



# The Role Of GST In Empowering Women Entrepreneurs In India: Challenges, Opportunities, And Policy Recommendations

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## Abstract

Building upon the foundational insights from “*Empowering Women Leaders through Financial Literacy: A Management Framework for Inclusive Growth*,” this review further explores the intersection of women’s empowerment and economic policy by examining the role of the Goods and Services Tax (GST) in fostering inclusive economic development. The previous work underscored the importance of financial literacy in empowering women leaders, enabling them to navigate financial systems and make informed economic decisions. In this study, GST, as a transformative tax reform, is analyzed for its impact on the formalization, market access, and scalability of women-led enterprises, especially in sectors such as handicrafts, textiles, and indigenous services, where women are significant economic contributors. GST has enhanced transparency and facilitated integration into national markets, yet it also poses challenges, including compliance complexity, digital exclusion, and inadequate institutional support. This paper argues that for GST to fully empower women entrepreneurs, it must be aligned with gender-responsive fiscal policies, shaped by the principles of financial literacy. Such alignment can address the barriers faced by women, enabling them to thrive in both formal and traditional sectors. The study concludes by offering policy recommendations designed to bridge systemic gaps, support women in overcoming obstacles, and enhance their economic participation in India’s rapidly evolving economic landscape.

**Keywords:** Women Entrepreneurship; Goods and Services Tax (GST); Economic Empowerment; Financial Inclusion; Gender-Responsive Policy

## 1. Introduction

The women entrepreneurship in India is now a major area of research and policy discussion because it has contributed to the change in the status of women in the economic life and their increasing participation in establishing businesses in a broad spectrum of sectors. Over the past decade or so, women have increasingly been engaged in such activities as retailing, services, handicraft, home-based production and micro-enterprises not only to complement household income but also to offer jobs and build markets. It is in this respect that the entrepreneurship has become quite a significant medium through which women can

achieve economic liberation, social mobility, and greater integration into the mainstream economy (Agarwal & Lenka, 2016).

At the same time, the structural and gendered inequalities still impact the women entrepreneurship in India. The restrictions met by women entrepreneurs are associated with access to finance, ownership of property, movement, business connections, and institutional support which affect the creation and sustainability of enterprises in the long term (Agarwal & Lenka, 2018). These limitations show that the entrepreneurship of women cannot be seen as an issue of personal initiative or activity on the market. Rather, it is put in a wider social-cultural and institutional context where social norms, domestic roles, and absence of access to opportunities continue to play a role in the economic choices and business directions of women.

This has made scholars view women in India as a unique and significant field of study in the general entrepreneurial ecosystem. The ventures operated by women are not the same. Their differences are based on their region, sector, scale, motivation, and social background. Some of the women enter into business out of desire, chance and creativity and others enter into business because there is need or lack of access to formal employment. The variety of this type makes the effective need to research women entrepreneurship not only in terms of their numbers, but in the environment of the quality of the enterprises, their sustainability, formalization, and access to support structures (Baral et al., 2023).

The topicality of such discourse is further demonstrated when the entrepreneurship of women is related to the national development. Women economic empowerment is not restricted to the income earning only but also the empowerment of decision making, resilience, family welfare as well as participation in productive and public life. Women-owned enterprises can also contribute to an inclusive economic development in the establishment of livelihoods, local innovation and a more balanced development outcome (Chatterjee & Ramu, 2018). In the case of a developing nation such as India, productive involvement of women is not just a choice but a necessity. The virtue of women entrepreneurship is not enclosed to gender equality though, it is also attached with transforming the economy and improving social development.

There is also the evidence of the advantages and limitations of women participation in entrepreneurial activities based on economic census. Despite the growth in the number of women-owned businesses, most of them are still involved in small-scale low-investment and mostly informal businesses (Samantroy & Tomar, 2018). This tendency testifies to the fact that along with the increase in the number of women entrepreneurs, they are still unevenly represented in the economy. Their companies are not large in size, recognition, profitability and participation in formal markets. Women empowerment therefore should not be seen in terms of the rate of participation, but rather in terms of their accessibility of resources, institutional legitimacy as well as growth opportunities.

Among the most significant factors that determine the entrepreneurial performance of women, there is financial access. Credit access, access to banking services, and formal financial institutions power have a far-reaching impact on the possibility of women to start, develop, and stabilize their businesses (Garg et al., 2025). This is more so in the rural India where the gendered difference in access to finances continues to constrain the feasibility and scale of business. More impressive infrastructures, market networks, and institutional opportunities can be offered by cities that can result in the improvement of the environment in terms of female entrepreneurship (Tripathi, 2023). There is, however, no equal distribution of such benefits. The effects of women on the cities in terms of their class, mobility, education, and access to institutional support in the entrepreneurial ecosystems are still present. This means that the feminine entrepreneurship study in India must take into account the rural and urban processes and different environments where businesses are born and developed.

Women do not have only economics-based entrepreneurial experiences. Entrepreneurship can be a negotiating emancipation process when women gain independence, identity, and have a superior control over their lives and livelihoods (Roy et al., 2022). In that respect, the businesses where women are in leadership positions disrupt the established gender norms and bring women closer into the productive and social aspect.

