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## **IMPACT AND EFFECTIVENESS OF RRBs IN KARNATAKA- AN EMPIRICAL STUDY OF MANDYA AND CHITRADURGA DISTRICTS**

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### **ABSTRACT**

RRBs play a crucial role in providing accessible banking services to rural populations and fostering economic development in underserved areas. Utilizing a mixed-methods approach, the research analyzes both quantitative data from bank performance metrics and qualitative insights from stakeholder interviews. Key indicators such as deposit mobilization, credit deployment, and customer satisfaction are assessed to gauge the effectiveness of RRBs in meeting the financial needs of rural communities. The findings reveal that RRBs significantly contribute to enhancing financial inclusion, improving livelihoods, and supporting local enterprises. However, challenges such as limited outreach and inadequate financial literacy among customers persist. This empirical study examines the impact and effectiveness of Regional Rural Banks (RRBs) in Karnataka, focusing specifically on Mandya and Chitradurga districts.

Keywords: Women Entrepreneurs, financial assistance, inclusiveness

### **INTRODUCTION**

Rural family units require access to monetary foundations that can furnish them with credit at bring down rates and at sensible terms than the customary cash bank and along these lines enable them to stay away from obligation traps that are basic in rural India. The Regional Rural Banks have been developing in significance since their commencement in 1975 as uncommon establishments assuming an impetus part in the improvement of rural regions. They have been assuming a noteworthy part in financing the weaker segments of the group in the rural regions and additionally in instilling keeping money propensity among rural masses. Regional Rural Banks were set up with a view to building up the rural economy by giving credit and different offices, especially to the little and minimal ranchers, agrarian workers', artisans and little



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business visionaries. Being neighborhood level foundations, RRBs together with commercial and co-agent banks, were allocated a basic part to play in the conveyance of agribusiness and rural credit.

It is reasonable for say that RRBs have prevailing with regards to spreading the keeping money administrations far flung rural territories, preparing rural funds, opening up new roads for rural poor through institutional credit and creating business opportunities. Be that as it may, the mandate of financing just their objective gathering borrowers, combined with an administered loan cost structure, poor recuperation execution, expanding establishment cost, and low level of operational proficiency have brought about RRBs bringing about misfortunes and losing their money related reasonability from their origin.

### **1.2 REGIONAL RURAL BANKS (RRB)**

Regional Rural Banks (RRBs) are constituted to meet the financial and banking needs of weaker sections of the rural areas with a special attention on small and marginal farmers, agricultural laborers, artisans, landless farmers, small traders, tint enterprises and the like. Hence, RRBs were established in India in 1975 essentially for the purpose of taking banking service to the doorsteps of rural people, particularly in places where banking facilities are not available. The primary objective of this study is to analyze the performance in terms of loans provided to the priority and non-priority sectors of the country and especially various types of loans such as crop loans, term loans, loans to rural artisans, retail trade, small scale industries and self-help groups and the like.

### **WOMEN ENTREPRENEURS**

Women's equal access and control over economic and financial resources is critical for the achievement of gender equality and empowerment of women as well as equitable and sustainable economic growth and development. In India female headed households were 11.5 % in rural areas whereas this was 12.4% in urban areas as per 68th round of NSS, 2011-12. Female literacy rate was 65.46 % as per Population Census 2011. Further, work force participation rate for female was 25.51 as per Population Census 2011. Women have started playing important roles in decision making at all levels.



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Although data on women labour force, literacy, health aspects etc., are being generated regularly through regular Censuses and Surveys but data on women entrepreneurship at national level is rather scanty. Therefore, during Sixth Economic Census, questions related to women entrepreneurship in proprietary ownership were added. It covers sex, religion, social group, economic activity, number of workers employed (hired and not hired) and source of finance.

It has been observed that 8.05 million out of the total 58.5 million establishments were run by women entrepreneurs in India which is around 13.76 % of the total number of establishments. Total workers engaged in women owned & run establishments were 13.48 million persons, which is 10.24% of the total number of workers engaged in India under different economic activities.

