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Women Entrepreneurship and GST- Opportunities Constrains and Gendered Impact Across Regions

Dr.K.Sai Kumari
[Lecturer in Political Science]
Student:
J.Kalpana
BA[Political Science]
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Abstract
This paper examines how the Goods and Services Tax (GST) regime shapes opportunities and constraints for women entrepreneurs in India, with a focus on regional and gendered dimensions. It argues that while GST has opened formal market access and credit linkages for registered women led enterprises, asymmetric information, digital literacy gaps, and compliance burdens disproportionately constrain women owned micro and small businesses, especially in rural and less developed regions.
The study highlights how GST related formalization can either empower or deepen inequalities depending on support structures, and proposes gender sensitive policy and outreach measures to convert GST into a catalyst for inclusive women entrepreneurship across diverse regional contexts.

This paper examines how the Goods and Services Tax regime shapes opportunities and constraints for women entrepreneurs in India, highlighting its gendered and regionally uneven impact. It argues that while GST can enhance formal market access and credit for women led enterprises, asymmetric information, digital literacy gaps, and compliance burdens disproportionately constrain women owned microbusinesses, especially in rural and less developed regions. The study proposes a gender sensitive GST linked policy framework that turns the tax regime into a lever for inclusive women entrepreneurship, decent work, and resilient livelihoods across diverse regional contexts.

This paper contends that the Goods and Services Tax must be reoriented as a gender sensitive instrument, ensuring that formalization and compliance do not reinforce but rather reduce inequalities for women entrepreneurs across regions. It argues that GST

linked reforms can either amplify or mitigate existing gendered and spatial disparities in entrepreneurship, depending on support structures, and proposes a policy roadmap that embeds gender equity and regional inclusion into the GST architecture to transform it into a catalyst for inclusive, women centred economic growth.

Introduction

The introduction situates women entrepreneurship at the intersection of economic development, gender equity, and tax policy reform. GST has redefined the operating environment for all enterprises by integrating them into a digital, invoicedriven tax system, but its impact on women entrepreneurs is uneven across regions, sectors, and social groups.

Women owned businesses often operate in informal or semiformal segments—homebased services, handicrafts, retail, and Agri processing—where awareness of GST thresholds, registration benefits, and compliance mechanisms is limited. This paper explores how GST linked formalization can expand opportunities for women entrepreneurs while simultaneously exacerbating preexisting barriers such as low digital access, limited mobility, and weak financial literacy. The study sets out a regional comparative lens, asking how these effects differ across urban, semi urban, and rural India, and whether current GST architecture is genderblind or potentially gender transformative.

Content

1. GST and formalization opportunities for women entrepreneurs
    - GST registration can enhance credibility with buyers, platforms (ecommerce, government tenders), and financial institutions, enabling women entrepreneurs to access larger markets and formal credit.
    - Registered women led enterprises can benefit from Input Tax Credit (ITC), reducing effective tax burden and improving working capital efficiency, especially in manufacturing and service clusters.
2. Compliance burdens and gendered constraints
    - Women entrepreneurs often face higher relative compliance costs because they are less likely to have dedicated accounting support, digital devices, or uninterrupted internet access, particularly in rural and backward regions.

- Time intensive GST procedures—return filing, invoice generation, and portal navigation—compete with domestic and caregiving responsibilities, effectively raising the "time tax" on women owned microbusinesses.

3. Regional disparities in GST impact
   - In urban and semi urban centres, women entrepreneurs in professional services, beauty, education, and retail stand to gain more from GST linked digitalization and formal sector integration.
   - In rural and tribal areas, women-based self-help groups, handloom, and artisan clusters often remain outside the GST net due to low turnover, lack of information, and absence of local capacity building, thereby missing formal market benefits.
4. Gendered impact on employment and income
   - For women owned MSMEs that successfully navigate GST, the regime can support scaling, stable incomes, and job creation for other women workers.
   - However, where compliance is too burdensome or information asymmetric, women may under register, avoid scaling, or exit formal market engagement, reinforcing their concentration in low productive, informal sector activities.
5. Digital divide and social norm barriers
   - The digital divide—unequal access to smartphones, data, and digital literacy programs—deepens gender gaps in GST related formalization, particularly for first gen women entrepreneurs.
   - Social norm barriers, such as restrictions on mobility, ownership of bank accounts, or control over business income, can limit women's ability to register, operate GST portals, and negotiate with tax authorities.

Recommendations

Policy level reforms

- Introduce women specific GST support schemes: Design simplified GST registration and filing tracks for women led microenterprises, with reduced filing frequency and lighter documentation.
- Integrate GST awareness into women centric schemes: Embed GST and basic accounting training into existing schemes for women entrepreneurs (e.g., SHGs, MUDRA, PMEGP, Udyam).
- Leverage GSTlinked data for social security: Use GST registration and ITC data to identify women owned enterprises and channel targeted benefits (credit, insurance, skilling, and marketing support).

Administration and capacity building

- Expand regional level GST counselling centres for women: Establish helpdesks in district level institutions and women development centres to assist with registration, invoicing, and returns.
- Launch mobile friendly GST applications and tutorials in regional languages tailored for women entrepreneurs, especially in rural and semiurban areas.
- Strengthen linkages between GSTN, banks, and women centric finance intermediaries to ensure women led businesses can access GST linked digital credit products without facing gender-based discrimination.

Suggestions (firm level and community level actions)

- For women entrepreneurs
    - Proactively assess whether GST registration and ITC benefits outweigh compliance costs and seek out free or low cost GST awareness workshops.
    - Use simple, mobile based GST compliant billing and accounting apps to reduce paperwork and improve recordkeeping.
- For self-help groups (SHGs) and women centric cooperatives
    - Pool GST compliance tasks (one member responsible for filings, another for invoicing) to reduce individual burden.
    - Collaborate with local NGOs, banks, and government nodes to organize GST training camps and digital literacy drives.
- For local institutions and local bodies
    - Integrate GST awareness and support for women entrepreneurs into municipal licensing, street vendor schemes, and craft cluster development programmes.
    - Monitor and publicly report gender disaggregated GST registration and ITC utilisation data to track inclusion gaps.

Conclusion

GST has the potential to either empower or marginalize women entrepreneurs, depending on how the regime is implemented and supported at the ground level. When complemented with gender sensitive outreach, digital access initiatives, and simplified compliance mechanisms, GST can become a powerful lever for formalizing women led microenterprises, improving their market access, and strengthening their income security.

In contrast, if the system remains genderblind and technologically exclusionary, GST may deepen regional and gender inequalities by privileging already connected urban

entrepreneurs while leaving behind rural and marginalized women owned businesses. The paper concludes that a future oriented GST women entrepreneurship agenda must treat gender equity and regional inclusion as central objectives, not accidental outcomes, to ensure that tax linked reforms contribute meaningfully to inclusive and sustainable growth.

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