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Enabling and limiting factors influencing women entrepreneurs in Bihar's MSME sector with special reference to Muzaffarpur district

Neha and Sunil Kumar**DOI:** <https://www.doi.org/10.22271/27084515.2025.v6.i2j.773>**Abstract**

Women's entrepreneurship plays a pivotal role in inclusive growth, job creation, and poverty reduction. Despite its potential, women-owned enterprises in Bihar's MSME sector remain underrepresented. The present study explores the enabling and limiting factors shaping women's entrepreneurial journeys in the state, with particular emphasis on the Muzaffarpur district. Using secondary data from official reports and district-level analyses, the study employs a descriptive-analytical approach to identify both supportive mechanisms and persistent barriers. Enabling factors include family and community support, self-help groups (SHGs), microfinance institutions, skill development programs, and digital opportunities. At the same time, women face significant constraints such as limited access to finance, patriarchal norms, infrastructural deficits, digital exclusion, and weak policy implementation. Muzaffarpur illustrates this dual reality: while strengths exist in agro-processing, handicrafts, and cooperative networks, women entrepreneurs often struggle with market access, scalability, and recognition within formal value chains. The findings suggest that enabling factors, though growing, are not yet strong enough to offset systemic barriers. The study argues for a comprehensive policy framework that integrates inclusive finance, market-linked skills, digital empowerment, and institutional reforms to transform women's enterprises from survival-oriented activities into growth-driven businesses capable of driving Bihar's socio-economic development.

Keywords: Women entrepreneurship, MSMEs, enabling factors, limiting factors, Self-Help Groups (SHGs), microfinance, digital inclusion, Muzaffarpur district

Introduction

Entrepreneurship is widely acknowledged as a catalyst for economic growth, innovation, and employment generation. Within this framework, women's entrepreneurship holds a special significance, as it not only enhances household income but also contributes to gender equity and social empowerment. In India, the Micro, Small and Medium Enterprises (MSME) sector contributes nearly 30% to national GDP, 45% of manufacturing output, and 48% of exports ^[1]. Despite this contribution, women entrepreneurs remain a minority, with limited visibility in mainstream industrial development.

Bihar exemplifies these challenges. The state continues to depend heavily on agriculture and remittances, with industrialization progressing at a slower pace than the national average. According to the Sixth Economic Census (2013-14), women entrepreneurs comprised only 9% of total entrepreneurs in Bihar, compared to a national average of 13.76% ^[2]. This stark gap reflects structural issues such as restricted access to finance, weak infrastructural support, and entrenched patriarchal norms that limit women's mobility and decision-making. Muzaffarpur district provides a useful case study for examining enabling and limiting factors influencing women entrepreneurs. The district is known for its Shahi Litchi (a GI-tagged product), Mithila art, and strong networks of self-help groups (SHGs) under the Jeevika program, which collectively create opportunities for women in agro-processing, handicrafts, and small-scale trade. Yet, systemic barriers persist. Surveys and district-level reports highlight that women entrepreneurs in Muzaffarpur often struggle with market access, dependence on middlemen, and lack of recognition within formal MSME frameworks ^[3]. This dual reality of opportunity and constraint makes Muzaffarpur representative of the wider challenges facing Bihar's women entrepreneurs. Against this background, the present paper seeks to address two central questions: What enabling factors have supported women

entrepreneurs in Bihar’s MSME sector, particularly in Muzaffarpur district? And what limiting factors continue to hinder their participation and growth. By analyzing these questions, the study aims to contribute to the discourse on women’s entrepreneurship in India, offering insights into how enabling mechanisms can be strengthened while systemic constraints are addressed. The findings are intended to inform policymakers, development practitioners, and academic researchers interested in the intersection of gender, entrepreneurship, and regional development.