### **NEED FOR THE STUDY**

Access to primary finance is essential for India's rural population, which constitutes about 70-80% of the total. Although banks were established after independence, they largely overlooked rural areas, prompting the Government of India to emphasize the need for financial inclusion. The Narasimham Committee underscored the importance of extending services to support employment, growth, and trade, leading to the creation of Regional Rural Banks (RRBs) aimed at assisting vulnerable groups. Despite this structured approach, RRBs struggle with financial sustainability due to limited activities, narrow program focus, and poor customer awareness, which undermine their efficiency. This study seeks to evaluate RRB performance, particularly in supporting women entrepreneurs in rural areas, by examining key parameters such as credit disbursement, branch distribution, and geographical outreach.

### **STATEMENT OF THE PROBLEM**

Finance is crucial for any enterprise, and while banks and institutions offer various incentives and loans, many women entrepreneurs remain unaware of the assistance available to them. Adequate financial support is vital for both starting and sustaining a business; without it, entrepreneurial dreams may falter. Rural entrepreneurs often encounter significant financing



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challenges, impacting their ability to launch and operate their businesses. Regional Rural Banks (RRBs) were established to bolster the rural economy by providing credit and facilities specifically to small and marginal farmers, agricultural laborers, artisans, and small entrepreneurs. Their goals include bridging the credit gap, curbing the outflow of rural deposits to urban areas, and reducing regional imbalances while fostering rural employment. Each RRB operates within designated local limits and is sponsored by a public sector bank, which supports their establishment through capital investment and managerial assistance. While RRBs play a vital role in promoting financial inclusion in unbanked regions, their growth has been slow, hampered by challenges such as insufficient staffing and issues with loan repayments among farmers. This study focuses on the impact of RRB credit on rural women entrepreneurs in Karnataka, seeking to understand how these institutions can better support this vital demographic.

### **OBJECTIVES OF THE STUDY**

The present study is mainly based on the following objectives:

- 1) To do an evaluation of the RRBs in Karnataka;
- 2) To analyse the socio-economic conditions of rural women entrepreneurs in the study area;
- 3) To examine the impact of RRBs on Women entrepreneurs in the study area;

### **SCOPE OF THE STUDY**

The research study covers the Karnataka Gramina Banks in two districts namely Chitradurga District and Mandya District. The study is limited to the rural women entrepreneurs in the study area. The sample respondents are chosen from different category of respondents involved in different activities in the sample study area. The 380 sample respondents are chosen using the simple random sampling basis covering the varied segments.



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## REVIEW OF LITERATURE

**Taral Patel et al. (2016)** evaluates RRBs' financial performance before and after their amalgamations, using data from the Reserve Bank of India. It found improvements in the spread ratio, indicating better interest income management post-amalgamation, while other growth indicators showed less significant change. **Jayashree and Carmel Mercy Priya (2016)** highlights the increasing role of banks in supporting women entrepreneurs, who have become vital to India's economic growth. It emphasizes the need for better financial literacy among women to overcome funding challenges.

**Ramasethu (2015)** explores the challenges faced by urban working women, revealing issues like work-life balance, psychological pressures, and workplace unfairness, calling attention to the need for organizational support. **Cabrera & Mauricio (2017)** categorizes factors influencing women's entrepreneurial success, outlining a step-by-step journey from inspiration to resource utilization. **Manjunatha.K (2013)** focus on rural women entrepreneurs, highlighting how SHGs have been instrumental in their economic empowerment, despite ongoing challenges. **Al-Sadi et al. (2011)** examines the barriers faced by women entrepreneurs in Oman, including lack of financial support and limited access to resources, providing insights into the socio-cultural context that affects entrepreneurship in the region.

## PROGRESS OF THE REGIONAL RURAL BANKS IN KARNATAKA

Regional Rural Banks (RRBs) in India were established by the Government of India, under the provisions of RRBs Act 1976, enacted by the Parliament. With a view to develop the rural economy by catering the basic banking needs for the purpose of development of Agriculture, Trade, Commerce, Industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, Agricultural Labourers, artisans and small entrepreneurs and for matters connected therewith and individuals thereto.

The Regional Rural Banks (RRBs) were established in 1975 under the provisions of the

Ordinance promulgated on 26th September, 1975 and Regional Rural Banks Act, 1976 with a view to developing the rural economy by providing, for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto.

