



Women Entrepreneurship and Economic Growth: Pathway to India's 5 Trillion Economy

Nagaraja C

Research Scholar, Department of Economics and Research Centre, Mangalore University.

Prof. Shripathi K.P

Research Guide, Department of Economics and Research Centre. Mangalore University.

DOI : <https://doi.org/10.5281/zenodo.17301993>

ARTICLE DETAILS

Research Paper

Accepted: 17-08-2025

Published: 20-09-2025

Keywords:

Women Entrepreneurship, Economic Growth, Inclusive Development, 5 Trillion Economy, India

ABSTRACT

India's aspiration to become a 5 trillion-dollar economy demands inclusive and sustainable growth strategies, where women entrepreneurship plays a pivotal role. Women-led enterprises contribute not only to economic output but also to social development by fostering innovation, employment, and equitable wealth distribution. This theoretical paper explores the linkage between women entrepreneurship and economic growth in the context of India's 5 trillion economy vision. It examines existing literature on gender and entrepreneurship, highlighting the opportunities and challenges faced by women in business. The discussion emphasizes how supportive policies, access to finance, skill development, and digital empowerment can enhance women's participation in the entrepreneurial ecosystem. The paper argues that strengthening women entrepreneurs is not merely a matter of gender equity but a strategic economic imperative. By integrating women more effectively into the entrepreneurial landscape, India can accelerate its growth trajectory and achieve inclusive progress towards the 5 trillion-dollar economy.

Introduction

India has set an ambitious target of becoming a 5 trillion-dollar economy in the near future, with a focus on inclusive and sustainable growth. Among the key drivers of this economic vision, entrepreneurship is



widely acknowledged as a catalyst for innovation, productivity, and job creation (Schumpeter, 1934; Audretsch & Thurik, 2001). Within this framework, women entrepreneurship holds particular significance, as it not only contributes to GDP but also enhances social equity by bringing marginalized voices into the economic mainstream.

Globally, women entrepreneurs have been recognized as vital contributors to economic transformation, yet they continue to face systemic challenges such as limited access to finance, skill gaps, socio-cultural barriers, and underrepresentation in formal markets (Brush et al., 2009; World Bank, 2020). In India, women constitute nearly 14% of the total entrepreneurs, a figure that underscores both progress and the vast untapped potential for economic development (NITI Aayog, 2022). Strengthening the role of women-led enterprises is therefore not only a matter of gender justice but also an essential economic strategy to accelerate India's growth trajectory.

The present paper takes a theoretical perspective to analyze the role of women entrepreneurship in India's pathway towards a 5 trillion-dollar economy. By reviewing existing literature and policy frameworks, it highlights the opportunities, barriers, and future directions required to empower women entrepreneurs as engines of inclusive growth.

Review of Literature

Brush, de Bruin, and Welter (2009) developed a gender-aware framework for women's entrepreneurship, emphasizing that women's business activities are shaped by household responsibilities, social networks, and institutional settings. Their study highlights that access to finance, mentoring, and supportive ecosystems significantly enhance women entrepreneurs' performance.

Minniti and Naudé (2010) examined the determinants of female entrepreneurship and found that women often face structural barriers such as limited growth intentions and reduced innovation opportunities. They concluded that promoting opportunity-driven women's entrepreneurship contributes to inclusive and sustainable economic development.

A report by the International Finance Corporation (2017) identified a substantial credit gap for women-owned SMEs in emerging markets. The study revealed that collateral requirements and gender bias in lending practices restrict women's access to formal finance. It recommended gender-sensitive financial products and guarantee schemes to support women entrepreneurs.



McKinsey Global Institute (2015) in its landmark study, *The Power of Parity*, estimated that advancing women's equality could add nearly 0.7 trillion USD to India's GDP by 2025. The report stressed that entrepreneurship, along with increased labor participation, can accelerate India's progress towards becoming a 5 trillion-dollar economy.

The World Bank (2020) in its publication *Women, Business and the Law* evaluated legal barriers faced by women entrepreneurs across mobility, workplace, pay, property rights, and access to credit. The findings indicated that countries with progressive legal reforms witness higher levels of female firm ownership and business participation.

