

# Sustainable Rural Livelihoods through Women-Led Micro Enterprises: Measuring the Effectiveness of Local Self-Government Policies in South India

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**Abstract:** *Micro enterprises by women have become an important tool to foster sustainable rural livelihood, reduce poverty and inclusive economic growth in India. Local Self-Governments (LSGs), especially Panchayati Raj Institutions (PRIs) has been an important factor in promoting women entrepreneurship through decentralized governance, financial inclusion, skill development, market linkage and implementation of government welfare schemes. There are relatively stronger institutional support systems for women entrepreneurs in the South Indian states like Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana in the form of Self-Help Groups (SHGs), Kudumbashree Mission, National Rural Livelihood Mission (NRLM) and Panchayat-led development initiatives. While there are significant gains, there are still issues of access to finance, digital literacy, competitiveness, policy implementation gaps, and institutional coordination which can hinder the sustainability of women-led enterprises in the long-term. This study compares the effectiveness of the Local Self-Government policies for the development of sustainable rural livelihoods via women's micro-enterprise in South India. The paper adopts a mixed-method research approach to the economic, social, institutional and environmental aspects of sustainability and to the effectiveness of the policies in terms of selected performance indicators. The study findings suggest that decentralized governance increases women's economic empowerment provided it is backed by effective institutional arrangements, access to finances, capacity development programmes, market oriented interventions.*

**Keywords:** Women Entrepreneurship, Rural Livelihoods, Panchayati Raj, Local Self-Government, Self-Help Groups, Sustainable Development, NRLM, Kudumbashree, Rural Economy.

## I. INTRODUCTION

Development of rural areas is still one of the major concerns of social and economic development planning of India especially in the context of inclusive and sustainable growth. Women are almost half of the rural workforce, and continue to have low access to productive assets, financial resources, education, technology and market opportunities. In response to these challenges, successive governments have begun to focus more and more on women entrepreneurship as a strategy for poverty alleviation, livelihood diversification and gender mainstreamed development. There is significant potential in the contribution of micro enterprises managed by rural women for household income generation, job creation, food security, social capital building and community involvement. They include agriculture, food processing, dairy, fisheries, handicraft, weaving, tailoring, organic, tourism, digital and rural manufacturing. The 73rd Constitutional Amendment Act, 1992, significantly reshaped local governance arrangements, by shifting the development delivery to local bodies and providing for the inclusion of women in political decision making. Local



Self-Governments have emerged as important institutions to implement rural livelihood programmes, to promote women's Self-Help Groups (SHGs), to promote financial inclusion and to coordinate developmental schemes. With decentralized governance systems, South India has become a leader in encouraging women entrepreneurship. Examples of successful institutional models that combine women entrepreneurship with rural development in Kerala are Kudumbashree Mission, in Tamil Nadu, Women's Development Corporation, in Karnataka, SHG movement, and in Andhra Pradesh, Society for Elimination of Rural Poverty (SERP). The aim of the present study is to quantify the effectiveness of Local Self-Government policies in support of sustainable rural livelihoods by way of women's micro enterprises.

## II. OBJECTIVES OF THE STUDY

### The study aims to:

1. Discuss the contribution of women entrepreneur's micro-enterprises towards sustainable rural livelihoods.
2. Examine the role of Local Self-Governments in promoting rural women entrepreneurs.
3. Assess the impact of Panchayat level policies and programmes.
4. Explain any two major challenges of women entrepreneurs.
5. Suggest policy options to improve decentralised rural entrepreneurship.

