United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 | Impact Factor: 6.934 (SJIF)
Volume 3, Special Issue -IX, 2026; Website: www.uijmr.in

Women Entrepreneurship and GST – Opportunities, Constraints, and Gendered Impact Across Regions

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DOI:10.37854/UIJMR.2026.3.3.9.562

Abstract

Women entrepreneurship is now gaining momentum as an important part of inclusive economic development, especially in a diverse economy such as India, where women play a significant role in both the formal and informal economies. The implementation of the Goods and Services Tax (GST) was a major change in the taxation system of the country, to streamline the operations and enhance transparency and formalization of businesses. It is thus important to know how GST has affected women entrepreneurs in various regions in this dynamic economic environment. However, the literature is mostly on the general economic impacts of GST, and little has been said about the gendered impacts of the GST. A significant knowledge gap is evident in how female entrepreneurs, particularly the small-scale or less developed ones, perceive the opportunities and the challenges presented by GST. The purpose of the current research is to investigate the opportunities that GST offered to women entrepreneurs, determine the limitations that affect them in the process of adjusting to the new system, and assess the gendered effects in the regions. It is a review of secondary data in the form of policy reports, government publications, and literature in this regard. The results indicate that GST has created new possibilities through the formalization of businesses, increased

access to markets, and integration into larger supply chains. Meanwhile, female entrepreneurs still have several limitations, including the complexity of compliance, a lack of digital literacy, insufficient awareness, and limited access to financial resources. Such difficulties become more vivid in rural and less developed areas, and the disparity in the regions can be seen. The research concludes that though GST has the potential to empower women entrepreneurs, the gains are not equally distributed. The policy measures should be more inclusive and gender sensitive to make sure that women in different regions are fully involved and beneficiaries of economic reforms.

Keywords Women Entrepreneurship; GST; Gendered Impact; Constraints; Regional Disparities

Introduction

Women entrepreneurship has been gaining momentum to take centre stage in the inclusive development debate, especially in the emerging economies where gender inequality in economic involvement is still high. Women-owned businesses are a substantial portion of the micro and small business ecosystem in India, but their development patterns are typically limited by structural inequalities such as access to capital, mobility, and socio-cultural practices (Minniti, 2010; Goyal and Parkash, 2011). Although the policy efforts have aimed at boosting women-owned businesses, the conversion of subsistence-based businesses to sustainable business ventures has not been uniformly spread across regions and sectors.

The implementation of the Goods and Services Tax (GST) in 2017 was a ground-breaking change in the Indian indirect tax system, which was aimed at establishing a national market, improving clarity, and motivating formalization (Government of India, 2017). Theoretically, GST can be interpreted as a formalizing mechanism providing the incorporation of informal enterprises into legal economic systems and thus, widening their avenues to the market and institutional provision (Kumar, 2018). Such reforms have the potential to lower the barriers to entry of women in business and enhance business scalability, especially those whose businesses enter the periphery of the formal economy. New data indicate that the consequences of GST are not evenly distributed and can replicate the existing gendered inequalities. GST is compliance-intensive, with its digital filing systems, frequent documentation, and complexity of the procedures potentially disproportionately disadvantaging women entrepreneurs who may not have access to digital infrastructure or financial literacy (Joshi, 2020). Moreover, the businesses of

women are mainly located in low capital, informal, and household sectors, and therefore their shift to the formal tax system is expensive and unpredictable (Tambunan, 2009). This brings serious concerns on the question of whether GST as a policy tool can help to enable people, or rather reinforce exclusion.

Further, the effects of GST have a high regional dispersion, which is influenced by the differences in infrastructural, institutional, and socio-economic factors. The women entrepreneurs in the urban and economically developed areas have an advantage to use the advantages of formalization, and the women in the rural and less developed areas experience multiplied constraints because of the weak institutional connections and restricted market access (World Bank, 2019). The existence of such distinct results highlights the necessity to study GST with a gendered and spatial approach.

Although there is an increasing body of research on GST and entrepreneurship, a significant gap in the knowledge about the intersection between tax reforms and gender and place-based differences in the formation of entrepreneurial experiences still exists. Current research is more macroeconomic or firm-based, and they do not always reflect the real experiences of women entrepreneurs in various settings. The current research fills this gap, critically analyzing the opportunities, constraints, and gendered effects of GST on women entrepreneurship in different regions in order to add to a more refined view of how economic change is driven by policy.

Research Gap

The change in the implications of the Goods and Services Tax (GST) on business performance, market integration, and economic formalization has been studied by a growing body of literature. The few studies have mentioned that GST has enhanced transparency, cascading of taxes, and ease of doing business, especially for formal enterprises (Kumar, 2018; World Bank, 2019). Simultaneously, studies of female entrepreneurship have given particular importance to socio-economic factors, institutional support, and gender norms in determining the participation of women in entrepreneurial activities (Minniti, 2010; Tambunan, 2009). Though these two lines of literature have developed mostly independently.

The current research on GST assumes mainly a macroeconomic or firm-based approach, including studies of taxation efficiency, compliance framework, and economic performance, with little emphasis on the gender-specific effects (Joshi, 2020). On the same note, literature on women in business seldom analyzes access to finance, training, and empowerment outcomes out of the context of the overall picture of structural

economic reforms like GST. Consequently, there has been an incompleteness of combined analysis that takes into consideration the intersection between taxation reforms and gender dynamics in the creation and limitation of entrepreneurship opportunities.

Moreover, the gap in the knowledge of the gendered effect of the GST in various regional contexts is quite big. The majority of the research is inclined to generalize results without considering the spatial differences in infrastructures, digital access, and support systems. The conditions under which women entrepreneurs work in rural and less developed areas are significantly different than those of their urban counterparts, but the heterogeneity of this phenomenon has not been sufficiently investigated in the literature.

