



## Mains Marathon

**Day 39:** Women's entrepreneurship has to be more prominent in India's economic growth if it is to reach the \$5 trillion mark. Discuss the challenges that women entrepreneurs confront in this climate. (250 Words)

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### Approach / Explanation / Answer

#### Approach

- Start your answer by giving a brief introduction about the status of startups in India.
- Mention the condition for women entrepreneurs and their contribution to the economy.
- Discuss the Challenges which Indian Women Entrepreneurs Face.
- Conclude your answer by giving a way forward.

#### Answer

In this nation of a million possibilities and huge talent, the focus is shifting to start-ups and job creation from grabbing jobs. The phenomenal growth of unicorns in India, led by young entrepreneurs, is inspiring thousands of aspirational startups in the country. After the United States (US) and China, India has emerged as the world's third largest startup ecosystem. However, entrepreneurship is often seen as a male preserve, with women given the cold shoulder.

#### Favourable conditions for female entrepreneurs:

- **Growth in Market Capitalization:**
  - India is predicted to remain the fastest-growing economy in the years to come and India's market capitalization is growing even faster than its nominal Gross Domestic Product.
  - Market segments such as consumer durables to textiles, food to footwear, agro-products to automobiles, all are expected to have double-digit growth as the economic recovery is gaining momentum.
- **More Ideas and Mentorships Available:**
  - Given the market demand, startups need three basic ingredients: Ideas, mentorship, and finance.
  - All three of them are available like never before to aspiring women entrepreneurs in India.
- **Opportunities for Financial Inclusivity:**
  - The Government of India and many state governments are running schemes to improve financial inclusivity for women.
  - Pradhan Mantri Mudra Yojana is one such high potential scheme for women because it

offers collateral-free loans.

### **Challenges which women entrepreneurs face:**

- **Lack of Female Mentors:**
  - With fewer female business founders, the pool of women who can mentor and advise fellow entrepreneurs is consequently smaller.
- **Biological Aspects Assessing Cerebral Capacities:**
  - One long-standing perception has been that men are wired to be more logical (hence more fit for risky ventures) while women are more likely to be empathetic (hence, fit for only a certain set of professions).
- **Patriarchal Construct and Familial Constraints:**
  - Even though a lot of women have the potential as well as ambition to make it to the top in arenas that are usually dictated by a stark male presence, they are often denied their dreams by the patriarchal construct of society.
- **Raising Finance & Management:**
  - Another lamentable difficulty is in raising finance and its management, because in most cases, women are not considered credit-worthy.

### **Ways to increase Women Participation in Startups:**

- **Increasing Risk Appetite:**
  - Since women have several financial options to avail from, it needs increased risk appetite in India's women before they leave behind men in the startup race..
- **Bringing Women to Leadership:**
  - The key drivers of women entrepreneurship are an investment in infrastructure and education, which predict a higher proportion of businesses started by women in India.
  - Efforts like better education and health, reducing wage differentials encourage more effort and result in better career-advancement practices, thus promoting talented women into leadership and managerial roles.
- **Women Role Models for Women:**
  - Higher female ownership of local businesses in related industries predict greater relative female entry rates.
  - Existing women entrepreneurs shall actively reach out to other aspiring female entrepreneurs, if not far than within their own industries or fields of work and provide them guidance.
- **Encouraging Women Investors:**
  - A majority of investor groups are composed of and are led by men, and investment committees are mostly male-dominated.
  - Only 2% of the angel investors are women.

To overcome such unconscious biases, at least one or more women investors shall be included in the investment group. If there is a diversity of gender in the decision-making group, there is a likelihood that women seekers of funds will get a fairer hearing and possibly receive more favorable decisions.

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