

THE STATUS OF WOMEN LED MSMEs IN INDIA AND THE CHALLENGES FACED BY THEM

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ABSTRACT

Women led Micro, small and medium enterprises are a rapidly evolving economic sector in India with over 2.2 crore registered units comprising roughly 20-26% of all MSMEs. Most of the sectors are concentrated in rural areas as these initiatives help in job creation and economic growth particularly in labourintensive sectors like textiles, handicrafts and food processing sector. The enterprises are heavily supported by government schemes and policies providing collateral free loans up to 20 lakhs for women entrepreneurs. Despite support and growth this financial sector face significant obstacles in the form of financial accessibility, digital divide and lack of proper training or guidance. This paper delineates the status of women led MSMEs in India and the challenges faced by them.

Key Words: MSMEs, Enterprises, Financial access, Entrepreneurs, rural, economic growth

INTRODUCTION

Indian economy is of a mixed economy in nature that is mainly inclined towards a liberal economic policy. Both the private and public owned enterprises follows a neoliberal governance structure to attain the goal of VIKSHIT BHARAT by 2047. India's neoliberal trajectory in reality has undermined or focused less on the manufacturing sector [secondary sector], removal of trade barriers, fiscal conservatism that discouraged public investment and lack of opening of the economy to foreign capital both productive and financial capital. In total these have sustained a pattern of growth that depends on credit and financial flows but stagnated without robust industrialization and autonomous technological developments. In order to develop the manufacturing sector the government has introduced various ease of doing business initiatives, schemes to encourage MSMEs [micro, small, medium enterprises]. The MSME sector is a major contributor for the socio-economic development of the country. The sector has immensely contributed the entrepreneurial spirit especially in the semi-urban and the rural regions. According to the latest data, around 7.16 crore MSMEs with an employment of 31.33 crore has been registered with the udyam registrationportal. The Union ministry of MSMEs has received an allocated amount of 23,168 crore FY26 union budget, an increase of 4.6% from the previous

year. Under Pradhan Mantri Mudra Yojana as of April of 2025 around 33 lakh crore were sanctioned under 52 crore mudra loans for the SME sector particularly those belonging to the marginalized sections of societf FY26 has increased the allocated amount around 2.5 times, particularly the new limits are as follows (Table 1):

As of November 2025 Maharashtra, Uttar Pradesh and Tamil Nadu continue to dominate the MSME landscape. Majority of the registered enterprises are trading

Classification	Investment limit	Turnover
Micro	2.5 crore	10 crore
Small	25 crore	100 crore
Medium	125 crore	500 crore

Table 1: Investment limits

services while manufacturing and services stood third and second respectively. The government is actively encouraging MSMEs to market their products and services through Government e market places. Women led micro, small and medium enterprises [MSMEs] play a crucial role in India's economy creating jobs, driving innovation and empowering communities. Studies reveal that msme led by women created 63 percent of employment. In spite of all these msme sectors are facing systemic barriers and investment hindrances that limit their growth and sustainability. Addressing these challenges requires a collaborative approach that involves stakeholders, financial institutions, NGOs, MNCs, civil society groups and above all favourable policies and schemes by the government. Over the last decade goal oriented policies such as Udhayam Shakti portal and technological interventions like UPI [Unified payment interface] and gender neutral supporting environment can help in overcoming barriers in the long run. Success stories of women led enterprises breaking into innovative and future startup ventures highlight the great potential of these sectors that can contribute to economic and social progress.

Women led MSMEs in India

India has 63 million of MSMEs of which only 20% of them are owned or led by women. Women led sectors provide nearly 22 to 27 million people. Studies suggest that by encouraging and investing on women's entrepreneurship we can create around 150-170 million jobs. Global Entrepreneurship Monitor [GEM] shows women's early state entrepreneurial activity [TEA] are often high in low income countries. In case of India GEM reports that majority of women in India gets into entrepreneurship due to job scarcity other than for creating a valuable business or for earning profits. Based on data available from NITI Ayog's Women Entrepreneurship Platform [WEP] and Ministry of MSME report, women entrepreneurs are majority concentrated in service and micro manufacturing sectors with high participation in textile and apparel industries, personal services, Handicrafts, health and fem-tech.

