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Decoding the Finance-Entrepreneurship Nexus: The Case of Women Entrepreneurs in South India

Remyakrishnan R.

Assistant Professor, Post Graduate Department of Economics,
NSS College, Pandalam, Pathanamthitta, Kerala (India)
E-mail: <remyakrishnanrtwo@gmail.com>

Abstract

Entrepreneurship stands as an accomplished sustainable development tool to generate economic prosperity out of new business opportunities. As per the latest Female Entrepreneurship Index Report, published by the Global Entrepreneurship and Development Institute (GEDI) in 2015, India stands at 70th position amongst 77 countries worldwide. Generating a vigorous social network of backing for women entrepreneurs is fundamental to limit the gender divide in entrepreneurship. As such, proper financial literacy and rational utilization of financial capital are fundamentally regarded as the key drivers of female entrepreneurship, thereby contributing towards the greater goals of women empowerment. The present paper examines the distinct characteristics of women owned business enterprises in India in the context of Women and Men in India Report 2021 published by the Ministry of Statistics and Programme Implementation, Government of India based on the data from Sixth Economic Census Report. Comprehensive interstate comparisons are made regarding the status of women proprietary establishments in South India based on nature of operation, utilization of major sources of finance, agricultural and non-agricultural activities etc. More rational policy interventions for correcting the demand side blockages are vital for expanding the share of women entrepreneurs from India in the global market.

Keywords

Women entrepreneurship, Financial capital, Financial literacy, Sustainable development, Innovation, Capacity building and Inclusive growth.

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Editorial Office : D-59, Shastri Nagar, Meerut - 250 004 (INDIA)
Ph. : 0121-2763765, +91-9997771669, +91-9219658788

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1. Introduction

Enhancing the women entrepreneurship in productive sectors is considered as an integral component of the action agenda of sustainable development framework around the globe. There exists a dynamic association between the innovation and technology assisted entrepreneurship and the economic growth of a region. (Schumpeter, 1911). In the modern context, women who effectively lead a business enterprise utilizing the available resources to generate profit out of it mitigating the risk factors involved in the process are termed as women entrepreneurs. In effect, every woman entrepreneur is an efficient resource manager and choice makers (Coughlin, 2002).

The present paper portrays an overview of the prevailing trends and pattern in women entrepreneurship domain in India with special focus on the scenario of South Indian states. It also tries to unveil the interconnectedness between the trilogy of financial literacy, access and usage of finance and women entrepreneurial development. Identifying the specific hurdles facing by the female owned enterprises is also pre-conditional for framing better policy interventions globally and regionally.

2. Review of Literature

Women as business persons is essentially proceeding the cause of sustainable development (Mahajan, R., & Bandyopadhyay, K. R. (2021). Development of entrepreneurial skills among rural and urban women hold direct linkages with not only economic empowerment through improved income but also bring in positive changes in differed domains of socio-political and cultural empowerment of women population. Timely provisions for judicious and adequate financial assistance will boost up the employment of hidden entrepreneurial skills among women and equip them to materialize innovative business models which in turn surges the economic productivity of the nation (Das, M.,2000 and Deshpande, S., & Sethi,

S.,2009). Various supportive mechanisms to generate a women entrepreneurship friendly environment, like proper access to credit, professional management training opportunities, technological consultancy services, creative investments in human capital and social capital immensely contribute to the more comprehensive process of women empowerment.

Women entrepreneurs in the developing economies are facing plentiful pragmatic challenges in establishing their own business enterprises in a successful way (Lenka and Agarwal 2017). Women entrepreneurs are an assorted section possessing heterogeneous characteristics (Tiwari, N. (2017). Gender specific blockages suffered by the women entrepreneurs in accomplishing business progress in countries like India comprises of lack of asset ownership or possession of collateral securities to avail formal credit, technological backwardness, inadequate skill set, gender biased inheritance laws prevailing in many communities, familial and matrimonial constraints with regard to market access, mobility, security and information. Higher the utilization of the creative potential of the women entrepreneurs in a society higher will be the status of inclusive growth there.

