

# **Role of Women Entrepreneurs in Rural Economic Transformation in India**

**Mrs. Ramya L P<sup>1</sup>, Dr Shripathi Kalluraya P<sup>2</sup>**

<sup>1</sup>Research scholar, Srinivas University, Mangalore

<sup>2</sup>Research Professor, Srinivas University, Mangalore

## **Abstract**

Women who own and operate businesses serve as major accelerators of rural economic development in India by providing people with job opportunities, building local economies, and advancing community development goals. While facing challenges stemming from social and economic constraints (e.g., limited access to loan funds and restrictive mobility) as well as the persistence of traditional gender-based assumptions about women's roles in society, women living in rural areas have been innovative and persistent in developing micro-enterprises, creating self-help groups (SHGs), and pursuing various forms of farm and non-farm business opportunities including digital technologies. This report looks at trends in the area of women entrepreneurship in rural India based on secondary sources of information including reports issued by various government departments, the national bank of agriculture and rural development (NABARD), the national rural livelihoods mission (NRLM), as well as existing academic literature. Findings indicate that women entrepreneurs create income, jobs, reduce poverty, and empower themselves and their families through their contributions to the regional economy and the establishment of community-based businesses. The study also identifies the following factors that drive the growth of women-owned businesses: SHG–Bank Linkage programs, microfinance institutions, skill development training, digital platform access, and market linkages. The results of this study demonstrate that through building on each of these drivers, women-owned enterprises could grow significantly and, therefore, promote increased rural economic development in India. As a result, the paper concludes that the economic empowerment of rural women entrepreneurs provides an important path towards achieving sustainable and equitable rural development in India.

**Keywords:** Women Entrepreneurs, Rural Economy, Economic Transformation, SHGs

## **1. Introduction**

Women entrepreneurship is proving to be a powerful influence on the socio-economic development of rural India. In the last 20 years, women have had more opportunities to participate in economic activity due to changes in rural markets, the expansion of microfinance, the strengthening of self-help groups (SHGs) and the National Rural Livelihoods Mission (NRLM). Rural women who once were limited to the role of homemaker and had very little opportunity to participate in business are now becoming entrepreneurs in sectors such as agriculture and related sectors, handicrafts, food processing, retail and digital services; all of these contribute to household income and the development of rural communities.

Rural women entrepreneurs not only provide for themselves but also create jobs for others, encourage the use of local resources, provide access to financial services and stimulate innovation on the ground. Women owned businesses are often informal; however, these women demonstrate tremendous adaptability, creativity and resilience in running their businesses. Women entrepreneurs serve as changemakers by challenging traditional gender roles, and their contributions have broad-based effects on the reduction of poverty, improved education and increased decision-making power and social empowerment.

Women entrepreneurs are confronted by many barriers (some of which include access to finance and markets; inadequate infrastructure; lack of training/technological exposure; and socio-cultural constraints on mobility and decision-making) compounded by constraints on access to finance or markets and a lack of training and technology exposure. There is a need for an enabling environment that helps advance the capacity of women-owned businesses in these rural areas to be competitive and sustainable. It is therefore important to study how women-led enterprises impact the rural economic transformation process. What are women's businesses facilitating rural growth? What are the elements available to assist in their success? What are the problems that hinder women's entrepreneurial growth? Insight into these questions will provide information to support policy frameworks for stakeholders (developing agencies, development practitioners/researchers) to further empower women as key players in the rural economy. This research project uses secondary data to assess how women entrepreneurial enterprises contribute to rural economic growth in India, identify key drivers/barriers, and stress the strategic importance of investing in women to be the engine of rural transformation.

### **Historical Perspective of Entrepreneurship in India**

Throughout history, India has possessed a legacy of varied entrepreneurship due to culture, caste- and trade-based employment, organization of trade through markets/guilds, and changes in economic growth patterns. From ancient times until about the seventeenth century, the primary areas of economic activity were agricultural production (the most significant occupations being those of the Vaishya caste), manufacturing crafts (the largest craftsman organizations were those of the artisans), metalworking, and manufactured goods (the large textile manufacturing companies were organized by guilds). During this time, most of the entrepreneurial activity in the countryside would have centered on the cottage industries, local markets known as "hats", and artisans. Hence, on the one hand, during the colonial era, nearly all entrepreneurial activity was inhibited by colonial policies. However, on the other hand, throughout this period, new industries and types of businesses began to emerge, which challenged traditional forms of business and enabled entrepreneurs to create jobs and opportunities for themselves and others.

During the colonial rule of India, India continued to develop its economy. In addition to textiles and jute products, plantation industry products became established, and along with the development of new types of industry, a series of challenges for rural entrepreneurs also increased. Rejection of traditional rural employment and jobs, along with the introduction of British-manufactured goods to Country, greatly reduced the availability of raw materials to rural entrepreneurship, thereby inhibiting the capacity of rural entrepreneurs. During the colonial period, women were involved in starting their own businesses, primarily in weaving, food processing, farming, and trading from their homes.