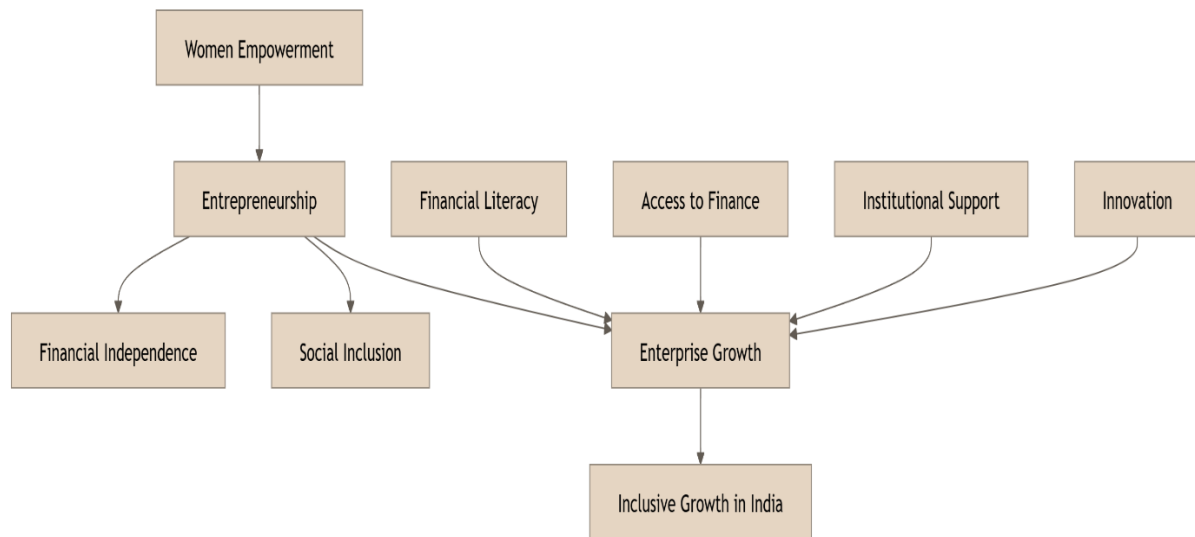
A major portion of the women enterprise activity in India is still in the informal sector. Enterprises are entrenched in local, social, and spatial circumstances in such environments, which are not always consistent with official regulatory frameworks (Xheneti & Madden, 2025). The women-owned urban informal sector micro-enterprises tend to be grounded on flexible business models because of the lack of capital, unstable markets, and unsafe business environments (Mukherjee, 2023). It is also necessary especially with the changes in taxation and regulation since women owned micro-enterprise realities are very different as compared to larger formal businesses.

It is on this backdrop that the Goods and Services Tax (GST) comes in very handy. GST has transformed taxation, compliance, invoicing and formal market participation in India as one indirect system of taxation. GST can be a blessing and a curse to the women entrepreneurs especially the ones with small, home based or informal enterprises costs on less digitally prepared, tax-savvy, and institutionally backed businesses. The inequitable effects of these reforms, however, cannot be followed blindly but have to be critically analyzed on the premise that they are applicable across all business groups (Mark et al., 2025).

It is based on this backdrop that the current narrative review analyzes the overlap between GST, women entrepreneurship and economic empowerment in India. It lingers around the opportunity, challenge and policy implication of GST to women-led business especially in the shape of formalization, access to finance, market and institutional support. It is by bringing these dimensions together in the review that a contribution will be made to a more integrated idea of inclusive development and gender responsive policy in modern India.

## **2. Women Empowerment and Entrepreneurship: Conceptual and Theoretical Perspective**

Economic context of women empowerment is a process where women are empowered such that they have control over resources, income, decision making and participation into productive life. The concept of empowerment in India goes beyond the employment or incomes and extends to ownership, autonomy, mobility, confidence and the ability to interface with institutions on a more even footing. The importance of entrepreneurship in this wider sense is that the women may change the position of dependence into the position of agency, the position of invisible labour into the position of enterprise leadership and the position of marginal economic roles into the position of visible presence in the market economy. In fact, since the evolution of women entrepreneurship in India, as suggested by Panda et al. (2024), is a derivative of a larger shift in socio-economic position of women, yet with a structuralist effect. As shown in Figure 1, financial literacy, access to finance, institutional support and innovation are the drivers of the entrepreneurial developments of women in India, which increases the growth of enterprises and empowerment of women.



**Figure 1: Women's Entrepreneurship and Inclusive Growth Framework**

Ideally, other individuals consider entrepreneurship to be a way of acquiring financial autonomy and social integration. It allows women to work, save, invest in the well being of their families and increase bargaining power both in the home and community levels. Better still, the entrepreneurship gives women a chance to take initiative and make choices, as well as acquire economic identity in society. Enterprise ownership is a significant way of recognition and involvement in societies where the labour of women has been long and continued to be under-recognised or restricted to unpaid and informal spheres. According to Khan & Sanjana (2023), the introduction of women into the Indian start-up ecosystem needs to be considered through the prism of diversity and inclusion because networks, mentoring, ecosystem, and institutional culture are the key factors that precondition access to entrepreneurship.

