

# Impact of Government Schemes on Women Entrepreneurship in MSMEs

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**Abstract:** *Micro, Small, and Medium Enterprises play a pivotal role in the economic development of India. Women entrepreneurs constitute a significant part of this sector, contributing to employment generation, innovation, and social upliftment. Recognizing the challenges faced by women in entrepreneurship, the Indian government has implemented several schemes to facilitate finance, training, marketing, and skill development. This review critically examines the impact of government schemes on women entrepreneurship in MSMEs, highlighting successes, challenges, and policy implications.*

**Keywords:** Women Entrepreneurship, MSMEs, Government Schemes

## I. INTRODUCTION

Women entrepreneurship in India has gained prominence over the last few decades, yet women still face barriers such as lack of access to finance, limited managerial skills, socio-cultural constraints, and inadequate networking opportunities (Sharma & Madan, 2020). MSMEs, characterized by small capital and workforce requirements, offer an ideal platform for women to enter the entrepreneurial landscape (Singh & Kaur, 2019). To promote women entrepreneurship, the government of India has launched various schemes, including Mahila Coir Yojana, Stand-Up India Scheme, Mudra Yojana, and Pradhan Mantri MUDRA Yojana.

The effectiveness of these schemes can be assessed by their impact on access to finance, skill enhancement, market reach, and overall business growth among women-led MSMEs.

## GOVERNMENT SCHEMES FOR WOMEN ENTREPRENEURS IN MSMEs

Several schemes have been implemented to support women entrepreneurs. The table below summarizes the key schemes and their objectives:

Scheme Name	Year of Launch	Objective	Target Beneficiaries	Key Features
Mahila Coir Yojana	1986	Promote coir-based industries among women	Women artisans in coir sector	Training, financial assistance, marketing support
Stand-Up India Scheme	2016	Facilitate bank loans for women and SC/ST entrepreneurs	Women entrepreneurs & SC/ST	Bank loans of ₹10 lakh–₹1 crore, project guidance
Pradhan Mantri MUDRA Yojana (PMMY)	2015	Provide credit to small businesses	Micro and small entrepreneurs	Loans categorized as Shishu, Kishore, Tarun; easy access to working capital
Annapurna Scheme	2000	Financial assistance for women in food catering businesses	Women entrepreneurs in catering	Loan up to ₹50,000 for setting up small food businesses
Udyogini Scheme	2007	Promote entrepreneurship skills among women	Rural and semi-urban women	Subsidy for business training, capital assistance

### **IMPACT ON WOMEN ENTREPRENEURSHIP**

The role of government schemes in promoting women entrepreneurship in Micro, Small, and Medium Enterprises has been significant in India, particularly in enhancing access to finance, skill development, and market opportunities. Women entrepreneurs face multiple challenges, including lack of capital, limited managerial skills, social constraints, and restricted access to markets (Sharma & Madan, 2020).

To address these barriers, the Government of India has implemented various schemes such as Pradhan Mantri MUDRA Yojana Stand-Up India Scheme, Mahila Coir Yojana, Udyogini Scheme, and Annapurna Scheme, which aim to facilitate credit support, capacity building, and entrepreneurial training. Financial inclusion is one of the most critical impacts of these schemes.

Programs like PMMY and Stand-Up India have enabled women entrepreneurs to access low-interest loans and working capital, which were previously difficult due to gender bias in lending and lack of collateral. According to the Reserve Bank of India (2021), women beneficiaries constitute approximately 30–35% of total PMMY loans, indicating a substantial improvement in financial participation among women. Access to finance has directly contributed to the establishment of new enterprises, expansion of existing businesses, and reduction of dependence on informal credit sources that often exploit borrowers with high-interest rates.

Apart from financial support, government schemes emphasize skill development and training. Initiatives such as the Mahila Coir Yojana and the Udyogini Scheme provide entrepreneurial training, production techniques, and managerial guidance. Studies have shown that women who receive structured training are more confident in decision-making, efficient in managing operations, and better at marketing their products (Choudhary & Tripathi, 2018). Training also helps women adopt modern business practices, maintain quality standards, and engage in innovative product development, which enhances competitiveness.

Market access is another significant impact of government initiatives. Schemes targeting traditional industries like coir, handicrafts, and food processing often provide platforms to sell products locally, nationally, and even internationally. This exposure not only increases income levels but also boosts the visibility of women-led enterprises and encourages further entrepreneurial activities (Singh & Kaur, 2019).

Despite these positive impacts, certain challenges persist. Awareness about government schemes remains low, especially among rural women, limiting the reach of these programs (Gupta & Singh, 2020). Additionally, bureaucratic procedures, complex documentation, and procedural delays often discourage women from fully utilizing these benefits. Social and cultural norms, including family restrictions and societal expectations, continue to impede the growth of women-owned MSMEs. However, empirical evidence suggests that women who successfully access government support experience higher business survival rates, revenue growth, and employment generation compared to those who do not receive such assistance (Sharma & Madan, 2020).

