

Fostering Female Growth Entrepreneurship in Rural India

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1. Introduction

India has been going through a period of structural transformation where the overall contribution from agriculture to the Gross Domestic Product (GDP) is declining while that of other sectors is increasing. This is considered a gradual progression for a developing economy. However, in India, the growth in jobs has not kept pace with growth in GDP contribution of other sectors. In 2020, agriculture contributed 37% to rural India's GDP, while it employed 61% of India's workforce indicating huge under-employment. Non-farm sectors like manufacturing and services contributed 14% and 38% respectively and generated only 8% and 19% employment. Thus, the non-farm sector is not able to absorb labour in the same proportion as its contribution to rural GDP, implying jobless growth¹.

Like in most developing countries, India's female labour force participation (FLFP)² initially declined with economic growth, however, unlike most developing countries, the FLFP failed to pick-up on account of lower fertility rate and higher education. With limited interest and job potential in agriculture, women willing to work were either not able to find suitable non-farm jobs near their homes or did not have the requisite technical skills to take up available jobs³. India is considered one of the world's youngest countries and with almost half of its rural youth population not able to find gainful employment, the country will not be able to realise its demographic dividend.

One way to boost FLFP and economic growth in rural India is to promote women-owned growth-oriented enterprises. India has witnessed a growth in establishment of women's enterprises in the past few years⁴, however these enterprises need a considerable level of technical, financial, and policy-level support to drive rural economic growth. Backed by findings from a primary survey and international experience, this note provides a rationale for investments in rural women-owned growth-oriented enterprises, defines their characteristics, discusses factors that contribute to growth, and finally provides recommendations to support the sector.

2. Rationale for Investing in Rural Women-Owned Growth-Oriented Enterprises

Changing Structure of the Rural Economy: India's economy is moving from an agriculture-driven economy towards a non-farm driven economy. Between 2005-12, a period of economic acceleration, the annual contribution of agriculture in total rural output grew at a rate 4.3% while the non-farm sector grew at 9.2%. However, the employment did not show a corresponding increase. Employment in agriculture declined at an annual rate of 2%, while that in the non-farm sector grew only at a rate of 3.6%⁵. This trend not only indicates an overall jobless growth but also that the rural non-farm sector has been unable to absorb the labour-force exiting agriculture.

¹ '[Innovation in India's Rural Economy](#)', Bain & Company, 2022; Periodic Labour Force Survey (PLFS)

² Female Labour Force Participation is defined as the section of working female population in the age group of 16-64 in the economy currently employed or seeking employment. Women who are still undergoing studies, and persons above the age of 64 are not reckoned in the labour force ([Economic Times](#))

³ Construction is the only non-farm sector that employed rural workforce owing to low-entry barriers in terms of skills. However, participation of women varies significantly across geographies

⁴ The share of women's enterprises in total enterprises grew from 9.4% to 15.3% between fifth and sixth economic census. Fifth economic census was conducted in 2005, while sixth economic census was conducted in 2013

⁵ '[Changing Structure of Rural Economy of India: Implications for Employment and Growth](#)', Ramesh Chand, SK Srivastava, and Jaspal Singh, NITI Aayog, 2017

Women Opting Out of Labour Force: During the period of economic acceleration, India also witnessed a significant decline in FLFP from 33% to 25%. Most women opted out of agriculture to either join the non-farm workforce or concentrate on domestic activities. Several scholars attribute this fall to an increased enrolment in higher education⁶. While this is a desirable trend, it creates a challenge of generating jobs commensurate to skill levels. Furthermore, as indicated above, the evidence points to an unequal absorption of labour exiting agriculture. Of the 27 million women workers who left the agriculture workforce, only 5 million (~18%) joined the non-farm sector while all male workers who left agriculture during the same period, were absorbed into the non-farm sector⁷.