Governmental schemes and measures for supporting women led MSMEs:

Government schemes for women led enterprises in India offer financial assistance in the form of loans and subsidies for women owned ventures and also provide training and skill development initiatives for upskilling and reskilling them. Major initiatives include PMEGP, STAND UP INDIA, MUDRA yojana and TREAD providing specialized support for women entrepreneurs.

- PM Vishwakarma: Provide skill training with stipend, entrepreneurial training, financial and digital literacy and providing marketing support including e-commerce onboarding for artisans and craftspeople
- Coir vikas yojana-upgrading the skills of women artisans in the coir sector
- Procurement and market support scheme-providing 100% subsidy for women entrepreneurs for participating in trade fairs
- Yashaswini campaign -campaign to raise awareness and inform women entrepreneurs about various MSME schemes
- Udyogini scheme-focuses on empowering women by offering financial assistance to start or expand an enterprise. This scheme supports wide range of industries, especially in rural areas and provides loan at concessional rates
- Stand up India scheme-this scheme aims to support women, SC and ST entrepreneurs by offering 10 lakh to 1 crore loan. This initiative helps women in establishing enterprises in manufacturing, trading and service sectors
- Annapurna scheme-this scheme is exclusively for women who want to start food based

businesses lending loans upto Rs 50,000 to purchase raw materials and equipment. This promotes women led businesses in food industries making them financial empowered

- Mudra Yojana scheme-most popular scheme for women empowerment offering collateral free loan to small ventures. Loans are provided under three categories-Shishu, Kishore and Tarun-depending upon the stage and scale of the business.
- Mahila Udhyam Nidhi scheme-offered by SIDBI supporting women entrepreneurs in setting up new ventures or expanding businesses. The scheme provides financial assistance up to 10 lakhs with flexible repayment option encouraging innovation and business growth for women entrepreneurs among MSME sectors
- Pradhan Mantri Rozgar Yojana-offers financial assistance to unemployed women to start their own ventures. It provides loans up to 2 lakhs for enterprises in manufacturing, trade and services. This is a step towards curbing unemployment and fostering entrepreneurship among women.
- TREAD[Trade related Entrepreneurship Assistance and development]-this scheme is to support women from economically weaker sections. This initiative provides financial assistance, skill development and counselling sessions to help women establish their business.

The benefits of these schemes mainly help in empowering women financially and knowledgably. Access to affordable credit, providing financial subsidies, enhanced market access, skill development, technological upgradation, export promotion and ease of doing business are instrumental in driving economic growth and fostering a dynamic and inclusive economy. Fig. 1 shows the share of women owned enterprises by sector wise distribution and Fig. 2 shows the percentage of agricultural and non-agricultural enterprises led by women. Around 65% of women are non agricultural enterprises and 35% of them are agricultural enterprises. Fig 3 shows top 5 states with highest WMSMEs and Fig. 4 shows the status of women led MSMEs by size. Around 72% are micro sized enterprises, 19% small and 9 % medium enterprises.

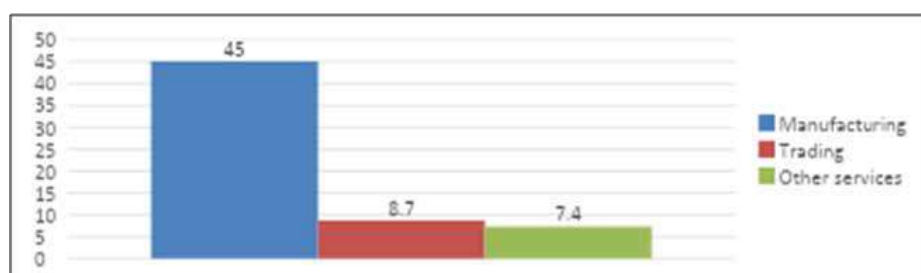


Fig. 1: Share of women led enterprises by sector wise distribution. The manufacturing sector is the majority area led by women.

