

EMPOWERING RURAL WOMEN ENTREPRENEURS: CHALLENGES, CONTRIBUTIONS, AND GOVERNMENT SUPPORT IN INDIA

Dr. A. Anandhiprabha¹

¹ Assistant Professor,
Department of Commerce – Banking and Insurance
Nallamuthu Gounder Mahalingam College, Pollachi, Tamilnadu.
E-Mail: anandhiaruchamy@gmail.com

Abstract: Women entrepreneurs are increasingly recognized as vital contributors to economic development, especially in rural India. Defined as women who establish and manage enterprises while embracing economic independence and job creation, their role has become more prominent amidst rapid urbanization and globalization. However, despite their dedication and capabilities, women entrepreneurs in rural areas continue to face numerous socio-economic challenges, particularly in a traditionally male-dominated society like India. With around eight million women entrepreneurs nationwide, Tamil Nadu stands out for having the highest concentration. This study is based on secondary data sourced from books, journals, government reports, and online resources. It explores the present status of rural women entrepreneurs in India, emphasizing their contributions to long-term economic and sustainable development. The paper also evaluates government initiatives and outlines key strategies that can further empower rural women to overcome barriers and achieve greater social and economic independence. By focusing on the potential and progress of women entrepreneurs, particularly in Tamil Nadu, this study underscores the need for inclusive policy support and capacity-building programs aimed at enhancing rural entrepreneurship among women.

Keywords: Rural Women Entrepreneurs, Economic Empowerment, Tamil Nadu, Sustainable Development, Government Initiatives.

I. INTRODUCTION

“There is no tool for development more effective than the empowerment of women.”

- Kofi Annan

Indian women now have made a significant increase in their participation in the country's workforce and have achieved marked positions in various fields, including politics, science, etc. Women have made substantial contributions to the business community as well, both as job seekers and employment providers. Women entrepreneurship is becoming increasingly widespread in both urban and rural areas as a result of economic liberalisation and globalisation. Rural women who begin their own enterprises are more capable of making decisions, enhancing their financial conditions, and gaining respect from peers and the community. India has a varied population and an extensive cultural heritage.

The social landscape of India is rapidly shifting. Women have reached academic levels and have become involved in political and social endeavours with the same zeal as males, even though women were once not allowed to leave their homes. Gargi, Brahmi, Damyanti, Laxmi Bai, and Razia Sultana were prominent and influential decision-makers in Indian history. Currently, there is a worldwide shift in the position and status of women. Women all throughout the world are shifting from conventional and stereotypical positions and stepping into traditionally male-dominated roles, and they are succeeding in doing so. As a result, in this era of societal change and development, it is critical to investigate the entrepreneurial spirit of women and how it may be promoted and enhanced further. It

has been discovered that countries that practice gender equality and provide equal opportunity have more prosperity, social growth, and organizational development.

“Unity is meaningless without the accompaniment of women. Education is fruitless without educated women and agitation is incomplete without the strength of women.”

Dr.B.R.Ambedkar

Our pride, the Constitution of India interpreted the concept of Women empowerment as “The Constitution not only guarantees equality to women, but also provides the State with the power to take measures of positive discrimination in favour of women in order to mitigate their cumulative socioeconomic and political disadvantages. Entrepreneurship is not a male’s consent. It has been evidence that, women entrepreneurship has increased drastically in the last three decades with the increase in the amount of women contribution in starting a business and their considerable involvement towards the economic growth of the country.

