

**Economic Barriers and Difficulties Indian Women Entrepreneurs Face in Micro, Small, and Medium-Sized Businesses**

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**Abstract**

In contemporary India, the stereotype of women as stay-at-home mothers who don't engage in business or the economy is evolving. More women are choosing to become entrepreneurs, particularly in micro, small, and medium-sized businesses; nevertheless, making the shift from stay-at-home mother to prosperous businesswoman is not always simple. Though the process is the same for men and women, women often encounter a variety of obstacles that keep them from reaching their full potential as entrepreneurs. These problems may vary in terms of their magnitude and intensity.

This study article's main goal is to illustrate the socioeconomic problems, drivers, difficulties, and obstacles that female entrepreneurs in a variety of MSMEs that support uniqueness, fight poverty, and aid in national development encounter. This research paper is broken up into four sections. The research is divided into four sections: an introduction; a second piece on gender differences; a third section on historical views; a fourth section on needs, categories, and reasons pertaining to women entrepreneurs; and a fifth section that wraps up.

**Keywords:** Micro; Small and Medium Enterprises; Women Entrepreneurs; Economic Development, Challenges Economic Issues and Problems.

**1. Introduction**

After agriculture, MSMEs account for the second-largest share of employment in India. According to Ravi (2009), they create about 6000 goods, which accounts for 34% of exports, 40% of industrial production, and 95% of industrial units. Food items, beverages, tobacco and tobacco-related products, cotton textiles and wool, silk, synthetic materials, jute and its products, wood and wood-related products, furniture and fittings, paper and paper-related products, and a broad range of other industrial goods are produced in this industry. Appliances, electrical equipment, apparatus, and machinery are examples of additional services.

**1.1 Women entrepreneurs in Indian society**

Women who launch, grow, and run their own companies are known as women entrepreneurs. They might be an individual or a group. Women-owned businesses, as defined by the Indian government, are those that give at least 51 percent of their workforce's employment and 51 percent of their capital raises to women. It's a common misconception that trailblazing women from the IT, banking, telecom, and other industries steer and lead these industries. The modern

world is evolving as more and more women take on new roles, such as a wife trying to start a family or a daughter looking after her parents.

A mother who helps her kids grow into the best versions of themselves and a businesswoman. She finds her own meaning and life's purpose while starting a business. In addition to her desire for unity, she also values decency, honour, and reciprocity. She is also open to parenting her children alone, without the presence of a father figure. Not only do women establish and run businesses in different fields than males, but they also do so at lower rates than men. Moreover, traditional strategies, studies, and efforts are frequently "men streamed" and fail to consider the unique requirements of female entrepreneurs, both current and prospective. Men and women have consistently different business chances as a result.

Women entrepreneurs carry out a variety of tasks, such as investigating the possibility of launching a new business, taking measured risks, introducing novel ideas, managing and directing the organisation, and exhibiting good leadership in all facets of the firm. Due in great part to their productive job outside the house, women of today are helping to reduce poverty. One of the developmental aims and targets is to increase the proportion of women employed by micro, small, and medium-sized enterprises; other objectives include improving family health, raising women's economic standing, and reducing poverty. The study of women's entrepreneurship examines how women fit into the business world and what function it plays in society.

Women are considered to be the better half of society since they make up about half of the global population. They have ventured beyond the confines of the contemporary world to engage in an array of pursuits and reap the benefits of globalisation, which impacts both the local and global domains.

## **2. Indian Women Entrepreneurship Development**

In the majority of developing nations, such as India, women were restricted to becoming housewives and were not allowed to travel. This had a significant impact on women's education and exacerbated communication barriers among women. Their role has only been acknowledged in public since the Fifth Five Year Plan (1974–1978), when there was a noticeable change in focus from women's welfare to women's development and empowerment. Currently, encouraging more women to pursue careers in business is one of our main objectives. In India, several regulations and initiatives are being put into place to promote the growth of female entrepreneurship.

Women have left the house and followed a range of jobs in contemporary civilisations (Singh and Raina 2013). The Indian economy has undergone significant transformation since the government began implementing new policies related to globalisation, privatisation, and economic liberalisation in the middle of 1991. The entrepreneurs in our nation now have an amazing opportunity because to this shift. Numerous pieces of evidence point to the fact that males are not the only ones with an entrepreneurial mindset. However, it seems that their potential and entrepreneurial qualities were not realised in India because of their lower social standing because women in our male-dominated culture were not treated equally and were restricted to the home.