It is further revealed that the relationship between empowerment and entrepreneurship becomes deeper when it is narrowed down to business growth but not business entry. The start of a business is not the end as the bigger question is whether business started by women can be sustained and expanded and developed. Empowerment of women cannot be achieved in a full scale unless women are liberated to venture into subsistence level activities that do not give high returns and have low market penetration. Tanaji et al. (25) state that the growth trajectory of women-led firms in India is such a factor, which is both company-level and ecosystem-level, which implies that scaling is not only an individual ambition, but also institutional, social, and economic support. In such a way, entrepreneurship can play its part in empowerment in the most significant way as it enables women to transition between participation and progression.

Financial literacy and access to financial resources is also one of the main needs in the course of this development. Women may have the skills and the desire and resources in the locality but without the financial knowledge and access to institutions, they can only sustain the businesses. Financial literacy assists women to control income, credit, risk evaluation and make wise decisions. At the same time, they can start, stabilize and develop business because of the availability of finance. These dimensions are specifically applicable to the rural setting as entrepreneurship is likely to develop within the setting of the absence of the resources and the shortage of the formal employment. As Rehman (2024) shows, microfinance can empower women in the rural setting economically by enabling them to access productive activities and making decisions on the household level. In fact, however, finance is only empowering in the presence of the awareness, the sense of confidence, and the possibilities of dealing with the formal systems.

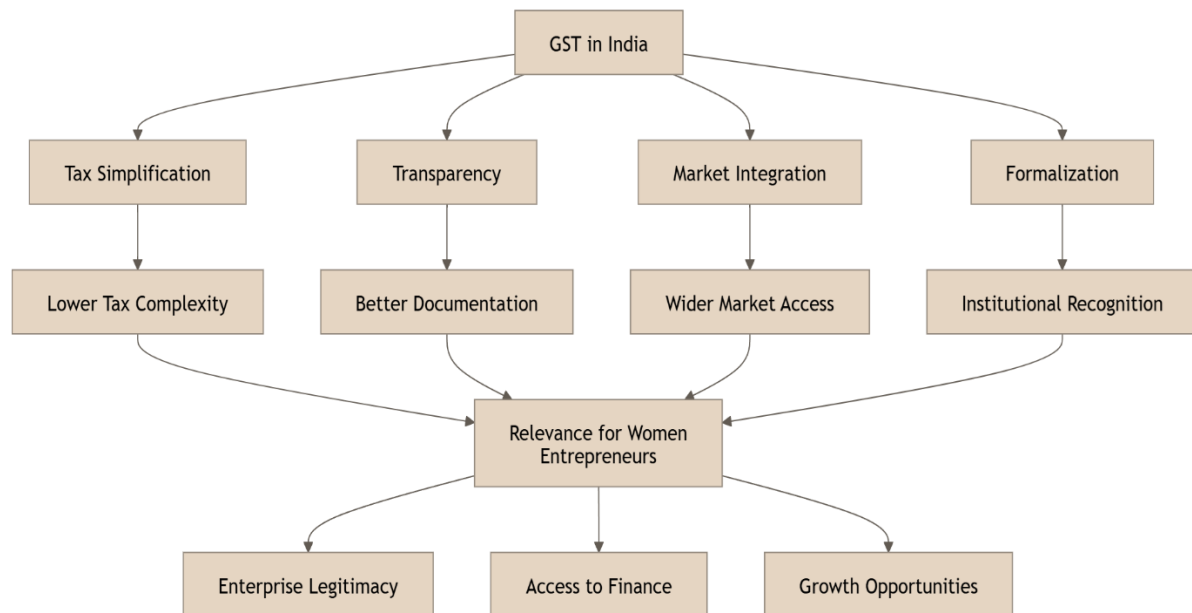
There is also institutional access and institutional participation that are necessary. The level to which women are exposed to the government schemes, legal assistance, training, market information and organizational networks also determine the opportunities of women in their business ventures. The level of successful integration of women into the greater entrepreneurial system is the institutional involvement. Women can be left to low growth and the informal enterprise activity when the policies are inaccessible or are too complicated. In another article, Shet et al. (2024) condemn the conceptualization of informal female entrepreneurship in terms of deficit by stating that in the developing economies, women develop competencies due to uncertainty, scarcity and social restrictions. This view is significant since it repacks women as active and strong economic agents, rather than as passive and disadvantaged ones.

Another relevant consideration in the conception of the women entrepreneurship is the innovation. The earlier strategies were more likely to place the women-run company to the category of necessity-based or micro-scale or low-growth business. Nevertheless, the recent research has embraced women as innovative, experimenters, and agents of change in business. It is not the high-tech technology that is considered as innovation, but also includes problem solution, products, flexibility and repositioning of business structure in the market. According to Mari et al. (2024), women entrepreneurs are supposed to be viewed as the sources of innovation and value creation, and that is why they should not be regarded as playing peripheral roles in the growth of an enterprise. This aspect of view strengthens the theoretical relationship between empowerment and entrepreneurship in that it shows the women are not just joining the economy, but they are also shaping it.

