

CHALLENGES AND OPPORTUNITIES FOR WOMEN ENTREPRENEURS IN INDIA: A SECONDARY RESEARCH REPORT

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A comprehensive analysis of women-owned enterprises and Self-help groups in India's urban and rural landscapes. Providing data-driven insights into the challenges, opportunities, and impact of encouraging women entrepreneurship in India. The study focused on understanding the complete ecosystem of these entrepreneurs



Building Agency. Transforming lives. Path to Viksit India

1.1 Research Focus Areas:

This report presents a comprehensive analysis of women-owned micro-enterprises and Self-Help Groups (SHGs) in India's semi-urban and rural landscapes. As part of its mission to empower women to be agents of their own transformation, NEF conducted this research to generate rigorous, data-driven insights into the challenges, opportunities, and impact of boosting women entrepreneurship in India. The research focused on understanding the complete ecosystem of these entrepreneurs

Through this research, NEF wanted to deepen its understanding of women-owned enterprises and SHGs in semi-urban and rural areas. This research is vital for informing and refining future initiatives aimed at fostering economic independence and social upliftment among women. The present report contributes to this objective by synthesizing existing secondary data on the landscape of women's entrepreneurship and SHGs across India

This study delves into several key areas to build a holistic picture:

- **Demographics and Profile:** A detailed analysis of the entrepreneurs' age, education level, social group, marital status, and disability status, exploring the differences between urban and rural settings and whether they are first-generation business owners.
- **Financial Landscape:** An examination of their financial health, including household income, business earnings, debt, and their role as primary breadwinners in their families. It also explores their financial management practices and business registration status.
- **Entrepreneurial Journey:** Understanding the core motivations and aspirations that drive women to start their own enterprises and the systemic barriers that often prevent these micro-enterprises from scaling.
- **Digital Transformation:** Assessing the readiness of women entrepreneurs and SHGs to adopt digital tools like UPI, mobile banking, and social media apps. The research specifically looks for success and failure stories related to using e-commerce and social media platforms for business growth.
- **Socio-Cultural Impact:** Investigating whether a woman's financial independence changes the perception of her role within the family and community, particularly from a male perspective.
- **Support Systems:** Gauging the awareness and adoption of government schemes designed to support women entrepreneurs.

1.2 Key insights:

The findings reveal a dynamic but challenging environment where women entrepreneurs are increasingly contributing to household incomes and local economies, often as primary breadwinners. Systemic financial barriers, persistent socio-cultural norms, and gaps in tailored policy support and business development services often constrain their growth.

- Most women-owned businesses operate in rural areas and are primarily micro-enterprises.
- Systemic financial barriers, persistent socio-cultural norms, and gaps in tailored policy support, mentoring and market-linkage support constrain growth.
- Digital transformation presents an opportunity, but gaps in digital literacy limit full utilization for business growth
- SHGs serve as powerful platforms for financial inclusion and fostering collective action and social empowerment

1.3 Key Recommendations:

- Advocate for gender-sensitive financial products.
- Providing holistic business development services, including mentorship and market linkages
- Address socio-cultural barriers through awareness campaigns and community engagements.

- Enhance digital literacy and e-commerce capabilities through tailored training.
- Provide tailored opportunities for women understanding their unique challenges.

2. Profile of Women-Owned Enterprises and SHGs in India

2.1 Demographics and Socio-Economic Characteristics

Women-owned MSMEs:

Total number of establishments owned by women entrepreneurs was 8.05 million (13.76%). (2013 – Sixth Economic Consensus) [19]

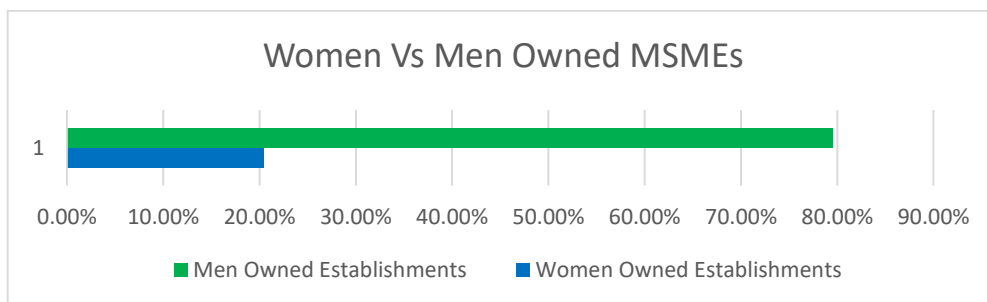


Fig.1.1

According to MSMEs (2024) GOI, the total number of women-owned MSMEs and total MSMEs were 4,667,278 and 22,819,417, respectively, with women-owned MSMEs at 20.5%. About 88.8% of the workers were employed in these establishments hiring fewer than 10 workers. Average employment per establishment for women-owned establishments was found to be 1.67. Which means most women-owned enterprises in India are single-person microenterprises. The employment share of women-owned enterprises is 18.73% and the investment percentage is 11.15%. In the case of turnover, the share of women-owned enterprises was ₹17,14,992.98 crores and it is 10.22 percent of the turnover of total MSMEs. Although the percentage share of women-owned enterprises is relatively low but still, women are taking the initiative to come in the MSMEs, it is quite impressive for women's empowerment. [1].