Indian women entrepreneurship development has seen significant growth and transformation over the years. Various factors contribute to this trend, including socio-economic changes, government initiatives, and cultural shifts. Here's an overview of the landscape:

### **Factors Contributing to Women Entrepreneurship in India**

#### **1. Government Initiatives:**

- **Policy Support:** The Indian government has introduced various schemes aimed at empowering women entrepreneurs, such as the **Stand-Up India** scheme, which provides financial assistance to women starting new enterprises.
- **Women's Business Parks:** Initiatives to create dedicated spaces for women-owned businesses to thrive.

#### **2. Access to Finance:**

- Microfinance institutions and self-help groups (SHGs) have improved access to capital for women entrepreneurs, enabling them to start and expand businesses.

#### **3. Education and Skill Development:**

- Increasing access to education and vocational training has equipped women with the necessary skills to enter various industries, particularly in technology and service sectors.

#### **4. Networking and Mentorship:**

- Organizations and platforms focused on women entrepreneurs, like **WE Connect International** and **Shakti Fellowship**, provide networking opportunities and mentorship, helping women navigate the business landscape.

#### **5. Changing Social Norms:**



- Growing acceptance of women in leadership and entrepreneurial roles, fueled by successful female role models and changing perceptions about women's contributions to the economy.

### **Challenges Faced by Women Entrepreneurs**

#### **1. Cultural Barriers:**

- Traditional norms and stereotypes can hinder women's ability to pursue entrepreneurship or secure funding.

#### **2. Limited Access to Resources:**

- Women often face difficulties in accessing markets, technology, and information, which can limit their business growth.

#### **3. Work-Life Balance:**

- Balancing family responsibilities with entrepreneurial activities can be a significant challenge for women.

#### **4. Financial Literacy:**

- Many women may lack the financial literacy necessary to manage finances effectively, seek investments, or navigate complex funding options.

### **Sectors with Prominent Women Entrepreneurs**

- 1. Handicrafts and Handlooms:** Many women leverage traditional skills to create sustainable businesses.
- 2. Food and Beverage:** Women are increasingly starting restaurants, catering services, and organic food brands.
- 3. Textiles and Fashion:** Women entrepreneurs are making a mark in fashion design and textile production.
- 4. Technology and IT:** A growing number of women are entering the tech sector, including software development and e-commerce.

To guarantee women the same rights guaranteed by our constitution, society must and will continue to change its perception of women. The sluggish growth of gender equality can be attributed to the inability to establish a financial commitment to match legal pledges. Women's entrepreneurship has increased over the last three decades due to the rise in women-owned businesses and their significant contribution to economic growth. Women are now fully aware of the resources offered by the federal and state governments, as outlined in the eight-five-year plan from 1992. These days, women's participation in the economy is characterised by low

rates of labour participation, a disproportionate share of labour in the unorganised sector, and employment in lower-skilled occupations.

The manufacturing exports, foreign direct investment, and technical advancements that have propelled the industrial boom in the Asia-Pacific area have created a plethora of economic and social prospects for female entrepreneurs.

## **2.1 Reasons and categories of women entrepreneurs**

Women entrepreneurs are an essential part of the global economy, and their motivations and business categories can vary widely. Here are some key reasons for women starting businesses and the primary categories they often fall into:

### **Reasons for Women Entrepreneurship**

1. **Economic Independence:** Many women seek financial autonomy and the ability to support themselves and their families.
2. **Flexibility:** Entrepreneurship offers flexible working hours, allowing women to balance work and family responsibilities.
3. **Passion and Interests:** Women often start businesses based on personal interests, hobbies, or passions they want to pursue professionally.
4. **Breaking Barriers:** Many women are motivated by a desire to challenge gender norms and create opportunities for themselves and others.
5. **Problem-Solving:** Women entrepreneurs often identify gaps in the market and create solutions, addressing specific needs within their communities.
6. **Networking and Support:** Growing support networks and mentorship programs encourage women to start their ventures.
7. **Social Impact:** Many women are driven by a desire to make a positive difference in society, focusing on social entrepreneurship.

### **Categories of Women Entrepreneurs**

1. **Small Business Owners:** These entrepreneurs typically operate local businesses, such as retail shops, restaurants, and service providers.
2. **Technology Entrepreneurs:** Women in tech are increasingly founding startups in software development, app creation, and IT services.
3. **Social Entrepreneurs:** These individuals focus on addressing social issues through innovative business solutions, often in sectors like education, health, and sustainability.
4. **Creative Industries:** Women often excel in arts, crafts, fashion, and design, creating businesses around their creative skills.

5. **Consultants and Freelancers:** Many women leverage their expertise to offer consulting services in fields like marketing, finance, and human resources.
6. **Health and Wellness:** This category includes women entrepreneurs in fitness, nutrition, mental health, and holistic therapies.
7. **E-commerce and Online Services:** With the rise of the internet, many women are launching online stores and providing digital services, from coaching to virtual assistance.
8. **Franchises:** Some women choose to invest in or start franchise businesses, benefiting from established brands and support systems.

