



EMPOWERING WOMEN ENTREPRENEURS: A STUDY ON THE ROLE OF GOVERNMENT SCHEMES

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Abstract

Women entrepreneurs play a vital role in driving inclusive economic growth, employment generation, and poverty reduction. Recognizing this potential, governments—particularly in India—have introduced a range of schemes to enhance women’s access to credit, skills, technology, markets, and support networks. This study reviews existing literature to understand how such policy interventions shape women’s entrepreneurial journeys, outlines a mixed-methods framework to assess the effectiveness of selected schemes, and offers policy insights for improving their design and implementation. It emphasizes that lasting impact requires more than isolated initiatives: government programs must combine financial support with capacity-building, market integration, and measures that address the deeper institutional and social barriers faced by women entrepreneurs.

Keywords: *Women Entrepreneurship, Economic Growth Poverty Reduction, Capacity Building, Social Barriers.*

Introduction

Women’s entrepreneurship has emerged as a critical driver of economic growth, employment generation, and social equity across both developed and developing economies. Empirical evidence suggests that enterprises owned and managed by women not only contribute significantly to national income but also create broader social benefits through reinvestment in education, healthcare, and community welfare (OECD, 2022; UN Women, 2021). In the Indian context, women entrepreneurs represent a vital yet underutilized resource, with the potential to accelerate the country’s inclusive development agenda (Government of India, MSME Annual Report, 2023).

Despite this potential, women remain underrepresented in entrepreneurial activity. They face multiple barriers including limited access to formal finance, inadequate collateral, restricted mobility, and weaker business networks compared to their male counterparts (World Bank, 2020; GEM, 2022). Socio-cultural norms and institutional biases further constrain women’s agency, decision-making power, and ability to scale enterprises (Field, Jayachandran, & Pande, 2010). As a result, women-led enterprises are often concentrated in low-value sectors, characterized by informality, small scale, and limited market integration.

In recognition of these challenges, the Government of India has introduced a range of targeted schemes to promote women’s entrepreneurship, including Stand-Up India, Pradhan Mantri MUDRA Yojana (PMMY), the Prime Minister’s Employment Generation Programme (PMEGP), and interventions under the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM). These initiatives aim to relax financial constraints, enhance entrepreneurial capabilities, and connect women entrepreneurs with formal markets (Ministry of Finance, 2022; Ministry of MSME, 2023). While such schemes have expanded opportunities for women, questions remain about their overall effectiveness, sustainability, and inclusivity across regions and social groups.



The empowerment of women through entrepreneurship requires more than access to credit or subsidies; it necessitates a comprehensive ecosystem that integrates financial inclusion, skill development, mentoring, and supportive institutional frameworks (Banerjee & Duflo, 2011; Bruhn & Love, 2014). Against this backdrop, this paper seeks to examine the role of government schemes in empowering women entrepreneurs, evaluate their impact on business outcomes and empowerment indicators, and suggest policy directions for enhancing their reach and effectiveness.

Concept of Women Entrepreneurs

The concept of women entrepreneurs refers to women who initiate, manage, and operate business ventures by mobilizing resources, bearing risks, and pursuing innovation. Beyond generating income and employment, women's entrepreneurship plays a transformative role in advancing gender equality, social empowerment, and inclusive economic growth. While traditional definitions emphasize ownership and control of enterprises, modern perspectives extend the concept to include women's agency, decision-making power, and their ability to overcome institutional and socio-cultural barriers. In India, the Government defines a women entrepreneur as one who holds at least 51% financial ownership in an enterprise and ensures a similar share of employment opportunities for women. Overall, women entrepreneurs are not only economic actors but also catalysts of social change. Their ventures contribute to poverty reduction, community development, and the achievement of Sustainable Development Goals, making their empowerment through entrepreneurship both an economic necessity and a developmental priority.