SHGs: Total number of Self Help Groups (SHGs) were 0.19 million out of which all Women Own Account Establishments were 89%. (2013 – Sixth Economic Consensus) [19]

Strong Rural presence: A substantial majority of these, around 5.25 million or 65.12% are situated in rural settings.

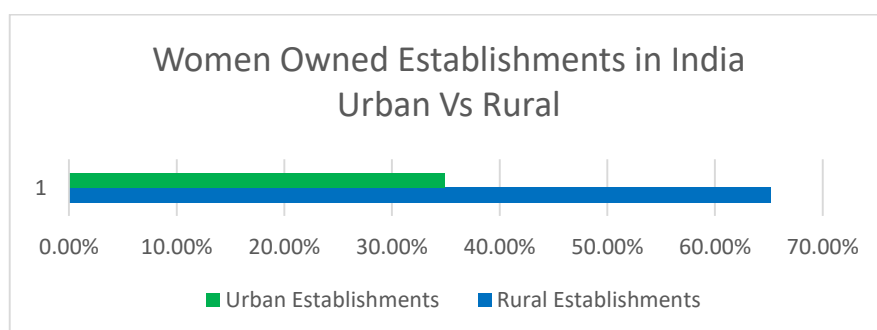


Fig.1.2

More than 99% of all MSMEs are in the micro sector (Investment less than ₹10 million and annual turnover less than ₹50 million). According to the Ministry of Micro, Small and Medium Enterprises (MoMSME) annual report, rural areas have a slightly greater share of women-owned enterprises (22.24%) than urban areas (18.42%). [26] (2022).

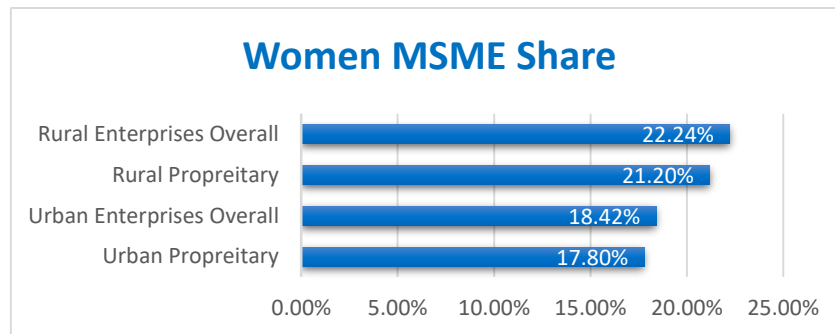


Fig. 1.3 Source MoMSME annual report 2021-2022

As the size of the enterprise increases, the proportion of women-led enterprises decreases.

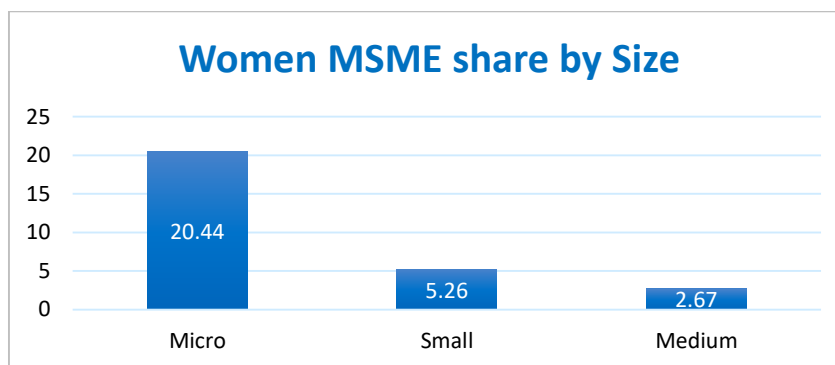


Fig. 1.4 Source MoMSME annual report 2021-2022

Key states: Tamil Nadu (13.51%), Kerala (11.35%), Andhra Pradesh (10.56%), West Bengal (10.33%), Maharashtra (8.25%) (2013 – Sixth Economic Consensus) [19]