### **3. GST in India: Structure, Objectives, and Relevance for Women Entrepreneurs**

Goods and Services Tax (GST) of India is so relevant in the recent economic history of the country since it substituted a divided indirect tax regime with a single taxation regime. Prior to GST, businesses used to work through numerous central and state taxes which had a tendency to duplicate, complicate and create trade and compliance inefficiencies. GST was to address these problems by creating an environment of destination based tax system, which would facilitate to streamline taxation of goods and services. In spite of the fact that it is generally referred to as a tax reform, GST is a phenomenon that has more extensive implications requirements because it determines how enterprises will interact with markets, institutions, and formal systems. That is why it is extremely topical to the female entrepreneurs whose business is typically operated with a limited number of resources, limited access to the institutions, and varying degrees of informality.

Simplification is one of the major goals of GST. GST is meant to remove confusion in the procedures through the combination of several indirect taxes under a single framework and establishing a more consistent compliance system. It is particularly critical when it comes to female entrepreneurs because most of the business operated by women is small in scale and may be insufficient expertise in financial or legal support. In theory, simplified taxation can lighten the administration load and lead to the engagement in formal markets. However, when simplification is done at the policy level, this simplification does not always run smoothly on the ground. As Majumdar & Mittal (2025) remark, microenterprises run by women in India still have serious financial problems, which implies that even positive reforms can be hard to digest in case enterprises do not have capital, stability, and administrative capabilities. According to Figure 2, GST influences women-led business, as it makes the taxes simpler, increasing the transparency and market integration and formalization which consequently increases the legitimacy, access to finance and growth opportunities.



**Figure 2. GST Drivers and Their Impact on Women-Led Enterprises in India**

The other significant GST goal is transparency. GST is expected to make transactions more responsible and systematic through standardization of invoicing, digital filing and traceable financial records. In the case of women entrepreneurs, transparency may enhance their credibility, visibility in the formal markets, and access of institutional finance. Simultaneously, the adherence to the transparent systems presupposes the knowledge of the documentation, accounting conventions, and computer tools. According to Sherwani et al. (2024), structural issues related to awareness, access, and institutional support are the determinant of financial inclusion of the women-owned enterprise in the informal sector. This implies that only in the case when female entrepreneurs know how to manage the compliance systems and have the support, the advantages of GST-related transparency can be fully realized.

GST also aims at facilitating market integration through establishment of a unified taxation regime between states in India. This objective has a great impact in a country where inter-state trade was usually limited in the past due to the fragmentation of tax in the country. In the case of women entrepreneurs, particularly those who may be in a local or small market, this integration may open up to broader supply chains and commercial networks. By indicating the way in which women are involved in the relationship with interconnected economic structures, Huang et al. (2025) demonstrate that digital entrepreneurial ecosystems influence the female entrepreneurial activity. This applies to GST since the reform is becoming more and more digitized as it connects tax and transactions with participation in the market. Consequently, GST will be able to embrace broader inclusion, although predominantly of women entrepreneurs who can engage in such digitally mediated systems successfully.

The other significant issue of GST is that it facilitates formalization. GST brings enterprises to more institutionalized and institutionally recognized forms of operation through the promotion of registration, invoicing, and compliance. This can be beneficial to women entrepreneurs in terms of enhanced legitimacy, superior access to systematized market and enhanced connection with formal financial institutions. Formalization can however put pressure on those enterprises that have been operating informally or semi-formally. Deng et al. (2024) demonstrate that institutions at the country level influence female entrepreneurship, as well as the necessity-oriented or the opportunity-oriented enterprise. This difference comes in handy since women venturing in the business due to survival may find tax formalization very different as compared to those aiming at growth-oriented enterprise models.

The applicability of GST to women entrepreneurs should thus be perceived in the bigger entrepreneurial context. Tax reform does not work alone; it impacts on legitimacy, innovation and the environment within which business flourishes. Alkharafi (2024) talks about the significance of entrepreneurial ecosystem in

the development of innovation and the development of enterprises, which implies that GST needs to be considered as a component of a broader institutional context affecting the entrepreneurial activities of women. Similarly, Abrar ul Haq et al. (2021) reveal that motives, support structures, and contextual success factors are the influences of female entrepreneurship in India. It implies that GST can favor certain female-owned businesses and strangle others based on their financial knowledge, digital readiness, and availability of assistance.

