

Representation of the Underrepresented: Transgender Entrepreneurship as an Inclusive Pathway to Sustainable Development in India

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Abstract

Entrepreneurship is widely recognized as a driver of economic growth, innovation, and job creation (Schumpeter, 1934; Audretsch, 2007). In recent years, scholarly and policy attention has expanded to inclusive and social entrepreneurship as a route to sustainable development for marginalized groups (Dees, 1998; Mair & Marti, 2006; Austin, Stevenson, & Weiskillern, 2006). Transgender persons in India, despite legal recognition through the NALSA judgment (2014) and the Transgender Persons (Protection of Rights) Act (2019), continue to face structural exclusion from education, employment, healthcare, housing, and finance (UNDP, 2018; World Bank, 2019). Within this context, transgender-led entrepreneurship has emerged as a survival and agency-enhancing response to exclusion (Dutta & Patil, 2024; Qadir, Khan, & Sharma, 2024), yet remains largely absent from mainstream entrepreneurship scholarship. This paper undertakes a qualitative, secondary data-based conceptual synthesis to (a) situate transgender entrepreneurship within social entrepreneurship and capability-based development theory (Sen, 1999; Nussbaum, 2011), (b) develop a **Transgender Entrepreneurial Inclusion Model (TEIM)** that connects structural exclusion, enterprise formation, and sustainable development outcomes aligned with SDGs 5, 8, and 10 (United Nations, 2015), and (c) derive theory-grounded propositions for future empirical testing. The paper draws on documented cases of transgender-led enterprise (Diwakar, Bhalla, & Rehman, 2024) and comparative insights from women's entrepreneurship research (Brush, de Bruin, & Welter, 2009; Datta & Gailey, 2012) to argue that transgender entrepreneurship functions simultaneously as an economic strategy and a mechanism of social recognition. The paper concludes with theoretical, practical, and policy implications, along with limitations and a future research agenda.

Keywords: transgender entrepreneurship, social entrepreneurship, inclusive development, capability approach, sustainable development, India

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1. Introduction

Entrepreneurship has long been theorized as a central mechanism of innovation, job creation, and economic expansion (Schumpeter, 1934; Audretsch, 2007). Schumpeter's (1934) foundational treatment of entrepreneurship as a force of "creative destruction" positioned the entrepreneur as an agent who recombines resources to introduce new economic possibilities—a framing that, this paper argues, applies with particular force to populations excluded from conventional economic structures. Audretsch (2007) extended this line of reasoning by linking entrepreneurship capital directly to regional and national economic growth, suggesting that the capacity of a society to generate entrepreneurial activity across its population is itself a growth-relevant resource.

Alongside this economic framing, a parallel and increasingly influential stream of research has examined entrepreneurship as a **social phenomenon** — one that can combat exclusion and advance sustainable development (Dees, 1998; Mair & Marti, 2006; Austin et al., 2006). Dees (1998) defined social entrepreneurship in terms of the pursuit of social value

creation through innovative, resourceful, and accountable enterprise, distinguishing it from purely commercial venture creation. Mair and Marti (2006) situated social entrepreneurship as a source of explanation, prediction, and normative insight for how entrepreneurial processes can address unmet social needs. Austin et al. (2006) further clarified that social

and commercial entrepreneurship share core entrepreneurial behaviors but diverge in mission orientation, resource mobilization, and performance measurement.

In India, despite legal recognition of transgender identity — most notably through the Supreme Court's *NALSA v. Union of India* (2014) judgment, which recognized a third gender category and directed the state to treat transgender persons as a backward class for the purposes of reservation, and the subsequent Transgender Persons (Protection of Rights) Act (2019) — transgender people remain among the most marginalized communities in the country (UNDP, 2018; World Bank, 2019). Persistent discrimination in access to education, employment, healthcare, housing, and finance continues to exclude transgender people from the formal labor market

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(UNDP, 2018; World Bank, 2019; Hossain, 2017). Hossain's (2017) analysis of transgender rights in India shows that legal recognition on paper has not translated into an equivalent transformation of social reality, leaving a persistent gap between legal status and lived economic opportunity.

Within this environment, entrepreneurship has surfaced as a potential pathway to economic participation, agency, and social recognition. Transgender-led businesses in sectors such as hospitality, personal services, manufacturing, creative industries, and digital platforms illustrate the potential for enterprise-based livelihoods to generate both economic and social value (Diwakar et al., 2024). Transgender entrepreneurship can therefore be understood as a response to structural disenfranchisement, enabling marginalized individuals to exercise agency through business creation where conventional employment avenues remain inaccessible (Dutta & Patil, 2024).

Despite this relevance, transgender entrepreneurship remains largely absent from mainstream entrepreneurship and innovation research, which continues to center on normative entrepreneurial actors. Existing literature on transgender inclusion in India is concentrated in legal, sociological, and welfare-oriented perspectives (Hossain, 2017; UNDP, 2018), with limited engagement with entrepreneurship as a development strategy.

This absence creates an important theoretical and empirical gap. While entrepreneurship research has progressively expanded to include women, migrants, ethnic minorities, and other underrepresented entrepreneurial populations (Brush, de Bruin, & Welter, 2009; Datta & Gailey, 2012), transgender entrepreneurs have received comparatively little scholarly attention. As a result, there is limited understanding of the institutional barriers they encounter, the entrepreneurial capabilities they develop, and the broader contribution of transgender-led enterprises to inclusive and sustainable development.