Since India became independent, the country has employed a mixed economy that was intended to promote the industrialization of India through public-sector investment. Although entrepreneurship was officially encouraged, the vast majority of government policies that encouraged entrepreneurship focused on the growth of urban areas and heavy industry rather than the development of other areas of the economy. The vast majority of rural India continued to be reliant upon agriculture and small household industries. While women's work was critically important to the domestic production of a household, it was largely unrecognized and considered invisible in the formal economy. During the late 1970s and early 1980s, many changes took place in rural India as a number of major new initiatives were launched that aimed to create more self-employment opportunities, increase the strength of rural industry, and improve the means for women and other marginalized groups to earn a livelihood in the village economy. Unfortunately, the vast majority of entrepreneurial initiatives are limited in their scope due to inadequate training provided to entrepreneurs, lack of access to sufficient credit for most new entrepreneurs, and social and cultural barriers based on gender.

The 1990s ushered in the most significant changes for rural entrepreneurship programs for women through liberalizing economies through economic liberalization, decentralizing governance, and developing financing options such as microfinance institutions. Self-Help Groups (SHGs) were established through the Self-Help Group–Bank Linkage Program (SHG-BLP), implemented by NABARD in 1992, and changed the status of women in rural areas by providing millions of rural women access to capital, establishing cooperatives and initiating activities to generate income. Women started micro-enterprises and began negotiating better market access and taking part in developing and implementing the economic development of their communities.

Widespread opportunities for women entrepreneurs became available from the 2000s and beyond through inclusiveness, diversifying entrepreneurial options, and utilizing technological advancements. National Rural Livelihoods Mission (NRLM), Startup India, MUDRA loans, and Digital Platforms contributed to enhancing the opportunities available to rural women entrepreneurs. Women entrepreneurs in rural areas are the largest segment of contributing to the economic transformation of rural areas through agriculture, livestock, food processing, handicrafts, retail trade and more recently developing businesses in the digital economy and the service industry. Women entrepreneurs transformed livelihoods in rural areas, enhancing local economies and achieving social and economic empowerment.

In India, women have played a significant role throughout history as providers of economic opportunity through their involvement with various forms of entrepreneurship. Initially, women worked primarily within their own caste, but as generations have passed, so too have the ways in which women have engaged in entrepreneurship. Today, there are more opportunities for women to participate than ever before due primarily to cooperative movements, microfinance, and the establishment of modern entrepreneurial ecosystems. As such, contemporary Indian society is demonstrating that women entrepreneurs are more than just contributors; they are now taking the lead in revamping the rural economy.

## **Women Empowerment and Rural Entrepreneurship**

The intersection of rural entrepreneurship and women empowerment is a dynamic and stimulating factor for change in rural India's socio-economic structure. To empower women means to give them the tools and capabilities to choose what their lives will be, control resources on their terms, make decisions about those resources, and improve their overall economic and social well-being. In many rural communities, women have been locked out of formal economic participation due to traditional gender roles. Therefore, rural entrepreneurship offers women an alternative pathway to empowerment. It creates new avenues of financial independence, self-esteem, and increased contribution to family and community development, while allowing women to overcome both cultural and economic barriers. Women also have the opportunity to create a better quality of life for themselves without compromising their ability to care for their families, through economic activity generated from their homes. Many rural women start up micro-businesses in areas of agriculture, dairies, tailoring, food processing, handicrafts, retailing, and services. Most of these businesses are operated using locally sourced materials and/or labor, as well as utilizing their existing community networks. Thus, these businesses are sustainable and socially acceptable. Additionally, women participating in these ventures will enhance their bargaining position, financial autonomy, and recognition as economic contributors within their households.

Self-Help Groups (SHGs) are recognized as a way to create opportunities for women and girls to be economically empowered through entrepreneurship. This is done by creating institutions or "collective savings and credit access" that can help women develop their capacity and skills in the area of entrepreneurship. It has been established that SHGs enable women to break down financial barriers and motivate them to seek out those entrepreneurial opportunities that were not previously available to them before joining an SHG. Through both the SHG–Bank Linkage Program, and the National Rural Livelihoods Mission (NRLM), the government of India has demonstrated its commitment to creating an entrepreneurial environment for rural women, and the ability to have a transition from informal labor to structured micro-enterprises. Membership in an SHG not only builds capacity for financial literacy and increases women's risk-taking abilities, but also enhances their levels of confidence, develops their leadership skills, and increases their ability to be socially mobile. In addition to empowering women through economic empowerment, entrepreneurship promotes a holistic model of empowerment for women; this is demonstrated through the multiple dimensions of women's lives that are affected by entrepreneurship. Through constructing an independent income stream, accumulating savings, and acquiring assets, entrepreneurship has enabled women to improve the welfare of their households economically. By undertaking entrepreneurial activities, women are enhancing their visibility in public spaces, are increasing their participation in community institutions, and are developing their self-esteem by challenging the existing patriarchal norms that exist in society. Empowered women are increasingly likely to engage with local governments, articulate their thoughts, and support community development projects. In addition to the economic impact, entrepreneurship also enhances the psychological impact of achievement and self-reliance, and this increases women's confidence and autonomy.