3. Women Entrepreneurship: A Sustainable Development Strategy

Policy interventions envisioning resource mobilization and technical assistance to women entrepreneurs in their active domains is vital in achieving the sustainable development goals specially in the post pandemic era. Enhancement of female entrepreneurship initiatives boost up the degree of women participation in the economic activities of a nation and unleash the hitherto hidden potential of economic progress. Undeniably, female entrepreneurship is a key strategy for materializing the twin goals of sustainable development viz decent work and economic growth (SDG 8) and gender equality (SDG 5).

4. Present Scenario of Women Entrepreneurship in India

Women led business establishments are mostly concentrated in the southern region of India. Highest share of women entrepreneurs in India is found in the five states namely Tamil Nadu, Kerala, Andhra Pradesh, West Bengal and Maharashtra. As per the statistics provided in the Women and Men in India Report 2021 published by the Ministry of Statistics and Programme Implementation, Government

of India, the total proprietary establishments owned by male and female are 1406873 and 396118 respectively. Also, the percentage of female owned proprietary establishments accounted for only 22% at the national level.

Table-1: Ownership wise Status of Enterprises in India

Men	Women	Individual	Women (%)		
9342670	2452819	11834222	20.73		Rural
707430	308948	1019286	30.31	Enterprises	Urban
10050100	2761767	12853508	21.49		Total

Source: Women and Men in India Report 2021; Ministry of Statistics and Programme Implementation, Government of India.

Table-2: Ownership based Distribution of Enterprises in South Indian States

States	Men	Women
Andhra Pradesh	100799	36780
Karnataka	47579	12475
Kerala	14153	14943
Tamil Nadu	104407	18186
Telangana	27368	12183
India	1406873	396118

Source: Women and Men in India Report 2021; Ministry of Statistics and Programme Implementation, Government of India.

The table-1 reveals that only 21.49 is the percentage of women owned enterprises at the national level in India. Also, the percentage of women led enterprises is comparatively more in urban areas than rural areas. Among the South Indian states, Andhra Pradesh constitute the state with more number of female owned enterprises (36780). But the south Indian state with highest percentage of female owned enterprises to total enterprises is Kerala (51%).

Figure-1: Percentage of Women Owned Proprietary Establishments in South Indian States

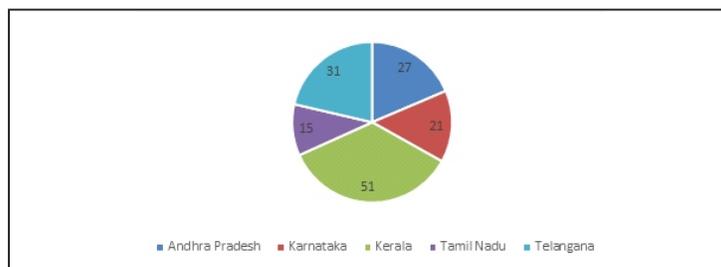
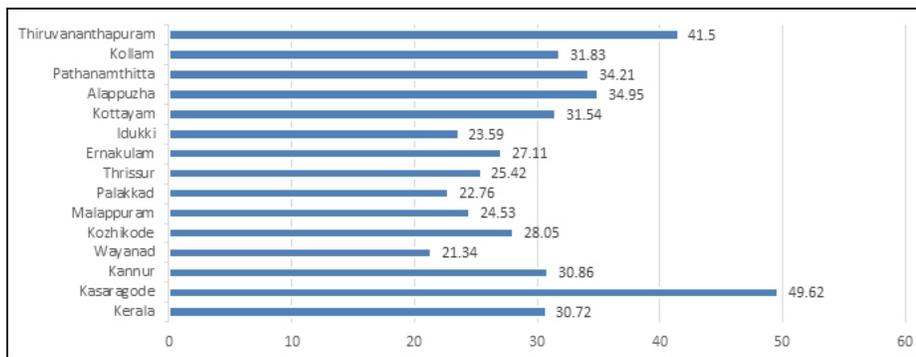


Table-3: Status of Women Entrepreneurship based on Nature of Operation

States	Perennial	Seasonal	Casual	Total
Andhra Pradesh	766306	82316	1290	849912
Karnataka	498295	40993	6518	545806
Kerala	825386	54589	33942	913917
Tamil Nadu	1026273	45422	15914	1087609
Telangana	328637	27643	206	356486
India	7166019	726435	158365	8050819

Source: Women and Men in India Report 2021; Ministry of Statistics and Programme Implementation, Government of India.