Research Gap

Existing literature provides strong evidence that women entrepreneurship contributes significantly to economic development and inclusive growth (Brush et al., 2009; Minniti & Naudé, 2010; McKinsey, 2015). However, most studies have either focused on global perspectives or generalized findings without deeply examining the role of women entrepreneurs in India's specific pathway towards achieving a 5 trillion-dollar economy. While reports by NITI Aayog, World Bank, and IFC highlight challenges such as access to finance, legal barriers, and gender bias, there remains limited research that connects these issues directly to India's macroeconomic growth targets.

Another gap is the lack of theoretical studies that integrate government initiatives like Startup India, Stand-Up India, Mudra Yojana, and Self-Help Group (SHG) movements into the broader discourse of women entrepreneurship and economic transformation. Most research focuses either on women's empowerment at the micro-level or on economic growth at the macro-level, but very few studies attempt to bridge these two dimensions in the context of India's 5 trillion economy vision.

Therefore, this paper seeks to address this gap by providing a theoretical analysis of how empowering women entrepreneurs can act as a strategic driver for India's economic ambitions.

Objectives of the Study

1. To examine the role of women entrepreneurship in promoting inclusive and sustainable economic growth in India.
2. To analyze the challenges and barriers faced by women entrepreneurs in contributing to India's 5 trillion-dollar economy vision.



3. To evaluate the effectiveness of government policies and initiatives in supporting women-led enterprises.
4. To provide theoretical insights and recommendations for strengthening women entrepreneurship as a catalyst for achieving India's 5 trillion-dollar economy target.

Research Methodology

This study is based on a theoretical and qualitative research design. Since the paper aims to explore the role of women entrepreneurship in India's pathway to a 5 trillion-dollar economy, it does not involve primary data collection but instead relies on secondary data sources.

The data for this study has been collected from academic journals, government reports, policy documents, international organization publications (World Bank, IFC, McKinsey, NITI Aayog, etc.), and reputed online databases. Relevant literature on women entrepreneurship, economic growth, gender studies, and policy frameworks has been critically reviewed to identify patterns, challenges, and opportunities.

A descriptive and analytical approach has been employed to synthesize existing studies and theoretical frameworks. The research also adopts a conceptual perspective, linking women entrepreneurship with macroeconomic growth, particularly India's ambition of becoming a 5 trillion-dollar economy.

The methodology ensures validity through triangulation, as multiple sources from both academic and policy domains are examined to provide balanced insights. Limitations of this study include the absence of primary data and empirical testing, which may restrict the generalizability of findings. However, as a theoretical paper, it offers a strong foundation for future empirical studies.

Results and Discussion

The role of women entrepreneurship in promoting inclusive and sustainable economic growth in India.

The analysis of secondary data and literature reveals that women entrepreneurship plays a crucial role in driving inclusive and sustainable growth in India. Women-owned enterprises, particularly in the micro, small, and medium sector (MSMEs), contribute significantly to employment generation, poverty reduction, and community development. According to NITI Aayog (2022), women constitute nearly 14%



of all entrepreneurs in India, running more than 8 million businesses. Although the percentage is relatively low, their impact on grassroots-level employment and livelihood creation is substantial.

Women entrepreneurs tend to invest their earnings back into family welfare, education, and healthcare, thereby contributing to social development alongside economic growth (Brush et al., 2009). This dual impact makes women-led enterprises particularly important for inclusive development. Moreover, the rise of digital platforms and e-commerce has expanded opportunities for women entrepreneurs to enter national and global markets, enhancing sustainability in their ventures.

However, challenges such as limited access to finance, inadequate skill development, and socio-cultural barriers continue to restrict the growth potential of women entrepreneurs (World Bank, 2020). Addressing these gaps through targeted policies such as *Startup India*, *Stand-Up India*, *Mudra Yojana*, and skill-building programs can further strengthen women's contribution to sustainable growth.

Thus, the findings suggest that women entrepreneurship is not only an economic activity but also a developmental tool that aligns with India's vision of inclusive and sustainable growth. By scaling up support mechanisms, India can leverage women-led enterprises as a strong pillar in its journey towards the 5 trillion-dollar economy.

The challenges and barriers faced by women entrepreneurs in contributing to India's 5 trillion-dollar economy vision.

