Digital Finance and Policy Implementation for Women Entrepreneurs: An Analytical Study of Financial Inclusion and Innovation in India

Enoch Varghese Abraham
The Bhopal School of Social Sciences (BSSS), Bhopal

ABSTRACT

Digital finance and innovation has changed the way money works everywhere. This has made it easier for the people to get money easily, it is efficient and more people can use these services. Women who start their businesses are very important for the economy to grow and help in financial inclusion. But the women entrepreneurs still have a lot of trouble getting the services they need and using them well. This study is looking at how digital finance and innovation can help women entrepreneurs manage their money better and are the policies properly implemented for them. The goal is to see how digital finance and innovation can empower women entrepreneurs through financial management and the right policy support. Digital finance and innovation can make a huge difference for women entrepreneurs. This research is descriptive in nature and uses secondary data. The information comes from reports by the Reserve Bank of India, World Bank, Indian Government and articles found on Google Scholar. This study also shows how important digital financial tools are for women entrepreneurs who do startups. Digital financial tools like banking, Unified Payments Interface(UPI) and fintech platforms are really helpful for women entrepreneurs to make good financial decisions and do well in their businesses. This research also has found some problems during researching the secondary data. For example, many people do not know how to use computers or the internet and it shows the lack of digital literacy. They also do not know about the policies the government has to help them. The government also does not do a good job of putting these policies into action. Digital finance and innovation can be very helpful for women who own their businesses and can help everyone have an equal chance to succeed. This will only work if women get the training they need to learn about these policies that can help them and the government should also make sure these programs are working properly. Digital finance and

innovation are very important for women entrepreneurs. This also helps with inclusive growth and overall growth of the economy.

Keywords: Digital Finance, Women Entrepreneurship, Financial Innovation, Financial Inclusion, Inclusive Growth

1. INTRODUCTION

BACKGROUND OF THE STUDY

Digital finance is the use of digital technologies such as mobile banking, online banking, digital payments, and fintech platforms to deliver financial services. In recent years, digital finance has come out as a powerful tool for enhancing financial accessibility and improving access to financial services. At the same time, women entrepreneurship has gained importance as a key driver of economic growth, employment generation, and social development.

Women entrepreneurs contribute significantly to economic progress by creating employment opportunities and promoting innovation. However, many women-led enterprises face challenges such as limited access to finance, lack of financial management skills, and low digital literacy. Digital financial innovation has the potential to address these issues by providing accessible, efficient, and transparent financial services.

Month	No. of Banks live on UPI	Volume (In Mn.)	Value (In Cr.)
January-2026	691	21,703.44	28,33,481.22
December-2025	685	21,634.67	27,96,712.73
November-2025	684	20,466.98	26,31,632.63
October-2025	683	20,700.92	27,27,790.68
September-2025	686	19,633.43	24,89,736.54
August-2025	688	20,008.31	24,85,472.91
July-2025	684	19,467.95	25,08,498.09
June-2025	675	18,395.01	24,03,930.69
May-2025	673	18,677.46	25,14,297.01

Month	No. of Banks live on UPI	Volume (In Mn.)	Value (In Cr.)
April-2025	668	17,893.42	23,94,925.87

Source: National Payments Corporation of India (NPCI) & DIGIDHAN Portal

The above chart shows the gradual increase in upi transactions and increasing number of banks also participating which shows the growth of digital finance in India and that presents a lot of opportunities for women entrepreneurship.

Research Context

India has witnessed rapid growth in digital finance due to initiatives such as Digital India, Jan Dhan Yojana, and the expansion of fintech services. The adoption of digital payment systems like UPI and mobile banking has increased significantly. Despite this growth, women entrepreneurs still face challenges in effectively utilizing digital financial tools for business management and expansion.

Problem Statement

There are various government policies and digital financial innovations that aim to promote financial inclusion and women entrepreneurship but there is a gap that exists between the policy initiatives and their practical use by women entrepreneurs. Many women entrepreneurs lack awareness, digital literacy, and confidence to fully utilize digital financial services for effective financial management.

Purpose of the Study

This study aims to examine the role of digital finance and innovation in empowering women entrepreneurs by improving financial management practices and bridging the gap between policy support and practical implementation for inclusive growth.