## III. REVIEW OF LITERATURE

**World Bank (2026)** The research found that local governance with supportive policies, institutional finance, digital technologies and entrepreneurship training together have a positive effect on enterprise productivity, employment creation, and the economic stability of households. It noted that South Indian states have achieved comparatively improved results, attributed to the effective local governance participation of women and better decentralization in the state and the presence of a fairly well-developed network of Self-Help Groups. Although women's rural business have come a long way, the report underscored the importance of policy changes that would strengthen digital infrastructure, climate resilience, value-chain integration and institutional coordination to sustain the growth of women-led rural businesses.<sup>1</sup>

**UN Women (2025)** estimated Women's Economic Empowerment in Local Governance and Community Based Entrepreneurship in Developing countries including India. The report found that having a decentralized governance system helps increase women's participation in local decision making, better access to productive resources, and improved resilience of the community. Women-led micro enterprises were identified as having a significant role to play in sustainable livelihoods, social inclusion and gender equality. The study called for more effective cooperation between Local Self-Governments, financial institutions and the private sector to enhance market integration, inclusion in digital space and entrepreneurial capacity.<sup>2</sup>

**Government of India Ministry of Rural Development (2024)** on the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM), there has been significant progress towards robustening of women-led SHGs and rural enterprises in India. It noted that better institutional financing, entrepreneurship training, digital financial services and market linkages improved income and livelihood security of rural women. It, however, highlighted problems with

<sup>1</sup>World Bank. (2026). *South Asia development update 2026: Strengthening inclusive growth through women's entrepreneurship*. World Bank.(Forthcoming/Current edition).

<sup>2</sup>UN Women. (2025). *Progress on the Sustainable Development Goals: The gender snapshot 2025*. UN Women.<https://www.unwomen.org>



sustainability of enterprises, digitisation, branding and competitiveness in the marketplace, especially in economically poorer rural areas.<sup>3</sup>

**NABARD (2024)** examined the effect of microfinance and SHG-bank linkage programmes on rural women entrepreneurship in the report, Status of Microfinance in India. The study concluded that business growth, diversification of income and financial strength of women entrepreneurs were greatly enhanced due to access of credit. It also highlighted the role of the Panchayati Raj Institutions and local governance bodies in fostering financial inclusion through raising awareness, making credit accessible and facilitating the development of enterprises in the community. However, low levels of financial literacy and business management skills continue to be significant challenges to enterprise development for the long-term.<sup>4</sup>

**NITI Aayog (2023)** explored the contributions of women's entrepreneurship in the achievement of Sustainable Development Goals (SDGs) by decentralizing rural development in India. The report noted that women entrepreneurs with the assistance of Self-Help Groups (SHGs) have played a vital role in alleviating poverty, creation of employment opportunities and financial inclusion. It also highlighted that Local Self-Governments (LSGs) have a pivotal role in ensuring access to government schemes, credit, and skill development programmes. But institutional capacity differences still exist between states and influence the performance of decentralised policy implementation.<sup>5</sup>

#### IV. RESEARCH METHODOLOGY

##### 4.1 Research Design

The present study adopted a **descriptive and analytical research design** based entirely on **secondary data**. The descriptive approach was used to explain the role of women-led micro enterprises and Local Self-Government policies, while the analytical approach was used to examine their effectiveness in promoting sustainable rural livelihoods across South Indian states.

##### 4.2 Sources of Data

The study relied exclusively on secondary data collected from authentic and reliable sources, including:

- Ministry of Rural Development
- Ministry of Panchayati Raj
- NABARD
- NITI Aayog
- Reserve Bank of India (RBI)
- Census of India
- World Bank
- UN Women
- International Labour Organization (ILO)
- Peer-reviewed journals, books, government reports, and official policy documents.<sup>6</sup>

<sup>3</sup>Government of India, Ministry of Rural Development.(2024). *Annual report 2023–24*.Government of India.<https://rural.nic.in>

<sup>4</sup>National Bank for Agriculture and Rural Development.(2024). *Status of microfinance in India 2023–24*.NABARD.<https://www.nabard.org>

<sup>5</sup>NITI Aayog.(2023). *SDG India index and dashboard 2023–24*.Government of India.<https://www.niti.gov.in>

<sup>6</sup>Government of India, Ministry of Panchayati Raj.(2024). *Annual report 2023–24*.Government of India.<https://panchayat.gov.in>



### 4.3 Methodological Analysis

The study employed the following analytical methods:

#### 1. Descriptive Analysis

To summarize the existing literature, government reports, and statistical information related to women-led micro enterprises and rural livelihoods.

