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Women Entrepreneurship in India: Challenges, Opportunities and Policy Support for Inclusive Development

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Abstract:

Women's entrepreneurship is widely viewed as a pathway to inclusive development because it creates income and employment opportunities for women and others in their communities. This paper examines the current position of women entrepreneurs in India, the barriers they face, emerging opportunities, and the extent of public policy support. It draws exclusively on secondary data from official sources, including Ministry of MSME replies in Parliament, the Time Use Survey 2024, and a government factsheet from October 2026, as well as studies by the International Finance Corporation and Bain & Company with Google. Approximately

3.69 crore registered MSMEs are now women-owned; however, women's share declines sharply when enterprises are assessed by turnover and bank credit. Women own about 20 per cent of formal Udyam units but receive only about 7 per cent of outstanding MSME bank credit. They also spend nearly three times more time than men on unpaid domestic work. Credit schemes, procurement targets, and startup funds are expanding. The paper concludes that policy must move beyond registration toward business growth through improved access to credit, care support, and awareness.

Keywords: Women entrepreneurship; MSMEs; Access to finance; Inclusive development; Policy support

1. Introduction

Entrepreneurship enables women to generate income, exercise independent decision-making, and create employment opportunities, thereby contributing to inclusive development.

According to the Periodic Labour Force Survey, India's female labour force participation rate increased from 23.3 per cent in 2017–18 to 40 per cent in 2025. During the same year, approximately 20 crore women aged 15 years and above were employed (DD India, 2026).

Despite this progress, women remain considerably less likely than men to lead enterprises that expand, generate employment, and achieve higher levels of income.

Although these figures appear encouraging, they require closer examination. In October 2026, women owned approximately 3.69 crore registered MSMEs, accounting for nearly 38 per cent of all registrations. Similarly, almost 48 per cent of recognised startups included at least one woman as a director or partner (DD India, 2026). However, these figures do not fully reflect women's participation in entrepreneurship.

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While women own a substantial proportion of informal micro-enterprises, their representation in formal enterprises, business turnover, and access to bank credit remains significantly lower (Ministry of Micro, Small and Medium Enterprises [Ministry of MSME], 2024a, 2024b). Bain & Company and Google estimated that women own between 13.5 and 15.7 million enterprises, representing approximately 20 per cent of all enterprises. Most of these businesses are single-person operations, and only 17 per cent generate employment for others (Chawla et al., 2020).

This paper examines the barriers that constrain the growth of women-owned enterprises, the opportunities available to women entrepreneurs, and the extent to which public policies reach those most in need of support. The analysis draws on national evidence and uses Maharashtra as an illustrative case where relevant.

2. Objectives

The study has four objectives:

1. To describe the current status of women entrepreneurs in India.
2. To examine the principal challenges they face.
3. To identify the opportunities available to women entrepreneurs.
4. To evaluate policy support and recommend measures to improve its inclusiveness.

3. Methodology

The study is descriptive and analytical and relies only on secondary data. Enterprise data come from written replies of the Ministry of MSME in the Rajya Sabha (2024a, 2024b), based on the Udyam Registration Portal and the Udyam Assist Platform, and from a government factsheet of October 2026 reported by DD India (2026). Data on time use come from the Time Use Survey 2024 of the National Statistics Office (Ministry of Statistics and Programme

Implementation [MoSPI], 2025). Evidence on access to finance is drawn from the International Finance Corporation (IFC) study by Singh and Chhabra (2020), and on enterprise structure and potential from Chawla et al. (2020). Scheme outcomes are taken from DD India (2026) and the Ministry of Finance (2025). Udyam registration is done on two platforms: the Udyam Registration Portal, launched on 1 July 2020 for formal enterprises, and the Udyam Assist

Platform, which brings informal micro enterprises into the system (Ministry of MSME, 2024a, 2024b).

The data have limits. Udyam registration is voluntary and is not a census, so registered numbers may not capture every women-run business. The term women-owned is not defined in the same way in every source. The IFC survey covered 605 women entrepreneurs in six states, and its fieldwork is several years old. Figures from different years are therefore treated as indicative and compared only where the sources allow.

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4. Discussion and Analysis

4.1 Where women stand

Table 1 shows how women's share changes with the measure used. Women own 20.5 per cent of the formal MSMEs registered on the Udyam Registration Portal, but account for 18.73 per cent of employment, 11.15 per cent of investment and only 10.22 per cent of turnover. On the Udyam Assist Platform, which registers informal micro enterprises, women own 70.49 per cent (Ministry of MSME, 2024a). Women are therefore concentrated among informal micro enterprises and under-represented in larger formal ones. The headline figure of 38 per cent women-owned registrations (DD India, 2026) should be read with this in mind, since registrations also include informal micro enterprises.