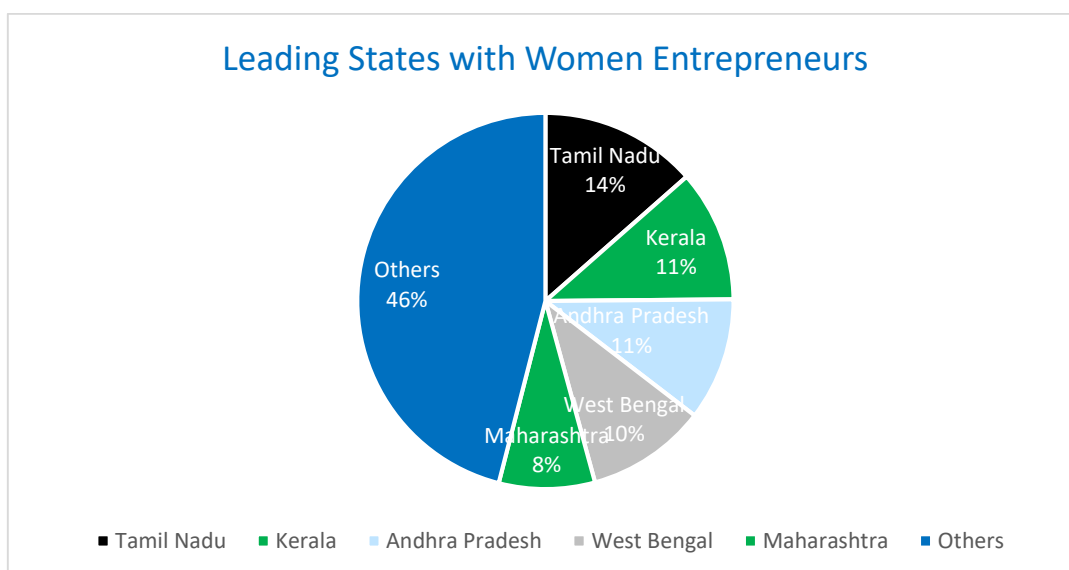


Fig. 2

Age & Entrepreneurship: Current data indicates that a significant proportion, approximately 58% of female entrepreneurs in India, initiated their ventures between the ages of 20 and 30 years. This concentration of younger women *choosing* to start businesses suggests a transition towards opportunity-driven entrepreneurship. This evolving landscape implies that entrepreneurship is increasingly perceived as a viable and desirable career path, reflecting changing aspirations, possibly influenced by enhanced access to education and information. [29]

Education & Literacy:



Fig. 3 [20]

The Female literacy rate has gone up from 65.46% in 2011 to 73.5% in 2022-2023, while the male literacy rate is at 85.2%. [20]

Female Literacy Rate

Rural	Urban
69.60%	83.50%

Male Literacy Rate

Rural	Urban
82.70%	91.70%

Girls in rural India continue to be less educated than boys, and limited education poses a significant barrier for rural women entrepreneurs. This educational gap often prevents them from effectively leveraging new technological developments, innovations, and government schemes. However, there has been a positive trend in financial literacy in rural India, with the percentage of people demonstrating good financial literacy increasing from 33.9% in 2016-17 to 51.3% in 2021-22 [22]. This contrast highlights a direct correlation: educational interventions, especially in financial and digital literacy, are direct investments in entrepreneurial capacity.

Family & Social Support: In terms of social group and marital status, India remains a predominantly male-dominated society, where rural women often require approval from the head of the family to engage in business activities. Traditional customs and social barriers can further impede their entrepreneurial journey. Studies indicate that the backing from spouses and other family members is a dominant factor for women to sustain their small enterprises. For married women, the extent of household empowerment varies, while single women may face negative social standing. This dynamic indicates that while external societal structures and patriarchal norms pose significant barriers, the internal family unit, particularly a supportive spouse, can be a crucial enabler

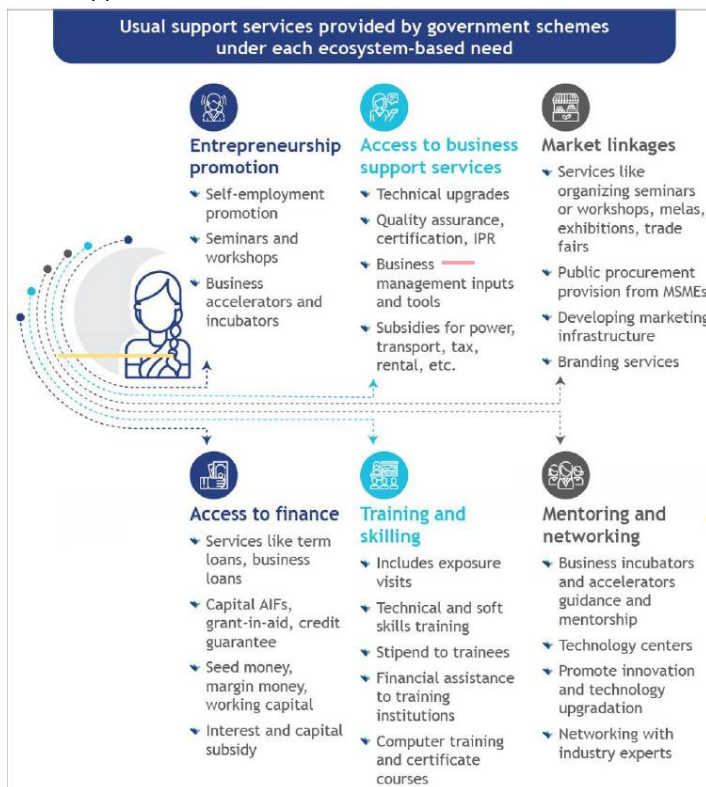
for women entrepreneurs. Interventions must therefore not only address broader societal challenges but also engage and educate families, especially male members, on the benefits of women's entrepreneurship.

Women Entrepreneurs with Disabilities (WED): As per the 2011 census, there were 11.8 million females with disabilities in India. The lack of comprehensive data and tailored interventions for WEDs signifies a critical underserved population. Just 23% of women with disabilities are employed, compared to 47% of men with disabilities (UNDP, 2024) [13]

Policy Focus: Regarding whether businesses are first-generation or inherited, most government policy initiatives primarily focus on encouraging first-generation women entrepreneurs to establish their businesses. While this emphasis is vital for fostering new ventures, the World Bank identifies a category of "Growth-Oriented Woman's Enterprises" (GOWEs) that have scaling potential but are "missing from the mainstream classification" and "largely understudied". This suggests a potential policy gap where support might not adequately transition from initial establishment to sustained growth and scaling.