Gendered Pattern of Entrepreneurship in Rural Areas: About 13.8% (roughly 8 million) enterprises are women owned⁸. Of these, only 2.4 million (4.2% of total enterprises) are in the rural non-farm sector. About 83% of these enterprises work without a formal hired worker and 79% enterprises are self-financed, indicating subsistence level of operations. The average employment created by a rural women enterprise is 1.56 compared to 2.06 for all non-farm enterprises in rural areas. Further, in rural areas, male-owned enterprises are more diversified than women-owned enterprises. The top four sectors (tobacco, apparel, retail, and textile) account for 82% women enterprises, while the top four sectors account for only 60% male-owned enterprises⁹. The economic characteristics of women-owned enterprises are also not encouraging when compared to male-owned enterprises – the gross value-added per firm for women-entrepreneurs was only 35% of male-owned enterprises, labour productivity was 44%, and asset ownership was 43%¹⁰.

These trends point towards the following challenges:

- i. The rural non-farm sector needs to grow at a rapid pace to address the problem of jobless growth in India
- ii. Employment created by existing rural non-farm enterprises is biased towards male workers
- iii. Existing women-owned non-farm enterprises are mostly subsistence enterprises and need tailored interventions (technical services, financial services, policy support, etc.) to grow at higher rates

In our understanding, all the three challenges can be met by investments in rural *women-owned growth-oriented* enterprises. Several government and non-government programs in India have led to a rapid formation of women-enterprises in rural areas, however, very few focus on identifying growth enterprises and providing dedicated support to them. Women-owned growth-enterprises are also important entities to address the declining FLFP in rural India by creating more jobs for women¹¹.

⁶ The female enrolment in higher education rose by 18.2 percent between 2015-16 and 2019-20 ([Press Information Bureau, Govt. of India](#), Jun 10, 2021)

⁷ [‘Changing Structure of Rural Economy of India: Implications for Employment and Growth’](#), Ramesh Chand, SK Srivastava, and Jaspal Singh, NITI Aayog, 2017

⁸ As per the sixth economic census conducted between Jan 2013 and Apr 2014

⁹ As per the 73rd round of survey by National Sample Survey Organisation (NSSO) conducted between Jul 2015 and Jun 2016

¹⁰ [‘Microenterprises in India: A Multidimensional Analysis’](#), Amit Basole, Vidya Chandy, Azim Premji University and Global Alliance for Mass Entrepreneurship, 2019

¹¹ Evidence shows that women-owned enterprises exhibit a higher tendency to employ women workers. The total number of workers employed by women-owned enterprises in 2013-14 was 13.4 million of which 77 per cent were female ([‘Microenterprises in India: A Multidimensional Analysis’](#), Amit Basole, Vidya Chandy, Azim Premji University and Global Alliance for Mass Entrepreneurship, 2019)

3. Literature Review

Understanding the Characteristics of Women-Owned Growth-Oriented Enterprises

To understand the characteristics of rural women-owned growth-oriented enterprises, a comprehensive scan of the literature was conducted. The findings from the literature were corroborated through a primary survey that was conducted in rural areas of Bihar, Chhattisgarh, Maharashtra, and Tamil Nadu. The key findings from the survey are presented in section 6.

The literature segregates micro-enterprises into two categories – subsistence based, and opportunity based. *Subsistence enterprises* are largely family-run initiatives, usually serving local markets, and on the path of incremental growth. *Opportunity enterprises* are those that are on a growth trajectory by expanding or employing more workers. They can also cater to specific segments that are mostly focused on innovation or cater to large markets, are disruptive, and possess high risk-tolerance. Opportunity enterprises are considered as growth-oriented and demonstrate both qualitative (innovation) and quantitative (financial performance) aspects.

While there is no single theoretical framework that captures all the factors that can possibly influence enterprise growth, much of the literature discusses growth as a function of characteristics inherent to the enterprise, entrepreneur, and the ecosystem. A summary of characteristics that were found to be positively correlated to enterprise growth is provided in Figure 1. A similar representation is provided for characteristics that had no correlation with enterprise growth in Figure 2.