This paper addresses that gap through a **conceptual and theory-building approach** grounded in secondary literature. Specifically, the paper pursues three objectives. **First**, it synthesizes literature from entrepreneurship, social entrepreneurship, inclusive development, and capability theory to establish a theoretical foundation for transgender entrepreneurship. **Second**, it proposes a **Transgender Entrepreneurial Inclusion Model (TEIM)** that explains how structural exclusion can be transformed into entrepreneurial agency and sustainable development outcomes through enterprise creation. **Third**, it develops a set of theoretically grounded propositions that can guide future empirical research.

The proposed framework positions transgender entrepreneurship not merely as an economic activity but as a multidimensional process of empowerment involving livelihood generation, capability enhancement, social recognition, and institutional inclusion. By integrating entrepreneurship theory

(Schumpeter, 1934; Audretsch, 2007), social entrepreneurship (Dees, 1998; Mair & Marti, 2006), and the Capability Approach (Sen, 1999; Nussbaum, 2011), the paper argues that entrepreneurial participation can contribute simultaneously to individual well-being and broader societal transformation.

The paper contributes to entrepreneurship scholarship in three principal ways. **First**, it extends the literature on inclusive entrepreneurship by explicitly incorporating transgender entrepreneurs into mainstream theoretical discussions. **Second**, it advances conceptual understanding by proposing an integrative model linking structural barriers, entrepreneurial action, and sustainable development outcomes. **Third**, it highlights policy implications for designing entrepreneurial ecosystems that are more equitable, inclusive, and aligned with the Sustainable Development Goals (United Nations, 2015), particularly **SDG 5 (Gender Equality)**, **SDG 8 (Decent Work and Economic Growth)**, and **SDG 10 (Reduced Inequalities)**.

The remainder of the paper is organized as follows. The next section reviews the literature on entrepreneurship, social entrepreneurship, capability theory, and transgender inclusion. This is followed by the development of the proposed conceptual framework, the presentation of theoretical propositions, discussion of implications, limitations, and directions for future research.

2. Literature Review

2.1 Entrepreneurship and Inclusive Development

Entrepreneurship has traditionally been viewed as a catalyst for economic development through innovation, productivity enhancement, and employment generation (Schumpeter, 1934; Audretsch, 2007). Schumpeter (1934) conceptualized entrepreneurs as innovators who introduce new combinations of resources, thereby disrupting existing market equilibria through a process of creative destruction. This perspective positioned entrepreneurship as a dynamic force responsible for technological progress and long-term economic transformation. Building upon this foundation, Audretsch (2007) argued that entrepreneurship capital—the capacity of societies to generate entrepreneurial activity—constitutes an important determinant of regional competitiveness and national economic growth. Contemporary entrepreneurship scholarship, however, has expanded beyond purely economic outcomes to encompass broader questions of inclusion, equity, and sustainable development. Inclusive entrepreneurship refers to entrepreneurial opportunities that are accessible to individuals traditionally excluded from mainstream economic participation due to gender, disability, ethnicity, age, socio-economic status, or other forms of structural disadvantage (OECD/European Commission, 2012). Rather than viewing entrepreneurship solely as an engine of wealth creation, this perspective emphasizes its potential to reduce inequalities, expand livelihood opportunities, and promote social mobility.

Research on women's entrepreneurship has been particularly influential in advancing this broader understanding of entrepreneurial inclusion. Brush, de Bruin, and Welter (2009) argued that entrepreneurship cannot be fully understood without considering the institutional and social contexts within which entrepreneurs operate. Their "5M Framework" expanded traditional resource-based perspectives by incorporating motherhood and macro/meso institutional environments alongside money, management, and markets. This framework demonstrated that entrepreneurial opportunities and constraints are deeply embedded in gendered institutional structures.

Similarly, Datta and Gailey (2012), examining women-led social enterprises in developing economies, showed that entrepreneurship can function simultaneously as a mechanism for economic empowerment and social transformation. Their work demonstrated that enterprise creation enables marginalized populations to gain financial independence while simultaneously challenging prevailing social norms and expanding community participation.

These insights are particularly relevant for transgender entrepreneurship, where economic exclusion is intertwined with broader patterns of social marginalization. Unlike many other marginalized entrepreneurial groups, transgender entrepreneurs often experience multiple and overlapping forms of exclusion affecting education, formal employment, financial inclusion, housing, healthcare, and legal recognition (UNDP, 2018; World Bank, 2019). Consequently, entrepreneurship for transgender individuals frequently represents not only an opportunity for income generation but also an avenue for dignity, identity affirmation, and social inclusion.

2.2 Social Entrepreneurship and Marginalized Communities

The emergence of social entrepreneurship has significantly broadened the scope of entrepreneurship research by emphasizing the creation of **social value** alongside economic value. Rather than focusing exclusively on profit maximization, social entrepreneurship seeks innovative solutions to persistent societal problems through sustainable organizational models (Dees, 1998; Mair & Marti, 2006).

Dees (1998) characterized social entrepreneurs as change agents who pursue opportunities to create social value, continuously innovate, adapt to changing environments, act boldly despite resource constraints, and remain accountable to the communities they serve. This perspective highlights entrepreneurship as a mechanism for addressing systemic inequalities rather than merely generating commercial returns.