2.2. Central and State Entrepreneurship Support Schemes [26]: While a vast network of support exists—including 70 central and 433 state government schemes—their focus is heavily skewed, creating a mismatch between the support offered and the actual needs of entrepreneurs. The ecosystem is overwhelmingly concentrated on two primary areas:

- **Access to Finance:** This is the main priority. About 45% of central schemes and the majority of state schemes are dedicated to financial support. Even when state schemes offer a secondary area of support, half of them still revolve around providing access to finance.
- **Training and Skilling:** This is the second major focus for central schemes, accounting for 27% of their support.



• **Critical Gaps: Mentorship and Market Access Are Overlooked:** The analysis reveals that the most crucial non-financial support systems, which are vital for sustainable growth, are the most neglected.

1. **Lack of Mentorship:** Mentoring and networking are almost entirely ignored, with only 4% of central and 3% of state schemes offering this as a primary domain. This is a significant disconnect from reality, as a recent survey found that 88% of entrepreneurs believe a mentor can profoundly boost their career success. Furthermore, 67% of women entrepreneurs in non-metro areas state that a lack of mentorship is a critical challenge.
2. **Poor Market Linkages:** Helping businesses connect with customers is another major blind spot. Only **18.5% of central schemes and about 7% of state schemes** target market linkages as a primary or secondary area of support, making it one of the most ignored needs in the entire ecosystem.

Fig. 4 [26]

- **Dedicated Support for Women Entrepreneurs is Scarce:** While hundreds of schemes exist, very few are designed specifically for women or offer them meaningful advantages.
 1. **Few Women-Exclusive Schemes:** Only 31 state schemes (just 7% of the total) are exclusively for women entrepreneurs.
 2. **Minimal Special Provisions:** Of all the schemes available to both men and women, a mere 7.6% include special provisions for female beneficiaries. These provisions typically include benefits like age relaxation, higher subsidies, lower interest rates, or quotas.
 3. **Sector Focus:** More than half of all government schemes are sector-agnostic, meaning they apply to any industry. However, there is a special focus on sectors like agriculture, allied activities, and manufacturing.
 4. **Accessing Schemes is Difficult, especially at the State Level:** A significant digital divide exists between central and state schemes, making it difficult for entrepreneurs to access support, particularly in the states where most schemes are offline-only.
 - **Central Schemes Are More Digital:** Nearly half of all central schemes offer some form of online access through web portals, allowing for easier application and registration. However, even these often require offline steps, such as submitting documents in person. The other 46% are entirely offline.
 - **State Schemes Lag Significantly:** The situation is far worse at the state level, where **73% of schemes are accessible only through offline mode**. Just 27% offer any online application procedure.
 - **Lack of Clear Information:** A common problem for offline schemes is the lack of clear guidance. Many schemes require applicants to contact specific district officers but fail to provide proper contact details, eligibility criteria, or application procedures, creating major hurdles for entrepreneurs.
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2.3. Financial Landscape of Women-Led Enterprises

Growing financial responsibility: The financial landscape of women-led enterprises presents a complex picture of increasing economic agency amidst persistent vulnerabilities. A significant proportion of women entrepreneurs, 37% are now identified as primary breadwinners [3] for their families, indicating a dramatic shift in economic roles. This growing financial responsibility is mirrored by a surge in women seeking credit, with 60% women borrowers originating from semi-urban or rural areas, and retail loan demand from women tripling between 2019 and 2024[.]. This trend signifies their increasing economic participation and a growing demand for financial resources. However, the average annual income per own account enterprise is considerably lower for those owned by women (₹26,109) than by men (₹62,335). [31.]

SHGs finance schemes: For members of Self-Help Groups (SHGs), monthly income typically ranges from ₹1,000 to ₹2,000. Despite these figures, the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) program has reported a remarkable achievement: 1.48 crore "Lakhpatis" (SHG members with an annual household income of at least ₹1,00,000) by June 2025. This complex data set highlights a critical need for interventions that not only facilitate access to finance but also build financial resilience and support strategies for sustainable income growth and stability, moving beyond just micro-level survival. [25]

The number of women entrepreneurs-based enterprises has steadily increased from 120,000 in 2019 – 2020 to 178,000 in 2023-2024, reflecting a growth rate of 48.33% over the last five years. This suggests that more women are utilizing the financial resources allocated by SHGs in establishing their own operations and expanding production, which in turn not only promotes female economic independence but also entrepreneurial growth for women throughout society in the meantime, the SHG repayment rate has been in a continuous upward trend, rising from 88.2% in 2019-2020 to 92.1% 2023-2024. The high repayment rates point to a high level of confidence in these groups, underlining the continuity and actual operation effect eminently of SHGs in promoting financial inclusion and putting mini-power into the hands of women. [2]

Financial management practices: In terms of financial management practices, a notable 90% of rural women entrepreneurs save a portion of their income, demonstrating an inherent financial discipline. Among those who save, 56% prefer bank deposits, and 39% participate in SHG savings programs. []

Rural women financial management		Where do they Save?		
Save from Income	No savings	Banks	SHG Schemes	Others
90%	10%	56%	39%	5%

Effective financial management generally involves setting realistic targets, diligent budgeting, proactive cash flow management, and securing regular funding. The high propensity for saving and reinvesting profits among rural women entrepreneurs, coupled with the concurrent challenge of limited financial literacy, suggests that while they are managing finances, they may not be doing so optimally or strategically.