Digital platforms & advancements are introducing more opportunities for women to become entrepreneurs in rural parts of India. Technologies such as mobile banking, digital payments, e-commerce and online learning allow women to run their business more effectively, receive training and find a larger audience.

Digital technology has eliminated barriers to information flow & market access as well as helped women get better prices for their products. This change to a digital landscape has greatly improved the entrepreneurial skills & successes of women in rural India as well as improved the sustainability and competitiveness of their business. The challenge for many rural women entrepreneurs is that even with the opportunities created through digital technology, many rural women still lack access to institutional funding, live in areas without infrastructure, have restrictions on where they can travel, have low educational attainment, and live in communities that do not value women's contribution to the workforce. In spite of these barriers to success, many women entrepreneurs show perseverance, creativity, and adaptability in continuing to grow their businesses. To enable the success of these women by creating systems in place to allow for women's economic empowerment requires coordinated efforts by federal, state, and local agencies, private-sector entities, NGOs, and financial institutions

Women empowerment and rural entrepreneurship are both mutually reinforcing processes. Empowerment allows women to participate successfully in the marketplace and become more socially, economically, and psychologically empowered; on the other hand, empowered women are in a better position to create and run successful businesses. Together, the two lead to rural economic transformation, poverty alleviation, gender equality, and sustainable community growth. Continued growth in the number of women entrepreneurs will demonstrate to the world a change in the way women participate in economic and social development.

## Statistical Perspective of Women Entrepreneurship in India

Over the recent decades, the entrepreneurship of women in India is increasing. This increase is through changing social attitudes, bringing in more policy changes and increasing access to micro-finance to support entrepreneurial effort. Numerous national surveys and official reporting provide data that shows a significant increase in the number of businesses owned and operated by women. According to the Sixth Economic Census, there are over 8 million businesses in India owned and operated by women, equaling almost 14% of all businesses in India. Approximately two-thirds of the businesses owned and operated by women are located in rural India, indicating a major increase in women's entrepreneurial activity in rural India. Most of these businesses are micro-enterprises, many are home-based and many depend on utilizing local skills, using family labor, and having limited access to capital.

Most rural women entrepreneurs engage in business that fall within the categories of agriculture and its factor's, small scale development sector, food processing, tailoring, small trade area and handicrafts, and other similar types. Census data shows that around 70% of 'Women's Business' (or 'Women's Enterprise') depends on traditional skills and resources to allow them to start and operate a business without changing locations or giving up their responsibilities. There are approximately 5.2 million Women's Businesses operating within Rural India, creating a large number of jobs within this sector. Current estimates from the Indian Employment Bureau show that micro and small businesses owned by women employ approximately 13 million people nationally, with a large concentration of those jobs located within the Rural Sector. This indicates that Women's Enterprises are playing an important role, not only as Self-Employment opportunities, but also creating further job opportunities for others in their locality, and therefore enhancing the strength of Rural Labor Markets.

The SHG movement is considered to be one of the best gauges for gauging growth in women as entrepreneurs. As a result of NABARD's SHG-Bank Linkage Program introduced in 1992, it has become the world's largest microfinance program. At this point in time India has more than 72,00,000 SHGs with over 80,000,000 rural women as members. The increase in average annual credit disbursements made by banks to SHGs has also increased significantly each year, with total outstanding loans exceeding ₹1,67,000 crore. Studies have shown that about 10 - 12 percent of the women involved in SHGs will eventually become micro business owners, which is a testament to the importance of working together and gaining access to financial services to establish viable businesses in rural India. Through the SHG model, women are no longer simply passive recipients of credit; rather they are now active participants in the economy and their families and communities' decision-makers.

Statistical data suggests the range of industries that women operate in throughout the country. Approximately a third of female entrepreneurs run businesses on agricultural and related business activities, while a major chunk of women entrepreneurs can be found working in or creating products related to manufacturing, including products such as processed foods, garments, handcrafted goods, etc. The retail space and beauty service space, tailoring as well as a small education service market are also very popular for women entrepreneurs to run their businesses in these sectors. The majority of these businesses rely heavily upon the supply chain and/or local markets to supply their products and services, and therefore women are considered key stakeholders within the local economy. The number of women currently working as entrepreneurs has grown significantly; however only 22 percent are currently qualifying for formal funding. In addition, women are receiving only seven percent of the total MSME funding provided in India, indicating that there is still a significant gap between female and male entrepreneurs in terms of access to financing. There is also an emerging trend based on new data identifying the increasing number of women who will be operating in the digital entrepreneurship sector. The adoption of mobile devices among rural women has increased the use of digital banking, and growing exposure to e-commerce will eventually begin to allow rural women entrepreneurs to discover expanded opportunities for marketing, communicating with customers, etc., as well as offering their products for sale. It is estimated that approximately 20 percent of women-led businesses are currently using at least one or more digital platforms to conduct their business. As more women are able to access these types of platforms, more rural women will become part of broader markets, which can lead to increased financial capabilities and greater ease in finding customers for their products.