Literature Review

Women Entrepreneurship and Economic Development: Research has consistently highlighted the role of women entrepreneurs in contributing to national income, job creation, and social development. Women-led enterprises are often associated with reinvestment of income into family welfare, education, and health, thereby generating positive spillovers beyond the enterprise itself (UN Women, 2021; OECD, 2022). In the Indian context, women entrepreneurship is increasingly recognised as a pathway to inclusive growth and an instrument for achieving Sustainable Development Goals (SDGs), especially Goals 5 and 8 (World Bank, 2020).

Barriers to Women Entrepreneurship

Despite their potential, women entrepreneurs face multiple structural and institutional barriers. Studies show that access to formal credit remains disproportionately low for women due to lack of collateral, perceived risk, and gender biases in lending institutions (Bruhn & Love, 2014). In addition, social norms around mobility, domestic responsibilities, and weaker professional networks constrain women's capacity to start and scale businesses (Field, Jayachandran, & Pande, 2010). These barriers often push women into micro-enterprises with low growth potential.

Government Interventions and Policy Support

Governments have attempted to address these barriers through targeted schemes. In India, initiatives such as Stand-Up India, Pradhan Mantri MUDRA Yojana (PMMY), Prime Minister's Employment Generation Programme (PMEGP), and the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) provide concessional loans, credit guarantees, subsidies, training, and market linkages (Ministry of MSME, 2023). Literature suggests that such schemes have widened access to finance and formalisation opportunities, though uptake remains uneven across regions and socio-economic groups (NITI Aayog, 2020).



Capacity Building and Skill Development: Research highlights that financial support alone is insufficient. Effective entrepreneurship development requires skill enhancement, digital literacy, mentoring, and exposure to markets. Randomised evaluations in developing countries have found that training programmes yield modest improvements in business outcomes unless combined with continuous mentoring and peer networks (Banerjee & Duflo, 2011). In India, programmes integrating capacity building with SHG platforms have shown greater success in enhancing women's confidence, financial literacy, and decision-making power (DAY-NRLM, 2022).

Empowerment and Social Change

Beyond economic outcomes, scholars argue that entrepreneurship enhances women's empowerment by increasing their agency, control over resources, and participation in household and community decision-making (Kabeer, 1999). However, empowerment outcomes are not automatic; they depend on the extent to which schemes address underlying social and institutional barriers. Evidence shows that family support, childcare provision, and mobility infrastructure significantly shape women's ability to sustain entrepreneurial activity (World Bank, 2020).

Objectives

1. To identify and analyse the key factors that motivate and encourage women to pursue entrepreneurship.
2. To study the support given by the Government through various schemes to promote women entrepreneurs.
3. To examine the difficulties faced by women entrepreneurs in the various government schemes

Factors Encouraging Women Entrepreneurs

Women entrepreneurship contributes significantly to economic growth and social development. Their entrepreneurial journey is influenced by personal aspirations, social encouragement, economic needs, and institutional support. Identifying and analysing these factors helps understand what drives women to start and sustain businesses.

Economic Motivators

Economic factors are a primary driver for women. The desire for financial independence motivates women to earn their own income and make autonomous decisions. The goal of wealth creation and profit encourages women to build long-term financial security, while the aim of employment generation motivates some to create jobs within their communities. These factors are particularly strong among first-generation women entrepreneurs seeking financial stability.

Personal Motivators

Personal aspirations such as self-identity and social recognition inspire women to break traditional roles and gain respect in society. Educational attainment and skills provide confidence to start businesses, while passion and creativity enable women to convert hobbies or talents into profitable ventures. Additionally, the flexibility of work-life balance offered by entrepreneurship encourages women to manage professional and family responsibilities effectively.

Social Motivators

Support from family, especially spouses and parents, plays a key role in motivating women. Role models of successful female entrepreneurs provide inspiration, while networking and peer groups such as SHGs and women's associations offer mentorship, collaboration, and access to resources. Social motivators thus act as enablers that help women overcome barriers and pursue entrepreneurship with confidence.



