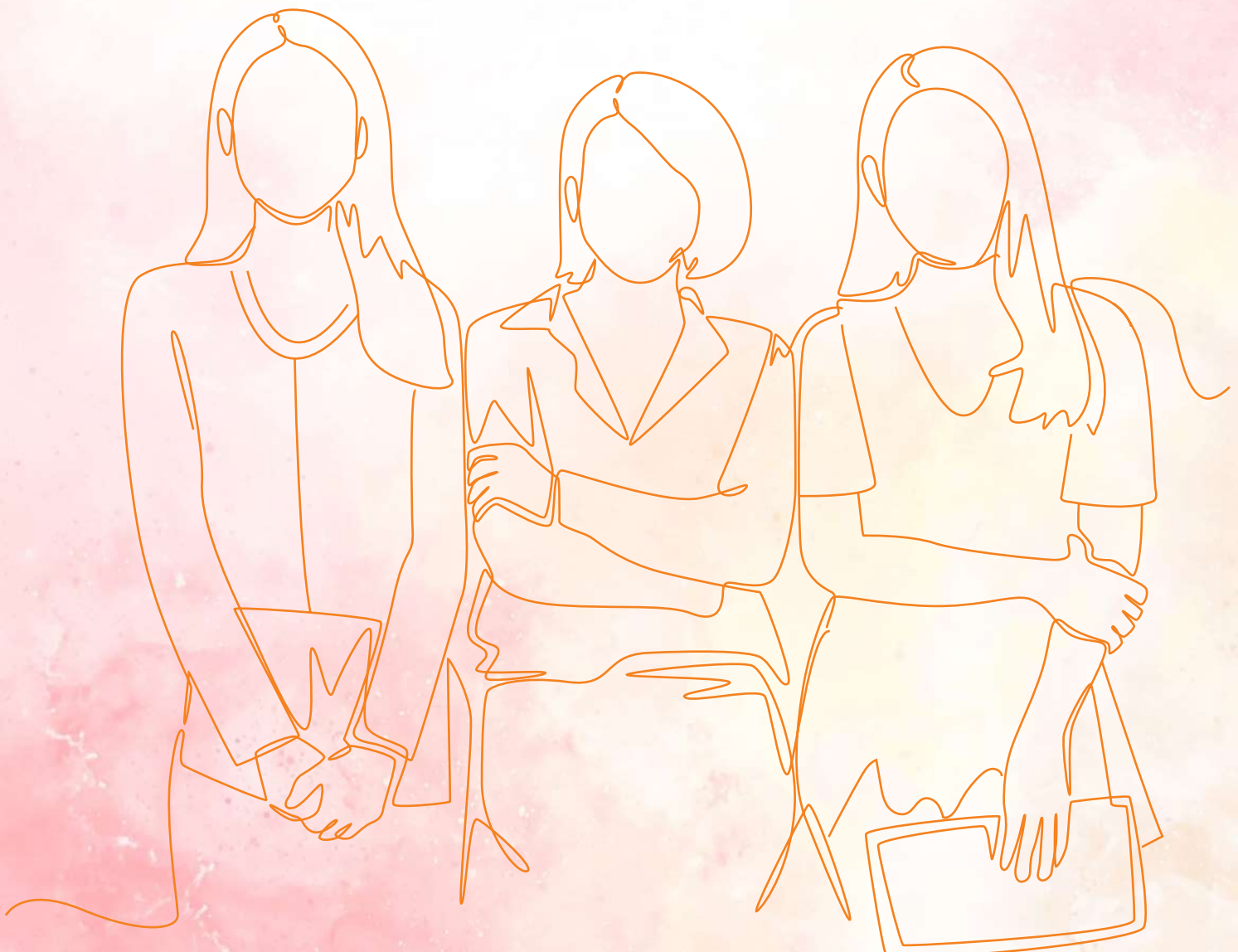




At the Helm: WOMEN ENTREPRENEURS TRANSFORMING MIDDLE INDIA

WHITEPAPER



CEO's Preface



At the Reserve Bank Innovation Hub (RBIH), we are committed to understanding and nurturing the potential of women entrepreneurs, especially in the emerging economic landscapes of India's Tier II and Tier III cities. Our partnership with SALT is a strategic initiative aimed at addressing the significant data and evidence gaps in this area. Together, we strive to enhance our understanding of this critical segment and enable their substantial contributions to India's economy.

India's evolution into a global economic powerhouse is increasingly supported by the growth of many urban centres. In these burgeoning cities, women entrepreneurs are poised to play a transformative role. Despite notable progress in education and legislative measures improving workplace conditions, women's participation in entrepreneurship remains limited, particularly in Tier II and Tier III cities. This underrepresentation is a gap that demands immediate attention and dedicated action.

This study, which involves interactions with 300 women entrepreneurs across these regions, provides deep insights into the socio-economic factors impacting their entrepreneurial journey. These findings are vital to the incubation work at RBIH, where we focus on creating supportive ecosystems that foster innovation and growth among women entrepreneurs.

Recognizing and addressing the challenges faced by these entrepreneurs is not only crucial for their personal success but also for the broader economic development of our nation. At RBIH, we are determined to bridge this gap by empowering these entrepreneurs, thus contributing to the diversified and inclusive growth of India's economy.

As we advance in our mission, we invite stakeholders from all sectors to join us in this critical endeavour. Let us collaborate to empower, support, and celebrate the achievements of women entrepreneurs in Middle India. Together, we can ensure that their success stories not only inspire but also pave the way for a more inclusive and dynamic economic future for India.

Let's commit to this journey of discovery and empowerment, making a tangible impact on our nation's economic narrative.

Rajesh Bansal
Chief Executive Officer
Reserve Bank Innovation Hub

Foreword



In the summer of 2023, a partnership was forged between the Reserve Bank Innovation Hub (RBIH), SALT-mysaltapp and the FICCI Ladies' Organisation, to look for the 'invisible' women entrepreneurs of rapidly growing Middle India. 300 women across 30 cities participated in this study and shared their stories of entrepreneurship with us.

What did we find? Courage, resilience, care, opportunities, challenges and many broken stereotypes! These women are running businesses traditionally associated with men as well as businesses traditionally associated with women, but with new technology and confidence. Most of them are highly qualified, with specialised skills. They are creating jobs and imparting skills to the local youth. They are developing local markets for their products, as well as participating in global markets, using the internet and social media. They are contributing to enhancing the lifestyle and cultural richness of these cities, inspiring more women to follow their passion and providing local support networks. What's more, they are doing their bit in making the world better, safer, often more equal and sustainable, opting for social enterprises, microfinance, organic farming or sustainable businesses.

Travelling across 30 cities in the months of April-June was an idea that qualified for a 'fit of madness', but it was driven by two factors. One, gender-disaggregated data was not available, barring Self Help Groups (SHGs) and microfinance users on the one end, and better-profiled lists of female founders and entrepreneurs, largely from metropolitan or tier 1 cities, on the other. Two, the data hides more than it reveals. For example, at the Indian Institute of Technology Kanpur Startup incubator, more than 50 percent of participating companies show one

woman as a co-founder. But this happy discovery is soon shadowed by the reality that a vast majority of them are mothers or wives of founders included for mandatory incorporation requirements. So, without visiting these women in their offices, factories, stores, cafes, homestays and farms, there is no way to understand their world, its opportunities and challenges. In addition, women's lives are inextricably intertwined with family, culture, and social networks. Without understanding this interplay through qualitative interviews, the research would be inadequate.

This White Paper, co-authored by RBIH and SALT-mysaltapp puts forth the data and correlates it to global benchmarks. It also makes timely and bold suggestions to close the gender-entrepreneurship gap in India. We thank the FICCI Ladies Organization (FLO) for helping us reach the world of women entrepreneurs who are less visible. FLO officially came forward to partner with RBIH and SALT to release this report and work together to engage with policy makers and stakeholders for making meaningful impact.

We will continue to partner with governments, institutions, private enterprises and not-for-profit organisations to build upon these findings. We solicit your support in reading and building upon these recommendations, in your sphere of work or interest.

Shinjini Kumar

Co-Founder, SALT - mysaltapp

Executive Summary

Middle India: The rising economic powerhouse

India's journey towards becoming the world's third-largest economy by 2027 and hosting the third-largest stock market by 2030 is a testament to its remarkable growth post liberalisation. Large-scale urbanisation and migration to tier 1 cities have been key to this growth but have also led to choking infrastructure and lack of diversified growth and employment opportunities. In the recent past, enhanced connectivity, government initiatives like 'smart city' projects and competitive federalism across states have led to the emergence of many Tier 2 cities as significant centres of growth.

Tier 2 and tier 3 cities, interchangeably referred to as Middle India, are emerging as pivotal economic and urban centres. Women entrepreneurs can play a crucial role in this transformation. This study, which involved speaking to 300 women entrepreneurs across these cities, dives deep into the socio-economic dynamics influencing women's entrepreneurship. India's falling female workforce participation has been a baffling challenge, especially given this country's achievements in high STEM and postgraduate education for girls. Over the last two decades, there has been a better understanding of conscious and unconscious bias in workplaces and legislative measures on childcare and safe workplaces have been implemented. However, similar understanding of the female entrepreneurial ecosystem is extremely limited in general, and almost absent in case of Tier 2 and 3 India.

About this study

This study is aimed at understanding the complex socio-economic dynamics affecting women's entrepreneurship in Middle India. It provides an in-depth analysis of challenges and opportunities as they relate to key issues such as access to capital, the impact of caregiving responsibilities, and the need for supportive infrastructure and policies. The sample was chosen with a view to finding success factors, focussing on businesses with a track record of at least three years and employing more than ten people. In all cases, the women interviewed were either founders themselves, or playing a full time, decision-making role in the family business. The inclusion of family owned businesses was deliberate, based on the increasingly important role that such businesses play in growth of the economy and generating employment in these centres.

Data and discoveries

Women entrepreneurs are not only generating employment but also enhancing local skill sets by offering training in a wide array of fields, from culinary arts to digital marketing. They are developing local markets while also tapping into the global market using digital and social platforms. They are earning foreign exchange and setting up supply chains. Furthermore, these entrepreneurs are pivotal in inspiring other women to embark on their entrepreneurial journeys, fostering supportive local networks and contributing to safer, more equitable, and environmentally conscious cities through their commitment to sustainable practices and promotion of local culture and crafts.

Demographically, the study paints a picture of a diverse and educated group of women entrepreneurs, with 14% holding graduate degrees and 55% having pursued higher education, indicating a wide range of professional backgrounds. The age distribution of these entrepreneurs, primarily between 30 and 60 years, underscores the maturity and established nature of their businesses as well as a key finding—that women have late success. Marriage and migration are significant factors affecting their entrepreneurial paths. Many women relocate for marriage, thereby impacting their professional growth. Interestingly, about 35% of the respondents reported pausing their entrepreneurial efforts due to caregiving responsibilities, while 45% ventured into or took over family businesses as their caregiving responsibilities tapered off.

These entrepreneurs operate across a variety of sectors, challenging traditional stereotypes. 90.2% of them are the primary decision-makers in their ventures, highlighting their autonomy and leadership. The data underscores the importance of family support, digital and social technologies, and networking in their success. While they face challenges like retaining skilled talent or critical skills in fields like digital marketing, their entrepreneurial spirit remains undeterred and they have created a vibrant ecosystem in centres like Indore, Kochi, Coimbatore or Vadodara, spreading to other cities like Bhubaneswar, Dehradun or Ludhiana.

Key Challenges

Despite these contributions, significant gaps remain:



Capital Gap: Merely 3% of the women surveyed had accessed external funding, such as bank loans or equity investments, to start or expand their businesses. This starkly underscores the financial barriers women entrepreneurs face in securing the capital necessary for growth.



Data Gap: In the absence of gender-disaggregated data, stereotypes abound. Lack of data hampers the ability to present compelling business cases to investors or lenders and hinders the development of effective policy interventions and evaluation of program impacts.



Visibility Gap: Women entrepreneurs frequently confront societal undervaluation of their work, often stereotyped by their roles within the family or judged by their age or level of ambition. This systemic oversight diminishes their visibility. Often, expectations are set too low and multiple awards are doled out, with little or no differentiation or goal setting.



Safety Gap: There's a noticeable trend that cities deemed safer for women see a higher propensity for them to take entrepreneurial risks and establish businesses. Enhancing women's safety can directly contribute to fostering a more vibrant entrepreneurial ecosystem.



Network Gap: Marriage is the primary factor behind women's migration with 87% women's migration being due to marriage, in contrast to men who predominantly move for job opportunities, women face the challenge of rebuilding their social networks. This disruption often leads to slower career progression, as rebuilding networks takes time and effort.



Care Gap: Women entrepreneurs are more likely to experience pauses in their careers due to caregiving responsibilities, including maternity leave and other family care needs. These 'slow phases' are a significant factor in the delayed success or growth of their businesses, further complicating their entrepreneurial journey.

Way forward and policy recommendations

Therefore, It's not just about inclusion, but it is good business and real productive value being left on the table. Only by democratising entrepreneurship opportunities can India fast-forward towards the UDS 5 trillion GDP goal.

- 1 First and foremost, gender-disaggregated data is needed at a granular level to counter stereotypes, create interest in this segment and make effective policy interventions based on data.
- 2 Majority of women entrepreneurs still set up businesses with low entry barriers because of ease of setting up and ability to fund with their own or family capital. To venture into more innovative fields, women do not lack expertise or ambition. However, this is often not possible because few are able to access risk and growth capital. To break the vicious cycle of women owned businesses not scaling because of lack of funding and women owned businesses not getting funded because they lack scale, more meaningful grants to women entrepreneurs and female focussed incubators and Venture Capital funds can help.
- 3 We found women inheriting businesses from parents as well as joining family businesses after marriage and migration. Families are important stakeholders in their success. Fiscal incentives to female owned businesses for childcare leave and expenses is a potential solution.
- 4 Local role models who have crossed these milestones play an important role in developing an enabling environment. New urban infrastructure in tier 2 India, such as airports or convention centres can be used to showcase success stories of local entrepreneurs.
- 5 Many women are not able to expand their enterprises because they operate from home and often limit their operations for as long as possible. Providing co-working and co-building space can help.
- 6 Most importantly, there is a need to make the financial system responsive to care gaps, late success, and low asset ownership. Going beyond PSL targets and setting KPIs for more inclusive investing and credit can be an effective policy approach.

The whitepaper articulates a vision for Middle India where gender-responsive policies, education, capital, skill development, and strong community networks converge to create an inclusive and prosperous entrepreneurial landscape. This commitment to fostering women's entrepreneurship is pivotal not only for inclusive development, but also for overall economic growth and achieving the national goal of becoming a five trillion-dollar economy.