As per the Gender Statistics report published by Government of Kerala, the state level percentage of women entrepreneurs in Kerala was recorded as 30.72% in 2017-18. The districts with highest and lowest percentage of female entrepreneurs in the state are Kasaragod with 49.62% and Wayanad with 21.34% respectively.

Figure-2: District Wise Percentage of Women Entrepreneurs in Kerala

Source: Gender Statistics, Government of Kerala, 2017-18 Report.

5. Financial Literacy: A Pre-requisite to Foster Women Entrepreneurship

Appropriate financial literacy is universally considered to be a critical factor determining the sustainability of female owned enterprises. Timely execution of the financial knowledge, financial attitude, financial planning and financial behaviour constituting the key components of financial literacy elevate the status of entrepreneurial growth. Women business leaders possessing a skillset of resource mobilization, scientific budgeting, financial accounting techniques, informed decision making, investment planning, risk diversification, loan management etc. can

constructively contribute to the economic growth of the nation. However, 'the current status of financial literacy in India leaves much to be desired in order to reach an acceptable level, making individuals capable of making sound financial decisions for themselves as well as their households' (NABARD All India Rural Financial Inclusion Survey 2016-17). Wide-ranging assessment of responses on financial literacy in NABARD survey point towards the fact that only about 11% of the total respondents could fare in the category of possessing 'good financial literacy'. It is evident from table-4 that the critically low degree of financial literacy status of rural Indian women makes it hard for them to break the barriers of social and economic exclusion.

Table-4: Population Group wise Assessment of Financial Literacy

Categories	%age of respondents with good financial literacy	%age of respondents who have used ATM at least once in last 3 months time
All respondents	11.3	21
Rural	10.7	21
Semi-urban	14.9	19
Agricultural	10.6	23
Non-agricultural	12.1	19
Male	11.3	20
Female	11.2	22

Source: NABARD All India Rural Financial Inclusion Survey 2016-17.

6. Access and Usage of Financial Capital

The major demand side factors restricting the growth of female entrepreneurship in developing economies like India is the limited access to formal finance and poor utilization of financial products and services by women owing to considerably low level of financial literacy. Timely access to adequate financial capital help women to mitigate the risks associated with starting and sustaining the new business ventures. Whereas excessive dependence of women led SMEs on informal market financing can eventually worsen the debt risks of such business entities. The recent evidences from the Global Findex Report, 2021 published by the World Bank signifies the poor status of usage of basic financial products and services by the Indian population.

Table-5: Financial Behaviour of Indian Population based on Global Findex Report 2021

Variable	%age
Owens a credit card (Adults % age 15+)	5.0
Owens a credit card (Female % age 15+)	2.0
Owens a debit card (Adults % age 15+)	27.0
Owens a debit card (Female % age 15+)	19.0
Used a debit card (Adults % age 15+)	12.0
Mobile phone/Internet to make payment, purchase or remittances (Adults % age 15+)	12.0
Saved any money(Adults % age 15+)	24.0
Saved any money(Female % age 15+)	22.0
Saved money at financial institution (Adults % age 15+)	13.0
Saved money at financial institution (Female % age 15+)	12.0
Borrowed any money (Adults % age 15+)	45.0
Borrowed any money (Female % age 15+)	46.0
Received Govt. transfer into a financial account	6.0

Source: The Global Findex Database, 2021 published by the World Bank.

Table-6: Population Group Wise Deposit Pattern of Scheduled Commercial Banks in India

Group	Women to Total Individuals (%)	
	No. of Accounts	Amount
Rural	34.71	26.00
Semi-Urban	32.82	22.46
Urban	33.58	21.20
Metropolitan	31.68	14.82
India	33.38	18.61

Source: Women and Men in India Report 2021; Ministry of Statistics and Programme Implementation, Government of India.

