

# **Women Entrepreneurs' Status in MSMEs and The COVID-19 Pandemic in India.**

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## **Abstract:**

Over the past five years, there has been a rapid increase in the number of start-ups, with a concurrent rise in the participation of women entrepreneurs. This paper aims to scrutinize the impact of the COVID-19 pandemic on the status of women entrepreneurs in the Micro, Small, and Medium Enterprises (MSMEs) sector in India. The primary focus is on evaluating how the pandemic has affected women entrepreneurs in relation to their male counterparts. Utilizing secondary data extracted from diverse sources such as annual reports from the Ministry of MSME, journals, and published articles, this study addresses its objectives comprehensively. The findings underscore that businesses led by women have faced a higher likelihood of closure and sustained extended periods of inactivity compared to those led by men. Moreover, women entrepreneurs have expressed a more pessimistic outlook on the future. The study also reveals noteworthy variations in the landscape of women entrepreneurs at the state level.

## **Introduction:**

The entire world economy has been severely affected by the Coronavirus Disease 2019 and the most important the enterprise which are owned by female suffered the most. Women engaged in small enterprises like beedi making, pickle/papad making, detergent, incense, and candle making are facing challenges due to insufficient procurement and orders, which adversely affect their businesses (Tankha,2020). As of April 2021, UN Women reported an 80% job loss rate among rural Indian women employed in informal sectors.(UN WOMEN, 2021).Women owned enterprises were much more badly hurt by lockdown than men owned enterprises .The gender disparity in job loss may stem from both supply and demand factors. On the supply side, increased household responsibilities, limited childcare options, and school closures have compelled many women to stay at home, dedicating more time to caregiving and unpaid activities, Demand-side factors, such as the impact on industries where women are overrepresented and changes in employment arrangements, likely contributed to more severe consequences for female workers.(Abraham, Basole & Kesar 2021).It is supported by (Deshpande, 2020) In April 2020, women experienced a more substantial decline in employment compared to men. The ratio of April 2020 employment to the average employment from March 2019 to March 2020 was 61% for women, while it was 71% for men, indicating a greater relative decrease in women's employment levels post-lockdown.

The world Economic Forum's Global Gender Gap Index 2021 demonstrate that among 156 countries, India has slipped to the 140<sup>th</sup> position from the 108<sup>th</sup> Position in 2018 however India managed to secured 135<sup>th</sup> position out of 146 Countries according to the world

Economic Forum's Global Gender Gap Index 2022. According to the 6th economic census, women entrepreneurs own over 8 million enterprises in India or about 13% of the total units. Despite constituting 42% of India's agricultural labor force, women own only 2% of farmland. Out of approximately 432 million working-age women, around 343 million are not engaged in paid formal work. Among them, an estimated 324 million are not part of the labor force, while 19 million are in the labor force but unemployed. With India's working-age population projected to exceed 1 billion by 2030, the country faces the risk of neglecting the economic potential of up to 400 million women.(Bain & Google, 2019).

According to a 2020 study by Azim Premji University, urban self-employed enterprises were severely affected. Women, particularly in trading, service, and informal sectors, faced greater adverse impacts during the lockdown. The findings indicate that COVID-19 disproportionately affected women over men, rural over urban populations, and migrant and informal sector workers, particularly in India.(Azim Premji University ,2020). The (Mint, 2020) survey highlights that micro and small businesses led by women face heightened risk, given their presence in lower-margin markets and increased vulnerability compared to businesses led by men.

Over the past decade, there has been a noticeable rise in the proportion of women-owned enterprises. India boasts a higher percentage of women-owned enterprises compared to numerous other countries. As per Udyam Report up to March 2022, Male entrepreneurs dominate the MSME sector, owning 81%, while female entrepreneurs account for 18% and 1% are unrecognised in India. (Udyam, 2022) This study examines the impact of COVID-19 on women entrepreneurs within the MSMEs sector, assessing their status post-pandemic.

### **Literature Review:**

**Vandita et al. (2022)** in their research Paper, "ROLE OF MSME IN EMPOWERING WOMEN ENTREPRENEURSHIP IN EASTERN UP," examined the role of MSMEs in empowering women entrepreneurs. Surveying 200 women, they explored the benefits, misconceptions, opportunities, and challenges of small businesses. The study aimed to highlight the contribution of entrepreneurship to women's empowerment, addressing the research gap on female entrepreneurs. The findings underscore the importance of creating a league of female entrepreneurs for economic independence and gender equality. The study also points out the challenges faced by Indian women entrepreneurs, such as skill deficits and lack of networks, and acknowledges the government's role in promoting gender equity in business. Statistical methods like percentage analysis and ANOVA were used for data analysis.

