

WOMEN'S ECONOMIC CONTRIBUTION IN INDIA: ROLES, CHALLENGES, AND PATHWAYS FOR INCLUSIVE GROWTH

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ABSTRACT

Women play a multifaceted and often underrecognized role in India's economy—through formal and informal work, entrepreneurship, unpaid domestic labor, and social enterprises. Yet their full potential remains constrained by structural, cultural, institutional, and policy barriers. This paper reviews literature on women's economic participation in India, presents three illuminating case studies, and discusses the importance, challenges, and solutions related to enhancing women's contribution. The analysis highlights that empowering women more fully can yield significant gains in output, poverty reduction, and social equity. The article concludes with policy recommendations and future research directions.

Keywords: Women's economic participation, India, informal sector, entrepreneurship, unpaid care work, gender gaps, empowerment, structural barriers

INTRODUCTION

India, with its vast and diverse population, faces the dual challenge of achieving economic growth while ensuring inclusive development. Women constitute roughly half of India's population, yet their participation in economic activities, as measured by labour force participation, entrepreneurship, and wage employment, remains relatively low by international standards.

The underutilization of women's capabilities is not only an issue of social justice but also a lost economic opportunity for the country. According to an IMF study, closing gender gaps in financial inclusion and labor market constraints could potentially increase India's GDP by **6.8 percent**.

However, beyond formal labour and enterprise, women also contribute via unpaid domestic and care work, which is often invisible in national accounts and policy debates. In rural areas especially, women's involvement in agriculture, allied activities, and the informal sector is critical for livelihoods and food security.

This paper aims to:

1. Review existing literature on women's economic roles in India.
2. Present three case studies that capture diverse modes of women's contribution.
3. Discuss the importance of women's contributions to India's growth and development.
4. Identify key challenges faced by women in economic engagement.
5. Propose pragmatic solutions and policy directions.
6. Offer concluding reflections and identify gaps for further research.

REVIEW OF LITERATURE

Trends in Female Labour and Employment

Sundari (2020) studied structural changes in India's economy (1983–2018) and found that despite overall economic growth, women's employment has not shown commensurate improvement, either in terms of quantity or quality. She highlights that growth alone has not generated adequate employment opportunities for women, and that female labour participation has not followed a "U-curve" response to GDP growth.

A comparative analysis of rural vs urban women's economic empowerment shows that rural women often have higher work participation but lower quality of work, lower incomes, and less access to social security.

A recent open-access study on India's informal sector (2025) identifies structural and socioeconomic barriers, wage insecurity, lack of legal protection, and restricted access to social benefits as key constraints for women in informal employment.

Contribution Estimation and Hidden Work

One of the central difficulties in quantifying women's contribution is measurement: much of women's productive and reproductive work is undervalued or invisible in formal statistics. The WIEGO report "Contribution of Women to the National Economy" argues that official GDP accounting and labour statistics undercount women's work, especially in home production and informal enterprises.

An article on Indian housewives as "unsung contributors" argues that treating domestic work as "unproductive" undermines the dignity and economic value of women's labor in households and communities.

Women Entrepreneurs

Women's entrepreneurship has gained attention across India. Chauhan (2020) notes that women constitute about 14 percent of total entrepreneurs in India (per the Sixth Economic Census), and many of these ventures are in non-traditional sectors, including media, construction, and services.

A case study-based paper by Dadlani (2023) explores three self-made Indian women entrepreneurs (Falguni Nayar, Vineeta Singh, Ghazal Alagh) to understand enablers and challenges.

The IMF working paper "Closing Gender Gaps in India" emphasizes the macroeconomic gains from improving women's access to formal finance and reducing labor market constraints.

Policy and Institutional Studies

Much of the policy literature points to structural reforms (e.g. inheritance rights, financial inclusion, social protection) as levers to enhance women's economic participation. The study on barriers in the informal sector (2025) also emphasizes that women's empowerment requires changes in legal, institutional, and social norms.

However, gaps remain in localized, micro-level research on diverse female economic roles (e.g. gig work, platform economy, rural non-farm enterprises) across different Indian states.

Case Studies

Below are three illustrative case studies showcasing different modes of women's economic contribution in India.

Case Study 1: Palash Model, Jharkhand (SHG Branding and Market Access)

The *Palash* initiative (Jharkhand State Livelihood Promotion Society) aims at aggregating and marketing women SHG products under a unified brand, enabling women to move beyond mere production to packaging, marketing, and sales. This scheme includes training, value chain integration, and establishment of "Palash marts." Reports indicate that more than 3.2 million women are part of this model, and it is now included in the Asian Development Bank Institute curriculum as a replicable rural development model.

This model helps women realize higher margins, better market linkages, and recognition, thereby transforming them from micro-producers into market-oriented entrepreneurs.

Case Study 2: Self-Help Groups in Prayagraj, Uttar Pradesh

A study on SHGs in the Chaka block of Prayagraj (Uttar Pradesh) shows that SHG participation enhances women's socio-economic status, decision-making power, and income generation. The article "SHG for Women's Contribution to Economic Development" examines how SHGs enable women to access credit, undertake micro-enterprises, and strengthen their social capital.

In this case, women members diversified into small-scale businesses—such as food processing, handicrafts, poultry—and gained greater autonomy over household decisions.

Case Study 3: Women Entrepreneurs – Falguni Nayar, Vineeta Singh, Ghazal Alagh

Dadlani's paper presents three high-profile Indian women entrepreneurs:

- **Falguni Nayar** (founder of Nykaa) built a cosmetics and beauty retail platform combining e-commerce with physical stores.
- **Vineeta Singh** co-founded Sugar Cosmetics, a beauty brand expanding rapidly in India.
- **Ghazal Alagh** co-founded Mamaearth, a personal care brand, focusing on clean and natural products.

