Women's Entrepreneurship under Prime Minister's Employment Generation Programme (PMEGP): Strengthening Employment and Inclusive Growth

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Abstract

Women's entrepreneurship has emerged as an important pathway for inclusive economic development by promoting enterprise creation, employment generation, and socio-economic empowerment. However, women entrepreneurs continue to face several constraints, including limited access to finance, entrepreneurial skills, technology, market opportunities, and institutional support. In this context, the Prime Minister's Employment Generation Programme (PMEGP) provides an important policy framework for promoting women-led micro-enterprises through financial assistance, credit support, and entrepreneurship development initiatives. This chapter examines the contribution of PMEGP in strengthening women's entrepreneurship and its role in promoting employment generation and inclusive growth. Since its inception in 2008--09, PMEGP has supported 3,57,658 women-led enterprises up to 31 December 2025, accounting for nearly 40 per cent of the total enterprises assisted under the programme. The scheme has facilitated women's participation in entrepreneurial activities by improving access to productive resources, formal finance, self-

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employment opportunities, and entrepreneurial capabilities. The chapter highlights the contribution of women-led PMEGP enterprises towards economic empowerment, financial inclusion, local employment creation, and livelihood development. It also discusses key challenges affecting enterprise sustainability, including market access, digital adoption, financial limitations, and institutional support. The chapter concludes that PMEGP serves as an important institutional mechanism for converting women's entrepreneurial potential into sustainable enterprises and advancing inclusive growth.

Keywords: *PMEGP, women entrepreneurship, employment generation, inclusive growth.*

Introduction

The transition towards inclusive and sustainable economic development has transformed the understanding of entrepreneurship from a mechanism of enterprise creation to a broader instrument of structural transformation, employment generation, and social progress. Within this evolving development paradigm, women's entrepreneurship has emerged as a critical dimension of economic policy, reflecting the growing recognition that women's participation in productive economic activities is indispensable for achieving equitable and sustained growth. Expanding women's entrepreneurial opportunities not only creates enterprises and employment but also enhances household welfare, strengthens local economies, promotes financial inclusion, and contributes to long-term socio-economic resilience.

India possesses one of the world's largest reservoirs of untapped female entrepreneurial potential. Although women constitute a substantial share of the country's human capital, their participation in entrepreneurial activities remains disproportionately lower than their potential. This gap represents not merely an issue of gender inequality but also a significant economic challenge, as the underutilisation of women's entrepreneurial capabilities limits employment creation, innovation, enterprise development, and overall economic productivity. Recognising women as creators of enterprises, employers, and contributors to economic development has therefore become central to India's vision of inclusive growth and women-led development.

However, transforming entrepreneurial potential into sustainable enterprise remains a complex process. Women entrepreneurs continue to encounter multiple financial, institutional, market-related, and socio-cultural constraints that restrict enterprise creation, business expansion, and long-term sustainability. Limited access to formal finance, entrepreneurial capabilities, market networks, technology, and productive resources, together with persistent gender-based social norms, continue to influence the entrepreneurial ecosystem. Addressing these multidimensional barriers requires policy interventions that extend beyond financial assistance and foster an enabling environment for enterprise development.

In response to these challenges, the Government of India has introduced a range of policy initiatives to promote entrepreneurship and self-employment. Among these, the Prime Minister's Employment Generation Programme (PMEGP), implemented by the Khadi and Village Industries Commission (KVIC) under the Ministry of Micro, Small and Medium Enterprises (MSME), has emerged as an important institutional mechanism for facilitating the establishment of new micro-enterprises. By combining credit-linked financial assistance with entrepreneurship development support, the programme seeks to encourage enterprise creation, generate productive employment, and expand economic opportunities, particularly for women and other priority groups.

Advantages of PMEGP for Women Entrepreneurs

Women entrepreneurs continue to face significant barriers, including limited access to finance, productive assets, entrepreneurial skills, and market opportunities, which constrain enterprise creation and growth. PMEGP addresses these challenges by providing targeted financial assistance, institutional credit, and entrepreneurial support, thereby fostering an enabling ecosystem for the establishment, sustainability, and expansion of women-led enterprises.

A significant contribution of the programme lies in reducing financial constraints that discourage potential women entrepreneurs. By providing margin money of up to 35 per cent for eligible rural projects and up to 25 per cent for eligible urban projects, together with a minimum beneficiary contribution of only 5 per cent, PMEGP substantially lowers the initial investment required to establish an enterprise. The remaining project cost is financed through institutional bank credit, improving women's access to formal financial systems and reducing dependence on informal sources of finance.