Women entrepreneurship has a significant overall economic impact on rural development. Studies show that the households run by women entrepreneurs increased their annual incomes by between 30 and 45 percent compared to those without a woman-owned business. In addition, regions with strong Self-Help Group (SHG) networks (which typically support small investments for women) have significantly less poverty, more children in school, better nutrition, and greater savings and asset creation for families headed by a woman entrepreneur than regions with no SHG support. Women entrepreneurs contribute approximately ₹1.5 to 2 lakh crores (Rs. 1.5 – 2 trillion) each year to the rural economy, with this contribution expected to increase as more women obtain access to credit, skill training, digital technologies and market linkages. To conclude, available statistics indicate that women entrepreneurs are playing an increasingly important role as catalysts of economic change in rural India. The businesses of women entrepreneurs are leading to improved livelihoods in rural areas, creating jobs locally, increasing access to

financial resources and supporting broader socio-economic development. However, this same data demonstrates significant gaps in access to financial resources (credit), access to markets and access to training for women entrepreneurs which requires ongoing government support through policy and institutional interventions in order to unlock the full potential of women entrepreneurs in rural India.

## Objectives of the Study

1. To examine the growth and current status of women entrepreneurship in rural India.
2. To analyze the socio-economic contributions of women entrepreneurs to rural economic transformation.
3. To study the role of government schemes, institutional support, and private organizations in promoting women entrepreneurship.
4. To identify the major challenges faced by rural women entrepreneurs in establishing and sustaining enterprises.

## RESEARCH METHODOLOGY

This study draws upon extensive research derived from many different secondary sources, such as: existing research, articles appearing in electronic format (internet), reference texts, professional journals and publications, and industry reports.

## LITERATURE REVIEW

According to Singh (2008), although several factors limit the ability of female entrepreneurs to develop their capabilities, such as insufficient access to credit (funding), not having sufficient skill training available, and socio-cultural beliefs or customs, women continue to excel and/or participate in small businesses, particularly those in rural areas. In addition, Hedge and Rokhade (2010) found that SHGs provide a foundation for the establishment of women entrepreneurs by offering them access to credit, savings, and collective strength. The study showed significant improvements in women's confidence, level of social mobility, and decision making as a result of their membership in SHGs. The SHG–Bank Linkage Program has allowed millions of rural women in India to move from informal income generating activities to more formalized business activities as reported by NABARD (2014 & 2023). Microfinance and Credit have provided an important mechanism for the growth of rural women's businesses and increasing financial security; additionally, Access to finance has also increased the strength of Rural Markets. According to Dixit & Singh (2015), women entrepreneurs provide significant employment opportunities in India's rural areas. Women entrepreneurs utilize local resources and promote the development of traditional skills while creating local economic development opportunities. The Dixit & Singh (2015) study has also shown that many women-led businesses reinvest their earnings back into their households thus creating improved educational, health, and nutrition outcomes. According to Kant and Bansal (2019), the Government Programs namely MUDRA, NRLM and Stand-Up India have assisted women in their attempts to increase entrepreneurial activity. The analysis by Kant and Bansal (2019) indicated that through Policy Support, Skill Development Initiatives and Financial Inclusion, women have increased their participation within Micro Small and Medium Enterprises (MSMEs).

According to PRADAN (2020), many rural female entrepreneurs are formed via collective platforms for example SHGs and producer groups. These collective efforts allow female entrepreneurs to mitigate difficulties in accessing markets, negotiate increased pricing, and penetrate through additional value chain channels. The study has determined that institutional networks are an important contributor to successful sustainable enterprises. Digital entrepreneurship by female entrepreneurs in the rural sphere has grown considerably as a result of increased access to smartphones and digital literacy (ICRIER & Meta, 2022). With the emergence of digital platforms, rural female entrepreneurs can now sell their products on the Internet and therefore reach new customer segments and have an alternative method of generating income. All of these factors are contributing to the growth of rural economies. Research conducted more recently such as that conducted by NRLM (2023) shows that rural households with female entrepreneurs generate greater levels of income, exhibit increased levels of social mobility, and are actively engaged within their communities in the area of Community Development. This is indicative of the significant role of female entrepreneurs in rural transformations, particularly in regions where a strong network of SHGs or Microfinance exists. While it is widely recognized that the contribution of female entrepreneurs towards rural development is substantial, the continued barriers to female entrepreneurship such as a lack of access to credit, limited mobility, insufficient infrastructure, and cultural norms affect the success of female entrepreneurs in rural areas.