Mair and Marti (2006) further developed this conceptualization by arguing that social entrepreneurship represents a process through which entrepreneurial action generates new institutional arrangements capable of addressing market and government failures. They emphasized that social

entrepreneurship frequently emerges in contexts where conventional institutions fail to meet the needs of marginalized populations.

Austin, Stevenson, and Wei-Skillern (2006) compared commercial and social entrepreneurship, demonstrating that both involve opportunity recognition, innovation, and resource mobilization. However, social entrepreneurship differs fundamentally in terms of mission orientation, performance evaluation, and stakeholder engagement. Success is measured not solely through financial outcomes but also through broader social impact and community well-being.

These theoretical perspectives provide an important foundation for understanding transgender entrepreneurship. Many transgender-led enterprises simultaneously pursue economic sustainability while generating significant social outcomes, including community empowerment, employment creation for other transgender persons, awareness generation, advocacy, and reduction of social stigma (Diwakar, Bhalla, & Rehman, 2024). Consequently, transgender entrepreneurship frequently exhibits characteristics associated with both commercial entrepreneurship and social entrepreneurship.

Recent empirical evidence supports this interpretation. Diwakar et al. (2024), examining transgender-led enterprises in India, documented how entrepreneurial ventures not only improved individual livelihoods but also strengthened community networks, increased public visibility, and challenged dominant societal stereotypes regarding transgender identities. Such enterprises often function as spaces of inclusion where economic participation intersects with identity affirmation and collective empowerment.

Accordingly, transgender entrepreneurship may be conceptualized as a form of **inclusive social entrepreneurship**, wherein enterprise creation contributes simultaneously to individual economic advancement and broader processes of social transformation. This conceptualization extends existing entrepreneurship theory by recognizing marginalized entrepreneurs not merely as beneficiaries of inclusion policies but as active agents capable of reshaping institutional environments through entrepreneurial action.

2.3 Capability Approach and Entrepreneurial Empowerment

The **Capability Approach**, developed by Sen (1999) and further expanded by Nussbaum (2011), provides a powerful normative framework for understanding entrepreneurship as a process of human development rather than merely economic activity. Unlike traditional welfare approaches that evaluate well-being primarily through income or resource availability, the Capability Approach emphasizes individuals' substantive freedoms—the real opportunities people possess to achieve lives they have reason to value.

Sen (1999) argues that development should be understood as the expansion of human capabilities rather

than simply economic growth. Capabilities refer to individuals' genuine opportunities to pursue valued functionings such as education, employment, health, social participation, and political agency. Structural inequalities, discrimination, and institutional barriers constrain these capabilities even when formal legal rights exist.

Nussbaum (2011) further operationalized this framework by proposing a set of central human capabilities, including bodily integrity, practical reason, affiliation, control over one's environment, and participation in economic and political life. These capabilities collectively provide a normative basis for evaluating inclusive development policies and institutional arrangements.

For transgender individuals in India, capability deprivation extends across multiple dimensions. Despite constitutional protections and legal recognition, transgender persons frequently encounter discrimination in education, employment, housing, healthcare, banking services, and public institutions (UNDP, 2018; World Bank, 2019). Such exclusion restricts not only income generation but also broader opportunities for autonomy, dignity, and social participation.

Entrepreneurship can therefore be interpreted as a capability-enhancing mechanism. Through enterprise creation, transgender individuals gain opportunities to exercise agency, generate independent livelihoods, strengthen self-confidence, expand professional networks, and participate more fully in economic and social life. Entrepreneurship thus functions as a means of converting individual capabilities into realized achievements while simultaneously expanding future opportunities.

Importantly, entrepreneurial success also has broader societal implications. Visible transgender-owned enterprises challenge prevailing stereotypes regarding competence, productivity, and leadership, thereby contributing to changes in societal attitudes and institutional norms. In this sense, entrepreneurship produces both **individual capability expansion** and **collective capability enhancement**, reinforcing inclusive development beyond the entrepreneur alone.

The Capability Approach therefore offers an appropriate theoretical lens through which transgender entrepreneurship can be understood as both an economic process and a transformative mechanism for expanding freedoms, reducing inequalities, and promoting sustainable human development.

2.4 Transgender Entrepreneurship in India

Although entrepreneurship research has increasingly examined women, migrants, ethnic minorities, and other marginalized entrepreneurial groups, **transgender entrepreneurship remains an underexplored area of inquiry**, particularly in the Indian context. Existing scholarship has largely focused on legal recognition, human rights, healthcare, and social exclusion, while comparatively little attention has been devoted to understanding entrepreneurship as a pathway toward economic inclusion and sustainable development.

The landmark **National Legal Services Authority (NALSA) v. Union of India (2014)** judgment marked a significant turning point by recognizing transgender persons as a distinct third gender and affirming their constitutional rights to equality, dignity, and non-discrimination. Subsequently, the **Transgender Persons (Protection of Rights) Act, 2019** prohibited discrimination in employment, education, healthcare, housing, and access to public services. Despite these legal advancements, empirical evidence suggests that transgender persons continue to face widespread exclusion from formal labour markets, educational institutions, financial systems, and social protection mechanisms (UNDP, 2018; World Bank, 2019).

