

# Women run 14% of Indian businesses, most of them self-financed

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India ranks 29th out of 31 countries in a report on women entrepreneurs.



Image credit: Noah Saleem/AFP

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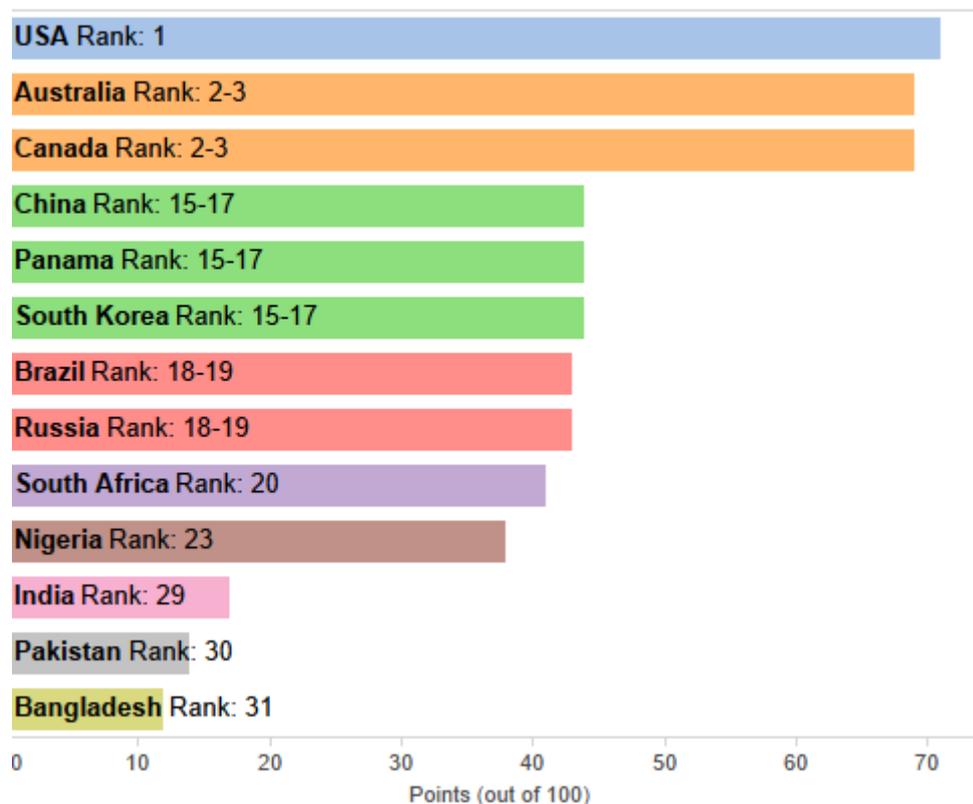
Richa Dubey's profession – running an online retail business that connects artisans with consumers – may not appear unusual for a modern Indian woman, but newly released data indicate just how much women lag men.

No more than 14% of business establishments in India are run by female entrepreneurs, according to the [Sixth Economic Census](#) by the National Sample Survey Organisation. There are 58.5 million businesses in India, of which 8.05 million are managed by women, employing over 13.48 million people. These enterprises range from corner shops to venture-funded startups.

India ranked 29th of 31 countries in the 2015 [Global Women Entrepreneurs Leader report](#) by ACG Inc, a consultancy, above only Pakistan and Bangladesh. With 17 points of a possible 100, India fared worse than countries such as Nigeria, Uganda and Ghana.

The report observed that in India and other low-ranked countries, unequal inheritance rights for women and work restrictions limited their access to startup capital and collateral.

## Global Ranks



Indeed, Dubey's business is bootstrapped, or self-financed. It's been five years since Dubey launched 22.2 Accessories, which works with around 30 rural artisans and their families, selling the accessories they make for women.

