



Economic prospects of MSMEs, self-help groups and emerging opportunities for women entrepreneurship in Bihar

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ABSTRACT

Women entrepreneurship is one of the crucial tools for the creation of employment, poverty alleviation, financial inclusion and inclusive economic development. Women are involved in various economic activities such as micro, small and medium enterprises (MSMEs), self-help groups (SHGs), agricultural processing, dairy farming, handicraft, retail businesses and service sector businesses in Bihar. The present study focuses on the economic importance of women entrepreneurship in Bihar based on government administrative statistics, published literature and original analytical interpretation. As of November 2024, government data shows that there are 1,525,287 women-owned MSMEs registered on Udyam Registration and Udyam Assist platforms in Bihar. As of January 2025, there were 1,097,100 self-help groups with 12,713,428 households registered under the National Rural Livelihoods Mission (NRLM) in the state. These figures reveal the high level of institutionalization of women's economic involvement, but are not an indicator of profitability or independence of businesses, as registration and participation in groups are not necessarily correlated with such. The results of the study show that access to finance, entrepreneurial skills, digital technology, market connectivity and social constraints are the key factors that influence the performance of enterprises. It suggests

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enhancing financial support, value chains, business training and outcome-based monitoring to promote woman participation in economy into sustainable entrepreneurship and boost Bihar's regional economic development.

1. Introduction

Entrepreneurship plays a role in economic development in mobilising capital, generating employment, bringing about innovation and using productive resources to their optimum benefit. It is important to note that women entrepreneurship has a special meaning in developing economies where women are often less likely to be in formal employment, to hold productive assets and financial services. Women can establish enterprises and earn their own livelihood, diversifying their earnings as part of the household and contributing to economic activity in the local area.

Bihar is an important area in which to examine this relationship. It has an economy based on agriculture, livestock, food processing, traditional crafts, textiles, and retail trade and new service sector activities. These sectors provide women with opportunities to create businesses with local resources and skills. However, small businesses can be hampered by limited access to capital, business training, technology and wider markets and be unable to become sustainable sources of income.

Women entrepreneurship in Bihar comes in the form of individual business, SHG, producer collectives and formal MSMEs. Many rural women have benefited from the participation in savings and credit etc. and in livelihoods through self-help groups. Meanwhile, the formal enterprise registration opens up an institutional route to business recognition and access to some government support mechanisms.

Just the number of women registered under government programmes to be a good measure for the economic significance of women entrepreneurship is misleading. Its overall impact is related to profitability, job creation, productivity, asset ownership and women's decision-making regarding income from the business. This paper is an effort to look at the evidence and to identify policies that can enhance the role of women entrepreneurs in the economic growth of Bihar.

2. Review of Literature

- **Becker, G. S. (1964).** Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education. Columbia University Press. The book examines the relationship between education, skill development, productivity and economic growth. It provides a theoretical foundation for understanding

how entrepreneurial training, financial literacy and managerial capabilities can improve the performance of women-owned enterprises. The study is relevant for analysing women's entrepreneurship and sustainable economic development in Bihar.

- **Kabeer, N. (1999).** Resources, agency, achievements: Reflections on the measurement of women's empowerment. *Development and Change*, 30(3), 435–464. The study examines women's empowerment through access to resources, decision-making capacity and achievements. It provides an important framework for evaluating whether entrepreneurship generates meaningful economic independence. The research is particularly relevant for assessing women's control over income, financial autonomy and participation in household economic decisions in Bihar.
- **World Bank (2020, October 16).** Unleashing the Power of Women's Collectives for Rural Development in the Indian State of Bihar. World Bank. The report examines the contribution of women's collectives to rural development in Bihar, particularly through financial inclusion, collective participation and livelihood opportunities. It provides useful insights into the role of self-help groups and JEEViKA in strengthening rural women's economic participation and creating institutional support for entrepreneurship and livelihood diversification.
- **Ministry of Micro, Small and Medium Enterprises (2024, December 12).** Women Owned MSMEs. Press Information Bureau, Government of India. The report presents administrative data on women's participation in registered micro, small and medium enterprises. It reported 1,525,287 women-owned MSMEs registered through the Udyam Registration and Udyam Assist platforms in Bihar as of November 2024. The evidence is useful for examining women's participation in formal enterprise development and identifying opportunities for employment generation and economic growth.