2. Review of Literature

The study of women’s entrepreneurship has received wide attention globally, with researchers highlighting both enabling and limiting factors. International evidence suggests that women entrepreneurs face barriers in access to credit, training, and markets, but enabling mechanisms such as microfinance, digital platforms, and supportive policies improve participation [4]. Studies in Africa and Southeast Asia emphasize the importance of self-help groups, microcredit institutions, and local cooperatives in empowering rural women entrepreneurs [5].

At the national level, Indian research shows that women’s participation in MSMEs remains low, though government schemes such as the Pradhan Mantri Mudra Yojana and Stand-Up India have expanded credit opportunities [6]. Education, skill development, and digital literacy are consistently cited as enabling factors, while patriarchal norms and mobility restrictions act as significant barriers [7]. Empirical work also indicates that women-owned enterprises are often concentrated in low-capital sectors such as tailoring, food processing, and handicrafts, limiting scalability [8].

Region-specific studies provide further insights. Research on Bihar highlights the dual role of self-help groups and microfinance institutions: they enhance women’s access to credit and collective bargaining, but loan sizes remain too small to support enterprise growth [9]. District-level reports from Muzaffarpur emphasize the role of the Jeevika program, which has mobilized thousands of women into SHGs, many of whom have ventured into agro-processing and handicrafts [10]. However, challenges such as lack of infrastructure, low digital adoption, and dependence on middlemen continue to limit progress [11].

The literature indicates a clear research gap: while enabling and limiting factors are well documented at the national level, there is less systematic analysis of district-specific dynamics in Bihar. This paper addresses that gap by focusing on Muzaffarpur, examining how enabling mechanisms and systemic constraints shape women’s participation in the MSME sector.

3. Methodology

This study adopts a descriptive-analytical approach to examine enabling and limiting factors influencing women entrepreneurs in Bihar’s MSME sector, with Muzaffarpur district as a focal case. The analysis is based primarily on secondary data drawn from official reports, including the MSME Annual Report 2023, Bihar Economic Survey 2023, NFHS-5 (2021), and district-level documents published by the MSME Development Institute (Patna) and the Bihar

Rural Livelihoods Promotion Society (Jeevika). In addition, relevant academic studies and survey-based reports were consulted to provide contextual depth.

The research framework categorizes determinants into two broad dimensions: enabling factors (such as family and community support, SHGs, skill development, and digital opportunities) and limiting factors (including financial barriers, socio-cultural norms, infrastructural deficits, and weak policy implementation). A case-study lens was applied to Muzaffarpur to capture its unique mix of agro-based industries, handicrafts, and cooperative-led enterprises.

Data interpretation involved comparative analysis at both state and district levels. For Bihar, trends in women’s MSME ownership and sectoral distribution were mapped, while for Muzaffarpur, sector-specific insights in agro-processing and handicrafts were highlighted. Figures and tables have been used to visualize patterns in growth and policy outcomes. This methodological approach, while reliant on secondary data, enables a systematic understanding of how enabling mechanisms interact with structural constraints in shaping women’s entrepreneurship in Bihar, with particular reference to district-level dynamics in Muzaffarpur.

4. Results and Discussion

The analysis of women’s entrepreneurship in Bihar reveals a complex interplay between enabling mechanisms and structural constraints. On the one hand, programs such as Jeevika SHGs, microfinance institutions, and skill development initiatives have opened new opportunities for women to enter the MSME sector. On the other hand, systemic barriers in finance, infrastructure, digital access, and socio-cultural norms continue to limit their growth potential, particularly in Muzaffarpur.

One of the most prominent enablers has been the self-help group (SHG) model under the Bihar Rural Livelihoods Promotion Society. As of 2022, the state had nearly 9.5 lakh SHGs involving 10 million women, with Muzaffarpur alone accounting for 85,200 groups. However, transition into formal enterprises remains limited. Data from NABARD shows that only 57,000 SHGs (6.0%) across Bihar and 4,200 (4.9%) in Muzaffarpur have registered as MSMEs. This means that for every 100 women’s SHGs in Muzaffarpur, fewer than 5 evolve into formal enterprises, a clear indicator of structural conversion gaps.