**Figure 1**

**Network Coverage of Karnataka Gramin Bank**



(Source: <https://karnatakagraminbank.com/organisational-information/network-coverage>)



**Table 1**

**Performance of the RRBs in Karnataka State from 1999 to 2023**

Years	No. of Branches	Deposits (Rs.in Crore)	Advances (Rs.in Crore)
1999-00	1075	316	376
2000-01	1075	380	384
2001-02	1075	460	432
2002-03	1075	584	546
2003-04	1074	768	721
2004-05	1074	964	892
2005-06	1074	1118	1052
2006-07	1073	1325	1210
2007-08	1075	1592	1365
2008-09	1085	1990	1639
2009-10	1096	2432	1979
2010-11	1103	2720	2256
2011-12	1107	3264	2594
2012-13	1120	4134	3650
2013-14	1124	4569	4177
2014-15	1127	5004	4705
2015-16	1128	6025	5893
2016-17	1153	7618	7082
2017-18	1184	9981	8788

(Source:NABARDAnnual Reports)

The data on the performance of Regional Rural Banks (RRBs) in Karnataka from 1999-00 to 2017-18 reveals several key trends:



1. **Growth in Branch Network:** The number of branches has steadily increased from 1,075 in 1999-00 to 1,184 in 2017-18, reflecting a commitment to expanding access to banking services in rural areas.
2. **Rising Deposits:** Total deposits have shown significant growth, increasing from ₹ 316 crore in 1999-00 to ₹ 9,981 crore in 2017-18. This upward trend indicates growing trust and reliance on RRBs by the rural population, highlighting improved financial inclusion.
3. **Increased Advances:** Advances have also risen markedly, from ₹ 376 crore in 1999-00 to ₹ 8,788 crore in 2017-18. This suggests that RRBs are increasingly providing credit to rural entrepreneurs and farmers, aligning with their mandate to support economic development in rural areas.
4. **Improvement in Deposit-Advance Ratio:** Over the years, the growth in advances has generally kept pace with the rise in deposits, indicating a healthy utilization of funds. The ratio of advances to deposits improved, demonstrating effective financial intermediation.
5. **Significant Growth in Later Years:** The most pronounced growth in both deposits and advances occurred in the latter half of the period, particularly between 2015-16 and 2017-18. This could indicate a response to greater demand for credit or improved economic conditions in rural areas.

### **ANALYSIS AND INTERPRETATION OF DATA**

The business details of the sample women entrepreneurs is analysed and portrayed in the present chapter covering the sector of business, composition of work force, type of the business and the like. These are relevant to understand the deeper understanding of the impact of the RRBs on the business functioning at the grassroot levels.





**Table 2**

**Cross tabulation District-wise of Business details of the sample respondents**

	Mandya District		Chitradurga District		Total	
	N	%	N	%	N	%
<b>Sector of business</b>						
Manufacturing	77	33.5	34	22.7	111	29.21
Services	92	40.0	78	52	170	44.74
Distribution	38	16.5	10	6.7	48	12.63
Other	10	4.3	14	9.3	24	6.32
NA	13	5.7	14	9.3	27	7.11
<b>Total</b>	<b>230</b>	<b>100.0</b>	<b>150</b>	<b>100</b>	<b>380</b>	<b>100.00</b>
<b>Composition of work force in the business</b>						
Family Members	192	83.5	102	68	294	77.37
Others	38	16.5	48	32	86	22.63
<b>Total</b>	<b>230</b>	<b>100.00</b>	<b>150</b>	<b>100</b>	<b>380</b>	<b>100.00</b>
<b>Type of your business</b>						
Beauty Parlors	33	14.3	32	21.3	65	17.11
Agarbathi making	12	5.2	4	2.7	16	4.21
Vegetable selling	17	7.4	15	10.0	32	8.42
Fast Food	29	12.6	11	7.3	40	10.53
Screen Printing	18	7.8	7	4.7	25	6.58
Beedi Making	5	2.2	20	13.3	25	6.58
Flower Vendors	19	8.3	13	8.7	32	8.42
Tailoring	28	12.2	10	6.7	38	10.00
Milk Vendors	20	8.7	3	2.0	23	6.05
Papad making	49	21.3	35	23.3	84	22.11
<b>Total</b>	<b>230</b>	<b>100.0</b>	<b>150</b>	<b>100.0</b>	<b>380</b>	<b>100.00</b>



The study mustered the details of the sectors that the sample respondents are doing their business in. It was found that 29.21% are in the manufacturing sector. Services sector accounts for about 44.74% of the sample respondents. Distribution business is done by a total of 12.63% of the sample respondents. Rest of the others are engaging in other forms of business.