#### 4. Women Entrepreneurs in India: Status, Contributions, and Sectoral Linkages

In India, women entrepreneurs take an even larger role in the formal and informal economy, though their involvement is not equal in scope, industry, and institutionalization. They have been found to be running their own businesses in both rural and urban areas, yet a significant percentage of the women-owned businesses are still operating under small-scale, low-capital, and informal business models. Such a two-sided nature of formal and informal sectors is an indicator of both the growing contribution of women to the entrepreneurial environment in India and the restrictions that persist in defining their participation into business. Chiplunkar & Goldberg (2024) demonstrate that the aggregate consequences of impediments to female entrepreneurship are broader, which means that the lack of women in entrepreneurship is not a problem of personal exclusion but a problem of general economic inefficiency and untapped national productivity. The position of women entrepreneurs, therefore, cannot be merely perceived by the number of businesses in India, but by the standards of participation and the circumstances in which women can engage in and continue to remain in the activity of enterprises. Table 1 shows that the patterns of participation, sectoral concentration, informality, economic contribution, and structural constraints are some of the factors that define the entrepreneurship activity of women in India. Table 1 shows that the patterns of participation, sectoral concentration, informality, economic contribution, and structural constraints are some of the factors that define the entrepreneurship activity of women in India.

**Table 1. Key Dimensions Shaping Women's Entrepreneurship in India**

Analytical Dimension	Core Observation	Implications for Women's Entrepreneurship	Reference(s)
Participation structure	Uneven presence across formal and informal sectors	Reflects systemic inequality and underutilized economic capacity	Chiplunkar & Goldberg (2024)
Sectoral distribution	Concentration in low-capital, skill-based sectors	Facilitates entry but constrains scalability and diversification	Velmurugan et al. (2025)
Informality dynamics	Predominance of home-based and informal enterprises	Enables flexibility but limits institutional access and market integration	Goel & Madan (2019)
Economic contribution	Contribution to income generation and rural livelihoods	Supports local economies and sustainable development outcomes	Nayak & Nayak (2025)
Social empowerment	Enhancement of autonomy, decision-making, and visibility	Strengthens gender inclusion and socio-economic agency	Sundarasan et al. (2023)
Structural constraints	Persistent barriers in finance, networks, and institutions	Restricts enterprise growth, formalization, and competitiveness	Khera (2018)

Another significant aspect of female entrepreneurship in India is that it is concentrated in those industries which are highly connected with local talents, home-based production, and economically rooted in the culture. Purely women businesses can be observed more in the fields of handicrafts, textile, food processing, tailoring, beauty services, petty trade, home production and indigenous service activities. They are the industries in which women have relatively easy gateways into entrepreneurship due to their comparatively lower capitalistic demands, can be operated alongside home duties, and may also utilize inherited expertise or local knowledge systems. Meanwhile, limited access to sectors of high growth and formal enterprise networks is also indicative of such concentration. According to Velmurugan et al. (2025), the entrepreneurship of women is significant to rural development especially when the level of enterprise activity is linked to the local resources, community livelihood and sustainable development practices. This is where the significance of women-led businesses as business units and as a means of regional and social development is emphasized.

Informal and home based production is of particular importance in the Indian context with women being involved in the production. As a way of being flexible, having low entry costs, and being compatible with gendered household roles, informality can make women who cannot access social and institutional resources more viable in entrepreneurship. It is however, this informality that restricts access to formal finance, legal recognition, greater markets, and social protection. The financial inclusion is hence the center of focus in comprehending the position and limitations of women-owned businesses. In their article, Goel & Madan (2019) investigate the subject of women entrepreneurship in Uttarakhand and show that the level of financial inclusion is one of the key parameters that can reinforce the participation of women in enterprises. The absence of banking, credit, savings facilities and formal support systems means that women entrepreneurs will tend to be restricted in low paying and risky economic activities despite their high entrepreneurial motives.

Business ownership is not close to the contribution made by women entrepreneurs to the economy. Their businesses also earn them income, sustain family lives, provide self-employment and in most cases create jobs to other women in the local communities. These contributions are particularly significant in the rural setting since local production can be promoted through women-owned businesses, which will lessen the reliance on single-income families, and stimulate the economic flow within the local community. Nayak & Nayak (2025) state that rural women in India are becoming more characterized and intending on sustainable entrepreneurship as they indicate that the activity of women in the enterprise is not only related to the short-term income generation, but also to the long-term economic and social sustainability. This is the reason why women entrepreneurs have become significant players in the realization of inclusive and sustainable development.

Women entrepreneurs have an equally important contribution to the social life. Entrepreneurship tends to augment the decision-making aspect, bargaining, mobility and publicity of women in life. With women having more control on income and operations of enterprises, they are also having more freedom within the family and community set up. Financial literacy has got a significant role in this process since it contributes to the confidence of the women, their decision-making capacity and also their participation in the formal economic systems. By summarizing the bibliometric review of the topic of women financial literacy, Sundarasan et al. (2023) highlight the increasing role of this topic in defining women economic participation and future research directions. Financially, women are better equipped to manage the resources of enterprises, to obtain credit, learn risk, and deal with policy and institutional processes through financial literacy.

