

Inclusive Entrepreneurship in India: Issues and Policy Options

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Abstract

Inclusive entrepreneurship is critical to promote equitable economic growth and ensure opportunities for all sections of society to engage in entrepreneurial pursuits. It is about enhancing the potential and capabilities within the people to create a more equitable and sustainable future for all of us. However, there are barriers in fostering Entrepreneurship and social inclusion such as socioeconomic disparities, gender inequality, and restricted access to finance and infrastructure have limited the involvement of marginalized groups in entrepreneurial activities in India.

This paper explores crucial challenges faced in achieving inclusive entrepreneurship for equitable and sustainable development in India. The paper also highlights major policy options to eradicate barriers and fostering entrepreneurship and social inclusion in India. Such recommendations include improvement in financial inclusion, adoption of policies that are gender-sensitive, better access to education and skill building programs, and investment in infrastructure development. Inclusive entrepreneurship can then diminish inequality and promote sustainable economic development in India with a fertile ecosystem.

I. Introduction

Entrepreneurship serves as a vital driver of economic growth, innovation, and employment generation. In India, where a significant proportion of the population remains underserved or excluded from mainstream economic activities, fostering inclusive entrepreneurship is critical for achieving equitable development. Inclusive entrepreneurship ensures that individuals, regardless of their gender, caste, socioeconomic status, disability, or geographic location, have access to entrepreneurial opportunities. This paper examines the issues and barriers that hinder inclusive entrepreneurship in India and provides actionable policy options to create an enabling environment for all.

II. Research Methodology

This paper is based on secondary data sources. After reviewing earlier research in the field of inclusive entrepreneurship attempt is made to explore various issues in inclusive entrepreneurship. Review of literature is made to highlight various policy options to foster inclusive entrepreneurship which leads to inclusive and sustainable development.

III. Key Issues in Inclusive Entrepreneurship

Inclusive entrepreneurship faces several key challenges that hinder the participation of marginalized groups in the entrepreneurial ecosystem. Socio-economic barriers, such as poverty, social stigma, and lack of exposure to market dynamics, prevent communities like women, Dalits, tribal groups, and economically weaker sections from accessing entrepreneurial opportunities. Gender disparities remain a significant issue, with women facing cultural restrictions, limited mobility, dual responsibilities of managing households and businesses, and insufficient mentorship. Educational and skill gaps are also a major concern, as aspiring entrepreneurs often lack the technical, financial, and managerial skills needed to establish and scale businesses, especially in rural and semi-urban areas. Limited access to finance further exacerbates these challenges, as marginalized groups struggle to secure affordable credit due to the absence of collateral, credit

history, and awareness of available funding schemes. Additionally, the lack of access to markets, professional networks, and mentorship restricts the ability of entrepreneurs from underserved communities to scale and compete. Infrastructure challenges, particularly in rural areas, also hinder growth due to unreliable electricity, internet connectivity, and poor transportation networks. Finally, gaps in policy implementation and inefficiency in government schemes leave many marginalized entrepreneurs without the support they need, further limiting the inclusivity of entrepreneurship development.

IV. Policy Options and Recommendations

The Government Schemes and policies along with Digital innovation are accelerating the growth and opportunities for MSMEs for inclusive economic growth and Sustainability through Entrepreneurship for transforming MSMEs/SMEs both in rural areas and urban areas (K. M. et al., 2023). These schemes are PMMY, ASPIRE, the Pharmaceutical Technology upgradation assistance Scheme (PTUAS), CGSSD-(Credit Guarantee Scheme for Subordinate Debt), Self-reliant India Fund for equity infusion through Fund of Funds (FoF], Skill India, Startup India, Make in India, FDI norms, Ease doing Business(EodB), FinTech Digital lending, Udyam, CLCS - [Credit Linked Capital Subsidy for technology up-gradation], Mudra, Coir Board, Khadi and Village Commission, Khadi e-market portal for the vocal to local, E-marketplace(GeM),The New Logistics Policy, and zero defect and zero effect revision of MSME Classification, PMEGP, Atma-Nirbhar Bharat Abhiyan (ANBA) packages for The MSME/SME sector (K. M. et al., 2023). Government initiatives towards inclusive entrepreneurship are significant in achieving the goal of inclusive development (Sharma, 2013).