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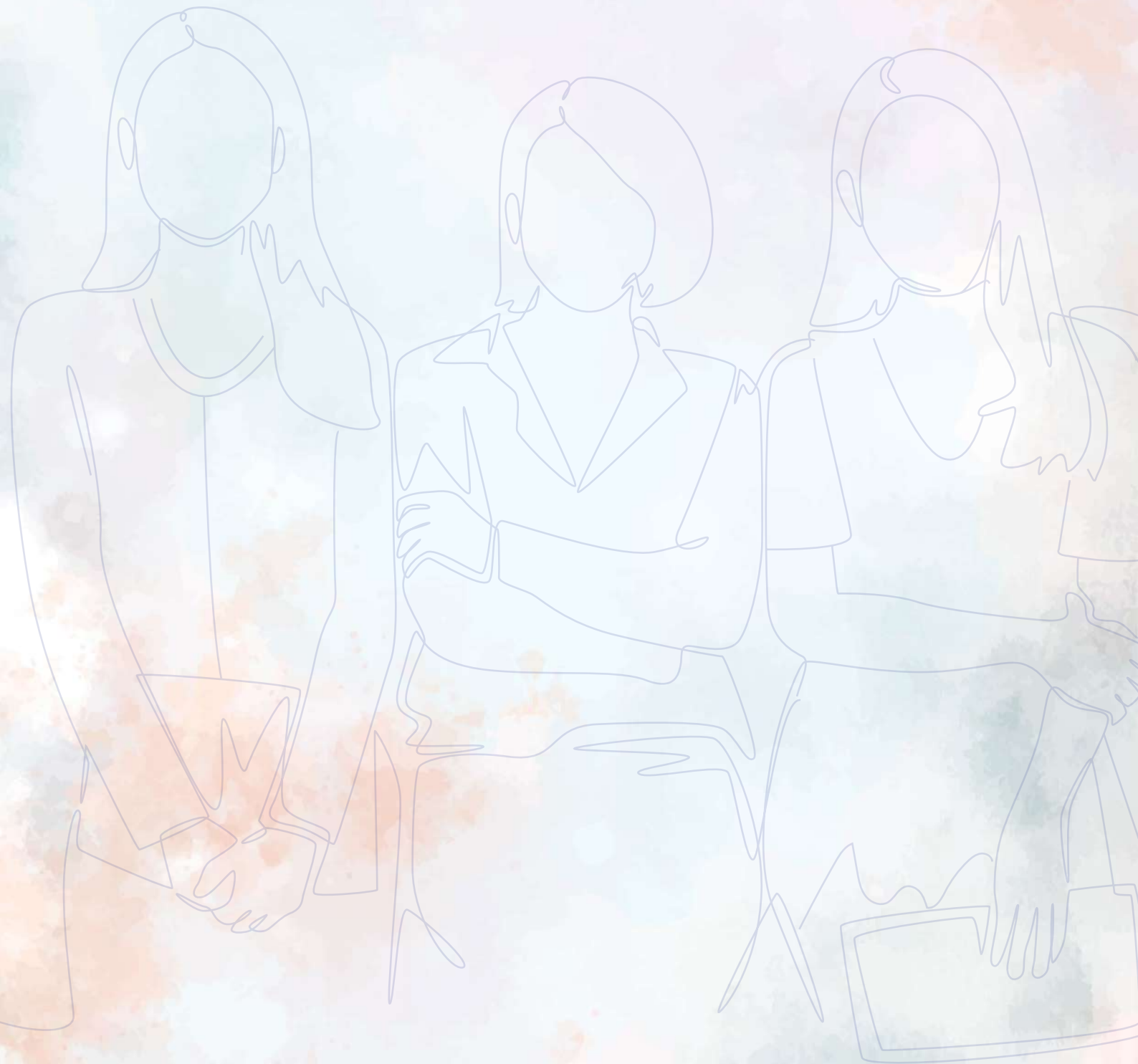
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CHAPTER

01

The India Story is Worth Re-telling



The India Story is Worth Re-telling

India is on track to become the world's third-largest economy by 2027, outpacing Japan and Germany and is expected to have the third-largest stock market by 2030¹. India has also emerged as the world's third-largest startup ecosystem with more than 110 unicorns². This remarkable growth is largely a result of the transformative trio of the 1990s: economic liberalisation, the software revolution, and globalisation. From 1991-92 to March 2005, foreign direct investment (FDI) in India surged from US \$129 million to US \$40 billion, marking an astonishing increase of approximately 316.9 times³. While deviating from the conventional manufacturing-led employment growth, India has thrived in the knowledge economy, leveraging global insourcing, software development, and domestic market expansion.

India's economic surge has now spread well beyond the metropolitan centres, with cities like Bengaluru, Hyderabad, Pune, Ahmedabad, and Surat evolving into Tier 1 cities⁴. This growth has been propelled by accelerated urbanisation, efficient road, rail and air connectivity, and ubiquitous internet, supported by affordable data and smartphones. India's decentralised governance further empowers states, elevating state capitals and traditional trade and commerce hubs by enhancing their status and importance as central nodes for economic activity, policy-making, and commercial exchanges within the country. Government-driven 'smart city' initiatives aim to alleviate congestion in major urban areas and cultivate new economic centres, with a focus on digital infrastructure. This urban evolution is intertwined with significant migration, fueled by the aspiration for better income, jobs, education, healthcare, lifestyle, and a sense of personal freedom.

Future economic growth is increasingly anchored in tier 2 and tier 3 cities, aligned with demographic transformation. Presently, cities, although occupying just 3% of the land, house 30% of India's population and contribute 60% to the

GDP⁵, with projections pointing towards a rise to 40% by 2030 and 50% by 2050⁶. This trend positions India at the forefront of emerging megacities globally, with numerous tier 2 cities poised for tier 1 status.

Urbanisation and migration remain central to India's development, with urbanisation rates varying significantly across states. States like Goa, Tamil Nadu, Kerala, Maharashtra, and Gujarat have surpassed 40% urbanisation, whereas Bihar, Odisha, Assam, and Uttar Pradesh lag. Tier 2 cities are rapidly evolving post-pandemic, reflecting lifestyle preferences for more personal space, clean air, and community support. Many offer natural attractions, and a cultural renaissance is underway with the rise of new cafes, cultural centres and public spaces, bridging the lifestyle gap with tier 1 cities. Aspirational brands have become more accessible, with brands like Tata Cliq Luxury and ABFRL's The Collective reporting significant revenues from non-metro stores⁷. Moreover, high-end designers often find pop-up sales in these cities outperforming traditional urban strongholds.

Furthermore, tier 2 and tier 3 cities are nurturing a vibrant startup ecosystem, integral to India's dynamic entrepreneurial landscape. With over 114,000 startups across all states and UTs, ⁸entrepreneurial activity is widespread. Cities are increasingly gauged on modern metrics such as infrastructure, cleanliness, growth, and startup density, with competitions celebrating these achievements.

As India strides towards becoming a global economic powerhouse, Tier 2 and Tier 3 cities will not only contribute significantly to the national economy, but also drive a transformative societal shift towards broader, more inclusive growth.

¹Morgan Stanley Research, *Why This Is India's Decade (2022)*, accessed [December 2023], <https://www.morganstanley.com/ideas/investment-opportunities-in-india>

²"India has world's third-largest startup ecosystem: PM at Startup Mahakumbh." *Business Standard*, March 20, 2024. https://www.business-standard.com/industry/news/india-has-world-s-third-largest-startup-ecosystem-pm-at-startup-mahakumbh-124032000287_1.html.

³M. K. Dutta and Gopal Kumar Sarma, "Foreign Direct Investment in India Since 1991: Trends, Challenges and Prospects," SSRN, accessed March 19, 2024, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1443577.

⁴Reserve Bank of India, "Notification No. 134," November 16, 2016, <https://www.rbi.org.in/commonman/Upload/English/Notification/PDFs/NOTI134AA16112016.PDF>

⁵NITI Aayog, "Modified CEOG Executive Summary," May 18, 2022, https://www.niti.gov.in/sites/default/files/2022-05/Mod_CEOG_Executive_Summary_18052022.pdf.

⁶Ministry of Housing and Urban Affairs, "Ease of Living Index," <https://amplifi.mohua.gov.in/assets/html-landing/pdf/eol.pdf>.

⁷Fortune India, "Non-metro India takes to luxury shopping, makes up to 50% sales of luxury e-tailers," <https://www.fortuneindia.com/enterprise/non-metro-india-takes-to-luxury-shopping-makes-up-to-50-sales-of-luxury-e-tailers/110541>.

⁸Press Information Bureau, Government of India, Ministry of Commerce & Industry, "Invest India, Inc 42, BtMAG, The Economic Times, TICE,"

But where are the women in this story?

Three decades after liberalisation, it's pivotal to examine its impact on gender dynamics in India and consider the necessary steps to ensure a future that continues to build on past achievements. The empowerment of women, especially at the grassroots level and in rural areas, has been a key focus for many state governments. Considerable attention has been paid to women through government programs that make food, cooking gas, potable water and voter enrollment more accessible. Women surpass men by 15% in the Election Commission's drive to enrol new voters. However, there is a lack of detailed data and comprehensive research to evaluate and address the continuing socio-economic disparities and gender inequality.

International Labour Organization (ILO) statistics show that in 2022, only 19.2% of Indian women participate in the workforce, in stark contrast to 70.1% of men, highlighting a significant employability gap of 50.9%. Data from the NITI Aayog indicates that women account for just 13.76% of entrepreneurs, contributing 17% to the GDP, well below the global average of 37%. The International Monetary Fund (IMF) suggests that bridging the gender employment gap could increase global GDP by 35%, prompting the question: what barriers prevent women from achieving their full economic potential in modern India?

While rural and economically disadvantaged urban areas face gender-based barriers in accessing primary education, the middle class in India has expanded access to education. It is not just the success of 'beti bachao, beti padhao' in terms of numbers, but also in terms of quality of education. Female enrollment in higher education and STEM (Science, Technology, Engineering, and Mathematics) fields rose by 18% from 2015 to 2020. India boasts nearly 43% of STEM graduates as women, higher than those in the USA, Canada, and the UK. This achievement carries into postgraduate programs, where women make up 51% of enrollments. Across all levels of higher education, the gross enrollment ratio for female students is 27.3%, slightly edging out male students at 26.9%.

However, this educational advancement contrasts sharply with the lower participation of women in the workforce and entrepreneurship. The 'leaky pipeline'—the trend of women leaving their careers at the mid-management level due to maternity or caregiving duties—restricts their presence in leadership roles. Historically, India's Female Labour Force Participation Rate (FLFPR) declined from 30.2% in 1990 to an all-time low of 17.5% in 2018. However, recent data shows a positive shift, with the FLFPR rising to 24.8% by 2020-21, thanks to labour reforms, improved manufacturing sector employment, an increase in self-employment, and higher formal job creation. This upturn suggests a slow but potential reversal of the longstanding trend of declining female workforce engagement in India, highlighting the complex interplay of educational achievements against socio-economic barriers in the country.

Knowledge about women who pursue entrepreneurship, including the challenges they face and the opportunities available to them, remains limited. This gap in understanding is particularly pronounced for women in tier 2 cities and towns who venture into entrepreneurship.

We are not alone in this - the world is unequal

The disparity in access to capital and paid employment between women and men is a global challenge. However, it is heartening to see numerous international organisations now tracking female workforce participation (FWP) and the growth of businesses owned by women, offering a richer dataset in recent years. Gender imbalances are prevalent across various regions and cultures, rendering international case studies invaluable for understanding the context in India.

Although they may seem unrelated at first glance, trends in FWP and entrepreneurship are interconnected. A growing number of women worldwide are launching their businesses, drawn by the flexibility to balance professional and domestic responsibilities and the relatively lower capital needed for online ventures. Female entrepreneurs are emerging as the most rapidly

⁹Election Commission, "Largest Electorate for General Elections - Over 96.88 Crore Electors Registered Across the Country," Press Information Bureau, posted on February 9, 2024, <https://pib.gov.in/PressReleasePage.aspx?PRID=2005189>.

¹⁰Srishti Jaswal, "Female labour participation declining in India: Why are women not working?" India Today, June 9, 2023, <https://www.indiatoday.in/education-today/jobs-and-careers/story/female-labour-participation-declining-in-india-why-are-women-not-working-2391034-2023-06-09?onetap=true>.

¹¹NITI Aayog, "Decoding Government Support to Women Entrepreneurs in India," March 2023, <https://www.niti.gov.in/sites/default/files/2023-03/Decoding-Government-Support-to-Women-Entrepreneurs-in-India.pdf>.

¹²International Monetary Fund, "Finance & Development, March 2019," IMF, 2019, <https://www.imf.org/external/pubs/ft/fandd/2019/03/pdf/fd0319.pdf>.

¹³Ministry of Education, Government of India, "All India Survey on Higher Education (AISHE) 2018-19," https://www.education.gov.in/sites/upload_files/mhrd/files/statistics-new/aishe_eng.pdf.

¹⁴Government of India, Ministry of Finance. 'Press Release.' Press Information Bureau. July 22, 2020. <https://pib.gov.in/PressReleasePage.aspx?PRID=1629366>.

¹⁵"Ministry of Statistics and Programme Implementation, Government of India. 'Annual Report, Periodic Labour Force Survey (PLFS) 2021-22.' 2022. https://www.mospi.gov.in/sites/default/files/publication_reports/AnnualReportPLFS2021-22F.pdf?download=1."

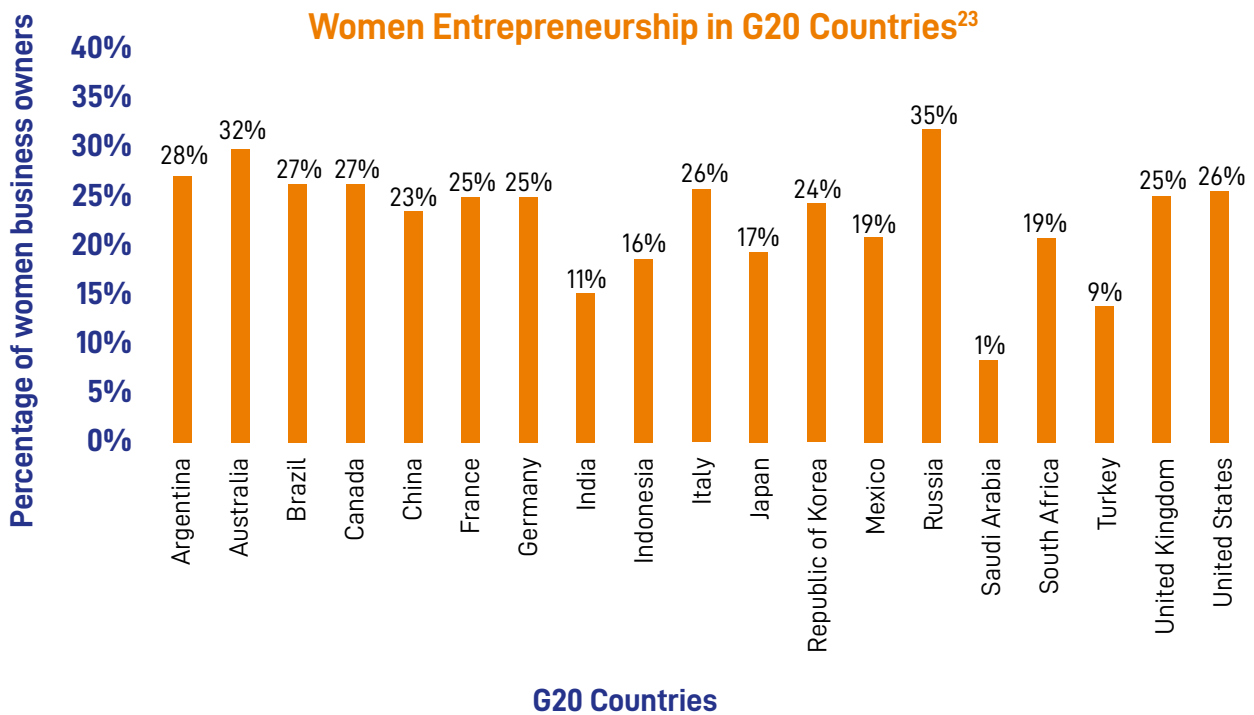
¹⁶Government of India, Ministry of Labour & Employment. 'Press Release.' Press Information Bureau. July 5, 2022. <https://pib.gov.in/PressReleasePage.aspx?PRID=1894913>.

expanding group of entrepreneurs globally (albeit because of a low-base)¹⁷, a fact that remains underrepresented in the existing literature on entrepreneurship. These women should be documented for the unique approach they bring to business.