As a consequence, many transgender individuals encounter substantial barriers to obtaining stable employment, resulting in disproportionate dependence on informal occupations, including begging, ceremonial performances, and sex work. Within this context, entrepreneurship has increasingly emerged as an alternative livelihood strategy that enables transgender persons to exercise greater economic autonomy while simultaneously challenging prevailing stereotypes surrounding transgender identities.

Recent studies indicate that transgender-led enterprises operate across diverse sectors, including hospitality, beauty and wellness, fashion, handicrafts, food services, digital platforms, consultancy, and social enterprises (Diwakar, Bhalla, & Rehman, 2024). These ventures not only generate income but also create employment opportunities for other transgender individuals, foster community solidarity, and enhance public visibility. Consequently, transgender entrepreneurship extends beyond individual economic advancement to encompass broader processes of social inclusion and community empowerment.

Dutta and Patil (2024) argue that transgender entrepreneurship should be viewed as a mechanism of resilience and agency, enabling individuals to negotiate structural exclusion through enterprise creation. Rather than remaining passive recipients of welfare interventions, transgender entrepreneurs actively construct economic opportunities, develop professional identities, and contribute to local development. Such entrepreneurial initiatives demonstrate how marginalized communities can participate in economic systems while simultaneously reshaping institutional perceptions regarding gender diversity and inclusion.

2.4 Synthesis and Gap

Across these strands, the literature converges on several points relevant to this paper: (a) entrepreneurship is a recognized mechanism of both economic growth (Schumpeter, 1934; Audretsch, 2007) and social value creation (Dees, 1998; Mair & Marti, 2006; Austin et al., 2006); (b) gender-aware and collective models of entrepreneurship offer transferable insight for marginalized groups (Brush et al., 2009; Datta & Gailey, 2012); (c) transgender people in India face persistent structural exclusion despite legal recognition (Hossain,

2017; UNDP, 2018; World Bank, 2019); and (d) an emerging but fragmented body of work documents transgender entrepreneurship specifically as a response to this exclusion (Dutta & Patil, 2024; Qadir et al., 2024; Diwakar et al., 2024). What remains missing, consistent with the research gap identified in the underlying proposal, is an integrative conceptual framework that connects these strands into a single model linking structural exclusion, transgender enterprise formation, and sustainable development outcomes.

2.5 Extending the Evidence Base: Recent Empirical, Financial-Inclusion, and Comparative Legal Literature

A wider search of recent and adjacent literature reinforces and extends the picture above along four additional lines.

Newer India-specific empirical studies. Sarah and Chellaswamy (2025), based on interviews with twenty transgender entrepreneurs who had exited begging and commercial sex work, identified six recurring categories of entrepreneurial challenge — financial resources, competitors, human resources, marketing issues, natural calamities, and transphobia — with transphobia and financial access reported as the most significant barriers to venture creation. Diwakar and Bhalla (2026) provide a longitudinal mapping of trans-social enterprises in India from 1990 to 2025, offering a baseline dataset that corroborates the historical emergence pattern this paper's TEIM model assumes. At the community level, Nayak and Panda (2021) trace how Hijra communities in Odisha have progressively redefined their livelihood identity and expanded beyond traditionally stigmatized occupations, while Mondal, Das, Ray, and Banerjee (2020) document, through qualitative interviews in Kolkata, how limited alternative livelihood options continue to push many hijra individuals toward begging and informal survival activity. Srivastava, Sivasubramanian, and Goldbach (2021) add a mental-health dimension, showing through a minority-stress framework how chronic social exclusion affects hijra individuals' wellbeing — consistent with this paper's treatment of structural exclusion as the antecedent condition in TEIM.

Financial inclusion as a specific enabling/constraining mechanism. A distinct body of work has examined transgender financial exclusion in India directly, refining Component III of the TEIM model. Aneesha and Baag (2021) outline both supply-side barriers (documentation requirements, absence of collateral due to loss of parental property rights, unwelcoming bank staff) and demand-side barriers (low financial literacy, lack of valid identity documents) that keep transgender individuals outside the formal financial system, and argue that group-lending microfinance models — leveraging the existing *gharana* (guru-disciple household) social structure of hijra communities — could substitute for conventional collateral. Barik and Sharma (2018, 2020), in field studies conducted in

Odisha, similarly document the exclusion of transgender individuals from microfinance markets and identify the constraints limiting financial inclusion in that state. Raja and Khan (2025), surveying 335 transgender participants in Delhi-NCR, found that while 60% held a formal bank account, engagement with formal credit remained minimal (4.2%), and that participation in survival economies such as sex work or begging reduced the likelihood of financial inclusion by up to 44.5% — a quantitative confirmation of the mechanism this paper's TEIM model treats as linking structural exclusion to constrained enterprise formation. Divan, Cortez, Smelyanskaya, and Keatley (2016) similarly frame transgender social inclusion as a precondition for development outcomes, aligning with this paper's capability-based framing of Component IV. Related sociological work by Gayathri and Karthikeyan (2016), Konduru and Hangsing (2018), and Chakrapani et al. (2017) documents the social hindrances, socio-cultural exclusion, and identity-stigma processes that compound these financial barriers, while Sakshi (2017) examines the legal question of including transgender persons within socially and educationally backward classes for reservation purposes.