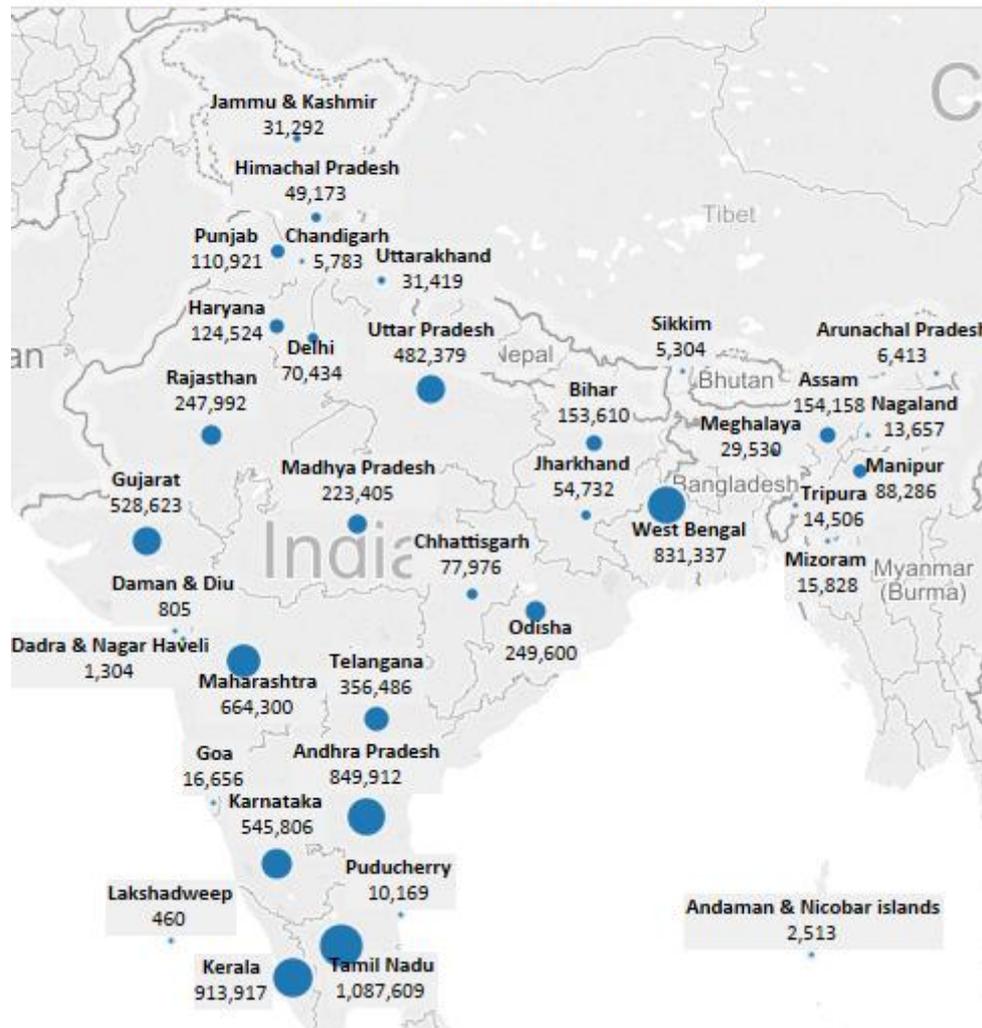
“During my previous work with several fashion brands and travel in India, I realised that craftsmen and artisans in India do not earn their worth, unlike their counterparts in developed nations,” said Dubey. “They hardly get their due, which motivated me to start my own venture.”

A native of Uttar Pradesh, Dubey, 36, runs her business from Bengaluru, a city that has developed a startup ecosystem that offers women substantial independence to give their ideas wing. The South is particularly hospitable for female entrepreneurs, the data reveal.