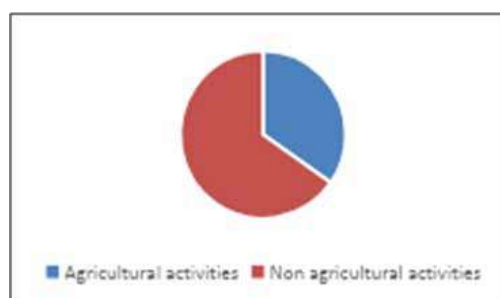


Fig. 2: The percentage of agricultural and non-agricultural enterprises led by women.

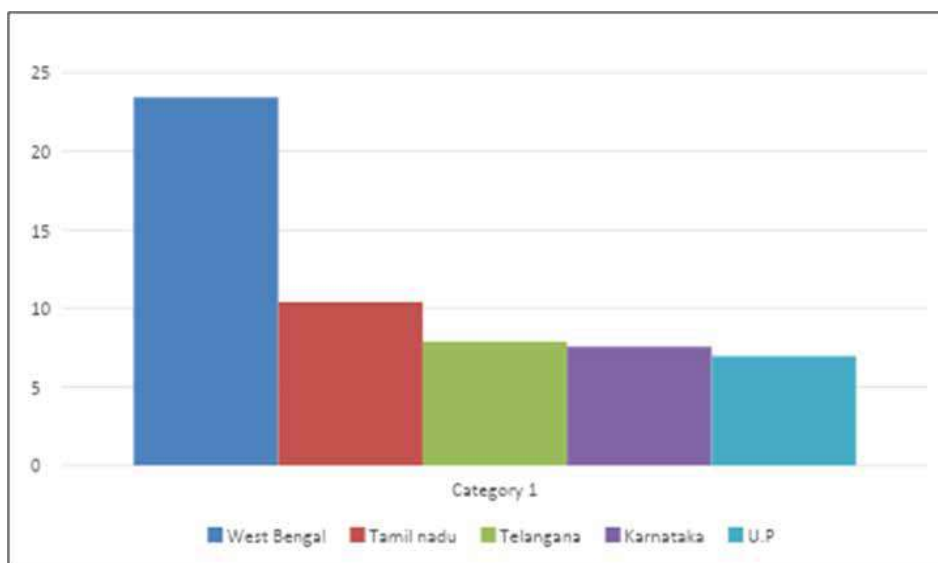


Fig. 3: Top 5 states with highest WMSMEs-source: MoMSMEs annual report 2021-2022

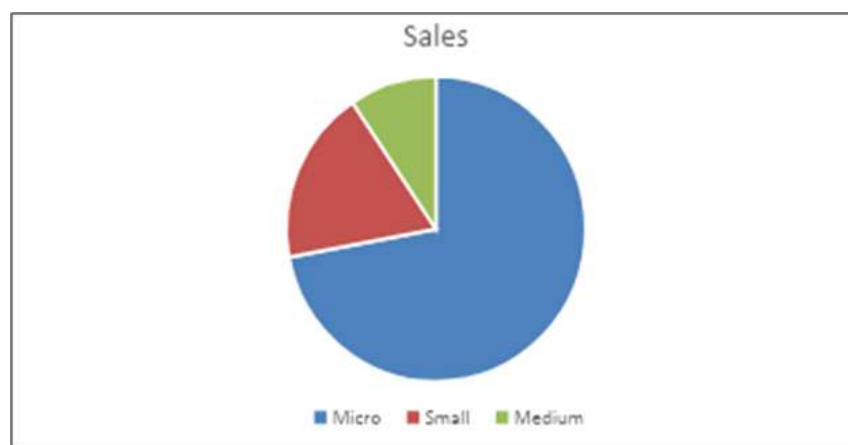


Fig. 4: Status of women led MSMEs by size.