## **2.2 Needs of women's economic activities and entrepreneurship**

The federal government has not given women entrepreneurs enough credit or strategic support when it comes to giving them the tools and knowledge necessary to run small firms and enterprises profitably. Since MSMEs employ 49% of all working women in India, governments must support MSMEs by passing legislation that protects women's basic rights and needs as well as by giving them access to resources including capital, cutting-edge technology, skilled labour, and appropriate infrastructure. A supporting macroeconomic environment is also necessary to draw in international investment.

Because the national government is unable to provide for their fundamental needs and achieve their aspirations to launch their own enterprises, women mostly rely on MSMEs for their livelihood. In India, women start businesses and pursue endeavours twice as quickly as men do, but they also face more challenges when trying to grow their businesses to new heights.

## **3. Socio-Economic Issues And Problems**

socio-economic issues and problems are complex challenges that affect individuals, communities, and nations. Here are some of the key socio-economic issues:

### **1. Poverty**

- **Definition:** The lack of sufficient income to meet basic needs like food, shelter, and healthcare.
- **Impacts:** Limits access to education, healthcare, and opportunities for advancement.

### **2. Unemployment**

- **Definition:** The state of being without a job while actively seeking work.
- **Impacts:** Causes economic instability, increases crime rates, and leads to mental health issues.

### **3. Income Inequality**



- **Definition:** The unequal distribution of income among individuals or groups.
- **Impacts:** Leads to social tensions, reduced economic mobility, and disparities in access to services.

#### **4. Access to Education**

- **Definition:** The availability and affordability of quality education for all.
- **Impacts:** Affects employment opportunities, economic growth, and social equity.

#### **5. Healthcare Access**

- **Definition:** The ability to obtain necessary medical services.
- **Impacts:** Poor access can lead to higher mortality rates, increased healthcare costs, and reduced quality of life.

#### **6. Housing Issues**

- **Definition:** Problems related to affordability, availability, and quality of housing.
- **Impacts:** Can lead to homelessness, increased health issues, and social instability.

#### **7. Gender Inequality**

- **Definition:** The unequal treatment or perceptions of individuals based on their gender.
- **Impacts:** Limits women's economic opportunities, access to education, and rights.

#### **8. Racial and Ethnic Discrimination**

- **Definition:** Unequal treatment based on race or ethnicity.
- **Impacts:** Contributes to social divides, economic disparities, and limited opportunities for marginalized groups.

#### **9. Environmental Degradation**

- **Definition:** The deterioration of the natural environment through pollution, deforestation, and resource depletion.
- **Impacts:** Affects livelihoods, health, and economic stability, especially for vulnerable populations.

#### **10. Political Instability**

- **Definition:** Unrest, corruption, and ineffective governance that disrupt societal order.
- **Impacts:** Deters investment, increases poverty, and leads to conflict.

#### **11. Migration and Displacement**

- **Definition:** Movement of people due to conflict, economic conditions, or environmental factors.
- **Impacts:** Can strain resources in host communities and create social tensions.

#### **12. Child Labor**

- **Definition:** The exploitation of children through work that deprives them of their childhood.
- **Impacts:** Hinders education and perpetuates the cycle of poverty.

### 1. Finance

Financial institutions are cautious when it comes to the entrepreneurial potential of women. The lenders used irrational and unrealistic collateral to get loans for female businesses. Studies show that even while women pay back their debts more quickly than men do, they nevertheless struggle more to get approved for credit. This is often the result of unfair lending practices by banks and unofficial lending organisations. Because they are unable to offer concrete security, the female-owned enterprises are unable to get outside funding. Sanyang and Huang (2008), Kushalaksi (2013), and Singh and Raina (2014) all state that few women own tangible property.

### 2. Family Ties

Women's responsibilities to their families also prevent them from being prosperous business owners in both developed and developing countries. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business" Financial institutions hinder women from starting their own businesses because they think they can always leave and return to being housewives (Singh and Raina, 2013). As a result, they are compelled to depend on loans from friends and family in addition to their own money. Furthermore, the success of the firm depended on the support that family members gave to women managing and operating it.

### 3. Managerial skills

The claim that female entrepreneurs make poor managers is another one. For the completion of tasks, particularly those related to sales and marketing, they must rely on office personnel and middlemen. Kebede (2002) discovered that deft management handling is the primary distinction in the entrepreneurial managing abilities of men and women.