2. REVIEW OF LITERATURE

The empowerment of rural women entrepreneurs in India has been widely studied in recent literature, with a focus on the challenges they face, the contributions they make, and the role of government support. **Kumar and Singh (2023)** in their study, "Empowering Rural Women Entrepreneurs in India: A Review of Government Initiatives and Challenges," examine the various government schemes designed to support rural women entrepreneurs. They analyze the effectiveness of these initiatives and the significant challenges in their implementation, such as lack of infrastructure and inadequate access to capital. **Sharma and Verma (2022)**, in their article "Challenges and Opportunities for Rural Women Entrepreneurs in India," discuss the socio-economic barriers that limit the growth of rural women entrepreneurs, including traditional gender roles, limited education, and access to markets. **Desai and Patel (2021)**, in their work "Government Support and Its Impact on Rural Women Entrepreneurship in India," focus on the impact of government policies aimed at promoting entrepreneurship. They highlight the successes and failures of various initiatives, arguing that while policies have improved access to resources, there is still a need for better implementation at the grassroots level. **Rao and Iyer (2020)**, in their article "Empowerment Through Enterprise: A Review of Rural Women's Entrepreneurial Initiatives in India," present case studies of successful rural women entrepreneurs, showcasing the key factors contributing to their success, such as skill development and community support. Lastly, **Banerjee and Chatterjee (2019)**, in their systematic review "Barriers to Rural Women's Entrepreneurship in India," identify key obstacles, including cultural norms, financial constraints, and lack of access to technology, that prevent rural women from fully engaging in entrepreneurial activities. These studies underscore the importance of targeted policies and support

mechanisms to overcome the barriers faced by rural women and facilitate their greater involvement in the entrepreneurial landscape.

3. OBJECTIVES OF THE STUDY

The main objectives for the study is:

1. To examine the current status of rural women entrepreneurs in India.
2. To evaluate the effectiveness of government support schemes for women entrepreneurs.
3. To identify the challenges faced by rural women in entrepreneurship.
4. To explore the contribution of rural women entrepreneurs to economic and social development.

4. WOMEN ENTREPRENEURS

Women entrepreneurs are women who initiate, manage, and run businesses with the aim of achieving economic independence and contributing to society through job creation and innovation. In the context of India, especially rural India, women entrepreneurship has emerged as a powerful tool for economic and social transformation. Women entrepreneurs take on challenging roles and exhibit strong leadership, creativity, and resilience despite facing numerous hurdles such as limited access to finance, lack of education and training, gender bias, and restricted mobility. The socio-economic landscape of India is rapidly evolving due to urbanization and globalization. However, in many rural areas, women still face significant constraints that limit their entrepreneurial growth. Cultural norms, male dominance in business, and traditional gender roles act as barriers. Despite these obstacles, nearly eight million women entrepreneurs are operating across the country, with Tamil Nadu leading in terms of their proportion.

Women entrepreneurs in rural areas are essential for promoting inclusive economic development. Their participation not only enhances household income but also strengthens community development, reduces poverty, and helps achieve national goals like sustainable development. Women-led rural enterprises are often involved in agriculture, handicrafts, food processing, and small-scale manufacturing, contributing significantly to local economies. Government initiatives such as financial aid, training programs, and self-help group (SHG) networks have begun to empower women entrepreneurs by providing the necessary support systems. These efforts aim to enhance their skills, build confidence, and facilitate access to markets and technology. To further boost rural women entrepreneurship, strategies such as improving education, digital literacy, microfinance availability, and mentorship programs are critical. Empowering women entrepreneurs will lead to a more balanced economic structure and a stronger, more equitable society.

5. STATUS OF WOMEN ENTREPRENEURSHIP IN INDIA

Recently the perception of the society is slowly transforming towards Women. The recent change is mainly due to the government initiatives and the international recognition towards the

economic growth of the country. The Sixth Economic Census released by the Ministry of Statistics has given the in-depth study of the status of women entrepreneurs in the country.

➤ The survey revealed that, the overall percentage of entrepreneurs, only 13.76% are women, i.e., out of 58.5 million entrepreneurs only 8.05 million are women.

➤ The Job opportunities provided by the women entrepreneurs comprises to 13.45 million people.

➤ Total of 13.76% of women entrepreneurs in the economy, 34.3% of them are working in agricultural sector and remaining 65.7% of them are working in non-agricultural sector.