**Rathna and Selvi (2022)** in their paper “Exploring The Impact of Covid-19 Pandemic On Women Entrepreneurs in India”, the study expands upon prior research concerning the repercussions of epidemics on women entrepreneurs, with a particular focus on the micro-business sector in India. Through a qualitative research design involving semi-structured interviews and focus group discussions, the study investigates the impact of the COVID-19 pandemic on women entrepreneurs in India. It meticulously outlines the challenges faced by these entrepreneurs, encompassing areas such as low business sales, household income, lifestyle, and mental health during the lockdown. The findings underscore the urgent need for creativity and digitization to ensure business survival in the face of the crisis. Furthermore, the study sheds light on the gender gap in policies designed to address the effects of COVID-19 in developing countries. It emphasizes the significant threat posed to micro-enterprises, with the pandemic adversely affecting the business and profits of women entrepreneurs, particularly those from economically disadvantaged backgrounds in India. Overall, the research underscores the critical importance of understanding and addressing the unique challenges faced by women entrepreneurs amid the ongoing global health crisis.

**Kumar and Singh (2021)** in their paper, "Entrepreneurial prospects and challenges for women amidst COVID-19: a case study of Delhi, India," the study examine challenges faced by women entrepreneurs in Delhi during COVID-19, utilizing a mixed-methods approach, including interviews and policy document analysis. It highlights gender-based hurdles in market access, financial support, and family backing, citing male domination as a hindrance to women-owned start-ups. Advocating for gender-specific policy initiatives, it recognizes patriarchal constraints in family, society, market, and state institutions. The research emphasizes women entrepreneurship's role in empowerment and economic growth, noting the need to address gender inequality for India's GDP enhancement. Despite increased women entrepreneurs, around 80% of women in the labor force remain unpaid, contributing to India's 112th Global Gender Gap Index ranking in 2020. The study acknowledges government efforts in supporting women entrepreneurs but stresses the necessity of specific provisions for them. The comprehensive data collection included policy documents, interviews, and quantitative analysis, offering insights into multifaceted challenges faced by women entrepreneurs.

**Afshan et al. (2021)** in their paper “Learning experiences of Women Entrepreneurs amidst COVID-19,” shed light on the unforeseen crises brought about by the COVID-19 pandemic, disrupting both normal life and the business landscape in ways unimaginable to the average person. The survival of small businesses was perilously hanging in the balance during this

challenging environment. This article, grounded in experiential learning, aims to scrutinize the learning experiences of women entrepreneurs amid the COVID-19 pandemic, delving into the challenges they encountered and the strategies they employed for business transformation. Employing a qualitative interview design, the researchers explored the lived experiences and insights of Indian entrepreneurs navigating the pandemic. The interviewees shared their perspectives on the impact of COVID-19 on their businesses and the entrepreneurial actions they took in response to the crisis. The study's findings unveil a wealth of new knowledge stemming from the adaptive learning of women entrepreneurs during the COVID-19 experience. Notably, there was a shift from traditional manual business exchanges and financial transactions to virtual and online methods, showcasing a concurrent embrace of innovative learning. The analysis further elucidates the challenges confronted by women entrepreneurs, the strategies they embraced, and the valuable lessons derived from their experiences.

**Mariadoss et al. (2020)** In their paper "The Role Of Women Entrepreneurs In Micro, Small And Medium Enterprises In Dindigul District," surveyed 200 women entrepreneurs in Dindigul's MSME sector. Consequently, they found that these women, predominantly aged 35-45 and mostly married, often encounter challenges due to low skill levels and insufficient networks, which impedes their progression from homemakers to successful businesswomen. Moreover, the study revealed a diverse educational background among the entrepreneurs, with most having completed primary schooling and a few holding degrees. Income levels generally ranged from Rs. 1,00,000 to Rs. 2,00,000, and their business experience varied, with a considerable number having 4-6 years in the field. The government's recognition of women entrepreneurs, based on their role in business equity and employment, underscores their significant contribution to the Indian economy.

**Rani (2020)** in her Paper titled "An Exploratory Study of Women Entrepreneurship in India," investigated the role and challenges of women in small-scale industries. The study aimed to evaluate the status of women entrepreneurs, identify motivational factors for women's entrepreneurship, and assess the obstacles they face. Key findings highlight the significant contribution of women-led businesses to economic growth across nations. Despite societal hurdles, such as inadequate education and resource scarcity, Indian women entrepreneurs are progressing, bolstered by government initiatives offering loans, subsidies, and training. This support is critical in India's male-dominated society, enabling women to achieve financial success, foster innovation, and enhance their self-identity and satisfaction. The study, based

on secondary data, indicates a positive trend in the empowerment and involvement of women in the entrepreneurial sector.