3. Women Entrepreneurship in Bihar: Statistical Evidence

3.1 Women-owned MSMEs

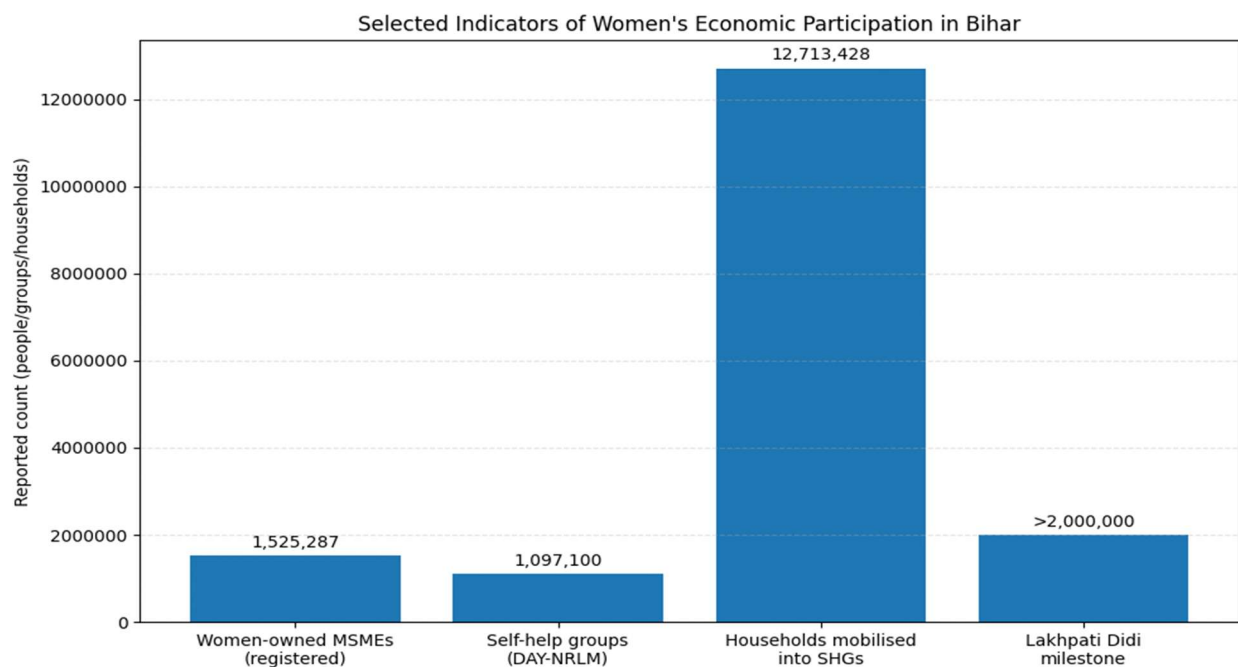
Micro, small and medium enterprises are important instruments of economic development because they facilitate self-employment, production, trade and service delivery with relatively limited initial investment.

According to the Ministry of Micro, Small and Medium Enterprises (2024), Bihar recorded 1,525,287 women-owned MSMEs through the Udyam Registration Portal and Udyam Assist Platform as of 30 November 2024. Women-owned enterprises accounted for 50% of the state's registered MSMEs under the classification reported by the ministry.

Table 1. Selected Indicators of Women's Economic Participation in Bihar

Indicator	Reported figure	Reference date
Women-owned MSMEs registered through Udyam and UAP	1,525,287	30 November 2024
Women-owned MSMEs as a share of registered MSMEs	50%	30 November 2024
Self-help groups under DAY-NRLM	1,097,100	31 January 2025
Households mobilised into SHGs	12,713,428	31 January 2025
Women reported to have achieved the Lakhpati Didi milestone in Bihar	More than 2 million	July 2025

Sources: Ministry of Micro, Small and Medium Enterprises (2024); Ministry of Rural Development (2025); Press Information Bureau (2025).