## Southern states lead the way, social attitudes important

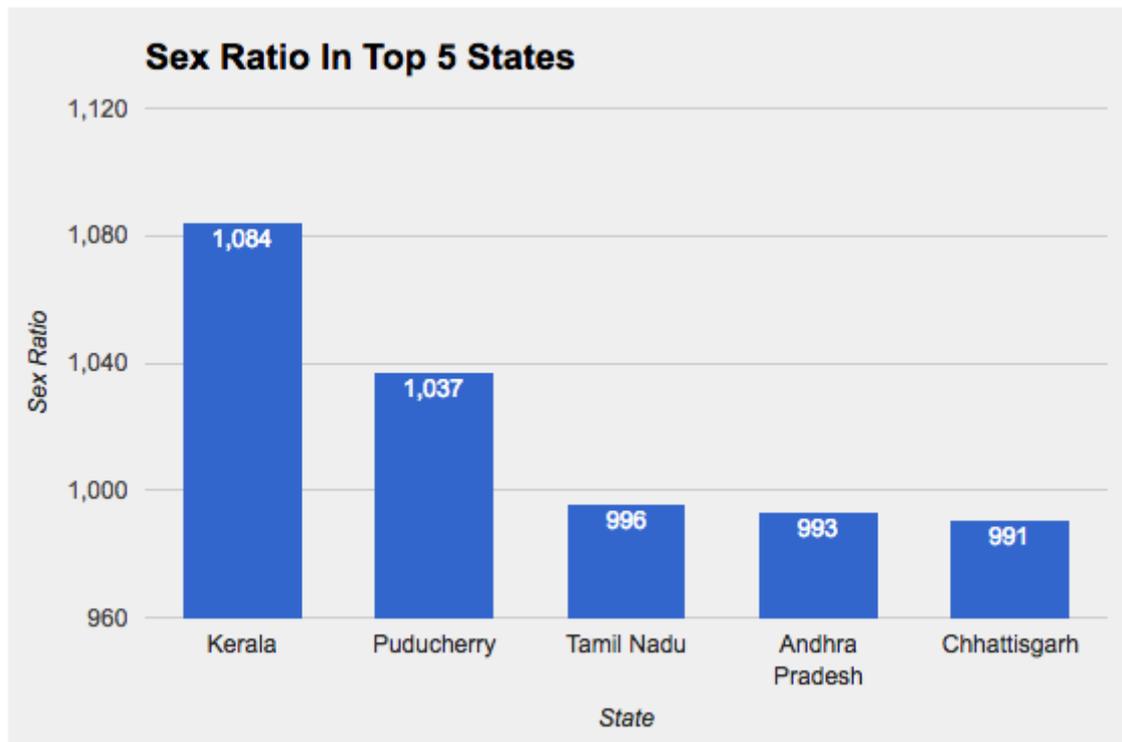
As many as 13.5% of female-run establishments (1.08 million) are based in Tamil Nadu, more than any other state, followed by Kerala (0.91 million) and Andhra Pradesh (0.56 million).

### Female-run Establishments, By State



“I cannot imagine myself being an entrepreneur in UP,” said Dubey of her home state. “It is much easier to be a woman entrepreneur in southern India compared to the Hindi heartland.”

Her argument is buttressed by the favourable sex ratio in these states, indicating a correlation with higher female entrepreneurship.



Source: Census 2011

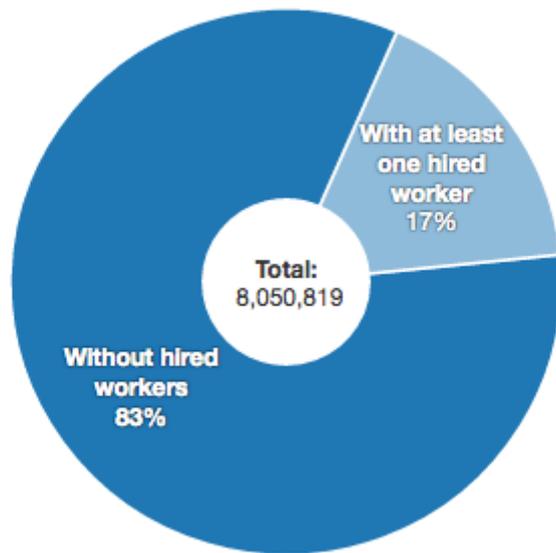
### **Most companies run by women are small-scale; 79% are self-financed**

