



Opportunities to Women Entrepreneurs

This editorial is based on [“Women Entrepreneurs must Join the Startup Utsav”](#) which was published in Hindustan Times on 30/03/2022. It talks about the initiatives for women entrepreneurs in India and the challenges faced by them.

For Prelims: Women Entrepreneurs, India’s Startup Ecosystem /Unicorns, Women Entrepreneurship Programme (WEP), Stand Up India Scheme, PM Mudra Yojana, Dena Shakti Scheme, Stree Shakti Yojana

For Mains: Women Entrepreneurs in India - initiatives of the Government, challenges faced by female entrepreneurs and measures that can be taken.

In this nation of a million possibilities and huge talent, the focus is shifting to [start-ups](#) and job creation from grabbing jobs. The phenomenal [growth of unicorns in India](#), led by young entrepreneurs, is inspiring thousands of aspirational startups in the country.

However, entrepreneurship is **often seen as a male preserve**, with women given the cold shoulder.

- For India to become a \$5 trillion economy, [entrepreneurship by women must play a bigger role in its economic development](#). India’s gender balance is among the lowest in the world and improving it is **important not just for gender equality, but the entire economy**.

What is the Scenario of Startups in India?

- After the United States (US) and China, India has emerged as **the world’s third largest startup ecosystem**
- In 2021, India **added three unicorns** (startup firms valuing more than \$1 billion) **per month**, bringing the total to **51**, ahead of the United Kingdom (32) and Germany (32).
 - **Five among those 51 unicorns in India are led by women.**
- Data under MSME has shown that women have shown a surge in startups in the **domain of fashion, textiles, and homemade accessories**.

Why Should More Women Entrepreneurs Join the Startup Rally?

- **Growth in Market Capitalisation:** India is **predicted to remain the fastest-growing economy** in the years to come and India’s **market capitalisation is growing even faster** than its nominal [Gross Domestic Product](#).
 - Market segments such as **consumer durables to textiles, food to footwear, agro-products to automobiles**, all are **expected to have double-digit growth** as the economic recovery is gaining momentum.
- **More Ideas and Mentorships Available:** Given the market demand, startups need **three basic ingredients: Idea, mentorship and finance**. All three of them are available like never before to

aspiring women entrepreneurs in India.

- Most of the **colleges are offering mentorship programmes to women** to encourage startup ideas by female graduates.
- Incubation and acceleration support is available through the **Women Entrepreneurship Programme (WEP)** offered by **NITI Aayog**.
- Special category benefits are available under the **Pradhan Mantri Employment Generation (PMEG) programme** of the Ministry of Small and Medium Enterprises (MSME).
- **Opportunities for Financial Inclusivity:** The Government of India and many state governments are running schemes to improve financial inclusivity for women. **Pradhan Mantri Mudra Yojana** is one such high-potential scheme for women because it **offers collateral free loans**.
 - The **Dena Shakti Scheme** provides loans up to ₹20 lakh for women entrepreneurs in **agriculture, manufacturing, micro-credit, retail stores, or small enterprises**.
 - The scheme also provides a **concession of 0.25%** on the rate of interest.
 - The Government of India also launched the **Stand Up India Scheme** to **leverage the institutional credit structure to reach out to the underserved sector** of people such as SCs, STs and **Women Entrepreneurs**.
 - **Stree Shakti Yojana** and **Orient Mahila Vikas Yojana** support women who have majority of ownership in the business.
 - Women who want to enrol themselves in **catering business** can attain loan via the **Annapurna Yojana**.

What Challenges do Women Entrepreneurs Face?