Altogether, there is a high level of involvement in formal enterprise registration and collective livelihood institutions. The number of registrations cannot be taken to mean the number of businesses that have started in one year, however. However, mere registration does not indicate active operations, turnover, profitability or employment.

The reported 50% of the presence of women in the registered MSME ecosystem is an important indicator, however. Further studies should explore the number of these businesses that are still in operation, their revenues, and the number of workers in the businesses.



3.2 Role of self-help groups

The women financial inclusion through self-help groups is an important institutional mechanism in rural Bihar. SHGs are facilitated under the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission for savings, undertaking group financial activities and for access to livelihood support.

As per the Government statistics, Bihar has 12,713,428 households as part of 1,097,100 SHGs to 31 January 2025 (Ministry of Rural Development, 2025). This network provides opportunities for organising women around productive activities in this extensive network.

SHGs can foster entrepreneurship through increased access to credit, increased savings rates and through opportunities for collective production. There is opportunity for members to work together in food processing, tailoring, dairy production, animal husbandry and in local trading. Collective purchasing and marketing may also reduce operating costs.

However, the membership of SHG does not imply that all members are business owners. Some loans are not used for productive investment but for consumption or for emergency. So the effectiveness of these programmes should be judged by indicators like the number of enterprises established, profitability, repayment reliability and women's control over income.

4. The economic contribution of women as entrepreneurs

4.1 Employment generation

Women entrepreneurs can make self-employment and provide jobs to others. As demand increases, family members and extra workers can be added to the workforce in food processing, tailoring, retail trade, livestock and local services occupations.

Local enterprises in rural areas can generate employment opportunities without the need for rural workers to move to distant urban centres. This distinction between business owners, unpaid family workers, temporary helpers and regular paid workers must be made when assessing employment, however. Such differences are essential to be able to assess the impact of entrepreneurship on the labour market.

4.2 Income generation and poverty reduction

Entrepreneurship can be a source of livelihood diversification in the household and off-season from agricultural jobs. For instance, a woman doing food processing can receive income for taking the



agricultural produce and making packaged food items. Dairy related activities can generate regular cash receipts and tailoring/retail activities can generate supplementary cash receipts throughout the year.

The increase of business income can be associated with the increase of household expenditure on education, nutrition, health and productive assets. However, it is important to understand that sales revenue is not necessarily profit. The income of a business should be determined after subtracting out business costs like raw materials, transportation, electricity, packaging, interest and other operating costs.

Thus, it is better to measure poverty reduction based on net earnings, income stability, debt status and the changes in economic security of the household.

4.3 Financial inclusion

Entrepreneurship can help women to open bank accounts, go digital with payment methods and obtain formal credit and insurance. A successful business can provide the capital needed for the equipment, stock and other productive resources.

But the availability of credit is not enough. Repayment can be difficult, due to high borrowing costs, poor business planning, and irregular sales. Financial institutions should offer financial literacy; advance the right lending products and the terms and repayment plans of the loans should be transparent and appropriate to the cash flow of enterprises.

4.4 Local economic development

Women entrepreneurs can boost the local economy by buying local raw materials, providing jobs for the local people, and selling to local markets. Bihar has potential for setting up women entrepreneurship in agricultural processing, dairy, traditional crafts, textiles and in tourism related services.

The value adds with enterprises tied into wholesalers, retailers, institutional buyers and digital marketplaces. Local businesses can grow beyond the local community with better packaging, quality standards, storage and transport.

5. Great challenges for women entrepreneurs

5.1 Inadequate access to finance



Lots of women start-up businesses with small amounts of their own money. They may find it hard to get larger loans due to lack of collateral, credit histories or financial documentation. Small loans can be used for starting up but are not enough for machinery, storage and expansion of the business.

Financial support should thus be tailored to specific needs of the enterprises: working capital for early stage enterprises, and increased funding for established enterprises with established market demand.

