

A Comparative Study of Financial Inclusion and Socio-Economic Empowerment of Women Entrepreneurs: Evidence from Urban and Semi-Urban Areas of Maharashtra

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ABSTRACT

Financial inclusion has emerged as a key driver of women's economic empowerment in developing economies. In India, especially in Maharashtra, rapid expansion of banking services (e.g. Jan Dhan Yojana accounts), microfinance through self-help groups (SHGs), and digital payment platforms (UPI) has created new opportunities for women entrepreneurs. This paper presents a comparative analysis of financial inclusion and its impact on the socio-economic empowerment of women entrepreneurs in urban and semi-urban areas of Maharashtra, using secondary data from 2020–2024 (RBI reports, NABARD, NSSO, MSME Ministry, etc.). The study identifies trends in women's access to credit, usage of digital financial services, and participation in entrepreneurial activities. Two hypotheses test whether financial inclusion significantly influences women's entrepreneurship and whether urban–rural disparities persist in empowerment outcomes. The findings are expected to inform policy debates on strengthening inclusive finance models and enhancing the sustainability of women-led enterprises across diverse regions of the state.

Keywords: Financial Inclusion, Women Entrepreneurs, Socio-Economic, Empowerment, Urban–Semi-Urban Comparison, Maharashtra.

Introduction

Women's entrepreneurship is increasingly acknowledged as a catalyst for inclusive growth, poverty reduction, and social transformation. By generating income and employment, women-owned enterprises contribute not only to household welfare but also to improved education, health, and decision-making within families. Yet, women face greater barriers than men in accessing finance, markets, and training, which restricts their entrepreneurial potential. Financial inclusion—the provision of affordable banking, credit, and digital services—has thus become a crucial enabler of women's socio-economic empowerment.

India has launched ambitious programs to advance inclusion. The Pradhan Mantri Jan Dhan Yojana (PMJDY) ensures universal banking access; the Pradhan Mantri Mudra Yojana (PMMY) offers collateral-free loans for microenterprises; and the National Rural Livelihoods Mission promotes self-help groups (SHGs). Simultaneously, rapid growth of digital finance (UPI, mobile banking, Aadhaar-linked

services) forms the “JAM Trinity,” which has substantially narrowed the gender gap in account ownership—women now hold over 55% of Jan Dhan accounts[1].

Maharashtra offers a relevant case study. It is one of India’s most economically advanced states, hosting urban hubs like Mumbai and Pune with dense financial networks, alongside vast semi-urban and rural regions (Vidarbha, Marathwada) where traditional barriers persist. The state leads the country in SHG–bank linkages with more than 1.6 lakh groups[2], yet disparities between metropolitan and semi-urban contexts remain.

While Mumbai’s women entrepreneurs have been studied, comparative insights across diverse regions of Maharashtra are limited. This study addresses that gap through an analytical assessment of how financial inclusion fosters empowerment among women entrepreneurs, comparing urban and semi-urban dynamics to inform inclusive policy interventions.

Objectives

- To analyze the role of financial inclusion in promoting the socio-economic empowerment of women entrepreneurs in urban and semi-urban Maharashtra.
- To compare the levels of access, utilization, and impact of financial services on women entrepreneurs between urban and semi-urban regions of Maharashtra.

Hypotheses

H₀₁: Financial inclusion has no significant impact on the socio-economic empowerment of women entrepreneurs in Maharashtra.

H₀₂: There is no significant difference in financial inclusion and empowerment levels of women entrepreneurs between urban and semi-urban areas of Maharashtra.

These hypotheses will be tested by examining the secondary data trends and, where possible, drawing on statistical findings from existing studies. The expectation, based on prior research and policy reports, is that both null hypotheses will be rejected – i.e., greater financial inclusion is likely associated with higher empowerment of women entrepreneurs, and urban women entrepreneurs tend to have better access and outcomes than those in semi-urban areas[3][4].

Methodology

This study is analytical in nature and relies entirely on secondary data from credible sources. Major sources include the Reserve Bank of India (RBI) for banking outreach and digital transactions, NABARD for SHG microfinance, NSSO and other government surveys for enterprise and employment data, Ministry of MSME and Government of Maharashtra reports for women-owned businesses, and international datasets such as the World Bank’s Global Findex for comparative context. Data from 2020–2024 have been used to reflect recent trends.

The analysis applies **trend analysis** and **comparative ratio analysis**. Time-series data, such as the growth in women’s bank accounts or credit disbursed under various schemes, help identify patterns and pace of financial inclusion. Comparative analysis contrasts urban and semi-urban regions, highlighting differences in indicators like digital payment usage and average loan size. Basic statistical measures (percentages, ratios, growth rates) are also employed, with Table 1 presenting Maharashtra vis-à-vis national averages.