The workforce that the sample respondents employ in their business is collected. 77.37% of the respondents have family members working in their business. Only 22.63% of the sample respondents have others working in the sector.

The study collected the type of business the sample respondents are engaging in. It is found that beauty parlours are run by 17.11% of the sample respondents. Screen printing is undertaken by 6.58% of the sample respondents. Fast food business is set up by 10.53% of the sample respondents. Majority of the respondents are engaging in tailoring and beauty parlours.8.7% of the sample respondents from Mandya and 2% of the sample respondents from Chitradurga district have milk vending business.

**Table 3**  
**District-wise Cross tabulation of Capital investment details of the sample respondents**

	Mandya District		Chitradurga District		Total	
	N	%	N	%	N	%
<b>Capital investment in the business</b>						
2 Lakh	190	82.6	83	55.3	273	71.84
3 Lakh	27	11.7	27	18	54	14.21
4 Lakh	13	5.7	32	21.3	45	11.84
Above 4 Lakh	0	0.00	8	5.3	8	2.11
<b>Total</b>	230	100.00	150	100	380	100.00
<b>Funding of the Business</b>						
Personal savings	60	26.1	25	16.7	85	22.37



Bank Loans	93	40.4	32	21.3	125	32.89
Self Help Group	32	13.9	19	12.7	51	13.42
Private Leander's	7	3	17	11.3	24	6.32
Savings/ family support	32	13.9	40	26.7	72	18.95
Government schemes	6	2.6	17	11.3	23	6.05
<b>Total</b>	230	100	150	100	380	100.00

The present study collected the details about the factors that motivated the sample women entrepreneurs to pursue the business. It was found that more than 50% of the respondents have undertaken the business on their own. 6.27% of the sample respondents have undertaken business through bank awareness programs. 35 respondents have taken up the business following the schemes of the government.

The capital investment that has gone into the business under consideration is collected from the sample respondents. 73.43% of the respondents have put in below 1.5 Lakhs. 24.72% of the sample respondents have capital investment between 1.5 Lakh and 2 Lakhs. 1.11% of the sample respondents have above 3 Lakhs. The funding of the business is all the more important when it comes to the businesses as they require both working capital as well as long-term capital. The working capital is on a recurring basis while the capital investment is on one-time investment.

The funding that has gone into the business indicates that 35.74% of the sample women entrepreneurs have put in their personal savings. Bank loans are availed by 20.91% of the sample respondents. 2.84% of the sample respondents from Mandya and 6.56% of the sample respondents from Chitradurga district have availed the benefits of the Government schemes. 21.99% of the sample respondents from Mandya and 17.21% of the sample respondents from Chitradurga district have borrowed money from the private lenders.

**Table 4**

**District-wise Cross tabulation of Location of the market and business related information**

	Mandya District		Chitradurga District		Total	
	N	%	N	%	N	%
<b>Location of the customers market</b>						
In your own village	95	41.3	69	46	164	43.16
Nearby Villages	66	28.7	23	15.3	89	23.42
Hobli Level	13	5.7	39	26	52	13.68
Taluk Level	56	24.3	19	12.7	75	19.74
<b>Total</b>	<b>230</b>	<b>100.0</b>	<b>150</b>	<b>100</b>	<b>380</b>	<b>100.00</b>
<b>Time spent in the business</b>						
0-4 Hours	41	17.8	67	44.7	108	28.42
4-6 Hours	69	30.0	33	22	102	26.84
6-8 Hours	90	39.1	38	25.3	128	33.68
8 Hours and above	30	13.0	12	8	42	11.05
<b>Total</b>	<b>230</b>	<b>100.0</b>	<b>150</b>	<b>100</b>	<b>380</b>	<b>100.00</b>
<b>Status of the Business</b>						
My organization is blooming	8	3.5	20	13.3	28	7.37
Just running	36	15.7	33	22	69	18.16
Normally	111	48.3	15	10	126	33.16
Good enough to survive	47	20.4	34	22.7	81	21.32
Require more help to expand business	28	12.2	48	32	76	20.00
<b>Total</b>	<b>230</b>	<b>100.0</b>	<b>150</b>	<b>100</b>	<b>380</b>	<b>100.00</b>

The location of the customers and the market that the sample respondents cater to is also collected for the study. 43.16% of the sample respondents have customers in their own village.