In the developing world, between 8 and 10 million small and medium-sized enterprises (MSMEs) have at least one female owner¹⁸, while in India 2.7 million MSME's are owned by women¹⁹. Women often opt for self-employment as a strategy to more effectively juggle various demands on their time. Globally, women account for one in three entrepreneurs behind high-growth ventures, with those in upper-middle-income countries distinguishing themselves through innovation and

competitive prowess. Yet, the COVID-19 pandemic marked a significant uptick in business closure rates among women, escalating from 2.9% to 3.6%²⁰. This trend was most acute in upper-middle-income countries, where female entrepreneurs saw a 74% increase in business closures between 2019 and 2021, starkly contrasting with a 34% rise²¹ for men, underscoring the distinct hurdles women face in sustaining their businesses during tumultuous periods.

Among the G-20 countries, Russia has the highest percentage of women-owned businesses at 35% followed by Australia at 32% and Argentina at 28%. The chart on women entrepreneurship in G20 countries compares the percentage of women business owners across the 20 nations²².



¹⁷Giuseppina Maria Cardella, Brizeida Raquel Hernández Sánchez, and Jose C. Sanchez, "Women Entrepreneurship: A Systematic Review to Outline the Boundaries of Scientific Literature," ResearchGate, 2020, https://www.researchgate.net/publication/343017098_Women_Entrepreneurship_A_Systematic_Review_to_Outline_the_Boundaries_of_Scientific_Literature.

¹⁸World Bank, "Female Entrepreneurship Resource Point: Introduction and Module 1 - Why Gender Matters," accessed [February 22, 2024], <https://www.worldbank.org/en/topic/gender/publication/female-entrepreneurship-resource-point-introduction-and-module-1-why-gender-matters>.

¹⁹"WOMEN-OWNED ENTERPRISES." n.d. PIB. <https://pib.gov.in/PressReleasePage.aspx?PRID=1907502>.

²⁰Global Entrepreneurship Monitor (GEM), "Women's Entrepreneurship 2019/2020 Report," 2020, <https://www.gemconsortium.org/report/51084>.

²¹Global Entrepreneurship Monitor (GEM), "Women's Entrepreneurship 2019/2020 Report," 2020, <https://www.gemconsortium.org/report/51084>.

²²CEOWORLD magazine, "Countries With The Most Women Business Owners as a Percentage of Total Business Owners, 2018," <https://ceoworld.biz/2019/01/21/countries-with-the-most-women-business-owners-as-a-percentage-of-total-business-owners-2018/>.

²³CEOWORLD magazine, "Countries With The Most Women Business Owners as a Percentage of Total Business Owners, 2018," <https://ceoworld.biz/2019/01/21/countries-with-the-most-women-business-owners-as-a-percentage-of-total-business-owners-2018/>.

India still has a lot of ground to cover

India ranks 57th out of 65 countries in female entrepreneurial progress and success²⁴. This ranking is influenced by the fact that only 20% of India's 61 million MSMEs are led by women, nearly half of which operate in rural areas. Most are sole proprietorships without full-time staff. Specifically, women helm only 5.26% of small enterprises and a mere 2.67% of medium-sized enterprises²⁵.

The adage that "what does not get measured, does not get done" is particularly relevant to female entrepreneurship in India, hindered by a lack of gender-disaggregated data. There's a notable absence of detailed data on women entrepreneurs, complicating the recognition of entrepreneurship and gig work unless directly reported. Many women generating income from home often don't identify as 'working women' or entrepreneurs, largely because their earnings are either undeclared or considered minor. In addition, many families and women themselves choose to value their role in building a family more than their economic contribution to the household income. This blend of socio-cultural and economic factors highlights the urgent need for detailed research to understand these dynamics better and create effective interventions.

Entrepreneurship can be the answer to inclusive growth

In the Indian context, entrepreneurship could stand out as a viable alternative for women seeking work flexibility due to childbirth or caregiving responsibilities. This situation is more acute in smaller cities, where job availability is scant, and concerns about personal safety, complex social norms, and the lack of formal caregiving options further limit opportunities.

The Covid-19 pandemic highlighted the potential of remote work and home-based business models for women and families, despite the disruption it caused to conventional businesses. Echoing global patterns, the pandemic resulted in business shutdowns in India, driven by heightened caregiving responsibilities and a tough business environment. Nonetheless, it also opened up new avenues for launching online businesses, making use of online communities and social media to attract customers and build support networks.



Chitra Gurnani's Journey to hometown with Thrillophilia

In 2017, Chitra Gurnani made the strategic move of relocating her venture, Thrillophilia, from the bustling startup ecosystem of Bangalore to her hometown, Jaipur. This shift marked a transition from being an investor-dependent entity to becoming a self-sustained business. By optimising overhead costs, tapping into local talent, and fostering their growth, Chitra successfully expanded Thrillophilia's customer base to over 2 million, showcasing the power of strategic location change and community engagement in scaling businesses.

As India strives to become a USD 5 trillion economy, the importance of increasing women's participation in the workforce and entrepreneurship cannot be overstated. As stated earlier, closing the gender gap in employment could increase global GDP by an average of 35%²⁶. The advantages of creating and fostering more women entrepreneurs go well beyond the expansion of GDP, leading to wider societal and cultural progress.

²⁴Mastercard, "The Mastercard Index of Women Entrepreneurs, <https://www.mastercard.com/news/media/phwevxc/the-mastercard-index-of-women-entrepreneurs.pdf>.

²⁵NITI Aayog, "Entrepreneurship Schemes Research Report," March 2023, https://www.niti.gov.in/sites/default/files/2023-03/221007_NITI_MSC%20Entrepreneurship%20Schemes%20Research%20Report_Final.pdf.

²⁶International Monetary Fund, "Finance & Development, March 2019," <https://www.imf.org/external/pubs/ft/fandd/2019/03/pdf/fd0319.pdf>.

Central and state level policies to promote women in business

Merely 2% of the female entrepreneurs included in this study said that they had taken advantage of government policies or grants. States like Odisha have notably prioritised women's entrepreneurship with proactive funding measures, whereas other states present a variety of different policies.

Successful examples of government policy intervention can be seen in public procurement, where the government

incentivises organisations owned or led by women. Such policies encourage family-run businesses to involve women in ownership roles. Under the 2018 Public Procurement Policy for Micro and Small Enterprises, there's a special clause for women-owned businesses: 3% of the annual buying from these enterprises, out of a 25% goal, is exclusively set aside for them.



Alisha Mandoliya - Sustainability at Mulya Creations

A NIFT Chennai alumnus, Alisha Mandoliya returned to Dehradun, Uttarakhand, drawn by the state's Startup Program. Her venture, Mulya Creations, specialises in using natural dyes derived from flowers, producing fabrics that have found reputed buyers in the fashion world. The initial boost from grants, coupled with the exposure gained through exhibitions and social media, played a crucial role in the growth of this all-women business, which prides itself on its commitment to quality and sustainability.



Shyama Jha - Moving to Safety and Support

Originally from Ranchi, Jharkhand, Shyama Jha relocated to Bhubaneswar, Odisha because she found it to be a safe environment to raise her child and work. With substantial work experience in telecom and retail behind her, she and her husband bid for an ambitious project for value added millet products and successfully got a large grant from the government. Her venture, Wow Mom Foods impacts thousands of farmers across 17 villages, promoting millet cultivation and facilitating Farmer Producer Organisations (FPOs).

Government agencies have rolled out various schemes to foster entrepreneurial expansion as well. For example, the Odisha MSME Development Policy 2016 provides a capital investment subsidy to MSMEs, with an emphasis on women, SC/ST, and differently-abled entrepreneurs. Qualified enterprises can avail a 30% subsidy on investments in plant and machinery, up to Rs 1.25 crore. The Odisha Start-up Policy 2016 further aids women entrepreneurs by offering a monthly stipend of Rs 22,000 to start-up founders or co-founders who own at least 50% equity and up to Rs 16 lakh for product development and marketing.

In Gujarat, celebrated for its entrepreneurial culture, the Gujarat Women Economic Development Corporation conducts Entrepreneurship Awareness Programmes (EAP), annually training over 1050 potential women entrepreneurs through the Women Entrepreneurship Development Programme (WEPP) across 33 districts. In addition, both, the central and state governments as well as organisations like RBI, SIDBI, NRLM and NABARD, have created various incentives and lending programs for women entrepreneurs in the last mile with the right mandates (Priority Sector lending) or through well-designed subsidy programs and incentive mechanisms.

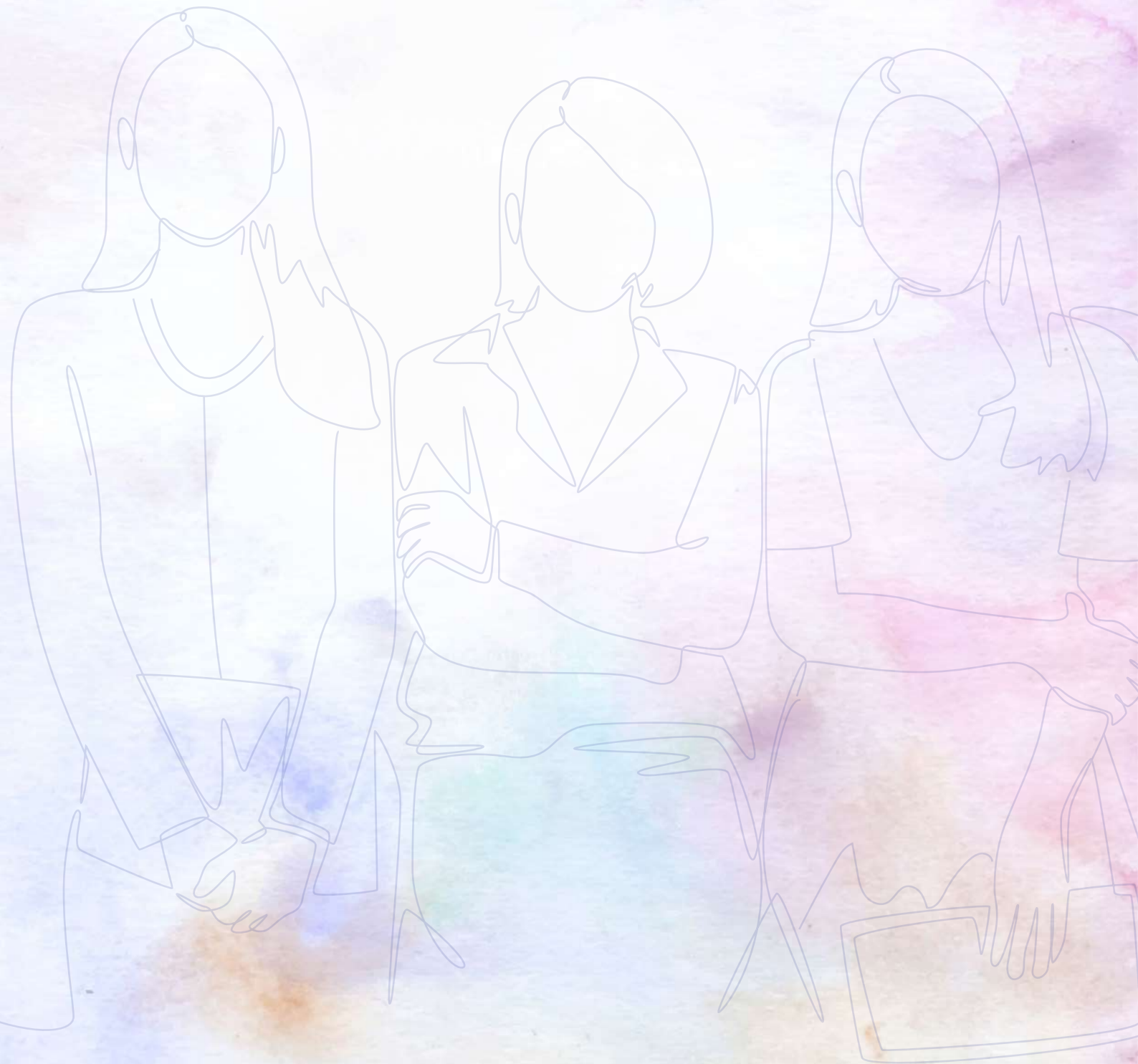
The Self Help Group movement and the Bank Credit Linkage program is one such initiative which continues to provide the most affordable source of financing to empower women's collectives and women nano-entrepreneurs in the last mile.

However, despite these programs, significant gaps remain and the policy agenda is still evolving in terms of design, engagement and overall success. For example, many women entrepreneurs are attracted to sectors like organic farming, sustainability, and wellness and could benefit from the many government support programs targeted in these sectors. However, frequent changes to these programs and the lack of aligned incentives disrupt the growth and stability of their businesses. Most lending programs are unable to find the women to lend to, or struggle with both the discovery and identification of such enterprises. Men running businesses in the name of women of the household to avail concessions or benefits has created stereotypes that further discourage providers and policymakers, often neutralising benefits for the women who are genuinely running businesses and want to access these resources. A lot more can be achieved with more attention to design, promotion, consistency and long term policies.

CHAPTER

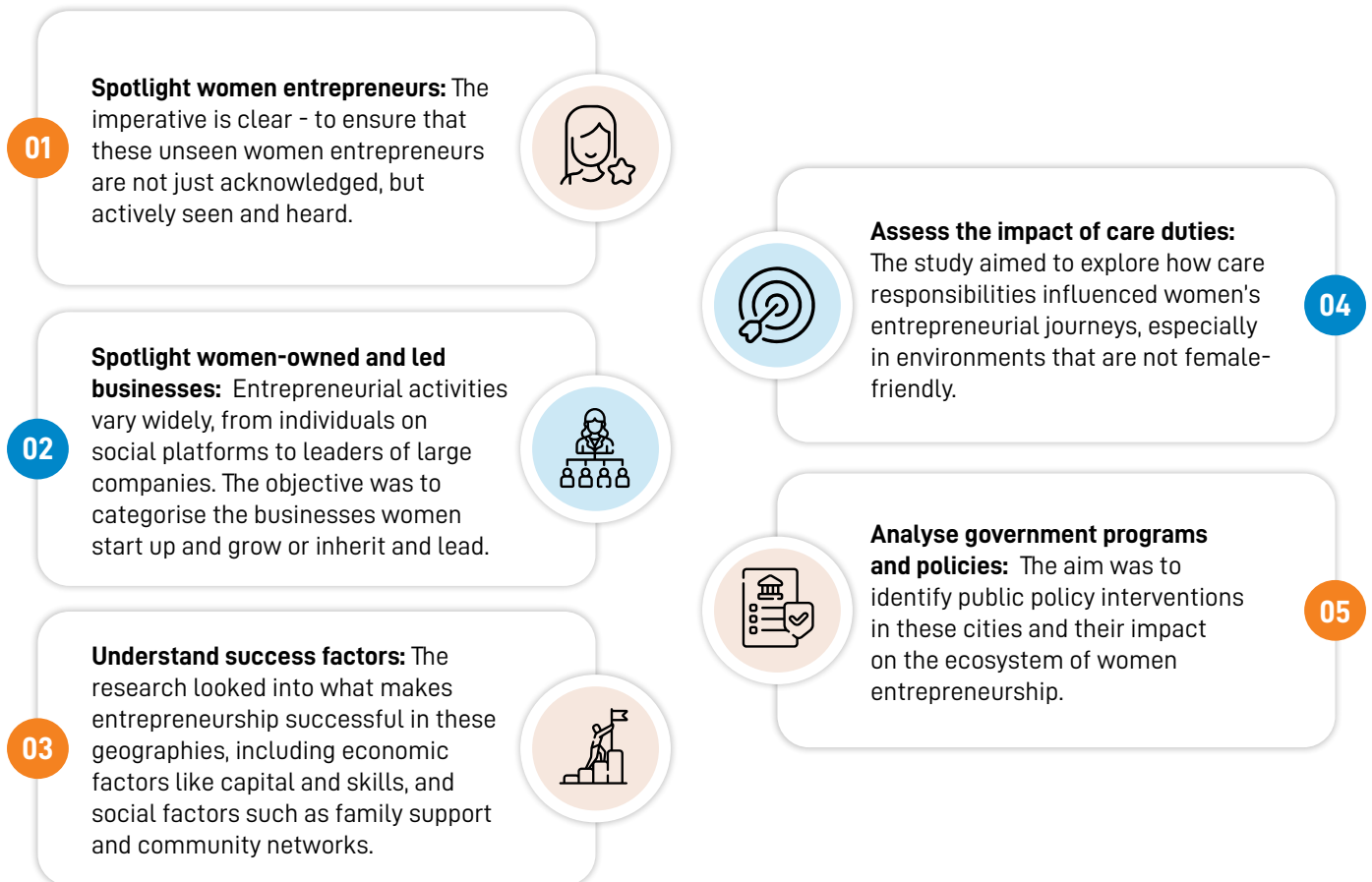
02

Train to Middle India



Train to Middle India

Building upon this foundational understanding, this study focused on women entrepreneurs from tier 2 cities in India, interchangeably referred to as Middle India²⁷, with these cities being the pillars of the next wave of economic growth in the country²⁸. The objective of the study was to gather data directly from these women to achieve the following goals:



The Hypothesis

The investigation focused on women entrepreneurs constituting the 'missing middle'²⁹. It's encouraging to see women micro-entrepreneurs gaining recognition through the SHG movement and benefitting from microfinance in India over the last twenty years. Women leading large businesses also get media attention and feature in awards. However, the media highlights mostly micro-entrepreneurs or exceptional cases, overlooking the "Missing Middle" of small/medium business owners outside major cities. Addressing this gap is crucial as they often create more jobs and can become future large businesses. Their widespread presence also serves as important role models for the next generation.