Table 1: SHG to Enterprise Transition in Bihar and Muzaffarpur (2022)

Indicator	Bihar Total	Muzaffarpur	Transition Rate (%)
Women SHGs (Base)	9,50,000	85,200	-
SHGs into MSMEs	57,000	4,200	6.0 (Bihar), 4.9 (MZP)
SHGs in Microfinance only	8,10,000	74,500	85.2 (Bihar), 87.4 (MZP)

The growth of SHG-linked enterprises has been steady, with a compound annual growth rate (CAGR) of 9% between 2016 and 2022, though a dip occurred in 2020-21 due to the pandemic.

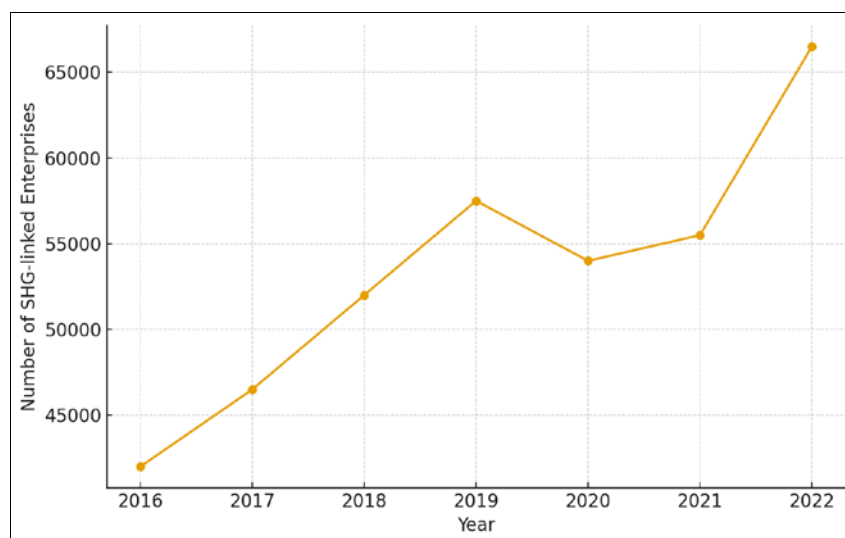


Fig 1: Growth of SHG Enterprises in Bihar (2016-2022)

Skill development is another enabling factor, but its outcomes remain weak. Between 2016 and 2022, 1.8 lakh women in Bihar were trained under PMKVY, yet only 27,000 (15%) transitioned into enterprises. In Muzaffarpur, out of 7,500 trained women, only 1,200 (16%) became entrepreneurs. While the transition rate is slightly better in Muzaffarpur, it highlights the gap between training and enterprise creation, pointing to the absence of incubation and market linkage mechanisms. Digital access shows a similar story of promise and exclusion. According to NFHS-5, 32% of rural households in Bihar had internet access compared to 52% nationally, while only 28% of women had

digital banking access compared to 48.5% nationally. This translates into a 20 percentage point gap in digital access and banking inclusion, which severely limits women's ability to engage with e-commerce and online government portals.

Table 2: Bihar-India Digital Gap for Women (2021)

Indicator	Bihar (%)	India (%)	Gap (percentage points)
Internet access (rural HH)	32.0	52.0	-20.0
Women using smartphones	39.4	61.0	-21.6
Women with digital banking	28.0	48.5	-20.5