There are several positive aspects of the ecosystem - a plethora of opportunities to explore, availability of ample venture funding, and a young, educated workforce. However, in order to live up to its promise, the ecosystem needs to focus on value creation as opposed to valuation, educate its young entrepreneurs, and develop tolerance for well-intentioned failure. It also needs to solve the unique problems of India and ensure that the startup movement is inclusive(Jha, 2018).

1. Financial Inclusion

Financial inclusion plays a crucial role in fostering inclusive entrepreneurship, ensuring that marginalized groups have access to resources to start and grow businesses. One key initiative is expanding access to microfinance and low-interest loans specifically targeted at these underserved populations, allowing them to secure the necessary capital for their ventures. Additionally, strengthening the Pradhan Mantri MUDRA Yojana is essential to enhance its outreach and effectiveness, ensuring that more entrepreneurs in rural and underserved areas can benefit from its financial support. Beyond traditional loans, promoting alternative funding mechanisms like crowdfunding and angel investment can provide new avenues for entrepreneurs who may not have access to conventional sources of capital, helping them scale their businesses and achieve long-term sustainability.

2. Capacity Building Programmes, MSME and Education

Capacity building, supported by MSMEs and education, is key to fostering inclusive entrepreneurship. Specialized training programs for women, SC/ST communities, and rural youth can provide the skills needed for success. Collaboration with NGOs, private companies, and educational institutions helps deliver relevant skill-building initiatives. Introducing entrepreneurial education at the school and college levels builds a strong foundation for future entrepreneurs.

Together, these efforts create an inclusive ecosystem that empowers diverse individuals to contribute to economic growth.

In spite of having a large publicly funded science and technology infrastructure and a sizeable education base, India has not been able to realize its innovative potential due to a fragmented innovation ecosystem. The government of India has taken many initiatives towards strengthening the innovation ecosystem, the most important of which are: i) the establishment of the National Innovation Council, whose mandate is to coordinate various innovation-related activities, and ii) the new Science, Technology and Innovation Policy 2013, which is intended to promote entrepreneurship and science-led solutions for sustainable and inclusive growth (Abhyankar, 2014). To foster economic development, generation of jobs, reduction in poverty and promotion of equality, the role of micro-, small- and medium-sized enterprises (MSMEs) becomes crucial in every economy of the world. The MSME sector encourages equitable distribution and inclusive growth as an engine of economic progress. MSMEs have the highest employment growth rate, which has a positive impact on export and industrial growth. It is found that the MSME sector contributes to inclusive growth in India by offering substantial job possibilities, ensuring that industries are distributed fairly and promoting entrepreneurship among women from underprivileged backgrounds. 'Make in India', 'Digital India' and other initiatives have created new possibilities for the MSME sector to grow significantly during the coming 10 years (Prakash et al., 2023).

3. Gender-Sensitive Policies

Entrepreneurs have been critical drivers of growth of the national economy through their innovation and job creation. Promotion of Women's Economic Empowerment (WEE) is required for gender equality, eradication of poverty and inclusive economic growth. The impact of women's economic empowerment directly benefits family and society as a whole. Fostering of women entrepreneurship is a key way of redressing gender inequality and the associated impediments to equitable, inclusive and sustainable development. The efforts of Ministry of Women and Child Development (MWCD) as a nodal agency in promoting women entrepreneurship through schemes such as Rashtriya Mahila Kosh (RMK) is a significant initiative (Jena, 2018). Women's entrepreneurship is a topic of significant concern, and a detailed review of the literature related to the success model of women entrepreneurs is lacking. More women should be encouraged to become involved in entrepreneurship (Noor et al., 2022).