The study analyzes their entrepreneurial journey, including challenges in financing, scaling, social norms, and market competition. Despite obstacles, these women succeeded by leveraging innovation, branding, and access to venture capital.

These three cases span both rural/community-based models (case 1 and 2) and high-growth, urban entrepreneurial ventures (case 3), illuminating different pathways for women's economic engagement.

IMPORTANCE OF WOMEN'S CONTRIBUTION TO THE INDIAN ECONOMY

1. Boosting GDP and Output

Women's fuller participation in the labor force can significantly raise aggregate output. As mentioned earlier, IMF analysis estimates a potential GDP increase of ~6.8 percent if gender gaps in finance and employment constraints are addressed.

Moreover, Deloitte and other consultancies suggest that increased women representation (in boards, management, workforce) correlates with higher firm performance and innovation.

2. Poverty Reduction, Household Well-being, and Multiplier Effects

Women, especially in low-income households, tend to allocate more income toward food, health, and children's education. Thus, enabling women's income generation has a stronger "multiplier effect" for poverty alleviation and human capital formation.

3. Resilience and Diversification

In rural economies, women's participation in non-farm activity, micro-enterprises, and agriculture adds resilience to households against shocks (e.g. crop failures, market volatility). Their engagement diversifies income sources.

4. Closing Gender Inequality Gaps

Greater inclusion reduces inequality, enhances social justice, and strengthens women's bargaining power in households, communities, and public life. Legal reforms like expanding inheritance rights not only empower women but yield broader social returns (e.g. better child health outcomes).

5. Innovation and Human Capital

Women bring distinct perspectives, consumer insights, and leadership styles. Their participation in sectors like fintech, health, education, and social enterprises can catalyze innovation and inclusive solutions.

Challenges and Barriers

Despite growing recognition, women's contribution is hampered by multiple, interlinked obstacles:

Structural & Institutional Barriers

- **Access to finance and credit:** Many women lack collateral or property rights, making formal borrowing difficult; many women-run enterprises remain small and informal.
- **Legal and inheritance constraints:** Gender-biased land and property ownership norms persist.
- **Limited access to formal jobs:** Women are often funneled into informal, low-wage, insecure work with minimal social protection.
- **Lack of childcare, care infrastructure, mobility, and safety:** These practical constraints reduce women's ability to engage in full-time work or entrepreneurship.

Social, Cultural, and Normative Constraints

- **Gender norms and stereotyping:** Societal expectations around domestic responsibilities and "women's roles" can discourage or restrict women's economic participation.
- **Time poverty & double burden:** Unpaid care work — household chores, child care, elder care — reduce available time for paid work.
- **Lack of networks, mentors, role models:** In many areas, women have limited access to business networks, exposure, and mentorship.

Measurement and Recognition Issues

- **Invisibility of unpaid work:** Much of women's contributions (e.g. care work, home production) are not captured in GDP or labor statistics.

- **Data gaps:** Limited disaggregated data on women's economic contributions across sectors, regions, and informal enterprises.

Quality and Productivity Barriers

- **Wage gaps and discrimination:** Women often receive lower pay than male counterparts for similar roles.
- **Skill-occupation mismatch:** Women may lack the skills or opportunities to enter higher-productivity sectors.
- **Scale limitations:** Women-run firms often remain micro-scale due to resource constraints.

Proposed Solutions & Policy Recommendations

To unlock women's full potential in contributing to India's economy, a multipronged approach is needed.

Institutional and Policy Measures

1. Expand women's access to formal finance

- Collateral-free loans, credit guarantee schemes, gender-responsive banking.
- Financial literacy programs targeted at women entrepreneurs.
- Encourage microfinance institutions and fintech solutions tailored to women.

2. Legal reforms and property rights

- Strengthen and enforce inheritance laws, land titling systems that ensure women's ownership.
- Simplify legal processes for small enterprises (registration, licensing) and reduce gender bias.

3. Provision of care infrastructure

- Expand affordable child care, eldercare, and community support services.
- Incentivize employers to provide flexible work, part-time options, and parental leave.

4. Skill development and capacity building

- Vocational training, digital skills, mentorship programs for women in rural and urban settings.
- Link training with market opportunities (value chain integration, clustering).

5. Support for scaling women's enterprises

- Incubator and accelerator programs focused on women-led startups.
- Market linkages, branding, e-commerce platforms, buyer-seller networks.
- Access to government procurement via reservation or preferential policies.

6. Social norms and awareness change

- Campaigns to challenge stereotypes around women's work and roles.
- Encourage male participation in household chores and caregiving.

- Promote women in leadership roles as visible role models.

7. Better measurement and data systems

- National statistical systems should include satellite accounts or supplementary measurements for unpaid care and home production.
- Disaggregate all economic data (enterprise-level, sector-level) by gender, region, formal vs informal.

8. Social protection and legal safety nets

- Extend social security, pensions, health insurance to women in informal sectors.
- Occupational safety, maternity leave, and legal redress mechanisms for gender-based discrimination.

CONCLUSION

Women's contributions to the Indian economy are multifaceted—ranging from formal employment, entrepreneurship, and informal production to unpaid domestic work. Yet many of these contributions remain invisible, undervalued, and underutilized due to structural, social, and institutional barriers.

By addressing these barriers through well-designed policies, legal reforms, social change, and measurement improvements, India can unlock a significant growth potential. Empowering women is not only a matter of fairness, but also a strategic necessity for inclusive and sustainable development.

For conferences and future research, it's important to supplement macro arguments with micro-level, region-specific studies (e.g. state-level comparisons, sectoral case analyses) and to explore emerging domains (digital economy, gig work, climate-resilient livelihoods) in relation to women's participation.

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