



# GENDER SPECIFIC DISTORTIONS, ENTREPRENEURSHIP AND MISALLOCATION

## PUBLICATION FACTS

### JOURNAL

JOURNAL OF ECONOMIC  
DYNAMICS & CONTROL

### PUBLICATION DATE

2024

### VOLUME/ISSUE

162

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## ABSTRACT

Women account for a small share of all business owners and a small share of the market in India's manufacturing sector. To account for these patterns, I estimate the extent of genderspecific distortions to operating a business using firm -level data. Feeding these estimates that differ across gender into a standard framework of heterogeneous producers replicates key features of the firm size distribution, on aggregate and across gender. While women face high entry barriers into entrepreneurship, they have modest impacts on female market shares when there are sharp differences in distortions across gender along the intensive margin of entrepreneurship. Policies that promote female entrepreneurship are effective, yet have only modest impacts on aggregate productivity. These findings are not unique to India, and apply across a broader set of countries.

Journal Citation  
Indicator

**0.66**