➤ In the agriculture, livestock ahead (with a share of 31.6 %) among all other farming activities. Among the non-agricultural activities owned by female entrepreneurs, manufacturing and retail trade are dominant ones with 29.8% and 17.8% respectively.

➤ Out of the total establishments under women entrepreneurs, percentage share of various social and religious groups OBC: 40.60%, SC: 12.18%, ST: 6.97% and others (40.25%); Hindus: 65.6%, Muslim: 12.84% and Christian: 5.2%.

➤ Among the states, the largest share in number of establishments under women entrepreneurship is of Tamil Nadu (13.51%) followed by Kerala (11.35%), Andhra Pradesh (10.56%), West Bengal (10.33%) and Maharashtra (8.25%).

➤ Average employment per establishment for women owned establishments is 1.67.

I. 6. EVOLUTION OF WOMEN DEVELOPMENT POLICIES IN INDIA

First Five-Year Plan (1951-56)	Development of women along with the welfare of disadvantaged groups like destitute, displaced, aged, etc
Second to Fifth Five-Year Plans (1956-79)	Welfare approach, priority given to women's education, improved maternal and child health services, supplementary feeding for children and expectant and nursing mothers.
Six Five- Year Plan (1980-85)	Shift from a 'welfare' to a 'development' approach with priority on health, education, and employment leading to the emergence of entrepreneurship.
Seventh Five- Year Plan (1985-90)	Aimed at socio-economic status upliftment of women by bringing them into mainstream national development. Generation of skilled and unskilled employment through proper education and vocational training.

Eight Five Year Plan (1992 – 97)	Emphasis on the overall development of women including economic development.
Ninth Five- Year Plan (1997-2002)	Empowerment of women and convergence of existing services available in women-specific and related sectors.
Tenth Five Year Plan(2002-07)	Empowering women as a change through socioeconomic empowerment and gender Justice.
Eleventh Five- Year Plan (2007-12)	Stressing on empowerment of women by transforming SHGs into community-based organizations. They would also be in a position to shift from micro credit to larger credit facilities offered by banking institutions and thus will come into their own as a formidable economic force.
Twelve Five- Year Plan(2012-17)	To improve both the position and the condition of women by addressing structural and institutional barriers as well as strengthening gender mainstreaming.

7. SCHEMES AND GOVERNMENT INITIATIVES TO EMPOWERING WOMEN ENTREPRENEURS IN INDIA

In India, to provide helping hand for women to stepping into the entrepreneurial world it comes to capital, there are various schemes and loans programme entirely structured for businesswomen. Here's a list of 9 schemes meant for women entrepreneurs in India.

Stree Shakti Package: The Stree Shakti Package is an exclusive scheme run by the State Bank of India (SBI), which aims to funding entrepreneurship among women by providing them definite concessions like no security requirement for loans up to Rs 5 lakh in case of small sector units or lowering of interest rate by 0.5 per cent in case the loan exceeds Rs 2 lakh. To qualify for the scheme, an enterprise should have more than 50 per cent of its share capital owned by women.

Mahila Udyam Nidhi Scheme: Punjab National Bank started the scheme to meet gender gap in financing. It really helps women entrepreneurs in setting up of their new setups in tiny/small scale units. Under this scheme, the maximum amount granted is Rs 10 lakh and the interest depends upon the market rates. These easy-going loans can be repaid over a period of 10 years.

Udyogini Scheme: Sanctioned by the Government of Karnataka in the year 1997-98, the scheme assists women in gaining self-employment, especially in the trade and service sector. Offered by Punjab and Sind Bank, the scheme empowers women by providing them loans. Under this scheme, the maximum

unit cost is Rs. 1,00,000/-. Age limit for the beneficiary is 18- 45 years and family income limit to avail this benefit is Rs. 40,000/- per annum for all women including those belonging to SC/ST. The scheme has really made a difference in preventing women entrepreneurs from private borrowing at higher rates of interest.