Figure 1: Summary of Enterprise, Entrepreneur, and Ecosystem Characteristics that Contribute to Micro-Enterprise Growth
















Enterprise Characteristics		Entrepreneur Characteristics		Ecosystem Characteristics	
	Location Micro-enterprises with more proximity to urban areas, areas with high footfalls		Prior Experience Beneficial if entrepreneur has experience in same / similar sector; helps build network to access critical resources		Market Linkages (Vertical and Horizontal) Micro-enterprises with a steady network of buyers and suppliers more likely to have a steady income flow. Are also better placed to grow with effective linkages
	Hired Workers Often seen in conjunction with the location parameter, micro-enterprises hiring paid workers function at optimum levels and reach out to wider markets		Risk Taking Ability Significant contributor to growth. Key indicator of an 'opportunity driven' entrepreneur. More likely to reinvest in business		Social Network Key contributor to micro-enterprise growth. Helps gain timely access to information, markets, finance, etc.
	Credit + Robust Mentorship Allows micro-enterprises to invest more in technology to increase production and meet quality standards				Family Support Key contributor to growth, particularly for women-enterprises
	Business Training Business training coupled with customized technical skills improves business management practices in the enterprises				
	Absorptive Capacity Access to knowledge (technology, market trends) is instrumental in fostering micro-enterprise growth				

Figure 2: Summary of Enterprise and Entrepreneur Characteristics that are Inconclusive

Enterprise Characteristics		Entrepreneur Characteristics	
	Age Mixed findings. Some authors suggest younger firms are more agile, while others give more importance to experience		Age Mixed findings. While younger entrepreneurs are considered more driven, older entrepreneurs seem to have the financial resources
	Formalization No conclusive evidence that formalisation leads to growth; however micro-enterprises tend to move towards formalisation as they begin to grow		Education No conclusive evidence. Education leads to efficiency but correlation with growth is unclear
	Sector Anecdotally manufacturing and service sectors are more suited for growth, but there is no clear evidence for ruling out trading enterprises for developing countries		

Learnings from International Experiences

While the earlier section defines the characteristics of women-owned growth-oriented enterprises, a comprehensive scan of the literature was also undertaken to learn from the international good practices. A rounded understanding of such practices will help in designing a relevant and robust program to support our segment of women's enterprises.

- a) *Building Trusted Networks*: Mekong Women's Entrepreneurship Challenge (MWEC) piloted in Cambodia, Laos, and Vietnam facilitated a structured peer-to-peer learning program which involved sharing practical, real-world experiences to improve confidence, risk-taking, and business management capabilities among growth-oriented women entrepreneurs. The pilot demonstrated the importance of creating a trusted and safe environment for women to share and discuss freely and seek advice from their peers¹². Early evidence suggests that 90% of participants considered launching new products or services or entering new markets based on such interactions.
- b) *Building Role Models*: Many programs around the world focused on softer aspects of scouting local and aspirational role models and having them interact with women entrepreneurs in an informal setting for inspiration and ideas. In Tanzania, diverse examples of women entrepreneurs who had successfully overcome constraints to grow their business were profiled and disseminated¹³.
- c) *Developing Local Mentors*: Experience from several African countries points towards instituting a system of identifying successful women entrepreneurs to train, coach, and connect growth-oriented entrepreneurs with enabling institutions and markets. Interaction with local mentors has proven to build confidence among women entrepreneurs. In the Caribbean, the World Bank Group supported the development of the women innovators network Caribbean ([winC](#)) to connect growth-oriented women entrepreneurs and help them scale their businesses through mentoring, training, and peer-to-peer learning. This women-led network engaged hundreds of women online and provided a platform from which they could receive access to mentorship and participate in focus groups and workshops¹⁴.

¹² 'Growing Women-led Enterprises in the Mekong', The World Bank, 2014

¹³ 'Support for Growth-oriented Women Entrepreneurs in Tanzania', ILO and AfDB, 2005

