DOI: 10.21088/jswm.0975.0231.18126.6

Journal of Social Welfare and Management
Volume 18 Number 1, January-April 2026

REVIEW ARTICLE

A Review of Institutional Support for Financial Inclusion of Women in India

G Venkat Rao[1], K.I. Priya Darshini[2]

HOW TO CITE THIS ARTICLE:

G Venkat Rao, K. I. Priya Darshini. A Review of Institutional Support for Financial Inclusion of Women in India. J Soc Welfare Manag. 2026; 18(1): 37–41.

ABSTRACT

The total population of India is 147 crores and women form 47 percent of the total population. The workforce participation rate of women is very low at 14.7 percent and the remaining are in unpaid employments. The statistical profile of women shows literacy rate, life expectancy and enrollment in higher education have drastically increased since Independence. The population participation in economic activities is beneficial to the country. The percent of women who are neither in employment or gainful activity is 67.2 percent in 2024. The main barriers identified as inhibiting women participation are culture, family roles and finance. The review paper discusses about the financial schemes sponsored by the Central and State Governments for promotion of women entrepreneurship and thereby achieves financial inclusion.

In India, there are approximately 60.84 million MSME units in India, of which 12.9 million are owned by women. Majority of the MSME owned by women are in the micro sector. The ecosystem needs for women entrepreneurship has basically six components. These six ecosystem needs are: a) Entrepreneurship promotion, which includes creating awareness and knowledge of different entrepreneurship opportunities; b) Easy and affordable access to finance; c) Training and skilling in technical and business skills; d) Mentoring and networking from industry experts to guide and incubate budding entrepreneurs and peer networking; e) Market linkages with domestic and global markets; f) Access to business, legal, digital, and other higher support services for better efficiency and productivity. The ecosystem of access to finance support is in the form of term loans, business loan capital, grant–in-aid, credit guarantee, seed money, margin money, working capital, interest and capital subsidy.

AUTHOR'S AFFILIATION:

[1] Faculty, Department of Management Studies, Dr L Bullayya College, Visakhapatnam, Andhra Pradesh, India.

[2] Faculty, Department of Management Studies, Dr Lankapalli Bullayya College, Visakhapatnam, Andhra Pradesh, India.

CORRESPONDING AUTHOR:

G Venkat Rao, Faculty, Department of Management Studies, Dr L Bullayya College, Visakhapatnam, Andhra Pradesh, India.

E-mail: gvr101@rediff.com

➤ **Received:** 29-12-2025 ➤ **Accepted:** 20-01-2026

The access to finance is a challenging task for any entrepreneur. The role of the government is to fill the gap by creating Financial Institutional Framework. The economic objective of financial inclusion is achieved by the Government by lending finance to the women entrepreneurs in the form of grants, loans and subsidies.

The government and other institutional support schemes have increased the spirit of entrepreneurship among women. The financial incentives through various schemes for promoting women entrepreneurship have seen a growth in financial inclusion. The main advantages in financial inclusion of women are contribution to GDP, raise in Standard of Living, empowerment and bringing back a section of the society into main stream of economy.

KEYWORDS

• Financial Inclusion • Women Entrepreneurship • Government Institutions

INTRODUCTION

The total population of India is 147 crores and women form 47 percent of the total population. The workforce participation rate of women is very low at 14.7 percent and the remaining are in unpaid employments. The statistical profile of women shows literacy rate, life expectancy and enrollment in higher education have drastically increased since Independence. The population participation in economic activities is beneficial to the country. The research studies shows by including women in economic activity the size of India economy will grow by at least 10 percent per annum. The research studies prove that women as entrepreneurs will be successful because of acquired and ascribed qualities possessed by them. The World Bank Report shows economic contribution of women to the total India GDP is estimated as 17 percent which is very low compared to the population size. The economic participation of women shall lead to inclusive development. The percent of women who are neither in employment or gainful activity is 67.2 percent in 2024.

The main barriers identified as inhibiting women participation are culture, family roles and finance. Women entrepreneurship is a means for empowerment, increasing economic contribution and gainful self-employment. The government institutional support in form of infrastructure, training and finance for promotion of women entrepreneurship is a critical factor for success. The present paper discusses about the financial schemes sponsored by the Central and State Governments for promotion of women entrepreneurship and thereby achieves financial inclusion. The present review paper discusses about the financial schemes sponsored by the Central and State Governments for promotion of women entrepreneurship and thereby achieves financial inclusion.

