

Women Entrepreneurship and Rural Development in India

Ms. Rimpjeet Kaur

Assistant Professor in Commerce, Guru Nanak College, Sri Muktsar Sahib, Punjab

Abstract

Rural women entrepreneurs in India play a crucial role in driving inclusive economic growth, reducing poverty, and advancing social transformation. By diversifying family incomes, generating local employment, and promoting sustainable livelihoods, they make significant contributions to rural development. This paper explores key Indian government schemes aimed at promoting women entrepreneurship—particularly in rural areas—and analyses the major challenges these women face. Special attention is given to initiatives such as the Pradhan Mantri MUDRA Yojana (PMMY), Stand-Up India, Prime Minister's Employment Generation Programme (PMEGP), Mahila e-Haat, and sector-specific schemes such as the Mahila Coir Yojana. The paper concludes by putting forward evidence-based policy recommendations to enhance outreach, improve access to finance, build stronger training, and market linkages, and provide sustained institutional support to strengthen rural women's entrepreneurship. This paper contributes by synthesizing government interventions with on-ground challenges and offering policy recommendations for inclusive rural entrepreneurship.

Keywords: Women Entrepreneurs, Rural Development, Government Initiatives, Sustainable Development

1. Introduction

Indian women are moving decisively beyond conventional gender roles that once limited them to domestic tasks such as cooking, cleaning, and childrearing, with many now making their mark in the business world not only as job seekers but also as job creators through entrepreneurship. This movement is especially notable in rural India, where women's participation in entrepreneurship has afforded them more independence and autonomy than traditional corporate jobs, allowing them to carve out distinctive business identities. Over the past thirty years, the number and economic impact of women-owned ventures have grown steadily, reflecting their expanding role in the national economy. Enabled by technological progress, supportive foreign direct investment policies, and the surge in manufactured exports in the Asia Pacific region, opportunities for women entrepreneurs continue to broaden. Motivated by factors such as the quest for financial autonomy, the lack of appropriate job openings, and the pursuit of societal recognition, women are launching businesses across diverse sectors and excelling in traditionally male-dominated arenas—including engineering, medicine, and law, as well as founding significant institutions like hospitals and universities.

This transformation is deeply connected to rural development, which is a cornerstone of India's socio-economic policy. A vibrant rural economy not only alleviates poverty and discourages distress migration but also supports

national food and livelihood security. Within this context, rural women entrepreneurs are increasingly celebrated as transformative agents of change: their enterprises stimulate household income, generate local jobs, promote traditional skillsets, and channel resources into health, education, and communal well-being. Promoting women's entrepreneurship in rural regions thus produces ripple effects—advancing gender equality, nurturing inclusive growth, and building resilient rural economies, which in turn reinforce women's broader societal and economic empowerment.

2. Objectives of the Study

- To study the importance of women entrepreneurs in the rural development of India.
- To examine the various government schemes that promote rural women entrepreneurs.
- To critically evaluate government policies aimed at rural women's development.
- To recommend policy guidelines for managing the barriers and challenges faced by women entrepreneurs.

3. Role of Women Entrepreneurs in Rural Development

Women's entrepreneurship in rural India delivers significant economic benefits that extend beyond individual households to the broader community and local economy.

3.1 Income Diversification and Poverty Alleviation

The rise of women-led microenterprises introduces alternative income avenues for rural families, mitigating vulnerability to agricultural uncertainties and seasonal income fluctuations. By diversifying the sources of livelihood, these ventures not only stabilize household consumption patterns but also decrease the overreliance on single-crop agriculture, thereby contributing to long-term poverty reduction and enhanced household resilience. This diversification is particularly critical in rural settings characterized by monsoon-dependent farming and high exposure to climate risks.

3.2 Employment Generation and Local Economic Retention

Women-owned small businesses are pivotal engines of rural employment, as they frequently hire from within their immediate surroundings, including a significant number of women engaged as both formal employees and in flexible, piece-rate work arrangements. This localized employment not only raises the economic participation of rural women but also ensures that the value created through business activities is retained and recirculated within the village, rather than leaking to external labour markets.