Key limitations include limited gender-disaggregated data at sub-state levels and reliance on proxies for urban vs. semi-urban splits. As causality cannot be firmly established, the study emphasizes correlations and descriptive comparisons. Nevertheless, triangulating multiple datasets provides a robust picture of women’s financial inclusion and its empowerment linkages.

Data Analysis & Discussion

Financial Inclusion Indicators for Women Entrepreneurs

- **Bank Account Ownership:** Women’s access to formal banking has improved sharply in the last decade, largely due to the Pradhan Mantri Jan Dhan Yojana (PMJDY). As of 2024, women held over 29.5 crore Jan Dhan accounts nationwide (55.6% of total), with Maharashtra contributing around 3.67 crore accounts, nearly 54% in women’s names. Importantly, about 66% of these accounts are in rural/semi-urban areas, showing deep outreach beyond metros. Rural–urban differences in account ownership have nearly disappeared; surveys show 80.7% of rural women and 81.3% of urban women possess savings accounts. The challenge now is usage. The World

Bank's Global Findex (2021) reveals 32% of women-owned accounts in India are inactive, highlighting gaps in literacy, confidence, and regular banking habits. Thus, while access is nearly universal, active engagement with accounts remains uneven.

- **Credit Linkage via SHGs and Microfinance:** In semi-urban Maharashtra, Self-Help Groups (SHGs) remain central to women's inclusion. NABARD data shows the state has over 16.3 lakh SHGs linked to banks, the highest in India. Most are women-only groups, collectively handling crores in credit. The average SHG loan size (~₹2.7 lakh) is modest but vital, enabling enterprises like tailoring or grocery shops. Beyond finance, SHGs provide peer support and social capital, building confidence among semi-urban women. However, reliance on micro-loans often traps enterprises at a subsistence level, while access to larger, individual business credit remains limited outside urban areas.
- **Digital Financial Services Adoption:** Urban women entrepreneurs in Mumbai, Pune, and Nagpur have rapidly adopted UPI and mobile wallets, especially post-COVID. Semi-urban adoption is slower: only ~25% of UPI users are women, and the rural share is smaller still. Figure 1 highlights the paradox: women hold over half of basic accounts but form only a quarter of digital payment users. Key barriers include low smartphone ownership (48.4% among rural women vs. 80.7% men) and limited digital literacy. To address this, NPCI and Women's World Banking launched "UPI for Her" (2025), targeting 200 million new women users. For entrepreneurs, digital finance expands markets, builds credit histories, and streamlines business records. However, semi-urban women still face a "usage divide." Targeted literacy programs and localized apps are essential for converting access into empowerment.
- **Credit under MSME Schemes:** Beyond microfinance, national programs like PM Mudra Yojana (PMMY) and Stand-Up India have boosted women's credit access. In 10 years, Mudra sanctioned 52 crore loans, 68% to women. Maharashtra alone disbursed ₹2.74 lakh crore by 2025, with an estimated 60–65% to women. Urban women often avail larger loans (₹5–10 lakh) for expanding businesses, while semi-urban women rely on smaller Shishu loans (<₹50,000). Maharashtra also saw 2.53 lakh women registering enterprises on the Udyam portal (2020–24), reflecting formalization. Yet women still receive a minority of formal credit by value – 22.9% of total credit nationally – pointing to systemic gaps like collateral requirements and lending bias.

Empowerment Indicators and Urban–Semi-Urban Comparison

- **Women-Owned Enterprises & Employment:** India has over 22 million women-owned MSMEs (40% of total). Maharashtra accounts for 2.53 million (35%), with concentrations in urban hubs like Mumbai and Pune. Urban women-led enterprises are generally larger and diversified (retail, IT, services, manufacturing), while semi-urban women dominate micro sectors (handicrafts, agri-processing, retail).
- **Employment generation is a significant outcome:** Mudra-linked states report higher job creation by women-led MSMEs. In semi-urban Maharashtra, even small expansions (like a tailoring unit) often employ 3–4 local women. Urban startups, however, scale to dozens of employees. Despite these gains, challenges persist: female labor force participation remains ~25–30% in Maharashtra, and many women-owned firms are informal or self-employment units. The COVID-19 pandemic disproportionately impacted women's enterprises, but recovery has been aided by e-commerce and digital platforms, particularly in cities.
- **Income & Autonomy:** Direct income data is limited, but proxies indicate progress. According to NFHS-5, nearly 80% of women in Maharashtra operate their own bank accounts, up from ~50% a decade earlier. This autonomy correlates with greater decision-making in households. Entrepreneurship also increases women's mobility and social participation; SHG involvement often translates into leadership roles and higher confidence in family financial decisions. Studies confirm that financial inclusion enhances women's say in asset purchases, education, and healthcare decisions, strengthening socio-economic empowerment.
- **Urban vs. Semi-Urban Disparities:** Urban entrepreneurs benefit from dense financial infrastructure, higher literacy, and exposure to training or incubators. They access larger loans, adopt digital finance more readily, and operate in diverse sectors with higher revenue potential. Semi-urban women, by contrast, face limited branch networks, conservative norms, and continued reliance on SHGs or cash-based transactions. Awareness of schemes like Stand-Up