Comparative legal-recognition literature. Placing India's legal trajectory in regional context, UNDP Asia-Pacific (2017) reviewed legal gender recognition frameworks across Bangladesh, China, India, Nepal, Pakistan, the Philippines, and Thailand, finding that most transgender people in the region still cannot obtain identity documents that reflect their gender identity, which in turn drives the social exclusion this paper treats as antecedent to entrepreneurial necessity. Lau and Malagodi (2020) discuss Nepal's 2007 *Pant v. Nepal* ruling — often considered the region's most comprehensive judicial affirmation of gender-identity rights — as a comparative benchmark against which India's NALSA (2014) judgment and subsequent legislative implementation can be assessed. This comparative literature suggests that India's legal recognition, while substantive, is not unique in the region, and that the gap between recognition and implementation documented by Hossain (2017) has close parallels in Pakistan and Bangladesh.

Additional theoretical resources for the capability approach and social/necessity entrepreneurship. The capability approach draws on foundational works beyond Sen (1999) and Nussbaum (2011): Sen's (1985) *Commodities and Capabilities* provides the approach's most formal technical elaboration, Nussbaum's (2000) *Women and Human Development* extends the capabilities list specifically to questions of gender justice, and Robeyns (2003, 2005) offers both a gender-focused application of the approach and a widely used theoretical survey of its core concepts. On the entrepreneurship side, Dencker, Bacq, Gruber, and Haas (2021) reconceptualize "necessity entrepreneurship" as a contextualized process occurring under conditions of

basic-needs deprivation — directly relevant to Component II of TEIM — building on the earlier push/pull distinction formalized by Amit and Muller (1995). Zahra, Gedajlovic, Neubaum, and Shulman (2009) and Martin and Osberg (2007) supply, respectively, a typology of social entrepreneurs' search processes and a widely cited definitional case for social entrepreneurship, both of which sharpen the "mission orientation" language used in Component II. Bornstein (2004) offers an accessible, case-based account of how social entrepreneurs create new stable equilibria for excluded groups, a dynamic mirrored in the feedback loop this paper's TEIM model proposes between enterprise outcomes and reduced structural exclusion. Finally, North's (1990) theory of institutions as "humanly devised constraints" and Granovetter's (1985) concept of the social embeddedness of economic action jointly support this paper's three-level (macro/meso/micro) conceptual framework, explaining respectively why formal legal recognition alone is insufficient without institutional implementation, and why enterprise activity among transgender individuals is shaped by pre-existing social structures such as the *gharana* system.

3. Theoretical Foundation

This paper grounds its analysis in two complementary theoretical traditions.

Capability Approach. Sen's (1999) capability approach reframes development not as income growth alone but as the expansion of substantive freedoms — the real opportunities people have to achieve valued functionings. Nussbaum (2011) operationalized this approach further by articulating a list of central human capabilities (including affiliation, control over one's environment, and practical reason) that any account of human dignity must protect. Applied to transgender entrepreneurship, the capability approach reframes enterprise creation not merely as an income-generating activity but as an expansion of transgender individuals' substantive freedom to participate economically and socially on their own terms — a reframing consistent with Sen's (1990) earlier demonstration that gendered disadvantage can be measured in terms of foregone capability and opportunity, not income alone.

Social Entrepreneurship Theory. Dees (1998), Mair and Marti (2006), and Austin et al. (2006) collectively establish that entrepreneurship can be mission-driven toward social value creation while retaining the resourcefulness and innovation associated with commercial venture creation. This tradition provides the organizational-level lens for understanding transgender-led enterprises: they are not simply informal survival activity but can be theorized as a distinct form of social enterprise, oriented simultaneously toward livelihood and recognition.

Read jointly, the capability approach supplies the *normative* justification for why transgender entrepreneurship matters for development (expansion of

freedom and dignity), while social entrepreneurship theory supplies the *organizational* vocabulary for how that expansion is enacted (mission-driven, resourceful enterprise). This dual foundation underpins the model developed in the next section.

4. Development of the Transgender Entrepreneurial Inclusion Model (TEIM)

The Transgender Entrepreneurial Inclusion Model (TEIM) is developed to integrate the fragmented literature reviewed above into a single explanatory structure. It is built from four linked components, each grounded in the reviewed sources.

4.1 Component I — Structural Exclusion (Antecedent Conditions)

Drawing on UNDP (2018), World Bank (2019), and Hossain (2017), TEIM identifies structural exclusion — from education, formal employment, healthcare, housing, and finance — as the antecedent condition that shapes transgender individuals' entry into entrepreneurship. This exclusion persists despite the legal recognition established by NALSA v. Union of India (2014) and the Transgender Persons (Protection of Rights) Act (2019), indicating a gap between formal rights and substantive access — consistent with Hossain's (2017) documentation of the gap between law and lived reality.

4.2 Component II — Entrepreneurial Response (Enterprise Formation)

Consistent with Dutta and Patil (2024) and Qadir et al. (2024), TEIM models entrepreneurship as an agency-enhancing response to Component I rather than a freely chosen career path in the conventional sense. This component draws on Schumpeter (1934) and Audretsch (2007) for its treatment of enterprise creation as an innovative recombination of limited resources, and on Dees (1998), Mair and Marti (2006), and Austin et al. (2006) for its treatment of the *mission orientation* of transgender-led enterprises, which combine livelihood generation with social visibility.