The following aspects were hypothesised to influence the participation and success of women entrepreneurs:

Care responsibilities: Women predominantly shoulder the care for children and the elderly. The State Bank of India's Ecowrap report notes, "the unpaid domestic work performed by women contributes about 7.5% of GDP."³⁰ Highlighting the significant economic impact of women's unpaid labour, the Time Use Survey 2019 found that women dedicate an average of 335 minutes daily to unpaid domestic tasks, compared to men's 40 minutes³¹. Hence, questions were included to assess the impact of caregiving responsibilities on the entrepreneurial journeys of the women surveyed.

²⁷Middle India is the term used in the whitepaper to refer to Tier 2 and Tier 3 cities

²⁸National Institution for Transforming India (NITI), "Mod-Ceog Executive Summary," May 18, 2022, accessed March 20 2024, https://www.niti.gov.in/sites/default/files/2022-05/Mod_CEOG_Executive_Summary_18052022.pdf.

²⁹Theda Skocpol, *The Missing Middle: Working Families and the Future of American Social Policy* (New York: W.W. Norton & Company, 2001).

³⁰State Bank of India, "SBI Research Ecowrap: The Good and Bad of State Finances," April 2022, https://images.assettype.com/bloombergquint/2022-04/b8b13c54-62ec-4d15-8ca4-c68fe6c69f06/SBI_Resarch_Ecowrap_The_Good_And_Bad_Of_State_Finances.pdf.

³¹Ministry of Statistics and Programme Implementation, "Time Use Survey (TUS), 2019," [https://www.mospi.gov.in/time-use-survey#:~:text=Time%20Use%20Survey%20\(TUS\)%2C,period%20January%20to%20December%202019](https://www.mospi.gov.in/time-use-survey#:~:text=Time%20Use%20Survey%20(TUS)%2C,period%20January%20to%20December%202019).

Migration: Viewing migration through a gender perspective, 86.8% of women relocate primarily due to marriage, either as dependent family members or to join a spouse in another city³². This is different from men, who migrate because of job opportunities. The survey sought to explore how this uprooting and rerooting impacts women, assessing whether migration offers benefits or poses disadvantages.

Lack of opportunities in tier 2 cities and tier 3 cities: The migration of women for work is rare, often confining them to their birth or marital homes. Scalable employment opportunities are scarce beyond tier 1 and some tier 2 cities. Women frequently opt for lower-paid roles in the informal sector to maintain workforce participation or exit the workforce altogether when additional income is not necessary.

Sampling strategy

From the initial conversations (of 229 one-on-one interviews), it was evident that the study was engaging with individuals far beyond the anticipated scope. These participants, who could have opted for a life of leisure, chose to venture into the business world for empowerment, to do meaningful work, or to validate their talent and competence. Alternatively, they were individuals who, despite facing significant socio-economic hurdles, succeeded in their pursuits. This observation led us to use the term 'heroines' to describe these women, reflecting both the recognition of their success and a deliberate bias towards those who had "made it" against all odds.

The selection process for participants in this study presented considerable challenges, in the absence of any authentic listing or database of such businesses. To clarify, many businesses that list women as promoters or directors are not necessarily run by them. As a result, the criteria for inclusion evolved as the study commenced with limited initial data and background research, allowing the methodology to develop through the first 50 interviews.

The study centred on women residing in tier 2 cities initially, with subsequent inclusion of participants from tier 1 and tier 3 cities who explicitly expressed interest in being a part of this study. These participants were required to meet specific conditions, including:

- They had to be the sole or joint owners or hold key leadership roles, in the case of a family enterprise.

- They needed to possess decision-making powers and specify which business areas they managed independently.
- The business was required to be located in a tier 2 and tier 3 city*³³
- The enterprise should have a history of at least five years of operation.
- The business must employ at least 10 individuals.

Selecting diverse women entrepreneurs: criteria and sectors

As the study progressed, the team encountered significant regional differences in entrepreneurial activity among women. In cities with a long-standing entrepreneurial culture, such as Jaipur, Baroda, Coimbatore or Indore, numerous women met the initial criteria. However, in cities like Patna or Raipur, identifying eligible participants proved challenging. The team also recognized that factors such as the care economy³⁴ and limited access to capital often delayed women's entrepreneurial success. Consequently, the selection criteria were modified; participants meeting three out of the five original criteria were considered, with any exceptions duly noted.

The survey maintained a sector-agnostic approach, welcoming participants from diverse fields including education, food and beverage, hospitality, industrial sectors, social entrepreneurship, technology, finance, the arts, renewable energy, and more. This wide-ranging inclusivity aimed to capture the breadth of entrepreneurial endeavours women are engaged in.

Based on the diverse sectors represented and the challenges highlighted, such as securing funding and managing caregiving duties, it is inferred that a significant proportion of the businesses led by women entrepreneurs in this study likely operate within the MSME category, with more than 50% of these enterprises generating revenues up to Rs 1 crore. This classification aligns with the observed patterns and challenges, underscoring the predominance of small to medium-sized businesses in the sample. At the same time, they preserve the original intention of going beyond the micro-entrepreneur category, which is fairly represented in existing literature.

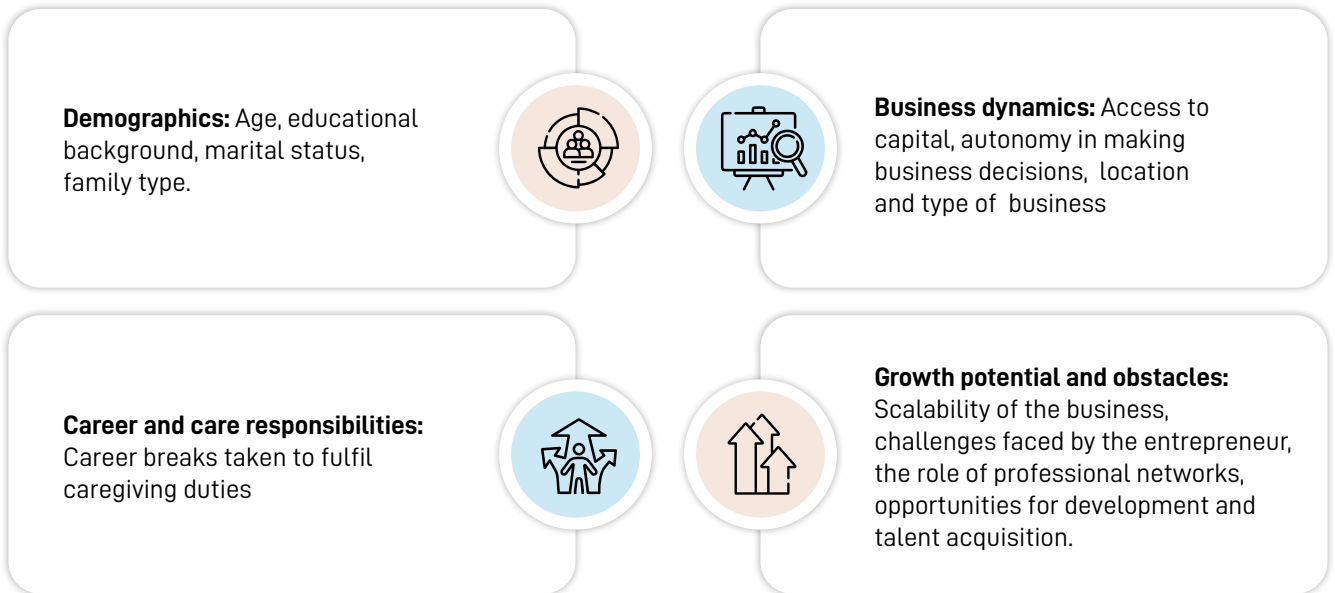
³²National Sample Survey Office, "MIS Report: 78th Round," <https://www.mospi.gov.in/MIS-report-78th-round>.

³³Few exceptions were made in case of women who owned businesses in Tier 2 cities, but lived in a Tier 1 city nearby

³⁴Care economy refers to paid care work and unpaid care work provided by people as part of human survival, welfare and reproducing the labour force.

Survey design and structure

The survey evolved with time and conversations, drawing from initial hypotheses and interviews, to encompass a broad spectrum of factors affecting women entrepreneurs. Grouped under several key themes for clarity, the questionnaire aims to simplify data gathering while providing room for detailed qualitative feedback. The themes and specific aspects covered include:

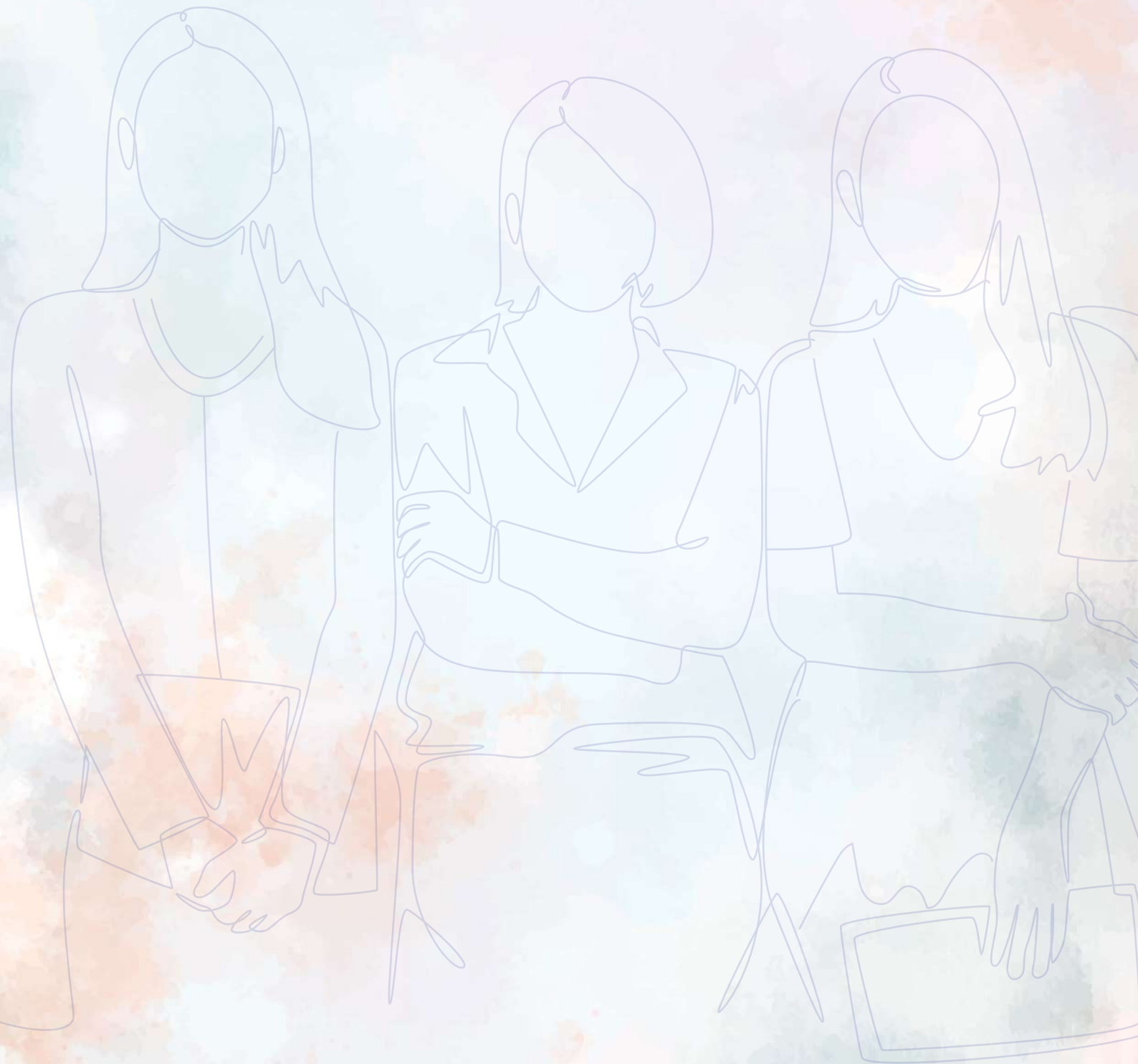


For any enquiries regarding methodology, data or collaborations, please write to connect@salt.one

CHAPTER

03

Data and Key Findings



Data and Key Findings

Education

Among those interviewed, 14% possessed graduate degrees, while a combined 55% had pursued higher education, including 39% with postgraduate degrees and an additional 16% holding MBAs. The disciplines of these postgraduate studies were varied, including specialised degrees in Patisserie, Ayurvedic medicine, and performing arts, indicating a wide range of professional backgrounds. Many of these entrepreneurs moved back to their hometowns or their spouses' cities after completing their education abroad or in major Indian cities, highlighting a discernible pattern.



Parveen Hafeez - Pioneering Healthcare and Navigating Domestic Norms

In Kochi, Parveen Hafeez stands tall as the Managing Director of Sunrise Hospital, a venture she co-founded with Dr. Hafeez Rahman in 2005. She is also the Managing Partner of Iware Solutions, a software firm specialising in hospital management systems. In between managing the complexities of finance and operations for her business, Parveen talks about navigating the traditional domestic expectations, humorously highlighted by the routine inquiries at home about dinner menus.