¹⁴ 'Profiling Caribbean Women Entrepreneurs' The World Bank, 2015

- d) *Risk Diversification*: In Tanzania, growth-oriented women entrepreneurs were often found to have a variety of businesses which enables them to diversify their risk. Although traditionally, this strategy of horizontal growth is considered a weak approach, a study by ILO found that as much as 46% women entrepreneurs had additional businesses with 16% having more than two businesses¹⁵.
- e) *Decentralizing Business Development Service (BDS)*: Experience from countries such as Tanzania, Pakistan, and India dictates that most growth-oriented women entrepreneurs in rural areas are unable to access high quality BDS as such services are primarily concentrated in urban areas¹⁶. According to a study conducted by International Centre for Entrepreneurship and Career Development in India, women entrepreneurs form only 2-20% clients of the mainstream BDS providers¹⁷.
- f) *Personal Initiative Training*: Evidence from Togo suggests that apart from technical and managerial training, personal initiative training on taking initiative, being proactive, and demonstrating perseverance must also be delivered to women entrepreneurs. Results show that women entrepreneurs who took this training witnessed a 40% average increase in profits compared to no significant increase for those taking a conventional business training¹⁸.
- g) *Addressing Unconscious Bias*: Many studies have recommended trainings / programs for ecosystem players, such as bank managers and credit officers, to address unconscious bias against women enterprises.
- h) *Integrating Loan and Training Programs*: Under the 'Women's Microfinance Initiative's Transition to Independent Banking Program' in Uganda, a borrower, upon successful repayment of micro-loans was graduated to a conventional bank loan (PostBank Uganda). This provided an opportunity to growth-oriented enterprises to access appropriate loan products for scale up and build a robust credit history. The initial micro-lending program is paired with technical and managerial trainings, mentorship, and follow-up support to enable growth-oriented women entrepreneurs use the loan for business growth and cultivate a regular repayment behaviour¹⁹.

4. Mapping Existing Policy Support in India to this Segment

Most policy initiatives in India are either geared towards encouraging first generation women entrepreneurs to set up enterprises or are general programs aimed at growing MSMEs. Dedicated programs to identify and support rural women-owned growth enterprises are recent and few.

Financial Support: Launched in 2015, Pradhan Mantri Mudra Yojna (PMMY) aims at providing collateral free loans up to a limit of INR 10 lakh to support new and help existing micro-enterprises to grow. Implementation experience suggests that even though women have accessed the highest number of loans, the average ticket size of loans disbursed to them is INR 26,747, which is insufficient for a growth-oriented enterprise²⁰.

¹⁵ ['The Challenges of Growing Small Businesses: Insights from Women Entrepreneurs in Africa'](#), Pat Richardson, Rhona Howarth, Gerry Finnegan, International Labor Organization, 2004

¹⁶ ['The Challenges of Growing Small Businesses: Insights from Women Entrepreneurs in Africa'](#), Pat Richardson, Rhona Howarth, Gerry Finnegan, International Labor Organization, 2004

¹⁷ ['More and Better BDS for Women Entrepreneurs'](#), ICECD-ILO

¹⁸ ['Female Entrepreneurship. Key Ingredient for Africa's growth'](#), Ideas for Development, 2021

¹⁹ ['Emerging Lessons on Women's Entrepreneurship in Asia and the Pacific'](#), Asian Development Bank, 2018

²⁰ ['Financial Inclusion and Female Labour Force Participation'](#), IWWAGE, 2021

The Small Industries Development Bank of India (SIDBI) and Ministry of Micro, Small and Medium Enterprises (MSME) has also instituted a Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) facility to enable financial institutions to provide collateral free loans of up to INR 50 lakh to women entrepreneurs. The scheme provides a guarantee cover of 80% for loans extended to women. However, there are indications of operational challenges on the field. Additional efforts are required to realize the full potential of this facility in servicing rural women entrepreneurs with growth-oriented aspirations.

Incubation and Acceleration Support: In 2016, the Government of India launched Start-up India Programme, aimed at providing incubation and ecosystem services to encourage start-ups. Despite a 10% allocation of the designated INR 10,000 crore fund for women-led enterprises, beneficiaries of the fund have largely been urban enterprises operating on a larger scale.

Several government initiatives, such as Pradhan Mantri - Yuva Udyamita Vikas Abhiyan, have been implemented to support creation of an enabling environment and provide training and mentorship services. However, similar to Start-up India program, these programs are generic²¹. Since 2018, the key ministries of MSME and Skill Development and Entrepreneurship have however launched women centric programs, signaling that the government recognizes the segment of women enterprises and is taking measures to support their growth.