There are three major challenges faced by women entrepreneurs, said Devika Parashar, Director (Women Initiatives), [Startup Leadership Program](#), a fellowship programme to create and nurture entrepreneurs:

- Having to work doubly hard to be taken seriously as an entrepreneur;
- Lack of female mentors and role models;
- Restrictive gender roles, revealed by funding patterns of investors and the 14% statistic.

Dubey's company, with a team of six – managing administration and logistics – falls under the 83.19% of establishments that have at least one hired worker, indicating that most businesses run by women are small-scale.

## Female-run Establishments, By Staff Size



*\*Rounded off from 82.19% and 16.81%*

Source: Sixth Economic

Census

As many as 79% of enterprises run by women are self-financed; only 4.4% have borrowed money from a financial institution or received assistance from the government.

Recently, YES Bank took a **\$50 million** (Rs 325 crore) loan from the International Finance Corporation, to exclusively finance about 100,000 female-owned businesses.

## Female-run Establishments: Sources Of Funding

Self-financed

6,365,447

Donations/ Transfer from other agencies

1,179,420

Financial assistance from Govt. sources

270,978

Borrowing from financial institution

86,789

Loan from self help group

80,660

Borrowing from non-institutions/ money-lenders

67,525

Source: Sixth Economic

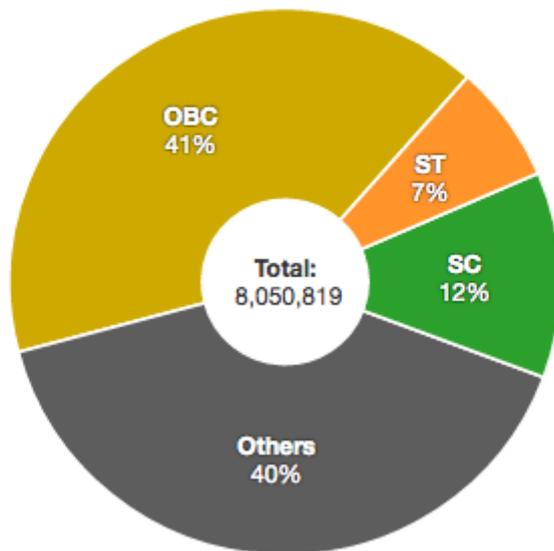
Census

### **60% of female entrepreneurs are from disadvantaged communities**

As many as 4.81 million establishments are led by women (60%) from scheduled castes, schedules tribes or other backward classes, indicating they work because they must.

Earlier this month, Prime Minister Narendra Modi **launched** the Stand Up India scheme, under which banks will give loans of up to Rs 1 crore to SCs, STs and female entrepreneurs, who will be given a RuPay Debit Card and other support, such as pre-loan and marketing training.

## Female-run Establishments, By Social Group Of Owner



Source: Sixth Economic

### Census

Back in Bengaluru, Dubey dreams of expanding her business to more states and working with more artisans and craftsmen, an exception to the women withdrawing from India's workforce, even as they become healthier and more educated.

Richa Dubey, 36, is one of India's 8 million female entrepreneurs, running an online retail venture that connects artisans with consumers. A native of Uttar Pradesh, she works from Bengaluru, a city with a startup ecosystem. The South is particularly hospitable to female entrepreneurs.



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As many as 25 million women have left the Indian labour force over the past 10 years, as IndiaSpend **reported** in April. No more than 27% of Indian women are in the labour force, the second-lowest rate of female labour-force participation in South Asia after Pakistan, where female labour-force participation is rising. India's is falling.