Table 2.1: Financial Snapshot

Characteristic	Data Point	Source
Primary Breadwinners	37%	[3]
Avg Annual Income (Women's OAE)	₹ 26,109	[31.]
Avg Monthly Income (SHG Members)	₹ 1,000–2,000	[30.]
Lakhpatti Didis	1.48 crore	[25]
Women-Led Enterprises Cash Shortages	72%	COVID-19 Impact
Saving Income	90%	[8]
Reinvesting Profits	64%	[8]
Women-Owned MSMEs Registered	20.5%	[1]
Women-Owned IMEs Registered	70.49%	[8]

2.4. Business registration: As on 28.07.2025, the number of women-owned MSMEs across the country registered on Udyam Portal, including Informal Micro Enterprises (IMEs), are 2,61,86,302 [28] Regarding business registration, women-owned MSMEs constitute 20.5% of the total number of MSMEs registered on the Udyam Portal (from July 2020 to January 2024). Women owned informal Micro-Enterprises (IMEs) account for 70.49% of IMEs registered on the Udyam Assist Platform (from January 2023 to January 2024)[7]. Formalization offers significant advantages, including priority sector lending, access to government scheme benefits, and collateral-free loans up to ₹20 lakhs under schemes like CGTMSE. Despite these benefits, a notable 35% micro-enterprises surveyed remain unregistered, primarily due to a lack of awareness and a “fear of scrutiny”. [10] This informality directly limits their access to formal credit, government schemes, and broader market opportunities. The “fear of scrutiny” represents a key psychological barrier.

2.5. Motivations and Aspirations

Women primarily venture into entrepreneurship due to economic requirements and a strong determination to achieve independence. Other significant motivations include a preference to work from their own place, difficulties in securing suitable formal jobs, and the aspiration for social appreciation and recognition within their communities. These factors indicate a deeper drive for self-realization and autonomy.

The aspirations of these women entrepreneurs are equally compelling. They seek to expand their businesses, aiming to double their earnings, employ more people, and diversify their offerings. Critically, many also express a strong desire to create jobs for other women in their villages. This reveals a powerful social and communal orientation, suggesting that their entrepreneurial drive is not solely for personal financial gain but also for broader community impact.

- **Primary drivers:** Economic necessity, independence, preference for home-based work, social recognition.
 - **Aspirations:** Expand business, increase income, employ more women, diversify offerings.
-

3. Challenges Hindering the Scaling of Women-Led Micro-Enterprises

3.1 Financial and Market Access Barriers

- **Access to Credit:** The International Finance Corporation estimated a significant credit gap of \$ 158 billion for women-led MSMEs in India [6]. A primary hurdle is the widespread lack of collateral, as women often have limited access to assets or property and collateral compared to their male counterparts due to gender-skewed inheritance laws and traditional norms. Moreover, they have limited avenues to prove creditworthiness and deal with biases against lending to female entrepreneurs or women-led enterprises. Access to credit is cited as the most significant issue by 26% of surveyed women entrepreneurs. [10]
- **Micro-level trap:** Women-owned rural enterprises frequently rely on local Self-Help Groups (SHGs) for their credit needs, as obtaining loans from formal financial institutions is often challenging for aspiring women entrepreneurs. However, the capital required for scaling a business can quickly exceed what an SHG can provide. It pushes women towards informal, non-scalable funding sources, effectively trapping their businesses at the micro-level.
- **Limited Market Access:** As most women-owned businesses are home-run, micro, and informal in nature, they have limited exposure to market spaces, marketing skills and essential business development services (BDS). They frequently miss critical services such as marketing, technology, and advisory support, which are vital for business expansion. Only a small fraction, 14% of women entrepreneurs in India have access to formal training and mentorship programs. [6] (2025) This lack of structured support means that many women lack the strategic and operational knowledge required for growth, including business management techniques, understanding technological developments, and navigating market trends. Limited mobility, often due to socio-cultural constraints, can also hinder women from effectively marketing their goods beyond their immediate localities. Furthermore, they often face tough competition from male counterparts who may possess more experience and greater access to advanced technology, making it difficult to compete effectively. This indicates that a purely financial intervention is insufficient; a holistic ecosystem approach is required.
- **Informal nature of business:** A high level of informality harms the growth and resilience of women owned enterprises and their entrepreneurial rights. The level of effort and often the drudgery involved in running such enterprises go unaccounted for and expose women to occupational health hazards. Ample empirical research has shown that female entrepreneurs without any business registration, in the informal economy face a higher risk of poverty than those in the formal economy. Informal economic units also face lower productivity and income.

3.2 Socio-Cultural and Structural Obstacles

Societal expectation and Dual Burden: Deep-rooted socio-cultural factors and traditional gender roles significantly impede women's entrepreneurial scaling. India's male-dominated society often necessitates approval from the head of the family for rural women to engage in business activities. Traditional customs and social barriers can further obstruct their entrepreneurial journey, as women are often primarily considered responsible for household work. This societal expectation leads to a pervasive "dual burden" of managing both

extensive household responsibilities and business operations. This dual responsibility significantly hinders their ability to dedicate sufficient time and energy to their businesses, thereby impacting their sustainability and growth in the market. During crises, this dual burden can also lead to increased household conflicts. These factors are not merely external challenges but deeply embedded socio-cultural obstacles that fundamentally limit women's autonomy, time availability, mobility, and risk-taking capacity. Addressing these requires long-term, multi-pronged interventions that involve community sensitization, challenging ingrained gender stereotypes, and promoting shared domestic responsibilities, rather than focusing solely on business-focused solutions.