In 2018, on women's day, the Ministry of MSME launched a more targeted Udyam Sakhi Portal, which provides access to learning tools, trainings, mentors, knowledge about incubation facilities, investor meets, etc. The portal is particularly developed for women enterprises and has enrolled social entrepreneurs, senior executives, retired businesswomen, former bank officials as mentors.

The Govt. of Telangana also launched an incubator called 'WE Hub' which supports existing women entrepreneurs to seek funding, corporate connects, and mentorship to scale up their businesses. Learning from its experience, in 2022, WE Hub has also launched a dedicated program for incubating growth oriented rural women entrepreneurs. The program is expected to demonstrate a workable model for providing high intensity incubation and acceleration support to our target segment.

In 2018, the Ministry of Skill Development and Entrepreneurship, in collaboration with GIZ initiated a program 'Her & Now' to provide incubation and acceleration support to identified women enterprises in peri-urban areas of the North-East, Rajasthan, and Telangana. This is one of the first initiatives taken by government in India to recognize the growth-oriented women enterprise segment. Over 600 women enterprises have been supported so far.

5. Key Learnings from World Bank Investments in India

The World Bank has been a key partner in promoting rural entrepreneurship in India. World Bank funded projects at the national and the state levels have implemented several entrepreneurship models catering to different entrepreneur segments. For instance, the Rajasthan Rural Livelihoods Project (RRLP) implemented a Micro Enterprise Consultant (MEC) model²² to encourage first generation entrepreneurs to set up businesses in rural areas. The model trained and deployed a community cadre – MECs – to help entrepreneurs ideate and develop business plans for funding through the funds housed by Government of Rajasthan in Community Based Organizations (CBOs). Further, to support enterprises with a growth-potential, the Tamil Nadu Rural Transformation Project (TNRTP), has set up One Stop Facilities (OSFs) in the state to identify existing enterprises, help them develop business plans, and link them with the

²¹ '[Startup Ecosystem for Rural and Tribal Entrepreneurs](#)', Press Information Bureau, Sep 23, 2020

²² The model was implemented by Kudumbashree based on their experience in the state of Kerala. The Micro Enterprise Consultant (MEC) model formed the basis of Govt. of India's Start-up Village Entrepreneurship Program (SVEP)

commercial banks for fixed and working capital loans²³. Apart from OSFs, through World Bank supported National Rural Economic Transformation Project (NRETP), the Ministry of Rural Development, in partnership with the institutes of excellence and private sector, has implemented an incubation program specifically for women-owned enterprises that have demonstrated growth potential on the field²⁴. NRETP has also initiated commercial financing of women enterprises in collaboration with the International Finance Corporation (IFC). The implementation of these programs has rendered the following lessons:

- a) *Data Driven Targeting*: Identification of growth-oriented entrepreneurs is of paramount importance and there is a need to develop data-driven methodologies to better target this segment. The present methodologies to identify this segment are based on generic indicators, which often leads to inclusion and exclusion errors.
- b) *Last Mile Incubation and Advisory Support*: The OSFs at the block or sub-district level are an important part of the implementation architecture providing just-in-time business development support to the entrepreneurs. The OSFs are supported by business management professionals and a trained community cadre and also provide linkages with local mentors and functional experts who provide the necessary advisory and handholding support.
- c) *Timely Access to Finance*: Availability of loans from commercial banks not only addresses the financial needs of the enterprise but also creates a credit history for availing loans in the future. Measures to provide access to commercial credit is a critical element of ensuring sustainability of growth enterprises.
- d) *Partnerships with Private Sector*: As enterprises grow, it becomes pertinent to expose them to the knowledge and experience of the private sector. The private sector players are more attuned to market trends, and it is important for rural growth-oriented enterprises to be aware of the same. Knowledge and commercial partnerships with the private sector can help the rural enterprises to become smarter, effective, and efficient.