Objectives

1. To examine the role of digital finance and innovation in empowering women entrepreneurs in India.

2. To analyze whether government policies and financial inclusion schemes are effectively implemented for women entrepreneurs.

3. To identify the challenges faced by women entrepreneurs in using digital financial services for business growth.

2. REVIEW OF LITERATURE

Rani and Sundaram (2023) examined the impact of financial inclusion on women entrepreneurs in India and found that access to financial services improves income generation and business performance.
Research Gap: The study focuses on financial inclusion but does not explain how digital finance enhances financial management and innovation among women entrepreneurs.

Hasan, Ashfaq, and Parveen (2023) analyzed the importance of digital financial literacy for women entrepreneurs and concluded that higher digital knowledge leads to better use of financial services and improved entrepreneurial outcomes.
Research Gap: The study highlights digital literacy but does not explore the combined role of digital finance, policy, and innovation in women empowerment.

Rajasekar and Sivagnanam (2023) studied financial inclusion and sustainable entrepreneurship among women in India and found that digital financial services improve access to credit and economic empowerment.
Research Gap: The study emphasizes access to finance but does not address how women entrepreneurs utilize digital finance for effective financial management.

Shamim and Ahmed (2025) explored digital financial inclusion and entrepreneurship in India and reported that digital finance enhances enterprise growth and innovation by improving financial access.
Research Gap: The research focuses on general entrepreneurship and lacks specific analysis of women entrepreneurs' financial management practices.

Sowmya and Pai (2025) examined digital inclusion among women entrepreneurs in the unorganized sector and found that digital finance improves business opportunities but challenges like lack of awareness and digital literacy persist.

Research Gap: The study identifies adoption barriers but does not analyze how digital finance and innovation can bridge policy and inclusive growth for women entrepreneurs.

Overall Research Gap:

Most studies focus on financial inclusion and access to digital finance for women entrepreneurs. However, limited research examines how digital finance and innovation improve financial management practices and bridge policy support, finance, and inclusive growth. This study attempts to address this gap through a descriptive analysis based on secondary data.

3. RESEARCH METHODOLOGY

Research Design

This study adopts a descriptive research design to study the role of digital finance and innovation in empowering women entrepreneurs.

Nature of Data

The study is based entirely on secondary data.

Data Sources

- Reserve Bank of India (RBI) reports
- Government of India publications
- Google Scholar research articles
- Journals on digital finance and women entrepreneurship
- NITI Aayog and IMF reports

Tools Used for Analysis

- Comparative analysis

  Comparison of different research studies, reports and government initiatives data from various sources to understand the growth of women entrepreneurship.

- Trend analysis

  Trends related to growth of digital finance, women entrepreneurship have been analysed using various data.

- Thematic analysis of literature

  Different literature studies were done to identify common themes such as financial inclusion, digital finance and women entrepreneurship

- Graphical representation using published data

  Graphs and charts were based on secondary data from RBI and government reports to better understand the growth of digital finance and women entrepreneurship

Scope of the Study

The study focuses primarily on India while also bringing global perspectives when relevant.

4. DATA ANALYSIS AND FINDINGS

The analysis of secondary data reveals significant growth in digital finance and its impact on entrepreneurship.

Growth of Digital Finance

Digital payments in India have increased rapidly, particularly after the introduction of UPI and mobile banking services. According to RBI reports, India has become one of the largest digital payment economies in the world. This growth has created opportunities for small and women-led enterprises to access financial services easily.

Financial Year	Volume (in crore)
2017-18	2,071
2018-19	3,134
2019-20	4,572

Financial Year	Volume (in crore)
2020-21	5,554
2021-22	8,839
2022-23	13,462
2023-24 (Till 11th Dec)	11,660

Source: Reserve Bank of India (RBI), National Payments Corporation of India (NPCI) & DIGIDHAN Portal

The above data shows the amount of digital payments that have increased since 2017 and that shows the growth of the digital financial ecosystem in India and which provides the opportunities for women entrepreneurs to manage their business efficiently.

