



Empowering Women Entrepreneurs: A Comparative Analysis of the Service Sector in Rural and Urban India

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Abstract

The service sector offers an accessible entry point for entrepreneurship due to its low capital requirements, minimal infrastructure needs, and inherent adaptability. This is particularly advantageous for women, who often excel in characteristics such as patience, creativity, and hospitality. In developing countries like India, supportive policies and initiatives are increasingly fostering entrepreneurship, especially within the service sector. While possessing essential entrepreneurial traits, many women encounter significant obstacles that hinder their business development and work-life balance. These challenges include limited access to finance, societal biases, inadequate infrastructure, and a lack of support networks.

Keywords: Women empowerment, women entrepreneurship in service sector, rural & urban areas in India.

Introduction

Entrepreneurship is a dynamic and multifaceted process that involves risk-taking, innovation, and resource management. Its significance spans various sectors, including the service industry, and plays a vital role in the economic and social development of nations. Entrepreneurship has experienced a significant resurgence in academic research over the past two decades, driven by renewed interest in foundational theories of the firm. Today, it is a central topic across various disciplines, including economics, business administration, and small business economics. This interdisciplinary focus reflects a broader understanding of entrepreneurship

as a dynamic and multifaceted phenomenon. Entrepreneurship is the process of creating and managing a business venture, assuming its associated risks, with the goal of making a profit. It involves identifying opportunities, organizing resources, and innovating to meet market needs. Entrepreneurs are characterized by their willingness to take on risks, their innovative mindset, and their ability to organize and manage resources effectively.

In the service sector, entrepreneurship plays a crucial role in driving economic growth and development. The service sector encompasses a wide range of service-oriented industries, including



healthcare, education, finance, and information technology, among others. Entrepreneurs in these sectors identify unmet needs, develop innovative solutions, and create businesses that provide valuable services to society while generating their income assets.

The impact of entrepreneurship extends beyond economic growth. It leads to the creation of new organizations, improvement in managerial capabilities, and enhancement of living standards. Moreover, entrepreneurship fosters competition, drives innovation, and contributes to the overall development of a country's economy.

Review of Literature

Women entrepreneurship has emerged as a significant area of research both globally and across India, with scholars exploring various aspects of women's participation in entrepreneurial activities, the challenges they face, and the opportunities available to them. In the context of Tamil Nadu, a state known for its vibrant entrepreneurial ecosystem, a growing body of literature provides valuable insights into the dynamics of women entrepreneurship, highlighting both the problems and opportunities inherent in the region.

Shajahan and Mohamed (2015) highlighted a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis of women entrepreneurship development in Tamil Nadu, highlighting strengths such as government support programs, educational opportunities, and access to markets, alongside weaknesses such as cultural barriers and limited access to finance.

Devi and Subramaniam (2017) conducted an exploratory study on the problems faced by women entrepreneurs in Tamil Nadu, identifying challenges such as limited access to finance, family responsibilities, and societal norms. Similarly, Deepika and Sasikala (2020) examined the problems and prospects of women entrepreneurs in Tiruchirappalli district, emphasizing issues related to finance, market access, and business support services.

The Government of Tamil Nadu (2020) described its vision for empowering women and promoting entrepreneurship in the state, highlighting initiatives

such as skill development programs, financial assistance schemes, and market linkages for women entrepreneurs.

The United Nations Development Programme (UNDP, 2020) conducted a situational analysis of gender equality in Tamil Nadu, identifying barriers to women's economic participation and proposing strategies for promoting gender-inclusive policies and programs. Global perspectives on women entrepreneurship offer valuable insights that can inform research and policy in Tamil Nadu. The OECD (2019) published a report on women entrepreneurs in the Asia-Pacific region, highlighting the importance of addressing gender disparities in access to finance, markets, and networks.

The World Bank (2020) conducted a study on scaling up women's entrepreneurship, emphasizing the need for legal reforms, institutional support, and gender responsive policies to enable women's economic empowerment.

Narayanamoorthy and Shanthi (2021) explained the role of women entrepreneurs in the economic development of Tamil Nadu, emphasizing their contributions to job creation, innovation, and inclusive growth. Government reports and policy documents provide further insights into the status of women entrepreneurship in Tamil Nadu.

Statement of the Problem

Women entrepreneurs in Tamil Nadu encounter a number of obstacles that impede their advancement and reduce their chances of success, despite the growing understanding of the role that women's entrepreneurship plays in creating gender equality and economic prosperity. These difficulties span a number of facets of the ecosystem surrounding entrepreneurship, such as availability of finance, social and cultural standards, work-life balance, support systems, and gender prejudices. The focus of this study is on identifying and investigating the unique obstacles that women entrepreneurs in Tamil Nadu confront, as well as evaluating the opportunities that are now accessible to them.