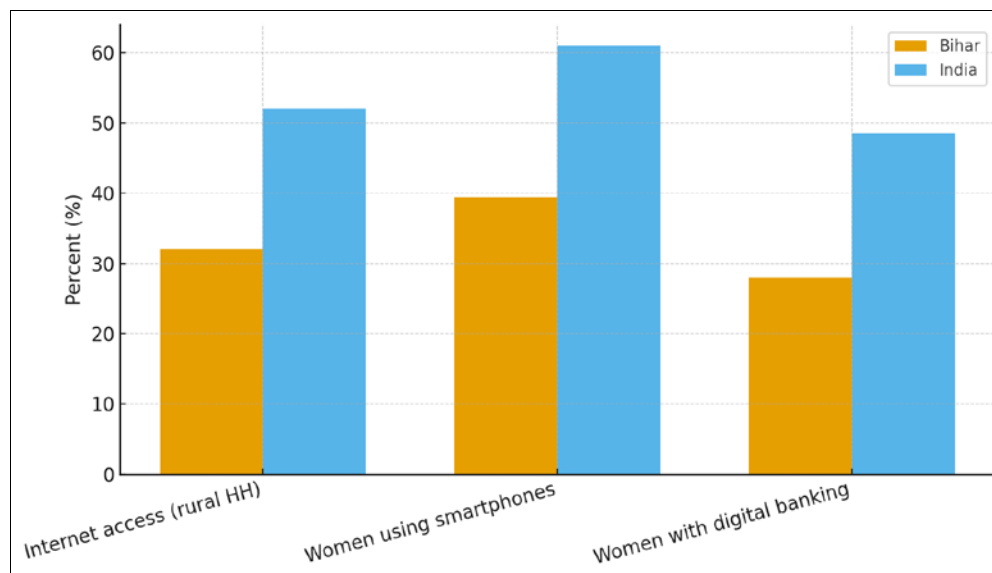


Fig 2: Digital Access Gap - Bihar vs. India

Muzaffarpur's district-specific strengths, particularly in agro-processing and handicrafts, offer enabling conditions. The district produces nearly 3 lakh tonnes of litchi annually, accounting for 40% of India's litchi output. Yet, less than 5% of litchi is processed locally, leading to missed opportunities for value addition. Similarly, while 1,200 women artisans are registered under GI-tagged Mithila paintings, the majority remain dependent on middlemen, capturing less than 40% of final sale prices.

At the same time, limiting factors outweigh enabling ones. Finance remains a major barrier, as the average Mudra loan size sanctioned to women in Bihar was ₹38,000, compared to ₹64,000 for men, showing a 40% gender gap in credit access. Such disparities keep women confined to micro-scale activities like tailoring or petty trade.

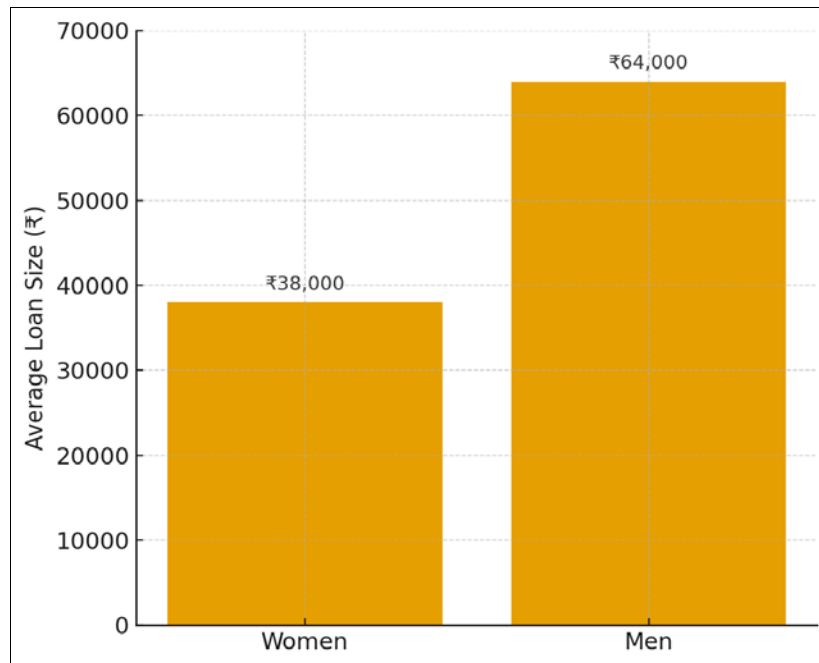


Fig 3: Average Loan Size by Gender under Mudra in Bihar

Infrastructural weaknesses further constrain women's enterprises. Studies show that 15-20% of the litchi harvest in Muzaffarpur is lost annually due to lack of cold storage

and logistics. Power shortages and poor industrial cluster facilities add to operational costs, reducing competitiveness.