The programme further strengthens entrepreneurial capabilities through Entrepreneurship Development Programme (EDP) training, enabling women to acquire knowledge in business planning, financial management, production processes, marketing strategies, digital business practices, and enterprise administration. These competencies enhance managerial efficiency, improve enterprise sustainability, and increase the capacity of women entrepreneurs to respond to changing market conditions.

Beyond facilitating enterprise creation, PMEGP enables women to become enterprise owners, enhancing their economic independence, financial decision-making, and income-generating capacity. By supporting sustainable enterprise development, the programme promotes employment generation, financial inclusion, and women's participation in the formal economy. Consequently, PMEGP serves as a strategic instrument for strengthening women's economic empowerment while advancing employment generation and inclusive growth.

Women's Participation and Enterprise Development under PMEGP

Women's participation under PMEGP represents an important dimension of India's efforts towards promoting inclusive entrepreneurship and expanding women's engagement in productive economic activities. The special provisions available for women beneficiaries, including higher subsidy support and lower own contribution requirements, have improved their accessibility to entrepreneurial opportunities and encouraged the establishment of women-led micro-enterprises.

Since the inception of PMEGP in 2008–09 up to 31 December 2025, a total of 3,57,658 projects of women entrepreneurs have been assisted, reflecting the sustained contribution of the programme towards women's enterprise development. The recent trend of women beneficiaries further highlights their growing involvement in entrepreneurial activities. During 2021–22, the number of women-assisted projects was 39,156, which declined to 32,626 in 2022–23. However, participation recovered in 2023–24 with 36,806 women beneficiaries, indicating continued interest among women in establishing micro-enterprises.

In 2024–25, the number of women beneficiaries stood at 23,434, while 2025–26 (up to 31 December 2025) recorded 23,444 women beneficiaries. Although the annual figures show variations, women's participation under the scheme has remained a significant component of

PMEGP's enterprise development framework. Such fluctuations may reflect changes in project approvals, implementation cycles, and scheme-level operational factors rather than a decline in women's entrepreneurial interest. During the 15th Finance Commission period (FY 2021–22 to FY 2025–26), women beneficiaries accounted for nearly 40 per cent of total micro-enterprises supported under PMEGP, while approximately 45 per cent of the margin money subsidy was provided to women entrepreneurs. This indicates a focused policy approach towards reducing financial barriers and encouraging women's participation in entrepreneurship.

The increasing presence of women under PMEGP demonstrates the transition of women from being primarily employment seekers to becoming enterprise creators and employment generators. Women-led enterprises supported through the scheme contribute to self-employment, local livelihood creation, and broader economic participation. Therefore, PMEGP acts as an important mechanism for strengthening women's entrepreneurship and advancing inclusive growth by enabling greater participation of women in India's micro-enterprise ecosystem.

Employment Generation through Women-led PMEGP Enterprises

Women-led enterprises supported under PMEGP have emerged as an important source of employment generation in both manufacturing and service sectors. By facilitating the establishment of micro-enterprises, the programme creates direct employment through enterprise operations while simultaneously generating indirect employment by stimulating demand for raw materials, transportation, marketing, distribution, and other allied economic activities. Since its inception in 2008–09, PMEGP has supported the establishment of more than 10.73 lakh micro-enterprises, generating approximately 87 lakh employment opportunities across India. Women account for nearly 40 per cent of the total enterprises assisted under the programme, highlighting their increasing contribution to employment creation and local economic development.

PMEGP has significantly expanded self-employment opportunities by enabling women to establish and sustain micro-enterprises through preferential financial support. The provision of higher margin money subsidy (up to 35 per cent for eligible rural projects and up to 25 per cent for eligible urban projects), combined with a 5 per cent beneficiary contribution, lowers financial barriers to enterprise creation and facilitates access to institutional credit. These interventions strengthen women's income-generating capacity, promote financial independence, enhance household economic security, and create sustainable livelihood opportunities. As enterprises expand, they also generate additional employment within families and local communities, thereby reinforcing the programme's livelihood impact.

The long-term sustainability of women-led enterprises is strengthened through Entrepreneurship Development Programme (EDP) training, which equips beneficiaries with entrepreneurial, managerial, financial, and marketing competencies essential for successful enterprise management. The integration of skill development with financial assistance enhances enterprise productivity, improves business resilience, and increases the capacity of women entrepreneurs to respond to evolving market conditions. Consequently, PMEGP promotes not only enterprise survival and growth but also sustainable employment generation, women's economic empowerment, and inclusive economic development.