6. Survey Results

Defining the Characteristics of Women-Owned Growth-Oriented Enterprises

We designed a survey to test our initial assessment of characteristics of women-owned growth-oriented enterprises and to determine how impactful these would be in the context of rural enterprises in India. The survey built upon the listing survey of Self-Help Group (SHG) linked enterprises conducted by the National Rural Livelihoods Mission as part of the World Bank supported National Rural Economic Transformation Project (NRETP). The survey was conducted with 2,473 enterprises in four states in the rural blocks of Bihar, Chhattisgarh, Maharashtra, and Tamil Nadu. 2,101 of these enterprises surveyed belonged to SHG households, whereas 372 had no association with SHGs.

A five-point growth score metric based on (i) shop type, (ii) formal loan access / use, (iii) hired workers, (iv) enterprise location, and (v) age of enterprise was used to divide women-owned enterprises into three categories – high, medium, and low. Given that the focus of the study was to understand determinants of high growth enterprises, enterprises with a higher score were over-sampled. A multi-stage stratified random sampling technique was used to sample the districts, blocks, villages, and enterprises.

²³ TNRTP, through a matching grant program, incentivizes commercial banks to provide loans to growth entrepreneurs. Under this, on prompt repayment of 70% of the loan, the entrepreneur is given a 30% waiver. The waiver is reimbursed to the commercial bank by the government

²⁴ [‘Transforming Rural Non-Farm Livelihoods : The NRLM Journey’](#), The World Bank, Mar 2020

Analysis of the survey data reaffirmed the findings from the literature review and most growth-oriented women-owned enterprises were found to exhibit the following characteristics:

- *Access to formal loans:* 81% growth-oriented enterprises accessed loans from commercial banks, compared to 49% subsistence enterprises. The average ticket size of loans accessed by growth-oriented enterprises was nearly double that of subsistence enterprises²⁵.
- *Location of the enterprise:* 43% growth-oriented enterprises operated out of a separate structure out of the house, compared to 31% subsistence enterprises.
- *Supplier Diversification:* Most subsistence enterprises have 2-3 suppliers, while most growth-oriented enterprises have up to 10 suppliers enabling them to negotiate better prices and terms of trade.
- *Reinvestment of Profits:* 86% of growth-oriented enterprises had reinvested profits for enterprise expansion compared to 59% of subsistence enterprises.
- *Regular Record Keeping:* 67% growth-oriented enterprises maintained regular books of records compared to 43% subsistence enterprises.
- *Personality Traits*²⁶: While the motivation to start the enterprise is similar and stems out of necessity for both subgroups, growth-oriented entrepreneurs on an average have a higher risk-taking ability, greater drive to try innovative ideas, products and methods as well as demonstrate higher levels of autonomy when it comes to making decisions about the enterprise.
- *Customer base:* Growth-oriented entrepreneurs had a relatively higher geographic diversity of customers with 27% of them having a mix of both local customers and customers from outside of the village. In comparison, only 16% of the subsistence enterprises had customers from outside their village.
- *Collaboration:* 70% growth-oriented enterprise reported collaboration with similar businesses in the same market to improve business performance compared to 40% of subsistence enterprises.

Factors Contributing to the Growth of Rural Women-Owned Enterprises

We used logistic regression to identify characteristics that drive growth of women's rural enterprises and the extent to which these contribute to growth. The findings of the analysis is presented in the annexure.

- *Separate Premises:* A fixed structure outside the household increases the likelihood of an enterprise being successful by 21%.
- *Customer base:* Enterprises with a mix of local and non-local customer base were 2.4 times more likely to be growth-oriented compared to an enterprise with only local customers. Growth-oriented enterprises also had a significantly higher proportion of institutional buyers.
- *Credit:* Women entrepreneurs who have access to formal sources of credit are 4.32 times more likely to move into growth-oriented entrepreneurs.
- *Collaboration:* Woman-owned enterprises that reported collaboration have a 91% higher probability of being growth-oriented.
- *Technology:* Enterprises using technology for operations have a relatively 39% higher chance of being growth oriented.

