNIVERSITIES AND COLLEGES**

Universities and colleges can play a greater role in supporting women entrepreneurship.

They can establish:

- Entrepreneurship Development Cells
- Incubation centres
- Business clinics
- Mentoring programmes
- Startup clubs
- Digital marketing support
- Market research centres

Students can also provide support to local women entrepreneurs through:

- Market surveys
- Social media promotion
- Accounting assistance
- Website development
- Customer research

This creates a link between **education and entrepreneurship**.

**ROLE OF BANKS**

Banks are important stakeholders in the entrepreneurial ecosystem. Banks can improve support through:

1. Simplified application processes
2. Women-focused financial literacy
3. Faster processing
4. Digital application systems
5. Cash-flow-based assessment
6. Enterprise advisory services
7. Follow-up support

The objective should not only be loan disbursement but also responsible enterprise finance.

**ROLE OF DIGITAL PLATFORMS**

Digital platforms can help women entrepreneurs:

- Find customers
- Advertise products
- Receive payments
- Manage orders
- Build brands
- Access information
- Compare suppliers

However, digital platforms should be accompanied by:

- Cybersecurity awareness
- Digital financial literacy
- Customer data protection
- Digital marketing skills

**TABLE: VARIABLES FOR FUTURE EMPIRICAL STUDY**

| Variable | Possible Measurement |
|---|---|
| Finance access | Loan availability and adequacy |
| Market access | Number/type of markets served |
| Digitalisation | Digital payments and online sales |
| Skills | Management skill score |
| Mentoring | Frequency of mentoring |
| Formalisation | Registration status |
| Family support | Support scale |

| Variable | Possible Measurement |
|---|---|
| Care burden | Hours of unpaid care |
| Business performance | Sales/employment/profitability |

**HYPOTHESES FOR FUTURE STUDY**

**H1:** Access to adequate formal finance is positively associated with the growth of women-owned MSMEs.

**H2:** Market diversification is positively associated with business performance.

**H3:** Digital capability is positively associated with customer reach.

**H4:** Mentoring is positively associated with enterprise growth.

**H5:** Professional networks are positively associated with market access.

**H6:** Family and institutional support are positively associated with entrepreneurial continuity.

**H7:** Higher care-related time constraints are negatively associated with enterprise expansion.

**H8:** Formalisation is positively associated with access to institutional finance and procurement.

**FINDINGS OF THE STUDY**

Based on the secondary information and analytical review, the following major findings emerge:

- Women constitute a substantial component of India's MSME formalisation ecosystem.
- A significant proportion of women's entrepreneurship exists at the micro-enterprise level.
- Finance is important but cannot independently guarantee enterprise growth.
- Market access is as important as finance.
- Digitalisation provides new opportunities for customer reach and business management.
- Skills must extend beyond technical skills to financial, managerial and digital capabilities.
- Mentoring and networks can reduce information barriers.

- Formalisation creates institutional visibility but should not be treated as equivalent to enterprise success.
- Government procurement can provide institutional market opportunities.
- Care responsibilities and mobility constraints can influence women's ability to scale enterprises.
- The transition from micro to small enterprise deserves greater policy attention.
- Future evaluation should focus more strongly on enterprise outcomes.

## CONCLUSION

Women entrepreneurs represent an important component of India's MSME and entrepreneurial ecosystem. Their participation contributes to income generation, employment, local economic development, innovation and inclusive growth.

The analysis shows that India has created several institutional mechanisms to encourage women entrepreneurship. Udyam Registration and Udyam Assist contribute to formalisation. PMMY provides an important channel for micro-enterprise credit. Stand-Up India provides a pathway towards larger greenfield enterprise financing. Entrepreneurship development programmes strengthen capabilities. Public procurement provisions create opportunities for institutional markets. Self-help groups and livelihood programmes provide collective platforms for rural women.

However, the existence of programmes does not automatically produce sustainable enterprise growth.

A successful women's entrepreneurial ecosystem must connect:

**Finance + Skills + Digitalisation + Markets + Networks + Institutional Support + Infrastructure**

The focus should therefore gradually move from:

"**How many women started businesses?**"

to:

"**How many women-owned businesses survived, grew, created employment, adopted technology and entered larger markets?**"

The proposed five-stage model—**Entry, Formalisation, Stabilisation, Scaling and Sustainability**—provides a useful framework for understanding women's enterprise development.

The future of women's entrepreneurship in India will depend not only on increasing the number of women entering entrepreneurship

but also on enabling them to build productive, resilient and sustainable enterprises.

Strengthening the entrepreneurial ecosystem for women can therefore become an important pathway towards broader economic participation and inclusive development in India.

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