Education Qualifications

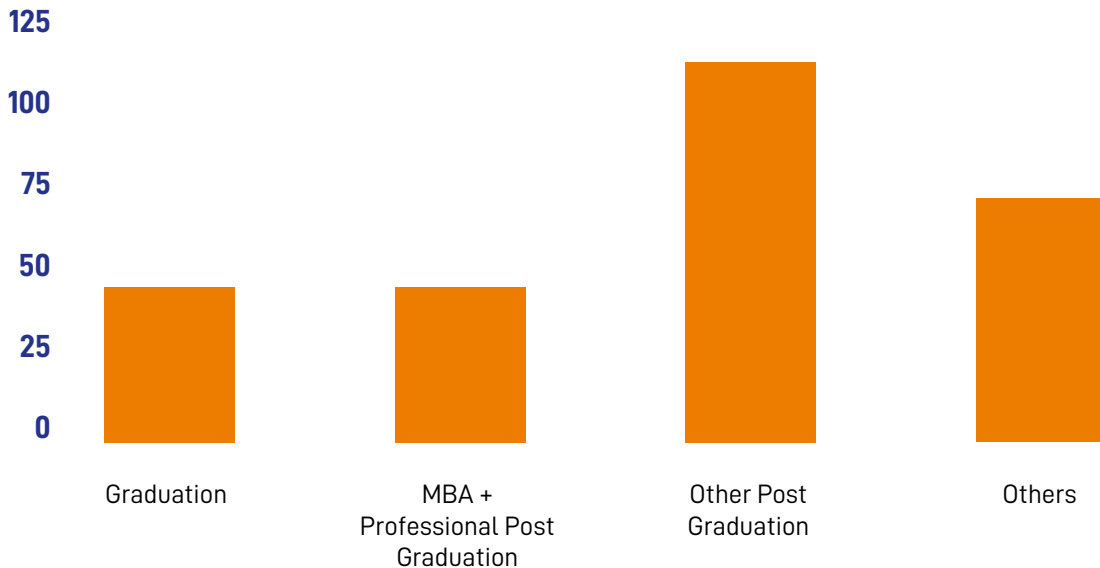


Chart 2: Highest Educational Qualification

Age dynamics and entrepreneurship

The majority of the women interviewed were aged between 30 to 44 years (47%) and 45 to 60 years (30%), indicating the study's emphasis on entrepreneurs with established businesses. This demographic distribution suggests that the path to entrepreneurial success for women tends to extend over a longer period, shaped by challenges like securing funding, managing caregiving duties, and navigating business expansion during periods of childbearing and parenting. Since business choices often intertwine with family situations, a recurring theme among the entrepreneurs interviewed was the late decision to scale the business, often when the husband, son or occasionally daughter or daughter-in-law joined the business.



Vandana Singh - Embracing Digital Entrepreneurship and Preserving Tradition

In Varanasi, Vandana Singh's entrepreneurial journey began in her 50s with her first saree design shared online using her new iPad. Before she knew it, this single act had propelled her to create Stuti Weaves into a company with a turnover that convinced her husband to join the business. The COVID-19 pandemic further expanded their online presence with the help of her son and daughter-in-law. Vandana sees herself not just as a business owner but as a custodian of the cherished tradition of Banarasi weaving and heirloom designs.



Mridula Jain - Pioneering Global Excellence with Shingora Shawls

Mridula Jain transformed her entrepreneurial vision into reality by founding Shingora Shawls in Ludhiana, catapulting it to global fame with exports comprising 90% of its business. Before venturing into the world of premium shawls and becoming an industry leader, she was known for her highly sought-after after-school program, Jain Classes. Her journey from education to fashion underscores the opportunities for entrepreneurial talent, but more importantly, the possibilities of success at any age and stage of life.

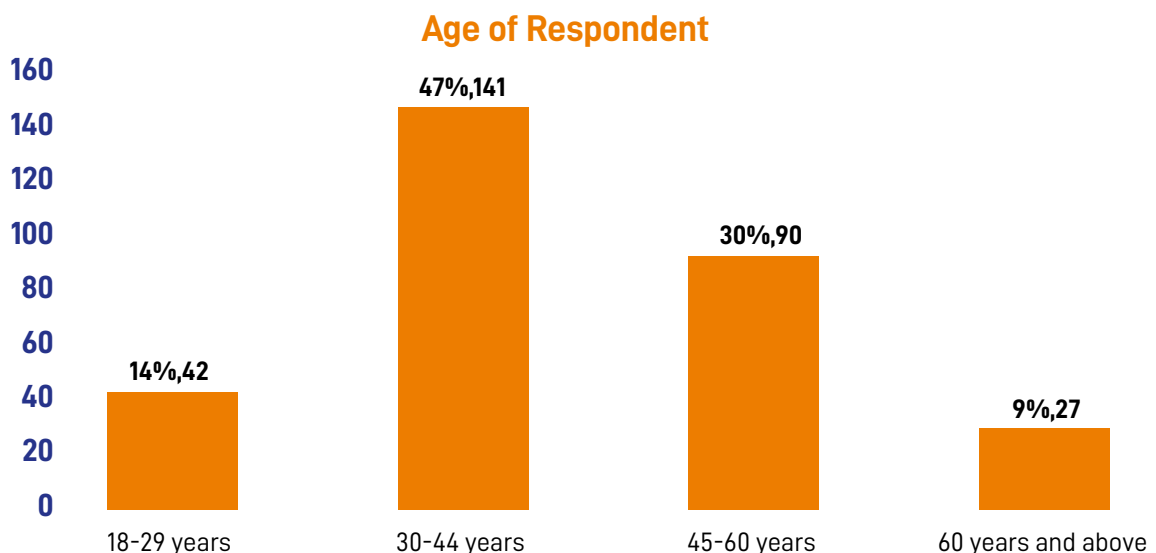


Chart 3: Age-wise Distribution of the Participants

Marriage and migration

Understanding the differences in migration patterns

According to the Periodic Labour Force Survey (PLFS) conducted from July 2020 to June 2021, there's a stark contrast in migration reasons between genders. The majority of female migrants (86.8%) moved for marriage, whereas men primarily migrated in search of employment or better employment opportunities (22.8%), for employment or work (20.1%), or due to loss of job, closure of unit, or lack of employment opportunities (6.7%). This data indicates that while men's migration is largely driven by employment-related reasons, women's migration is predominantly influenced by marital reasons.

Approximately one-third of respondents reported living with in-laws, a phenomenon that appears distinctive to the cultural context of India. Nearly half of the respondents reside with a spouse or partner, and a smaller proportion of individuals living alone or with parents, reflecting varying levels of independence and familial support. Insights into the intricacies of Indian households and societal norms from the qualitative interviews were crucial to the findings. On the one hand, marriage-related migration leads to loss of the network acquired through

school, college and familial ties. In most instances, relocation due to marriage is a significant disruptor in their professional trajectories. However, in fortuitous circumstances, women from a professional background marrying into a business family find the perfect landing ground between their skills and ambition and family capital and network. This highlights the intricate interplay between personal and professional spheres in women's entrepreneurship.

Living Environments of Participants

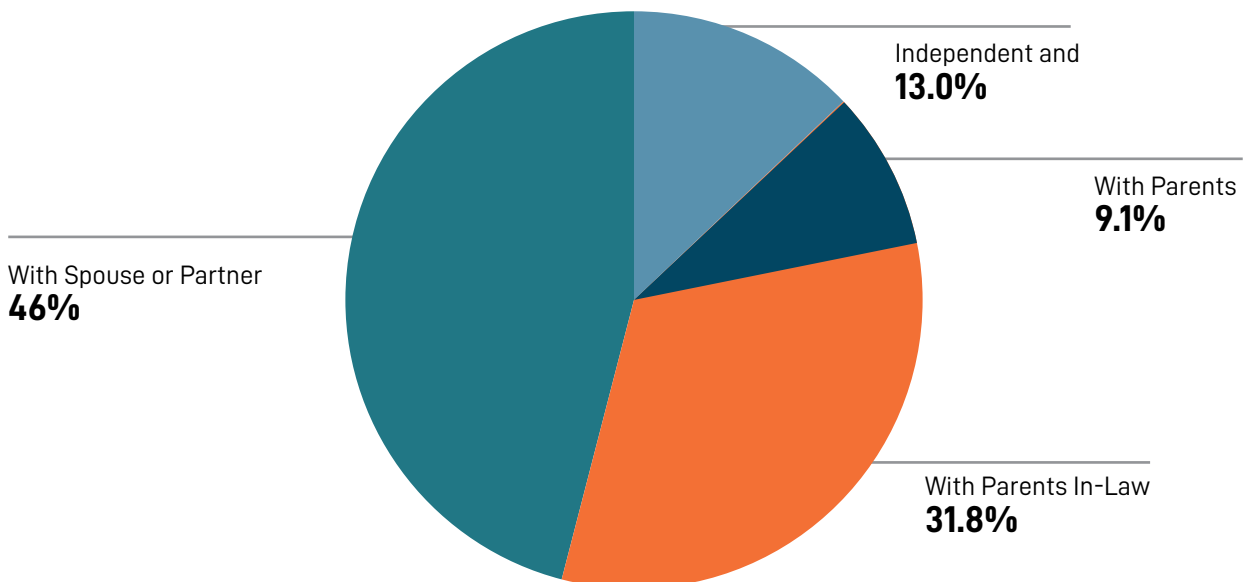


Chart 5: Living Environments of Participants

Career and care responsibilities

Roughly 35% of women temporarily halted their entrepreneurial endeavours to fulfil caregiving responsibilities, while 45% transitioned into or joined family businesses once their children reached a more independent age. The survey underscored the significant role played by extended families and alternative care arrangements, such as boarding schools, in facilitating women's entrepreneurial pursuits. Despite the challenges posed by familial obligations, these responsibilities often laid the groundwork for sustained success over time. Notably, 40.9% of women lived in joint families, either with their parents or their parents-in-law, tapping into this supportive network to balance the demands of both family and business.



Mamta Bakliwal - Bridging Global Tech with Empower Integrated Solutions

Mamta Bakliwal, founder of Empower Integrated Solutions Private Limited, has been exporting software for 25 years. Transitioning from Aurangabad to Indore after marriage, her journey from an engineer and MBA graduate to a tech entrepreneur began early. Right after college, Mamta, along with three other women friends, set up a consulting venture exporting software. Although it shut down as all of them got married, Mamta continued on her path to entrepreneurship with Empower. Today, her company boasts three offices in India and international partnerships across the USA, Canada, Germany, and Belgium.

Unlike the stereotype of the women entrepreneur as the 'parlour wali didi' or 'boutique wali auntie', the surveyed women were conducting successful businesses in diverse fields- crafts, fashion, cafes, hospitality, food and beverage, real estate, speciality chemicals, trading and manufacturing items ranging from toothbrushes and textiles to pharmaceuticals. They innovated in local businesses, with rising trends in ventures like organic farming and sustainability. Motivations varied: 32.17% were driven by personal interest, 25.19% aimed at creating new ventures (often within a family business), 10.08% sought flexible work hours, and 39.53 desired economic independence.



Geeta Goradia - Leading by example at Jewel Consumer Care

As the Managing Director of Jewel Consumer Care Pvt Ltd, Geeta Goradia shines as a beacon of entrepreneurial spirit in Vadodara's dynamic business world. Specialising in exporting toothbrushes and oral care products to leading global brands, her journey encapsulates unwavering resilience and an inspiring leadership narrative, making her an exemplary figure. Before taking the plunge into entrepreneurship full time, she taught at a college and continues to be a mentor and guide to many.



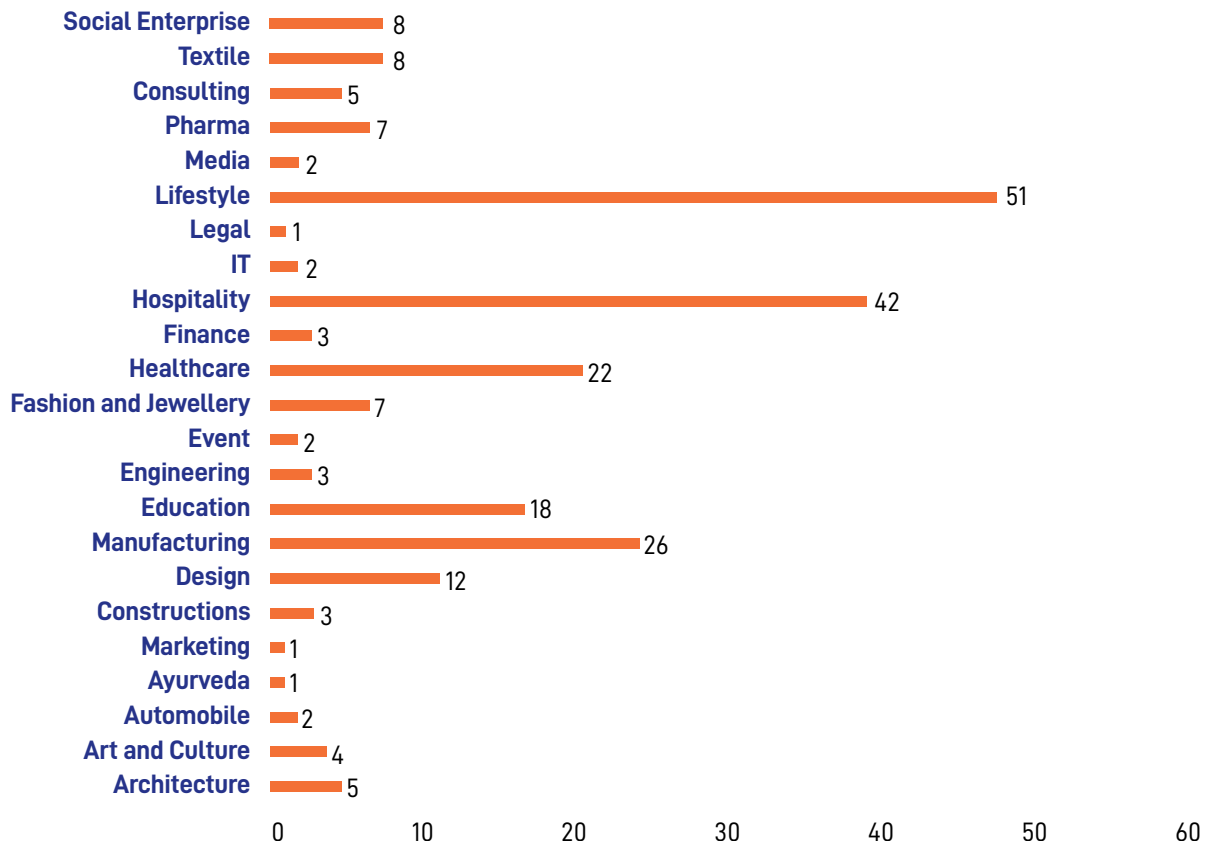
Priyanka Pattnaik - Taking charge at Falcon Feeds in Bhubaneswar

Within Bhubaneswar's competitive business landscape, Priyanka Pattnaik transformed Falcon Feeds from what was offered to her as an 'afternoon engagement' into a profitable vertical of her family's conglomerate. Her journey began modestly when her father-in-law suggested she occupy herself for a few hours. Priyanka seized this chance, driving Falcon Feeds to become an indispensable part of the group, all while balancing her responsibilities as a dedicated mother of two.