**Jakhar and Krishna (2020)** In their paper, "Women Entrepreneurship: Opportunities and Challenges," focused on the current opportunities and hurdles faced by women entrepreneurs in India. The study aimed to identify the problems these entrepreneurs encounter, the key factors influencing their growth, and necessary measures to enhance their entrepreneurial state. The findings suggest that women's entrepreneurship in India is beset with challenges, requiring societal attitude and mind-set changes. Education is highlighted as a crucial tool for fostering entrepreneurial qualities, alongside the need for motivational and supportive measures at various levels. The establishment and continuous improvement of training institutes are essential for enhancing women's skills and risk-taking capabilities. Despite increasing participation, women entrepreneurs still need greater support and recognition in the field. The review calls for more comprehensive government-led initiatives to boost entrepreneurial awareness and skill development among women, as existing efforts have only benefited a limited section of society.

### **Data Analysis:**

**Table 1:**

Percentage distribution of women entrepreneurs before and after Covid.

<b>Category</b>	<b>Before Covid (%)</b>	<b>After Covid (%)</b>	<b>Total (%)</b>
<b>Micro</b>	<b>39.79</b>	<b>60.21</b>	<b>100.00</b>
<b>Small</b>	<b>72.22</b>	<b>27.78</b>	<b>100.00</b>
<b>Medium</b>	<b>56.47</b>	<b>43.53</b>	<b>100.00</b>

Source: Annual report of MSME 2020-21 & 2021-22

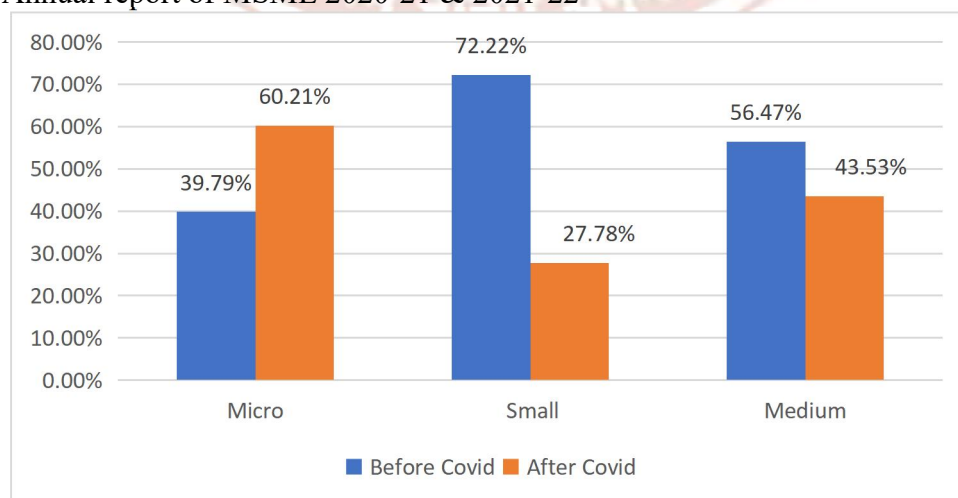


Figure 1: women entrepreneurs before and after Covid.