India is also lower in these regions. Yet signs of convergence exist. Over 60% of new Jan Dhan accounts in Maharashtra are from semi-urban/rural areas, and fintech innovations (vernacular apps, mobile banking agents) are gradually bridging gaps. Government literacy drives and NABARD's federated SHGs are also improving access to larger markets. If sustained, semi-urban women may achieve parity with urban peers in the coming decade.

Table 1: Women's Financial Inclusion and Entrepreneurship: Maharashtra vs. India

Indicator (2024)	Maharashtra	All-India
Women-owned MSMEs (number)	2,535,077 ^[12]	22,073,675 ^[14]
Women-owned MSMEs (% of total MSMEs)	35% ^[12]	40% ^[14]
Jan Dhan accounts held by women (% of PMJDY)	~54% (est.)	55.6% ^[1]
Mudra loans sanctioned to women (% of total)	(majority share)	68% ^[10]

Notes: MSME figures refer to enterprises registered on the Udyam portal since 2020 (cumulative). **PMJDY** refers to Pradhan Mantri Jan Dhan Yojana basic bank accounts. **Mudra** refers to Pradhan Mantri Mudra Yojana micro-loans (10-year data). In Maharashtra, around 70% of Mudra loans by number are estimated to be to women (no official state-wise data); nationally it is 68%.

Table 2. Qualitative Comparison of Women Entrepreneurs in Urban vs. Semi-Urban Maharashtra

Aspect	Urban Areas (e.g. Mumbai, Pune)	Semi-Urban Areas (small towns, peri-urban districts)
Access to Banking	Nearly universal access; multiple bank branches and ATMs available. Most women have savings accounts (often via Jan Dhan) ^[1] .	Improved access in recent years through Jan Dhan; however, banking infrastructure is sparser and some women still depend on nearest town for services. Outreach programs have boosted rural bank accounts to ~66% of new accounts ^[1] .
Credit Sources	Greater access to formal credit: women can approach banks or NBFCs for business loans (e.g. under Mudra, Stand-Up India). Urban co-operative banks and MFIs also active. Still, collateral requirements can be a barrier for larger loans.	Reliance on microfinance and SHG-bank linkage is higher ^[2] . Women typically take group loans or small Mudra Shishu loans. Formal SME credit is limited; local cooperative banks and MFIs fill the gap. Often need guarantors or group support to access credit.
Digital Finance Usage	High adoption of digital payments and banking apps. Many women entrepreneurs accept UPI, use internet banking, and leverage e-commerce (especially post-COVID). The gender gap in usage exists but is narrowing in cities (more younger women using fintech).	Lower adoption of digital finance; cash remains predominant. Only ~25% of UPI users are women overall ^[4] , and in rural areas the share is even smaller. Smartphone ownership and digital literacy issues hinder usage. Government/NGO programs are starting to train women in digital payments, but trust and awareness are still developing.
Business Scale & Sectors	More medium and small enterprises. Women engage in diverse sectors (retail, services, tech, manufacturing). Some startups led by women secure funding. Higher average revenues; ability to register formally and scale up (hire employees, formal marketing).	Predominantly micro-enterprises. Common ventures include tailoring, handicrafts, kirana shops, dairy/agri products. Many operate informally or home-based. Growth is often constrained by market size and infrastructure. Few employees (mostly family or none).
Empowerment Outcomes	Stronger economic empowerment: urban women entrepreneurs typically earn higher incomes, increasing their say in household decisions. Role models in urban communities inspire others. However, they juggle business with urban challenges (competition, work-life balance).	Tangible if modest gains: even a small business can enhance a semi-urban woman's status at home and in the community. Participation in SHGs and earning an income improves self-confidence and decision-making autonomy. Yet, social norms in conservative rural society may still restrict full empowerment (mobility, control over large assets).

Sources: Analysis based on data from PIB, NABARD and various reports^{[1][4][2]}. This table highlights general trends; individual experiences may vary.