Mobility restrictions: Female entrepreneurs need to deal with mobility and logistics challenges, time poverty and unpaid care work, and safety and security issues to manage the business and achieve the required growth for the enterprise.

Lack of digital and technical skills: They also lag in terms of digital and technical skills due to low literacy rates and lack of access to mobile and the Internet.

Lack of Agency: Even when women own an enterprise, they may lack the sole agency or autonomy to decide how to run the business, prioritize investment in their business, and control the use of income and profits generated.

The lack of intra-household decision-making power, lower mobility, safety-related challenges, and social norms dictate how independently women can run their enterprises. Often, women do not truly own or control many women-led enterprises. They depend considerably on men for key business decisions, procurement of raw materials, pricing information, and market access. Studies suggest female entrepreneurship is overrepresented in numbers. MSC's diaries research reveals that adverse social norms hurt how well a female business owner runs her business independently.

3.3 Policy and Awareness Gaps

Missing Middle: A critical policy blind spot exists in the support ecosystem for women entrepreneurs. Most government policy initiatives tend to focus either on encouraging first-generation women entrepreneurs to establish their initial businesses or on enabling large Micro, Small and Medium Enterprises (MSMEs) with annual turnovers above ₹50 million to scale up. This approach leaves a significant gap for GOWEs, which have genuine scaling potential but are often classified as having much smaller operations (e.g. Annual sales between ₹240,000 and ₹3 million). These GOWEs are largely understudied and often fall outside the mainstream classification of enterprises, making them ineligible for targeted support. This creates a "missing middle" in the policy landscape, where businesses with genuine scaling potential are overlooked, hindering their ability to transition to higher growth trajectories. [12]

Lack of awareness of Government schemes: Furthermore, despite the existence of numerous government schemes designed to support women entrepreneurs and SHGs, challenges persist in their awareness and effective adoption. Schemes such as the Stand-Up India Scheme, Pradhan Mantri Mudra Yojana, Mahila E-Haat, Trade-Related Entrepreneurship Assistance and Development (TREAD), Mahila Coir Yojana, Annapurna Scheme, and Stree Shakti Package offer a wide range of benefits. However, awareness and effective utilization remain crucial issues. administrative inefficiencies, cumbersome loan application processes, and a lack of proper coordination between banks and implementing agencies, often hinders scheme adoption. Information regarding new schemes often reaches groups slowly, if at all. This indicates a critical implementation challenge where policy intent is not adequately translated into practical accessibility.

Subsistence-Oriented Entrepreneurship: A significant proportion of women-led MSMEs in India remain subsistence-oriented rather than growth-oriented. For many women, entrepreneurship functions primarily as a means of generating consistent income, rather than a pathway to expansion or profit maximization. This tendency is shaped by structural barriers, including limited access to economic opportunities, a

disproportionate burden of unpaid care work, and constraints on mobility and social engagement. Consequently, a large share of women operates from home, often as piece-rate workers or small-scale entrepreneurs' dependent on intermediaries for market access. These enterprises are highly vulnerable to external shocks. During COVID-19, for example, nearly 73% of women-led enterprises reported negative impacts, with about 20% experiencing a complete collapse in revenue (Bain & Company, 2021). Comparative evidence highlights gendered disparities: 82% of women-owned MSMEs reported income reductions versus 72% of men-owned enterprises (MSC, 2022). The combined pressures of reduced demand, rising input costs, limited market linkages, and increased care responsibilities made sustainability even more challenging for women entrepreneurs. Furthermore, women are disproportionately concentrated in sectors most affected by the pandemic and digital disruption, such as tailoring, dressmaking, petty retail, street vending, handicrafts, and beauty services. These industries are typically low-margin, informal, and highly susceptible to market fluctuations, further reinforcing the cycle of subsistence-oriented entrepreneurship.

4. Impact of Digital Transformation on Micro-Enterprises and SHGs

Digital transformation presents a significant avenue for empowering women-led micro-enterprises and SHGs, offering new tools for efficiency, market access, and financial inclusion.

4.1 Digital Readiness

India has made remarkable strides in its digital economy, ranking as the third-largest digitalized country globally, with an internet user base exceeding 900 million (2024) [5].

Over 800 million Indians reside in rural areas, where access to smartphones and the internet was limited until recent years. Currently, mobile penetration in rural India exceeds 60%, and data costs rank among the lowest globally. This expansion of digital infrastructure has significantly broadened the scope for connectivity and access compared to just five years ago [31.].

Self-Help Groups (SHGs) are actively leveraging digital platforms to coordinate their activities, track finances, and facilitate access to microfinance services. RBI report notes that nearly a third of digital payment users now come from rural India, and merchant adoption is rising in smaller towns and villages. As of January 2025, a total of 54.58 crore Jan Dhan accounts have been opened, out of which 30.37 crore accounts (55.7%) are held by women. [5]

Despite this robust digital infrastructure and growing adoption, a notable gap exists between digital potential and its confident, widespread utilization by rural women entrepreneurs. While 99% of rural women entrepreneurs surveyed possess a bank account, a significant majority (89%) still prefer in-person banking for their transactions. Only 38% utilize digital banking services for their businesses and among these digital users, 70% rely solely on UPI for transactions. This suggests that while the digital tools and infrastructure are available, trust, comfort, and perceived ease of use for more intricate transactions are still significant barriers. [30.]

