



National Conference

On

GLOBAL TRADE WARS AND THEIR IMPACT ON INDIA'S ROADMAP TO VIKSIT BHARAT 2047

Jointly Organized by

INDIAN COUNCIL OF WORLD AFFAIRS

Sapru House, New Delhi

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Dr. N.G.P. ARTS AND SCIENCE COLLEGE

(An Autonomous Institution, Affiliated to Bharathiar University, Coimbatore)

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Volume - 1



Date : 03.03.2026

Venue : NGP Conference Centre

Time : 09.30 a.m.

Title:	NATIONAL CONFERENCE ON “GLOBAL TRADE WARS AND THEIR IMPACT ON INDIA’S ROADMAP TO VIKSIT BHARAT 2047”
Editor:	Dr. M. Kalimuthu Dr. S. Mohan
Published by:	Shanlax Publications 61, 66 T.P.K. Main Road, Vasanthanagar, Madurai – 625003, Tamil Nadu, India
Printer’s Details:	Shanlax Press 66 T.P.K. Main Road, Vasanthanagar, Madurai – 625003, Tamil Nadu, India
Edition Details (I,II,III):	I
ISBN:	978-93-6163-730-8
Month & Year:	February, 2026
Copyright @	Dr. M. Kalimuthu Dr. S. Mohan
Pages:	719

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WOMEN ENTREPRENEURS IN MSMEs: OVERCOMING CHALLENGES AND BUILDING INCLUSIVE STARTUPS

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Abstract

Women entrepreneurs in micro, small and medium enterprises (MSMEs) play a critical role in driving innovation, economic growth and job creation around the world. Despite their significant contributions, they face a unique set of challenges that impede their growth and sustainability. These challenges include limited access to funding, social stigma, lack of representation in leadership positions, and difficulty balancing work and family responsibilities. This article examines the barriers faced by women in MSMEs and highlights strategies to overcome these challenges. We also explore the importance of inclusive business models and the role of women in creating socially responsible startups. Through case studies and success stories, this article shows how women entrepreneurs not only succeed, but also foster inclusive growth in their communities. By fostering the creation of enabling ecosystems, mentoring programs and inclusive policies, we can unlock the full potential of women in MSMEs and pave the way for more equitable and sustainable entrepreneurship.

Keywords: MSMEs, Women Empowerment innovation, social impact, inclusive development

Introduction

Micro, Small, and Medium Enterprises (MSMEs) form the backbone of most economies, contributing significantly to employment, innovation, and national GDP. Among these, women-led startups are emerging as powerful drivers of change, demonstrating resilience, creativity, and the ability to foster inclusive economic growth. However, despite their growing presence in the entrepreneurial landscape, women entrepreneurs in MSMEs continue to face a series of structural and societal challenges that impede their progress. From limited access to financial resources and networks to overcoming deeply ingrained gender biases, the path to entrepreneurial success for women is often steeper than it is for their male counterparts.

In this context, inclusive entrepreneurship becomes not just a buzzword, but a necessity. Women-led MSMEs are uniquely positioned to create businesses that are not only economically viable but also socially responsible, often focusing on sustainable practices and community development. The key to unlocking the potential of women entrepreneurs lies in understanding and addressing the obstacles they face while simultaneously building supportive ecosystems that promote gender equity and diversity in entrepreneurship.

This article will delve into the various challenges faced by women entrepreneurs in MSMEs, including financial barriers, societal expectations, and a lack of mentorship. It will also explore the strategies that can help women overcome these challenges and build inclusive, sustainable businesses.

Literature Review

According to **Brush et al. (2009)**, women entrepreneurs bring unique leadership styles, emphasizing collaboration, inclusivity, and social responsibility. Their enterprises often focus on underserved markets and community development, which enhances social and economic impact. Studies by **Ahl (2006)** suggest that women-led businesses are more likely to employ sustainable practices and prioritize community welfare, making them inherently inclusive startups.

