

EMPOWERING WOMEN-LED HOME-BASED BUSINESSES: A FINANCIAL ACCESS OVERVIEW

REPORT
MARCH 2025



ACKNOWLEDGEMENTS

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ABOUT LEAD AT KREA UNIVERSITY

LEAD at Krea University is an action-oriented research centre housed at the Institute for Financial Management and Research (IFMR), a not-for-profit society which is also the Sponsoring Body of Krea University. It leverages the power of research, innovation and co-creation to solve complex and pressing challenges in development. LEAD has extensive institutional experience in cultivating strategic research partnerships, creating knowledge

platforms, and managing complex programs in its areas of expertise - financial inclusion, MSME & entrepreneurship development, governance, and health systems. Since 2005, the centre has been at the forefront of development research and programming in India, and has managed a portfolio of over 200 projects in collaboration with over 300 academics, governments, NGOs and private sector organizations from across the globe.

ABOUT IWWAGE

Initiative for What Works to Advance Women and Girls in the Economy (IWWAGE) aims to build on existing research and generate new evidence to inform and facilitate the agenda of women's economic empowerment. IWWAGE is an initiative of LEAD, an action-oriented research centre of IFMR Society (a not-for-profit society registered under the Societies Act). LEAD has strategic oversight and brand support from Krea University (sponsored by IFMR Society) to enable synergies between

academia and the research centre. IWWAGE is supported by the Bill & Melinda Gates Foundation. IWWAGE focuses on moving from "How" to "What Works" to improve women's participation in economic activities through access to decent work and economic resources, by strengthening social protection networks, and facilitating gender transformative policies. IWWAGE works with governments, civil society organisations, academia, and the private sector to achieve the desired impact.

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EXECUTIVE SUMMARY

Women's entrepreneurship is vital for bridging gender gaps in economic opportunities and achieving SDG 5 on Gender Equality. In India, women entrepreneurs constitute 13.76% of establishments, primarily micro units and informal enterprises, employing 13.48 million people. Despite their contributions, access to finance remains a significant barrier, with only 1% borrowing from financial institutions and 79% relying on self-financing. A large proportion of enterprises operate from home in informal and semi-formal setups. These enterprises face numerous challenges such as limited awareness of financial products, difficulty meeting collateral requirements and legal constraints on inheritance and land ownership. Women-owned MSMEs also face higher credit processing costs due to smaller loan sizes and weak last-mile connectivity, underscoring the need for innovative financial solutions to drive inclusion and growth.

The research explores financial accessibility and growth opportunities for women-led home-based businesses (HBBs), focusing on non-farm cottage industries, particularly in handloom and handicrafts. It examines credit needs, usage patterns, and the stages where financial support is most critical, along with available financing options such as traditional banking, government loans, microfinance, crowdfunding, and personal financing. The study also identifies enterprise and entrepreneur traits that influence business growth while proposing strategies to enhance financial access and foster sustainable development. The study used a mixed-methods approach, combining desk review and quantitative analysis. Data was collected through phone surveys with 754 respondents, covering socio-demographics, financial service usage, and psychometric variables related to loan repayment ability and willingness.

Unique Insights

Understanding Business Journey Phases -

Recognizing the unique needs of women-led businesses at different stages—initiation, operation, and expansion—is key to enhancing financial access. Handicraft businesses tend to yield higher incomes, highlighting the need for market linkages and diversification for handloom enterprises. Encouraging women to transition from piece-rate work to operating own-account businesses can empower them with greater control and profitability. Financial institutions can design sector-specific products, including flexible loans and tailored repayment schedules, to address the distinct challenges faced by handicraft and handloom businesses.

Diversifying Credit and Financial Sources -

Improving access to diverse credit options, including microfinance, trade credit, and government schemes, is essential to meet the unique needs of home-based businesses. Financial literacy programs can demystify credit products and address fears surrounding formal loans. Encouraging the use of separate business accounts can help women track finances, build creditworthiness, and secure better financial opportunities. Additionally, promoting alternative financing models, such as proposal-based funding, can broaden access for women lacking traditional collateral. Promoting emergency savings and insurance given the reliance on informal support networks during emergencies can help mitigate financial vulnerabilities and ensure continuity in case of unforeseen events.

Strengthening Networks and Digital Inclusion -

Community networks, including Self-Help Groups (SHGs) and cooperative societies, can serve as vital support systems for financial inclusion and mentorship. Promoting digital literacy and access to online marketplaces can enable women entrepreneurs to expand their reach and enhance profitability. Training programs on digital tools, e-commerce platforms, and smartphone usage can bridge the digital divide and empower women to leverage technology effectively. Simplifying access to government schemes and fostering partnerships with financial institutions will further enhance support for women-led home-based businesses.

Increase Awareness of Government Schemes and Fair-Trade Practices -

There is a need to increase awareness and simplify application processes for government schemes tailored to home-based businesses and to promote the benefits of schemes like Mudra Yojana and PMEGP, and SFURTI ensuring they reach businesses across different sectors effectively. Governments and policymakers can play a crucial role in creating an enabling environment through supportive policies, incentives for women entrepreneurs, and ensuring fair trade practices within supply chains that benefit women-led HBBs. Tailored outreach programs and localized information dissemination can ensure that eligible businesses understand the benefits and criteria of these schemes, thereby increasing their uptake and impact.

Findings from this study can help inform strategies for enhancing financial access for women-led home-based businesses that often face distinct challenges across the business lifecycle. Tailored financial products, innovative credit mechanisms, and supportive policies can address existing barriers and enable these enterprises to thrive.



01

CONTEXT

Women's involvement in entrepreneurship plays a crucial role in bridging gender-based gaps in accessing economic opportunities, aligning with SDG 5 on Gender Equality. In India, women entrepreneurs contribute significantly to the economy, representing 13.76% of total establishments and employing 13.48 million people, constituting 10.24% of the workforce ([6th Economic Census, 2016](#)). However, the majority of women-led enterprises are micro units operated as sole proprietorships (82%) and are predominantly found in the informal sector ([Niti Aayog](#)). A notable proportion of these enterprises are operated from their homes or adjacent premises. India ranks 70th out of 77 countries in the Female Entrepreneurship Index, highlighting challenges in fostering female entrepreneurship and revealing the third-highest gender gap in global entrepreneurship.

Key challenges faced by female entrepreneurs in India include low uptake of government schemes, limited technology adoption, disparities in labour force participation, and gender-specific barriers in accessing financing ([Niti Aayog](#)). Access to financial resources remains a primary obstacle for women entrepreneurs, with only 1% borrowing from financial institutions while 79% are self-financed ([6th Economic Census, 2016](#)), underscoring financial constraints hindering their growth.

Studies indicate a substantial finance gap for women-owned micro, small, and medium enterprises (MSMEs) in India, estimated at INR 6.37 trillion (\$116 billion), representing 73% of total demand ([IFC, 2014](#)). Gender gaps persist in financial access and utilisation, driven by limited awareness of financial products, reluctance to approach institutions, and challenges in meeting collateral requirements due to social and legal constraints on inheritance rights. Biases against women's business capabilities further deter lending, impacting product development and support for women entrepreneurs. Lending to women-owned home based enterprises is also limited due to the challenges of high cost of servicing, given the comparatively low ticket loan sizes and weak last-mile connect, and low capitalization of entities, resulting in high cost of credit processing and delivery ([IFC, nd.](#)). For women led enterprises in the MSME sector, the reason for rejection of loans is their incapability to meet the collateral requirements, and social and legal constraints around inheritance and land ownership rights further exacerbate the situation. ([IFC, nd.](#))

Addressing these challenges requires exploring alternative credit assessment mechanisms and promoting financial inclusion to catalyze business growth ([Khaleque, 2017](#)). Improved financial access not only fosters economic empowerment but also enhances women's employment, gender parity, and overall socio-economic equity ([Bennett, et al., 2023](#)).

Due to the significant hurdles, only one-fifth of India's MSMEs are women-owned, and are

primarily operating in the informal sector. Despite demonstrated competencies, women-owned MSMEs have to face great impediments in accessing finance. Their challenges in accessing capital from formal financial institutions is further compounded compared to their male counterparts. Out of the estimated 15 million women owned MSMEs in India, over 70% are manufacturing enterprises. ([IFC, 2022](#)). While the total early stage entrepreneurial activity in Indian females is only 7.6%, women having recognised business activity stands at only 3.4% ([GEM Women's Entrepreneurship, 2016-17](#)). This study on Home-Based Businesses (HBB) examines the specific challenges and opportunities for women entrepreneurs running enterprises from their homes, analysing both demand and supply-side constraints in the cottage industry. The research aims to assess financial product accessibility and credit sources for women entrepreneurs, focusing on various institutions, along with innovative methods to access finance for home-based businesses, which have been discussed below:

Types of Institutions

Public Sector Banks: These banks provide the bulk of formal credit to MSMEs in India. Although mandated to allocate 5% of Adjusted Net Bank Credit (ANBC) to women, actual lending remains low, with significant gaps identified in meeting this requirement ([Athena Infonomics Research and GIZ, 2015](#)).

Private Sector Banks: Most private banks lack gender-focused financial products, with minimal uptake of government schemes targeted at female MSMEs like CGTMSE and Mudra ([IFC, nd](#)).

NBFCs and MFIs/Small Banks: NBFCs and Small Banks recognize the untapped credit demand among female entrepreneurs, offering flexible, demand-driven products. While MFIs historically catered to women through microfinance, their product limitations constrain MSME growth ([IFC, nd](#)). Small banks are better positioned to support the financial needs of women-owned businesses, often neglected by larger financial institutions due to their smaller credit ticket sizes.