Current digital literacy levels among SHG members and women entrepreneurs also present a bottleneck. Digital literacy is widely recognized as crucial for economic empowerment, enabling women to manage their money effectively, access various financial services, and navigate government schemes. SHGs often receive training in financial literacy and business development, which can contribute to their digital readiness. Studies indicate that digital literacy can significantly boost the confidence and self-reliance of SHG members. However, despite national initiatives like "Internet Saathi," only 24.6% of rural women have access to internet [30.]. Furthermore, nearly 50% of SHGs report not receiving any training for capacity building and skill formation, including digital skills.

Practical challenges persist, such as network issues, poor mobile coverage, and limited internet reach in remote rural areas, alongside security concerns related to digital payments. This situation indicates that the availability of digital infrastructure alone is insufficient; the human element of digital capability is a major impediment.

4.2 E-Commerce and Social Media Engagement

E-commerce platforms represent a significant opportunity for women-led micro-enterprises and SHGs to expand their market reach beyond local geographical limitations. Government initiatives are actively promoting this, with the eSARAS mobile app (under DAY-NRLM) linking SHG products to major e-commerce platforms such as Amazon, Flipkart, Meesho and Jio-Mart.

The Open Network for Digital Commerce (ONDC) further aims to democratize digital commerce, enabling a wider array of sellers, including SHGs, to access broader markets. There are documented success stories of women-led MSMEs effectively leveraging digital platforms for increased visibility and sales. Challenges for SHGs in this domain generally include limited market access and lack of technical support. The proactive government efforts to on-board SHGs onto major e-commerce platforms and the existing success stories of women leveraging online sales demonstrate a clear and significant opportunity for market expansion beyond local limitations

Social media platforms are also proving to be powerful tools for women entrepreneurs. They are effectively using platforms like Instagram and Facebook to share their entrepreneurial journeys, promote products, and engage with a global audience, demonstrating that substantial marketing budgets are not always a prerequisite for success. However, challenges persist, including unreliable internet connectivity, issues with product supply chains, and distribution logistics.

A notable observation is that women often learn social media marketing through experimentation rather than formal training programs. This indicates that while there is organic adoption and successful use of social media by women entrepreneurs, it points to a strong intrinsic motivation and adaptability. The fact that learning often happens through "experimentation" rather than formal training highlights both resourcefulness and a potential gap in structured support.

Table 4.1: Digital Readiness and Adoption by SHGs/Women Entrepreneurs

Characteristic	Data Point	Source
Internet User Base (India)	Over 900 million	[5]
UPI Monthly Transactions (Nov 2024)	Over 15 billion	[22].
Rural Mobile Penetration	Exceeds 60%	[31.]
Rural Women Entrepreneurs Preferring In-Person Banking	89%	[30.]
Rural Women Entrepreneurs Using Digital Banking for Business	38%	[30.]
Digital Banking Users Relying Solely on UPI for Business	70% (of digital users)	[30.]
SHGs Using Digital Platforms for Internal Management	Yes, for coordination, finance, microfinance access	[30.]
SHGs Linked to E-commerce Platforms (e.g., Amazon, Flipkart, Meesho)	Actively promoted via eSARAS, ONDC	
Rural Financial Literacy Rate (2021-22)	51.3%	[8]
Rural Women Using Internet	24.6%	[30.]
SHGs Lacking Training for Capacity Building (including digital)	Nearly 50%	[30.]
Digital Challenges Faced	Network issues, poor mobile coverage, security concerns, lack of formal training	

5. Socio-Cultural Impact of Financial Independence

5.1 Household Dynamics

Financial independence is intrinsically linked to increased autonomy and shifts in male and family perceptions of women's role in household financial decisions. Membership in Self-Help Groups (SHGs) has a significant positive impact on women's empowerment, primarily driven by an increase in their control over income and decision-making regarding credit. Furthermore, financially independent women demonstrate greater autonomy and influence in critical family security decisions, such as purchasing insurance policies or making choices related to family hospitalization. A survey of rural women entrepreneurs revealed a discernible shift towards greater financial autonomy within their households: 18% reported making financial decisions independently, while 47% made them jointly with their husbands. However, 24% still indicated that their husbands made all financial decisions, highlighting the persistence of traditional norms. [30.]

SHGs generally enhance women's leadership and decision-making skills, preparing them for these expanded roles. This data indicates that while financial independence clearly correlates with increased control over income and credit decisions and greater autonomy in family security matters, full independent financial decision-making is not yet universal. The significant portion of joint decisions or decisions made solely by husbands suggests that financial independence initiates a process of empowerment that gradually shifts household power dynamics, rather than an immediate and complete overhaul.

Financial independence empowers women to challenge traditional gender roles and participate more actively in decision-making processes at both household and community levels. This increased agency often leads to an improved social status for women within their families and communities. Moreover, studies suggest that increased female workforce participation is directly linked to boosted regional GDP and improved living

standards. This economic contribution can positively influence how men and families perceive women's economic value and their overall roles. This creates a virtuous cycle where economic empowerment fosters social empowerment, which in turn can lead to greater acceptance and support for women's entrepreneurial endeavours.