Table 1

Women's Share in Indian Enterprises, by Measure

Indicator	Women's share (%)	Source
Formal MSMEs on Udyam portal (number)	20.5	Ministry of MSME (2024a)
Employment in these MSMEs	18.73	Ministry of MSME (2024a)
Investment in these MSMEs	11.15	Ministry of MSME (2024a)
Turnover of these MSMEs	10.22	Ministry of MSME (2024a)
Informal micro enterprises on Udyam Assist (number)	70.49	Ministry of MSME (2024a)
Outstanding MSME credit of scheduled commercial banks	7.09	Ministry of MSME (2024b)
Recognised startups with at least one woman director or partner, March 2026	About 48	DD India (2026)

Note. Udyam figures are cumulative from the portal's launch on 1 July 2020 to early 2024. The credit share is from a Reserve Bank of India study cited in Parliament.

The Bain and Google study shows the same pattern from another side. Most women-owned enterprises are single-person businesses, led by rural non-farm home-based businesses (38 per cent) and urban self-employed women working from home (31 per cent) (Chawla et al., 2020). Even among the 17 per cent of

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women-owned enterprises that employ people, employment is about 20 per cent lower than the average (Chawla et al., 2020). India also trails other countries on this measure. Women own over 30 per cent of enterprises in countries such as Indonesia, Vietnam and Russia, and about 40 per cent in the United States and Canada, against about 20 per cent in India (Chawla et al., 2020).

4.2 Challenges

Access to finance. Women own 20.5 per cent of formal MSMEs but hold only 7.09 per cent of the outstanding MSME credit of scheduled commercial banks (Ministry of MSME, 2024a, 2024b). The IFC study explains part of the reason. About 90 per cent of the women entrepreneurs it surveyed had not used formal finance, and about 70 per cent of their financing demand was unmet, a gap of ₹1.37 lakh crore at the time. Only 14 per cent of women-owned enterprises used bank loans for growth, against 66.7 per cent of male-owned ones. Lack of collateral, limited documents and long procedures were the main hurdles, and only 17 per cent of the women were aware of financial schemes, falling to 4 per cent in rural areas. Loan proposals took 41 days on average for women against 38 days for men, and 78 per cent of women had to visit the bank up to five times. Only 30 per cent of the women had a current account, against 62 per cent of the men, which weakens the banking relationship that lenders value (Singh & Chhabra, 2020).

Time and care. The Time Use Survey 2024 found that women spent 289 minutes a day on unpaid domestic services for household members, against 88 minutes for men. Also, 81.5 per cent of women took part in such work, compared with 27.1 per cent of men (MoSPI, 2025).

Hours spent on care work cannot be used for business, travel and networking.

Small scale and limited support. Because most women-owned units are single-person, homebased ventures, few create jobs for others or sell beyond their local area. Chawla et al. (2020) point to personal and cultural factors, access to funding, knowledge and professional support as the main barriers.

Genuine ownership and weak data. Bankers in the IFC study found it hard to identify genuine women entrepreneurs, because some men register businesses in their wives' names to use schemes meant for women. Private banks and NBFCs also do not record gender-wise lending data, which makes gaps hard to see and fix (Singh & Chhabra, 2020).

4.3 Opportunities

The opportunities are substantial. Bain and Google estimated that helping women to start and scale could create 150 to 170 million jobs by 2030, including 50 to 60 million direct jobs, and that India could have over 30 million women-owned enterprises, of which 12 million could employ others (Chawla et al., 2020).

Women are also sound managers and borrowers. In the IFC survey, women's enterprises earned an average profit margin of 31 per cent against 19 per cent for men's, and non-performing assets on loans to women in public sector banks were 4 per cent, lower than the 6.2 per cent for all loans (Singh & Chhabra, 2020). These figures come from a limited sample, but they do not support the common view that women are riskier borrowers.

Support for new ventures is also growing. More than 1.07 lakh recognised startups had at least one woman director or partner by March 2026, although this shows women's presence in leadership rather than control (DD India, 2026). The Swavalambini pilot, launched in February 2025 in six higher education institutions,

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takes young women from business idea to enterprise with 21 weeks of mentoring (DD India, 2026). Markets are opening up too. On the Government e-Marketplace, more than 2.17 lakh women-owned micro and small enterprises were registered by July 2026, and they received 5.6 per cent of order value in 2025–26, above the 3 per cent target (DD India, 2026). Local models also show what is possible. Mann Deshi Mahila Sahakari Bank in Maharashtra, run by women for women, reached 37,000 women entrepreneurs through seven branches using doorstep banking, and kept non-performing assets near 1 per cent for micro enterprises (Singh & Chhabra, 2020).

