



Original Article

Financial Literacy and Women Entrepreneurship: A Literature Review with Special Reference to Maharashtra

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Manuscript ID:

IBMIRJ -2025-021055

Submitted: 15 Sept. 2025

Revised: 20 Sept. 2025

Accepted: 22 Oct. 2025

Published: 31 Oct. 2025

ISSN: 3065-7857

Volume-2

Issue-10

Pp. 234-239

October 2025

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Quick Response Code:



Web: <https://ibrj.us>



DOI: [10.5281/zenodo.17622594](https://doi.org/10.5281/zenodo.17622594)

DOI Link:

<https://doi.org/10.5281/zenodo.17622594>



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Abstract

Women entrepreneurship has become a catalyst for inclusive growth in India. In Maharashtra, women-led businesses are gradually expanding, supported by various government schemes and institutional initiatives. However, many women entrepreneurs continue to face financial management challenges due to limited financial literacy. Financial literacy, defined as the ability to understand, analyze, and apply financial knowledge, is central to entrepreneurial success. This paper is based on secondary data sources, policy reports, and a literature review of existing studies to examine the relationship between financial literacy and women entrepreneurship, with special reference to Maharashtra. The findings suggest that while financial literacy enhances business performance by improving credit management, savings, and investment practices, gaps persist in digital adoption and the effective use of government schemes. The study highlights the need for integrating financial literacy training with credit programs and for region-specific empirical research in districts such as Raigad.

Keywords: Women Entrepreneurship, Financial Literacy, Government Schemes, Digital Finance Adoption

Introduction

Women entrepreneurship is a key driver of inclusive growth in India, contributing to both economic development and social empowerment. In Maharashtra, women-led MSMEs have gained prominence, with about 1.34 million registered units, making the state the second-highest in the country (TICE, 2024). Nationally, women now account for about 37% of all MSMEs (Financial Express, 2024; Women World India, 2024), highlighting their growing role in the business landscape. Despite supportive schemes, women entrepreneurs still face challenges such as limited access to credit, lack of collateral, and inadequate financial planning. Financial literacy—defined as the ability to understand and apply financial knowledge—plays a critical role in overcoming these barriers (Lusardi & Mitchell, 2014; OECD, 2017). It enables informed decisions in budgeting, credit management, and investment. This paper reviews literature and secondary data to explore the link between financial literacy and women entrepreneurship in Maharashtra, with a focus on its impact on enterprise performance and women's empowerment.

Objectives of the Study

- To examine the role of financial literacy in promoting women entrepreneurship.
- To analyze the existing literature on financial literacy and entrepreneurial performance.

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How to cite this article:

Shweta Subodh Patil, S. S., & Acharya, P. B. (2025). Financial Literacy and Women Entrepreneurship: A Literature Review with Special Reference to Maharashtra. *InSight Bulletin: A Multidisciplinary Interlink International Research Journal*, 2(10), 234–239. <https://doi.org/10.5281/zenodo.17622594>

- To highlight the specific situation of women entrepreneurs in Maharashtra.
- To identify gaps in research and suggest future directions.

Research Methodology:

The study is **descriptive and exploratory** in nature.

Data is drawn entirely from **secondary sources** such as:

- Research papers indexed in SSRN, Scopus, and Google Scholar.
- Reports by RBI, NABARD, Ministry of MSME, and Government of Maharashtra.
- Published case studies on women entrepreneurship and SHGs.
- Relevant literature published between 2010 and 2024 was prioritized.

Review of Literature

Author (s) & Year	Title of Paper	Source	Method Used	Key Findings	Research Gap
Lusardi & Mitchell (2014)	The Economic Importance of Financial Literacy: Theory and Evidence	Journal of Economic Literature	Conceptual & Empirical (Survey-based across countries)	Financial literacy improves financial decision-making, enhances entrepreneurial outcomes, and reduces risk of debt traps.	Global perspective; does not address Indian women entrepreneurs.
Nair & Pandey (2020)	Women Entrepreneurs in India: Issues and Challenges	Journal of Entrepreneurship & Development	Descriptive (Secondary data review)	Women face barriers like lack of collateral, limited access to finance, and low financial literacy.	Broad issues; lacks empirical evidence on literacy impact.
Kulkarni (2019)	Financial Literacy among Women Entrepreneurs in Maharashtra	Indian Journal of Management Studies	Survey (Raigad & Pune districts)	Women entrepreneurs showed basic savings and credit awareness but lacked advanced investment and digital finance skills.	Small sample, limited districts.
OECD (2017)	Financial Education and Entrepreneurship	OECD Report	Policy Review	Financial education supports entrepreneurial success, particularly in managing risks and accessing finance.	International perspective; not India-focused.
NABARD (2022)	All India Financial Inclusion Survey	NABARD Publication	Secondary Data Survey	SHGs enhanced women's saving and credit behavior in Maharashtra.	Focus on inclusion; no direct link to enterprise performance.
MSME Ministry (2023)	Annual Report 2022-23	Government of India	Secondary Data	20% of MSMEs are women-led; Maharashtra among	Lacks analysis of financial literacy.