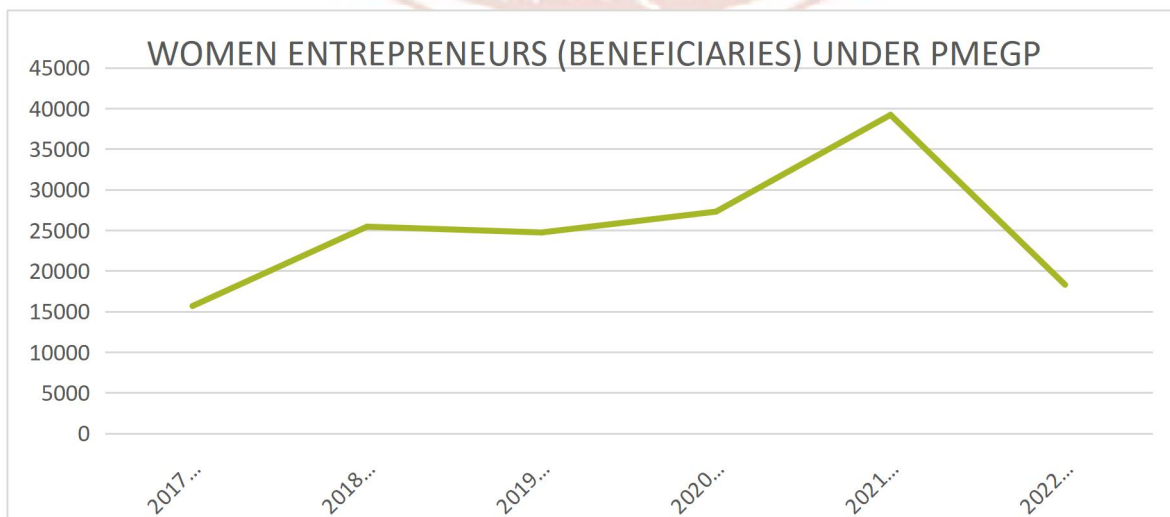
The data reveals that Covid's impact on micro-enterprises has been beneficial, as evidenced by their increase to 60.21% post-Covid from 39.79% pre-Covid. In contrast, small and medium Total Enterprises experienced a downturn, with small Enterprises dropping to 27.78% and medium Enterprises to 43.53%. This trend might be attributed to the differing investment requirements; micro-enterprises typically need less capital compared to small or medium Enterprises. Consequently, during COVID-19, due to limited capital availability, women entrepreneurs have predominantly opted to start micro-enterprises. Also, one of the reasons behind the increase micro-enterprises is the success of the Prime Minister's Employment Generation Programme (PMEGP). Under PMEGP higher subsidy is provided to women beneficiaries for starting new micro ventures.

**Table 2:**  
**Number of Women Entrepreneurs (Beneficiaries) under PMEGP.**

Year	WOMEN ENTREPRENEURS (BENEFICIARIES) UNDER PMEGP
2017-18	15669
2018-19	25434
2019-20	24720
2020-21	27285
2021-22	39192
2022-23(up to 31.12.2022)	18288
<b>Total</b>	<b>259339</b>

Source: MSME Annual Report-2023

Figure 2: Women Entrepreneurs (Beneficiaries) under PMEGP.



It is clearly shown from above chart that number of women beneficiaries have been increased in PMEGP Scheme. And because of that the micro venture has been increasing compared to small and medium size enterprise.

**Table 3:**

Percentage distribution of Enterprise before and after Covid by Male/Female Owners

Category	Before Covid (%)			After Covid (%)		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
<b>MICRO</b>	<b>78.11</b>	<b>21.89</b>	<b>100</b>	<b>81.96</b>	<b>18.04</b>	<b>100</b>
<b>SMALL</b>	<b>82.84</b>	<b>17.16</b>	<b>100</b>	<b>89.48</b>	<b>10.52</b>	<b>100</b>
<b>MEDIUM</b>	<b>88.72</b>	<b>11.28</b>	<b>100</b>	<b>94.22</b>	<b>5.78</b>	<b>100</b>

Source: Udyam, 2019 & 2022



Figure 3: Distribution of Enterprise before and after Covid by Male/Female Owners

The graph shows the distribution of male and female representation in three different business sizes: Micro, Small, and Medium, before and after the COVID pandemic. In the Micro category, male representation slightly increased from 78.11% to 81.96%, while female representation decreased from 21.89% to 18.04%. In the Small category, male representation saw a more significant increase from 82.84% to 89.48%, and female representation



correspondingly decreased from 17.16% to 10.52%. The Medium category experienced the largest shift, with male representation jumping from 88.72% to 94.22%, and female representation dropping from 11.28% to 5.78%. The reasons behind these changes could be multifaceted. The COVID-19 pandemic has had a profound impact on the global economy, affecting businesses and employment rates. Some potential reasons for the increase in male representation could include, the pandemic may have disproportionately affected industries with higher female representation, leading to more job losses among women. Due to the closure of schools and childcare facilities during the pandemic, women may have reduced their work hours or left the workforce entirely to care for children and family members. In sectors less affected by the pandemic or where remote work was more feasible, men may have been more likely to retain or recover their jobs. Gender disparities in the labour market may have been heightened by the pandemic, amplifying obstacles for women attempting to re-enter the workforce or make progress in their careers during the recovery phase.