5.2 Poor managerial skill, technical skills

Entrepreneurs need to be knowledgeable in bookkeeping, pricing, inventory, tax, marketing and customer relations. Business success can't be achieved only through technical production skills.

Training programmes have to be linked to practical and mentoring activities and to market research and follow-up support. The women should also be supported to develop their business plans and estimate their production cost and expected returns.

5.3 Market access and competition

Local customers and intermediaries are important for many small businesses. Competitiveness is hindered by limited production capacity, product quality and poor branding.

Market access can be enhanced by producer collectives, exhibitions, and buyer–seller meetings and digital markets. However, online selling entails extra capabilities like packaging, logistics, customer service and digital payments administration.

5.4 Social and infrastructure constraints

There may be limitations on the time that women spend on enterprises due to household duties and unpaid care work. Difficulties in mobility can also impact on training opportunities and negotiations for business.

The cost of businesses can be further affected by unreliable electricity, transportation issues, limited storage and uneven digital connectivity. These obstacles can be minimized through flexible training sessions, local business facilities, digital support and improved infrastructure.

6. Initiatives and institutional support by the government

Organised by Bihar Rural Livelihoods Promotion Society (BRLPS), JEEViKA has facilitated the linkage of rural women into financial and livelihood opportunities and their organisation into SHGs. The programme



has been documented as contributing to building women's collectives and increasing financial service delivery by the World Bank (2020).

The next phase should increasingly be about enterprise outcomes and sustainable enterprise such as measures of business survival, profitability, productivity and access to stable markets. Technical training and market information and business mentoring should be provided along with SHG financial assistance.

The Startup Policy 2022-27 of Bihar offers a guideline to the financial and non-financial support of eligible startups. The Startup Ecosystem of Bihar can provide incubation, mentoring and entrepreneurship support to women led entrepreneurs. Better linkages between start-up institutions and rural enterprises could help to develop products, formalise businesses and digitalize the distribution of products.

Besides, the Lakhpati Didi initiative aims to enhance the sustainable livelihood income in the household of women involved with SHG's. In July 2025, the government has claimed that over 2 million women in Bihar have reached this milestone. But, the absence of income achievement doesn't prove that enterprise is not being earned or profitable. Evaluation needs to identify sources of income, time frames for evaluation and women's authority over income.

7. Original Economic Analysis and Policy Recommendations

- First, the state should create a business growth plan for businesses to establish, stabilize and expand. The support should be tailored to the needs of each stage.
- Secondly, the programs of credit should be related to viable business plans, cost estimates and market demand. Access to finance should not be driven by targets for distribution of loans alone, and should be responsible and affordable.
- Third, district value chains should be linked to the agricultural producers, processors, wholesalers and institutional buyers through the women entrepreneurs. Reduction of costs can be achieved through common facilities for processing, storage, packaging and quality testing.
- Fourth, online marketing, bookkeeping, payments and customer management should be part of the digital training. Logistical and product standard support are also crucial for successful market involvement.
- Last but not least, government oversight should make sure that programme beneficiaries are separated from active entrepreneurs. Frequent reporting of net income, survival of enterprises, employment and women's control of income would give a more realistic picture of economic results.

8. Conclusion

Women entrepreneurship can play a significant role in the economic development of Bihar by creating job, income diversification, financial inclusion and local value addition. Official statistics show high participation with respect to both the women owned MSMEs and SHGs. These help increase women's productive activities and build local enterprise networks.

However, profitability, productivity or economic autonomy is not a prerequisite of registration and group membership. Finance, business training, digital skills, market access and infrastructure stability are needed for sustainable progress and development.

The potential of JEEViKA, SHGs, Startup Bihar system and livelihoods can be enhanced if they are linked with market opportunities and stable markets. Evaluation should be based on measurable results and not participation.

The achievement of women entrepreneurs in Bihar in the long-term should be judged by the success of the enterprises (quality of enterprise and survival), income retained by women, employment created and women's control over economic decision making. A reinforcement of these dimensions can help women entrepreneurs to become important drivers of inclusive growth and regional economic transformation.

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