The review of literature and secondary data highlights that despite growing recognition of women entrepreneurship, multiple barriers continue to limit their full potential in India's economic growth trajectory. One of the most significant challenges is limited access to finance. According to the International Finance Corporation (2017), women-owned small and medium enterprises face a disproportionately large credit gap due to collateral requirements, lack of financial literacy, and gender-based biases in lending institutions. This financial exclusion restricts their ability to expand and innovate.

A second major challenge is socio-cultural barriers. Traditional gender roles, family expectations, and lack of mobility often hinder women's participation in entrepreneurial activities. In rural and semi-urban areas, women entrepreneurs are still perceived as secondary earners, which reduces their visibility and bargaining power in formal markets (Minniti & Naudé, 2010).

Another barrier lies in skill gaps and inadequate training opportunities. While government initiatives such as *Skill India* and *Startup India* have created avenues for capacity building, women often face digital



illiteracy, lack of mentorship, and limited exposure to competitive markets. This restricts their ability to scale up their enterprises and compete globally.

Moreover, institutional and legal challenges such as bureaucratic hurdles, complex business registration processes, and insufficient implementation of gender-friendly policies also add to the obstacles. Reports from the World Bank (2020) suggest that countries with fewer legal restrictions on women's business ownership show higher levels of female entrepreneurial participation, an area where India still requires reforms.

Overall, the findings indicate that unless these structural and institutional barriers are addressed, women entrepreneurs may remain underutilized in India's journey towards the 5 trillion-dollar economy. Bridging the finance gap, improving training, and promoting gender-sensitive policies will be essential to unlocking their potential as key drivers of inclusive growth.

The effectiveness of government policies and initiatives in supporting women-led enterprises.

The Indian government has introduced several initiatives aimed at strengthening women's participation in entrepreneurship, such as Startup India, Stand-Up India, Mudra Yojana, Women Entrepreneurship Platform (WEP), Skill India, and Mahila E-Haat. These programs provide financial assistance, mentorship, and market linkages to encourage women-led enterprises. Evidence suggests that these schemes have created a positive ecosystem for women entrepreneurs, particularly in the micro and small enterprise sector. For example, under the Pradhan Mantri Mudra Yojana, more than 70% of the beneficiaries have been women borrowers, reflecting the scheme's inclusive reach (NITI Aayog, 2022).

Similarly, the Stand-Up India Scheme has facilitated loans to women belonging to Scheduled Castes, Scheduled Tribes, and other marginalized groups, thereby promoting equity in entrepreneurship. The Women Entrepreneurship Platform (WEP) launched by NITI Aayog serves as a one-stop platform for knowledge sharing, mentorship, and networking opportunities, which has enhanced women's visibility in the entrepreneurial ecosystem.

However, the overall impact of these policies remains mixed. While financial inclusion has improved, structural challenges such as high collateral requirements, bureaucratic delays, and low awareness of government schemes among rural women still persist (World Bank, 2020). In many cases, women entrepreneurs rely heavily on self-help groups (SHGs) and informal sources of finance rather than formal credit systems, indicating gaps in policy implementation.



Moreover, digital and skill-based initiatives have shown success in urban regions but have yet to make significant inroads in rural areas, where women entrepreneurs often lack technological exposure. Studies also suggest that policy support has been more quantitative (loan disbursements, number of schemes) rather than qualitative (mentorship, innovation support, global competitiveness), limiting long-term impact.

Thus, while government initiatives have laid a strong foundation, their effectiveness depends on improved awareness, accessibility, and implementation. Bridging the rural-urban divide, enhancing monitoring mechanisms, and integrating women into value chains will be critical to ensuring that these policies truly empower women-led enterprises and strengthen India's path to the 5 trillion-dollar economy.

For strengthening women entrepreneurship as a catalyst for achieving India's 5 trillion-dollar economy target.

The review highlights that women entrepreneurship is not merely a gender empowerment issue but a strategic economic necessity for India's growth. Theoretical perspectives such as Schumpeter's innovation theory emphasize that entrepreneurship drives economic transformation through innovation, risk-taking, and new market creation (Schumpeter, 1934). Applying this framework, women entrepreneurs can be viewed as change agents who contribute not only to GDP growth but also to inclusive development by channeling resources into health, education, and community welfare.