Role in Empowering Women Entrepreneurs

Digital finance provides several benefits to women entrepreneurs:

- Easy access to banking and credit facilities
- Improved financial management through digital tools
- Transparent and secure transactions
- Expansion of business through online platforms

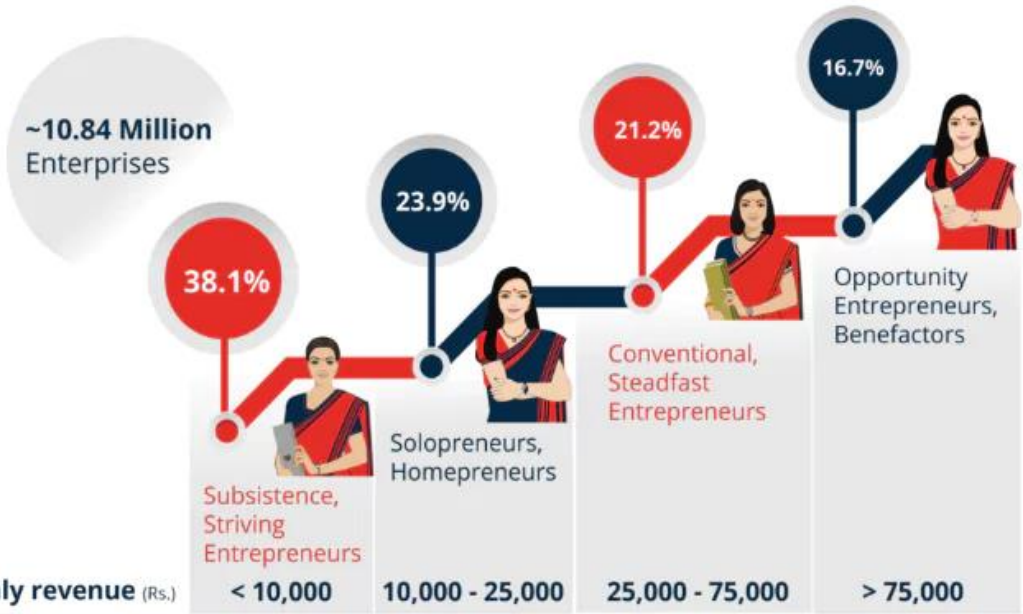
Challenges Identified

Despite these advantages, several challenges remain:

- Lack of digital literacy among women entrepreneurs
- Limited awareness of government schemes

- Security and trust issues in digital transactions

- Inadequate policy implementation at grassroots level



	Monthly revenue (Rs.)	< 10,000	10,000 - 25,000	25,000 - 75,000	> 75,000
Type of establishment	% home-based	96.27	89.37	66.96	34.93
	% fixed-store	2.11	8.2	22.15	50.24
	% without fixed premise (Street Vendors)	0.32	1.1	5.5	7.99
Number of employees	No employees (%)	99.94	98.79	91.72	71.95
	1-2 employees (%)	0.06	0.14	7.43	16.76
	More than 3 (%)	0	1.07	0.85	11.29
	% registered	3.2	6.1	15.27	42.24
	% access to loans	0.06	0.14	7.43	16.76

Source:pwonlyias

The above figure shows the distribution of women entrepreneurs in India based on income levels. A majority of women entrepreneurs fall under the subsistence category with low monthly income and limited access to financial resources. Only a small percentage reach high end entrepreneurial stages. This shows the need for digital finance, financial literacy, and an effective policy support to empower our women entrepreneurs and promote inclusive growth

OVERALL FINDINGS

The study finds that digital finance and innovation have strong potential to empower women entrepreneurs and promote inclusive growth. However, effective utilization depends on awareness, training, and supportive policy implementation.

5. CONCLUSION, LIMITATIONS AND FUTURE SCOPE

Conclusion

Digital finance and innovation have come out as powerful tools for promoting financial inclusion and empowering our women entrepreneurs. Digital financial services can improve financial management, enhance transparency, and support business growth. Government policies and fintech innovations have created a supportive ecosystem for women entrepreneurship. However, challenges such as lack of awareness, digital literacy, and policy implementation gaps continue to limit their full potential. Strengthening digital education, awareness programs, and policy execution can significantly enhance the role of digital finance in promoting inclusive growth.

Limitations of the Study

- Based only on secondary data
- Limited time and resources
- No primary survey conducted

Scope for Future Research

- Primary research involving women entrepreneurs
- Comparative study between urban and rural women entrepreneurs
- Role of artificial intelligence and fintech in women entrepreneurship
- Case studies of successful women-led digital businesses

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