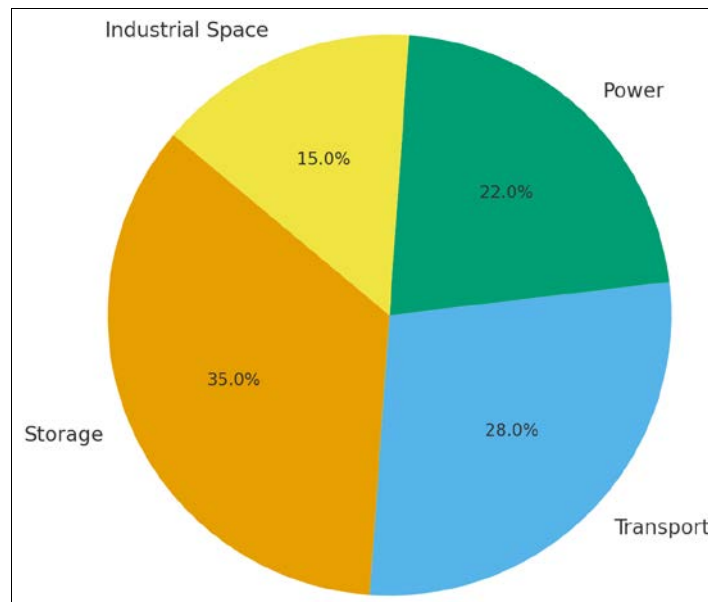


Fig 4: Infrastructural Barriers Reported by Women Entrepreneurs

Socio-cultural barriers remain equally restrictive. NFHS-5 reports that 72% of rural women entrepreneurs in Bihar face resistance from families when attempting to expand enterprises outside villages. This not only reduces mobility but also results in many enterprises being formally registered under male relatives' names despite being managed by women.

Policy implementation suffers from weak delivery. Data from the Department of Industries shows that in 2022, only 58% of beneficiaries under Mukhyamantri Udyami Yojana received timely disbursement, while less than 35% of Women Industrial Policy funds were utilized. This gap between policy design and execution undermines trust and reduces the intended impact of state interventions.

Taken together, the results show a dual reality: enabling mechanisms such as SHGs, training, and local resource strengths create entry points for women entrepreneurs, but systemic barriers in finance, infrastructure, digital access, and policy implementation restrict their ability to scale enterprises. Muzaffarpur illustrates this paradox well: it has the natural and cultural assets to foster women's entrepreneurship, yet remains constrained by persistent institutional and socio-economic limitations.

5. Case Analysis: Muzaffarpur District

Muzaffarpur stands out as one of Bihar's most dynamic districts for women entrepreneurship, owing to its strong base in agro-processing, handicrafts, and SHG-led

cooperative ventures. Yet, the district reflects the dual realities of opportunity and constraint that characterize women's participation in the MSME sector across the state. The district's comparative advantage lies in its agricultural produce, particularly Shahi Litchi, which accounts for nearly 40% of India's litchi production. Despite this, only 5-7% of output is processed locally, with the majority sold raw in unorganized markets ^[12]. Women entrepreneurs have entered small-scale enterprises in pulp extraction, jam-making, and pickles, often supported by SHGs and NABARD-backed training programs. However, lack of cold storage and logistics facilities has limited the scalability of these enterprises.

In addition, Muzaffarpur has a strong tradition of handicrafts, including Mithila paintings and handloom weaving. Around 1,200 women artisans are formally registered under GI-tagged Mithila clusters, but field surveys indicate that over 60% of sales are still mediated by

middlemen, reducing profit margins and limiting direct market access ^[13]. Similar trends are visible in women-led handloom clusters, where artisans struggle to modernize production techniques.