4.3 Component III — Enabling and Constraining Mechanisms

Consistent with Brush et al. (2009) and Datta and Gailey (2012), TEIM incorporates collective/cooperative enterprise structures and institutional embeddedness as mechanisms that can either enable or constrain transgender entrepreneurial outcomes. Documented cases of transgender-led enterprise in hospitality, personal services, manufacturing, creative industries, and digital platforms (Diwakar et al., 2024) illustrate the range of sectoral forms this component can take.

4.4 Component IV — Development Outcomes

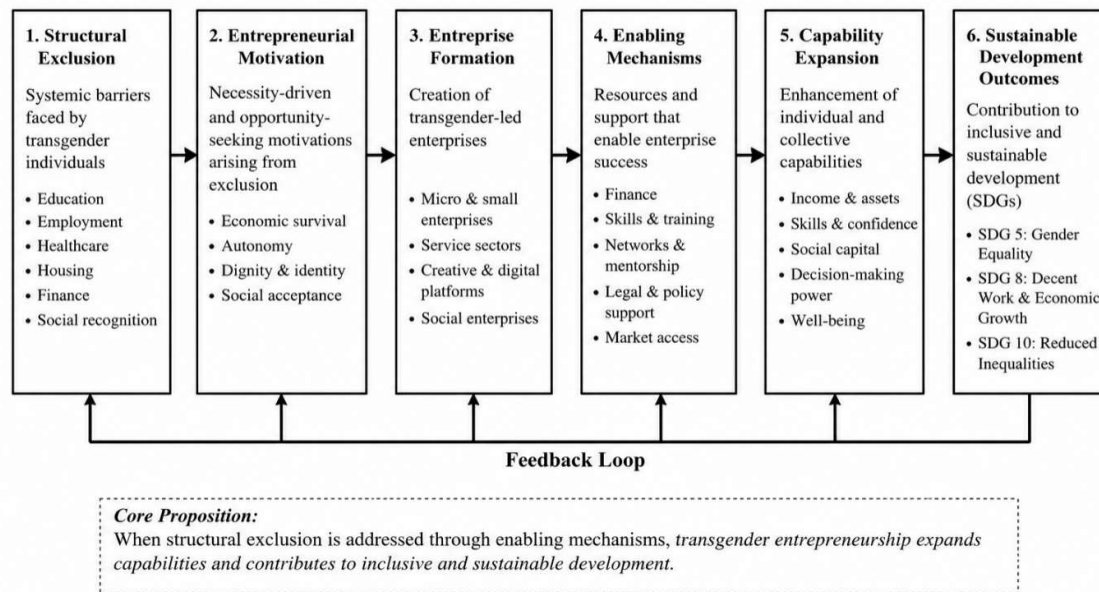
The final component links enterprise formation to sustainable development outcomes, operationalized through the capability approach (Sen, 1999; Nussbaum, 2011) and mapped to SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10

(Reduced Inequalities), consistent with the analytical framework set out in the underlying proposal (United Nations, 2015).

4.5 The TEIM Pathway

The model can be summarized as a four-stage pathway:

Figure 1. Transgender Entrepreneurial Inclusion Model (TEIM)
Linking Structural Exclusion to Sustainable Development Outcomes



A feedback loop runs from Component IV back to Component I: successful transgender-led enterprises documented in case studies (Diwakar et al., 2024) can, over time, reduce structural exclusion by demonstrating economic viability and shifting social recognition — a dynamic consistent with the broader claim in social entrepreneurship theory that enterprise itself can be a vehicle for social change (Dees, 1998; Mair & Marti, 2006).

5. Conceptual Framework

Building on TEIM, this paper proposes the following conceptual framework, organized around three levels of analysis:

- **Macro level (institutional/structural):** Legal recognition (NALSA, 2014; Transgender Persons Act, 2019) and its uneven implementation (UNDP, 2018; World Bank, 2019; Hossain, 2017) set the institutional boundary conditions for entrepreneurial activity.
- **Meso level (organizational/enterprise):** The mission orientation, resourcing, and organizational form of transgender-led enterprises (Dees, 1998; Mair & Marti, 2006; Austin et al., 2006; Diwakar et al., 2024), including collective/cooperative models transferable from women's entrepreneurship research (Brush et al., 2009; Datta & Gailey, 2012).
- **Micro level (individual/capability):** The expansion (or continued constraint) of individual capability and agency for transgender entrepreneurs (Sen, 1999; Nussbaum, 2011), reflecting entrepreneurship's dual

function as livelihood strategy and mechanism of dignity and recognition.

This three-level framing allows the model to connect macro-level legal/structural conditions to micro-level capability outcomes through the meso-level mechanism of enterprise itself — directly addressing the research gap identified in the underlying proposal, namely the absence of an integrative framework connecting transgender entrepreneurship to social entrepreneurship and sustainable development.

6. Proposition Development

Consistent with the qualitative, secondary-data, theory-building design of this study, the following propositions are offered for future empirical testing rather than as statistically tested hypotheses:

Proposition 1: The greater the degree of structural exclusion from formal labor markets (UNDP, 2018; World Bank, 2019), the greater the likelihood that transgender individuals will pursue entrepreneurship as a livelihood strategy (Dutta & Patil, 2024).