Dena Shakti Scheme: Offered by Dena Bank, the scheme provides financing to Women Entrepreneurs working in the fields of agriculture, manufacturing, micro-credit, retail stores, or small enterprises. The maximum ceiling limits that can be considered for financing to women beneficiaries under this scheme will be as per the directives of RBI stipulated for various sectors under priority sector such as loans up-to Rs 20 lakh under retail trade, Rs 20 lakh under education and housing and Rs 50000/- under micro credit as well as Bank's specific schemes circulated to branches /offices from time to time.

Mudra Yojana Scheme for Women: Launched by the Government of India, the scheme aims to improve the status of women by providing them loans and encouraging them to start new ventures and thereby empowering them by providing a financial security of individual income. Under this scheme, if the loan is approved, the women entrepreneur will be provided with a Mudra card which will function the same way as a credit card however the funds available are limited to 10 per cent of the loan amount granted to you. The loan, which doesn't require any collateral security, can be availed as per 3 schemes:

- a) Shishu– Under this, the amount is limited to Rs.50,000/- and can be availed by those businesses that are in their initial stages.
- b) Kishor – The loan amount under this scheme ranges between Rs.50,000 and Rs.5 lakhs and can be availed by those who have a well-established startup.
- c) Tarun – The loan amount under this scheme is Rs.10 lakh and can be availed by those businesses that are well established but require more funds for expansion purposes.

Bharatiya Mahila Bank Business Loan: For the uninitiated, the Bharatiya Mahila Bank is the first of its kind in the Indian Banking Industry, which was formed with a vision of providing economic empowerment to women. The bank functions as a support system for women entrepreneurs looking to start new businesses in the fields of the retail sector, loan against property, MICRO loans, and SME loans. The maximum loan amount granted by the bank is Rs.20 crore for businesses working in the manufacturing industry. The bank also provides women entrepreneurs with a concession to the extent of 0.25% on the interest rate and interest rates usually range from 10.15% and higher.

Orient Mahila Vikas Yojana Scheme: Provided by Oriental Bank of Commerce, the scheme entails to meet the credit needs of Women Entrepreneurs. To be eligible for the scheme, a woman has to hold a 51 per cent share capital individually or jointly in a proprietary concern. The scheme which provides

a concession on the interest rate of up to 2 percent does not requires collateral security for loans of 10 lakh up to 25 lakh. The period of repayment for the loans provided under the scheme is 7 years.

Annapurna Scheme: Offered by State Bank of Mysore, the scheme provides loans to women entrepreneurs who are working towards setting up small businesses in the food catering industry. The maximum amount of money that is granted under the scheme is Rs.50,000/-. The amount granted can be utilized to fulfil the working capital requirements of the business-like buying utensils and other tools and equipment.

Cent Kalyani Scheme: It is offered by Central Bank of India; the scheme aims to encourage Women Entrepreneurs to start new project or expand/ modernize their existing unit. The scheme is targeted at new as well as existing women entrepreneurs for her micro/small enterprise (as defined under MSME Act 2006) .i.e. engaged in manufacturing and service activity for e.g. hand-loom weaving handicraft, food processing, and garment making, professionals & self-employed women – doctors, chartered accountants, and engineers or trained in art or craft, health / beauty clinics/ dietitians/ fashion designing/ beauty parlour, small business-small lunch/ canteen, mobile restaurant, circulating library/ tailoring/ day creches for children, tailoring, typing/ std/ Xerox booth etc., transport operators- three wheeler /four wheeler, sectors such as retail trade, education and training institute and self-help groups are not eligible for the scheme. The maximum amount that can be granted under the scheme is Rs. 100 lakhs. The best part of the scheme is that it does not require any collateral security or guarantor and charges no processing fees.

8. WOMEN AS ENTREPRENEURS – A KEY TO INDIA'S ECONOMIC GROWTH

India is the country where the culture of equality and rich in knowledge, where there are lots of opportunity regarding entrepreneurship. Despite this, the Government of India has contributed many new ventures of business by way of inculcating the new business initiatives for both men and women in rural and urban India. Due to various challenges faced by rural women entrepreneurs in India, the women entrepreneurs are not able contribute towards the nation's growth at the fullest extent. Since Education and Finance are the major tools which require to run a business enterprises, the lack of proper education and the difficulties in generating finance for the business , faced by rural women entrepreneurs are the main drawbacks. This leads the lesser contribution towards the economic growth and development of the country.