Innovative financing methods for home-based businesses

Innovative methods to access finance for home-based businesses, especially for women entrepreneurs, have the potential to bypass the barriers posed by traditional credit scoring methods for women-owned home based businesses in accessing sources of credit and financial products and services, and cater to their unique needs. Some of the prevalent alternatives and innovative approaches include:

- **Cash Flow Lending:** Instead of relying solely on credit history, lenders can assess the cash flow of the business. This approach considers the regular income generated by the business, providing loans based on the consistency and predictability of cash inflows.
- **Asset-Based Lending:** Utilize business assets, such as equipment or inventory, as collateral for loans. This method assesses the value of assets rather than focusing solely on credit scores, making it accessible for businesses with limited credit history.
- **Supplier Finance:** Partner with suppliers who can provide goods on credit terms, allowing businesses to defer payment until they sell their products. This form of trade credit can improve cash flow and reduce the need for upfront capital.
- **Peer-to-Peer (P2P) Lending:** Facilitate loans through online platforms that connect lenders directly with borrowers. P2P lending networks can offer competitive rates and flexible terms, leveraging technology to streamline the borrowing process.
- **Revenue-Based Financing:** Provide financing based on a percentage of the business's future revenue. This approach aligns the repayment schedule with the business's income stream, making it suitable for seasonal or fluctuating businesses.
- **Community-Based Financing:** Engage community networks, such as Self-Help Groups (SHGs) or Cooperative Societies, to pool resources and provide microloans or grants to local entrepreneurs. These networks offer social capital and support alongside financial assistance.
- **Impact Investing:** Attract investors interested in social impact by demonstrating the business's contribution to community development or women's economic empowerment. Impact investors prioritise both financial returns and positive social outcomes.
- **Government Grants and Subsidies:** Access government programs that offer grants, subsidies, or low-interest loans specifically designed for small businesses, including home-based enterprises. These initiatives often aim to promote entrepreneurship and economic growth.
- **Invoice Financing:** Convert outstanding invoices into immediate cash flow by selling them to a third-party finance provider. This method accelerates payment collection and provides liquidity without waiting for customer payments.
- **Crowdfunding:** Raise funds through online platforms where individuals or groups contribute small amounts to support a business idea or project. Crowdfunding can validate market demand while securing early-stage financing.

Each of these innovative methods offers opportunities to enhance financial access for home-based businesses, especially for women entrepreneurs who may face barriers with traditional credit scoring methods. By diversifying financial products and leveraging technology and community networks, stakeholders can foster an inclusive environment that supports business growth and economic empowerment. This study intends to understand the home-based business landscape in light of the socio-economic situation of women entrepreneurs, and the challenges and constraints faced by them in accessing markets and sources of finance, as well as other financial services, while evaluating the available institutional and alternative methods of financing to come up with solutions and suggestions which are best-suited to overcome the credit-gap which excludes women-owned home based businesses from achieving trajectories of growth in the contemporary context.





02

**RESEARCH
QUESTIONS**

1. What is the current need, at which business stage and usage/ frequency of credit?

This question aims to understand the financial needs of home-based businesses at different development stages and their credit usage patterns. It examines the balance between short-term and long-term credit, the use of formal versus informal credit sources, the frequency of credit access, and the amount of credit required.

2. What sources of finance are available to home-based women entrepreneurs?

This question aims to identify the various financing options available to women who run home-based businesses. The sources include traditional (bank, credit unions, government grants and loans), non-traditional (Micro-finance, crowdfunding and peer to peer lending) and personal financing (savings, personal loans and credit cards) and others including angel investors, venture capital firms, factoring and trade credit etc.

3. What are the characteristics of women HBB owners that drive their business growth?

This question explores the personal and professional traits of women who own home-based businesses and how these traits contribute to their business success. This includes demographic characteristics. Professional experiences, personal traits (Resilience and Perseverance or Risk-Taking Ability), skills and competencies including financial management skills, marketing and networking abilities and most importantly access to resources especially Use of technology to streamline operations and reach customers and so on.

4. What can be done to ease the growth of finance for women-led businesses?

This question focuses on identifying strategies and interventions that can improve financial accessibility for women entrepreneurs.



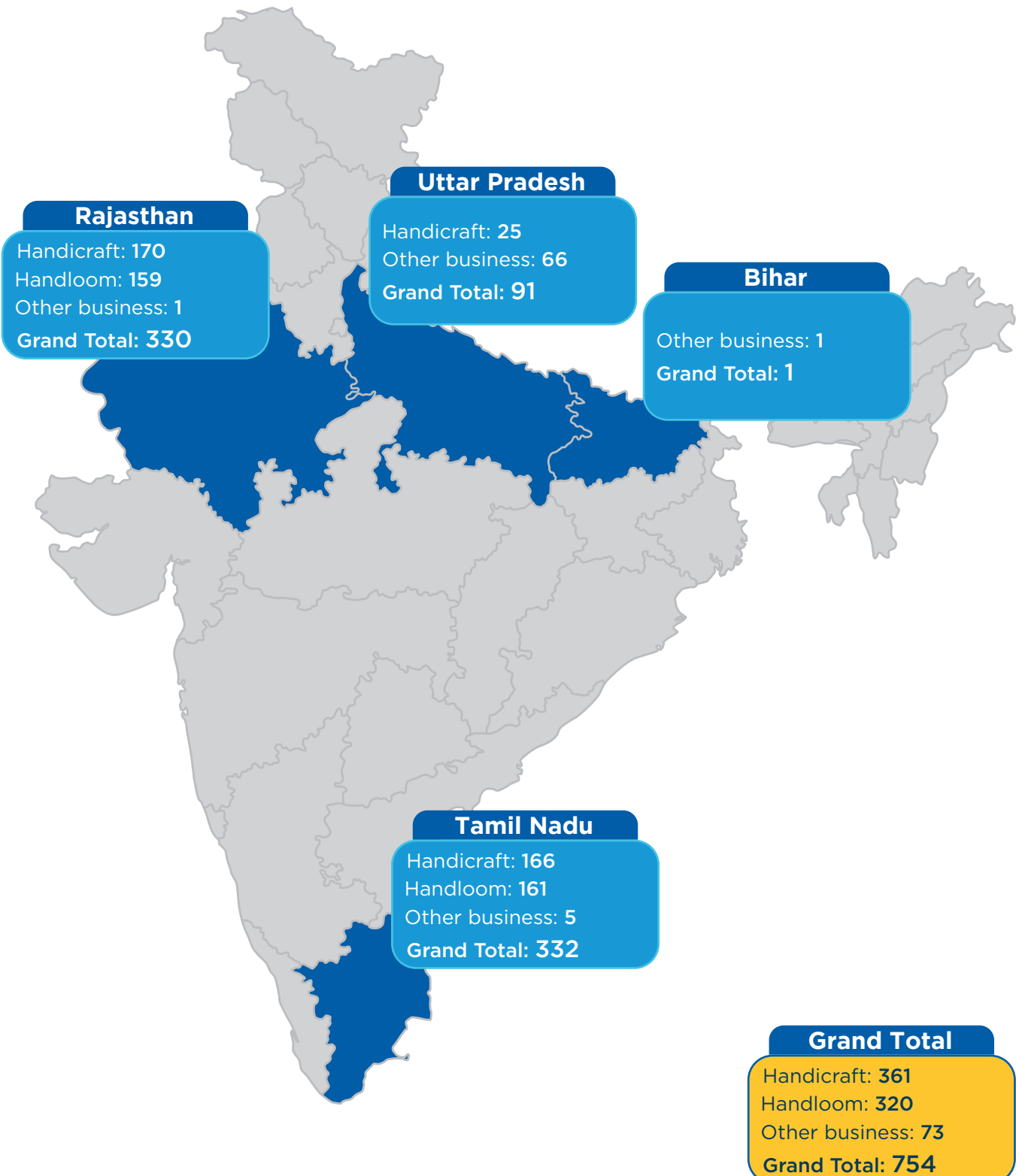
03

METHODOLOGY

A mixed-methods approach, combining desk review and quantitative analysis was employed to comprehensively address these objectives. The study specifically concentrated on women-led businesses in the non-farm cottage industries, particularly within the handloom and handicrafts sector. The quantitative data collection involved administering a questionnaire to 754 respondents. The research team conducted phone surveys

to navigate the challenges posed by the global pandemic. The questionnaire covered crucial socio-demographic aspects, the utilization of financial services (such as bank accounts, savings, cash-in/cash-out transactions, business insurance, and formal and informal credit), and psychometric variables aimed at gauging the respondents' ability and willingness to repay loans.

Figure 1: Distribution of the Women-led Business Sample across States



04

**UNDERSTANDING
THE HOME-BASED
BUSINESS LANDSCAPE**

Socioeconomic Profile of Women Entrepreneurs

The study surveyed 754 women entrepreneurs in Rajasthan (44%), Tamil Nadu (44%), and Uttar Pradesh (12%), primarily aged 35-54, married, and engaged in handicrafts (48%) and handloom (42%). Interestingly, a notable portion of the surveyed entrepreneurs, over 26%, demonstrated literacy

without formal schooling. Additionally, a majority, 64%, had education up to class IV.

Respondents (46%) reported home-based businesses as their primary income source, with an average monthly household income of Rs 12,000 and 73% holding APL cards. The household income of handloom businesses is less compared to handicraft businesses.

Table 1: Socio-economic Profile of Women Entrepreneurs

Age	40
What is the highest level of schooling that you have completed?	
Literate without formal schooling	26%
Primary	64%
Marital status	
Married	87%
Type of Business	
Handicraft	48%
Handloom	42%
Others	10%
What is your spouse's profession?	
Daily wages	31%
Home-based business (same as the respondent)	25%
Private Salaried Job	21%
Other business (non-farm)	16%
Others	7%
Who is responsible for making day-to-day decisions about money in your household?	
Collective decision	32%
Self	35%
What is your household's primary source of income?	
Home-based business (HBB)	46%
Daily wages/Casual labour	20%
Salaried job (Private and Government)	20%
Other non-farm business	13%
Others including agriculture/Pension/Remittance	1%
Ownership (Own or rent) of the home in which the entrepreneur's family lives and runs your business?	
Own	78%
Rent/Lease	22%