"Kudumbasree" is a multi-faceted women-based participatory poverty eradication programme initiated by the government of Kerala and implemented by community-based organizations (CBOs) of poor women in co-operation with the local self-government institutions. To facilitate the poor in saving & to create saving habit in the community, Kudumbasree organize thrift and credit societies & create saving habits in the society at neighborhood groups level. Kudumbasree targets 100% employment even to the illiterate poor folk. The stage has been set for social take-off for women from low development paths to an accelerated phase in achieving higher levels of self-sustaining economic growth. With the amount of loan sanctioned to the members they have started micro enterprises which help them in raising the standard of living & contributing to an all-inclusive growth. With the inception of Kudumbasree since 1992 there is a remarkable improvement in the status of poor women in Kerala (Puthanveetil, 2010)

4. Investment in Infrastructure Development

Investment in infrastructure growth plays a key role in the cultivation of inclusive entrepreneurship since it creates the conditions within which businesses grow, particularly among underserved markets. Enhanced physical infrastructure, i.e., better roads, energy, and more stable internet coverage, allows for entrepreneurs to compete effectively and be able to market their products within wider markets. Further, the investment in digital infrastructure allows smaller businesses to embrace online platforms that increase their awareness and exposure in global markets. Through the creation of incubation centers, co-working offices, and business parks as well, budding entrepreneurs in marginalized groups have access to cheap resources and networks. Not only do such investments help in nurturing inclusive businesses but also towards developing a more just and sustainable economic environment.

5. Other Policy Options

The Government of India has floated the most elusive "Look East Policy" recently, to recuperate the lost glory of agrarian economy in this secluded and unexplored geographies, an innovative approach like "Eco-Organic Tourism" may be an answer to handle the lost faith of the young on agrarian economy. This is an innovative combination of eco-tourism, cultural tourism, adventure tourism and inclusive agricultural farming to make the farming communities become self-reliant and sustainable policies of inclusive economic growth in the state of Arunachal Pradesh (Norbu & Jena, 2019)

There is the linkage between the micro-finance and entrepreneurship development in developing and emerging economies viz. India. Despite, the tremendous strides in terms of growth of banking sector in India a large sector of the Indian population still remain unbanked and under developed. The Government of India recently launched a scheme Pradhan Mantri Jan Dhan Yojana (PMJDY). The scheme recommended the Banks to bring all households in the country under the ambit of banking facilities along with an embodied insurance coverage component. The purpose of such scheme is to foster growth, eradicate poverty effectively and promote entrepreneur culture and innovation in Indian economy (Darzi et al., 2016).

Social entrepreneurship, a prominent feature of 21st century society, brings innovative solutions to pressing social problems. Social enterprises use understandable and easily implementable ideas. They enroll local change makers. They seize opportunities others miss.(Chitrao et al., 2024). Social entrepreneurship is an approach by individuals, groups, start-up companies or entrepreneurs, in which they develop, fund and implement solutions to social, cultural, or environmental issues (Wikipedia). Social entrepreneurship will play a big role in bringing the growth to the rural masses in India and so it becomes important to study the factors, like fair trade, that will shape the social entrepreneurship philosophy. Fair trade is expected to grow exponentially in the coming years and it has the potential be an inspiration for many to enter into the social entrepreneurship world (Khanapuri & Khandelwal, 2011).

Over the last decade there has been some increase in number of Scheduled Castes and Scheduled Tribes owned enterprises, these need to increase substantially to enable the socio-economic empowerment of the marginalized communities. To achieve the vision Government of India has proposed schemes with special focus towards the inclusion of marginalized communities and regionally under-represented areas in entrepreneurship development programs (Kisslay, 2021).

V. Conclusion

Inclusive entrepreneurship is essential for fostering equitable economic development and reducing social disparities in India. While progress has been made in promoting entrepreneurship, significant challenges persist for marginalized groups. By addressing these challenges through targeted policies, financial inclusion, capacity building, and infrastructure development, India can create a robust entrepreneurial ecosystem that empowers all sections of society. Public-private partnerships, community-driven initiatives, and sustained government efforts are critical for driving this transformation. Inclusive entrepreneurship not only uplifts individuals but also strengthens the socio-economic fabric of the nation, paving the way for sustainable and inclusive growth.

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