Although these contributions have been made, India still has the structural and institutional barriers that haunt women in business. These are restricted access to finances, poor market connections, low institutional support, poor digital access, low mobility, and still existing social norms that lead to the limitation of women to independent economic action. Khera (2018) claims that bridging gender

differences in access to finance is a critical issue in India, which means that the involvement of women in the entrepreneurship of the country is highly influenced by the inequality in the institutional opportunities. These obstacles are not personal problems; they are part of the structural problems that will not make women cross the micro-level engagement to the greater and more formal growth of enterprises. Consequently, even though women entrepreneurs play an important role in the local economies, households welfare as well as social development, their economic potential is yet to be fully realized.

## 5. Women Entrepreneurs and the Opportunities Emerging from GST

The recent introduction of the Goods and Services Tax (GST) in India has introduced a new institutional and market environment with significant consequences to the women entrepreneurs. Even though GST is mainly a fiscal reform, its implications far outweigh the taxation aspect since it has an impact on the manner in which businesses are identified, recorded, incorporated, and grown in the formal economy. This is especially important to women-run business in India, most of which are small and medium-scale and usually fall under semi-formal and informal industries. GST can also be conceived in such an environment as a reform that opens new opportunities to women entrepreneurs in terms of formalization, better credibility, broader access to the market, and better institutionalization.

The opportunity of formalization is one of the crucial opportunities of GST to women entrepreneurs. Many of the women-owned businesses in India operate in the form of home-based production, local service, petty trade and small scale commercial business and many of these operations are not registered legally and lack interaction with formal taxation. GST promotes registration, invoicing and compliance in a single system which in turn provides an institutional channel wherein female owned businesses can slowly transition to the formal economy. The significance of such a process is that formalization provides enterprises with a better legal status and enhances their presence in the larger commercial systems. Nayyar & Singh (2018) elaborate that GST was crafted as a wholesome reform in order to have a more streamlined and integrated indirect tax regime in India. In the case of women businesspersons, the possibility of penetrating into such a formal system can boost legitimacy and improve the foundation of future growth of the enterprise. Table 2 shows the key spheres of opportunities of how GST impacts women-owned businesses in India.

**Table 2. Strategic Opportunities from GST for Women-Led Enterprises in India**

Opportunity Domain	Underlying Process	Strategic Significance for Women-Led Enterprises	Supporting Source
Formalization	GST-driven registration and compliance	Strengthens legal identity and formal recognition	Nayyar & Singh (2018)
Transparency	Standardized invoicing and digital reporting	Enhances credibility and institutional trust	Kumar (2024)
Market Expansion	Integrated national tax structure	Facilitates access to wider markets and supply networks	Prasanna Bhattacharya & Makkar (2021)
Financial Inclusion	Traceable financial records and compliance history	Improves access to formal finance and credit systems	Kumar et al. (2021)
Enterprise Sustainability	Standardized and structured business environment	Supports competitiveness and long-term growth	Kumar (2024)

GST is also a good opportunity to women in business because it enhances transparency and credibility in the business. The tax system facilitates accountability and traceability of business through standardized invoicing, digital returns and recorded transactions. This can be of particular use to the women-owned businesses, as credibility frequently influences the extent to which they are taken seriously by the customers, suppliers, financiers of the business, and the intermediaries in the markets. Appropriate business documents may enhance the perception of professionalism and credibility, which is essential to businesses that strive to leave the local or informal business relationships. In his discussion of the implementation of GST in the form of the Goods and Services Tax Network, Kumar (2024) highlights the significance of the digital and administrative systems on the formation of the functioning of GST. This means that GST has helped to bring order in the business environment whereby women entrepreneurs can enhance their position in the institutions and build confidence in their businesses.

Another opportunity that can be associated with GST is the increase of the market access between local market platforms and national ones. The incoherent tax system that existed in India before GST would frequently create obstacles to inter-state trade and create a more complex process of transporting goods and services between regions. Such barriers were supposed to be minimized by introducing a single tax regime to create a more integrated national market. This directly has significance to women entrepreneurs since most women-led businesses start as localized businesses with serving nearby communities or restricted customer groups. A common market system may help them to join broader supply chains, reach new markets, and conduct business that is not limited to the local scope. In their account of the constitutional transition that came with the 101 st Constitutional Amendment, Prasanna Bhattacharya and Makkar (2021) emphasize the greater relevance of GST as a structural reform. In this respect, GST has offered a legal and economic context that could be supportive of the geographical and commercial growth of the businesses run by women.

The other significant opportunity is an improvement in supply chain and institutional finance integration. Formal documentation, compliance, and transaction reporting are the factors that can make or break any enterprise in a business environment in the modern business environment, as it is the basis of whether an enterprise can be involved in an organized supply chain or can receive institutional financial assistance. The problem has been that women in business have always been struggling to access such systems due to the fact that a significant number of them have little to no documentation, poor financial records, and little formal reputation. GST may assist in filling some of this gap by creating systematic documentation on transactions and compliance, and thus make enterprises more transparent to bigger companies, systematic purchasers, and financial enterprises. In their article on the topic of official economic statistics in India, Kumar et al. (2021) discuss the significance of organized economic reporting in rendering the activity of enterprises visible in the institutional context. When applied to women entrepreneurship, it can be proposed that GST can lead to an increase in institutional visibility and reinforce the foundation on which women-owned businesses will interact with financial markets and finance.