Women Entrepreneurship, Financial Schemes and Inclusion

According to Schumpeter(1942) Women who innovate, initiate or adopt business actively are called women entrepreneur. Women entrepreneurship from financial point of view is defined as an enterprise owned and controlled by women having a minimum financial interest of 51 percent of the capital and giving at least 51 percent employment generated to women. Alice (1990) defines women entrepreneurship is based on women participation in equity and employment of a business enterprises.

In India, there centrally sponsored schemes and state sponsored schemes supporting either directly or indirectly entrepreneurship.

Table 1: Gender-wise distribution of Entrepreneurship Schemes

Beneficiaries	State Govt.	Central Govt.
Male and Female Beneficiaries	50	64
Female Beneficiaries only	7	7
Institutions Beneficiaries	43	29

Source: **NITI** Ayog Report on Women Entrepreneurship, 2022.

The budget allocation by Central and State Governments for women related schemes and subsidies are shown in the tables below

Table 2: Allocation by Governments for Women Related Schemes in India

Year	Amount (Rs crores)
2022-23	1,71,006.47
2023-24	2,38,219.75
2024-25	3,27,158.44
2025-26	4,49,028.68

Source: The Hindu, dated March 9th, Vizag Edition

But, the Economic Survey Report shows the utilization is dismal and low. The Global Gender Gap Index for 2021 shows India at 112th position out of 153 nations which is abnormally low. India has 63 million micro, small, and medium enterprises (MSMEs), of which around 20% are women owned, employing 22 to 27 million people. India ranks 57th out of 65 nations, in the Mastercard Index on Women Entrepreneurship (MIWE) 2021 and 70th among 77 nations in the Global Female Entrepreneurship Index. (NITI AYOG Report, 2022).

In India, there are approximately 60.84 million MSME units in India, of which 12.9 million are owned by women. Majority of the MSME owned by women are in the micro sector. The ecosystem needs for women entrepreneurship has basically six components. These six ecosystem needs are: a) Entrepreneurship promotion, which includes creating awareness and knowledge of different entrepreneurship opportunities; b) Easy and affordable access to finance; c) Training and skilling in technical and business skills; d) Mentoring and networking from industry experts to guide and incubate budding entrepreneurs and peer networking; e) Market linkages with domestic and global markets; f) Access to business, legal, digital, and other higher support services for better efficiency and productivity. The ecosystem of access to finance support is in the form of term loans, business loan capital, grant–in- aid, credit guarantee, seed money, margin money, working capital, interest and capital subsidy. The Startup India Initiative by the Department for Promotion of Industry and Internal Trade (DPIIT), as on October 31, 2024, a total number of **73,151 startups** by women have been recognized under the Startup India Initiate.

The total number of establishments owned by women entrepreneurs was 8,050,819 out of which 65.12% of the total establishments were located in rural areas and the remaining were located in urban areas. The number of women establishments involved in agricultural activities was 34.3% of the total number of establishments owned by women. The top states in terms of percentage share in total number of women owned establishments in the country are: i) Tamil Nadu (13.51%) ii) Kerala (11.35%), iii) Andhra Pradesh (10.56%), iv) West Bengal (10.33%) and v) Maharashtra (8.25%). (MoSPI Report 2024).

Nearly, 79% of the women establishments were self-financed. The second important source i.e. donation or transfer from other agencies contributed 14.65%. The next important sources were Assistance from Government and Borrowing from financial institutions with contributions of 3.4% and 1.1 % respectively.

Table 3: Sources of Finance for Women Entrepreneurs in India

Sources	Percent
Self-Finance	79.07
Financial Assistance from Government Sources	3.37
Borrowing from financial Institutions/Banks	1.08
Borrowing from Non-Institutions/Money Lenders	0.84
Loan from Self-Help Group	1
Donations/Transfers from Other Agencies	14.65

NITI AYOG Report on Women Entrepreneurs, 2022

The access to finance is a challenging task for any entrepreneur from organized banking and government channels. The role of the government is to fill the gap by creating Financial Institutional Framework. The economic objective of financial inclusion is achieved by the Government by lending finance to the women entrepreneurs in the form of grants, loans and subsidies. The main schemes are

1. **Udyogini Scheme:** Women from economically weaker sections are provided loans at concessional rate. The scheme supports wide range of industries especially in rural areas.
2. **Stand Up India Scheme:** The main objective is to give financial independence and promote entrepreneurship. The scheme covers women especially from SC/ST. The loan amount ranging from Rs 10 lakhs to Rs.1 crore is provided at

concessional rates. The loan is given to establish manufacturing, trading, or service businesses.