Financially, 62% were self-funded, while 14.9% received support from friends and family. The credit access disparity was evident and few had accessed borrowing to scale their business. On average, across India, women receive credit for only up to 27% of deposits made by them, whereas men receive up to 52%, demonstrating a gender gap of 25% in access to credit on deposits³⁵. Among the women entrepreneurs surveyed, a common approach to business growth involves organic expansion, primarily through reinvesting profits and leveraging family capital. However, this method faces hurdles during the growth phase, often due to conservative financing approaches or women's exclusion from crucial financial

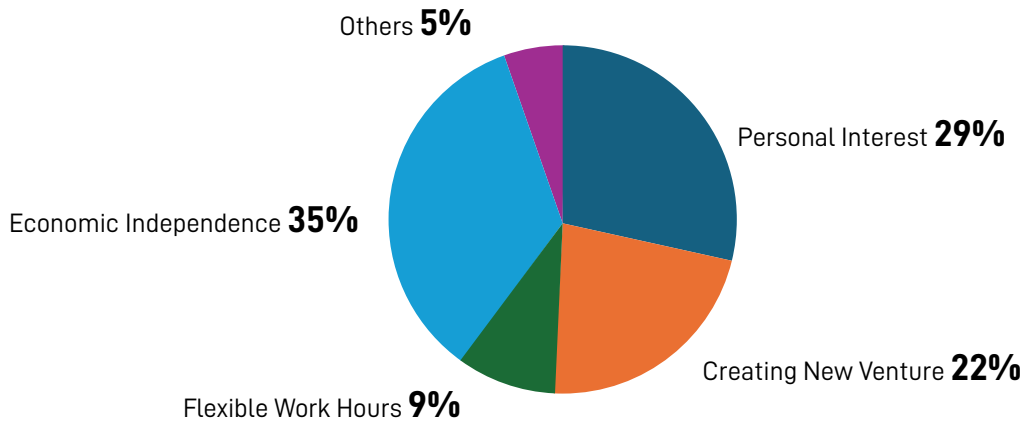
decision-making processes. Insights from qualitative interviews reveal that women receiving support from initiatives like the Goldman Sachs 10,000 Women programme, or through family mentorship, demonstrate a higher level of business acumen and a greater willingness to seek external funding. This underscores the critical role of training, mentorship, and networking in enhancing business skills. However, the effectiveness of these support mechanisms hinges on their ability to facilitate access to capital, as mentorship and capacity-building alone may not suffice without the financial means to implement business growth strategies.

Type of Business

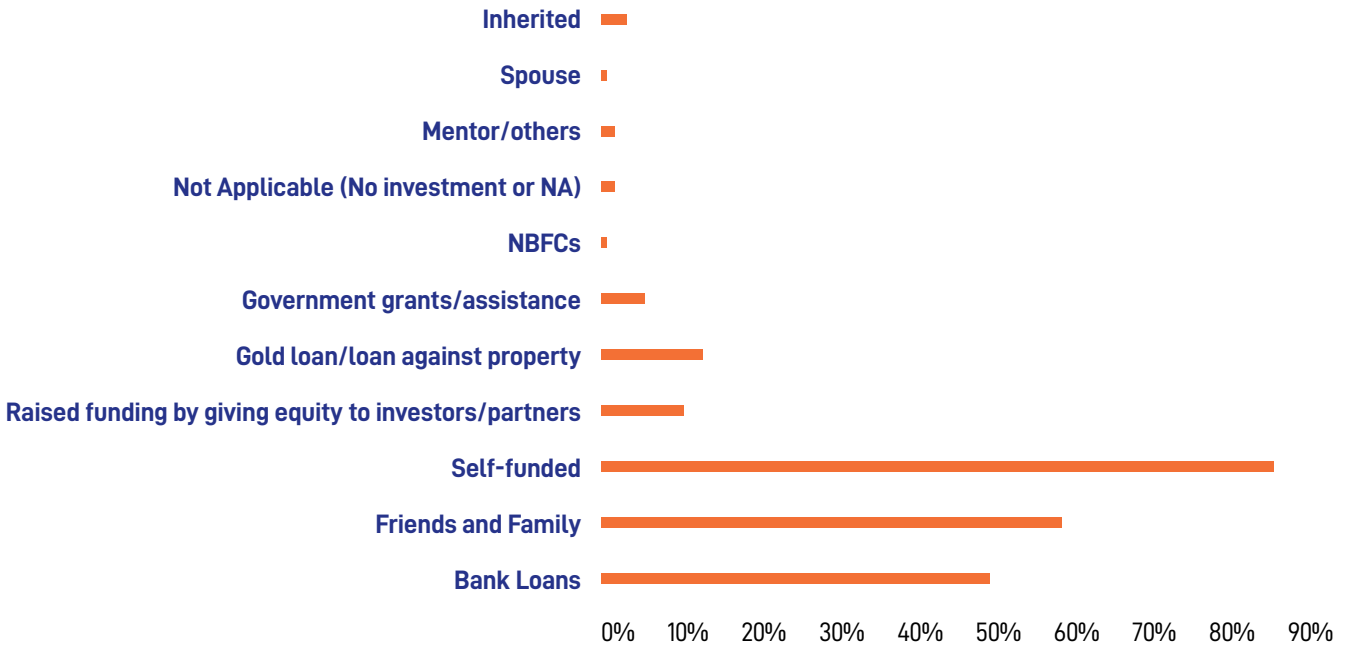


³⁵Royal Asiatic Society, "Women's Access to Banking in India," https://www.ras.org.in/women_s_access_to_banking_in_india.

Motivations for starting the business

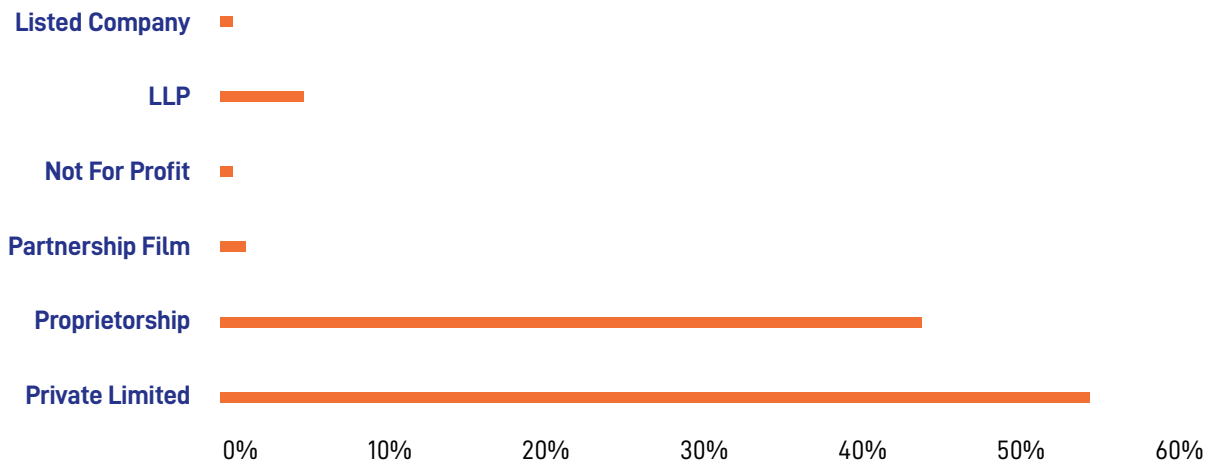


Funding Source



Self-funded is an omnibus category

Nature of Enterprise



Behind the scenes: The heart of their ventures

The survey findings highlight a remarkable trend, with 90.2% of women reporting themselves as the sole decision-makers for their respective roles. Importantly, the selection criteria for participants prioritised individuals whose involvement in decision-making processes was central to their enterprises. This strategic approach ensures that the data obtained offers relevant insights into specific entrepreneurial needs and styles that other women entrepreneurs can hope to emulate.

Based on the survey responses, 51% of participants were primarily focused on core business operations and finance, while 16% assumed responsibility for marketing, branding, and human resources. However, upon conducting qualitative interviews, a nuanced understanding emerged. It became evident that these businesses were predominantly small-scale enterprises, wherein the responsibilities were diverse and often necessitated multi-faceted involvement. Thus, like their male counterparts, these women also undertook multiple responsibilities in managing and growing their businesses.

Understanding their entrepreneurial roles

The data analysis reveals intriguing insights into the diverse origins of entrepreneurial ventures among respondents. Notably, a significant proportion were either inherited or set up with the support of parental family members, showcasing the influence of familial ties in business initiation. This category encompasses various familial relationships, including partnerships with mothers-in-law, siblings, grandparents, and parents. In contrast, 220 women entrepreneurs embarked on entrepreneurial journeys independently or in collaboration with partners, underscoring the prevalence of self-driven initiatives within the surveyed population. Additionally, a noteworthy subset (54) established businesses in conjunction with spouses, reflecting the role of marital partnerships in entrepreneurial endeavours.



Twarita Das's Threads of Tradition

Hailing from Guwahati, Twarita founded Nirmaan Fabric with a vision to broaden the horizon for indigenous eri and muga silk from the Northeast beyond Assam and international borders. Despite both her parents being educators with no business background, Twarita ventured into entrepreneurship. Since 2011, she has worked closely with skilled artisans to develop products that are not only unique but also reflect the combined effort of their craftsmanship, focusing on creating one-of-a-kind items.

Challenges persist

Challenges faced by the participants of the study cut across different aspects of business operations, from skill acquisition to networking, and span across both the digital and physical realms of commerce.

At the heart of these difficulties is a chronic shortage of skilled staff. Businesses, particularly in sectors such as cosmetics, crafts, and fashion, find it challenging to hire and retain employees who possess the specialised skills necessary to drive productivity and innovation. This issue is further exacerbated in smaller cities, where the pool of trained personnel is limited. Interestingly, the competitive fervour amongst these cities to become startup hubs has also led to talent flight between them. For example, Indore attracts entrepreneurs and employees from other cities in the state, thus creating a concentration of opportunity in Indore while leaving cities like Bhopal or Jabalpur with a talent shortage.

Furthermore, the dynamics of family-owned businesses in tier 2 cities introduce another layer of challenge. Many women echoed the concern that the next generation may not return to continue the family business, posing a threat to the continuity and growth of these enterprises. Coupled with this is the perception that larger cities offer more opportunities and an easier time finding staff. Business owners in smaller cities often find themselves acting as 'training centres,' investing significant time and resources into training employees, only to lose them to larger firms or cities, underscoring the ongoing struggle to retain talent and ensure business continuity.

Winning opportunities

The transformative power of technology and the internet has solved many issues that entrepreneurs in these geographies faced in the past. It is not just the new airports, high-speed trains and faster highways that have reduced distances and added time and choices to these businesses. High-speed internet and video calling applications have also made it possible to manage businesses remotely, effectively diminishing geographical barriers and enabling seamless coordination with teams across various locations.

In sectors where specialised skills are a prerequisite for success, it was learned that the focus has shifted towards skill development and training. Businesses are increasingly recognizing the value of investing in their employees, not just as a means of enhancing productivity but also as a strategy for talent retention. By offering training and development opportunities, businesses can create a more motivated and loyal workforce, turning the challenge of skill shortages into a competitive advantage. Most of the women surveyed tended to put a lot of value in retaining and grooming their teams and staff.



Mohanasundari Jagannathan - Building a culture of care at Sharpe Electrodes

Mohanasundari Jagannathan, steering Sharp Electrodes in Coimbatore, sets her leadership apart by embracing not just the employees but their families as well. Her innovative approach led to the establishment of a unit operated entirely by women, alongside an Industrial Training Institute (ITI) in Kalapatti. This institute aims to empower the local community by offering training in essential trades like welding and plumbing, ensuring skill development and job readiness.

Engaging with established networks and groups provides entrepreneurs with access to a wealth of resources, including insights, practical advice, and funding opportunities. A pleasant aspect of living in cities where travel time does not eat into your dinnertime is that people meet more frequently, often supporting each other. Women entrepreneurs spoke about their ability to build their brand using word of mouth and existing social networks.

It is not unusual to encounter 'ghost' businesses in small towns and cities. Founders are slow to grow business if they believe their children will not return to take charge. With better urban infrastructure and cultural vibrancy, the efforts to attract the next generation back into the fold present an opportunity to create more IPO-bound companies in these cities. Mothers growing businesses for the next generation can pave the way for sustained growth and continuity, ensuring that these enterprises remain vibrant and relevant for generations to come.



Mrs. Rajni Bector - Lip smacking all the way to IPO and beyond

The super successful IPO of her company in 2020 made Mrs Bector into a household name. Her story of transforming a kitchen experiment into a renowned food brand with pan-India presence to supply fresh baked products across QSR chains is part of entrepreneurial legend, inspiring many. The growth and popularity of this business is also a testament to opportunities created in India over the last three decades as tastes and preferences of consumers have changed.



Jinkal Patel - Breaking Stereotypes at Elysium Pharma

Jinkal Patel started as an 'intern' at her father's company, Elysium Pharmaceuticals Limited, facing traditional expectations about marriage over career. Despite initial adjustments to navigate her two city life, between Baroda and Mumbai (her marital home), she has excelled in balancing business expansion, family commitments, and frequent travels. Jinkal humorously notes the contrast in reception had she been a son, showcasing her journey as a testament to overcoming gender biases while building a successful career and support system.

Women building businesses and also the social-cultural vitality



Leela Bordia - Crafting Legacy Through Art

In Jaipur, Leela Bordia founded Neerja Blue Pottery, breathing life into the fading art of blue pottery. Through her efforts, over 500 artisans across three generations have found support and purpose. Her work has not only saved a dying art form but has also significantly contributed to Jaipur's cultural identity, making her efforts a celebrated part of the city's heritage and inspiring many other women who choose to work with artisans and local crafts.



Urvashi Sahni - Educating for Empowerment

Urvashi Sahni, the visionary founder and leader behind the Study Hall Foundation in Lucknow, has transformed the educational landscape for young girls and women. Turning her personal adversity into a catalyst for change, she has pioneered education initiatives that empower girls to understand their rights and confront societal challenges like child marriage and dowry. Through a gender-transformative curriculum and outreach to underprivileged communities, Urvashi's impact on education has been profound and enduring.



Phool Basan Yadav - Leading Social Change

Emerging from dire poverty, Phool Basan Yadav has galvanised a movement empowering over 200,000 women through self-help groups (Maa Bimaleshwari Janhit Karya Samiti). A Padma Shri awardee, Yadav is a picture of grit and courage and hard work. She has dedicated herself to not just financial empowerment of women, but creating a safer and better world for the women in her district and beyond through enhanced village hygiene, self-help training for girls, and combating harassment against women. She is now busy setting up a marketplace for local produce, so the earnings of the members can improve and buyers can access healthy and locally grown food.



Madhavi Kuckreja - Cities are defined by culture

After completing her degrees in Human Rights and International Relations in New York, Madhavi Kuckreja returned to India, choosing the forests of Chitrakoot as her new base. Her work is a reflection of her rich life experiences and courage to stand for her beliefs and for the less privileged. Madhavi showcases the cultural and aesthetic heritage of Awadh through textiles, cuisine, crafts, and music. Simultaneously, she raises social and cultural awareness by supporting and engaging with marginalised communities and individuals affected by violence. Her initiatives bridge cultural heritage and social advocacy, enriching both domains and contributing to the urban culture of Lucknow.



Jyotsna Kaur Habibullah - Building an ecosystem

Jyotsna Habibullah has effectively leveraged her educational background and work experience in marketing for the broader benefit of Lucknow's entrepreneurs. She is the driving force behind the successful Mango Festival, which has been celebrated for over a decade. This festival is a fusion of food, storytelling, and the celebration of the mango'. Further, Jyotsna's work with the Digital Empowerment Foundation promotes digital literacy among women, while her Farmer's Market initiative connects over 500 partners, offering organic, fresh produce and a networking hub for Lucknow's residents.



Usha Jha - Supporting female entrepreneurship

Usha Jha, affectionately known as 'Usha auntie' in Patna, is a cornerstone of support for women with entrepreneurial aspirations. Always ready to assist, she connects women with buyers, state programs, officials, and financing opportunities, providing both professional guidance and personal support. Her NGO, Mithila Vikas Kendra, founded in 2008, focuses on empowering women from the Mithila region. Renowned for its Madhubani art, the region benefits from her efforts to expose local artisans to Indian and international markets, alongside educational and health initiatives aimed at empowerment.