Table 2: Income Disparities among Women Entrepreneurs

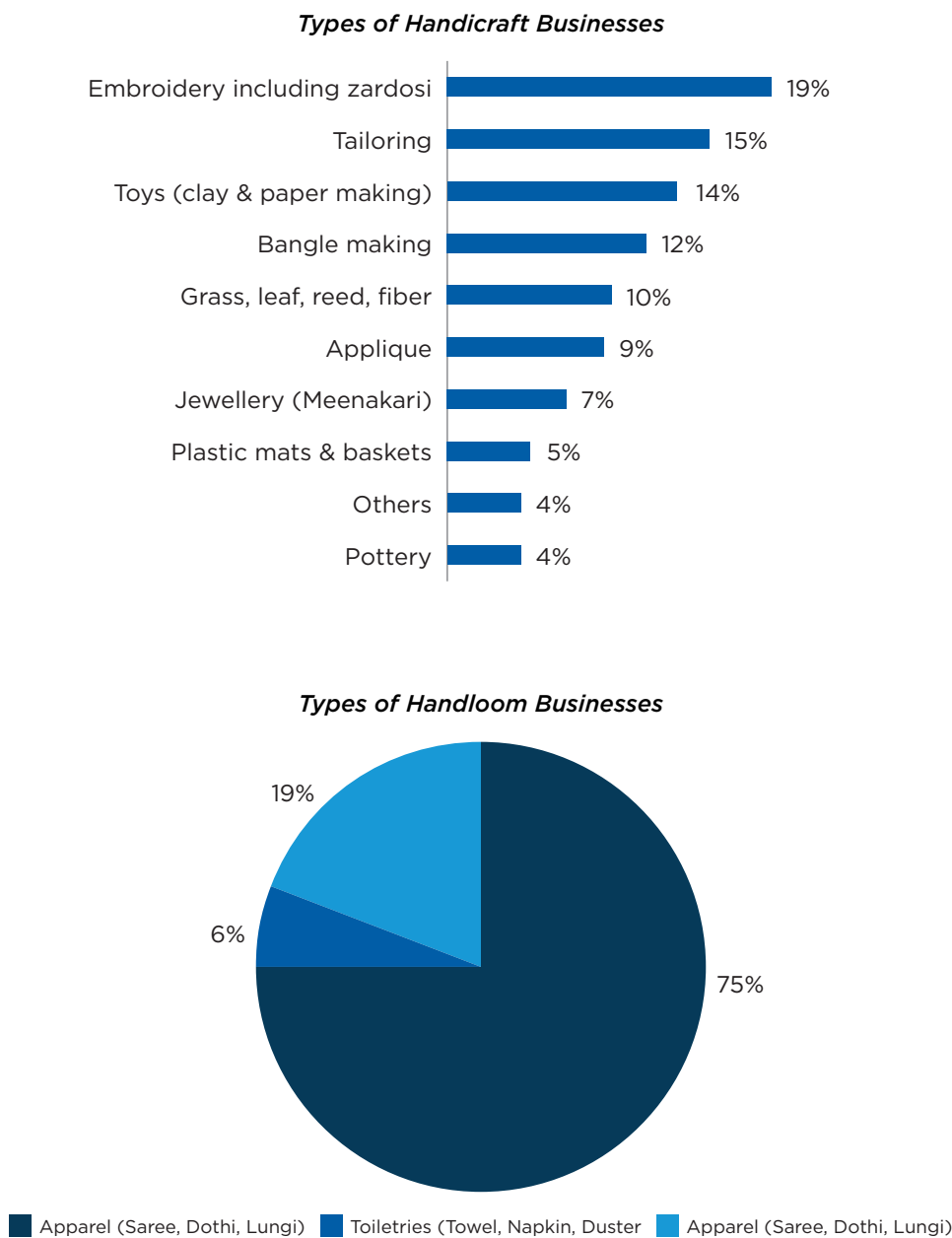
Median Monthly Household income (INR)						
Handicraft	Handloom	Own account	Piece rate	HBB as the primary source of income	HBB as a secondary source of income	Overall
13,000	10,000	15,000	11,000	10,000	14,000	12,000

The results highlight income differentials among women entrepreneurs. Those involved in handicrafts tended to earn more than those in handloom. Moreover, own accounts businesses outperformed those operating on a piece-rate basis. Notably, treating home-based businesses as secondary income often resulted in higher earnings, indicating a need for their strategic approach to business operations. It was evident that spouses played a significant role in influencing financial decisions (35%), with partners engaged in various occupations (25%). It underscores the influence of men in motivating women to prioritise business as their primary income source. Further, it highlights the intricate dynamics within households and the importance of support systems in fostering entrepreneurial endeavours among women.

What kind of work do home-based businesses do to earn a living?

Handicrafts encompass a variety of activities such as embroidery, tailoring, fabric painting, plastic mat and basket crafting, bangle-making, pottery, and more. Entrepreneurs in the handicraft sector are primarily engaged in textiles and value addition (48%), while others focus on toys (clay and paper machines), bangle-making, and jewellery, among other activities. Within the handloom sector (42%), most entrepreneurs specialise in weaving sarees, while the rest are involved in weaving dhurries, mats, rugs, and other related activities. The remaining 10% engaged in other forms of business partake in activities like selling flowers, edibles, etc.

Figure 2: Types of Handicraft and Handloom Businesses by Women Entrepreneurs



The study categorises enterprises based on their supply chain into Own Account Businesses (27%), Piece-Rate Businesses (68%), and a combination of both (5%). Own Account Businesses manage the entire supply chain, targeting local customers, possessing sufficient capital, and enjoying more bargaining power than their piece-rate counterparts.

The handloom sector predominantly constitutes piece-rate businesses (93%), which seems likely, given the number of processes, specialisations and the distributed nature of production involved in handloom. For instance, one household or individual may not have the resources or the capacity to convert yarn to cloth. Therefore, production is usually coordinated by master weavers or cooperative societies who have access to capital and markets. In handicrafts, on the other hand, one

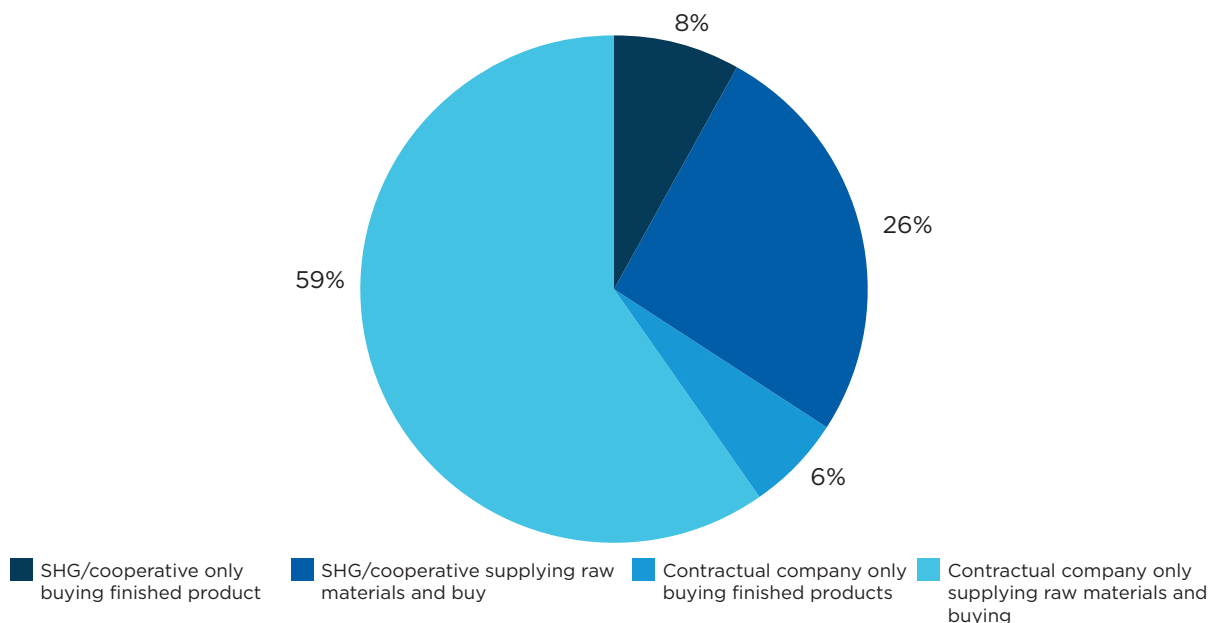
individual or one household can produce a finished product from raw materials, and thus, they constitute relatively more own-account businesses.

Significantly, the majority of piece rate businesses, amounting to 86%, source their raw materials from contractual companies and SHG/Cooperatives to manufacture and sell finished products. In contrast, only 14% of these businesses independently procure raw materials for the production of finished goods, catering to contractual companies and SHG/Cooperatives. Piece-rate businesses operate within a segment of a larger supply chain, selling to various entities and receiving payment based on a piece rate. They form a majority, possibly due to lower capital requirements, but face challenges such as limited bargaining power and receiving a lower share of profits.

Table 3: Distribution of Business Types by Sector

Type of business	Handicraft	Handloom	Other business	Total
By Sector				
Own account business	37%	2%	85%	27%
Piece rate business	57%	93%	14%	68%
Both	6%	5%	1%	5%
Total	100%	100%	100%	100%
By type of business				
Own account business	66%	3%	31%	100%
Piece rate business	40%	58%	2%	100%
Both	59%	38%	3%	100%
Total	48%	42%	10%	100%

Figure 3: Supply Chain Relationships in Piece-rate Businesses



Business Characteristics (Operations, Vintage, business association etc)

Over half of the home based businesses (51%) are registered with government-issued business licence. Among the one-fourth of entrepreneurs with a business licence, 85% have the licence registered under their name. Surprisingly, only 10% of entrepreneurs who own a house have the property registered in their name. The typical business (92%) employs 1-2 individuals and deals with a median of one supplier, although the number of suppliers varies from 0 to 50 for different businesses.

Nearly half of the businesses surveyed have a history spanning over five years. Notably, 75% of handloom businesses have existed for more than five years,

compared to 35% for their handcraft counterparts. A significant proportion (56%) of handloom businesses have been operational for over 15 years, influenced by familial traditions, particularly upheld by women. In contrast, a similar percentage of handcraft businesses endure due to owners' interests. Vintage patterns align with the motivations for initiating these businesses.

Financial difficulties and work-life balance are key challenges for home-based women entrepreneurs, with 67% of handloom women facing financial issues versus 20% in handcrafts. Moreover, 53% of women in piece-rate businesses cite limited industry and network contacts as the primary barrier to starting their ventures.

Table 4: Key Indicators of Home-based Businesses

Indicators	Total
Businesses registered with the government	51%
Business having a license issued by the government.	23%
Business license registered under a woman's name?	85%
Ownership of land that is solely registered under the entrepreneur's name?	10%
Businesses employing 1 employee	69%
Businesses employing 2 employees	23%

Table 5: Challenges and Motivations of Women Entrepreneurs

Indicators	Handicraft	Handloom	Own account	Piece rate	Total
How many years since the commencement of business?					
More than 5 years	35%	75%	40%	56%	52%
What was your primary reason for starting the business?					
Continue family tradition	8%	23%	13%	15%	14%
Lack of other employment/income opportunities	14%	15%	8%	17%	14%
Personal interest	22%	7%	16%	13%	14%
When you began your enterprise, what were the top challenges you faced?					
Financial difficulty	20%	67%	23%	0%	21%
Limited industry and network contacts	10%	-	11%	53%	15%

Among interviewed women entrepreneurs, 41% are associated with contractual companies, and 31% are linked to entities like Self Help Groups (SHG), Joint Liability Groups (JLG), trade unions, or cooperative societies. Notably, 30% have no affiliation with either contractual companies or SHGs. In the handloom sector, 56% exclusively connect with contractual companies, often led by master weavers. Affiliations in this sector provide essential benefits like access to raw materials, markets, and risk mitigation. In contrast, in the handicraft sector, only 33% of women are associated with contractual entities.