²⁵ The average ticket size of loans accessed by growth enterprises was INR 82,414 while the average ticket size of loans accessed by subsistence enterprises was INR 40,897

²⁶ The respondents were asked to rank the extent of their agreement or disagreement with the statement on a five-point Likert scale of 0-4, with four representing a strong agreement. The statements corresponded to risk perception, resilience, innovation, and autonomy. Subsequently, a simple average of the scores was calculated to understand the entrepreneur traits

7. Policy Recommendations

While the Government of India recognizes women enterprises and their contribution to economic development, this segment needs specific attention to grow and contribute to jobs and incomes. The following are a few recommendations to support women owned growth enterprises:

Institutional Reforms

- a) *Strengthening Decentralized Incubation Centres:* The government's initiatives of setting up OSFs and deploying a trained community cadre for providing last mile business development service is laudable. Going forward, efforts must be made to improve the technical capability of these centres. Collaboration with private sector must be prioritized or accelerated to expose the enterprises to latest market trends and ways of modernizing²⁷ businesses. These centres must also facilitate connects with other ecosystem players such as logistics providers, financiers, regulators, etc. Further, women enterprise support programs must provide intensive capacity building to business facilitators and community cadre associated with these incubation centres on types of enterprises, their operating cycles, business needs of enterprises, etc.
- b) *Developing Women's Entrepreneur Associations:* The government's orientation towards growth-oriented enterprises signals a trend of upcoming targeted schemes and programs. To regularly provide feedback to the government and advocate for a favourable policy environment, it is important to develop and nurture self-governed women's entrepreneur associations at all levels (perhaps starting from district as a base unit). The associations have often identified ways in which women entrepreneurs could gain better access to appropriate resources.
- c) *Strengthening Avenues for Institutional Procurement:* Institutional procurement, such as government procurement, enables women enterprises to work with a safety net as they explore and compete with the open market. The government and women-enterprise promoting / supporting agencies must develop a graduation framework to enable younger enterprises gain benefits from public procurement safety nets, while continuing to provide handholding services to enterprises that grew their operations and no longer need the safety of government procurement to earn a regular revenue stream.

Investment Reforms

- d) *Developing Cash Flow based Financial Products:* While access to affordable finance is important, it is equally important for the financial sector to develop financial products tailored to meet the needs of the business. Women have proved that they are credible borrowers, and the financial sector must innovate to devise agile products that match the enterprise's cash cycles. Investments must be made to promote digital book-keeping and payment solutions and build capacities of women enterprises to adopt these solutions. This will allow tracking of enterprise cash flows based on which financing products can be developed. Further, women enterprises need to be educated about micro-insurance products to build resilience against calamities and de-risk their businesses.
- e) *Introducing Women-Enterprises to Commercial Loans:* Efforts must be made by government support programs to introduce growth-oriented women's enterprises to commercial loans. Apart from addressing the credit needs, a commercial loan will help in establishing credit worthiness of the enterprise for availing future loans. Learning from international experience, graduation programs for enterprises that have a sound history of repaying micro-loans to mainstream commercial finance could also be developed. Adoption of digital solutions (as mentioned above) will help in developing sector specific benchmarks for assessing enterprise performance, providing customized support services, and lending. District level data analytics could provide the key

²⁷ Aspiration to improve the process with optimal usage of resources through better deployment of tools and techniques

stakeholders, including banks, with opportunities and associated risks. This will enable data to be used for decision support system rather than a centralized policy input alone.

- f) *Specific Priority Sector Tag for Rural Women Enterprises:* While micro-enterprise financing is covered under priority sector, the loans are mostly provided to enterprises at the upper edge of the spectrum (i.e., enterprises closer to the INR 5 crore turnover mark)²⁸. The loans to women's enterprises are presently not prioritized separately. There is a need to further sub-segment the micro-enterprise category focusing on women-owned growth-oriented enterprises to encourage commercial banks to lend to this segment.