CHAPTER

04

Closing the Gender Entrepreneurship Gap to get to the \$5T GDP Goal



Closing the Gender Entrepreneurship Gap to get to the \$5T GDP Goal

As discussed in the first chapter of this paper, India has a lot of ground to cover to match up to the global average of female entrepreneurs' contribution to GDP. At 17 percent contribution to GDP, female entrepreneurs in India contribute approximately USD 632 billion to the GDP. If we were on par with the global average of 37 percent, this number would be USD 1.38 trillion (2022 GDP), filling nearly half of the gap between India's current GDP and the USD 5 trillion goal.

Looking at it from another perspective, closing the Gender Entrepreneurship Gap (GEG) and bringing it on par with the global average would lead to the rise of other — female entrepreneurs in the country. This has the potential to generate employment and introduce other positive outcomes like improved gender-equality.

It is not surprising then that one of the six focal points identified by India during its G20 presidency was

women-led development. There is no denying the intent, acknowledgement and understanding of the importance of closing the GEG. But to make this a reality and foster female entrepreneurship not just in SHGs and micro and solo enterprises, but across the spectrum of female entrepreneurs, urgent action is needed.

This white paper, based on quantitative data and qualitative interviews proposes two types of actions:

- Recognising subconscious biases against female entrepreneurs and creating awareness around the same. (See Box 15)
- Specific policy actions and fiscal incentives by governments, the private sector, industry associations, academia and public-private partnerships.

Recognising subconscious biases



Age bias: Due to their multiplicity of roles and responsibilities, women go through many ups and downs in their personal and entrepreneurial journeys before they achieve some degree of success. Quite often, they achieve the same milestones as their male counterparts with significant delays in the corporate setting³⁶. Hence, entrepreneurship offers them flexibility to balance other responsibilities. However, the image of an entrepreneur as young and ambitious with a never-say-die spirit does not capture these journeys, often leading to bias against them by providers of capital or other stakeholders.

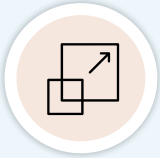


Asset ownership bias: Women face systemic challenges when trying to access collateral (assets pledged as security for a loan). These challenges often stem from legal and cultural barriers that limit women's rights to own or inherit property, significantly impacting their ability to provide the necessary security for loans. For example, in some parts of India, property and land are traditionally passed down to male heirs, leaving women with little to no assets in their name. Additionally, a lack of awareness and financial literacy can hinder women's understanding of how to navigate financial systems and assert their rights to asset ownership. This bias restricts their capability to secure funding and grow their businesses, as they are unable to meet the collateral requirements set by financial institutions.

³⁶McKinsey & Company. "Women in the Workplace." Accessed April 5, 2024.
<https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace>.



Location bias: A business location is often seen as an indicator of a company's sustainability. Women, who may operate from home or non-traditional settings due to various responsibilities, may be unfairly judged for not having a separate business premise.



Scale bias: The expectation that a business should have scaled significantly within the first decade often works against women, who may scale their businesses at a slower pace due to access to fewer resources or different strategic or tactical choices.



Risk averseness bias: Women shared that when entering the credit market for the first time, they faced greater obstacles compared to men. This bias may be attributed to stereotypes and unfounded assumptions about women's creditworthiness or business acumen, deeply rooted in the belief that women are risk averse.



Goodness bias: The belief that individuals who engage in socially or environmentally positive activities require less financial support underpins the goodness bias, affecting social entrepreneurs of all stripes. This bias originates from the perception that the intrinsic value of social or environmental work provides its own rewards, thus diminishing the need for external financial support. However, this assumption seems to disproportionately affect women, perpetuating the stereotype that their contributions—often aligned with societal good—are less in need of investment or capital. Such bias undermines the recognition and financial backing necessary for the growth and success of their ventures, reinforcing gender inequalities in business financing.



Expectation bias: Women suffer as much from lack of expectation as from lack of opportunity. Until they scale, their income and work are often optional, creating a bias against growth or risk-taking, inherent in entrepreneurial success.

Tactical Approaches: Addressing Challenges and Barriers to Entrepreneurial Entry

Breaking capital barriers

Family-owned businesses are often about growing naturally, pouring their earnings back into the venture. This approach is especially common among women entrepreneurs, who often find compliance costs, lack of assets and lack of access to capital a big hurdle to scaling up. Securing external funding involves more than mere willingness; there exists a prevalent belief that women are hesitant to seek loans or equity investments. This stereotype perpetuates a harmful cycle - financial institutions may be reluctant to provide capital under the assumption that women-led businesses are not focused on growth, which in turn can limit their expansion and seemingly confirm these sceptical views. However, the positive reception and effective utilisation of government grants, in regions where they are available, indicate that external financing is not only embraced but essential for empowering women entrepreneurs who lack family financial support.



Shazia Quaiser - Living the entrepreneurial dream at REvival

Embodying the ethos of "Dare. Dream. Do," Shazia Quaiser stands as a beacon of entrepreneurial spirit in Patna. Through her innovative venture, REvival Show Laundry, she not only offers a much needed service to her customers but also serves as an inspiration to aspiring entrepreneurs. Shazia views the government's acknowledgement and support by way of a grant as a pivotal moment in her journey.

Recommendations:

Breaking capital barriers

Family-owned businesses are often about growing naturally, pouring their earnings back into the venture. This approach is especially common among women entrepreneurs, who often find compliance costs, lack of assets and lack of access to capital a big hurdle to scaling up. Securing external funding involves more than mere willingness; there exists a prevalent belief that women are hesitant to seek loans or equity investments. This stereotype perpetuates a harmful cycle - financial institutions may be reluctant to provide capital under the assumption that women-led businesses are not focused on growth, which in turn can limit their expansion and seemingly confirm these sceptical views. However, the positive reception and effective utilisation of government grants, in regions where they are available, indicate that external financing is not only embraced but essential for empowering women entrepreneurs who lack family financial support.



Track investment disparities: Begin by monitoring investment allocations, categorising them by gender to identify imbalances.



State-sponsored grants: Introduce grants supported by the state to aid women entrepreneurs in their business ventures.



Create gender-intentional incentives: Develop incentives to encourage the discovery and funding of women with scalable business models.



Strengthen women's support networks: Create and strengthen women-centric networks for experienced women entrepreneurs to share their experiences in overcoming biases and securing fair deals.



Build capacity: Offer women-centric workshops and training sessions focused on scaling businesses using external capital.



Ensure transparency: Mandate gender-based funding transparency within financial institutions to promote equitable investment and lending practices.

Family support and the care economy

Many women entrepreneurs embark on their business ventures after taking career breaks for significant life events such as marriage, childbirth, or eldercare, showcasing the pivotal role they play in unpaid caregiving roles. It is observed that a substantial number of these women begin their entrepreneurial journey in their mid-30s, often choosing entrepreneurship over returning to traditional employment for its flexibility and autonomy, free from the conventional pressures of promotions and performance reviews. This trend is particularly pronounced in Middle India, where we encountered many stories of women launching successful businesses in their 40s.



Ankita Shroff Sarda - The founder, businesswoman and mother at Sarda Dairy

Ankita Shroff Sarda hails from a lineage of entrepreneurs, predominantly women, setting the stage for her own ventures into the business world. She exited her first business venture and embarked on a new startup in her native Pune. Alongside her entrepreneurial pursuits, Ankita has full time responsibility as the head of marketing and sales of Sarda Dairy, a vertical of her husband's family business. Her academic credentials include an M.Sc in Management from Imperial Business School and a Diploma in Sustainable Business from Sweden. Ankita skillfully balances her professional life with personal commitments, thanks to a sensible sharing of childcare responsibilities with her husband.



Deepa Muthukumarasamy - Nourishing Innovation and Health at Some More foods

Leveraging her expertise in Food and Nutrition, Deepa Muthukumarasamy turned a personal quest into a thriving enterprise. From humble beginnings, she developed millet-based health mixes for her toddler son, aiming to provide nutritious, homemade food options. This laid the foundation for Some More Foods, a company that has grown into a business valued at over 3 crores. Deepa's journey from a concerned mother to a successful entrepreneur underscores the potential of entrepreneurs using local supply chains and skills to build bigger businesses.

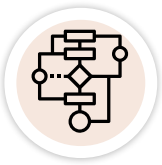
An interesting social phenomenon intersecting with female entrepreneurship is the role of family. Entrepreneurial journeys are closely intertwined with personal journeys. Across the world, more women choose entrepreneurship because it offers flexibility to balance their personal and professional lives.. Recognizing the disproportionate role that family plays in their success can help design incentives for their long term success.



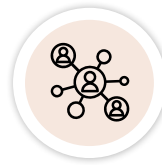
Shama Bhiwapurkar - Leadership and Legacy at Sunfields Industrial Solutions

Shama Bhiwapurkar from Nagpur embodies the multifaceted role of a modern woman. She seamlessly blends the responsibilities of raising a 10-year-old child with the challenges of inheriting and managing her father's business. Beyond her business acumen, Shama stands as a pillar of strength and leadership within the community of women entrepreneurs in her city.

Recommendations:



Recognise and correct unconscious bias: Adapt the criteria within financial services algorithms to recognize the success of older entrepreneurs, thereby accommodating diverse entrepreneurial paths and experiences. Focus on gender data to build models without historical bias.



Fiscal incentives for business continuity: Implement innovative and tangible fiscal incentives. For example, allow women-owned businesses to carry forward losses incurred during periods of absence, such as maternity leave. This policy would provide a financial buffer and encourage women to come back after maternity or other care breaks.



Challenge perceptions: Launch initiatives aimed at challenging the stereotypical perceptions of women entrepreneurs, highlighting their diverse capabilities and achievements, especially in sectors where they are traditionally underrepresented. Promoting local role models on the national stage can create confidence in young entrepreneurs.



Recognize and reward families: Families will need to share care responsibilities if women have to build and grow their businesses. While the Maternity Amendment Act of 2017 places an obligation upon employers to provide creches on-site for mothers, for smaller workplaces and women entrepreneurs, there is no consideration of the child care expense. Providing tax breaks for reimbursing a relative or paid help for childcare might be considered for mothers setting up and working in such enterprises.

Safety, a keystone

Across various industries, women entrepreneurs emphasise the importance of physical safety and mobility in fostering the growth of their businesses. Achieving their full potential hinges not just on robust law enforcement and safe environments free from fear or intimidation but also on their ability to move freely and access markets, networks, and resources. Unsafe cities with unsafe roads, public spaces and transportation provide natural disincentives to women to engage in businesses outside the home, especially if they are required to work at odd hours or in factories located far from home, or attend networking events etc. The reverse of it is also true.



Woven Resilience - Varuna Anand

Varuna Anand, a single mom from Jammu, started "The Splendor of Kashmir" to support herself and her two daughters after her husband's sudden passing. Raised in a traditional family where career aspirations for women were not prioritised, she took a significant step towards independence by promoting Kashmiri shawl artistry through online sales and exhibitions across India. Her venture not only provided financial stability but also connected her to a wider audience, showcasing the rich tradition and craftsmanship of Kashmiri shawls.

Recommendations:



Prioritise safety: Ensure the creation and maintenance of safe public and digital spaces.



Facilitate mobility: For many micro and small entrepreneurs, transport is a major need and expense. Offering some form of subsidy for vehicle purchases to enhance the physical mobility of women entrepreneurs can be considered.

Access to infrastructure and space

Access to suitable workspace is crucial for entrepreneurs, a theme echoed by many women who initiated their ventures in unused family spaces. Micro businesses often struggle to expand due to not just financial and psychological barriers, but also the lack of physical space.

Policy Recommendations:



Provide co-working spaces: Prioritise affordable and secure workspaces catering to women's needs as well as fostering a sense of community. Cities can partner with co-working spaces (especially those founded by women) and make them available at a subsidised rate for women, especially at an early stage.



Foster community: Use these workspaces to amplify government initiatives, facilitate knowledge-sharing, and create an environment conducive to the success of women entrepreneurs.



Innovative and effective rewards and recognition: Utilise the unique opportunity presented by airports, stations and other public spaces to show support for women entrepreneurs through targeted promotion and celebration of their achievements. While many women may not be able to afford marketing and branding costs, providing a showcase at the cost of the state may help build visibility and promote healthy competition between cities.

Remote work, a catalyst

Remote work can be harnessed to build many more high-growth cities in India with a vibrant entrepreneurial culture. The flexibility offered by remote work and remote meeting technology not only allows more women to enter and remain in the workforce or entrepreneurship but also creates more vibrant local markets by increasing the purchasing power of these cities. In the Covid years, remote work reshaped hiring practices, with sectors like banking, IT, and healthcare increasingly drawing junior-level talent from tier 2 cities, such as Jaipur and Vadodara.³⁷ More job listings were posted in tier 2 and tier 3 cities, highlighting the growing appeal of these cities.³⁸ Advantages like lower living costs, enhanced work-life balance, and stronger family networks make tier 2-3 cities attractive and contribute to a more dynamic market in these cities for local entrepreneurs and their products.



Kakoli Chatterjee - Restoring heritage architecture at Kariappa House

Kakoli Chatterjee elevates the concept of an Airbnb Superhost with her rich expertise in textiles, fashion, architecture, and restoration. At the Kariappa House, she creates memorable experiences that draw guests back time and again. This restored property seamlessly merges Tamil and French architectural elements, serving not only as a living space but also as a venue for concerts and shoots. Catering to the needs of long-term remote workers, a growing trend in the post-Covid world, Kakoli's approach exemplifies how space can be crafted to suit modern, urban needs.

Policy Recommendations:



Remote work for compliance: Launch government-led initiatives to encourage remote work, including conducting official engagements, such as government or banking meetings, via digital platforms like Zoom.



Promote remote work: Incentivise remote work, aiming to reduce national expenditures on fuel and electricity, decongest metros and create vibrant economies and talent pools in tier 2 cities.

Women-Focused Incubators

Several incubators and support programs specifically focus on nurturing women entrepreneurs in India, providing them with resources, mentorship, and networks necessary to start and grow their businesses. Following is an indicative list of incubators and programs designed to support women entrepreneurs. Programs like these may be expanded and incentivised to include more women entrepreneurs from tier 2 cities.

NSRCEL at IIM Bangalore - Women Startup Program: NSRCEL's Women Startup Program aims to support ambitious and innovative women entrepreneurs by providing them with mentoring, business training, and financial assistance to transform their ideas into successful businesses.

³⁷MTier 2 Cities Turning into Talent Powerhouses: Here Are 20 Cities and 4 Job Segments," *The Economic Times*, June 04, 2023, <https://economictimes.indiatimes.com/jobs/hr-policies-trends/tier-2-cities-turning-into-talent-powerhouses-here-are-20-cities-and-4-job-segments/articleshow/100739801.cms>.

³⁸"Job Openings Rise in Tier 2 Locations, Dry Up in Top Cities: Study," *The Economic Times*, February 22, 2023, <https://economictimes.indiatimes.com/jobs/mid-career/job-openings-rise-in-tier-2-locations-dry-up-in-top-cities-study/articleshow/98130991.cms>.

IIM Calcutta Innovation Park (IIMCIP): Women Entrepreneurs Program: IIMCIP offers programs aimed at empowering women entrepreneurs through training, mentoring, and networking opportunities to help them scale their ventures.

IIM Udaipur's Saksham: The women entrepreneurship program, known as Saksham, is an initiative by IIM Udaipur to support women entrepreneurs in scaling their businesses through intensive training sessions, workshops, and mentorship.