According to the recent survey of World Bank shows that, India can raise its GDP in double-digits if more women participate in the nation's growth especially from the rural India. Even though the women participation in business have increased, the lack of entrepreneurial skills among them and the social recognition and support for the women entrepreneurs are comparatively very low. This lowers the growth and development from the expected rate.

The country needs the women entrepreneurs who are well trained, supported by the family and society, acquire sufficient capital and entrepreneurial skills. Among many arguments Indian women are not got the place they deserve due to various reasons which totally ignores their workforce and hinders the economic growth. In India, Women as entrepreneurs faces a lot of challenges in business which in turn lower the productivity and many of them restricted themselves in micro-level business. Even if they are able to start their full-fledged business, they have faced many a struggle to manage it. Women entrepreneurs play a vital role in economic development. Promoting entrepreneurship is decisive at this juncture when India is positioning itself as a world leader in trade and commerce. Till now, entrepreneurship in India is still conquered by small business and enterprises that account for over 75 % of employment in the manufacturing sector and control over 90 per cent of the establishments across the country.

9. GOVERNMENT INITIATIVES SUPPORTING WOMEN ENTREPRENEURS

The Government has initiated several initiatives to make it easier for women to set up their enterprises. The following are some of the Government initiatives to help women entrepreneurs to focus on startups:

- **BHARATHIYA MAHILA BANK COMPANY LOAN:** The bank gives women company owners loans of up to Rs. 20 crores to launch manufacturing ventures. Collateral is not necessary for loans of less than Rs. 1 crore.
- The **MUDRA YOJANA SCHEME** is intended to help women who want to start or grow their own businesses. Without providing any security or guarantor, women entrepreneurs can apply for loans that vary between Rs. 50,000 and Rs. 10 lakhs.
- The **DENA SHAKTI SCHEME** gives women a platform on which to apply for business loans. Loans up to Rs. 20 lakhs, repayable over 7 years, are available to women-owned enterprises with a 0.25% discount on the relevant interest rate. Under the program, a microcredit loan of Rs. 50,000 may also be requested.
- The SBI-sponsored **STREE SHAKTI SCHEME** is a program designed specifically for female entrepreneurs who are already in business as well as those who intend to do so. Women working in manufacturing, retail, or services are covered by this program. For loans beyond Rs. 2 Lakhs, the relevant interest rates are reduced by 0.5%, and loans up to Rs. 5 Lakhs are exempt from the need for a pledged collateral. The ladies must participate in the EDP sponsored by their respective state governments in order to be eligible for this program.
- An extremely well-liked government program called the **ANNAPURNA SCHEME** provides women business owners with loans of up to Rs. 50,000 to start food catering businesses.

However, the conditions for collateral and guarantors must be met. The mortgage must be repaid within 3 years.

- The **UDYOGINI SCHEME** was created to assist prospective female business owners in rural and impoverished areas. Women who have an annual household income of less than Rs. 1.5 lakh are eligible for this program. When founding a microbusiness in one of the approved small-scale sectors, loans up to Rs.3 lakhs are available without any interest or collateral requirements. Additionally, a 30% government subsidy is available.
- **NITI Aayog and SIDBI** have launched the Women Entrepreneurship Platform specifically to help established and aspiring women entrepreneurs. All women-led firms at any level of development can receive support from WEP's incubation and accelerator programs. WEP aids in creating a group of like-minded women who can network and exchange business knowledge.