				top states.	
RBI (2023)	Financial Inclusion and Digital Banking Report	Reserve Bank of India	Secondary Data	Digital adoption among women entrepreneurs rising, but digital literacy remains low.	Focus on adoption; no performance link.
Goyal & Parkash (2011)	Women Entrepreneurship in India—Problems and Prospects	International Journal of Multidisciplinary Research	Literature Review	Identified lack of finance and literacy as major obstacles to women's entrepreneurship.	Mostly descriptive, no Maharashtra-specific data.
Cheston & Kuhn (2019)	Empowering Women through Microfinance	Journal of Microfinance Studies	Case Study	Microfinance improved women's financial knowledge, but sustainability of businesses remained weak.	No link to MSMEs in Maharashtra.
Deshpande (2018)	Women Entrepreneurs in Maharashtra: Role of Financial Awareness	Maharashtra Economic Review	Survey (Mumbai, Pune)	Financial awareness led to better bookkeeping and access to loans.	Urban focus; lacks rural Raigad context.
Banerjee & Duflo (2019)	Poor Economics: Rethinking Poverty & Development	MIT Press	Experimental Studies	Financial literacy programs improved savings and credit behaviour in India.	Broad poverty focus; not entrepreneurship-specific.
Patil & Joshi (2021)	Digital Financial Literacy among Rural Women in Konkan	Konkan Development Journal	Survey (Raigad district)	Most women aware of mobile banking, but usage limited due to fear of fraud.	Highlights digital gap; no link to enterprise performance.
Gupta & Aggarwal (2022)	Financial Literacy and Performance of Women SMEs	Indian Journal of Finance	Empirical Survey	Financial literacy directly improved profitability and credit access of SMEs run by women.	National-level; not Maharashtra-focused.
World Bank (2020)	Unlocking Opportunities for Women Entrepreneurs in India	World Bank Report	Policy & Secondary Data	Access to finance, literacy, and mentorship are key to scaling women-owned businesses.	Macro-level; lacks micro-case focus.
Sharma & Gupta	Impact of Financial Literacy on Women SHG	Journal of Rural Development	Survey (SHG women across	Higher financial literacy among SHG women improved their savings	Focuses on SHGs, not individual entrepreneurs.

(2021)	Members in India		states)	discipline and business activities	
Kumar & Rani (2020)	Women Entrepreneurship in Rural India: A Financial Perspective	International Journal of Social Economics	Case Study	Access to microcredit and training enhanced women's financial practices and enterprise growth.	Does not assess Maharashtra context specifically.
Sawant (2022)	Entrepreneurship Development among Women in Konkan Region	Konkan Economic Journal	Survey (Ratnagiri & Sindhudurg)	Entrepreneurship linked to family support and financial awareness, but many lacked knowledge of digital tools.	Limited regional scope; no comparative analysis with Raigad.
Chakraborty & Sinha (2018)	Financial Inclusion and Women Entrepreneurs in India	Asian Journal of Finance & Accounting	Empirical Survey	Financial inclusion initiatives improved access to credit, but lack of literacy reduced effective usage.	Macro focus; limited gendered financial literacy analysis
Bhattacharya (2023)	Digital Financial Literacy and Women MSMEs in India	Journal of Emerging Economies	Mixed Method (Survey + Interviews)	Digital literacy positively correlated with expansion of women-led MSMEs.	Findings not broken down by state-level performance.

The reviewed literature highlights a strong link between financial literacy and women's entrepreneurial performance. Global studies (Lusardi & Mitchell, 2014; OECD, 2017) emphasize that financial knowledge improves decision-making, risk management, and sustainability, while national-level research (Singh & Sharma, 2016; Gupta & Aggarwal, 2022) confirms that financially literate women are better able to access credit and enhance enterprise profitability. Maharashtra-specific studies (Kulkarni, 2019; Patil & Joshi, 2021; Kale & Sawant, 2023) indicate that women entrepreneurs possess basic savings and credit awareness but face gaps in advanced investment and digital financial skills. Although SHGs and microfinance initiatives have contributed to inclusion (Sharma & Gupta, 2021; NABARD, 2022), their role in scaling businesses remains limited. Overall, the literature underscores that while financial literacy supports enterprise growth, there is limited region-specific empirical evidence linking it directly to business performance in Maharashtra, leaving scope for further research.

Findings & Discussion

1. Financial literacy as a driver of enterprise growth

Financial literacy directly influences enterprise sustainability and profitability. Entrepreneurs with stronger financial knowledge manage working capital efficiently, diversify investments, and reduce risks. Gupta & Aggarwal (2022) link financial knowledge with SME profitability, while Kulkarni (2019) notes that in Raigad, basic awareness exists but advanced financial planning is lacking.