Objectives

- To examine and compare the challenges, opportunities and outcome of women



entrepreneurship at service sector across rural and urban area.

- To identify the service sector activities of women entrepreneurship in India.

Source of Data

The data used for the study is secondary data drawn from MSME annual report, Books, Journals, and articles through online and libraries.

Scope of the Study

Women Entrepreneurs may be defined as women or a group of women who initiate, organize, and operate a business enterprise. Owing to the various governmental schemes and efforts of various voluntary organizations like Mahila Mandals, the number of women entrepreneurs is growing but slowly. The modern world women have been able to overcome the hurdle of society's perception of considering them to be confined to the four walls of the house or viewing them as weak entrepreneurs caught up in limited business areas such as pickle preparation food items, paintings, handicrafts, etc. They have been able to show a remarkable shift from these small entrepreneurs at ventures to modern technology-based business ventures.

Challenges Faced by Women Entrepreneurship in Service Sector

In recent decades, there has been a notable shift in overall empowerment of women. Studies indicate that women are increasingly surpassing their male counterparts in educational attainment, with higher education levels contributing to the success of many female entrepreneurs. This trend is evident in the rising number of self-employed women, which has increased by approximately 33% over the past three decades, supported by various NGOs and individual initiatives.

However, women entrepreneurs face several challenges, particularly in societies with traditional gender roles. In India, women entrepreneurs face several challenges such as restricted access to capital, societal pressures, insufficient family support, and limited networking opportunities. Moreover, the struggle to balance family responsibilities alongside

business commitments often creates additional barriers to their entrepreneurial growth.

Despite these challenges, women entrepreneurs are making significant strides. They serve as change-makers within their families and communities, inspiring others to pursue self-reliance through entrepreneurship. For instance, initiatives like the 'Drone Didis' in Varanasi, who utilize drone technology for agricultural purposes, exemplify how women are leveraging innovation to overcome traditional barriers and contribute to economic development. The women entrepreneurship faces certain challenges, the increasing participation of women in business is reshaping economies and societies. By addressing the barriers they face and fostering supportive environments, the potential for women-led enterprises to drive sustainable economic growth is immense.

Women Entrepreneurship in Service Sector in India from MSME

The MSME in India are playing a crucial role by providing large employment opportunities at comparatively lower capital cost than large industries as well as through industrialization of rural & backward areas.

"MSME Pavilion" at India International Trade Fair (IITF), 2023 Hon'ble Minister of MSME inaugurated "MSME pavilion" at the 42nd India International Trade Fair (IITF), 2023 organized by India Trade Promotion Organization (ITPO) held during 14th to 27th November, 2023 under the theme "PM Vishwakarma". 195 stalls were allocated to Micro and Small Enterprises (MSE) participating from 29 States/UTs. More than 85% of stalls were allocated to first time participants. Stalls were allocated free of cost to women, SC/ST, NER, Aspirational District beneficiaries. MSME entrepreneurs show-cased their products in different sectors including Textiles, Handloom, Embroidery works, Custom Tailoring, Handicrafts, Gems & Jewellery, Leather Footwear, Games & Toys, Bamboo crafts, Cane items, Furniture, Ceramics & Pottery, Food products, Cosmetics, Chemical Products, Mechanical items."



Table - 1: Enterprises from Aspirational Districts in the event of MSME

Category	Representation in terms of number	Representation in terms of percentage (%)
Women owned enterprises	132	43
Enterprises from SC/ST category	110	36
Enterprises from aspirational districts	66	21

Source: MSME Annual report 2023-2024

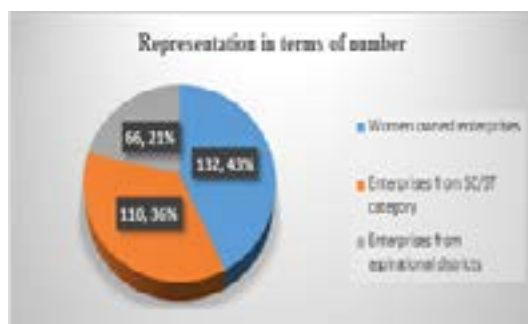
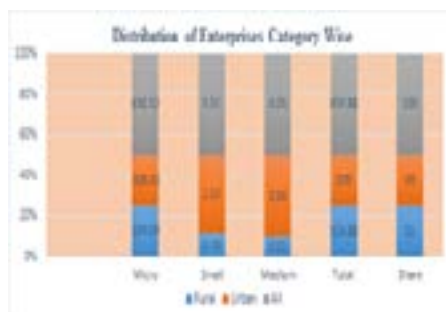


Table-1 and Pie Chart shows that 43% of the enterprises are women-owned, the highest among all categories, indicating strong female participation. SC/ST-owned enterprises account for 36%, reflecting significant inclusion of marginalized societies. Aspirational districts contribute 21%, the lowest share. This suggests a need for greater support in underdeveloped regions. Overall, the data reflects efforts toward inclusive entrepreneurship with scope for improvement in regional outreach.