GST also provides women entrepreneurs with the long-term growth, competitiveness, and sustainability. The existence of a tax environment that is standardized, traceable, and integrated into the market can facilitate the increased efficiency of the operation as well as help to stabilize the situation in which the enterprise will develop. In the case of women-led businesses, which in many instances are limited to low-capital and survival-based activities, such an environment can slowly facilitate movement on to growth-concentrated and competitive enterprise models. GST has been commonly discussed in official circles as reform based and aimed at enhancing the business environment and economic integration in India. This increased reorganization of the business environment can also offer opportunities not just temporary access to the market situation by women businesspeople, but also sustainability and competitiveness over a longer period, especially when it is accompanied by the complementary financial and institutional processes.

## 6. Challenges and Constraints in GST Adoption by Women Entrepreneurs

Although it promises to be reform-oriented, GST implementation is still challenging to most women entrepreneurs in India, especially those who are in the micro and small-enterprise scale of operation. It is not only a problem of taxation, but of how this will interplay with already limited conditions in which most women-led businesses operate. Women entrepreneurs tend to operate using small amounts of capital, small profit margins, informal forms of business, and poor institutional facilitation, so the transition to a structured tax system is more challenging than it can seem in the design of policies. Here, the GST adoption should be construed as a process being influenced by regulation and at the same time, the social and economic realities of female entrepreneurship.

Among the most apparent limitations, GST registration, filing and compliance processes are quite complex. The indirect tax structure is made simple due to the introduction of GST, but its practical implementation demands a constant record keeping, invoices, on-time filing of returns, and accuracy in the procedure. These processes may be cumbersome to women who operate small businesses and do not hire professional accountants to do the accounting work. This is of particular concern to the businesses with low turnover and low administrative capacity, as compliance tasks occupy time and resources, which can be spent on production or activity in the market. Majumdar & Mittal (2025) demonstrate that the financial burden of women-led microenterprises in India is already rather big and this implies that the tax system that is heavy in enforcing compliance will not alleviate the pressure experienced by them in their operations.

The other significant obstacle is the digital exclusion and lack of access to technological infrastructure. GST operates, to a large extent, via online registration, e-filing, and digital record systems, and this implies that the entrepreneur has to not only have access and use of internet, but also be sure that he/she is effective with digital platforms. To most female entrepreneurs, particularly in the rural, semi-urban or home based environments, this access is not even. The low level of digital literacy can make the reliance on outside agents higher, compliance can be more expensive, and trust in the interaction with formal processes can be diminished. This issue belongs to a bigger trend of inequality in business. In their systematic review on women entrepreneurs in India, Baral et al. (2023) demonstrate that the issue of women involvement in business remains to be predetermined by structural disadvantages, which indicates that technological and institutional access cannot be presumed to be the same across the businesses.

Poor tax awareness and financial literacy also make the introduction of GST more difficult. Female entrepreneurs who have been working informally over the years might not be well acquainted with tax regulations, bookkeeping standards, and schedules of compliance. Consequently, GST might seem to be baffling, dangerous, and administratively frightening. Tax awareness is not limited to knowledge of law, but also the knowledge of how to structure documents, how to evaluate liabilities, how to deal with computerized systems and how to escape penalties. In case of weak knowledge, the entrepreneurs can either not participate formally or they can depend on the intermediaries without having the complete knowledge on how it is done. According to Khera (2018), reducing the gender disparity in access to finance is a key issue in India, and this point is applicable here, as financial inclusion and financial capability are the key determinants of whether women will feel comfortable to use formal systems like GST.

These are the procedural and knowledge related barriers that are complicated by broad social, cultural and institutional restrictions. The work environment of women entrepreneurs is characterized by a lack of mobility, the time is split between household and business obligations, and professional resources are not as numerous as they are in male businesses. These are circumstances that influence the ability of women to attend training programs, consult tax advice and develop institutional confidence to adjust to new regulatory systems. The issue, however, is not that GST requires people to comply, but that many female entrepreneurs have to strive to comply to negotiate their place in a business ecosystem that does not

entirely favor them. Abreu and Grinevich (2025) demonstrate that institutions are able to either facilitate or limit entrepreneurial development based on the support structures that they have in place. This point of view comes in particularly handy when trying to explain the concept of GST adoption since, in the absence of the available guidance, training, and institutional receptiveness, a formal tax reform could be more of a hindrance than a chance to women-led businesses.

## 7. Policy Interventions for Gender-Responsive GST Implementation

Implementing gender responsive GST involves policy thought, which acknowledges that women entrepreneurs do not operate within equal conditions. Though GST is meant to be a standardized tax reform, the impact of the changes vary according to variations in finance, mobility, digital accessibility, business scale, and institutional facilitation. Most of the women-run businesses are usually micro, informal, rural and home based, and so a conventional compliance framework might not have the same impact on them as it does on a bigger company or more resourced one. As demonstrated by Henry et al. (2017), the policy regarding entrepreneurship by women should be formulated in such a way that the gender-specific obstacles should be considered, and one should not believe that the general enterprise policies are adequate. This fact is very applicable to GST whereby the application of equal rules is not necessarily equal. The implementation of gender-responsive GST relies on specific policy mechanisms that can promote compliance capacity, minimize structural barriers and participation among women entrepreneurs as shown in Table 3.