In India, women-led MSMEs are 90% seasonal and only 10% of them are enduring. A contemporary Standing committee on finance has reported that MSME sector has a credit gap of around INR 20-25 trillion. GEM reported that women entrepreneurs in India and Republic of Korea face immense obstacles compared to their male counterparts due to lack of collateral or tangible assets. Majority of the women led enterprises are household based and informal in nature having narrow exposure to market places and consumer demands. Women entrepreneurs also have to involve in unpaid care works, face logistical and domiciliary obstacles and lack of digital and technological skills will again be barriers to their entrepreneurial growth. There are infrastructural, technical, economical, familial and psychological barriers to the women led MSMEs.

The main structural barriers are as follows:

- Financial exclusion: Schemes such as Pradhan Mantri's Employment generation program provide a substantial percentage of subsidies [25% in urban and 35% in rural areas] but poor execution, collateral requirements and lack of credit guarantees make them excluded.

- Gendered environment and market prejudice: most of the women owned enterprises are in manufacturing and labour intensive sectors like textile, apparel or beauty services while men dominate technical fields. Exclusions from networks and unions, associations makes them isolated and vulnerable. Worse, some firms misuse women specific firms by registering under a female family member and diverting the financial resources for their advantage.
- Limited ownership of properties for women and lack of awareness of governmental schemes and policies again make women entrepreneurs backward and less competitive.
- Family and societal pressure: Balancing traditional gender roles, home chores and care duties often burn out and face limited time for self growth and development
- From fig1 it is clear that women led enterprises majorly are in the manufacturing sector that are labor intensive and time consuming which may make them excluded from technologically advanced manufacturing sector
- Women are almost negligible In trading as it can lead to gender bias and prejudice.
- Digital divide- A report by NASSCOM has found that limited adoption of digital record keeping and e commerce, with only 17.6 percent women using digital methods for customer review and relationship management highlighting a significant gap
- According to a study by Micro, Small and Medium enterprises only 14 % of women entrepreneurs had access to formal training and mentorship programs as lack of support hinders their ability to scale and access markets
- Women led msme in agricultural sectors often face climate changes and only a fraction of them are able to access climate adaptation financing

Addressing the challenges faced by women-led MSMEs in India requires an comprehensive -based approach that acknowledges the complexity of barriers these enterprises face. No single funder,shareholder or angel investor can effectively and comprehensively resolve issues such as access to finance, climate adaptation, optimistic mindset, nurturing environment and digital inclusion. A collaborative and a bottom up approach are indispensable bringing together fund raisers, policymakers, nonprofit organizations, entrepreneurs, and other stakeholders to create an accelerating environment for these commerce to thrive.

CONCLUSION

Women led Micro, small and medium enterprises are a rapidly evolving economic sector in India with over 2.2 crore registered units comprising roughly 20-26% of all MSMEs. Most of the sectors are concentrated in rural areas and semi urban areas as these initiatives help in job creation and economic growth particularly in labourintensive sectors like textiles, handicrafts and food processing industries. The enterprises are heavily supported and subsidized by government schemes and policies providing collateral free loans up to 20 lakhs for women entrepreneurs. Despite support and growth this financial sector faces significant barriers in the form of financial attainability, misinformations, digital divide and lack of proper training or guidance. India's neoliberal trajectory in reality has undermined or focused less on the manufacturing sector [secondary sector],removal of trade barriers, fiscal conservatism that discouraged public investment and lack of opening of the economy to foreign capital both productive and financial capital. The MSME sector is a major contributor for the socio-economic development of the country. The sector has immensely contributed the entrepreneurial spirit especially in the semi-urban and the rural regions. Women led micro, small and medium enterprises [MSMEs] play a crucial role in India's economy creating jobs, driving innovation and

empowering communities. Studies disclose that MSMEs led by women created 63 percent of employment. In spite of all these msme sectors are still facing systemic barriers and investment hindrances that limit their growth and sustainability. From this study we can conclude that women led enterprises in non agricultural sectors are around 65% far more than agricultural sectors and around 72% are micro sectors owned and led by women. To promote women led enterprises the government and various other stakeholders should encourage and create opportunities holistically to promote women led enterprises and therefore for a Vikshit Bharat 2047.

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