Table- 2: Distribution of Enterprises Category Wise

Sector	Micro	Small	Medium	Total	Share (%)
Rural	324.09	0.78	0.01	324.88	51
Urban	306.43	2.53	0.04	309.00	49
All	630.52	3.31	0.05	633.88	100

Source: MSME Annual report 2023-2024



The Table-2 and Bar diagram shows that rural areas account for 51% of total enterprises, slightly higher than urban areas at 49%. Micro enterprises dominate in both sectors, especially in rural 324.09 and urban 306.43 areas. Small and medium enterprises have minimal presence across both sectors. This indicates a strong focus on micro-level entrepreneurship. Overall, the enterprise distribution is nearly balanced between rural and urban regions.

Types of Ownership

Table-3: Percentage Distribution of Enterprises in rural and urban areas (Male/ Female ownership and category wise)

Sector	Male (%)	Female (%)	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
All	79.63	20.37	100

Source: MSME Annual report 2023-2024



The Table-3 and bar diagram shows that male ownership dominates in both rural 77.76% and urban 81.58%.



81.58% areas. Female ownership is slightly higher in rural areas 22.24% compared to urban 18.42%. Overall, women own 20.37% of all enterprises. This indicates a gender gap in enterprise ownership. However, rural areas show relatively better female participation than urban areas.

Table-4: Percentage Distribution of enterprises owned by Male/ Female Entrepreneurs wise

Category	Male	Female	Gender Percentage (%)
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
All	79.63	20.37	100

Source: MSME Annual report 2023-2024

The Table-4 data reveals that male participation is dominant across all categories of enterprises, with 79.56% in micro, 94.74% in small, and 97.33% in medium enterprises. Female participation is relatively higher in micro enterprises 20.44% but declines sharply to 5.26% in small and only 2.67% in medium enterprises. Overall, men constitute 79.63% and women 20.37% of all enterprises, reflecting a significant gender gap. This indicates that women entrepreneurs are more active at the micro level but face barriers as enterprise size increases. The trend highlights the need for policies that encourage greater female participation in small and medium enterprises.

Ownership of Enterprises Social Category Wise

Table-5: Percentage Distribution of Enterprises by Social Group of Rural and Urban Areas

Sector	SC	ST	OBC	Others	Not known	Percentage (%)
Rural	15.37	6.70	51.59	25.62	0.72	100.00
Urban	9.45	1.43	47.80	40.46	0.86	100.00
All	12.45	4.10	49.72	32.95	0.79	100.00

Source: MSME Annual report 2023-2024

The Table-5 indicates that in rural areas, OBCs form the majority with 51.59%, followed by Others 25.62% and SCs 15.37%, while STs account for 6.70%. In urban areas, OBCs continue to dominate with 47.80%, but the share of Others rises significantly to 40.46%, whereas SCs 9.45% and STs 1.43% have a smaller presence. Overall, considering

both rural and urban together, OBCs remain the largest group with 49.72%, followed by Others at 32.95%. SCs and STs together constitute 16.55% of the total population. The pattern indicates a strong OBC presence in both sectors, while the urban sector has a relatively higher concentration of the 'Others' category compared to rural areas.

Table- 6: Percentage Distribution of type of Enterprises by Social Group of the Owner and Category

Sector	SC	ST	OBC	Others	Not known	Percentage (%)
Micro	12.48	4.11	49.83	32.79	0.79	100
Small	5.50	1.65	29.64	62.82	0.39	100
Medium	0.00	1.09	23.85	70.80	4.27	100
All	12.45	4.10	49.72	32.95	0.79	100

Source: MSME Annual report 2023-2024.

The Table-6 shows that in micro enterprises, OBCs have the largest share 49.83%, followed by Others 32.79% and SCs 12.48%, while STs account for 4.11%. In small enterprises, the dominance shifts to the Others category 62.82%, with a much

smaller presence of OBCs 29.64%, SCs 5.50%, and STs 1.65%. Medium enterprises show a similar trend, where Others constitute the highest share 70.80%, while OBCs make up 23.85% and STs 1.09%; notably, there is no representation of SCs in



this category. Overall, across all enterprises, OBCs are strongly represented in micro units, whereas the remain the largest group with 49.72%, followed by share of Others increases significantly in small and Others at 32.95%. This pattern highlights that OBCs medium enterprises.