#### 2. Comparative Analysis

To compare policy initiatives and institutional support across the five South Indian states (Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, and Telangana).

#### 3. Content Analysis

To systematically analyse policy documents, annual reports, and published studies for identifying major themes related to entrepreneurship, financial inclusion, and local governance.

#### 4. Thematic Analysis

To classify the reviewed literature into key themes such as women's entrepreneurship, Local Self-Government, Self-Help Groups, financial inclusion, livelihood sustainability, and policy effectiveness.<sup>7</sup>

### 4.4 Data Validation

To enhance the credibility and reliability of the findings, information was cross-verified using multiple government publications, international organization reports, and peer-reviewed research articles. Only recent and authentic sources published by recognized institutions were included in the analysis.<sup>8</sup>

## V. RESULTS

### 5.1 Descriptive Analysis

The descriptive analysis indicated that women-led micro enterprises have emerged as an important instrument for promoting sustainable rural livelihoods across South India. Evidence from government reports, institutional publications, and peer-reviewed studies consistently demonstrated that these enterprises contribute significantly to employment generation, household income enhancement, poverty reduction, financial inclusion, and women's socio-economic empowerment. The findings further revealed that Local Self-Governments (LSGs) play a crucial role in facilitating entrepreneurship through decentralized governance, capacity-building programmes, institutional credit, market linkages, and implementation of rural development schemes.<sup>9</sup>

### 5.2 Comparative Analysis

The comparative analysis of the five South Indian states—Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, and Telangana—revealed considerable variation in the effectiveness of Local Self-Government policies. Kerala demonstrated the strongest institutional support through the Kudumbashree Mission and an extensive Self-Help Group network. Telangana and Andhra Pradesh showed substantial progress through SERP and Stree Nidhi initiatives, which enhanced women's financial inclusion and enterprise development. Tamil Nadu exhibited consistent policy support

<sup>7</sup>International Labour Organization. (2023). *World employment and social outlook: Trends 2023*. International Labour Organization. <https://www.ilo.org>

<sup>8</sup>Organisation for Economic Co-operation and Development. (2023). *Joining forces for gender equality: What is holding us back?* OECD Publishing. <https://doi.org/10.1787/67d48024-en>

<sup>9</sup>Reserve Bank of India. (2024). *Report on trend and progress of banking in India 2023–24*. Reserve Bank of India. <https://www.rbi.org.in>



through entrepreneurship promotion and women's development programmes, while Karnataka demonstrated steady improvements in rural enterprise promotion through Panchayati Raj Institutions and SHG initiatives. Overall, states with stronger institutional coordination and decentralized governance reported better livelihood outcomes.<sup>10</sup>

### 5.3 Content Analysis

The content analysis of government policies, institutional reports, and previous research identified several recurring themes. The analysis highlighted that financial inclusion, entrepreneurship training, skill development, digital literacy, market accessibility, institutional coordination, and decentralized governance were the primary determinants of successful women-led micro enterprises. Conversely, inadequate access to finance, limited technological adoption, weak market integration, policy implementation gaps, and insufficient digital infrastructure emerged as the major constraints affecting enterprise sustainability.<sup>11</sup>

### 5.4 Thematic Analysis

The thematic analysis classified the literature into four major themes:

#### Theme I: Women Entrepreneurship and Sustainable Rural Livelihoods

The reviewed literature consistently established that women-led micro enterprises improve household income, employment opportunities, economic resilience, and community participation while contributing to sustainable rural development.

#### Theme II: Role of Local Self-Governments

The analysis confirmed that Panchayati Raj Institutions and Local Self-Governments significantly strengthen entrepreneurship by facilitating access to government schemes, institutional finance, training programmes, and community-based development initiatives.