Institutional and Environmental Motivators: Government schemes like MUDRA Yojana, Stand-Up India, PMEGP, and DAY-NRLM provide financial assistance, training, and policy support. Access to finance and credit through banks and digital platforms facilitates business initiation. Furthermore, technology and digital platforms allow women to market and sell products online, while increasing market demand for women-led and niche products creates business opportunities. These factors bridge the gap between intention and action, enabling women to transform ideas into successful ventures.

Women are motivated to pursue entrepreneurship by a combination of economic, personal, social, and institutional factors. While economic and personal motivators provide the initial drive, social and institutional factors sustain their participation and success. Overall, women are encouraged by the desire for self-reliance, recognition, creativity, and supportive networks, supported by favorable policies and market opportunities.

Various Schemes to Promote Women Entrepreneurs

Stand-Up India Scheme

Launched in 2016, the Stand-Up India Scheme provides bank loans between 10 lakh and 1 crore to at least one woman borrower per branch, along with SC/ST entrepreneurs. The scheme is designed to support new enterprises in manufacturing, services, or trading sectors and encourages women to move beyond traditional roles into business leadership.

Pradhan Mantri MUDRA Yojana (PMMY)

The MUDRA Yojana offers loans up to 10 lakh for micro and small enterprises under three categories—Shishu (up to 50,000), Kishor (50,000– 5 lakh), and Tarun (5– 10 lakh). Women entrepreneurs are given preference through reduced interest rates and simplified loan processes, making it a widely accessed scheme for small businesses.

Prime Minister's Employment Generation Programme (PMEGP)

The PMEGP is a credit-linked subsidy scheme that encourages self-employment through micro-enterprises. Women entrepreneurs can avail subsidies up to 35% of the project cost, enabling them to start small-scale industries and ventures in both rural and urban areas.

Mahila Coir Yojana

This women-oriented scheme, run by the Coir Board, provides financial assistance and training for women in coir-based industries. By supporting rural artisans, it helps women build sustainable livelihoods through traditional skills and value-added coir products.

Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme

The TREAD Scheme promotes women's participation in trade by offering credit up to 30% of project cost, training, and counseling. The scheme works through NGOs to reach women entrepreneurs, focusing on improving their access to finance and capacity development.

Support to Training and Employment Programme for Women (STEP)

The STEP Scheme provides skill training in diverse fields such as agriculture, handicrafts, and IT services. It aims to increase employability and entrepreneurship opportunities, particularly among women from disadvantaged groups.



Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM)

This mission seeks to empower rural women through the formation of Self-Help Groups (SHGs), which facilitate access to credit, training, and collective enterprises. By linking women to formal financial institutions and markets, DAY-NRLM strengthens rural entrepreneurship.

Challenges Faced By Women Entrepreneurs In Government Schemes

Lack of Awareness

Many women entrepreneurs, particularly in rural and semi-urban areas, are unaware of the schemes and benefits available to them. Limited outreach, inadequate information campaigns, and poor dissemination of details reduce the effectiveness of these initiatives.

Procedural Complexities: Accessing government schemes often involves complicated procedures such as extensive paperwork, strict eligibility criteria, and bureaucratic delays. These procedural hurdles discourage women, especially those with limited formal education, from availing the benefits.

Financial Barriers: Despite schemes offering collateral-free or subsidised loans, many financial institutions hesitate to lend to women entrepreneurs due to risk perceptions. Delays in loan approvals, high interest rates in some cases, and the need for guarantors remain significant obstacles.

Socio-Cultural Constraints: Deep-rooted social norms often restrict women's mobility, decision-making power, and participation in entrepreneurial activities. Family responsibilities, lack of spousal support, and gender biases can prevent women from accessing or fully benefiting from government support.

Skill and Training Gaps: Many women entrepreneurs lack the technical, managerial, or digital skills needed to meet the eligibility criteria of schemes or to effectively utilise the support provided. This gap reduces the sustainability and competitiveness of their enterprises.

