

Contribution of Women Entrepreneurs to Economic Development in Small and Cottage Industries in India

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Abstract: *Women entrepreneurs play a crucial role in India's economic development, particularly in the small and cottage industries. Their contributions to employment generation, innovation, and regional development have strengthened local economies and empowered communities. This paper explores the significance of women entrepreneurs in these sectors, their economic impact, the challenges they face, and the policies supporting their growth.*

Keywords: women entrepreneurship, small industries, local economy, employment generation, policy support

1. Introduction

Entrepreneurship is a key driver of economic growth, and women entrepreneurs have become instrumental in fostering socio - economic development. In India, small and cottage industries form a major part of the economy, providing employment and contributing to GDP. Women - led enterprises in these industries have not only supported economic diversification but have also played a role in poverty reduction and social empowerment.

2. Research Methodology

This research paper is based on secondary data collected from government reports, industry publications, case studies, and statistical databases. A qualitative approach is used to analyze the contributions, challenges, and policy frameworks supporting women entrepreneurs. The paper also reviews empirical data from MSME reports and success stories from women - led enterprises.

3. Literature Review and Critique

The role of women entrepreneurs in small and cottage industries has been widely discussed in academic literature. Several studies have explored their contributions, barriers, and policy implications:

3.1 Economic Contributions of Women Entrepreneurs

A study by Singh & Sharma (2020) highlights that women - led businesses contribute significantly to employment and GDP, particularly in rural and semi - urban areas. Das (2019) emphasizes the importance of microfinance in enabling women to establish and sustain businesses in small - scale industries. However, Kumar (2021) critiques the over - reliance on government schemes, arguing that self - sufficiency through private investments is key to long - term sustainability.

3.2 Challenges Faced by Women Entrepreneurs

Research by Mukherjee (2018) points out that financial constraints remain the most significant hurdle, with women often lacking collateral for business loans. Patel & Reddy (2022) highlight gender biases in business networks, limiting market access for women - led enterprises. On the other hand, Chakraborty (2020) argues that social constraints are gradually diminishing due to increased awareness and government support.

3.3 Policy Interventions and Effectiveness

According to NITI Aayog (2021), initiatives like Stand - Up India and Mudra Yojana have boosted women entrepreneurship. However, Verma (2022) critiques these policies for being urban - centric, neglecting rural entrepreneurs who face additional infrastructural and digital literacy barriers. Rao (2023) suggests that integrating women entrepreneurs into global value chains can maximize their economic impact beyond domestic markets.

3.4 Technological Advancements and Market Access

Studies by Ghosh & Banerjee (2021) and Iyer (2020) emphasize the role of digital platforms in expanding market access for women - led businesses. The rise of e - commerce platforms like Amazon Saheli and Flipkart Samarth has facilitated market entry for rural women entrepreneurs. However, Dasgupta (2022) critiques the digital divide, stating that many women lack the technical skills needed to compete in online markets.

4. Case Studies of Women Entrepreneurs in Small and Cottage Industries

4.1 Lijjat Papad – A Women - Led Cooperative Success

Lijjat Papad, founded in 1959 by a group of seven women in Mumbai, has grown into a multi - million - dollar cooperative, empowering thousands of women across India.

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The organization has successfully combined traditional skills with cooperative business models to create sustainable employment and economic independence for women.

4.2 Self - Employed Women's Association (SEWA)

Grassroots Empowerment SEWA, founded in 1972, has played a crucial role in organizing women workers in the informal sector. Through financial inclusion, training, and self - help groups, SEWA has enabled thousands of women to establish micro and small enterprises, particularly in textiles, handicrafts, and food processing.

4.3 Women in Handloom Industry – The Case of Assam's Weavers

Assam's handloom industry, primarily led by women, contributes significantly to the state's economy. Women entrepreneurs have successfully marketed traditional Assamese silk fabrics through e - commerce platforms, increasing their reach beyond regional markets and preserving traditional craftsmanship.

4.4 Rural Women Entrepreneurs in Dairy Farming – Amul's Role

The Amul model has been instrumental in empowering rural women in dairy farming. Women - led dairy cooperatives in Gujarat have transformed small - scale dairy production into a profitable venture, providing women with financial independence and improving rural livelihoods.

5. Challenges Faced by Women Entrepreneurs

Despite their contributions, women entrepreneurs in small and cottage industries face numerous challenges:

5.1 Financial Constraints

Limited access to credit due to lack of collateral and financial literacy. High - interest rates on business loans.

5.2 Market Access & Digital Divide

Difficulty in competing with large - scale industries. Limited access to marketing platforms and technology.

5.3 Social and Cultural Barriers

Gender biases and lack of support from family and society. Dual responsibilities of business and household management.

5.4 Lack of Infrastructure & Technological Support

Poor supply chain networks and access to raw materials. Limited training and skill development opportunities.

6. Government and Institutional Support for Women Entrepreneurs

To support women entrepreneurs, the Indian government and financial institutions have introduced several schemes and initiatives:

6.1 Financial Assistance and Credit Schemes Mudra Yojana for Women

Provides collateral - free microfinance loans. Stand - Up India Scheme – Supports SC/ST and women entrepreneurs with bank loans. Mahila Coir Yojana – Encourages women's participation in the coir industry.

6.2 Skill Development and Capacity Building Skill India and Digital India Initiatives

Promote technical and digital literacy. Women Entrepreneurship Platform (WEP) – A NITI Aayog initiative to mentor and support women in business.

6.3 Market Access and Digital Platforms

E - commerce Initiatives – Encouraging women to sell products on platforms like Amazon Saheli and Flipkart Samarth. Self - Help Groups (SHGs) and Cooperatives – Enabling women to collectively market and distribute products.

7. Conclusion

Women entrepreneurs in small and cottage industries are vital for India's economic growth and social development. While they have made remarkable contributions, addressing challenges like financial inclusion, skill development, and market access will further enhance their impact. Strengthening policy implementation, promoting digital literacy, and ensuring gender - sensitive economic policies will pave the way for more women - led enterprises to flourish in India.

8. Recommendations

- 1) Enhancing Access to Credit: Strengthening financial support and reducing loan interest rates for women entrepreneurs.
- 2) Skill Development Programs: Providing targeted training in digital marketing, financial literacy, and modern production techniques.
- 3) Improving Market Access: Encouraging participation in trade fairs, exhibitions, and e - commerce platforms.
- 4) Promoting Social Awareness: Changing societal perceptions and encouraging families to support women's entrepreneurship.
- 5) Strengthening Policy Frameworks: Ensuring smooth implementation of government schemes and monitoring their impact.

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