Proposition 2: Transgender-led enterprises that adopt a explicit social mission alongside commercial activity (consistent with Dees, 1998; Austin et al., 2006) will be more strongly associated with social recognition outcomes than enterprises pursuing purely commercial objectives.

Proposition 3: Collective or cooperative organizational forms (Brush et al., 2009; Datta & Gailey, 2012) will be positively associated with the sustainability and

resilience of transgender-led enterprises, relative to individually-owned enterprises operating without collective support structures.

Proposition 4: Formal legal recognition (NALSA, 2014; Transgender Persons Act, 2019) is a necessary but not sufficient condition for transgender entrepreneurial inclusion; its effect on enterprise outcomes will be moderated by the extent of implementation in finance, education, and market access (World Bank, 2019).

Proposition 5: Transgender entrepreneurship, mediated through enterprise-based capability expansion (Sen, 1999; Nussbaum, 2011), will be positively associated with progress on SDG 5, SDG 8, and SDG 10 indicators at the community level (United Nations, 2015).

7. Research Methodology

This paper adopts a qualitative, exploratory research design based solely on secondary data, a design well suited to integrative analysis and theory development in an understudied field such as transgender entrepreneurship.

Data Sources. Consistent with the underlying proposal, four categories of secondary sources are drawn upon: (a) peer-reviewed academic literature spanning entrepreneurship, social entrepreneurship, gender studies, and development economics (e.g., Schumpeter, 1934; Audretsch, 2007; Dees, 1998; Mair & Marti, 2006; Austin et al., 2006; Sen, 1999; Nussbaum, 2011; Brush et al., 2009; Datta & Gailey, 2012; Dutta & Patil, 2024; Qadir et al., 2024); (b) government and policy documents, including the Transgender Persons (Protection of Rights) Act (Government of India, 2019) and the NALSA v. Union of India (2014) judgment; (c) international organization reports, including UNDP (2018) and World Bank (2019); and (d) published case studies and grey literature documenting transgender-led enterprises (Diwakar et al., 2024; Hossain, 2017).

Method of Analysis. The paper employs thematic content analysis in four stages: (1) compilation of the sources listed above; (2) coding for recurring themes — structural exclusion, enterprise models, innovation strategies, social impact, and sustainability; (3) thematic synthesis through cross-case comparison of entrepreneurial motivations, business models, and outcomes; and (4) analytical mapping of themes onto the theoretical constructs of entrepreneurship theory, social entrepreneurship theory, and the capability approach, culminating in the TEIM model presented above.

Analytical Framework. The overall analysis is anchored to the integrative framework connecting structural exclusion, transgender entrepreneurship, social enterprise mechanisms, and sustainable development outcomes aligned with SDGs 5, 8, and 10 (United Nations, 2015).

8. Discussion

The synthesis presented above indicates that transgender entrepreneurship in India cannot be adequately understood through a single disciplinary lens. Viewed only through a legal/rights-based lens (Hossain, 2017;

Government of India, 2019), the persistence of exclusion despite formal recognition appears paradoxical. Viewed only through a welfare lens (UNDP, 2018; World Bank, 2019), transgender entrepreneurship risks being framed solely as a coping mechanism rather than a legitimate driver of value creation. It is only when entrepreneurship theory (Schumpeter, 1934; Audretsch, 2007) and social entrepreneurship theory (Dees, 1998; Mair & Marti, 2006; Austin et al., 2006) are brought into direct conversation with capability-based development theory (Sen, 1999; Nussbaum, 2011) that transgender-led enterprise can be understood simultaneously as an economic strategy, an organizational form, and a mechanism of capability expansion.

The comparative literature on women's entrepreneurship (Brush et al., 2009; Datta & Gailey, 2012) is instructive here: just as women's cooperative enterprise models were shown to generate resilience under conditions of gendered structural constraint, transgender-led collective enterprise models documented by Diwakar et al. (2024) suggest a similarly transferable logic — that collective organization can compensate, in part, for exclusion from mainstream credit and market access channels.

9. Theoretical Contributions

This paper makes three principal theoretical contributions. First, it extends entrepreneurship theory — historically grounded in Schumpeter (1934) and Audretsch (2007) — to explicitly include transgender identity as a category of analysis, addressing the research gap identified regarding the limited conceptualization of transgender entrepreneurship within mainstream entrepreneurship research. Second, it positions transgender-led enterprise within the social entrepreneurship discourse (Dees, 1998; Mair & Marti, 2006; Austin et al., 2006) rather than treating it as an undifferentiated subset of informal self-employment. Third, it operationalizes the capability approach (Sen, 1999; Nussbaum, 2011) at the level of a specific, understudied population, offering the TEIM model as an integrative framework connecting structural exclusion, enterprise mechanisms, and sustainable development outcomes — directly addressing the absence of integrative frameworks noted as a gap in the underlying research proposal.

10. Practical Implications

For transgender entrepreneurs and the organizations that support them, the TEIM model suggests that enterprise support should not be designed solely around individual livelihood generation. Consistent with Brush et al. (2009) and Datta & Gailey (2012), collective and cooperative structures should be considered a design option, not an afterthought, for improving enterprise resilience. Consistent with Diwakar et al. (2024), sector-specific enterprise support (hospitality, personal services, manufacturing, creative industries, digital platforms) should account for the specific mix of

livelihood and visibility functions that transgender-led enterprises are documented to perform.