State-Wise Distribution of Estimated MSME

Table-7: Neighboring State-wise Distribution of Total Number of Establishments Under Women Entrepreneurship by Type of Establishment

State	Number of Establishments by type			
	Without Hired Workers	With Hired Worker	All	Percentage share of establishments
Tamil Nadu	793646	293963	1087609	13.51
Kerala	863797	50120	913917	11.35
Telangana	292512	63974	356486	4.43
Andhra Pradesh	736146	113766	849912	10.56
Karnataka	492506	53300	545806	6.78

Source: MSME annual report 2023-24

The Table-7 highlights the distribution of establishments across selected southern states of India. Tamil Nadu has the highest number of establishments (13.51%), with 7.93 lakh without hired workers and 2.93 lakh with at least one hired worker, indicating a strong base of self-employed units. Kerala follows with 11.35% of total establishments, where a majority (8.63 lakh) operate without hired workers, reflecting its dominance of household-based enterprises. Andhra Pradesh accounts for 10.56% of

establishments, with a relatively higher share of units with hired workers compared to Kerala. Karnataka holds 6.78% of the establishments, while Telangana contributes 4.43%, both showing smaller shares than Tamil Nadu and Kerala. Overall, the data reveals that micro and self-employed establishments dominate across states, though the extent of hired employment varies. This indicates a stronger informal sector presence, particularly in Kerala and Tamil Nadu, compared to other states.

Table-8: Service Sector Activity Wise Total Number of Establishments Under Women Entrepreneurship by Type of Establishment

Service Sector Activity	Without Hired Workers	With Hired Worker	Total	Percentage share in total establishments
Mining and quarrying	4009	3820	7829	0.1
Manufacturing	2099355	300108	2399463	29.8
Electricity, gas, steam and air conditioning supply	957	2366	3323	0.04
Water supply, sewerage, waste management and remediation activities	5860	4284	10144	0.13
Construction	33261	13764	47025	0.58
Wholesale trade, retail trade & repair of motor vehicles & motor cycles	14000	16237	30237	0.38
Whole sale trade	31581	17067	48648	0.6



Retail trade	1159414	272788	1432202	17.79
Transportation and storage	88623	36084	124707	1.55
Accommodation and Food service activities	148988	74107	223095	2.77
Information & Communication	11142	8711	19853	0.25
Financial and insurance activities	54578	21693	76271	0.95
Real estate activities	41570	4484	46054	0.57
Professional, scientific & technical activities	15080	15601	30681	0.38
Administrative and support service activities	27018	18246	45264	0.56
Education	113751	103723	217474	2.7
Human health & social work activities	32407	42988	75395	0.94
Arts entertainment, sports & amusement and recreation	9113	9439	18552	0.23
Other service activities	275107	157728	432835	5.38
Total	4165814	1123238	5289052	65.7

Source: <https://www.mospi.gov.in> > sites > files > all India

The Table-8 shows that within the service sector, manufacturing dominates with 29.8% of total establishments, followed by retail trade (17.79%) and other service activities (5.38%). Education (2.7%) and accommodation & food service activities (2.77%) also account for a notable share, reflecting their importance in employment generation. Smaller shares are observed in transportation (1.55%),

financial services (0.95%), and health & social work (0.94%). Activities like mining, electricity supply, arts, and real estate collectively contribute less than 1% each, showing their limited presence. Overall, the service sector is largely driven by manufacturing and retail trade, with most establishments operating without hired workers, highlighting the prominence of self-employment and micro-units.

Table-9: Service Sector Activity of Total No of Persons Employed in Neighboring States in India

State	Total Number of Persons Employed			
	Without Hired Workers	With Hired Worker	Total	Percentage share in total employment
Tamil Nadu	1051776	804910	1856686	13.81
Kerala	962144	184881	1147025	8.53
Andhra Pradesh	958505	366504	1325009	9.85
Telangana	353257	233289	586546	4.36
Karnataka	598378	320661	919039	

Source: MSME annual report 2023-2024

The Table-9 highlights that Tamil Nadu leads in employment with 18.56 lakh persons, contributing 13.81% to total employment, where both self-

employed 10.51 lakh and hired worker-based jobs 8.04 lakh are significant. Andhra Pradesh follows with 9.85% of total employment, showing a balanced



mix of self-employment and hired employment. Kerala accounts for 8.53%, but the majority are self-employed, indicating a dominance of household enterprises. Karnataka records 9.19 lakh employed persons, while Telangana has the lowest share

among these states at 4.36%. Overall, Tamil Nadu emerges as the highest contributor, while Telangana and Kerala rely more heavily on self-employment compared to larger states like Andhra Pradesh and Karnataka.