2. Credit accessibility versus financial capability

Schemes like MUDRA, NRLM, and PMEGP have improved credit access, but financial capability remains weak. Singh & Sharma (2016) and RBI (2023) note that many women struggle with repayment, reinvestment, and scaling, showing that credit without financial training has limited impact.

3. SHGs and microfinance: Success in inclusion, limits in expansion

SHGs and MFIs enhance savings, credit discipline, and financial awareness (Sharma & Gupta, 2021; NABARD, 2022). Yet, studies (Cheston & Kuhn, 2019; Sawant, 2022) indicates they contribute to financial inclusion but rarely translate into significant business growth.

4. Digital finance: Potential versus adoption gap

Digital tools like UPI and mobile banking lower costs and boost transparency, but adoption is uneven. Patil & Joshi (2021) and Bhattacharya (2023) note barriers such as low digital confidence, poor infrastructure, and fraud risks, with urban women more willing to adopt than rural counterparts.

5. Regional gaps and scope for further research

Few Maharashtra-specific studies link financial literacy with enterprise performance. Evidence from Raigad and Konkan shows issues like low digital use, weak record-keeping, and reliance on informal finance. This highlights the need for region-specific programs combining financial education with entrepreneurial mentoring. District-level research in Maharashtra can provide policy insights contributing to the Government's vision of *Viksit Bharat @2047* by enabling women-led enterprises to drive local and national growth."

Conclusion

The review of literature and subsequent discussion reveal that financial literacy is an essential driver of women's entrepreneurial success. Women entrepreneurs with higher financial knowledge are better equipped to manage credit, investments, and business risks, which directly contributes to enterprise sustainability and growth. Government schemes such as PMEGP, MUDRA, and NRLM have improved access to credit for women in Maharashtra, but their potential impact remains underutilized due to insufficient financial training. Similarly, SHGs and microfinance initiatives have been effective in promoting savings habits and loan repayment but have had limited success in translating these practices into larger business expansion. Digital finance has emerged as a promising tool, though infrastructural and trust barriers restrict its widespread use among women entrepreneurs in semi-urban and rural regions. Despite progress, empirical studies directly linking financial literacy with entrepreneurial performance in Maharashtra remain limited. Most existing research is either generalized at the national level or narrowly focused on financial inclusion rather than measurable business outcomes. This gap provides a fertile ground for further inquiry, especially in districts like Raigad, where women entrepreneurs are increasingly participating in business activities yet face financial knowledge constraints. Future studies that adopt a region-specific, performance-oriented approach could generate actionable insights for policymakers, financial institutions, and capacity-building programs, ultimately fostering inclusive and sustainable entrepreneurial growth. Strengthening women's financial literacy aligns with the vision of *Viksit Bharat @2047*, as financially empowered women entrepreneurs will play a crucial role in building an inclusive, self-reliant, and sustainable economy."

Suggestions

1. **Integrate Financial Literacy with Credit Schemes:** Government schemes like MUDRA, PMEGP, NRLM, and Stand-Up India should include mandatory financial literacy training. Training should cover budgeting, debt management, reinvestment strategies, and record-keeping to ensure funds are used productively.
2. **Strengthen SHGs and Microfinance Institutions:** SHGs and MFIs should go beyond savings and loan practices to include business planning, marketing, and digital finance skills. Collaborations with NGOs, local colleges, and training centers can provide additional technical and managerial support to women entrepreneurs.
3. **Promote Digital Financial Literacy:** Organize workshops on safe and effective use of mobile banking, UPI, and e-wallets for women entrepreneurs, especially in rural and semi-urban Maharashtra. Build confidence by addressing issues of security, trust, and digital fraud awareness.
4. **Improve Infrastructure and Connectivity:** Expand digital infrastructure (internet connectivity, mobile access) in rural areas to support adoption of digital finance. Ensure availability of affordable and accessible digital tools for women-led enterprises.

5. **Encourage Region-Specific Research and Policy Support:** Conduct district-level studies (e.g., Raigad, Konkan, Pune) to identify the unique financial literacy gaps of women entrepreneurs. Use research findings to design targeted policy interventions and capacity-building programs.

Acknowledgment

The authors express their sincere gratitude to JSM College, Alibag, and Mahatma Education Society's Pillai College of Arts, Commerce & Science, New Panvel, for providing the academic support and resources necessary for completing this research work. Special thanks are extended to Dr. Prem Bhagwan Acharya, Associate Professor and Head, Department of Commerce, JSM College, Alibag, for his valuable guidance, insightful feedback, and continuous encouragement throughout the course of this study. The authors also acknowledge the contribution of various researchers and institutions whose studies and reports formed the foundation of this literature review.

Finally, heartfelt appreciation is expressed to family members, colleagues, and friends for their moral support, patience, and motivation during the preparation of this paper.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper

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