5.2 Community Participation

Beyond the household, women's financial independence and participation in SHGs significantly enhance their involvement in community activities and leadership roles. SHG membership consistently leads to greater and more active involvement in various groups and initiatives within the community.

SHGs serve as vital platforms for skill development, leadership training, and collective problem-solving, explicitly empowering women to participate actively in decision-making processes at both household and community levels. Critically, these groups have been instrumental in addressing pressing social issues such as child marriage, domestic violence, and gender-based discrimination by fostering awareness and mobilizing collective action. Furthermore, SHGs actively promote social cohesion and unity among their members, creating a supportive environment for collective progress.

This indicates that SHGs are not merely financial intermediaries but powerful grassroots organizations that foster collective agency and social capital. Their ability to mobilize women to address critical social issues demonstrates their profound impact beyond economic development. This highlights the strategic importance of SHGs as a vehicle for holistic women's empowerment, enabling community-led development and problem-solving.

6. Conclusion, Recommendations, and Action Plan

6.1 Conclusion: The comprehensive analysis of women-owned enterprises and Self-Help Groups (SHGs) in India's semi-urban and rural landscapes reveals a sector with immense potential but constrained by systemic and structural barriers. While women entrepreneurs increasingly contribute to household incomes and community development, the majority remain subsistence-oriented. For many, entrepreneurship is a survival strategy to secure a steady income rather than a pathway to expansion and profitability.

This subsistence orientation is shaped by limited access to finance, inadequate market linkages, unpaid care responsibilities, and socio-cultural restrictions on mobility and decision-making. Women entrepreneurs are further concentrated in low-margin, informal sectors highly susceptible to external shocks, such as tailoring, handicrafts, and petty retail. The COVID-19 pandemic underscored this vulnerability, with nearly three-quarters of women-owned enterprises adversely affected, and one-fifth reporting revenues reduced to zero.

Despite progress in financial inclusion and digital adoption, the lack of holistic ecosystem support prevents women from transitioning from micro-survival to growth-oriented enterprises. SHGs, while powerful platforms for financial inclusion and social empowerment, require strengthening to serve as vehicles for business scaling, digital enablement, and collective market access. Current policy frameworks and government schemes remain fragmented, often overlooking the "missing middle" of growth-oriented women's enterprises (GOWEs).

To unlock the full potential of women's entrepreneurship and align with India's vision of *Viksit Bharat 2047*, interventions must go beyond finance and skilling to build agency, redistribute care burdens, enable digital and market access, and recognize women's enterprises as critical engines of inclusive growth.

6.2 Recommendations

1. **Reframe Women's Entrepreneurship Beyond Subsistence**
 - Shift the focus from survival-driven microenterprises to growth-oriented models.
 - Recognize and support Growth-Oriented Women's Enterprises (GOWEs) through differentiated financial products, incubation, and scaling support.
 2. **Provide Holistic Business Development Services (BDS)**
 - Bundle credit with mentorship, advanced business planning, digital marketing, and market linkage support.
 - Establish structured mentorship networks that connect aspiring women entrepreneurs with successful business leaders and practitioners.
 - Establish centers or support models that are easily accessible to counter the mobility restrictions
 3. **Strengthen SHGs as Growth Catalysts**
 - Expand SHG capacities beyond credit to include digital literacy, collective entrepreneurship, and leadership development.
 - Enable SHGs to act as aggregators, connecting women entrepreneurs with wider markets, e-commerce platforms, and supply chains.
 4. **Accelerate Digital and Market Access Transformation**
 - Deliver hands-on training in digital tools, online payments, and social media marketing for business.
 - Forge partnerships with ONDC, eSARAS, and private e-commerce platforms to onboard women-led enterprises at scale.
 5. **Enhance Awareness and Accessibility of Government Schemes**
 - Conduct targeted outreach campaigns in rural and semi-urban areas to improve awareness of entrepreneurship schemes.
 - Simplify application processes and provide localized assistance to navigate administrative hurdles.
 6. **Advocate for Gender-Sensitive Financial Products and Policy Support**
 - Collaborate with financial institutions and private funds to design collateral-free, flexible credit lines for women-led enterprises.
 - Push for the institutional recognition of GOWEs in national and state-level MSME frameworks.
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6.3 Action Plan

Short-Term (1–2 Years)

- Launch NEF-led pilots offering bundled services (financial literacy, mentorship, and digital skills).
- Conduct rural and semi-urban awareness drives on existing government schemes.
- Partner with SHGs to onboard women entrepreneurs onto e-commerce platforms.

Medium-Term (3–5 Years)

- Establish **Women Enterprise Hubs** providing shared infrastructure, training, and market linkage services.
- Create mentorship networks with corporate leaders, successful women entrepreneurs, and SHG members.
- Collaborate with financial institutions to roll out women-focused, collateral-free credit products.



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Long-Term (5+ Years)

- Advocate for formal policy recognition of Growth-Oriented Women's Enterprises (GOWEs) at national and state levels.
- Collaborate with funding partners to provide scaling support for promising ventures emerging from SHGs and microenterprises.
- Integrate gender-sensitive entrepreneurship frameworks into India's *Viksit Bharat 2047* roadmap, positioning women's enterprises as engines of inclusive growth and resilience.

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