Design Reforms

- g) *Develop Data Based Targeting Approaches:* Identifying the target segment of growth-oriented enterprises is a challenge in rural areas. The costs associated with identification of growth-oriented enterprises is presently high, which is one of the major disincentives for private sector to invest in rural women enterprises. A data driven targeting methodology will help in improving the quality of support to growth-oriented enterprises. Besides, data is also required at a decentralized level to identify suitable enterprise sectors in a local area, geographical location of the enterprise, etc. The government must invest in creating data platforms or consider leveraging existing resources for devising tools and indicators to identify growth-oriented enterprises in rural areas. Furthermore, there is an urgent need for various departments and programs to collect and release gender disaggregated data to understand the present trends.
- h) *Women Mentors for Women Enterprises:* Studies and good practices from various countries point towards the need of creating trusted networks for women enterprises to share experiences, challenges, and seek advice. It is hence recommended to encourage local entrepreneurship promotion and support units to develop a pool of mentors and organize regular interactions with them. While there is no dearth of training programs for women enterprises, combining these initiatives with a local mentoring program could reap significant benefits.
- i) *Developing Bespoke Training Curriculum for Women Entrepreneurs:* Women entrepreneurs often need capacity building inputs in certain areas such as financial literacy, business financial analysis and planning, etc. Bespoke training curriculum addressing the needs of women entrepreneurs must be developed. Further, including components of personal initiative training could be a useful addition to drive women entrepreneurs to take calculated risks to expand their businesses.
- j) *Regular Refresher Trainings:* Most training programs follow a structured approach and impart business management and technical skills to entrepreneurs. However, many entrepreneurs, particularly those on a growth track feel the need for regular follow-up support. While mentoring is expected to address operational gaps, entrepreneur support programs must also plan for regularly assessing training needs and delivering short programs on the field. Women entrepreneurs undergoing trainings could also be certified by a third-party to enable access to ecosystem services, such as finance.

²⁸ The Govt. of India describes enterprises with a turnover of upto INR 5 crore as micro-enterprises

8. Annexure: Survey findings

The Table 1 below presents the data on entrepreneur characteristics of growth-oriented and subsistence enterprises

Table 1: Entrepreneur characteristics by growth category

	Growth-oriented enterprise	Subsistence Enterprise	Difference of means
Age (years)	36	37	-1**
Education (highest class passed)	7	9	-2***
Sources of further investment (% of entrepreneurs using source)			
Internal source (e.g., Business savings)	86%	59%	27%***
External source (e.g., formal/informal loans)	22%	31%	-9%
No further investments	9%	29%	-20%***
Record maintenance (proportion of entrepreneurs engaging)	67%	43%	24%***
Average time spent in household work (hours per day)	4	5	-1***
Average time spent in enterprise work (hours per day)	7	6	1***
Proportion of women receiving support from family	90%	84%	6%***
Note: Asterisks denote significance: *p < .10, ** p < .05, *** p < .01.			
Source: Survey Data			

Table 2 presents the data on enterprise characteristics of growth-oriented and subsistence enterprises

Table 2: Enterprise characteristics by growth category

	Growth-oriented enterprise	Subsistence enterprise	Difference
Proportion of enterprises registered	18%	7%	9%***
Proportion of enterprises borrowing from formal sources	81%	49%	32%***
Average amount of loan availed	INR 82,414	INR 40,897	INR 41,517***
Source of finance at start of enterprise (% of enterprise)			
Own Savings	64%	81%	-17%***
Informal loans	29%	26%	3%
Formal sources	63%	37%	26%***
Proportion of enterprises operating out of house	49%	61%	12%***
Proportion of enterprises operating out of fixed separate structure out of house	43%	31%	12%***
Note: Asterisks denote significance: *p < .10, ** p < .05, *** p < .01.			
Source: Survey Data			

Table 3 presents the results from the logistic regression that was used to identify characteristics that contribute to the growth and extent of the contribution. The regression results provide the likelihood of an enterprise being growth-oriented depending on various factors. This analysis helps to understand the drivers of growth and their relative contribution to success of enterprises.

Table 3: Logistic regression

	Coefficient	Standard Error
Access to formal loans	1.463***	0.139
Household Support	-0.182	0.182
Market location	0.198*	0.117
Customer base	0.888***	0.147
Collaboration and partnerships	0.650***	0.137
Use of technology	0.330**	0.129
Constant	-2.728***	0.247
Note: Robust standard errors. Asterisks denote significance: *p < .10, ** p < .05, *** p < .01. Regression controls for state and enterprise fixed effects. Source: Survey Data		