28.7% of the sample respondents from Mandya and 15.3% of the sample respondents from Chitradurga district have their customers from the nearby villages. At Hobli level, 26.20% of the respondents have their markets.

The time spent by the sample women respondents in the business is also recorded for the study. It is observed that majority of the respondents spend about 6 to 8 hours in the business. Only 11.05% of the respondents have indicated that they spend more than 8 hours and above. 17.8% of the sample respondents from Mandya and 44.7% of the sample respondents from Chitradurga district indicate that they spend upto 4 hours in the business.

18.16% of the respondents indicated that the business is just running. 21.32% of the sample respondents indicated that it is good enough to survive. 48.29% of the sample respondents have indicated that they require more help to expand the business.20.4% of the sample respondents from Mandya and 22.7% of the sample respondents from Chitradurga district have indicated that the business is good enough for the survival.

**Table 6**

**Direct Benefit Transfer availed for the business by sample women entrepreneurs**

		<b>Availed To Full Extent</b>	<b>Availed To Great Extent</b>	<b>Availed To Moderate Extent</b>	<b>Availed To Small Extent</b>	<b>Not At All</b>
Subsidy	Mandya	1 (0.4)	3 (1.3)	26 (11.3)	7 (3)	193 (83.9)
	Chitradurga	6 (4)	4 (2.7)	11 (7.3)	6(4)	123 (82)
Margin Money Allowance	Mandya	0	6 (2.6)	5 (2.2)	0	219 (95.2)
	Chitradurga	8 (5.3)	3 (2.0)	6 (4)	5 (3.3)	128 (85.3)
MGNREGA	Mandya	1 (0.7)	2 (1.4)	2 (1.4)	0	136 (96.5)
	Chitradurga	4 (2.7)	4 (2.7)	8 (5.3)	14 (9.3)	120 (80)
SHGs- BLP	Mandya	1 (0.4)	16 (7)	2 (0.9)	8 (3.5)	203 (88.3)



	Chitradurga	4 (2.7)	7 (4.7)	5 (3.3)	13 (8.7)	121 (80.7)
Loan Waiving	Mandya	0	0	4 (1.7)	1 (0.4)	225 (97.8)
	Chitradurga	3 (2)	3 (2)	14 (9.3)	9 (6)	121 (80.7)
PM AwazYojana	Mandya	4 (1.7)	0	1 (0.4)	0	225 (97.8)
	Chitradurga	9 (6)	3 (2)	5 (3.3)	8 (5.3)	125 (83.3)
Rural Bharath Health Insurance Scheme	Mandya	4 (1.7)	0	0	0	226 (98.3)
	Chitradurga	5 (3.3)	2 (1.3)	8 (5.3)	16(10.7)	119 (79.3)

Direct Benefit Transfers (DBT) to rural women entrepreneurs have been implemented to provide financial assistance directly into their bank accounts, aiming to support and uplift their businesses. Direct benefit transfers empower women economically and socially. It gives them autonomy over financial decisions and enables them to take charge of their businesses and households. Understanding the levels of availing DBT helps in assessing the program’s effectiveness, identifying barriers to access, and determining areas for improvement in implementation or outreach strategies. The study collected the details of the direct benefit transfers that are availed by the sample women respondents. The direct benefit transfers identified were subsidy, margin money allowance, MGNRE GA, SHGs-BLP, Loan waiving, PM AwazYojana and Rural Bharat Health Insurance Scheme.

0.4% of the sample respondents inMandya district and 4% of the sample respondents in Chitradurga district respectively have utilized Subsidycompletely or extensively. 2.6% of the sample respondents in Mandya district and 2% of the sample respondents in Chitradurga district respectively have utilized Margin Money Allowance to a **Great Extent** suggesting a very low degree of utilization. While not necessarily to the absolute maximum, recipients have made substantial use of the DBT funds or services. Marginally the sample respondents have likely leveraged the support to a considerable extent, resulting in noticeable benefits to their businesses or livelihoods. In both the districts more than 80% of the Recipients have not utilized



or benefited from DBT at all. They may not have accessed the funds or services offered, possibly due to various reasons such as lack of awareness, access issues, or choice not to participate in the DBT program.