Findings reveal a nuanced landscape of decision-making autonomy among women entrepreneurs. About 40% independently make key business decisions, indicating significant autonomy. However,

22% are influenced by contracting companies, and 14% by spouses. In piece-rate businesses, 31% face influence from contracting companies, while only 1% of own-account businesses do. Conversely, 65% of women in own-account businesses manage independently, compared to 30% in piece-rate businesses. Spouses significantly impact decision-making, with 14% of women relying on them. In jointly managed home-based businesses, decision-making is shared. External entities influence decision-making, but spouses and family/friends are primary advisors. Women in handloom businesses seek advice from SHGs and merchants, while those in handicrafts rely on spouses and family. This highlights the crucial support network of familial and social ties in women's entrepreneurship.

Table 6: Affiliations of Women Entrepreneurs

Are you or your business associated with any of the following:	Handicraft	Handloom	Own account	Piece rate	Total
Contractual company	33%	56%	-	57%	41%
SHG/Joint Liability Group	27%	12%	11%	19%	18%
Cooperative society	1%	27%	1%	16%	12%
Trade Union	2%	2%	1%	1%	1%

Table 7: Decision-making Authority in Women-led Businesses

Who makes key decisions relating to your business operations?	Own account	Piece rate	Total
Myself	65%	30%	40%
Contractual Company	1%	31%	22%
SHG	3%	23%	17%
Spouse	22%	10%	14%
Family/Friends	7%	2%	3%
Others (Including cooperatives, NGOs, and businesses)	1%	4%	3%
Total	100%	100%	100%



Business economics and record keeping

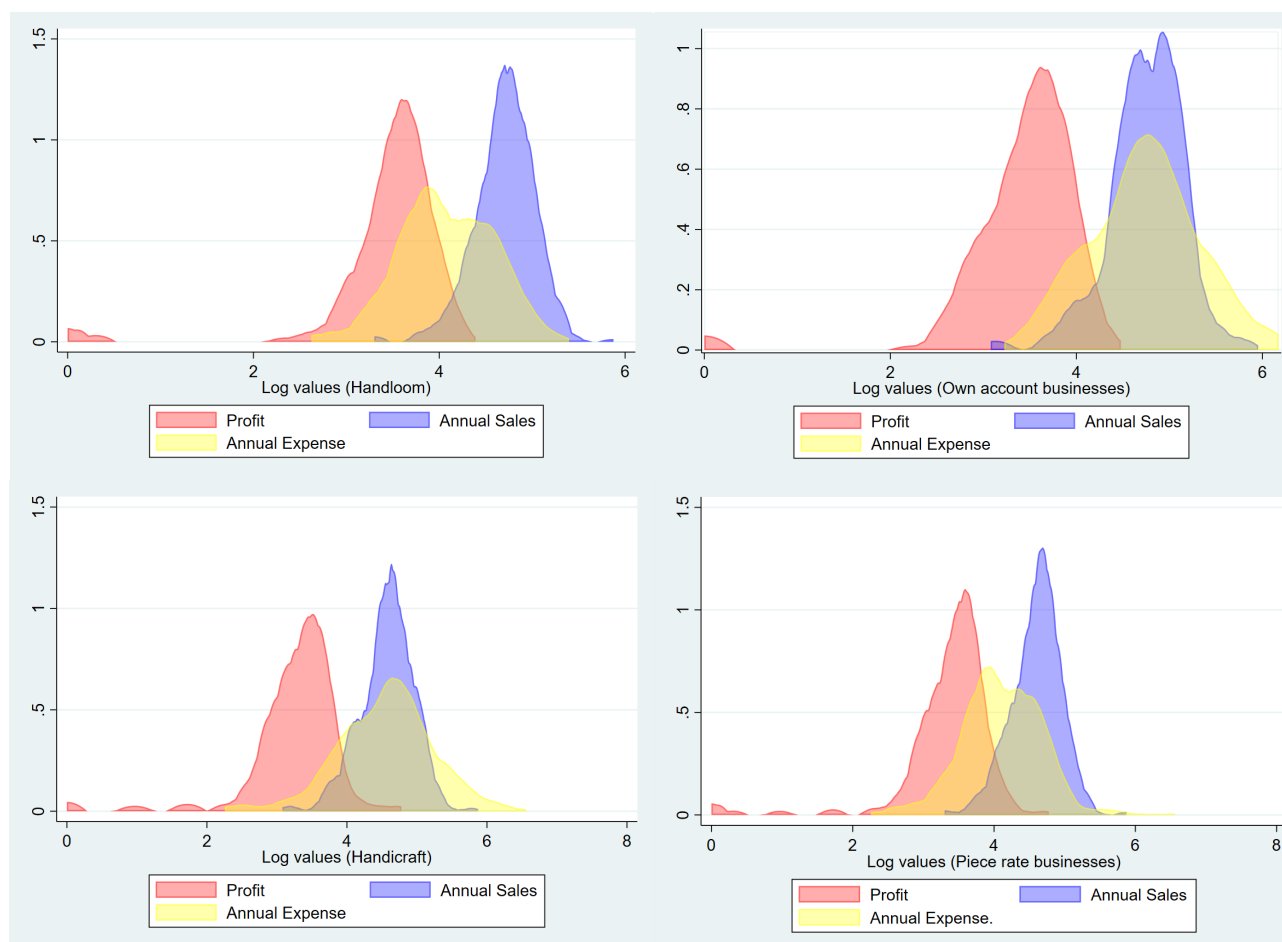
Own Account enterprises tend to report higher sales (INR 65,000/-) compared to piece-rate workers (INR 54,000/-), but higher expenses offset this advantage. Labour costs (51%) represent a significant portion of expenses for own-account businesses followed by raw materials at 25%. In contrast, despite lower reported sales, piece-rate businesses demonstrate better profitability (78%).

This may be attributed to the nature of piece-rate work, which requires lower initial investment and allows for more efficient resource allocation, favouring women led nano rural enterprises. Handloom businesses appear more profitable (80%) than handicrafts (22%), likely due to the piece-rate nature of handloom work. In piece-rate businesses, expenses are more evenly distributed, encompassing labour costs (30%), transportation (26%), rent (10%), and interest payments (10%).

Table 8: Financial Performance by Business Type

Indicators	Handicraft	Handloom	Own account	Piece rate	Total ¹
Last year's median sales (INR)	54,000	60,000	65,000	54,000	60,000
Last year's median expenses (INR)	42,000	12,000	59,400	12,000	20,400
Last year's median profit (INR)	12,000	48,000	5,600	42,000	39,600
Expense to Sales ratio	78%	20%	91%	22%	34%
Profit (%)	22%	80%	9%	78%	66%
N	184	209	110	268	403

Figure 4: Financial Performance by Business Type



¹ 403 respondents responded both income and expenses.

The analysis of the provided graphs highlights the financial performance and dynamics of women-led home-based businesses (HBBs) in handicrafts, handlooms, own-account businesses, and piece-rate enterprises. Across all sectors, annual sales consistently exceed expenses and profits, underscoring significant cost structures that limit profitability. Handicrafts and piece-rate businesses demonstrate narrower profit margins due to higher expense-to-sales ratios, while own-account businesses, despite higher sales, show variability in profitability, reflecting diverse operational scales and efficiencies. Handloom businesses stand out with more stable sales patterns but face higher operational challenges due to their piece-rate nature, which emphasizes collective production.

While own-account businesses yield better control and profit potential, piece-rate enterprises dominate the handloom sector due to resource and capacity constraints. The financial gaps revealed in the graphs underscore the need for tailored financial interventions, such as access to credit, improved

financial literacy, and support for technological adoption, particularly in the handicrafts sector, where cost-to-profit challenges are pronounced. These findings reinforce the importance of addressing financial barriers, leveraging innovative credit models, and enhancing market linkages to empower home based businesses.

Bookkeeping adoption rates are low, with 45% of businesses not maintaining manual records or relying on memory. 39% manage accounts manually, while the rest use contractors and SHGs. Among own-account businesses, 33% lack consistent record-keeping, compared to 9% of piece-rate businesses. Despite an 84% adherence to accounting practices, standards are unsatisfactory, with widespread deficiencies. Manual and memory-based record-keeping persists across sectors, risking business efficiency and sustainability. Notably, 30% of women engaged in bookkeeping update records regularly, often involving spouses and family/friends. Efforts are needed to improve record-keeping standards and promote efficient practices.