Table - 10: Activity Wise Total Number of Persons Employed in Establishment Under Women Entrepreneurship by Type of Establishment

Service Sector Activity	Without Hired Workers	With Hired Worker	Total	Percentage share in total employment
Mining and quarrying	5616	24176	29792	0.22
Manufacturing	2650723	1297571	3948294	29.36
Electricity, gas, steam and air conditioning supply	1218	18099	19317	0.14
Water supply, sewerage, waste management an remediation activities	7128	12761	19889	0.15
Construction	42587	55107	97694	0.73
Whole sale trade, retail trade & repair of motor Vehicles & motor cycles	18852	56592	75444	0.56
Whole sale trade	43147	63297	106444	0.79
Retail trade	1432474	765440	2197914	16.34
Transportation and storage	106097	107940	214037	1.59
Accommodation and Food service activities	207342	259542	466884	3.47
Information& communication	13809	44821	58630	0.44
Financial and insurance activities	96331	88491	184822	1.37
Real estate activities	46041	13656	59697	0.44
Professional, scientific& technical activities	18765	56293	75058	0.56
Administrative and support service activities	34000	81946	115946	0.86
Education	133134	605720	738854	5.49
Human health & social work activities	41899	180186	222085	1.65
Arts entertainment, sports& amusement and Recreation	11865	30026	41891	0.31
Other service activities	330647	391493	722140	5.37
Total	5241675	4153157	9394832	69.86

Source: MSME annual report 2023-2024



The Table-10 shows that manufacturing is the largest employer in the service sector, engaging 39.48 lakh people 29.36% of total employment. This is followed by retail trade 16.34%, which employs over 21.97 lakh persons, highlighting its role as a major livelihood source. Education 5.49% and other service activities 5.37% also contribute significantly, together accounting for over 14 lakh jobs. Accommodation and food service activities 3.47% provide considerable employment opportunities, particularly with a larger share of hired workers. Sectors like transportation 1.59%, health & social work 1.65%, and financial services 1.37% play a moderate role in job creation. By contrast, activities such as mining, electricity, water supply, and arts & recreation each contribute less than 1% of total employment. Overall, the pattern indicates that employment is concentrated in manufacturing and trade-related activities, while most other services remain secondary contributors.

Findings

A major finding is the limited access to financial resources, which discourages women from expanding or even starting their enterprises. Furthermore, women entrepreneurs experience weaker access to professional networks, training, and mentorship, which reduces their exposure to markets and innovative practices. It is also evident that women's participation is higher in micro enterprises but diminishes significantly as the scale of business increases, highlighting structural barriers in scaling up. Balancing household responsibilities with entrepreneurial demands continues to remain a major constraint for most women, directly affecting their productivity and growth prospects.

Suggestions

- To address these challenges, targeted interventions are required at multiple levels. Firstly, financial institutions should design flexible credit schemes and collateral-free loans tailored for women entrepreneurs, particularly in rural and semi-urban areas.
- Government and private agencies must strengthen skill development and capacity-building programs, ensuring women receive

training in digital literacy, marketing, and business management.

- Encouraging women's participation in medium and small enterprises through tax incentives, subsidies, and special schemes would help bridge the existing gender gap in entrepreneurship. Collectively, these measures can empower women entrepreneurs, enabling them to contribute more effectively to economic development and social progress.

Conclusion

This comparative analysis of the service sector in rural and urban India highlights that women entrepreneurs play a vital role in driving economic growth, fostering innovation, and promoting inclusive development. While urban women entrepreneurs benefit from better infrastructure, market access, and networking opportunities, rural women often face challenges such as limited access to finance, inadequate training, and socio-cultural barriers. However, rural women demonstrate remarkable resilience, leveraging local resources, traditional skills, and community networks to sustain their ventures. To bridge the rural-urban gap, policy interventions must focus on improving access to credit, enhancing digital literacy, strengthening market linkages, and providing targeted capacity-building programs. Women empowerment NGOs operating in urban and rural areas can play an active role in improving entrepreneurial skills of women through formal and informal training in communities they serve. Empowering women entrepreneurs across both regions not only boosts the service sector's productivity but also contributes to social transformation, poverty reduction, and gender equality.

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