## **Entrepreneurship Development of Rural Women Through Self-Help Groups (SHGs)**

Since their inception in 1980, Self-Help Groups (SHGs) have evolved into a powerful tool for promoting entrepreneurship among rural women in India. The SHG is an informal association of 10-20 women who come together for the purpose of saving, accessing credit, building their capacity through training and support, or for the purpose of empowering each other collectively. During the past three decades the self-help group movement has progressed from being simply a place for women to save money and access credit, to now being a mechanism for creating leaders, developing entrepreneurs and providing sustainable livelihoods for millions of rural women across India. The SHG movement has undergone significant changes with establishments such as NABARD providing support to the movement through the launch of the National Rural Livelihoods Mission (NRLM). The self-help group movement has been transformative in enabling women to increase their confidence in pursuing different types of entrepreneurial ventures.

## **SHGs as a Platform for Financial Inclusion and Credit Access**

Rural women face many challenges including Lack of Access to formal Financial Institutions due Lack of Collateral Low literacy Levels socio-cultural Norms isolation from Market. The Self Help Group is an example of how this Gap can be Closed. Through self-help groups, Members pool small amounts of Money to Create a Common Pool of Savings that Group Members can Borrow from for Consumption needs, emergencies and Small Business Activities. The NABARD-SHG-Bank Linkage Program was Launched in 1992 to Link Self Help Groups to Bank to provide easy access to credit without requiring Collateral. With access to Needed Capital, Rural Women can now obtain Timely credit to Start Small Enterprises (Dairy, Tailoring etc) as well as Access to Financial services creates a pathway for Future Growth. Financial Empowerment gives women Confidence to Invest in their Income Generating Activities and eventually Grows their Business.

## Capacity Building and Skill Development Through SHGs

Entrepreneurship isn't just about access to money; it also requires a set of skills and knowledge, as well as some measure of self-confidence. To meet these requirements, SHGs provide training opportunities (through regular training sessions and exposure visits), to support the growth of their members through workshops, meetings, and overall capacity building under both the NRLM and state-level livelihood missions. Women are trained in the following areas as part of their development:

### Resources related

- Business Planning & Financial Literacy
- Bookkeeping, Savings and Loan Management

### Human-related

- Technical Skills required by a type of enterprise (e.g., sericulture, dairies, tailoring, agriculture, process food)
- Marketing Skills, Communication with Customers, Pricing

### Management-related

- Leadership Development & Group Decision-Making

Having been trained in these skills, rural women are now able to successfully operate their own enterprises, manage their business risks, negotiate with suppliers, and make informed decisions. Since SHGs are providing these opportunities for the development of entrepreneurial capability, many women have gained access to these training opportunities that they may not have been able to pursue through formal educational avenues

## Collective Strength and Social Capital as Drivers of Entrepreneurship

The most significant benefit of women's self-help groups (SHGs) is the strength found in numbers. Many women who may have previously experienced a lack of confidence or social pressures to engage or work are able to gain confidence through their involvement in a SHG. Because SHGs support each other, they help women navigate the challenges of earning a living, such as barriers to travel due to limited mobility, absence of support from their spouses, and/or limitations imposed by their communities. Women feel safe to explore different income-generating activities without worrying about failing, thanks to the SHG.

Additionally, through SHG networks, women can access valuable resources related to government support, as well as learn about local market opportunities. In addition, SHGs have enabled the formation of collective ventures, such as cooperatives for producers, co-ops for dairy farmers, and groups that produce crafts based on a shared cluster; as a result of collaboration and bargaining power gained from being part of an SHG.

## Entrepreneurial Activities Emerging from SHG Participation

SHGs have developed into a source for many different types of entrepreneurship over the last few decades. Women have been pioneers in all forms of enterprise related to Agriculture & Agro-Products, including the following agricultural and agrotourism enterprises: Vegetable Production, Flower Production, Organic Farming, Dairy Farming, Goat Raising, Poultry Raising and Fisheries. Manufacturing & Value-Added Products have also been established by women entrepreneurs through their use of SHGs, including: Papad Making, Pickle Making, Garment Making and Bamboo Crafts. Women have also established Retail and Service Enterprise through SHGs including: Grocery Stores, Beauty Parlours, Cell Phone Repair Services, Eateries and Tailoring. Digital and Modern Entrepreneurialism for women has been possible through SHG development, including: Online Selling, Digital Payments, E-Commerce and BPO Support Services. Each of these enterprises supports women's access to income and strengthen local supply chains through increased market access and support of Rural Economic Vibrancy.

## Role of SHGs in Enhancing Women's Empowerment

Through SHGs, entrepreneurship has empowered women in numerous ways. Women's economic empowerment comes through the ability to control their income and savings, make small investments, and improve their overall economic situation. Socially, they have become more visible in public places, have begun attending community meetings and have been exposed to local government agencies as well as having the opportunity to sell their products. Psychologically, this empowerment has increased women's self-confidence, self-worth, and ability to make decisions. Many women have progressed from being mere members of their SHGs to being community leaders, participating in their community's Gram Sabha, serving as members of their local government, as well as holding leadership positions on their local Village Development Committees.

This empowerment of women will not only improve the quality of life for women but also ensure better healthcare and education for their families, enhance household savings, and encourage both men and women to adopt and implement more modern practices regarding agriculture and business development.