3. **Annapurna Scheme:** The main objective is to promote women entrepreneurship in food based business. Under this scheme loans upto Rs 50,000 are given.
4. **MUDRA:** The scheme is most popular Central Government scheme with an aim to provide collateral free loans to small businesses. The main objective is empowerment. The scheme is administered under three categories Shishu, Kishor and Tarun. Based on the scale of operation the categories are applied. Under this scheme loan limit Rs 10 lakhs and may be enhanced to Rs 20 lakhs to those with good repayment facilities.
5. **Mahila Udyog Nidhi Scheme:** The scheme is promoted by SIBDI with the objective of promoting new ventures or expansion of business. Under this scheme financial assistance is given for project costing above Rs 10 lakhs with flexible payment options and refinance facility is also provided by commercial banks. The scheme aims to promote women entrepreneurship with liberal financial assistance.
6. **Pradhan Mantri Rozgar Yojana:** The scheme aims to provide financial assistance to for unemployed women to start businesses. The scheme provides loans upto Rs 2 lakhs for manufacturing,trade and service. The objective is to foster women entrepreneurship culture.
7. **Mahila Coir Yojana:** The focus is on coid based industries. The financial assistance for purchasing equipment and training. The scheme intends to encourage self-employment in rural areas and overall economic development.
8. **Trade Related Entrepreneurship Assistance and Development:** The scheme support economically weaker sections of the society. The scheme provides financial assistance, skill development and counseling to establish businesses by women. The overall sustainable growth and fostering women entrepreneurship are the main objectives.
9. **Mahila Samridhi Yojana:** The scheme is administered by National Schedule Caste Finance and Development Corporation. The entrepreneur can avail microfinance upto Rs 1,40,000. The scheme targets women with family income per annum less than Rs 3,00,000.
10. **Women Entrepreneurship Platform:** The platform is supported by Niti Aayog, it is an aggregator Platform which hosts information and services relevant to women entrepreneurs. It enables key partnerships to bring crucial content, workshops, campaigns and other avenues of learning. The main focus areas are Community and Netwroking, Funding and Financial Assistance, Incubation and Accelerator, Compliance and Task Assistance, Entrepreneur Skills and Mentorship and Marketing.
11. **Scheme for First Time Entrepreneur:** The scheme main focus is to help 5 lakhs first generation women entrepreneurs with reservation for SC/ST members. Under the scheme loans upto Rs 2 Crores can be availed. The scheme also provides training on entrepreneurship skills and managerial capacity building.
12. **Fund of Fund for Start Ups:** This fund is categorized under Alternative Investment Fund with a corpus funded by Central Government, Private Business Organizations and Agencies. The contribution of Central Government to the fund corpus is Rs 10,000 crores.

Andhra Pradesh Government in the year 2025 announced a Scheme for financial promotion of Women led Enterprises. The target group includes all women categories from SC, ST, BC's and minorities. The scheme provides power at subsidized rates of Rs 1.50 per unit and 5 percent incentive on State GST for a period of 5 years.

Other Institutional Financial Supporting Bodies:

1. Banks
2. Microfinance Institutions
3. NBFC
4. Angel Investors and Venture Capitalists
5. Crowd funding Platforms
6. CSR Funds

7. Self-Help Groups and Cooperatives
8. Grants from NGO and International Agencies

Bank Specific Schemes

1. **Mahila Udyam Nidhi Yojana:** PNB Bank
2. **Dena Shakti Scheme:** Dena Bank
3. **Shree Shakti Package for Women Entrepreneurship:** SBI
4. **Cent Kalyani Scheme:** Central Bank Scheme
5. **Priyadarshini Yojana:** Bank of India

CONCLUSION

The above government and other institutional support schemes have increased the spirit of entrepreneurship among women. The financial incentives through various schemes for promoting women entrepreneurship have seen a growth in financial inclusion. The main advantages in financial inclusion of women are contribution to GDP, raise in Standard of Living, empowerment and bringing back a section of the society into main stream of economy.

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