11. Policy Implications

Consistent with the underlying proposal's "Way Forward," this paper's synthesis points toward several policy directions. First, explicit identification of transgender-led enterprises within MSME and startup support frameworks would address the gap between the formal recognition established by the Transgender Persons (Protection of Rights) Act (Government of India, 2019) and the World Bank's (2019) documentation of continued exclusion from finance. This is consistent with the Ministry of Social Justice and Empowerment's own SMILE — Support for Marginalized Individuals for Livelihood and Enterprise — scheme (2022), which already links skill development to enterprise formation for transgender persons under the PM-DAKSH component, but whose economic-linkage and Self-Help Group components remain, per UNDP India's (2024) skilling and livelihoods assessment, unevenly implemented relative to the scheme's welfare and shelter components. Second, given the demonstrated relevance of collective enterprise models in the comparative women's entrepreneurship literature (Brush et al., 2009; Datta & Gailey, 2012; Kapoor, 2019), policy support for cooperative and collective transgender enterprise models merits specific consideration — a direction reinforced by Aneesha and Baag's (2021) proposal to build transgender microfinance access around existing *gharana*-based group structures, and by the field evidence on microfinance exclusion documented by Barik and Sharma (2018, 2020). Third, the financial-inclusion barriers quantified by Raja and Khan (2025) — particularly the near-total absence of formal credit access despite majority-level bank account ownership — suggest that account access alone is an insufficient policy target; credit-specific interventions, of the kind catalogued in the OECD/European Commission's (2023) *Missing Entrepreneurs* framework for underrepresented entrepreneurial groups more broadly, are needed alongside it. Fourth, given the SDG 5, 8, and 10 alignment established in the analytical framework (United Nations, 2015), transgender entrepreneurship support could be explicitly incorporated into national sustainable development reporting and planning frameworks alongside existing welfare-oriented policy (UNDP, 2018).

12. Limitations

This paper shares the methodological limitations of the underlying secondary-data research design. Because it relies solely on secondary data — peer-reviewed literature, policy documents, and published case studies — it cannot capture the lived experiences and complex personal narratives that only primary, first-person research can access. Furthermore, documented cases such as those in Diwakar et al. (2024) may disproportionately represent more well-known or

prosperous transgender-led enterprises, potentially overlooking informal or less visible entrepreneurial activity. The TEIM model and the propositions developed above are theoretical and have not yet been empirically tested; they should be treated as a framework for future empirical investigation rather than as validated findings.

13. Future Research Agenda

Building directly on the "Way Forward" of the underlying proposal, future research should empirically investigate the long-term outcomes and geographical variation of transgender entrepreneurship across India. Priority directions include: (a) empirical testing of the five propositions developed in Section 6, ideally through mixed-methods designs that combine primary interviews with transgender entrepreneurs alongside the secondary sources used here; (b) comparative studies examining whether the collective/cooperative enterprise advantages documented for women's entrepreneurship (Brush et al., 2009; Datta & Gailey, 2012) hold specifically for transgender-led enterprise; (c) longitudinal research tracking whether transgender-led enterprises documented in case studies (Diwakar et al., 2024) produce measurable movement on SDG 5, 8, and 10 indicators over time (United Nations, 2015); and (d) research directly assessing implementation gaps between the Transgender Persons (Protection of Rights) Act (Government of India, 2019) and actual access to MSME and startup finance mechanisms. A fifth direction, suggested by the comparative legal literature (UNDP Asia-Pacific, 2017; Lau & Malagodi, 2020), would be cross-national comparison of transgender entrepreneurial outcomes across South Asian jurisdictions with differing legal-recognition trajectories — India, Nepal, Pakistan, and Bangladesh — to test whether earlier or more comprehensive legal recognition (as in Nepal's 2007 *Pant v. Nepal* ruling) is associated with measurably better enterprise or financial-inclusion outcomes than in India.

14. Conclusion

This paper has argued that transgender entrepreneurship in India sits at the intersection of three literatures that have rarely been brought into direct conversation: classical and social entrepreneurship theory (Schumpeter, 1934; Audretsch, 2007; Dees, 1998; Mair & Marti, 2006; Austin et al., 2006), capability-based development theory (Sen, 1999; Nussbaum, 2011), and the specific legal and social reality of transgender exclusion in India (NALSA, 2014; Government of India, 2019; UNDP, 2018; World Bank, 2019; Hossain, 2017). By synthesizing these literatures alongside emerging empirical work on transgender-led enterprise (Dutta & Patil, 2024; Qadir et al., 2024; Diwakar et al., 2024) and comparative insights from women's entrepreneurship research (Brush et al., 2009; Datta & Gailey, 2012), this paper has developed the Transgender Entrepreneurial Inclusion Model (TEIM) as an integrative framework linking structural exclusion, enterprise formation,

enabling/constraining mechanisms, and sustainable development outcomes. The propositions developed here are offered as a starting point for the empirical research agenda called for in the underlying proposal, with the ultimate aim of moving transgender entrepreneurship from the margins to the mainstream of entrepreneurship scholarship and inclusive development policy.

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