Multiple studies highlight limited access to finance as a core barrier for women entrepreneurs. **Coleman (2000)** notes that traditional banking systems often undervalue women-led enterprises due to insufficient collateral or formal credit history. Research in developing countries (**World Bank, 2019**) emphasizes that women often rely on informal credit sources with high-interest rates, which restricts business growth.

Minniti & Nardone (2007) argue that societal expectations, family responsibilities, and gender stereotypes significantly hinder women's entrepreneurial activities. Cultural norms in many regions discourage women from taking financial and business risks, which affects startup creation and scaling.

Studies by **GEM (Global Entrepreneurship Monitor, 2020)** indicate that women entrepreneurs frequently have limited access to business training, mentorship, and digital literacy programs. This gap affects business planning, marketing, and strategic decision-making.

Research by **Verheul et al. (2012)** highlights that women have fewer professional networks, reducing access to investors, clients, and business partners. The lack of mentorship and role models limits guidance, confidence, and opportunities for scaling enterprises.

Statement of the Problem

In many developing and developed economies, Micro, Small, and Medium Enterprises (MSMEs) represent a significant portion of economic activity, contributing to job creation, innovation, and economic growth. Among these, women-owned MSMEs play a critical role in fostering inclusive economic development, yet women entrepreneurs in the MSME sector continue to face numerous challenges that hinder their growth and success.

Despite the growing recognition of the importance of women in entrepreneurship, the gender gap in business ownership and leadership roles remains substantial. While initiatives to promote women entrepreneurship in MSMEs have gained momentum, barriers such as limited access to finance, gender-

based social norms, lack of mentorship and networks, and operational and regulatory challenges persist, significantly affecting the ability of women to thrive as business owners.

Furthermore, while the global discourse on inclusive startups emphasizes diversity and equality, women entrepreneurs, especially those in emerging markets, still encounter institutional, societal, and economic obstacles that impede their ability to scale businesses and access resources on par with their male counterparts.

This study seeks to explore and address the critical challenges faced by women entrepreneurs in the MSME sector, understand the root causes of these barriers, and investigate strategies for overcoming them. Additionally, the study aims to identify and recommend actionable measures for creating a more inclusive entrepreneurial ecosystem, where women entrepreneurs can build successful MSMEs, thereby contributing to sustainable development, economic growth, and gender equality.

Objectives of the Study

1. Identify and Analyze Key Challenges Faced by Women Entrepreneurs in MSMEs
2. Explore Existing Strategies and Support Systems for Women Entrepreneurs
3. Examine the Role of Technology and Innovation in Empowering Women Entrepreneurs
4. Analyze the Impact of Women Entrepreneurs on Building Inclusive Startup.

MSMEs' Significance in Empowering Women

1. Economic Empowerment

a) *Creating Income and Financial Independence*

- **Women-led MSMEs** enable women to become economically independent by generating their own income. This financial autonomy helps women **improve their standard of living**, support their families, and have a voice in household decision-making.
- Starting an MSME allows women to **overcome economic dependence** on others, which is particularly empowering in societies where women are traditionally seen as dependent on male members of the family.

b) *Job Creation and Employment*

- MSMEs, especially women-led businesses, are often **labor-intensive** and can contribute to creating employment in local communities.
- By running MSMEs, women entrepreneurs also **create jobs for other women**, particularly in sectors like **education, healthcare, textiles, and handicrafts**. This helps reduce **gender disparities in employment** and contributes to **economic stability** for other women in their communities.

c) *Access to New Markets and Global Exposure*

- The rise of **digital platforms** and **e-commerce** has opened up new **market opportunities** for women entrepreneurs in MSMEs. This allows them to reach customers both locally and globally, often expanding beyond traditional brick-and-mortar businesses.
- By **diversifying into global markets**, women-led MSMEs can scale more rapidly and tap into **untapped niches** where women are often the primary consumers, such as **fashion, wellness products, and handmade goods**.