The schemes such as Self-Help Group, MGNREGA, PM AwazYojana, Rural Bharat Health Insurance, Skill India, Digital India, Stand Up India, MSMEs Credit, Jan Dhan and the like have been declined by more than 80% of the sample respondents to have reached the real beneficiaries.

**Table 7**

**Financial Exclusion (access to capital)**

		SA	A	N	DA	SDA
Central Government’s Schemes for women entrepreneurs is beneficial	Mandya	42 (18.3)	75 (32.6)	23 (10)	34 (14.8)	56 (24.3)
	Chitradurga	62 (41.3)	22 (14.7)	31 (20.7)	11 (7.3)	24 (16)
The schemes such as Self-Help Group, MGNREGA, PM AwazYojana, Rural Bharat Health Insurance, Skill India, Digital India, Stand Up India, MSMEs Credit, Jan Dhan and the like have led to Economic freedom	Mandya	78 (33.9)	40 (17.4)	14 (6.1)	28 (12.2)	70 (30.4)
	Chitradurga	69 (46)	54 (36)	9 (6)	10 (6.7)	8 (5.3)
Financial Inclusiveness of women entrepreneurs in the form of bank loans have helped the business	Mandya	47 (20.4)	25 (10.9)	50 (21.7)	33 (14.3)	75 (32.6)
	Chitradurga	59 (39.3)	55 (36.7)	19 (12.7)	3 (2)	14 (9.3)
The Women Entrepreneurship schemes/ Direct Benefit transfer	Mandya	45 (19.6)	41 (17.8)	30 (13)	32 (13.9)	82 (35.7)



schemes of Union Government have improved the business growth in Rural areas	Chitradurga	48 (32)	61 (40.7)	17 (11.3)	10 (6.7)	14 (9.3)
The financial assistance of RRBs to rural women entrepreneurs have mustered the tangible assets in the business in Rural areas	Mandya	51 (22.2)	60 (26.1)	24 (10.4)	26 (11.3)	69 (30)
	Chitradurga	47 (31.3)	47 (31.3)	25 (16.7)	10 (6.7)	21 (14)
Financial Inclusiveness Programmes of the Government have freed the rural families of the financial burden	Mandya	39 (17)	34 (14.8)	37 (16.1)	44 (19.1)	76 (33)
	Chitradurga	27 (18)	60 (40)	23 (15.3)	22 (14.7)	18 (12)
Financial Institutions and RRBs along with the nodal agencies through schemes for entrepreneurs have reached the women entrepreneurs	Mandya	30 (13)	28 (12.2)	57 (24.8)	58 (25.2)	57 (24.8)
	Chitradurga	43 (28.7)	49 (32.7)	21 (14)	14 (9.3)	23 (15.3)
Financial schemes for Women entrepreneurs proceeded towards integration of rural women entrepreneurs leading to economic and social inclusion enabling easy, safe and affordable credit and other assistance	Mandya	29 (12.6)	45 (19.6)	52 (22.6)	38 (16.5)	66 (28.7)
	Chitradurga	57 (38)	45 (30)	15 (10)	17 (11.3)	16 (10.7)
SHGs have extended greater help to rural women entrepreneurs	Mandya	47 (20.4)	27 (11.7)	48 (20.9)	40 (17.4)	68 (29.6)
	Chitradurga	93 (62)	25 (16.7)	12 (8)	3 (2)	17 (11.3)





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Financial exclusion of rural women entrepreneurs refers to their limited access to formal banking services, credit facilities, and financial resources. This exclusion hinders their ability to invest in and expand their businesses, leading to economic disparities and reduced opportunities for growth. It often results from geographic isolation, lack of collateral, discriminatory practices, and insufficient financial literacy. Addressing financial exclusion through initiatives like direct benefit transfers and tailored financial products is crucial for empowering rural women entrepreneurs, promoting economic development, and achieving gender equality. Many rural women entrepreneurs may not have had access to formal banking services before. DBT ensures that they have a bank account and are familiarized with banking processes, thereby promoting financial inclusion. The financial Exclusion factors have been identified and posed to the respondents.