7. Credit Delivery and Capacity building: Utilization Trends among Women Entrepreneurs

The total number of SSI/MSME units promoted by male and female in Kerala as per the Gender statistics report 2017-18 published by Government of Kerala are 5908 and 1935 respectively. Access to

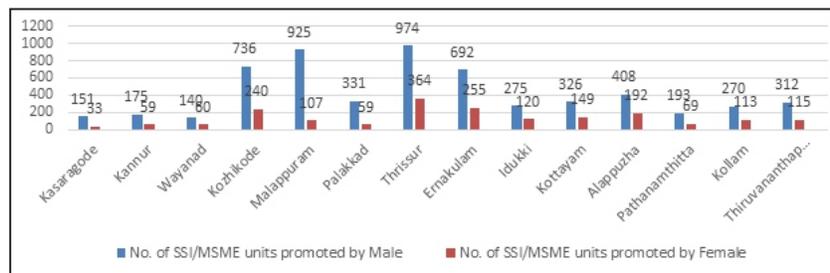
timely and adequate credit and periodical upgradation of skillset is fundamental to the success of entrepreneurial innovations in any field. It can be inferred from table-7 that the two major sources of finance utilizing by the women entrepreneurs in the southern states of India are self-financing strategy and the financial assistance delivered by any specific agencies. The state with high percentage of women entrepreneurs utilizing the state financial support is Karnataka (3.20%) and the least is Kerala (1.08%).

Table-7: Utilization Trends of Major Sources of Finance by Women Entrepreneurs in South India (Number of enterprises are stated)

States	Own finance	Financial support from State	Loan from financial organizations	Informal credit/ Local financiers	SHG loans	Financial Aids/Transfers from other agencies	Total
Andhra Pradesh	663439	20470	8562	8573	36434	112434	849912
Karnataka	464768	17513	7363	2956	8994	44212	545806
Kerala	864223	9939	13471	2780	6897	16607	913917
Tamil Nadu	881274	26046	4868	4766	4558	166097	1087609
Telangana	286081	7879	4239	2418	6544	49325	356486
India	6365447	270978	86789	67525	80660	1179420	8050819

Source: Women and Men in India Report 2021; Ministry of Statistics and Programme Implementation, Government of India.

Figure-3: District wise Details of Total SSI/MSME Units Registered in Kerala During 2017-18



Source: Gender Statistics, Government of Kerala, 2017-18 Report.

It is also imperative to note that the capacity building or skill enhancement initiatives of governments should be succeeded with necessary resource mobilization, asset ownership or funding schemes too for the successful attainment of entrepreneurial targets. For instance, the statistics regarding the beneficiaries of the skill development training in handloom weaving and the number of handloom units actually started under the self-employment scheme presented in table-8 raises the concerns related with the persisting gender specific barriers in materializing the female entrepreneurship goals in the Kerala context.

Table-8: Details of Skill Development Training and Handloom Units started under Self-Employment Scheme

State/ District	No of persons received skill development training in handloom weaving			Units started under Self Employment Scheme		
	No of Female Weavers	No of Male Weavers	Total No of Weavers	No of Female Weavers	No of Male Weavers	Total No of Weavers
Kerala	185	0	185	7	6	13
Kasaragod	0	0	0	0	0	0
Kannur	57	0	57	0	0	0
Wayanad	0	0	0	0	0	0
Kozhikode	40	0	40	0	0	0
Malappuram	0	0	0	0	0	0
Palakkad	48	0	48	1	0	1
Thrissur	0	0	0	0	1	1
Ernakulam	0	0	0	2	2	4
Idukki	0	0	0	0	0	0
Kottayam	20	0	20	1	0	1
Alappuzha	0	0	0	0	0	0
Pathanamthitta	20	0	20	1	0	1
Kollam	0	0	0	1	1	2
Thiruvananthapuram	0	0	0	1	2	3

Source: Gender Statistics, Government of Kerala, 2017-18 Report.