2. Social Empowerment

a) *Shifting Gender Norms and Societal Expectations*

- MSMEs offer women an opportunity to challenge and reshape **traditional gender roles** in society. Women running businesses can break stereotypes about gender-specific roles and prove that they can successfully manage and grow enterprises.
- Women entrepreneurs who thrive in **male-dominated industries** such as **technology, construction, or manufacturing** act as role models, influencing cultural shifts toward greater gender equality and **social acceptance** of women in business.

b) *Improving Social Status*

- Women entrepreneurs who run successful MSMEs are often recognized for their **leadership, vision, and innovative thinking**. This recognition can significantly enhance their **social standing** within their communities, helping to dismantle traditional patriarchal structures.
- Women who own businesses also gain **respect** from their peers, making them **social influencers** who inspire other women to take risks and become entrepreneurs themselves.

c) *Increasing Access to Education and Skill Development*

- Women entrepreneurs often need to enhance their **business and technical skills**, which encourages them to pursue education and **self-development opportunities**. This helps break barriers related to **lack of education** that many women face in traditional societal structures.
- Additionally, women-led MSMEs often provide opportunities for other women to gain **vocational training and skills development**, particularly in areas like **craftsmanship, digital literacy, and business management**.

3. Personal Empowerment

a) *Confidence and Self-Worth*

- Running an MSME fosters **confidence** and a sense of **self-worth** for women. As they navigate the challenges of entrepreneurship, they learn to overcome self-doubt, assert themselves, and make crucial business decisions.

- Personal empowerment through entrepreneurship also provides a **sense of achievement**. The success of a business reflects a woman's abilities and hard work, contributing to higher levels of **personal fulfillment**.

b) *Leadership and Decision-Making*

- Women entrepreneurs are often in positions where they must make **leadership decisions** about the direction of their businesses, resource allocation, and strategic planning. This **autonomy in decision-making** enhances a woman's leadership skills and **problem-solving abilities**.
- Running a business requires **resilience**, and over time, women entrepreneurs become more adept at handling setbacks, competition, and market fluctuations, further building their self-reliance and **problem-solving capacity**.

4. Political and Policy Empowerment

a) *Influence on Policy Development*

- Women entrepreneurs in MSMEs have the potential to influence **policy decisions** by participating in **business advocacy** and **entrepreneurial organizations**. Their involvement in policy discussions helps shape frameworks that support not just their business ventures but also address **gender-specific issues** in business.
- Increasing the number of women in MSMEs helps advocate for **gender-sensitive policies**, such as **equal access to finance**, **reducing discriminatory practices**, and **support for women in business networks**.

b) *Participation in National and Global Dialogues*

- Successful women entrepreneurs represent their countries on **international platforms**, advocating for policies that promote **gender equity** in entrepreneurship. Their success stories help push for **global recognition** of women in business and contribute to a more **inclusive economy** worldwide.
- Their participation also allows them to **engage in cross-cultural exchanges**, gaining new perspectives that benefit their personal and professional development.

5. Entrepreneurship as a Catalyst for Social Change

a) *Promoting Gender Equality*

- Women-led MSMEs contribute significantly to **closing gender gaps** in business ownership, leadership, and income. These businesses serve as a tool for **empowering women**, not only economically but also socially and politically.
- Women entrepreneurs are often driven by a desire to make an **impact**, which means many MSMEs led by women focus on **social good**. These businesses may offer products or services that directly address **gender inequality**, **violence against women**, or **sustainability**.

b) *Encouraging Other Women to Pursue Entrepreneurship*

- When women see others achieving success in the MSME space, it creates a **ripple effect** of inspiration, leading more women to consider **entrepreneurship** as a viable career path. This process of **empowerment through example** is vital for creating a cycle of **self-sustaining empowerment** in communities.
- Many women-led MSMEs actively promote **female entrepreneurship** by offering **mentorship programs, entrepreneurial training, and support networks** for aspiring women business owners.