Figure 5: Breakdown of Business Expenses by Sector

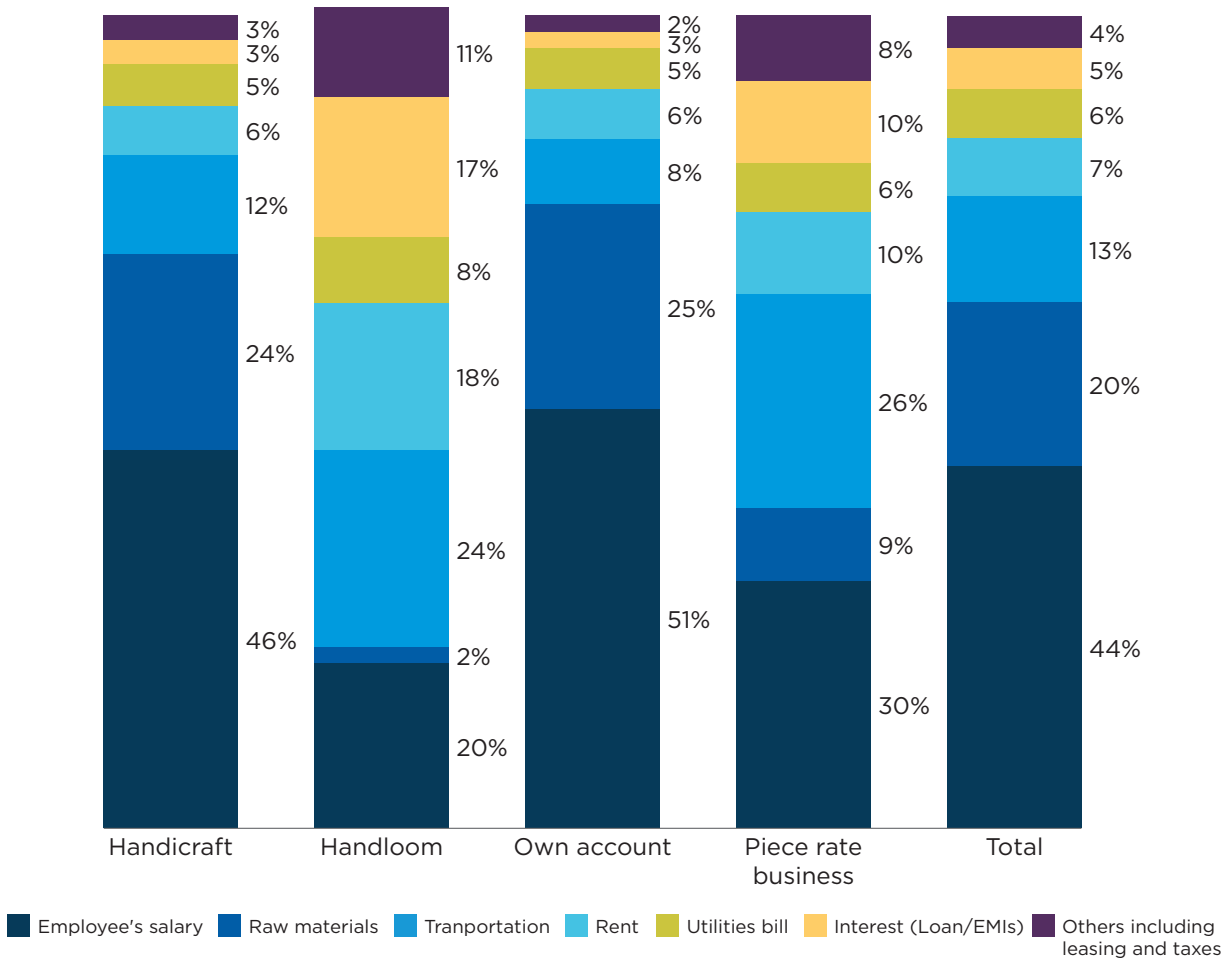
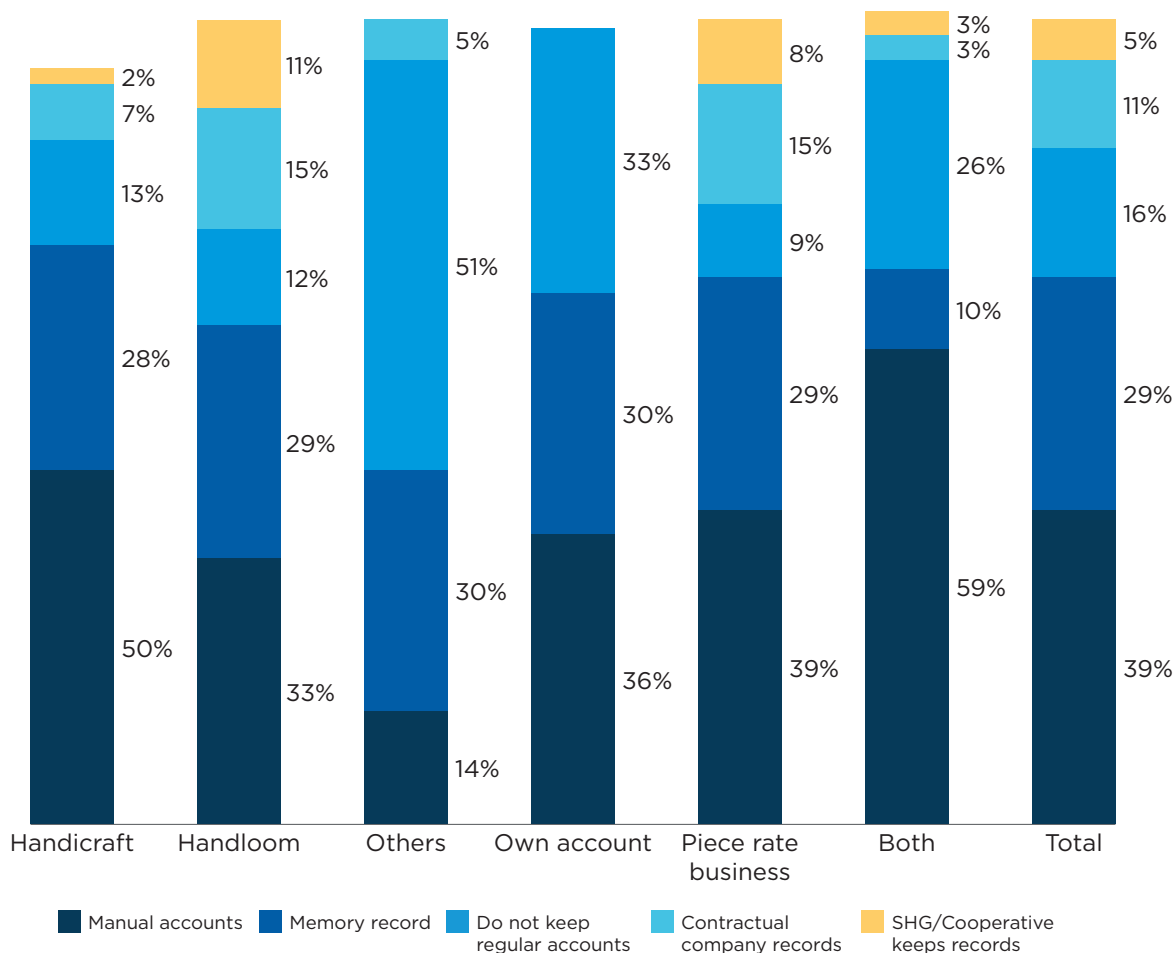


Figure 6: Record-keeping Practices among Women Entrepreneurs**Table 9: Frequency and Responsibility of Record-keeping among Women Entrepreneurs**

How often are these records kept?	
Daily	29%
Weekly	37%
Once in 15 days	9%
Monthly	15%
Who keeps these records?	
Myself	64%
Husband	15%
Family/friends	15%
Employee	4%
Others include hired professional	2%
Total	100%

Utilisation of Cash inflows and surplus income, Banking

A striking 95% of home-based women entrepreneurs have bank accounts, but only 7% have accounts specifically for business purposes. While 62% maintain savings, primarily in banking instruments, handicrafts and own-account entrepreneurs are more likely to save compared to those in handloom and piece-rate businesses. Bank accounts are the most preferred savings method, followed by cash, SHGs, assets, and insurance. The low percentage of separate business accounts highlights a lack of awareness about the benefits of separating personal and business finances. Additionally,

90% of women without separate business bank accounts report not needing one, indicating a gap in understanding formal banking benefits. Savings are intended for health and emergency expenses (45%), education (29%), and household consumption (26%), with own-account businesses prioritising reinvestment (22%). Husbands assist 36% of women in opening accounts, while nearly a quarter do so independently. Proximity to banks, financial literacy, and ease of accessing finance influence the frequency of banking service utilisation among these women. This underscores the need for greater awareness and education on the advantages of separate business accounts and financial services.

Table 10: Financial Inclusion and Savings Behaviour of Women Entrepreneurs

Respondents with a bank account (personal or business)	95%
Respondents with business bank accounts	7%
Respondents with savings	62%
Do you currently have savings in any of these forms?	
Bank account (including PPF)	34%
Cash at home	17%
SHG	16%
Asset	9%
Others include chit funds, NBFC, and post office savings	8%
Insurance	5%
What do you save for?	
Health and emergency	45%
Education	29%
HH consumption	26%
Ceremonies	20%
Business	8%
Why do you not have a business bank account?	
Do not need it	90%
Lack of awareness	5%
Lack of willingness to learn	2%

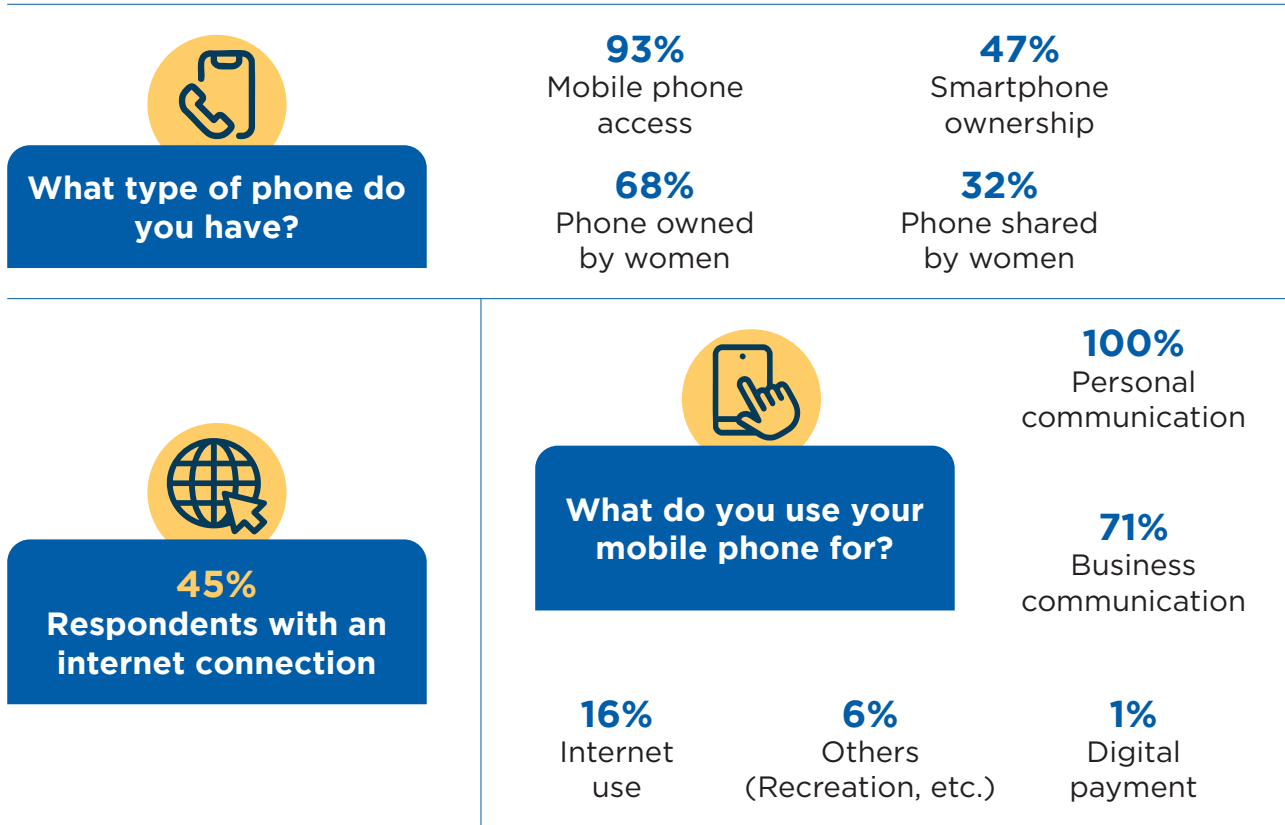


Digital Access and Readiness (Mobile phone and Internet usage)