Women's Entrepreneurship and Inclusive Growth

Economic Empowerment

Women-led enterprises supported under PMEGP have emerged as an important instrument for strengthening women's economic empowerment by promoting enterprise ownership, income generation, and productive employment. Enterprise ownership enables women to exercise greater control over financial resources, diversify household income, and enhance economic security. Since its inception, PMEGP has assisted 3,57,658 women entrepreneurs (up to 31 December 2025), reflecting the programme's expanding role in increasing women's participation in entrepreneurial activities. Women account for nearly 40 per cent of the total enterprises supported under PMEGP, demonstrating their growing contribution to India's micro-enterprise sector.

Financial Inclusion

Access to institutional finance is fundamental to women's entrepreneurial development. PMEGP strengthens financial inclusion by facilitating access to formal bank credit through a credit-linked subsidy mechanism. Women beneficiaries receive higher margin money subsidy and are required to contribute only 5 per cent of the project cost, substantially reducing financial barriers to enterprise creation. These provisions encourage women to participate in the formal financial system, strengthen their creditworthiness, and promote long-term financial sustainability of enterprises.

Social Inclusion

PMEGP advances social inclusion by extending entrepreneurial opportunities to women and other socially disadvantaged groups. The programme has adopted an inclusive approach in which women constitute nearly 40 per cent of the assisted enterprises, while approximately 54 per cent of the beneficiaries belong to SC, ST, and OBC communities. By broadening access to entrepreneurship across different social groups, PMEGP reduces socio-economic disparities and promotes more equitable participation in economic development.

Local Economic Development

Women-led enterprises contribute significantly to local economic development by stimulating production, generating employment, strengthening local supply chains, and creating demand for supporting economic activities. The programme has a strong rural orientation, with nearly 80 per cent of PMEGP-assisted enterprises located in rural areas, thereby promoting rural industrialisation, balanced regional development, and sustainable livelihood opportunities. Through these local economic linkages, women entrepreneurs contribute to strengthening grassroots economic resilience and expanding productive economic activities.

Contribution to Sustainable Development Goals (SDGs)

The outcomes of women-led enterprises under PMEGP align closely with the United Nations Sustainable Development Goals (SDGs). By promoting women's entrepreneurship, productive employment, and income generation, the programme contributes to SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth). Its emphasis on expanding women's entrepreneurial participation advances SDG 5 (Gender Equality), while the promotion of micro-enterprises, innovation, and local industrial development supports SDG 9 (Industry, Innovation and Infrastructure). Through inclusive access to entrepreneurial opportunities and employment creation, PMEGP also contributes to SDG 10 (Reduced Inequalities), reinforcing its role as an important policy instrument for achieving sustainable and inclusive development.

Opportunities

The evolving economic and technological landscape creates new opportunities to strengthen women-led enterprises under PMEGP. Appropriate policy interventions can improve enterprise competitiveness, expand employment, and foster sustainable economic development.

Digital Entrepreneurship

Rapid expansion of digital technologies, e-commerce platforms, digital payment systems, and online business services has created new avenues for women entrepreneurs to expand market access, reduce transaction costs, and improve business efficiency. Promoting digital entrepreneurship can significantly enhance the growth potential of women-owned enterprises.

Green and Sustainable Enterprises

The increasing emphasis on environmentally sustainable production offers new opportunities for women entrepreneurs to establish enterprises based on renewable resources, waste management, eco-friendly manufacturing, and sustainable business practices. Encouraging green entrepreneurship can simultaneously support environmental sustainability and inclusive economic development.

Innovation and Value-Chain Integration

Innovation in products, production processes, packaging, branding, and business models can substantially improve enterprise competitiveness. Integrating women-led enterprises into local, regional, and national value chains through stronger market linkages, quality enhancement, and technological upgrading can facilitate business expansion and increase employment opportunities.

Government Support and Institutional Collaboration

The future growth of women-led enterprises depends on continued policy support and stronger institutional collaboration among government agencies, financial institutions, training organizations, research institutions, industry associations, and digital service providers. A coordinated ecosystem that combines financial assistance, skill development, technological support, market facilitation, and continuous mentoring will enhance enterprise sustainability and strengthen the contribution of women's entrepreneurship to employment generation and inclusive growth.