Managerial skills are essential for effective leadership and successful management within organizations. These skills can be broadly categorized into three main types: technical, human, and conceptual. Here's a breakdown of each category:

#### 1. Technical Skills

- **Definition:** The ability to use specific knowledge, techniques, and tools relevant to a particular field or industry.
- **Examples:**



- Proficiency in software or technology (e.g., data analysis tools, project management software).
- Understanding of industry-specific processes (e.g., manufacturing techniques, financial analysis).
- Ability to perform tasks related to production, design, or development.

## 2. Human Skills

- **Definition:** The ability to interact effectively with people, fostering positive relationships and motivating team members.
- **Examples:**
  - Communication skills: Clearly conveying information and actively listening.
  - Empathy: Understanding and addressing the needs and concerns of team members.
  - Conflict resolution: Mediating disputes and fostering a collaborative environment.
  - Team building: Creating a cohesive team that works well together toward common goals.

## 3. Conceptual Skills

- **Definition:** The ability to think critically and strategically about complex situations, enabling managers to see the big picture.
- **Examples:**
  - Strategic thinking: Developing long-term plans and setting organizational goals.
  - Problem-solving: Identifying issues and generating effective solutions.
  - Decision-making: Evaluating options and making informed choices.
  - Analytical skills: Interpreting data and trends to guide organizational strategy.

## Additional Skills

- **Leadership Skills:** Inspiring and guiding teams, setting a vision, and driving change.
- **Time Management:** Effectively prioritizing tasks and managing time to maximize productivity.
- **Financial Acumen:** Understanding financial reports, budgets, and economic factors affecting the organization.
- **Adaptability:** Adjusting to changing circumstances and being open to new ideas and approaches.

#### **4. Competition**

Another thing that makes it difficult for female entrepreneurs to run their enterprises is the rivalry between the sexes. Though they are able to provide their services promptly, female entrepreneurs are still limited by the fact that they lack the organisational abilities of their male counterparts.

#### **5. Raw materials**

Knowledge of alternative sources of raw material availability and low-level negotiation and bargaining skills are factors that impact the commercial activities of female entrepreneurs.

#### **6. Education and Technology**

An individual's degree of education, experience, and familiarity with current technological developments are critical elements that influence business. Women in India are less likely than men to be literate (Kushalakshi and Raghurama 2014). Many women in developing nations lack the education required to sustain profitable businesses. They typically lack the knowledge and abilities needed to do research, get the necessary training, and are either ignorant of or inept at exploiting new technologies.

#### **7. Risk Bearing**

Low-level risk-taking is another element that influences women's decisions to start their own businesses. Women from less educated backgrounds are less likely to be autonomous and confident when they enter the workforce. Reinvesting earnings for surplus output, making financial investments, and maintaining the company all call for a strong feeling of confidence, daring, and taking risks.

#### **8. Socio-Economic Constraints**

Compared to their male counterparts, female entrepreneurs are less likely to have the courage to travel between states and regions, or even only during the day or at night (Chib, 2012). This demonstrates the restricted speech and movement rights experienced by female entrepreneurs (Anis and Hasan 2013).

#### **9. Marketing**

Limited transportation alternatives, intense competition, and poorly located stores for women were some of the problems faced by female entrepreneurs.

#### **10. Production**

The poor rate of growth among female entrepreneurs can be ascribed to several factors, including insufficient training resources, exorbitant expenses for necessary equipment, and a shortage of both workforce and equipment. Subcontracting can help female business owners

improve the abilities of their employees. Itoh and Urata (1994) claim that it can also make machinery and equipment upgrading easier.

### **11. Health**

Research indicates that when returning home, women experience headaches, eyestrain, weariness, back discomfort, and exhaustion. Their hectic schedules, little sleep, and lack of leisure are blamed for these symptoms. In addition, high labour expenses and workforce shortages, inadequate infrastructure, lack of energy, low self-confidence, low desire for achievement, and cultural attitudes are all issues faced by women entrepreneurs.

### **4. Conclusion**

Women's entrepreneurship in MSME is crucial to the nation's industrial growth and achievement of its socioeconomic goals. It is impossible to overstate the importance of women to our country's economy and culture. According to Danabakyam and Kurian (2012), women entrepreneurs primarily rely on their independence, drive for accomplishment, and interpersonal relationships as key success determinants.

Even yet, women-owned businesses have unique challenges in terms of access to capital, a lack of management and technical expertise, and a limited capacity to reinvest profits. There are only first-generation female entrepreneurs in the market, and they quickly fail or retreat due to their incapacity to obtain critical loans from commercial banks. Different financial resources should be available to women (Cleves, Gould, and Gutierrez, 2004). This demonstrates that the government must step in to support entrepreneurial growth through the creation, oversight, and execution of master plans (Wong, 2005), taking into account the following factors.

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