## Market Linkages and Institutional Support

SHGs, or Self-Help Groups, are being incorporated into the market at a greater level through Producer Groups, Federations and Cluster-level Federations in order to promote entrepreneurship. In order for SHG products to get to larger markets, supermarkets and God Fairs as well as exhibitions and digital marketplaces, this combined effort of Producer Groups, Federations and Cluster-level Federations has developed as a method for connecting the SHG product with the marketplace. In addition, the Government e-Marketplace (GeM), Amazon Saheli, Flipkart Samarth, and state-run Rural Marts have all created access for rural women to the marketplace at both the National and International levels. In addition, Government Departments, Non-Governmental Organizations and Private Companies have collaborated with SHGs for Branding, Packaging, Quality Improvements, Product Certification and Digital Marketing Training. The collaborative effort between these entities provides a greater opportunity for women to build sustainable and scalable businesses.

## Impact on Rural Economic Transformation

SHG (Self Help Group) driven rural entrepreneurial systems have had a profound impact on the rural economy through many contributions made by women entrepreneurs. Women entrepreneurs create jobs at a local level, support their households with additional income and build stronger local markets for rural communities, and develop a network of supply chains for rural value-added products. The success of SHG based enterprises has resulted in increases in the economic resilience of the region as well as decreased levels of poverty, increased financial inclusion and improved social cohesion of communities. SHGs promote the empowerment of women to engage in productive work, enabling them to be key drivers of rural development and engines for social and economic change.

## Role of Governments and Private Organizations in Supporting Women Entrepreneurs in India

The rise of women entrepreneurs in India, especially in the rural areas, has been largely influenced by the collective efforts of government agencies, development partners, financial institutions, and the private sector. It is due to their efforts that an enabling environment has been developed that promotes women to become entrepreneurs and run their own business ventures. Over the years, the policies developed by the Indian government have gradually shifted from being welfare-based to more integrated policies of empowerment, financial inclusion, and market integration.

Various initiatives by the Government of India have helped to encourage women entrepreneurs. One of the biggest impacts has been the Self-Help Group (SHG) Bank Linkage Programs assisted by NABARD, through which millions of rural women were brought under the credit network of the banks. Under this, the women members form groups and are trained to save money, and when enough money is collected, they receive training to become entrepreneurs with income-generating activities. This initiative has been further reinforced by the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) with the purpose of developing rural women through skill development, support for enterprises, producer organizations, and rural access to markets.

Apart from SHG-based initiatives, the government has initiated various schemes targeted specifically toward women-owned businesses. Collateral-free loans are provided to women under the Pradhan Mantri Mudra Yojana (PMMY) scheme to run micro and small-scale businesses, and the Stand-Up India Scheme provides loans or financial assistance to women belonging to the Scheduled Castes, Scheduled Tribes, and other marginalized sections to set up new units or 'greenfield investments.' Similarly, other schemes like the Mahila Udyam Nidhi, Trade Related Entrepreneurship Assistance and Development (TREAD), Annapurna Scheme, and Udyogini Scheme offer women financial assistance, subsidies, or entrepreneurship training. In all these initiatives, the government attempts to overcome the long-existing financial gap that has prevented women from taking part in any sort of business activities.

Apart from financial assistance, the government provides support to enhance the competence level of the female population. Programs under the Industrial Training Institutes (ITIs), Entrepreneurship Development Institutes (EDIs), Rural Self-Employment Training Institutes (RSETIs), and the Khadi and Village Industries Commission (KVIC) are conducted in these sectors: Tailoring, Food Processing,

Handicraft, Digital Literacy, and Business Management. The digital initiatives launched, including Digital India, e-Shram, and Digital Marketing through GeM (Government e-Marketplace) sites, have, in turn, included rural women in entire supply chains and the national market through these digital endeavors. Some other initiatives taken by the government to support rural Women entrepreneurs are mentioned in the next section.

In addition to governmental support, there are private bodies, Non-Governmental Organizations (NGOs), and corporate sectors that contribute significantly to the development of women entrepreneurs. There are many such organizations like SEWA, PRADAN, MYRADA, and DHAN Foundation, which are playing a major role in rallying rural women and motivating them to form collectives and providing them with guidance and capacity development assistance. These organizations mainly function on the grassroots levels and assist women in sensing potential entrepreneurial opportunities, grasping the markets, and developing their abilities to become leaders in their own right. There are other private organizations as well, which are associating themselves with SHGs and women entrepreneurs through the concept of CSR in sectors such as food processing, handicrafts, and agriculture and sanitation.