WE@IIMK: Women Entrepreneurship Programme at IIM Kozhikode: WE@IIMK focuses on empowering women entrepreneurs by providing them with the necessary skills, knowledge, and resources to start and grow their businesses.

IIM Kashipur's Women Entrepreneurship and Empowerment (WEE) Foundation: In partnership with the WEE Foundation, IIM Kashipur supports women entrepreneurs through mentorship, incubation, and support services to help them achieve their entrepreneurial goals.

Stree Shakti: The Entrepreneurship Cell at IIM Lucknow: Stree Shakti focuses on empowering women entrepreneurs by providing them with mentorship, networking opportunities, and resources to help them grow their businesses.

IIM Shillong: Women Entrepreneurship Development Program: This program is designed to support women entrepreneurs in the Northeast region, providing them with the skills, knowledge, and networks needed to start and scale their ventures.

Empower: IIM Ahmedabad's Women Accelerator Program: Empower is a startup accelerator program for women entrepreneurs. It offers mentoring, investor networking, and support to women-led startups to help them scale their businesses.



Kanikka Dewani - The Shark's favourite Mintree founder

Prior to capturing the attention of audiences nationwide on Shark Tank, Kanikka Dewani was already diligently carving out her entrepreneurial path in Nagpur with Mintree Cosmetics. Her journey is marked by a commitment to quality products and an exceptional knack for sales and marketing. Embodying a philosophy that values ambitious goals, Kanikka believes in setting high standards: "Put a big ambition on the table, or don't waste your time." This mindset underpins her willingness to put in the necessary work to achieve her objectives, illustrating her dedication and drive towards business success.

Strategic Framework: High-Level Policy Strategies for Gender Equity and Inclusivity in Entrepreneurship

In exploring the dynamics of gender equity and inclusivity within entrepreneurship and urban development, the research identifies four essential pillars as the foundation for fostering a supportive environment for female entrepreneurs. These pillars are



Gender Disaggregated Data

This emphasises the critical need for collecting and analysing data that is separated by gender. This approach allows for a clear understanding of the unique challenges and opportunities that exist for women in the entrepreneurial landscape. It suggests a robust methodology for collecting this data, aiming to bridge gaps and highlight the achievements of women who venture into sectors traditionally dominated by men.

Equitable KPIs

Integrating gender objectives with the broader goals of urbanisation and migration can significantly enhance policy effectiveness. By examining case studies from cities that have fostered supportive ecosystems for women entrepreneurs, such as Coimbatore, Kochi, Bhubaneswar, Dehradun, Vadodara, Indore and others, the research proposes initiatives to challenge stereotypical perceptions of women entrepreneurs and set clear KPIs to double or triple the number of women entrepreneurs as well as their contribution to the GDP. Going beyond token award ceremonies in March and creating forums for participation and visibility of women entrepreneurs locally will go a long way.

Incentives

There lies a need to focus on creating conditions that enable women to thrive as entrepreneurs. This includes advocating for flexible work policies, such as remote work,

and providing secure, affordable workspaces to enhance productivity and networking. Many women work from home and avoidance of compliance hassles is a motivation to stay small. Creation of common infrastructure for compliance and making compliance more remote friendly are helpful too. The research also highlights the necessity of acknowledging and valuing unpaid care work, proposing mechanisms to support women in overcoming economic dependence. It calls for transparent funding processes and state-supported grants to address the capital constraints that disproportionately affect women-owned businesses.

Public-Private Partnerships

Addresses the critique often levelled against gender-focused initiatives, arguing for a shift in societal and familial norms to better support women's entrepreneurial ambitions. By presenting evidence from urban centres with successful women entrepreneurs, the research advocates for policies that foster secure and inclusive ecosystems through PPPs. These partnerships are crucial for developing supportive systems. Many platforms already exist. These are often women's wings of industry bodies or urban development bodies and initiatives. Recognising that higher participation by women in the public life of cities can build an urban culture in tier 2 India that will foster greater economic opportunities for all is important.



Anu Nitheesh - Championing Sustainable Packaging at Varsya

Anu Nitheesh, supported by the Startup India Seed Fund, is leading sustainable packaging innovation with her company Varsya. Through their in-house laboratory, they are developing eco-friendly packaging solutions with a variety of materials. Anu's commitment to environmental sustainability and entrepreneurial vision exemplify the potential for startups to drive positive change while meeting market demands. Their journey underscores the importance of government support in fostering innovation and sustainability within the entrepreneurial ecosystem.



Neetu Jain - Building networks with Panache Green

Initially attempting to support her husband's business, Neetu encountered barriers that made her feel unwelcome. A setback involving a bounced cheque became the catalyst for her to strike out on her own. Neetu founded Panache Greentech Solutions, specialising in roof coating emulsion for energy conservation. She is a participant in the Goldman Sachs Program for Women Entrepreneurs, run by NSRCEL at IIM, Bangalore. Additionally, she credits her involvement with the Indian Green Building Council with enriching her knowledge and connections within the industry.

Conclusion

Imagine uncovering a vast, untapped reservoir of potential, poised to redefine the economic landscape of a nation. India, with female entrepreneurship levels at a modest 11%, stands at the brink of this remarkable opportunity. When compared to other G20 nations, India's figures hint at a latent potential of innovation and growth waiting to be unleashed. Doubling this percentage would align India with the likes of Brazil and Korea, while tripling it propels us to the forefront, alongside Russia and Australia.³⁹

Fostering female entrepreneurship in tier 2 cities can be a game-changer. The ecosystem is primed, and the diverse range of businesses women are currently running shows promise. In addition to being groomed locally, female talent also moves into these cities as part of marriage related migration. As more women acquire higher education and specialised skills from prestigious colleges and schools globally, they are ready to consider entrepreneurial careers because of the flexibility and possibilities to generate

wealth and employment, as well as to contribute to society. Remote work, social and digital technologies, travel and connectivity are all contributing factors to fuel this ambition.

Providing tangible fiscal benefits for business growth or to offset childcare expenses, dealing with unconscious bias, using technology, state and city-level infrastructure support, and fostering public-private partnerships with a specific focus on women from this vast talent pool, will turn the ambition of women-led growth into action. This approach doesn't just aim for growth; it aims for a revolution in how we value women's economic contributions. The potential is vast, the path is clear, and the time is now. Let's embark on this journey of transformation and explore the boundless possibilities that lie in empowering the female entrepreneurs of Middle India. Together, we can turn this vision into a resounding reality, igniting a revolution in the economic fabric of our nation.

³⁹CEOWORLD magazine, "Countries With The Most Women Business Owners as a Percentage of Total Business Owners, 2018," <https://ceoworld.biz/2019/01/21/countries-with-the-most-women-business-owners-as-a-percentage-of-total-business-owners-2018/>.

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For any enquiries regarding the same, please contact connect@salt.one or shinjini@salt.one.

Acknowledgments

On a personal level, I love to travel. And I love conversations. So, my way to deal with the discomfort I felt with the 'invisibility' of women and their contributions was to travel and uncover the reality on the ground.

While I was planning this trip, I ran into Priyanka Patel who had just resigned from her job and was looking to travel to collect stories from across India. She agreed to tag along, with the disclaimers about not 'understanding finance' and we started, with very little preparation or prejudice. Thank you Priyanka for being such a fantastic travel companion, for your food and music recommendations and quick research on local hotspots. Thank you for being a keeper of the relationships we built through the project! Thank you for being bold and walking into this project with an open mind.

An email in my inbox from Deepshikha Chakraborty informed me that she had left her job and was looking for her next gig. She could not travel, but she was excited about the project. She became our invaluable record keeper, researcher, data analyst and provided all the support we needed while we were on the road throughout the summer of 2023 and till this Report goes to press. Thank you for your warmth and prompt emails. I would be lost without the 700 pages of transcripts!

As this journey progressed, it became clear that our findings could lead to insights that were never systematically analysed or discussed. And public policy could play a major role in closing the gender gap in entrepreneurship. I am grateful to Shilpa Rao of RBIH for sharing that vision and agreeing to co-author this report. The generous contribution of Devina — and Pratyush in

wordsmithing it, validating data and giving this White Paper its final shape is truly invaluable. Rajesh and Shilpa, kudos to you for building such a talented and bold team. Thank you so much for being a part of this.

I owe many thanks to Maloo Natarajan for finding resonance with the project and introducing me to Sudha Shivkumar, President, FICCI Ladies Organisation (FLO). She immediately agreed that FLO would partner to help reach their chapters and the release of the White Paper. Their work across cities to bring together the female entrepreneurship ecosystem informed many of our conversations, especially with their chapter leaders Mamta Bakliwal, Reshma Patel, Jyotsna Habibullah, Avni Patel, Poonam Bafna. I am also grateful to the other FLO women entrepreneurs who met us with enthusiasm on hot summer afternoons, despite their many commitments.

No words can express the happiness I felt during these interviews and meetings. Each woman has an inspiring story and it is amazing how they wear their success lightly, often with a generous heart and sense of humour. Also, what a journey it is to meet women and discover so much personality, legacy and culture that they carry, from city to city, from generation to generation.

I also acknowledge the debt to my co-founders, Aditi Sholapurkar and Chaitra Chidanand for holding the fort at SALT while I was having all this fun on the roads, train stations and airports of Middle India.

Shinjini Kumar

Co-Founder, SALT - mysaltapp

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Annexure



Annexure I: Methodology

Given the lack of detailed data on women entrepreneurs, their contributions, challenges, and development over time, we opted for a qualitative methodology—a survey broad enough to represent the population of women in tier 2 cities, supplemented by in-depth face-to-face interviews. Our review of mainstream media and scholarly articles revealed a significant knowledge gap about women in these areas and their economic impact. To compile a list of women entrepreneurs in these cities for our study, we turned to the membership roster of the FICCI Ladies Organisation as our starting point.

Narrowing focus on women entrepreneurs in Tier 2 cities

Embarking on this research to explore the economic lives of women in Tier 2 cities, we quickly narrowed our focus to entrepreneurship, recognizing the distinct trajectories between career women and entrepreneurs. For instance, a female bank employee in a Tier 2 city likely shares similar economic experiences with her Tier 1 counterpart and is accounted for in statistical analyses.

However, the search for entrepreneurs highlighted the “missing middle” phenomenon: while high-profile businesswomen and those running very small businesses gain visibility through media and cultural representation, mid-level female entrepreneurs remain largely unknown outside their immediate networks. This discrepancy suggests a perception that significant entrepreneurial success among women is an exception rather than a norm. Preliminary inquiries for potential interviewees in Tier 2 cities were often met with responses doubting the existence of female business owners. This “invisibility” manifested in two ways:

- Type 1, where women's business endeavours are dismissed as hobbies, thereby underestimating their economic contribution and aspirations.
- Type 2, where women's roles in family businesses are overshadowed by male relatives, perpetuating a gendered bias in business ownership recognition.

Understanding these dynamics was pivotal to shaping the methodology, aiming to break this invisibility by highlighting role models from the missing middle, thereby inspiring more women towards entrepreneurship as a path to empowerment.

Caroline Criado Perez's “Invisible Women: Exposing Data Bias In A World Designed For Men” sheds light on the

systemic data gender gap, which impacts ecosystem growth and perpetuates stereotypes of female entrepreneurship as small-scale and non-scalable.⁴⁰ Despite the microfinance industry's success in spotlighting its beneficiaries, the prevailing image of women entrepreneurs remains limited to small, home-based businesses.

Moreover, international research, such as a study by FAIR (Center for Financial Access, Inclusion, and Research) and Pro Mujer, found 73% percent of women entrepreneurs in Latin America struggle to access financial support due to gender biases, stereotypes, and a lack of suitable financial tools and financing.⁴¹ This “missing middle” gap in financial support for small and medium-sized businesses became a central element of our study, emphasising the need for tailored financial solutions to support women entrepreneurs effectively.

Survey Questionnaire

The survey questionnaire served as the foundation for the survey conducted. The insights gathered from this comprehensive survey have significantly informed the recommendations and findings presented in this White Paper. By documenting the journeys of these women entrepreneurs, we sought to understand the impact of education, work experience, and the transition to entrepreneurship on their professional paths. The responses collected have been instrumental in identifying patterns and providing a deeper understanding of how to best support and unleash the potential of female entrepreneurs within the ecosystem.

For any enquiries regarding methodology, data or collaborations, please write to connect@salt.one

⁴⁰Caroline Criado-Perez, *Invisible Women: Exposing Data Bias in a World Designed for Men* (New York: Abrams Press, 2019).

⁴¹TECscience, “Missing Middle: Finance Gap for Women Entrepreneurs,” accessed [March 12 2024], <https://tecscience.tec.mx/en/business-innovation/missing-middle-finance-gap-for-women-entrepreneurs/>.

Prioritisation of Cities and Participant Selection

This delineates the strategic approach employed in selecting cities and participants for the study. The research team embarked on visits to a total of 25 cities, while data was meticulously gathered from 43 cities in total. This encompassed an extensive collection of data from 37 Tier 2 cities, alongside contributions from 6 Tier 1 cities, where women entrepreneurs self-selected to participate by filling out the questionnaire.

- Total Cities Visited: 25
- Cities from Which Data Was Collected: 43
- Data Collection from Tier 2 Cities: 37
- Tier 1 Cities with Self-Selected Questionnaire Responses: 6
- Total Questionnaire Responses: 331
- Total One-on-One Interviews: 229
- Responses Received from Tier 1 Cities: 58

In their outreach efforts to engage women entrepreneurs, the team leveraged partnerships with the FICCI Ladies Organisation (FLO) in cities where the organisation has established chapters. In other cities lacking FLO presence, networks such as EO, YI, or BNI were approached. Although these networks had a relatively minor representation of women, they proved to be instrumental in facilitating the research

A deliberate decision was made to limit the interviewing process to two interviewers. This was a strategic move to ensure a uniform interpretation of the responses and to mitigate any potential bias. Although the primary aim was to profile successful businesses of certain sizes and vintages, it is acknowledged that the sample selection might introduce a degree of bias.

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Annexure III: Participant Information

This highlights the geographical distribution of participants across various cities, illustrating the widespread engagement in the study. The participants, representing a diverse array of enterprises, come from different parts of the country, demonstrating the study's broad reach and inclusivity. The table below details the number of participants from each city, providing insight into the regional representation within the research.

City	Number of Participants	City	Number of Participants
Ahmedabad	4	Kochi	6
Amritsar	12	Kolkata	18
Ayodhya	1	Kottayam	1
Bangalore	7	Kozhikode	1
Bhopal	14	Lucknow	9
Bhubaneswar	16	Ludhiana	21
Chandigarh	2	Mumbai	4
Chennai	6	Nagpur	5
Coimbatore	15	New Delhi	2
Cuttack	1	Patna	4
Dehradun	16	Pondicherry	5
Delhi	2	Raipur	7
Dimapur	1	Rajkot	1
Goa	1	Ranchi	2
Guwahati	7	Rishikesh	1
Hyderabad	14	Seorahi	1
Indore	26	Surat	6
Jaipur	26	Trivandrum	5
Jalandhar	1	Vadodara	25
Jammu	6	Varanasi	3
Jamshedpur	3	Wellington	1
Kanpur	11		

This table illustrates the breadth of participation across India, with significant numbers from cities like Indore (26), Jaipur (26), Vadodara (25), and Ludhiana (21), highlighting a strong entrepreneurial spirit in these regions. Cities such as Bhubaneswar, Dehradun, and Kolkata also show notable participation, indicating a diverse array of perspectives included in the study. The inclusion of participants from both Tier 1 and Tier 2 cities ensures a comprehensive understanding of the entrepreneurial landscape across different urban settings.



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