**Table: 4**  
State wise Distribution of Female proprietary MSMEs in India before covid & After Covid

Sr.No	States	Before Covid %	After Covid %
1	ANDHRA PRADESH	7.66	3.40
2	ARUNACHAL PRADESH	0.02	0.06
3	ASSAM	0.63	1.67
4	BIHAR	2.07	3.79
5	CHHATTISGARH	0.87	0.99
6	GOA	0.12	0.21
7	GUJARAT	6.36	6.60
8	HARYANA	2.08	2.65
9	HIMACHAL PRADESH	0.22	0.46
10	JHARKHAND	0.96	1.42
11	KARNATAKA	4.48	6.24
12	KERALA	1.94	2.86
13	MADHYA PRADESH	10.15	3.19
14	MAHARASHTRA	26.95	22.52
15	MANIPUR	0.78	0.66

16	MEGHALAYA	0.04	0.06
17	MIZORAM	0.11	0.14
18	NAGALAND	0.05	0.09
19	ODISHA	0.87	2.04
20	PUNJAB	2.80	3.00
21	RAJASTHAN	4.80	5.42
22	SIKKIM	0.01	0.05
23	TAMIL NADU	12.19	14.14
24	TELANGANA	3.54	4.18
25	TRIPURA	0.06	0.07
26	UTTAR PRADESH	5.26	6.37
27	UTTARAKHAND	0.95	0.91
28	WEST BENGAL	1.60	2.50
29	ANDAMAN AND NICOBAR ISLANDS	0.08	0.09
30	CHANDIGARH	0.14	0.17
31	DADAR AND NAGAR HAVELI	0.05	0.06
32	DAMAN AND DIU	0.06	0.03
33	DELHI	1.84	2.53
34	JAMMU AND KASHMIR	0.08	1.17
35	LADAKH	0.00	0.03
36	LAKSHADWEEP	0.00	0.00
37	PUDUCHERRY	0.17	0.24
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Source: Udyam, 2022

From the data, it can be observed that, Before COVID-19, Maharashtra had the highest number of Total Enterprises, accounting for 26.14% of the total. However, after the pandemic, the percentage decreased to 22.52%. Despite the decline, Maharashtra still had the highest number of Total Enterprises among all states. The reason behind this is the state has a well-developed infrastructure, including industrial parks, and dedicated MSME clusters, which have provided a conducive environment for the growth of the sector. The Maharashtra government has launched various schemes and incentives to promote entrepreneurship and support the MSME sector. The government has also simplified the procedures for setting up MSMEs in Maharashtra and has made it easier to obtain various licenses and clearances.

Tamil Nadu ranked second before COVID-19 with 12.48% of Total Enterprises. After the pandemic, the percentage slightly increased to 14.14%. This suggests that the state experienced a crisis because of the reason like reasons like delayed payment by corporates; issues connected to GST; lack of orders; and shunning by banks and others. Madhya Pradesh, the state had 11.78% of Total Enterprises before the pandemic. However, after COVID-19, the percentage decreased to 3.19%. This indicates a significant drop in the number of Total Enterprises. Gujarat, Rajasthan, Uttar Pradesh, Telangana, Bihar, in these states there is moderate effect of pandemic. Overall, apart from few states, every state face downfall in number of women Entrepreneurs.

### **Findings:**

- (i) The numbers of women entrepreneurs prefer to start a micro enterprise.
- (ii) Overall pandemics effects negatively on MSMEs as Apart from Micro, Small and Medium Enterprise face downfall.
- (iii) MSMEs is still majorly dominated by Male Entrepreneurs and after covid the ratio between male and female entrepreneur has more increased.
- (iv) Majorly state faces downfall in number of women entrepreneurs after covid. Among all the state Maharashtra is highest in Women Entrepreneur before as well as after covid.

### **Conclusion:**

The COVID-19 pandemic has exerted a profound impact on the status of women entrepreneurs, presenting both challenges and opportunities. On the one hand, women-led businesses faced disruptions, with many grappling with economic uncertainties, supply chain disruptions, and market fluctuations. The pandemic exacerbated existing gender inequalities, affecting access to finance and resources for women entrepreneurs. However, amidst the challenges, the crisis also unveiled resilience and adaptability within the women entrepreneurial community. Many women embraced digital transformation, leveraging technology to sustain and pivot their businesses. Remote work and virtual platforms provided new avenues for networking and collaboration, breaking down geographical barriers. As we move forward, it is crucial to address the systemic barriers that hinder women entrepreneurs and implement policies that promote inclusivity and gender equality in entrepreneurship. The lessons learned from the pandemic can serve as a catalyst for fostering a more supportive and equitable environment for women entrepreneurs, empowering them to navigate challenges and contribute significantly to economic recovery and growth.

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