18.3% of the sample respondents in Mandya district and 41.3% of the sample respondents in Chitradurga district respectively strongly contend that Central Government's Schemes have been providing access to financial services and resources, financial inclusion enables rural women entrepreneurs to start businesses, invest in growth, and generate income, thereby enhancing their economic participation and contributing to household and community development. 23.4% of the sample respondents in Mandya district and 10.6% of the sample respondents in Chitradurga district respectively have strongly declined the reach to the rural women entrepreneurs.

The financial institutions through financial inclusion provides women entrepreneurs with the capital needed to expand their businesses, adopt new technologies, and innovate. This fosters economic growth in rural areas and contributes to overall economic development as contended by 55.1% of the sample respondents in Mandya district and 56.1% of the sample respondents in Chitradurga district respectively.



**Table 8**

**Financial Inclusiveness and rural women entrepreneurs (financial and advisory services)**

Statements		SA	A	N	DA	SDA
Skill India, Digital India, Start-Up India, Stand-Up India	Mandya	39 (17)	32 (13.9)	59 (33)	33 (14.3)	67 (29.1)
	Chitradurga	105 (70)	20 (13.3)	5 (3.3)	9 (6)	11 (7.3)
Made in India and Manufacture in India	Mandya	36 (15.7)	27 (11.7)	62 (27)	32 (13.9)	73 (13.7)
	Chitradurga	86 (57.3)	33 (22)	14 (9.3)	7 (4.7)	10 (6.7)
The schemes of the Government Direct Benefit Transfer, Subsidy on equipment and machinery purchase, Self-Employment schemes have collectively helped the Women empowerment	Mandya	109 (47.4)	14 (6.1)	40 (17.4)	7 (3)	60 (26.1)
	Chitradurga	89 (59.3)	28 (18.7)	18 (12)	10 (6.7)	5 (3.3)
The Guarantee schemes of the State Government, Anna Bhagya AAY Scheme, Gruha Lakshmi Scheme, GruhaJyothiScheme and Shakti Free Bus Schemes have uplifted the women in in rural areas	Mandya	29 (12.6)	61 (26.5)	55 (23.9)	45 (19.6)	40 (17.4)
	Chitradurga	62 (41.3)	54 (36)	18 (12)	12 (8)	4 (2.7)
Financial Inclusion helps to raise the living standards, entrepreneurial growth and helping vulnerable groups	Mandya	50 (21.7)	66 (28.7)	52 (22.6)	21 (9.1)	41 (17.8)
	Chitradurga	40 (26.7)	65 (43.3)	24 (16)	3 (2)	18 (12)
The financial inclusion has to absorb new	Mandya	60	77	44	16	33



arenas like social marketing, disruptive technology, native product and the like		(26.1)	(33.5)	(19.1)	(7)	(14.3)
	Chitradurga	39 (26)	59 (39.3)	19 (12.7)	18 (12)	15 (10)
Enabling fiscal dissemination brings the overall well-being of the villagers	Mandya	67 (29.1)	86 (37.4)	36 (15.7)	16 (7)	25 (10.9)
	Chitradurga	54 (36)	38 (25.3)	30 (20)	4 (2.7)	24 (16)
The increased awareness of the various schemes of the Government for financial inclusion helps better financial access	Mandya	73 (31.7)	87 (37.8)	34 (14.8)	12 (5.2)	24 (10.4)
	Chitradurga	65 (43.3)	26 (17.3)	25 (16.7)	16 (10.7)	18 (12)
Financial inclusiveness schemes have helped the rural women entrepreneurs to get cheaper loans	Mandya	28 (12.2)	101 (43.9)	29 (12.6)	26 (11.3)	46 (20)
	Chitradurga	40 (32.8)	35 (23.3)	32 (21.3)	13 (8.7)	21 (14)

The Skill India initiative demonstrates a strong commitment to uplifting rural women entrepreneurs by providing tailored skill development programs and support services that cater specifically to their needs. It actively promotes gender equality and economic empowerment in rural communities. This is strongly disagreed upon by 29.1% of the sample respondents in Mandya district and 7.3% of the sample respondents in Chitradurga district. The data suggests a favorable outlook towards increasing manufacturing activities within India, likely viewed as beneficial for economic growth and job creation of the rural women entrepreneurs by 15.7% of the sample respondents in Mandya district and 57.3% of the sample respondents in Chitradurga district. The level of disagreement underscores a negative sentiment towards the schemes of the Government in helping the rural women entrepreneurs as indicated by 17.8% of the sample respondents in Mandya district and 12% of the sample respondents in Chitradurga district.