**Table 3. Policy Interventions for Gender-Responsive GST Implementation**

Policy Intervention Area	Policy Mechanism	Enterprise-Level Impact	Reference
Gender-responsive fiscal design	Integration of gender-sensitive provisions in GST	Enhances equitable access and reduces structural bias	Henry et al. (2017)
Compliance simplification	Streamlined procedures and reduced regulatory complexity	Lowers compliance burden for small women-led firms	Thakur & Devi (2025)
Capacity development	Financial, tax, and digital skill enhancement	Improves compliance readiness and business capability	Sreesankar & Durgalashmi (2025)
Institutional ecosystem support	Coordinated support from public and private institutions	Strengthens access to networks and formal systems	Ranasinghe (2024)
Targeted inclusion strategies	Focused interventions for rural and informal sectors	Expands participation of marginalized women entrepreneurs	Henry et al. (2017)

One of the priorities is that there is a necessity of a gendered policy design. The policy of GST ought to consider structural facts of female-owned companies, particularly those that have low turnover, fewer administrative assistance, and limited institutional exposure. Being gender-responsive would not imply that women would have a different tax system, but it would need to have policy tools that acknowledge the varying abilities to comply and adapt. This is required since in gender-specific distortions in entrepreneurship, the results of the economy may be unequal even in systems that are formally neutral. Ranasinghe (2024) illustrates that the process of entrepreneurship is subject to distortions of gender and

that this has an effect on allocation and efficiency, which indicates that policy formulation should start and end in response to these inequalities.

The second need is that compliance processes should be made easier to small female-owned businesses. Registration, invoicing, filing of returns and digital records can disproportionately become cumbersome to the micro and home based businesses. Women entrepreneurs might be either not registered or be subject to intermediaries when compliance requirements are too complicated, both of which add to the cost and uncertainty. Under this aspect, the GST reforms must incorporate simplified returns system, better processes, reduced compliance cost and simplified filing systems among small businesses. In their evaluation of recent GST reforms Thakur and Devi (2025) raise the question of whether the current changes are leading to simplified taxation or a more complex one. This is the issue that women entrepreneurs should pay close attention to, since additional layers of the procedure may cause them a direct obstacle to formal participation.

Capacity-building in the form of financial, tax and digital literacy programs is also necessary. The women entrepreneurs are not able to take advantage of GST unless they know how the system operates, and how they can work with it in the real world. These would involve invoicing, date of filing, digital portals, record keeping and rudimentary financial planning. The digital literacy is particularly significant since GST is carried out on the platform of online systems which demand technological competence. In their paper on digital transformation in GST compliance systems, Sreesankar & Durgalashmi (2025) emphasize the rise in the centrality of the digital processes in the tax management. In the case of women entrepreneurs particularly in rural and traditional industries, literacy programs will thus be required to integrate the financial education with practical skills on digital compliance.

Government agencies, financial institutions, NGOs and training bodies have a significant role to play in ensuring that the tax policy is brought into the reality of entrepreneurship. Women entrepreneurs usually require localized assistance, as opposed to formal availability of policies. Simplified outreach and grievance assistance through government agencies, linking formalization with credit inclusion through financial institutions and grassroots awareness through NGOs or training organizations can be provided in a simpler manner. Traditional, informal, and rural women entrepreneurs are of special concern, as such institutional coordination is necessary because they might have no direct access to formal systems. GST can be made more practical by providing targeted assistance by means of local language support, mobile facilitation camp and decentralized advisory services.

## 8. Conclusion

GST as a fiscal architecture is not only important to women entrepreneurs in India, but it also tells us something about the underlying connection between reform and inclusion. A tax system can be structurally effective, digitally sophisticated, and country-wide integrated, but still unequal in social terms in its impacts unless it takes into consideration who can comply, who is placed in the benefit position and who is on the periphery of formalization. To women entrepreneurs, particularly those that are in micro, informal, rural and home based sector, GST means more than taxation but entry into a new language of legitimacy, visibility and institutional participation. According to this review, women entrepreneurship cannot be studied as the result of empowerment, but rather as the measure of the inclusion of economic reforms in India. When female-managed businesses have a problem with compliance, digital, and institutional access, the problem is not their personal incompetence but their policy design that has not fully taken into account the gendered nature of business. The wider lesson is that inclusive development cannot be attained by just incorporating women into the prevailing systems, it needs to transform the systems in a manner that they are made aware of the terms under which women work, produce and maintain enterprise. When GST is endorsed by gender-sensitive policy, available compliance platforms and competency-enhancing systems, it is likely to transform into a regulatory framework into an economic citizenship tool of Indian women entrepreneurs.

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