Table 3: Women Entrepreneurs in Muzaffarpur by Sector (2022)

Sector	Women Entrepreneurs (Nos.)	Share (%)	Avg. Enterprise Size
Agro-processing (litchi, dairy, pickles)	2,500	26.5	5-10 workers
Handicrafts & Handloom	1,200	12.7	3-5 workers
Retail & Trade	3,000	31.9	2-3 workers
Services (beauty, tailoring, IT-enabled)	2,200	23.4	2-4 workers
Others	520	5.5	Small-scale

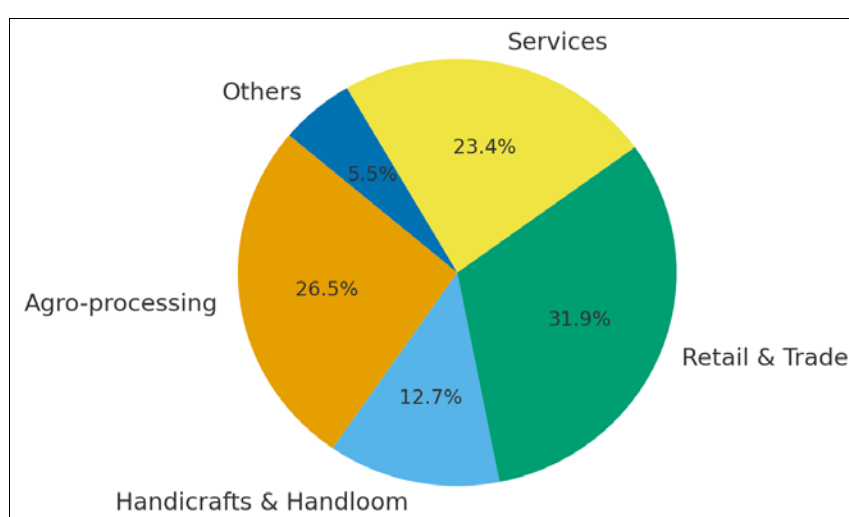


Fig 5: Sectoral Distribution of Women Entrepreneurs in Muzaffarpur

A success story comes from the Bochaha block, where a women-led cooperative established a litchi-processing unit with support from Jeevika and NABARD. The cooperative, involving 300 women members, generated revenues of nearly ₹2.5 crore in 2021-22, exporting pulp to Delhi and Kolkata ^[14]. This example illustrates how collective action, combined with institutional support, can enable women entrepreneurs to overcome traditional barriers.

At the same time, challenges dominate the broader entrepreneurial landscape. A survey conducted by MSME-DI Patna in 2022 revealed that 68% of women entrepreneurs in Muzaffarpur cited market access as their most pressing issue, followed by 54% reporting credit constraints, 42% facing rising raw material costs, and 35% highlighting bureaucratic delays ^[15].

When compared to other districts, Muzaffarpur demonstrates both strengths and gaps. Patna benefits from better infrastructure and higher literacy, leading to greater participation in IT-enabled services and start-ups. Bhagalpur dominates in silk weaving, a women-led industry, but modernization and branding remain weak. Darbhanga shows promise in makhana-based enterprises, yet suffers from poor processing facilities. Muzaffarpur, in contrast, combines agricultural and cultural strengths but remains highly dependent on intermediaries and constrained by infrastructure gaps.

6. Policy Implications

The findings from Bihar and Muzaffarpur demonstrate that while enabling factors such as SHGs, family support, and district-specific resources provide a base for women's entrepreneurship, systemic barriers continue to prevent growth beyond subsistence enterprises. To address this dual reality, policy interventions must move from fragmented schemes toward an integrated ecosystem approach.