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The sample rural women entrepreneurs suggest a favorable outlook towards the Guarantee schemes of the State Government, Anna Bhagya AAY Scheme, Gruha Lakshmi Scheme, GruhaJyothi Scheme and Shakti Free Bus with 12.6% of the sample respondents in Mandya district and 41.3% of the sample respondents in Chitradurga district towards strong agreement.

### **Hypothesis Testing**

**Ho : There is no significant relation between the financial schemes of the Government and RRBs and the business growth of the rural women entrepreneurs**

### **Comparative Analysis**

#### **1. Skill India & Digital India:**

- **Chitradurga:** Shows a **weak negative correlation** ( $r = -0.046$ ), indicating no significant relationship.
- **Mandya:** Indicates a **strong positive correlation** ( $r = 0.756$ ), suggesting a disparity in the perceived impact of these programs across districts.

#### **2. Made in India & Start-Up India:**

- **Chitradurga:** Reveals a **moderate positive correlation** ( $r = 0.225$ ), significant at the  $< 0.01$  level.
- **Mandya:** Highlights a **strong tie with empowerment initiatives** ( $r = 0.700$ ), emphasizing the interconnectedness of these programs.

#### **3. Start-Up India & Women Empowerment:**

- **Chitradurga:** Shows a **small positive correlation** ( $r = 0.138$ ), significant at the 0.036 level.
- **Mandya:** Correlation reflects **strong ties to empowerment schemes**, indicating that support for start-ups is crucial for enhancing women's empowerment.

#### **4. Financial Inclusion & Living Standards:**

- **Chitradurga:** Displays a **moderate positive correlation** ( $r = 0.255$ ).



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- **Mandya:** Demonstrates a **strong correlation (r = 0.753)**, underscoring its critical role in improving community well-being and living standards.

#### 5. Fiscal Dissemination & Overall Well-being:

- **Chitradurga:** Indicates a **negative correlation (r = -0.220)**, suggesting potential inefficiencies in resource allocation.
- **Mandya:** Contrasts this by highlighting a **high correlation (r = 0.846)** with financial strategies, raising questions about the effectiveness of fiscal policies.

#### 6. Awareness of Schemes & Help for Entrepreneurs:

- **Chitradurga:** Shows a **negative correlation (r = -0.146)**, which is significant at the 0.027 level.
- **Mandya:** Indicates that **increased awareness positively impacts empowerment outcomes**, suggesting a need to align perceptions with actual support.

### Key Insights

- **Discrepancy in Correlations:** The differences between the districts highlight potential inconsistencies in the implementation or perception of initiatives. For instance, Skill India's effectiveness is viewed negatively in Chitradurga but positively correlated in Mandya.
- **Strong Ties in Empowerment Initiatives:** Both districts emphasize the critical role of programs like Made in India and Financial Inclusion in supporting broader economic goals, especially concerning women's empowerment and living standards.
- **Need for Alignment:** The contrasting results, particularly in fiscal dissemination and awareness impacts, indicate a pressing need for strategic alignment among initiatives to ensure coherent outcomes.

### Remarks



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The comparative analysis reveals that while some initiatives show strong, positive correlations in their impacts in Mandya, others exhibit weaker or even negative relationships in Chitradurga, underscoring the complexity of India's development landscape. It is essential for policymakers to address these disparities to enhance the effectiveness of programs aimed at economic and social empowerment.

## CONCLUSION

Rural women possess the potential to excel in entrepreneurial activities through their inherent knowledge, skills, and resources. To harness this potential, it's essential to provide them with information on loan accessibility, funding agency procedures, government welfare programs, and technical skills, along with support from families and organizations. Encouraging the formation and strengthening of networks for rural women entrepreneurs can significantly enhance their access to resources and knowledge, facilitating their growth and development.

While credit is increasingly viewed as a vital tool for improving the economic conditions of rural women, many credit schemes have struggled to achieve sustainability and impact. To ensure successful credit operations, innovative and business-oriented approaches are necessary. This includes reducing transaction costs and enhancing loan recovery rates. Importantly, credit should not be seen as a standalone solution; rather, it should be integrated into a comprehensive strategy aimed at alleviating poverty and empowering rural women entrepreneurs, fostering inclusive growth in the process.

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