4.4 Policy support

India now has a wide set of schemes for women entrepreneurs (Table 2). Credit support is the strongest. Women-led enterprises get a 90 per cent guarantee cover under the Credit Guarantee Scheme, against 75 per cent for others, and women account for two-thirds of the loans sanctioned under the PM MUDRA Yojana (DD India, 2026). Participation has also improved in some schemes. Around 2015, women were only 18 to 19 per cent of beneficiaries under the

Prime Minister's Employment Generation Programme (PMEGP) (Singh & Chhabra, 2020); by May 2026 they were nearly 40 per cent of the micro-enterprises assisted (DD India, 2026). In the Credit Guarantee Scheme, women were only 5.8 per cent of the lending portfolio in 2014– 15 (Singh & Chhabra, 2020), whereas about 30.75 lakh guarantees had been approved for women-owned enterprises by February 2026 (DD India, 2026).

Table 2

Selected Policy Support for Women Entrepreneurs

Scheme	Support for women	Latest reported outcome
Credit Guarantee Scheme	90% guarantee cover (75% others); 10% concession fee	About 30.75 lakh guarantees worth ₹2.07 lakh crore approved for women-owned enterprises by February 2026 (DD India, 2026)
PM MUDRA Yojana	Collateral-free loans to micro and small businesses	Women about two-thirds of 57.79 crore loans sanctioned by April 2026 (DD India, 2026)
PMEGP	Margin-money subsidy of 25% (urban) and 35% (rural)	Women nearly 40% of micro-enterprises assisted by May 2026 (DD India, 2026)

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Stand-Up India	Bank loans for greenfield enterprises of women, SC and ST entrepreneurs	Women's accounts rose from 55,644 to 1,90,844 and sanctions from ₹12,452.37 crore to ₹43,984.10 crore, 2018–2024 (Ministry of Finance, 2025)
Public procurement and GeM Womaniya	3% procurement target from women-owned MSEs	5.6% of GeM order value in 2025–26; 2.17 lakh women-owned MSEs on GeM (DD India, 2026)
Startup India funds	Funds for women-led startups	₹2,995 crore invested by supported funds from 2025 and ₹294 crore approved by incubators, to January 2026 (DD India, 2026)

Note. Figures are as reported in the cited sources and relate to different dates.

Some caveats need to be noted. The two-thirds share under MUDRA is a share of the number of loans, not of their value, so it does not show whether women receive loans large enough to grow. Schemes also work only when women know about them, and awareness was low in the IFC survey (Singh & Chhabra, 2020). Finally, most outcome data count registrations or loans, not turnover, jobs or survival, so it is hard to tell whether support is helping enterprises to grow. The Yashasvini campaign, which aims at gender parity on the Udyam platforms by 2029, had facilitated over 22 lakh women-owned registrations by July 2026 (DD India, 2026), but registration is only the first step. The new labour codes also provide for crèches in establishments with at least 50 workers and up to 26 weeks of paid maternity leave (DD India, 2026). These mainly help women workers, not women running their own businesses, so care support for entrepreneurs still needs separate attention.

5. Findings

1. **Many at the small end, few at the top.** Women own 20.5 per cent of formal MSMEs and 70.49 per cent of informal micro enterprises, but only 10.22 per cent of formal turnover (Ministry of MSME, 2024a).
2. **A large credit gap.** Women hold 7.09 per cent of outstanding MSME bank credit (Ministry of MSME, 2024b), and about 90 per cent of surveyed women entrepreneurs had no formal finance (Singh & Chhabra, 2020).
3. **A heavy care burden.** Women spend 289 minutes a day on unpaid domestic work, against 88 minutes for men (MoSPI, 2025).

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4. **Small scale.** Most women-owned enterprises are single-person businesses, and only 17 per cent employ others (Chawla et al., 2020).
5. **Strong performance.** In the IFC sample, women's enterprises earned higher profit margins, and loans to women had lower non-performing assets (Singh & Chhabra, 2020).
6. **Wide but uneven policy support.** Procurement and PMEGP participation have improved (DD India, 2026), but awareness is low and outcome data are thin (Singh & Chhabra, 2020).
7. **Registrations may overstate real entrepreneurship.** Some businesses are registered in women's names while men run them (Singh & Chhabra, 2020).

6. Conclusion

Women's entrepreneurship in India has grown in numbers, but the gains are concentrated at the small and informal end. The main barriers are access to finance, the burden of unpaid care work, small scale and low awareness. These barriers are better understood than they are addressed, and each reinforces the others: a woman with less time and less credit is less likely to scale, and a small business is less likely to qualify for credit. Policy now needs to move from registration to growth. The following suggestions arise from the evidence.

1. Banks should offer cash-flow-based, collateral-free loans of adequate size to women's enterprises and report women's share of MSME credit regularly (Section 4.2).
2. Support should focus on scaling up, through mentoring, market links and training in accounts and finance (Section 4.3).
3. Care support, such as crèches, safe transport and flexible work, should be treated as part of enterprise support (Section 4.2).
4. Awareness should be spread through banks, self-help groups and local bodies, especially in rural areas (Section 4.2).
5. Schemes should be judged by turnover, jobs and survival of enterprises, not only registrations and loans, and eligibility checks should confirm that women actually run the business (Section 4.4).

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