Implementation Gaps: While schemes are well-designed at the policy level, ground-level implementation often suffers from inefficiency, corruption, or lack of coordination between institutions. This results in women not receiving timely benefits or support as intended.

Findings

1. Women are primarily motivated by economic independence, the desire to support family income, and the aspiration for self-reliance and empowerment.
2. Social recognition and the need for a stronger role in decision-making within the household and community also drive women to entrepreneurship.
3. Psychological factors such as self-confidence and the pursuit of personal achievement further influence entrepreneurial entry.
4. Schemes like MUDRA Yojana, Stand-Up India, PMEGP, STEP, and DAY-NRLM have provided financial support, training, and institutional assistance.
5. Beneficiaries reported improvements in credit access, entrepreneurial skills, and business opportunities.
6. Government interventions have helped create a supportive ecosystem, though benefits are unevenly distributed across regions and sectors.
7. Low awareness levels about schemes remain a major barrier, particularly in rural areas.
8. Cumbersome application processes, collateral requirements, and bureaucratic delays discourage women from availing benefits.



9. Credit access issues persist due to gender bias in lending and women's limited asset ownership.
10. Skill and knowledge gaps especially in technology, marketing, and financial management reduce the effectiveness of schemes.
11. Socio-cultural barriers such as family responsibilities, restricted mobility, and societal attitudes continue to hinder women's participation.
12. Weak monitoring and feedback systems affect proper implementation and reduce the overall impact of the schemes.

Suggestions

1. Launch extensive awareness campaigns (digital, print, community-based) to improve outreach of government schemes.
2. Simplify application procedures by reducing paperwork, offering single-window clearances, and using regional-language digital platforms.
3. Promote gender-sensitive credit policies with collateral-free loans, flexible repayment options, and lower interest rates for women entrepreneurs.
4. Provide skill development and training programmes focusing on digital literacy, financial management, and entrepreneurship.
5. Strengthen mentorship and handholding support through women entrepreneur networks and industry partnerships.
6. Enhance market linkages by promoting women-led businesses on e-commerce platforms, trade fairs, and global markets.
7. Foster family and community awareness programmes to overcome socio-cultural barriers and encourage collective support.
8. Establish robust monitoring and feedback mechanisms for evaluating scheme implementation and improving policy effectiveness.
9. Develop exclusive women entrepreneurship clusters or hubs to provide shared infrastructure, resources, and networking opportunities.
10. Encourage public-private partnerships (PPPs) to expand funding, incubation, and market access for women entrepreneurs.

Conclusion

Women entrepreneurs constitute a critical force in advancing inclusive growth, generating employment, and fostering socio-economic transformation. This study explored the motivational factors driving women into entrepreneurship, assessed the role of government schemes, and examined the challenges encountered in accessing such support. The findings highlight that women are primarily encouraged by aspirations for economic independence, self-reliance, and social recognition. At the same time, initiatives such as Stand-Up India, MUDRA Yojana, PMEGP, STEP, and DAY-NRLM have provided essential pathways for credit, skill development, and market integration. Nevertheless, persistent barriers—ranging from limited awareness and procedural complexities to inadequate access to finance, socio-cultural constraints, and capability gaps—continue to restrict the effectiveness of these interventions. The analysis underscores the need for a holistic approach that integrates simplified processes, targeted awareness campaigns, gender-sensitive credit frameworks, capacity-building measures, and stronger market linkages to enhance outcomes. In essence, while commendable progress has been achieved in promoting women's entrepreneurship through public policy, the ultimate empowerment of women entrepreneurs rests on narrowing the divide between policy intent and ground-level implementation. Strengthening this alignment will enable India to build a more



inclusive, resilient, and sustainable entrepreneurial ecosystem, unlocking women's full potential as drivers of economic growth and social transformation.

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