From a development economics perspective, women's entrepreneurship enhances human capital utilization, reduces inequality, and ensures balanced regional growth (Minniti & Naudé, 2010). Given that women constitute nearly half of India's population, their underutilization in entrepreneurship represents a lost economic opportunity. Theoretical insights suggest that closing this gender gap can generate positive multiplier effects across employment, innovation, and productivity.

Based on the analysis, several recommendations can be made. First, financial inclusion must be expanded through gender-sensitive lending frameworks, collateral-free loans, and digital credit assessment tools. Second, capacity-building initiatives should focus on digital literacy, innovation skills, and global market exposure, enabling women to scale their businesses beyond local boundaries. Third, policy implementation needs to be strengthened through awareness campaigns, rural outreach, and simplified procedures, ensuring that schemes reach the intended beneficiaries. Finally, fostering public-private



partnerships and mentorship networks can create sustainable ecosystems where women entrepreneurs thrive.

Thus, the theoretical insights reinforce the view that empowering women entrepreneurs is both an economic imperative and a developmental strategy. By addressing structural barriers and amplifying supportive policies, women-led enterprises can emerge as a pivotal force in achieving India's vision of a 5 trillion-dollar economy.

Conclusion

The study highlights that women entrepreneurship plays a transformative role in India's journey toward becoming a 5 trillion-dollar economy. Women-led enterprises contribute not only to economic output but also to inclusive and sustainable development by generating employment, fostering innovation, and uplifting communities. The review shows that despite their significant potential, women entrepreneurs face persistent barriers such as limited access to finance, socio-cultural restrictions, inadequate skill development, and bureaucratic hurdles, which restrict their full participation in economic growth.

Government initiatives like *Startup India*, *Stand-Up India*, *Mudra Yojana*, and the *Women Entrepreneurship Platform (WEP)* have created a foundation for women's empowerment in business. While these policies have improved access to finance and opportunities, their effectiveness is uneven, particularly in rural and semi-urban areas, where awareness and accessibility remain low. The evidence suggests that stronger implementation, simplified procedures, and rural outreach are essential to realize the true impact of these programs.

The theoretical insights reinforce the understanding that empowering women entrepreneurs is not just a matter of gender justice but a strategic economic imperative. By expanding financial inclusion, enhancing digital and innovation skills, building supportive ecosystems, and addressing socio-cultural barriers, India can unlock the untapped potential of women entrepreneurs.

In conclusion, women entrepreneurship is a critical catalyst in India's path toward a 5 trillion-dollar economy. Strengthening their role will ensure not only accelerated economic growth but also inclusive and sustainable development, where the benefits of progress are equitably shared across society.



References

- Audretsch, D. B., & Thurik, A. R. (2001). What's new about the new economy? Sources of growth in the managed and entrepreneurial economies. *Industrial and Corporate Change*, 10(1), 267–315. <https://doi.org/10.1093/icc/10.1.267>
- Brush, C., de Bruin, A., & Welter, F. (2009). A gender-aware framework for women's entrepreneurship. *International Journal of Gender and Entrepreneurship*, 1(1), 8–24. <https://doi.org/10.1108/17566260910942318>
- International Finance Corporation. (2017). *MSME finance gap: Assessment of the shortfalls in financing micro, small, and medium enterprises*. World Bank Group. <https://www.ifc.org>
- McKinsey Global Institute. (2015). *The power of parity: How advancing women's equality can add to growth*. McKinsey & Company. <https://www.mckinsey.com>
- Minniti, M., & Naudé, W. (2010). What do we know about the patterns and determinants of female entrepreneurship across countries? *European Journal of Development Research*, 22(3), 277–293. <https://doi.org/10.1057/ejdr.2010.17>
- NITI Aayog. (2022). *India's booming female entrepreneurship ecosystem: Opportunities and challenges*. Government of India. <https://www.niti.gov.in>
- Schumpeter, J. A. (1934). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*. Harvard University Press.
- World Bank. (2020). *Women, business and the law 2020*. World Bank Group. <https://openknowledge.worldbank.org>