By embracing digital access and leveraging the right tools, home-based businesses can expand their reach and drive growth. Women's phone access falls into three categories: those with access (93%), those owning a phone (68%), and those without access (7%). Despite high ownership, only 45% have internet access, with feature phones outnumbering

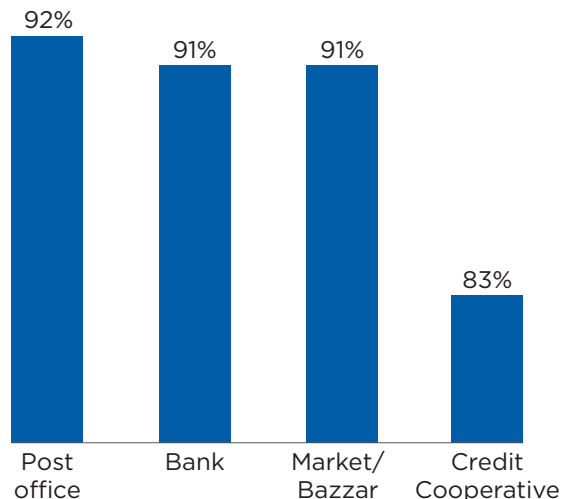
smartphones, indicating a digital divide. Shared phone usage, mostly controlled by husbands (61%), highlights household dynamics complexities. While nearly all women use phones for personal connections, only 71% use them for business, and a mere 1% use smartphones for digital payments. Enhancing digital access, especially in underserved communities, is crucial for empowering home-based businesswomen in the digital economy.

Figure 7: Digital Access and Usage among Women Entrepreneurs



Market access and business sentiments

Figure 8: Proximity to Essential Services for Home-based Businesses



Market access for home-based businesses largely depends on the nature of the business, its target audience, and the resources available to the business owner. The study highlights the diverse channels through which women entrepreneurs access markets, reflecting both traditional and contemporary avenues. Proximity to markets is prevalent, with 60% having markets or bazaars within 1 km of their homes, and 90% within 5 km, facilitating accessibility.

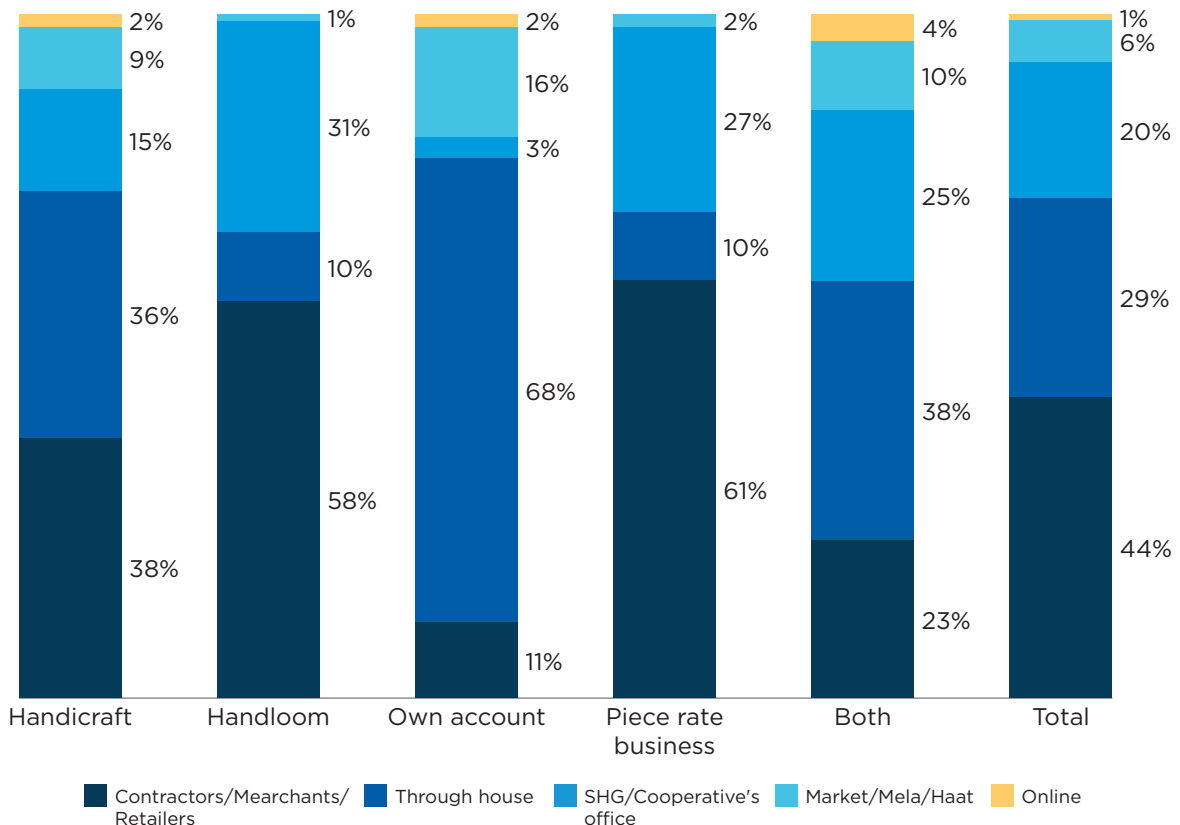
Distance from markets can pose unique challenges for home-based businesses, especially if they rely on physical products or in-person services. However, advancements in technology and changes in consumer behaviour have created opportunities for home-based businesses to overcome geographical barriers. Approximately 44% of women entrepreneurs sell their products through contractual companies, other businesses, merchants, or retailers' offices/shops, while 29%

engage in direct sales to house customers. Notably, about 20% leverage associations such as SHG/ Society/Cooperative offices for sales, emphasizing the importance of community networks in market access. Online selling remains minimal, constituting only 1% overall, albeit slightly higher at 2% in the handicraft sector and non-existent in the handloom business. However, the handloom sector predominantly relies on associations because of its piece rate in nature, with 90% of women selling products through such channels, compared to 50% in the handicraft sector. The success of handicraft market endeavours is intricately linked to social networks, emphasizing the pivotal role of relationships in ensuring consistent incomes. Interestingly, in own-account businesses, only 13% engage with associations, while a substantial 89% do so in piece-rate work, highlighting the varied reliance on associations across business types. Associations emerge as crucial facilitators of market access, particularly in piece-rate work and the handloom sector. Leveraging associations for market access and conducting sales at home not only aligns with social norms but also accommodates mobility constraints, thereby reducing time, effort, and costs associated with marketing finished goods. This underscores the adaptive strategies employed by women entrepreneurs to navigate market dynamics effectively.

Collateral: Securities & Asset Ownership

Ownership and control over assets like land and housing provide various benefits, including security, livelihood, emergency protection, and collateral for credit. However, women often lack land registered in their name, limiting their access to collateral-based loans and making them appear as risky investments. Although new financiers like Pink Capital and Kinara Capital offer credit based on business proposals instead of collateral, wider adoption of such models is needed. Access to finance is crucial for business growth, but women face additional challenges due to limited asset ownership and networking skills. Only 10% of respondents owned land registered under their name, hindering their access to formal banking products. Digital technology is transforming women's entrepreneurial behavior by reducing barriers and facilitating communication and payments. Programs like Jan Dhan Yojana have reduced the gender gap in bank account ownership. However, 80% of the time, phones are used by spouses or male children, and their potential for business purposes is underutilized. Access to phones and the internet has yet to translate into significant business benefits for women entrepreneurs.

Figure 9: Market Access and Sales Channels for Women Entrepreneurs





05

**WHAT ARE THE
CHARACTERISTICS OF
WOMEN HBB OWNERS
THAT DRIVES THEIR
BUSINESS GROWTH?**

Entrepreneurial outlook

With increasing digital penetration, the market is evolving and ready for new business ventures, requiring an updated understanding of entrepreneurship. Modern entrepreneurship involves innovation, creativity, risk-taking, self-motivation, adaptability, effective communication, a customer-centric approach, and financial literacy. In the study, entrepreneurs' perspectives are assessed through their agreement with various statements. The key findings include:

Business Planning: 71% believe it's unwise to plan too far ahead, 74% stay updated with market trends, 79% experiment with innovative solutions, and 64% use various tactics to achieve goals.

Coping with Challenges: 56% remain calm during difficulties, while 44% get impatient with delays. However, 96% believe their customers trust their product quality and fair pricing.

Hard Work vs. Luck: 73% value hard work over luck, but 55% feel they have little control over events, and 57% believe outcomes are often beyond their influence. Despite this, 72% maintain an optimistic view that good balances out the bad over time.

Overall, home-based women entrepreneurs emphasize market awareness, innovation, adaptability, and resourcefulness, despite varied

opinions on planning, coping strategies, and the role of luck in success.

Perspective and direction towards finance

The study reveals a balanced preference among women for both safe and risky investment schemes. While 58% prefer risky investments, most opt for safer options when faced with specific situations, prioritizing stability. Key findings include:

Investment Choices: 77% prefer government-backed post office recurring deposit accounts over new higher-interest schemes from friends or relatives. 54% avoid private investments with high returns due to a preference for government instruments.

Return Preferences: Respondents favor short-term returns (INR 20,000 in 3 years) over long-term, reflecting a need for immediate liquidity.

Excess Funds Use: They prioritize clearing existing debts and saving in government schemes like National Savings Certificates.

Financial Decision-Making: 39% blend independence with familial guidance, often consulting parents when buying household assets. However, there is a notable lack of retirement planning, with many relying on family members or having no plans at all.

Table 11: Entrepreneurial Self-Assessment of Women Entrepreneurs

	Disagree	Neutral	Agree	Total
Entrepreneurial Spirit (Innovative, Creative, Risk-taking)				
I am comfortable using every trick in the book to get what I want.	27%	9%	64%	100%
Self-motivation (Initiative, Discipline, Goal-setting)				
I look forward to returning to work when I am away from my work	5%	2%	93%	100%
Many times, I feel that I have little influence over the things that happen to me				55%
Becoming a success is a matter of hard work, luck has little or nothing to do with it				73%
In the long run, the bad things that happen to us are balanced by the good ones				72%
Adaptability (Adaptable, Tech-savvy, Stay updated)				
When my way of running the business is not successful, I experiment with new or innovative solutions.	13%	9%	78%	100%
I like to stay up to date/check what is going on in the market, with fellow entrepreneurs, suppliers, and customers.	19%	8%	73%	100%
Effective Communication (Networking, Clear communication)				
I like attending community events and social gatherings as it makes me energized. I also like action-oriented networking.	25%	10%	65%	100%
Customer-Centric Approach (Empathetic to customer, Quality service)				
My consumers usually trust me with the quality of product and fair price.	1%	3%	96%	100%
Financial Literacy (Budgeting, Profitability focus)				
Money does not come easily, so we need to be careful with it.	1%	0%	99%	100%

Overall, the findings highlight the need for a balance between risk and stability in investments, better retirement planning, and the role of both independent decision-making and familial support in achieving financial goals.

enough and would struggle to cover an expense equal to their monthly income.