3.3 Strengthening Rural Value Chains

Rural women entrepreneurs are often central figures at crucial stages of agricultural and non-farm value chains, such as primary food processing, post-harvest handling, product packaging, and the finishing of handicrafts. Their involvement leads to improved product standards, facilitates aggregation and scaling for access to larger markets, and supports the commercialization of traditional skills and crafts. This integration into value chains not only elevates the economic viability of rural enterprises but also enhances the competitiveness of rural products in regional and national markets. Rural women's entrepreneurship generates far-reaching social and community benefits, complementing its economic contributions and promoting broader development objectives.

3.4 Empowerment and Grassroots Leadership

Engagement in entrepreneurship serves as a powerful catalyst for the development of critical skills, including financial literacy, negotiation, and management. Through active participation in Self-Help Groups (SHGs) and community federations, women assume leadership positions that not only enhance their own agency, but also inspire collective action within their communities. These dynamic fosters the emergence of women as influential change-makers in rural governance and local development.

3.5 Human Capital Reinvestment and Intergenerational Gains

Research consistently highlights that women, when empowered economically, are more inclined than men to direct their earnings toward the education of their children and the health and welfare of their families. This prioritization stimulates long-lasting, intergenerational improvements in human capital—yielding outcomes ranging from higher educational attainment to better health indicators. These reinvestments underpin the foundation for sustained social progress in rural settings.

3.6 Social Capital Formation and Collective Agency

The organization of women entrepreneurs—most notably through SHGs and cooperatives—strengthens social capital by fostering interconnected networks and peer support systems. Such networks dramatically enhance risk-sharing mechanisms and augment the collective bargaining capacity of rural women, leading to more equitable access to resources, markets, and institutional support. The consolidation of these forms of social capital is foundational for building resilient and inclusive rural societies.

3.7 Innovation and Sustainable Practices

Women entrepreneurs often draw from indigenous knowledge and local resources to create innovative, environmentally responsible products and practices. Examples include the adoption of organic agricultural methods, utilization of natural dyes in textile production, and the development of waste-to-resource

microenterprises. This emphasis on eco-friendly models not only preserves regional heritage but also aligns rural livelihoods with the imperatives of environmental sustainability, contributing to both ecological protection and enhanced rural resilience.

4. Government Schemes for Rural Women Entrepreneurs

The Government of India has implemented a diverse array of schemes—both at the central and ministry levels—to actively promote women's entrepreneurship in rural areas, providing crucial support for aspiring and existing women business owners.

4.1 Pradhan Mantri MUDRA Yojana (PMMY)

PMMY's core objective is to expand financial access for non-farm micro and small enterprises, many of which are operated by women in rural regions. The scheme provides collateral-free loans through banks, non-banking financial companies (NBFCs), and microfinance institutions (MFIs) under three tailored categories: Shishu, Kishor, and Tarun. Designed specifically to address the unique capital requirements of microenterprises, PMMY enables women to secure loans for ventures such as tailoring, food processing, small-scale retail, and service businesses—areas that are especially prevalent among rural women entrepreneurs. The provision of small-ticket loans coupled with refinances to lending institutions helps alleviate the financial barriers that often impede women from starting or expanding their businesses. In addition, PMMY incorporates targeted outreach and success stories that highlight and encourage women's participation, reinforcing its role in fostering inclusive entrepreneurial growth at the grassroots level. The scheme's focus on non-farm sectors and flexible loan sizes makes it particularly well-suited to the needs of women-led ventures in rural India, driving progress in economic empowerment and local enterprise development.

4.2 Stand-Up India

Stand-Up India is designed to provide bank loans ranging from ₹10 lakh to ₹1 crore, specifically targeting at least one Scheduled Caste/Scheduled Tribe (SC/ST) borrower and at least one-woman borrower per bank branch, with the aim of establishing greenfield enterprises in manufacturing, services, or trading sectors. This initiative fosters an entrepreneurial spirit among underrepresented communities by offering dedicated banking channels alongside comprehensive handholding support throughout the business setup process. By explicitly prioritizing women applicants—alongside the SC/ST focus—the scheme has resulted in a significant number of sanctioned loans for women entrepreneurs nationwide, substantially improving their access to formal credit.

4.3 Prime Minister's Employment Generation Programme (PMEGP)

The Prime Minister's Employment Generation Programme (PMEGP) is a credit-linked subsidy initiative executed through organizations such as KVIC, KVIB, and DIC, aimed at promoting employment through the establishment of micro and small enterprises across both rural and urban regions. The scheme combines bank credit with subsidies that vary according to beneficiary category and geographic location, enabling recipients to launch manufacturing or service ventures. PMEGP is particularly beneficial for women artisans and entrepreneurs seeking to develop physical enterprises in sectors like micro manufacturing, food processing, and handicrafts.