8. Gender Barriers in Starting New Business Ventures

In the context of the prevailing gender divide visible in every economic domains, it is vital to analyze the factors detrimental to better entrepreneurship through a gender lens. Poor income status, lack of asset ownership, low degree of financial literacy, limited networking, constrained trouble in accessing start up credit, information asymmetry, low investment in social capital, deficient market linkages, gender stereo typed capacity building initiatives, restricted mobility, risk averse mind set, socio-cultural roadblocks can be considered as the prime gender specific hurdles faced by women entrepreneurs while experimenting with innovative business endeavours. The creative potential of women entrepreneurs around the globe are constrained with gender stereotyping conditions around them (OECD, 2017). Lionshare of the women led business initiatives concentrate in minor and less dynamic fields and mainly belong to the non-capital intensive sectors possessing lower productivity and profitability compared to male led business units. Broad activity wise distribution of women owned establishments in India are indicated in figure-4 and figure-5. Livestock (23%) and Education (30%) sectors contribute more female owners in the agricultural and non-agricultural activities respectively.

Figure-4: Agricultural Activities wise Distribution of Female Enterprises in India

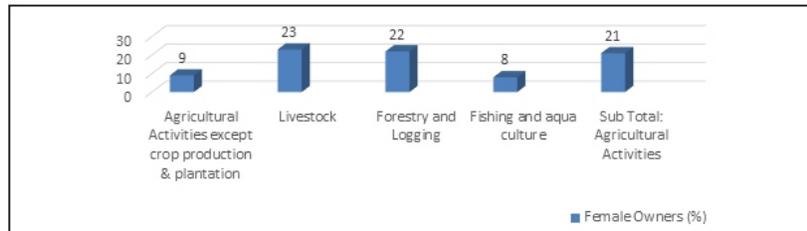
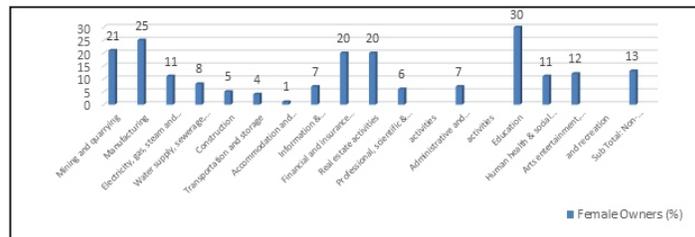


Figure-5: Non-Agricultural Activities wise Distribution of Female Enterprises in India



Source: Women and Men in India Report 2021; Ministry of Statistics and Programme Implementation, Government of India.

9. Policy Recommendations

Rational policy interventions aiming for closing the prevailing gender gap, restructuring the societal attitude towards women, ensuring access to resources, upgrading of skill set are quintessential for the betterment of the current status of women entrepreneurship in developing economies. Some relevant policy suggestions in this regard are listed as follows:

- ▶ Design and execution of tailor-made business incubator and risk capital funding schemes addressing the specific challenges facing by female entrepreneurs.
- ▶ Incorporating entrepreneurship effectively into the academic framework highlighting the case studies of successful role models in distinct arenas of business.
- ▶ Imparting financial literacy and business management skills through rigorous training and workshops at higher education institutions.
- ▶ Consultancy services on a decentralized mode to cater to the managerial, technological and counselling needs of women entrepreneurs at Government level.
- ▶ Provisions of commercial loans through micro credit, timely venture capital funding for promising start ups, crowd funding techniques etc. can be reorganized for guaranteeing women better access to financial resources.
- ▶ Awareness and linkage should be given to women entrepreneurs in exploring the new avenues of digital marketing opportunities.
- ▶ More public investment in social capital for improving the entrepreneurial network of women.
- ▶ Flexible working arrangements and social protection measures in the working environment to attract more women participation

10. Conclusion

Women entrepreneurship is a leading light in the pathway towards a women empowered global economy. Women entrepreneurs being a heterogenous entity with distinct characteristics, public policy interventions to ensure access to formal finance, building entrepreneurial networks etc. should be customized

to a greater extent. Mere public investments are not sufficient for materializing the goal of enhanced women entrepreneurship. It necessitates the requirement of a strong, dedicated gender sensitive execution system and a positively changed societal attitude towards women entering into business.

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