Spending Priorities: In financial strain, they cut back on entertainment, travel, and social spending. They primarily use savings to handle emergencies,

Table 12: Risk Tolerance and Investment Preferences of Women Entrepreneurs

How likely do you prefer a safe investment option over a risky scheme?	42%
Suppose you have a post office RD account where you deposit INR 1000 monthly at 7% interest rate per annum; will you invest in another savings scheme of 10% per annum which was introduced by a close friend or relative?	
I will continue using my post office account.	77%
Will move completely to a new scheme.	6%
Continue in the post office along with that also open a new account in the scheme.	10%
Split the existing amount between the two accounts (Post office and higher % account)	7%
Suppose there is a private investment opportunity with 15% yearly returns (double the RD) which will require you to use INR 5,000 out of your savings. Which of the following options will you take?	
Not going to invest. I have other liabilities like loans etc.	32%
Not going to invest. I am not interested in high returns, but only in safe government schemes.	54%
Ready to invest. I want to multiply my savings	13%
Suppose you had a choice between getting INR 5,000 right now versus getting INR 20,000 in 3 years. Which one would you pick?	
INR 5000 right now	64%
INR 20000 in 3 years	36%

Table 13: Investment Preferences of Women Entrepreneurs for Excess Funds

Suppose you get excess funds of INR 2 lakhs from a previous investment that matured, what would you do with the amount? Rank top 3	Rank 1	Rank 2	Rank 3
Use to clear existing debt	32%	13%	23%
Spend to buy assets (land, gold, etc.)	28%	13%	15%
Re-invest in business	21%	21%	10%
Save (national saving certificate, etc.)	16%	39%	39%
Spend on consumption goods (car, TV, etc.)	2%	14%	13%

Risk Tolerance and Management

The findings reveal a complex financial landscape for women, showcasing both resilience and areas of concern. Despite nearly half considering themselves risk-tolerant, many lack financial planning, and few deliberate before making decisions. There is a reluctance to relocate for higher earnings, showing a strong attachment to their hometowns and limiting economic mobility. Key points include:

Emergency Preparedness: Many women lack immediate access to funds during emergencies, relying on informal support networks or loans, indicating financial vulnerability.

Financial Management: Poor financial management is evident, with most feeling they do not save

followed by borrowing from family or friends, and bank loans as a last resort.

Support Networks: In case of theft of business equipment, most would seek help from family, friends, and banks, though many have not planned for such emergencies.

Income Loss: If their primary income source were lost, 80% believe their household could sustain themselves for only 1-2 months.

Overall, the findings highlight the need for improved financial literacy, better emergency planning, and greater access to resources and support networks to empower women to navigate these challenges effectively.

Table 14: Financial Risk Tolerance and Decision-making among Women Business Owners

How would you describe yourself in terms of risk-taking capability for financial decisions?	
Risk averse	32%
Neutral	20%
Risk tolerant	48%
Which of the following statements most applies to your confidence in making financial decisions?	
I don't consult others; I am fully confident in making decisions instantly	25%
I don't consult others; I am fully confident in making decisions but I delay my decisions to do some research/think about it/ to observe what others are doing	27%
Respondents feel that they don't save enough regularly	60%
There is an opportunity to move to a different city that might triple your income. What will you do?	
I prefer to stay in my native	75%
If you faced a major expense today - equivalent to your monthly income - would you be able to pay it without borrowing the money or asking family or friends to help?	
Yes	42%
Suppose that tomorrow you discover that most of the equipment that you need to operate the business has been stolen. Which one of these statements best represents what you would do?	
Ask for help from family members or friends	23%
Take a loan to buy new equipment	20%
Use your own funds (business and personal)	25%
Don't know/ temporarily stop business for good	24%
Would claim insurance on all or part of the equipment	8%
If you lost your main source of household income, how long could your household continue to cover living expenses, without borrowing any money or moving house?	
Less than a month	28%
At least one month, but not three months	51%
At least three months, but not six months	15%
More than six months	5%



06

**WHAT ARE THE CREDIT
REQUIREMENTS OF
BUSINESSES ACROSS
DIFFERENT STAGES?**



Credit Requirement and business journeys

Broadly there are three phases in business journeys which demand varied credit requirements. These three phases are initiation, operation, and expansion stages which are determined on the basis of duration and growth of enterprise. Initiation is the beginning of the business lifecycle such as the startup or development phase lasting up to a year or two. At this stage women entrepreneurs seek advice, try accessing capital, and also face high risk of establishing. After the enterprise is established, the business enters the operation phase, identified with steady growth of business and could last up to 2 to 5 years (or more if the business does not proceed to the next stage). The source of income and market is well defined by now and there is some clarity on the revenue trams, supply chain, customers, and profits. Then, at an expansion stage (probably after 5 to 7 years of operation) activities seem routine and small women-led enterprises consider employing staff. At this stage, women entrepreneurs also start to think about capitalizing on this certain level of stability by broadening horizons with expanded offerings or entry into new geographies by scaling up or scaling out.

Credit Exploration in Home-Based Businesses

Credit exploration in home-based businesses presents a nuanced landscape influenced by social norms, trade credit practices, investment sources, loan dynamics, and government schemes. To start with, trade credit refers to the extension of credit from one business to another in the form of goods or services, allowing the recipient to defer payment for a specific period. Despite its potential benefits, such as improving cash flow and facilitating business operations, trade credit may not be readily accessible to all home-based businesses.

The majority of respondents (73%) do not benefit from trade credit. Interestingly, handloom businesses (37%) utilizing piece-rate models (31%) exhibit a higher likelihood of accessing credit compared to handicraft (19%) and own-account enterprises (16%).

The predominantly informal networks provide valuable support and resources to entrepreneurs. Among those receiving trade credit, contractual companies serve as the primary source for the majority (44%), followed by Self Help Groups (SHGs, 26%). The prevalence of contractual companies

Table 15: Access to Trade Credit for Women Entrepreneurs

Indicators	Handicraft	Handloom	Own account	Piece rate	Both	Total
Receive trade credit from suppliers	19%	37%	16%	31%	37%	27%
Who gives you trade credit of this type?						
Contractual Company	33%	51%	5%	50%	36%	44%
SHG	44%	16%	40%	23%	36%	26%
Cooperative society	6%	26%	5%	21%	21%	19%
Other businesses/ merchants/retailers	14%	8%	40%	6%	14%	10%

as credit sources highlights the significance of formal institutions in supporting entrepreneurial endeavours, while the involvement of Self-Help Groups signifies the importance of community-based financial networks in facilitating economic activities.

They reveal intriguing insights. 39% of women respondents indicated that no initial investment was necessary to start the business. While 50% of those in piece rate enterprises stated no need for investment, compared to only 14% in own account businesses. This might be due to the fact the majority of piece rate businesses source their raw materials from contractual companies and SHG/ Cooperatives to manufacture and sell finished products.

Other sources of finances are inheritance (35%), personal savings (27%), formal loans (26%) and informal loans (9%). Among handicraft businesses, the primary financing method is personal savings (33%), while 54% of handloom enterprises rely on inheritance. In terms of the amount, the median amount reported for the formal loan acquired for establishing the home-based business is INR 25,000 against an informal loan i.e. INR 10,000. Formal loan penetration is higher in own account business which is the opposite in the case of informal loans. Informal loans are dominant in handloom and piece rate businesses because of the nature of the work.

Table 16: Financing Sources and Loan Amounts by Business Type

Financing to establish the business	Handicraft	Handloom	Own account	Piece rate	Both	Total
No investment	42%	38%	14%	50%	28%	39%
Savings	33%	11%	43%	19%	7%	27%
Inheritance	26%	54%	10%	49%	57%	35%
Loans (formal)	31%	20%	38%	18%	25%	26%
Loans (formal) INR	30,000	21,000	25,000	23,500	50,000	25,000
Loans (Informal)	6%	13%	6%	11%	7%	9%
Loans (Informal) INR	20,000	10,000	20,000	10,000	17,000	10,000



Approximately 27% of home-based businesses have availed loans at some point, with 43% of own account and 20% of piece-rate businesses reported for loan uptake. Among those who have taken loans, 71% currently have outstanding balances, suggesting ongoing financial needs within this sector. Own-account businesses show a higher proportion of outstanding loans (83%) compared to piece-rate businesses (60%), although the average outstanding loan amounts are inversely related. The average outstanding loan amount is INR 60,000, with piece-rate businesses averaging INR 68,000 and own-account businesses averaging INR 56,000.

The study also indicates that around 81% of the businesses have availed loans only once, with formal loans being more prevalent among own-account businesses. Formal loan uptake is twice as high in own-account businesses (44%) compared to piece-rate businesses (20%), this might be because

formal loans may come with obligations and interest payments, but they often provide crucial financial support and opportunities for growth that can be essential for the success of owner-account businesses. However, lack of requirements and fear of repayment emerged as the top two reasons for not applying the formal loans, underscoring the importance of financial literacy and access to appropriate support mechanisms.

Banking institutions emerge as the primary lenders, followed by Self-Help Groups (SHGs) and Cooperative Societies, reflecting the evolving landscape of financial services catering to home-based businesses. The primary motivations for loan utilization are business establishment and expansion. Encouragingly, half of the businesses surveyed refute the notion that seeking credit is against social norms, indicating a growing acceptance of financial assistance within communities.