The corporate world has launched many acceleration and incubation initiatives exclusively for women entrepreneurs. These organizations include NASSCOM Foundation, CII, FICCI Ladies Organization (FLO), and WE Hub, wherein the women entrepreneurs get to enjoy the benefits of networking, business guidance, online skill development, and technology support. Additionally, the corporate giants such as Amazon, Google, HUL, and Nestle have initiated many training modules in support of women entrepreneurs, allowing them to increase their online presence, enhance product packaging, ensure quality, and subsequently gain access to the domestic and global markets. Digital marketplace such as Amazon Saheli, Flipkart Samarth, and Meesho provided support to rural women to directly connect with customers eliminating the middleman concept. Both public and private financial institutions have also increased their initiatives for supporting women entrepreneurs. Banks have also come up with loan schemes friendly to women with lower interest rates, flexible repayment terms, and simplified procedures. Micro Finance Institutions (MFIs) are also performing their roles effectively by offering small loans to women in rural areas where banking facilities have not penetrated much. The growth of fintech companies has also made it simpler for women with entrepreneurial aspirations to access credit using apps and online scoring systems, thus avoiding financial exclusion otherwise faced by women.

Thus, the collective endeavors of government institutions, corporate entities, monetary institutions, and civil society organizations have contributed to an environment that is quite inclusive of women entrepreneurs in India. These collective strategies have contributed to lowering bottlenecks, improving skills and confidence of rural women, increasing their reach to markets and technology, and eventually bringing about an economic transition in rural areas. With increasing collective effort, women entrepreneurs will be at the forefront of inclusive and sustainable growth of rural areas of India in years to come.

## Challenges Faced by SHG-Led Women Entrepreneurs

Self-Help Groups (SHGs) have proved to be an excellent tool for the promotion of women entrepreneurs, especially in the rural and semi-urban regions of India. SHGs make it possible for women to become involved in entrepreneurial activities through the mechanism of microfinance and the acquisition of skills and knowledge. Despite this, the women entrepreneurs brought about by the SHGs face quite a number of challenges.

**1. Lack of Access to Appropriate Finance:** Even though women entrepreneurs receive microcredits from the support groups, the money for financing is less to empower the women and grow the business. The banks also do not want to lend much money because the women cannot be able to repay the money since they do not have collateral or proper credentials. The women entrepreneurs end up running small businesses with low profits.

**2. Low Levels of Education and Skills:** Many SHG women entrepreneurs in the rural and semi-rural segments tend to be less educated, making it difficult to manage finances and appreciate the marketplace and other innovative technologies in the most effective and efficient manner. Lack of entrepreneurial skills in the marketplace limits innovations and efficiency levels in their enterprises.

**3. Marketing and Market Access Barriers:** The SHG-supported businesses have limited access to larger markets beyond the village or the weekly market. As their branding, packing, advertising, and market knowledge are absent, the targeted consumers are limited. The middleman, in fact, dictates the entire supply chain, resulting in low profits for the women entrepreneurs. Even exposure to e-commerce sites remains meager.

**4. Socio-Cultural Factors:** Patriarchal social values, socio-cultural, and gender stereotypes are still impeding the entrepreneurial endeavors of women. Women are met with resistance by the family against their freedom to move, participate in decision-making, and manage finances. Additionally, managing home and business means they spend less time on entrepreneurship.

**5. Infrastructure & Technology:** A poor infrastructure network, which lacks electricity, storage space, means of transport, as well as proper workspace, hinders the production process. The scarcity of advanced technology, machines, and technological devices will slow down productivity and progress.

**6. Lack of Managerial and Entrepreneurial Experience:** The lack of experience in both management and entrepreneurship amongst the SHG women entrepreneurs has impacts associated with planning, handling risks, and decision-making. Lack of knowledge with regards to legal matters, taxation, and compliance creates another set of problems for the entrepreneurs.

**7. Challenges related to Institutions and Policies:** Although there are government programs and support mechanisms for the betterment of women, they lack information about the same, and this is because of ineffective dissemination of information. Then, the procedure involved deters people from applying, and corruption is also an issue.

**8. Sustainability And Group Processes:** Conflicts within the group problems with leadership and uneven participation of members, in Self Help Groups affect how well the group works together. If the business will be sustainable. When Self Help Groups rely much on group loans and do not have other ways to make money it can cause financial problems. If members leave the group because they have to move or have family issues it also affects the stability of the group. This can hurt the Sustainability of Self-Help Groups and the businesses they are trying to build.

**9. Limited Exposure and Networking Opportunities:** The women who start their businesses with the help of Self-Help Groups or SHG women entrepreneurs do not get to meet many successful business owners. They also do not get to attend trade fairs and they are not part of many business networks. This is a problem because they do not get advice from experienced people. They need people to guide them and give them ideas but they do not get that. This means that SHG women entrepreneurs do not learn things and they do not come up with new ideas, for their businesses. SHG women entrepreneurs need this kind of help to make their businesses better.

**10. External Shocks:** As SHG-led businesses are highly exposed to external shocks like economic slowdowns, inflation, global health epidemics, as well as climate change events, they lack savings & lack any sort of insurance cover. This puts them at higher risk.