4.4 The Women Entrepreneurship Platform (WEP)

The Women Entrepreneurship Platform (WEP), initiated by NITI Aayog, aims to create a supportive ecosystem for emerging young women entrepreneurs throughout India. In collaboration with SIDBI, NITI Aayog facilitates the promotion and execution of this initiative. WEP offers a range of services, including access to free credit, mentorship, funding assistance, and opportunities for corporate partnerships to empower women entrepreneurs. Additionally, it provides a platform where entrepreneurs can share their journeys, experiences, and success stories, fostering community and inspiration.

4.5 Bharatiya Mahila Bank

The primary goal of Bharatiya Mahila Bank was to extend financial support to underprivileged women aspiring to launch their own businesses. In 2017, it was merged with the State Bank of India (SBI). Within the manufacturing sector, the bank provides loans of up to ₹20 lakhs to women entrepreneurs. Additionally, it is authorized to grant loans up to ₹1 crore without requiring collateral repayment. Beyond manufacturing, the bank is also permitted to offer loans to small-scale enterprises and businesses in the retail sector, thereby broadening its reach to support diverse women-led ventures.

4.6 Mahila e-Haat

Mahila e-Haat is an online marketplace initiated by the Ministry of Women and Child Development to enable women entrepreneurs to showcase and sell products (artisan goods, services) directly to buyers, improving market access and reducing middlemen. It also provides capacity building and digital outreach. Mahila e-Haat addresses a major barrier — market access — by providing an online storefront and visibility, particularly beneficial for craftswomen, agro-processors, and home-based producers.

4.6 Sectoral and Ministry-level initiatives

- **Mahila Coir Yojana (Coir Board):** The Mahila Coir Yojana, administered by the Coir Board, provides women artisans in the coir industry with training and subsidies, including support for motorized

spinning wheels and stipends during training, aimed at enhancing their skills and helping them establish their own production units.

- **MSME department women's programmes:** The Ministry of Micro, Small and Medium Enterprises (MSME) runs specialized programs dedicated to women entrepreneurs, offering promotional activities, training sessions, marketing support, exclusive training slots, participation in marketing exhibitions, and preferential benefits under certain schemes to empower women-led ventures.
- **Rural Self-Employment and Training Institutes (RSETI) for Tribes:** The Rural Self-Employment and Training Institutes (RSETI) program, operating under the Ministry of Rural Development and implemented by banks, encourages trainees to launch businesses ranging from microenterprises to ventures up to ₹1 crore through bank loans. This extensive initiative spans 566 districts across 33 states and union territories, with 585 RSETIs supported by 23 banks, including private, public sector, and rural banks. The program offers training in 61 courses aligned with the National Skill Qualification Framework (NSQF), of which 38 courses are specifically designed for women, equipping them with skills to achieve self-employment and economic independence.

5. Evaluation of Government Initiatives

5.1 Finance and credit access

Schemes like MUDRA and Stand-Up India address credit challenges by offering collateral-free loans and dedicated banking channels, effectively reducing entry barriers, and facilitating business growth. Despite these advantages, the success of such programs depends heavily on awareness levels, the sensitivity and training of bank personnel, and the borrowers' capacity to develop business plans and navigate procedural requirements. Research indicates that a significant number of rural women continue to depend on informal credit sources due to stringent documentation demands and limited access to nearby bank branches.

5.2 Training, mentorship, and enterprise development

Most Entrepreneurship Development Programs (EDPs) offer training, incubation, and mentorship services. The effectiveness of these training initiatives is significantly enhanced when accompanied by extended support and market facilitation. However, a common limitation is that brief training sessions without ongoing follow-up often fail to result in the creation of sustainable enterprises.

5.3 Market access and value chains

Mahila e-Haat and MSME marketing initiatives play a crucial role in bridging market access gaps for women entrepreneurs. However, successful utilization of these digital platforms depends on digital literacy, quality

packaging, product standardization, and efficient logistics—areas where rural women frequently require further assistance such as training, collective packaging facilities, and transportation subsidies.