#### Theme III: Financial Inclusion and Institutional Support

Most studies emphasized that Self-Help Groups (SHGs), microfinance programmes, NABARD initiatives, and the National Rural Livelihood Mission (NRLM) substantially improve women's access to credit, enterprise expansion, and financial independence.

#### Theme IV: Challenges to Enterprise Sustainability

Despite positive policy interventions, several challenges remain, including inadequate digital literacy, limited market access, branding constraints, technological barriers, implementation gaps, and differences in institutional capacity across states.<sup>12</sup>

<sup>10</sup>United Nations. (2023). *The Sustainable Development Goals report 2023*. United Nations. <https://unstats.un.org/sdgs/report/2023/>

<sup>11</sup>World Bank.(2024). *Women, business and the law 2024*. World Bank. <https://doi.org/10.1596/978-1-4648-2063-2>

<sup>12</sup>United Nations Educational, Scientific and Cultural Organization. (2023). *Global education monitoring report 2023: Technology in education—A tool on whose terms?* UNESCO. <https://www.unesco.org>





**Figure 5.1 – Key Drivers of Sustainable Rural Livelihoods**

### 5.5 Findings

The overall methodological analysis revealed that Local Self-Government (LSG) policies have played a significant role in promoting women-led micro enterprises and strengthening sustainable rural livelihoods across South India. The findings obtained through descriptive, comparative, content, and thematic analyses consistently indicated that decentralized governance, active participation of Panchayati Raj Institutions, Self-Help Groups (SHGs), institutional financial support, entrepreneurship development programmes, and capacity-building initiatives have substantially improved women's economic participation, income generation, employment opportunities, and social empowerment.<sup>13</sup>

The comparative analysis further highlighted that states with stronger institutional mechanisms and well-established community-based programmes demonstrated better outcomes in terms of enterprise sustainability and livelihood enhancement. Content and thematic analyses also identified financial inclusion, skill development, market access, digital empowerment, and effective policy implementation as the major factors contributing to the success of women-led micro enterprises. However, persistent challenges such as limited digital literacy, inadequate market linkages, unequal institutional capacity, access to finance, and implementation gaps continue to affect the long-term sustainability of rural enterprises.<sup>14</sup>

Overall, the findings suggest that strengthening institutional coordination, expanding digital infrastructure, improving access to finance, enhancing market integration, and ensuring effective implementation of Local Self-Government policies are essential for achieving sustainable rural development, inclusive economic growth, and women's economic empowerment in South India.<sup>15</sup>

<sup>13</sup>United Nations Development Programme. (2024). *Human development report 2023/2024: Breaking the gridlock—Reimagining cooperation in a polarized world*. UNDP. <https://hdr.undp.org>

<sup>14</sup>World Bank.(2024). *Women, business and the law 2024*. World Bank. <https://doi.org/10.1596/978-1-4648-2063-2>

<sup>15</sup>Food and Agriculture Organization of the United Nations. (2022). *The status of women in agrifood systems*. FAO. <https://doi.org/10.4060/cc5343en>



## VI. CONCLUSION

The contribution of the women led micro enterprises to the sustainable development of the rural population in South Indian region is irreplaceable as they create jobs, increase household income, improve social inclusion and empower women. The experiences in the field provide evidence that Local Self-Government institutions play an important role in the development and sustainability of these enterprises by way of decentralized planning, and participation of the local community in this process and through effective implementation of rural development programmes. Kudumbashree, SERP and Stree Nidhi are some of the successful examples where local governance systems have been designed to foster conducive environment for women entrepreneurship. But there remain significant problems that hinder sustainability in the long term such as access to finance, technological constraints, market competition and implementation gaps. Realizing the potential of women's micro enterprises will depend crucially on strengthening institutional coordination, enhancing digital infrastructure, increasing financial inclusion and market-oriented interventions. Building sustainable economic plans along with engaging the community and adopting local leadership can make a significant impact in the Sustainable Development Goals (SDGs), especially the poverty reduction, gender equality, decent work, and inclusive economic growth SDGs.

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