First, financial inclusion requires reorientation. Women in Bihar receive smaller loan amounts than men, with the average Mudra loan to women at ₹38,000 compared to ₹64,000 for men ^[16]. This 40% gap constrains expansion into growth-oriented ventures. Establishing *Women Entrepreneur Credit Desks* at rural banks, expanding credit guarantee coverage, and linking SHGs with MSME financing could reduce dependence on microcredit and enable larger-scale enterprises. Additionally, monitoring mechanisms should ensure that sanctioned funds, such as those under the Mukhyamantri Udyami Yojana, are disbursed on time, something that only 58% of beneficiaries reported receiving in 2022 ^[17].

Second, skill development programs must become more market-linked. With only 15-16% of trained women in Bihar transitioning to entrepreneurship, training schemes such as PMKVY require redesign to include modules on digital literacy, marketing, and supply chain management. Setting up district-level incubation centers in hubs like

Muzaffarpur and Bhagalpur could provide mentorship, technology support, and access to markets, bridging the gap between training and enterprise creation.

Third, infrastructure investment is essential. Muzaffarpur alone loses nearly 15-20% of its litchi harvest annually due to inadequate cold storage and logistics^[18]. Establishing women-centric industrial clusters with shared facilities for storage, packaging, and quality control would enhance value addition. Similarly, the creation of *Women Industrial Parks* with affordable workspace and childcare facilities would encourage women to operate outside home-based enterprises.

Fourth, digital empowerment can be transformative. With only 32% of rural households in Bihar having internet access compared to 52% nationally^[19], bridging this gap is critical. Scaling up *PMGDISHA* programs, introducing digital mentorship through peer entrepreneurs, and subsidizing digital tools for SHGs could improve access to e-commerce platforms such as Amazon Karigar, Flipkart Samarth, and GeM.

Governance reforms are needed to align policies with ground realities. Establishing a *Women Entrepreneurship Cell* under the Department of Industries could coordinate across schemes, monitor fund flows, and provide a grievance redressal mechanism. Regular impact assessments should be mandated to track outcomes, not just allocations, ensuring that policies benefit women beyond urban and semi-urban centers.

7. Conclusion

Women's entrepreneurship in Bihar's MSME sector reflects both opportunities and persistent barriers. The analysis shows that enabling factors such as SHGs, microfinance, skill development programs, and district-specific resources like Muzaffarpur's litchi and Mithila handicrafts provide women with entry points into enterprise creation. In Muzaffarpur, success stories such as cooperative-led litchi processing and GI-certified handicrafts highlight the potential for women-led enterprises to expand into regional and even national markets.

At the same time, limiting factors remain more powerful than enabling ones. Women continue to face financial exclusion, with the average loan size sanctioned to women entrepreneurs 40% lower than that for men. Infrastructural gaps lead to significant post-harvest losses in agro-processing, while poor logistics and energy deficits raise costs. The digital divide, with only 32% of rural households in Bihar having internet access, excludes many women from e-commerce and digital banking platforms that are increasingly essential for enterprise growth. Furthermore, patriarchal norms and low asset ownership limit mobility and reduce women's bargaining power in both households and markets.

Policy initiatives such as the Start-Up Bihar Policy, Mukhyamantri Udyami Yojana, and central schemes like Mudra and Stand-Up India have created important avenues, but implementation challenges dilute their effectiveness. Delays in fund disbursement, low awareness, and weak monitoring mean that benefits often fail to reach intended beneficiaries.

The evidence from Muzaffarpur underscores that women's entrepreneurship cannot thrive on microfinance and training alone. It requires a comprehensive ecosystem anchored in inclusive finance, market-linked skills, infrastructural support, digital empowerment, and institutional reforms. District-specific strengths should be leveraged to build women-centric clusters, while governance structures must

ensure accountability and timely delivery.

So, women entrepreneurs in Bihar are not only contributors to household income but also potential agents of structural transformation. Strengthening their role in the MSME sector is thus not merely an economic imperative but also a pathway to gender equity, social justice, and sustainable development in one of India's most underserved states.

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