Overall, government schemes have contributed to creating an enabling environment for women entrepreneurship by providing financial assistance, skill development, and market linkage opportunities. Strengthening awareness campaigns, simplifying application procedures, and providing mentorship support can further enhance the impact of these schemes, fostering inclusive economic growth and empowering women to actively participate in India's MSME sector.

### **FINANCIAL INCLUSION**

Government schemes have significantly improved financial access for women entrepreneurs. Under the PMMY, women account for approximately 30–35% of loan beneficiaries (RBI, 2021). The availability of low-interest loans has helped women in starting or expanding businesses, reducing dependence on informal credit sources. Financial inclusion plays a crucial role in the development and sustainability of women-led micro, small, and medium enterprises in India. Women entrepreneurs often face significant challenges in accessing formal financial resources due to socio-cultural barriers, limited collateral, and lack of awareness about financial products (Gupta & Singh, 2020).

Recognizing these constraints, the Government of India has launched multiple schemes aimed at facilitating financial access and promoting women entrepreneurship. Schemes such as the Pradhan Mantri MUDRA Yojana (PMMY), Stand-Up India Scheme, Annapurna Scheme, Udyogini Scheme, and Mahila Coir Yojana are designed to provide easy

credit, subsidized loans, and capacity-building assistance to women entrepreneurs (RBI, 2021; Sharma & Madan, 2020). The PMMY, launched in 2015, categorizes loans into Shishu, Kishore, and Tarun to cover the entire lifecycle of small enterprises, offering working capital and startup funding without requiring significant collateral.

Evidence suggests that women constitute nearly 30–35% of the beneficiaries under PMMY, highlighting the scheme's role in enhancing financial inclusion and bridging the gender gap in entrepreneurship (RBI, 2021). Similarly, the Stand-Up India Scheme facilitates bank loans between ₹10 lakh and ₹1 crore to women entrepreneurs and those from SC/ST categories, enabling them to establish viable businesses in sectors such as manufacturing, services, and trade (Singh & Kaur, 2019). These schemes not only provide financial support but also include mentorship and project guidance, which are critical for sustaining business operations and improving financial literacy among women.

Beyond credit access, schemes like the Annapurna Scheme and Udyogini Scheme focus on promoting micro-enterprises in catering, handicrafts, and rural industries by offering small loans, subsidies, and training programs. Such interventions enhance women's capacity to manage finances effectively, adopt modern business practices, and access broader markets (Choudhary & Tripathi, 2018). Empirical studies indicate that women entrepreneurs who benefit from government schemes are more likely to expand their businesses, increase revenue generation, and contribute to local employment (Sharma & Madan, 2020).

However, despite these initiatives, challenges remain. Limited awareness about available schemes, complex application procedures, and bureaucratic delays often restrict the potential impact on financial inclusion, particularly in rural and semi-urban regions (Gupta & Singh, 2020). Socio-cultural factors, including traditional gender roles and mobility restrictions, continue to influence women's participation in formal financial systems, suggesting the need for more targeted interventions.

Overall, government schemes have significantly improved financial inclusion for women entrepreneurs in MSMEs by providing access to credit, enhancing business skills, and facilitating sustainable growth. Strengthening awareness programs, simplifying loan procedures, and integrating digital financial solutions could further amplify the positive impact of these schemes, ensuring broader participation and long-term empowerment of women in the MSME sector (RBI, 2021; Sharma & Madan, 2020).

### **SKILL DEVELOPMENT AND TRAINING**

Schemes such as Mahila Coir Yojana and Udyogini focus on skill development, capacity building, and managerial training. Evidence suggests that trained women entrepreneurs are better equipped to manage finances, improve production quality, and access broader markets (Choudhary & Tripathi, 2018). Skill development and training play a critical role in empowering women entrepreneurs and enhancing the performance of Micro, Small, and Medium Enterprises (MSMEs) in India. Recognizing that lack of managerial skills, technical know-how, and business acumen is a major barrier for women-led enterprises, the government has introduced targeted schemes aimed at improving the capacities of women entrepreneurs.

Programs such as the Udyogini Scheme, Mahila Coir Yojana, and Stand-Up India Scheme emphasize training in business management, production processes, marketing strategies, and financial literacy, thereby equipping women with the necessary skills to establish and sustain successful enterprises (Choudhary & Tripathi, 2018). The Udyogini Scheme, for example, provides comprehensive entrepreneurial training to rural and semi-urban women, covering aspects like project planning, bookkeeping, marketing, and leadership development. Similarly, the Mahila Coir Yojana not only offers financial assistance but also imparts specialized technical skills in coir production and quality improvement, enabling women to produce marketable products that can compete nationally and internationally (Sharma & Madan, 2020).

The impact of these skill development programs on women entrepreneurship has been significant. Women who undergo structured training exhibit higher confidence in decision-making, improved financial management, and enhanced operational efficiency compared to those without such training (Singh & Kaur, 2019). Studies reveal that skill-enhanced entrepreneurs are more likely to innovate, diversify their product lines, and expand their business networks, leading to better business sustainability and profitability.