## FINDINGS

The analysis depicts that women entrepreneurs contribute remarkably to rural economic change in India. The increased number of Self-Help Groups, microfinance services, and support services for entrepreneurs, provided by the government, have contributed remarkably to women's engagement with income-generating activities in rural India. Among the key observations emerging from the findings is that women entrepreneurship has played a significant role in income diversification for rural households. Women-owned businesses serve as supplemental and primary means of income for households, mitigating dependence on agriculture and seasonal wage employment. This move has enhanced the resilience of rural households against the prospects of rural poverty. The paper also establishes that women entrepreneurs play an important role in the creation of employment opportunities, especially within the rural sector, where some of these businesses are established on a group formulation. The businesses assist in the development of the value chain within the local economy by increasing the value of agricultural and non-agricultural goods.

Women entrepreneurship is really good for inclusion. When women are part of self help groups and small businesses, they can use banks and other financial services easily. They can save money get loans and buy insurance. This means women have control over money and can make more decisions, about how it is used. Women entrepreneurship helps women in ways especially with financial inclusion. The report also says that women entrepreneurship is really good for society. Women entrepreneurship has helped women become confident and better leaders. It has also given women a status in society. Women who start their businesses are more involved, in their communities and help make decisions, which helps the rural areas grow and develop. Women entrepreneurship is very important because it helps women and it helps the places where they live.

However, what is revealed is that women-owned businesses in rural India are still predominantly micro. There are factors of lack of access to larger credits, insufficient markets, low adoption of technology, as well as socio-cultural factors that restrict business growth.

## CONCLUSION

Women Entrepreneurs are really making a difference to the rural areas of India. They are beginning new businesses and as a result, they are bringing money into society. They are including more people in banking. They are improving society. Women Entrepreneurs are doing a great service by reducing the level of poverty in rural areas, making families stronger, and allowing everyone to grow together. Women Entrepreneurs are very important to the development of areas, including India.

It is revealed by the study that although we have been able to achieve quite a lot when it comes to helping women begin their business activities, women entrepreneurship is yet to realize its true potential because there are some areas where women get held back, like the area of expanding the business because they fail to acquire the funding required to do so, because of the lack of required skills, because they fail to utilize the technology available to the maximum, and because people do not take them seriously. Women entrepreneurship is yet to achieve the desired level because the field faces quite a number of challenges.

Ensuring that the positive power of women entrepreneurship as a transformative force in rural economies is maximized, there is a need to ensure that policies that integrate enterprise growth, market outreach, skills, and digital empowerment are addressed. Enhancement of support systems of SHGs, cooperatives, and entrepreneurship development schemes can act as an additional boost towards rural economic transformation.

To conclude, women entrepreneurs not only represent a contributor to the economy, but they can be a force for change within society as well. Women entrepreneurs need to be empowered to attain sustainable development of society as a whole, specifically within rural India.

## References

1. Agarwal, B. (2018). *Gender equality, food security and the empowerment of rural women*. Routledge.
2. Dixit, S., & Singh, P. (2015). Women entrepreneurship development in India: Problems and prospects. *International Journal of Applied Research*, 1(11), 795–801.
3. Hedge, M. N., & Rokhade, A. K. (2010). Role of Self-Help Groups in socio-economic empowerment of women in India. *Journal of Rural Development*, 29(4), 399–408.
4. International Labour Organization (ILO). (2021). *Women's entrepreneurship development in India: Evidence from rural and urban sectors*. ILO Publications.
5. Kabeer, N. (2012). Women's economic empowerment and inclusive growth: Labour markets and enterprise development. *International Development Research Centre (IDRC)*.
6. Kant, R., & Bansal, S. (2019). Government initiatives and women entrepreneurship in MSME sector: An analytical study. *Journal of Entrepreneurship and Innovation Management*, 6(2), 45–57.

7. Meta & ICRIER. (2022). *Challenges and opportunities for women-led digital entrepreneurship in India*. Indian Council for Research on International Economic Relations.
8. Ministry of Micro, Small and Medium Enterprises (MSME). (2023). *Annual Report 2022–23*. Government of India.
9. Mukherjee, A. (2020). Microfinance, SHGs and women's entrepreneurship: A study on rural India. *International Journal of Social Economics*, 47(6), 789–805.
10. NABARD. (2014). *Status of Microfinance in India 2013–14*. National Bank for Agriculture and Rural Development.
11. NABARD. (2023). *Status of Microfinance in India 2022–23*. National Bank for Agriculture and Rural Development.
12. National Rural Livelihoods Mission (NRLM). (2023). *Annual Report on SHG activities and livelihood promotion*. Ministry of Rural Development, Government of India.
13. Planning Commission of India. (2011). *Report of the Working Group on Women's Agency and Empowerment for the 12th Five-Year Plan*. Government of India.
14. PRADAN. (2020). *Transforming Rural Livelihoods through Women's Collectives*. Professional Assistance for Development Action.
15. Sharma, A., & Varma, S. (2016). Rural women entrepreneurship: Emerging possibilities and challenges. *Indian Journal of Economics and Development*, 12(3), 563–572.
16. Singh, K. (2008). Rural women and entrepreneurship: Problems and prospects. *Kurukshestra*, 56(5), 36–40.
17. World Bank. (2021). *Empowering women entrepreneurs in rural India: Lessons from livelihood missions*. World Bank Publications.