Table 17: Loan Penetration and Usage Patterns among Women Entrepreneurs

All loan details	Handicraft	Handloom	Own account	Piece rate	Total
Loan penetration (%)	27%	24%	43%	20%	27%
Currently outstanding among loan borrowers (%)	71%	66%	83%	60%	71%
Average (Rs.) of outstanding loans	55,000	69,000	56,000	68,000	60,000
Ever availed formal loan for business?	27%	24%	44%	20%	27%
Top 2 reasons for NOT applying for a formal loan					
Don't need it	84%	76%	72%	81%	79%
Fear of not being able to pay back	14%	19%	30%	14%	18%
Primary lender (All loans)					
Bank/financial institution	36%	38%	30%	33%	33%
SHG	34%	20%	30%	24%	27%
Cooperative society	8%	18%	18%	18%	17%
Local money lender	9%	9%	6%	9%	8%
Microfinance/non-banking financial institution	6%	2%	13%	4%	8%
Others (Contractors, friends, chit funds, etc.)	6%	13%	3%	12%	8%
Total	100%	100%	100%	100%	100%

Table 18: Loan Utilisation for Business Growth and Expansion of Women-led Businesses

What did you use the loan for?	
Establishing business	30%
For the expansion of business	44%
For inventory management/Working capital/Cash flow	5%
Refinancing of existing loan	5%
At what stage of your business did you use your loan?	
Expansion	31%
Initiation	35%
Operation	34%
Total	100%
Please rate how much you agree and disagree with the following statements about yourself: S. Seeking credit is against the social norms in my community.	
Disagree	49%
Neutral	15%
Agree	36%

Although a significant portion of respondents possess outstanding loans, particularly within own-account handicraft businesses, the utilization of government schemes remains low, with only a fifth of respondents taking advantage of them. Women entrepreneurs with outstanding loans availed loans for business expansion as well as for initiation. 19% of the women having outstanding loans reported access to loans from government schemes.

The Mudra Yojana Scheme for Women/Credit Guarantee Fund for Micro Units emerges as the dominant government initiative, albeit with variations in utilization across different business types.

Notably, own-account (56%) and handicraft businesses (57%) exhibit higher MUDRA loan uptake compared to piece-rate (36%) and handloom enterprises (32%). Other avenues through which businesses have obtained loans include the Prime Minister Employment Generation Programme (PMEGP) and the Scheme of Fund for Regeneration of Traditional Industries (SFURTI). The data also highlights a trend where Mudra loans and PMEGP schemes are predominantly accessed by own-account and handicraft businesses, while SFURTI loans are primarily utilized by piece-rate and handloom enterprises. These insights underscore the need for targeted interventions to enhance awareness and accessibility of government schemes, particularly among businesses operating in different sectors.

Table 19: Government Schemes Utilised for Loans among Women-led Businesses

	Handicraft	Handloom	Own account	Piece rate	Total
Loan availed through a government scheme?	16%	25%	16%	22%	20%
Which scheme? (loan 1)					
Mudra Yojana Scheme for Women/Credit Guarantee Fund for Micro Units (CGFMU)	57%	32%	56%	36%	44%
Prime Minister Employment Generation Programme (PMEGP)	29%	21%	33%	18%	24%
Scheme of Fund for Regeneration of Traditional Industries (SFURTI)	7%	32%	11%	27%	21%
Deen Dayal Antyodaya Yojana (NRLM)	0%	11%	0%	9%	6%
Credit Guarantee Scheme (CGTMSE)	0%	5%	0%	5%	3%
SHG/ Cooperative Society	7%	0%	0%	5%	3%
Total	100%	100%	100%	100%	100%



07

KEY TAKEAWAYS AND RECOMMENDATIONS:

HOW CAN WE ENHANCE
FINANCIAL ACCESS FOR
WOMEN-LED HOME-BASED
BUSINESSES?

1. UNDERSTANDING BUSINESS JOURNEY PHASES:

Recognize Business Lifecycle Phases:

- **Initiation, Operation, and Expansion:** Each phase requires different credit needs and support mechanisms tailored to the business's growth stage and duration.

Sector-Specific Insights:

- **Handicrafts vs. Handloom:** Results highlight that handicraft businesses yield higher incomes. Promoting diversification within handloom products and providing access to design inputs and market linkages can boost profitability.
- **Own Account vs. Piece-Rate Businesses:** Results highlight that own account businesses have better income potential. Encouraging more women to operate as their own account businesses could lead to higher earnings and greater control over the production process and profits.

Tailored Interventions:

- **Sector-Specific Challenges:** Handicrafts require technological and marketing support, while handloom businesses need better access to raw materials and efficient production methods.
- **Financial Product Design:** Financial institutions should design products that cater to the needs of businesses at different lifecycle stages, including flexible loan terms, grace periods, and tailored repayment schedules.

2. ENHANCING FINANCIAL LITERACY AND RECORD-KEEPING PRACTICES:

Targeted Programs:

- **Functional Literacy and Vocational Skills Training:** Given that a significant portion of women entrepreneurs have limited formal education, there is a need for targeted programs that provide functional literacy and vocational skills training. This can empower them to manage finances, access markets independently, and negotiate better terms within supply chains.
- **Business Registration:** Encouraging more women entrepreneurs to register their businesses can provide legal recognition, which facilitates access to formal financial services like loans and credit. Government initiatives should simplify registration processes and raise awareness about the benefits of formalization, such as improved credibility and access to larger markets.
- **Financial Literacy Programs:** Enhancing financial literacy programs tailored to women entrepreneurs can increase their understanding of financial products, loan management, and

the benefits of formal banking. This includes workshops, mentorship programs, and digital resources that demystify financial processes and empower women to make informed financial decisions.

Promote Bookkeeping:

- **Basic Accounting Skills and Digital Tools:** Given the low adoption of formal bookkeeping practices, there is a critical need for training programs that teach basic accounting skills and promote the use of digital tools for record-keeping. This can help women entrepreneurs track their finances more effectively, make informed decisions, and present credible financial statements when seeking loans or partnerships.

3. DIVERSE CREDIT EXPLORATION:

Facilitate Access to Credit:

- **Microfinance and Savings Mechanisms:** Given that a majority of women entrepreneurs rely on home-based businesses as their primary income source, facilitating easier access to credit and financial services is crucial. This includes initiatives such as microfinance tailored to their needs, improving access to savings mechanisms, and fostering financial literacy programs.

Educate on Credit Options:

- **Traditional Practices and Government Schemes:** Acknowledge the nuanced landscape of credit exploration influenced by traditional financing mechanisms, trade credit practices, and government schemes. There's a need to enhance accessibility to trade credit, formal loans, and government schemes like Mudra Yojana, PMEGP, and SFURTI.
- **Investment Options:** Educating women about a range of investment options, from safe government-backed schemes to higher-return private investments, can empower them to make informed decisions based on their risk tolerance and financial goals. Partnerships with financial institutions could facilitate access to these opportunities.

4. FINANCIAL SOURCES AND UTILIZATION:

Identify Diverse Financing Sources:

- **Personal Savings, Formal and Informal Loans, Inheritance:** Identify diverse sources of financing including personal savings, formal and informal loans, and inheritance. Tailor financial products to accommodate the unique financial needs of different business types such as piece-rate enterprises versus own-account businesses.

Encourage Business Accounts:

- **Separate Personal and Business Finances:** Despite high bank account ownership, very few women have separate business accounts. Initiatives should focus on educating women about the benefits of separating personal and business finances, and encourage the use of business accounts for savings and transactions related to their enterprises. This can build creditworthiness and facilitate easier access to formal credit.

Promote Emergency Savings and Insurance:

- **Mitigate Financial Vulnerabilities:** Given the reliance on informal support networks during emergencies, there is a need to promote emergency savings and insurance options specifically designed for small businesses. This can help mitigate financial vulnerabilities and ensure continuity in case of unforeseen events.

5. ROLE OF COMMUNITY NETWORKS:

Support Networks and strengthening partnerships:

- **SHGs, and Cooperative Societies:** Strengthen partnerships between banking institutions, Self-Help Groups (SHGs), and Cooperative Societies to improve financial inclusivity. Leverage community-based networks to enhance access to financial services and support economic activities.
- **Women Entrepreneurs' Networks:** Establishing or strengthening networks among women entrepreneurs can provide a platform for sharing best practices, accessing mentorship, and collectively addressing common challenges like access to markets and fair pricing. These networks can also facilitate access to financial services and opportunities.

6. IMPROVING ACCESS TO FORMAL FINANCIAL SERVICES:

Enhance Banking Services:

- **Tailored Loan Products, Credit Lines, and Business Accounts:** Enhancing access to formal banking services, including tailored loan products, credit lines, and business accounts, can provide women with the necessary financial tools to expand their businesses, manage cash flow, and invest in growth opportunities.

Encourage Financial Institution Partnerships:

- **With SHGs and Cooperative Societies:** Encouraging partnerships between financial institutions, Self-Help Groups (SHGs), and

Cooperative Societies can expand access to formal credit sources. This collaboration can promote easier loan applications, competitive interest rates, and supportive financial services that meet the unique needs of women-led home-based businesses..

7. ENHANCING DIGITAL LITERACY AND ACCESS TO ONLINE MARKETS:

Digital Literacy Programs:

- **Training on Digital Tools:** Promoting digital literacy programs tailored for women entrepreneurs can empower them to leverage digital tools effectively. Initiatives should include training on smartphone usage, internet navigation, and the adoption of digital payment platforms. This can bridge the digital divide, especially in areas where access to smartphones and the internet remains limited.

Explore Online Selling Platforms:

- **E-Commerce Training and Support:** Encouraging women entrepreneurs to explore online selling platforms and digital marketplaces can expand their customer base beyond local markets. Supportive measures could include training in e-commerce operations, assistance with product listings, and partnerships with platforms that cater to handmade and artisanal products.

8. GOVERNMENT SCHEME UTILIZATION:

Increase Awareness and Simplify Application Processes:

- **Tailored Outreach Programs:** Increase awareness and simplify application processes for government schemes tailored to home-based businesses. Promote the benefits of schemes like Mudra Yojana and PMEGP, ensuring they reach businesses across different sectors effectively.

Supportive Policies and Fair-Trade Practices:

- **Government and Policymakers' Role:** Governments and policymakers can play a crucial role in creating an enabling environment through supportive policies, incentives for women entrepreneurs, and ensuring fair trade practices within supply chains that benefit women-led HBBs. Tailored outreach programs and localized information dissemination can ensure that eligible businesses understand the benefits and criteria of these schemes, thereby increasing their uptake and impact.

9. PROMOTING ACCEPTANCE OF FINANCIAL ASSISTANCE:

Challenge Societal Perceptions:

- **Highlight Success Stories:** Challenge societal perceptions about credit-seeking behavior among women entrepreneurs. Highlight success stories and positive impacts of financial assistance to foster a supportive environment within communities.

Preserve and Enhance Traditional Crafts:

- **Market Linkages, Branding, and Product Diversification:** Recognizing the longevity of many home-based businesses, particularly in the handloom sector, efforts should be made

to preserve and enhance traditional crafts through market linkages, branding, and product diversification. This can increase profitability and ensure sustainable livelihoods for women artisans.

By implementing these recommendations, stakeholders can effectively support the financial growth and sustainability of women-led home-based businesses, contributing to broader economic empowerment and resilience within local communities.



08

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