Moreover, training initiatives under schemes like Stand-Up India combine both mentorship and technical guidance, bridging knowledge gaps that often hinder women from accessing credit or scaling their operations. The availability of training also indirectly addresses social and cultural barriers by creating peer networks and fostering mentorship opportunities, which help women navigate societal constraints and establish credibility in male-dominated business environments (Gupta & Singh, 2020).

Financial literacy training, which forms a core component of most government schemes, enables women to effectively utilize loans and grants, manage working capital, and maintain accurate accounting records. This not only increases the likelihood of business survival but also strengthens the credibility of women entrepreneurs in front of financial institutions, facilitating easier access to additional credit. Additionally, skill development interventions often include marketing and digital literacy, which have become increasingly important in the contemporary business ecosystem. Women trained in e-commerce, digital payments, and online marketing platforms can reach wider audiences, enhance sales, and improve their overall competitiveness in the market.

Despite these positive impacts, challenges remain in reaching the most marginalized women. Awareness about training programs is often limited in remote and rural areas, and some women face time constraints due to household responsibilities, restricting participation (Choudhary & Tripathi, 2018). To maximize the benefits of skill development initiatives, the government and non-governmental organizations need to focus on localized, flexible, and culturally sensitive training modules, along with post-training support through mentorship, networking, and follow-up interventions. In conclusion, skill development and training under government schemes significantly enhance the capacities of women entrepreneurs in MSMEs, contributing to improved business performance, financial independence, and social empowerment (Sharma & Madan, 2020; Singh & Kaur, 2019).

## **MARKET ACCESS**

Government initiatives provide platforms for women entrepreneurs to showcase and sell products. For instance, coir-based and handicraft products under the Mahila Coir Yojana are promoted nationally and internationally, enhancing visibility and income. Market access is one of the most critical factors determining the success and sustainability of women-led micro, small, and medium enterprises (MSMEs) in India. Despite possessing entrepreneurial skills and innovative business ideas, women entrepreneurs often face significant barriers in reaching wider markets due to limited networks, lack of exposure, and societal constraints (Sharma & Madan, 2020). Government schemes have played a vital role in bridging this gap by facilitating platforms, training, and financial support that enhance the visibility and competitiveness of women entrepreneurs.

For instance, schemes such as the Mahila Coir Yojana, Udyogini, and Stand-Up India Scheme not only provide financial assistance but also integrate market linkages through exhibitions, fairs, and online platforms, enabling women to showcase their products both nationally and internationally (Choudhary & Tripathi, 2018). Access to organized markets under these schemes has led to increased sales, higher profit margins, and the opportunity for product diversification. In addition, the Pradhan Mantri MUDRA Yojana (PMMY) indirectly supports market access by providing working capital loans that allow women entrepreneurs to scale production, maintain inventory, and meet bulk orders, which are essential for engaging with larger markets (RBI, 2021).

Studies indicate that women who participated in skill development and marketing programs under these schemes exhibited a higher rate of business growth, improved brand recognition, and better customer retention compared to those who did not benefit from government interventions (Gupta & Singh, 2020). Furthermore, government-backed e-commerce initiatives and tie-ups with marketing cooperatives have expanded market opportunities for women, particularly in rural and semi-urban areas where traditional market access is limited.

For example, women involved in handicrafts, food processing, and coir-based enterprises have gained access to government-promoted trade fairs, online marketplaces, and export facilitation programs, thereby connecting them to consumers and institutional buyers across India and abroad. Despite these advancements, challenges remain, such as limited digital literacy, cultural restrictions on mobility, and awareness gaps regarding available government support, which restrict the full potential of market penetration for women entrepreneurs (Singh & Kaur, 2019).

Addressing these challenges requires targeted interventions such as digital training programs, mentorship networks, and localized marketing support. Overall, government schemes have significantly enhanced market access for women-led MSMEs by providing financial, technical, and networking support, contributing to higher income generation, business sustainability, and empowerment.

By enabling women entrepreneurs to compete in larger and more diverse markets, these schemes foster economic inclusion and play a crucial role in promoting gender equity in India's entrepreneurial ecosystem. Continued policy support, coupled with efforts to reduce socio-cultural and operational barriers, can further strengthen market access and ensure that women entrepreneurs fully leverage government schemes for sustainable business growth.

### **CHALLENGES AND LIMITATIONS**

Despite positive impacts, several challenges persist:

Limited awareness about schemes among rural women (Gupta & Singh, 2020).

Complex documentation and bureaucratic procedures hinder access to loans.

Gender biases and societal norms continue to restrict mobility and decision-making power.

### **OVERALL BUSINESS GROWTH**

Empirical studies indicate that women-led MSMEs that availed government support exhibit higher survival rates and revenue growth compared to non-beneficiaries (Sharma & Madan, 2020). Schemes have contributed to improved employment generation, particularly in rural areas.

## **II. CONCLUSION**

Government schemes have played a significant role in promoting women entrepreneurship in MSMEs by improving access to finance, providing skill development, and enhancing market exposure. However, to maximize impact, there is a need for better awareness campaigns, simplification of loan procedures, and targeted interventions to address socio-cultural constraints. Strengthening the ecosystem for women entrepreneurs can catalyze inclusive economic growth and social empowerment in India.

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