5.4 Institutional and social barriers

While government programs provide essential finance and training, social norms such as restrictions on women's mobility and male control over assets, along with intra-household power imbalances, still limit women's capacity to grow their enterprises. Initiatives that focus on strengthening collective institutions like SHGs and federations, alongside efforts to sensitize families, tend to achieve greater success in overcoming these barriers.

6. Barriers and challenges

6.1 Awareness and Information Gaps: Many rural women remain uninformed about eligibility criteria, application procedures, and the benefits of government schemes due to the inconsistent reach of awareness campaigns.

6.2 Documentation and Procedural Barriers: Strict requirements such as KYC, detailed business plans, and collateral demands often exclude women who are illiterate or possess limited assets, restricting their access to formal financial support.

6.3 Digital Divide: Limited digital literacy combined with inadequate internet connectivity hampers rural women's ability to fully utilize online platforms like Mahila e-Haat, reducing market access and visibility.

6.4 Market and Logistics Challenges: The lack of aggregation centers, cold storage facilities, standardized packaging, and efficient logistics infrastructure prevents rural women entrepreneurs from scaling their businesses beyond local markets.

6.5 Sociocultural Constraints: Gender norms limiting mobility, societal expectations around women's work, and familial control over earnings continue to restrict women's entrepreneurial freedom and potential for growth.

6.6 Quality Assurance and Standards: Inadequate access to product certifications, quality control mechanisms, and branding support in rural areas obstructs women entrepreneurs' ability to compete in larger urban and export markets.

7. Policy recommendations to strengthen rural women entrepreneurship

Based on the analysis above, the following policy directions aim to maximize the development impact of women entrepreneurship in rural areas.

7.1 Strengthen Awareness and One-Stop Support: Launch targeted information campaigns in local languages and organize community meetings, alongside establishing one-stop facilitation centres at block and district

levels linked to District Industries Centres (DICs) and SHG federations. These centres will assist women in navigating scheme application procedures effectively. Mobile facilitation teams should be deployed regularly to remote villages to provide hands-on help with documentation, KYC compliance, and banking connections.

7.2 Integrate Finance with Continuous Support and Risk Reduction: Combine credit provision with ongoing support services such as mentorship and bookkeeping assistance, particularly for first-time women entrepreneurs. Additionally, expand access to microinsurance products tailored for women-run microenterprises to cushion against business risks and uncertainties.

7.3 Enhance Digital Access and Market Connectivity: Offer basic digital skills and e-commerce training to women producers, while linking them to logistics aggregators and last-mile delivery partners. Support collective initiatives such as product standardization, labelling, and packaging centres managed by SHG federations to meet the quality expectations of urban markets.

7.4 Build Institutional Strength and Expand SHG Federations: Empower SHG federations to function as hubs for aggregation, training, joint procurement, and collective market negotiation. Financing frameworks can be designed to motivate federations to establish incubation cells for nurturing member enterprises.

7.5 Tackle Social Constraints through Community Involvement: Engage male family members and community leaders in awareness and sensitization programs to alleviate restrictions on women's mobility and control over assets. Promote social marketing campaigns that highlight rural women entrepreneurs' success stories to serve as inspiring role models.

7.6 Provide Sector-Specific and Value Chain Support: Focus targeted assistance on sectors where women have competitive strengths, such as food processing, natural Fibers (coir), handicrafts, and dairy. Creating sectoral clusters equipped with common facility centres can enhance productivity and product marketability.

8. Conclusion

Women entrepreneurs play a pivotal role in driving sustainable rural development by generating income, creating employment opportunities, preserving traditional skills, and fostering social transformation. The Government of India has crafted a comprehensive policy framework that includes financial support through schemes like PMMY and Stand-Up India, credit-linked subsidies under PMEGP, and digital market access through platforms such as Mahila e-Haat, alongside various sector-specific initiatives to tackle the unique challenges faced by rural women entrepreneurs.

Although these programs collectively address many systemic obstacles, ongoing issues persist in areas such as awareness, documentation, digital accessibility, and prevailing social norms. The effectiveness of these policies relies on integrated approaches that combine financial assistance, enterprise development services, market facilitation, and measures promoting social inclusion. Enhancing the capacity of SHG federations, providing

sustained mentorship, improving logistics and digital connectivity, and engaging communities to overcome sociocultural barriers are essential strategies to significantly boost the impact of rural women entrepreneurs on India's development path.

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