In summary, the data analysis illustrates that financial inclusion has markedly improved for women entrepreneurs in Maharashtra on several fronts: access to bank accounts is at historic highs, microfinance and Mudra schemes have channeled credit to millions of women, and digital finance is

gradually picking up. These changes have begun to translate into socio-economic empowerment, as seen in the rising number of women-owned enterprises and their contributions to employment. At the same time, urban–semi-urban disparities persist. Urban women are leveraging financial inclusion to a greater extent – using bigger loans and advanced financial services to grow larger businesses – while many semi-urban women remain in subsistence-level enterprises with limited financial tool usage. The discussion highlights that simply having a bank account or loan is not enough; the quality and depth of financial inclusion (frequency of transactions, size of credit, integration into value chains) determine the level of empowerment achieved. In the next section, we distill the findings and offer recommendations to strengthen the inclusive finance ecosystem so that it benefits women entrepreneurs across all regions of Maharashtra.

Findings, Conclusion & Suggestions

The analysis reveals that Maharashtra has made notable progress in women's financial inclusion during 2020–2024. Women's access to bank accounts, credit, and formal financial products has expanded significantly. Initiatives like Jan Dhan Yojana and Mudra loans have supported a rise in women-owned enterprises [12] [10], with more women now economically active. Nevertheless, disparities remain. Urban women entrepreneurs gain more from inclusion, benefiting from wider access to digital payments and larger bank loans, which translate into higher income and business growth. Semi-urban women, though not excluded, rely heavily on SHGs and microfinance, often limited to small Shishu loans. This restricts enterprise scaling and keeps empowerment outcomes—such as income enhancement, enterprise expansion, and decision-making power—muted compared to urban counterparts.

The evidence also confirms that **financial inclusion significantly influences empowerment**: women actively using financial services show improved stability and confidence, thus rejecting H01. Similarly, H02 is rejected, as clear differences exist between urban and semi-urban outcomes. In short, financial inclusion is necessary but not sufficient; while it has opened opportunities, additional support is needed to ensure equitable empowerment across regions.

Conclusion

Financial inclusion has proven to be a strong enabler for women entrepreneurs in Maharashtra, validating national policies of “banking the unbanked” and “funding the unfunded.” Greater inclusion correlates with higher entrepreneurship rates, stronger savings and credit usage, and greater agency for women. Initiatives like PMJDY and PMMY have yielded measurable benefits: women are more capable of starting businesses, raising incomes, and contributing to household welfare.

Yet empowerment benefits are uneven. Urban women are closer to financial independence, while semi-urban women remain on the first rung of inclusion. The comparative analysis highlights a **digital divide and credit gap**: bank account ownership is widespread, but account utilization for enterprise growth remains limited outside cities. Structural barriers—such as low literacy, lack of collateral, and restrictive norms—continue to constrain semi-urban women. Thus, inclusion drives empowerment, but uneven access and usage limit its full impact. Policy must now focus on quality of inclusion and targeted interventions for underserved groups.

Suggestions

- **Enhance Digital & Financial Literacy:** Scaling literacy initiatives is critical, especially in semi-urban Maharashtra. Digital finance training (e.g., UPI, mobile banking workshops) would expand women's market access and business efficiency. Collaborations with NGOs and fintech firms can bridge the digital gap and reduce the gender divide in technology adoption
- **Strengthen SHG–Bank Linkages:** Since semi-urban women depend heavily on SHGs, these programs must be sustained and expanded. Credit to SHG federations should be increased, and successful members should be supported in graduating to formal MSME credit. Banks can design products that use SHG repayment records to extend individual loans, thus integrating women into mainstream finance.
- **Leverage FinTech & Banking Agents:** Fintech can offset infrastructure gaps. App-based micro-loans, simplified bookkeeping tools, and crowdfunding platforms tailored to women should be encouraged. More female banking correspondents and mobile banking vans can bring services closer to semi-urban women, boosting both savings and credit uptake

- **Targeted Regional Interventions:** Maharashtra should adopt district-specific strategies, including lending targets for women in underbanked regions. Enhanced subsidies or interest subventions can incentivize semi-urban women to take larger loans. Establishing **women enterprise hubs** in small towns would centralize training, product marketing, and scheme facilitation, while building peer networks.
- **Improve Data & Monitoring:** A major gap is the lack of granular gender-disaggregated data. RBI's Financial Inclusion Index should be expanded to state or district levels. Tracking outcomes of schemes like Mudra would provide insights into whether loans lead to sustainable enterprises. Better monitoring would enable evidence-based program adjustments.

Final Note: Maharashtra's experience shows financial inclusion is a catalyst for women's empowerment but requires continued support through literacy, innovation, and region-focused policies. Implementing the above measures can help ensure a woman entrepreneur in a semi-urban town enjoys opportunities equal to her urban counterpart. Such inclusivity will not only empower women but also stimulate wider economic growth—accelerating female entrepreneurship could add over 150 million jobs in India by 2030 [19]. The journey from inclusion to empowerment remains ongoing, but sustained effort can achieve equitable socio-economic empowerment across Maharashtra.

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