Challenges

Despite the significant contribution of PMEGP to promoting women's entrepreneurship, several structural and operational challenges continue to affect enterprise establishment, growth, and long-term sustainability. Addressing these constraints is essential to enhance the effectiveness of women-led enterprises and maximize their contribution to employment generation and inclusive growth.

Financial Barriers

Although PMEGP facilitates access to institutional credit through margin money subsidy, many women entrepreneurs continue to experience difficulties in obtaining timely loan sanctions, meeting documentation requirements, and arranging collateral where applicable. Limited financial literacy, inadequate working capital, and restricted access to follow-up credit further constrain enterprise expansion and business sustainability.

Market Access and Competitiveness

Women-owned micro-enterprises frequently face challenges in accessing organized markets, developing effective marketing strategies, and competing with established firms. Limited market information, inadequate branding, weak market linkages, and increasing competition reduce business profitability and restrict opportunities for enterprise growth and market diversification.

Technology Adoption and Digital Inclusion

The growing digitalization of business activities has increased the importance of technology adoption for enterprise competitiveness. However, many women entrepreneurs continue to face limited access to digital infrastructure, technological knowledge, e-commerce platforms, and digital financial services. Strengthening digital capabilities is therefore essential for improving productivity, innovation, and market outreach.

Institutional and Policy Challenges

The effectiveness of PMEGP is also influenced by institutional factors, including delays in project approval, procedural complexities, and uneven implementation across regions, and limited post-establishment support. Strengthening coordination among implementing agencies, financial institutions, and business development organizations can improve enterprise performance and enhance programme outcomes.

Social and Cultural Constraints

Women entrepreneurs continue to encounter socio-cultural barriers, including gender stereotypes, unequal household responsibilities, mobility constraints, and limited access to entrepreneurial networks. These factors often influence business decisions, restrict enterprise expansion, and reduce women's participation in formal entrepreneurial activities. Addressing these challenges requires a supportive entrepreneurial ecosystem that promotes gender equality and equal economic opportunities.

Recommendations

Strengthening women's entrepreneurship under PMEGP requires a holistic approach that moves beyond enterprise creation towards ensuring business sustainability, employment generation, and inclusive economic development. The following measures can enhance the effectiveness and long-term impact of the programme.

- Improving timely credit delivery, working capital availability, and follow-up financial support is essential for the growth and expansion of women-led enterprises. Stronger coordination among financial institutions, implementing agencies, and support organisations can reduce procedural barriers and ensure continuous enterprise support.
- Continuous capacity-building initiatives should be promoted beyond initial training by focusing on financial management, digital skills, marketing, innovation, and enterprise management. Regular mentoring and technical guidance can improve business performance and sustainability.
- Women-led enterprises require better access to digital platforms, e-commerce networks, branding opportunities, quality certification, and value-chain linkages. Strengthening market connectivity can enhance competitiveness and improve the commercial potential of women-owned businesses.
- Effective evaluation mechanisms should assess not only enterprise creation but also long-term sustainability, employment generation, income enhancement, and empowerment outcomes. Evidence-based monitoring can support better policy formulation and improve the overall effectiveness of PMEGP.

These measures can transform PMEGP from a scheme focused on enterprise establishment into a comprehensive platform for sustainable women entrepreneurship and inclusive economic growth.

Conclusion

Women's entrepreneurship under PMEGP has emerged as a significant instrument for fostering economic empowerment, employment generation, and inclusive development in India. Since its inception in 2008–09, the programme has facilitated the establishment of 3,57,658 women-led enterprises up to 31 December 2025, with women constituting nearly 40 per cent of the total enterprises assisted under PMEGP. Through targeted financial support, entrepreneurship development training, and institutional facilitation, PMEGP has enabled women to overcome entry barriers, establish sustainable micro-enterprises, and enhance their participation in formal economic activities. The programme's broader contribution is reflected in its support to more than 10.73 lakh micro-enterprises, generating approximately 87 lakh employment opportunities across the country, thereby strengthening grassroots economic development. While challenges related to finance, market access, technological adoption, and institutional support continue to influence enterprise sustainability, PMEGP provides a strong policy foundation for advancing women-led entrepreneurship. Strengthening capacity building, digital inclusion, market integration, and outcome-based policy interventions will further enhance the contribution of women entrepreneurs towards employment creation, inclusive growth, and sustainable economic transformation.

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