- **Lack of Female Mentors:** With fewer female business founders, the pool of **women who can mentor and advise fellow entrepreneurs** is consequently smaller.
 - One of the major barriers to women-owned-startups is the lack of role models for women which makes it **harder for enterprising women to learn from their peers** and tap the help of those who have 'been there, done that'.
 - It is also **harder for women to maximise the value of a business network**, because networking has traditionally been done in male-centric groups and organisations.
- **Biological Aspects Assessing Cerebral Capacities:** One long-standing perception has been that **men are wired to be more logical (hence more fit for risky ventures)** while women are more likely to be empathetic (hence, **fit for only a certain set of professions**).
 - The argument makes little sense when it is used to bar women from entering certain fields based on average estimates drawn from psychological observations.
- **Patriarchal Construct and Familial Constraints:** Even though a lot of women have the potential as well as ambition to make it to the top in arenas that are usually **dictated by a stark male presence**, they are often denied their dreams by the patriarchal construct of society.
 - When a woman says she wants to do business, the public, relatives and even parents say it's **not her field**. If she wants to do something, she can take up a job but **business is considered inappropriate for women to do**.
- **Raising Finance & Management:** Another lamentable difficulty is in raising finance and its management, because in most cases, women are **not considered credit-worthy**.
 - **Venture capitalists, angel investors** and bankers **do not usually trust them to repay their loans**.
 - Even if they get finance, women from a middle-class background find few avenues to turn to for its management, though they have been doing it so well on their own for years without knowing it.
 - When it comes to **managing finances** for their businesses, they seem to be **less confident and most of the time they rely on others**.

How can Women Participation in Startups be Increased?

- **Increasing Risk Appetite:** Since women have several financial options to avail from, **it needs increased risk appetite in India's women** before they leave behind men in the startup race.
 - Women in India should grab the golden opportunities arising out of this **Unicorn 'utsav'** to start their own business and lead the journey towards Atmanirbhar Bharat.
 - It's time for society, financial institutions, angel investors and the government to

understand that the **country cannot foster sustainable progress without the participation of women**, who can catalyse economic growth.

- **Bringing Women to Leadership:** The key drivers of women entrepreneurship are investment in infrastructure and education, which predict a higher proportion of businesses started by women in India.
 - Efforts like **better education and health, reducing wage differentials** encourage more effort and result in better career-advancement practices, thus promoting talented women into leadership and managerial roles.
- **Women Role Models for Women: Higher female ownership of local businesses** in related industries predict greater relative female entry rates.
 - **Existing women entrepreneurs shall actively reach out** to other aspiring female entrepreneurs, if not far than within their own industries or fields of work and provide them guidance.
 - Organising **seminars or workshops specifically for women** aspiring to be the owners of local businesses is one of the fruitful ways to do it.
- **Encouraging Women Investors:** A majority of investor groups are composed of and are led by men, and investment committees are mostly male-dominated. **Only 2% of the angel investors are women.**
 - To overcome such unconscious biases, at least one or **more women investors shall be included in the investment group.**
 - If there is a **diversity of gender** in the decision-making group, there is a **likelihood that women seekers of funds will get a fairer hearing** and possibly receive more favourable decisions.

Drishti Mains Question

“Entrepreneurship by women is important not just for gender equality, but the entire economy”.
Comment.

UPSC Civil Services Examination, Previous Year Questions (PYQs):

Q. What does venture capital mean? (2014)

- (a) A short-term capital provided to industries
- (b) A long-term start-up capital provided to new entrepreneurs
- (c) Funds provided to industries at times of incurring losses
- (d) Funds provided for replacement and renovation of industries

Ans: (b)

Q. With reference to ‘Stand Up India Scheme’, which of the following statements is/are correct? (2016)

1. Its purpose is to promote entrepreneurship among SC/ST and women entrepreneurs.
2. It provides for refinance through SIDBI.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (C)

Q. Pradhan Mantri MUDRA Yojana is aimed at (2016)

- (a) bringing the small entrepreneurs into formal financial system
- (b) providing loans to poor farmers for cultivating particular crops
- (c) providing pensions to old and destitute persons
- (d) funding the voluntary organisations involved in the promotion of skill development and employment generation

Ans: (a)

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