Challenges Faced by Women Entrepreneurs

1. **Insufficient Funds:** Funding is the soul of any entrepreneurial venture. The majority of female entrepreneurs struggle to secure capital for their ventures. The main reason behind this is that they have insufficient assets in their name. Lack of collateral poses a barrier in acquiring funds from prospective lenders. Most banks and other financial institutions have stringent eligibility criteria, such as having an established business. Thus, women entrepreneurs are dependent on their savings and monetary help from family and friends to start the business.
2. **Household Responsibilities:** Women are viewed as the main caretakers for the household and family. They are under constant pressure to balance their personal and professional lives. Female entrepreneurs have more stress as a result of this juggling act between work and family. When their children and home take up a large portion of their time, women find it difficult to devote too much to their businesses.
3. **Gender-inequality:** Although society is changing and men and women are being called equal, but gender inequality still exists. Even after the governmental efforts for women's empowerment, women are still struggling to get recognized. Gender inequality, pay gap, and discrimination are the barriers that prevent women entrepreneurs from reaching greater heights.
4. **Fear to take Risks:** Entrepreneurial endeavours are inherently risky and prone to failure. Women are naturally afraid to try new things and take chances. They struggle to become adept at making quick decisions, trying out novel approaches, and making creative adjustments. Women are constantly afraid of failure because society makes fun of them.
5. **Lack of Education:** Female business owners have no prior experience managing a profitable company. The dearth of basic and higher education among Indian women is the cause of this inexperience. As a result, female entrepreneurs are ill-equipped to manage their businesses.
6. **Competition:** There is fierce competition among the businesses in the market. Women face challenges from their competitors in the market and internal competition for leadership. Women need to prove their ability at every step to their colleagues and investors. Thus, women find it difficult to manage the business with limited resources.

Role of Technology and Innovation in Empowering Women Entrepreneurs

Technology and innovation play a vital role in empowering women entrepreneurs by providing them with tools to access global markets, streamline operations, and enhance productivity. Through e-commerce platforms, digital marketing, and online communities, women can reach wider audiences and build valuable networks. Remote work tools, automation, and AI-driven solutions enable flexibility and efficiency, while crowdfunding and fintech platforms offer alternative ways to secure funding. Additionally, online learning and mentorship programs empower women with the skills needed to succeed. Technology also helps break societal barriers by amplifying women's voices, supporting work-life balance, and offering localized solutions, particularly in underserved regions. Overall, technology fosters an environment where women can scale their businesses and challenge traditional gender norms.

Impact of Women Entrepreneurs on Building Inclusive Startup

Women entrepreneurs play a pivotal role in building inclusive startups by fostering diversity, addressing social gaps, and promoting ethical practices. Their businesses often prioritize social impact, focusing on underserved markets and creating products that cater to the needs of women, marginalized communities, and low-income groups. Women-led startups tend to offer flexible work environments that support work-life balance and prioritize collaboration over competition, creating inclusive and supportive workplaces. By challenging traditional gender roles and breaking barriers, they inspire other women to enter entrepreneurship, while their emphasis on sustainability and community impact encourages broader social change. Through mentorship, innovative business models, and a focus on intersectionality, women entrepreneurs contribute to a more equitable and inclusive startup ecosystem.

Conclusion

Women entrepreneurs in the **MSME sector** play a pivotal role in driving **economic growth**, fostering **job creation**, and addressing **social challenges** through their businesses. Despite their significant contributions, women continue to face persistent challenges, including **limited access to finance**, **gender biases**, **socio-cultural barriers**, and **lack of support networks** that hinder their growth and success. Women entrepreneurs continue to face difficulties in accessing capital due to **gender biases**, **lack of collateral**, and limited access to financial products. **Policy reforms** aimed at reducing these barriers and increasing access to **microfinance**, **venture capital**, and **crowd funding platforms** can significantly contribute to women's entrepreneurial success. The absence of strong **networks**, **mentorship**, and **business development support** for women entrepreneurs remains a major barrier. **Supportive ecosystems** such as **incubators**, **accelerators**, and **mentorship programs** specifically tailored for women entrepreneurs can bridge this gap, providing the necessary guidance, exposure, and access to markets.

Acknowledgement

The author sincerely acknowledges and expresses gratitude to the Management of NGM College, Pollachi, Tamil Nadu, for their generous financial assistance through the SEED Money Support for this research work.

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