10. CONCLUSION

Rural women entrepreneurship is emerging as a transformative force in India's economic and social landscape. Despite facing significant challenges such as limited access to finance, inadequate education, societal barriers, and lack of family support, rural women are increasingly stepping into entrepreneurial roles. Their participation contributes significantly to community development, poverty reduction, and national economic growth. Government schemes and initiatives have played a vital role in promoting this trend, offering financial aid, training, and infrastructure support. States like Tamil Nadu have set exemplary models by leading in the number of women-owned enterprises. However, for sustainable progress, more efforts are needed in areas like digital literacy, capacity building, mentorship, and gender-sensitive policy implementation. Empowering rural women through entrepreneurship not only uplifts individual families but also strengthens the nation's economic fabric. Fostering an inclusive environment for women entrepreneurs is essential for achieving equitable growth and positioning India as a truly progressive economy.

REFERENCES:

1. Banerjee, S., & Chatterjee, P. (2019). Barriers to rural women's entrepreneurship in India. *Journal of Rural Development*, 38(2), 105-120.
2. Bharatiya Mahila Bank. (n.d.). *Business loan for women entrepreneurs*. Retrieved from www.bmb.com
3. Desai, A., & Patel, R. (2023). Rural women entrepreneurship in India: Challenges and opportunities. *Women and Development Journal*, 15(3), 143-158.
4. Desai, A., & Patel, R. (2021). Government support and its impact on rural women entrepreneurship in India. *Indian Journal of Economics*, 47(4), 167-181.

5. Dena Shakti Scheme. (n.d.). *Women entrepreneurs and financing options*. Dena Bank. Retrieved from www.denabank.com
6. Gargi, B. (n.d.). Women as decision-makers in Indian history. *Journal of Indian Women Studies*, 21(3), 34-56.
7. Kumar, P., & Singh, A. (2023). Empowering rural women entrepreneurs in India: A review of government initiatives and challenges. *Indian Journal of Rural Development*, 22(1), 45-67.
8. Mahila Udyam Nidhi Scheme. (n.d.). *Financing women entrepreneurs in small scale industries*. Punjab National Bank. Retrieved from www.pnb.com
9. Mudra Yojana Scheme for Women. (n.d.). *Empowering women entrepreneurs through microfinance*. Government of India. Retrieved from www.mudra.org.in
10. Rao, K., & Iyer, P. (2020). Empowerment through enterprise: A review of rural women's entrepreneurial initiatives in India. *Indian Business Review*, 32(1), 58-73.
11. Sharma, R., & Verma, S. (2022). Challenges and opportunities for rural women entrepreneurs in India. *Asian Journal of Business Studies*, 19(4), 234-248.
12. Stree Shakti Package. (n.d.). *A scheme for empowering women entrepreneurs*. State Bank of India. Retrieved from www.sbi.co.in
13. Udyogini Scheme. (n.d.). *Self-employment opportunities for women in Karnataka*. Punjab and Sind Bank. Retrieved from www.psbindia.com
14. World Bank. (2020). *Gender equality and economic growth in India*. Retrieved from www.worldbank.org
15. Mudra Yojana. (n.d.). *Shishu, Kishor, Tarun schemes to boost women entrepreneurship*. Ministry of Finance, Government of India. Retrieved from www.finmin.nic.in
16. Banerjee, A., & Chatterjee, S. (2021). Empowering rural women entrepreneurs in India: Policies, challenges, and strategies. *International Journal of Gender Studies*, 29(2), 76-90.
17. Annapurna Scheme. (n.d.). *Financial support for women entrepreneurs in food catering*. State Bank of Mysore. Retrieved from www.sbm.co.in
18. Desai, A., & Patel, R. (2022). Government schemes for women entrepreneurs: An evaluation. *Journal of Entrepreneurship and Policy*, 27(3), 121-138.
19. Bharatiya Mahila Bank. (n.d.). *Women entrepreneurship loans*. Retrieved from www.bmb.com
20. Cent Kalyani Scheme. (n.d.). *Credit support for women entrepreneurs in micro and small enterprises*. Central Bank of India. Retrieved from www.centralbankofindia.co.in

Copyright (c) Author



This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/)