The other vulnerable gap is the little attention given to the lived experiences and adaptive issues of women entrepreneurs in the GST regime. The problem of digital literacy, compliance burden, informal business structure, and socio-cultural limitations are frequently recognized but not carefully examined in the context of policy outcomes. Therefore, the subtle mechanisms according to which GST would facilitate or limit the participation of women in the business world have not been well comprehended. It is against these gaps that the current paper aims to give a more context-sensitive integrated approach by addressing the opportunities, limitations, and gender effects of GST on women entrepreneurship in different regions. The research bridges the gap between gendered economic participation and taxation policy, and therefore, the study enhances the overall picture of inclusive entrepreneurial development in India.

Objectives of the Study

The present study is undertaken with the following objectives:

1. To examine the opportunities created by the Goods and Services Tax (GST) for women entrepreneurs in India.
2. To identify the key constraints faced by women entrepreneurs in adapting to the GST framework.
3. To analyze the gendered impact of GST on women entrepreneurship across different regional contexts.
4. To assess how structural and socio-economic factors influence women's participation in the formalized economic system under GST.

Review of Literature

The issue of taxation reforms and entrepreneurial development has received significant scholarly interest, especially in respect of emerging economies. The introduction of the Goods and Services Tax (GST) in India has generally been seen as a

structural change to enhance efficiency, transparency, and the formalization of the economy (Government of India, 2017). According to the research on the macroeconomic effects of GST, it has simplified indirect taxation, minimized cascading effects, and enabled fragmented markets to be merged into a single national economy (Kumar, 2018). Nonetheless, little has been researched on the implications of such reforms on micro-level players, particularly women in businesses.

The contribution of women to economic development and the reduction of poverty has been a significant aspect in entrepreneurship literature. As Minniti (2010) pointed out, both opportunity structures and socio-cultural constraints affect entrepreneurial participation by women. In the same vein, Goyal and Parkash (2011) noted that women entrepreneurs in India are slowly gaining ground in business fields, but their development is usually hampered by the unavailability of funds, education, and institutional facilities. Tambunan (2009) also observed that women-owned business ventures are mostly found in low capital, informal sectors, thus more susceptible to structural economic shifts.

Since the introduction of GST, formalization has become increasingly popular, offering both opportunities and challenges to a small-scale entrepreneur. On the one hand, GST has helped businesspeople to gain access to the market, participate in the formal chain of supply, and have access to greater credibility in business due to the standardization of the processes of taxation (World Bank, 2019). Conversely, it is found that compliance requirements in GST, including digital filing, invoice matching, and regular reporting, are challenging, especially to small and informal enterprises (Joshi, 2020). The latter challenges are especially aggravated in cases of women entrepreneurs because of the lack of digital literacy, mobility, and access to financial and informational resources.

The gendered aspects of economic reforms have also been pointed out by recent studies. As an example, Osei and Zhuang (2024) suggest that institutional and policy settings are vital to determining the performance of entrepreneurship, especially when it comes to marginalized communities. When examining the case of women entrepreneurs in India, it is common to find that their actions are shaped by socio-cultural systems that bind their discretion and authority to make decisions, hence influencing their flexibility to policy changes like GST. Moreover, the infrastructural, digital, and institutional lacks and differences in different regions provide women entrepreneurs with unequal opportunities in various locations of the country (World Bank, 2019).

With these observations, however, there is still no major research that combines taxation reforms, gender relations, and regional inequalities in a single analytical framework. The majority of the current studies concentrate on GST as a fiscal reform or study women's entrepreneurship separately, without paying significant attention to their intersection. Thus, a more comprehensive perspective on the impact of GST on women entrepreneurship in terms of opportunities, constraints, and gendered results in different regions is required.

Methodology

The current research will take a conceptual and analytical research method to investigate the opportunities, limitations, and gendered effects of the Goods and Services Tax (GST) on women entrepreneurship in various regions. Considering the exploratory character of the study, a qualitative research design has been utilized with the major dependence on secondary data sources. The sources used to collect data in the study were very broad and encompassed government reports, policy documents, research articles, and publications of national and international organizations like the Ministry of Finance, NITI Aayog, and the World Bank. A review of relevant literature on GST, women entrepreneurship, informal economy, and gendered economic participation was conducted in order to formulate an in-depth perspective of the topic. The paper aims at examining some of the key dimensions, including the opportunities created by GST in the context of business formalization and market integration, the challenges of compliance burden, digital literacy, and financial resource access, and the varying effects of GST on women entrepreneurs in rural and urban areas. The analysis of the effects of structural and socio-economic factors on the capacity of women to adjust to the GST regime was conducted in a comparative and interpretative analytical framework.

Also, the paper has included a gender lens to critically evaluate the interaction of policy reforms and prevailing inequalities and determine the effects on entrepreneurial results. In the analysis, regional differences are highlighted, and they include the difference in infrastructure, institutional support, and digital access that impact the degree to which women entrepreneurs can enjoy GST. The study results rely on the synthesis and critical interpretation of secondary data and are designed to bring valuable knowledge on the overlap of taxation reforms and women entrepreneurship. Although the research is not based on primary field data, it provides a conceptual basis for how future empirical studies in the field can be conducted.

Results and Discussion

The results of the research are elaborated based on the objectives mentioned, which gives a broad overview of opportunities, limitations, and gendered effects of the Goods and Services Tax (GST) on women entrepreneurship in various regional settings. The structural and socio-economic factors also play a role in influencing the involvement of women in the formal economy, which is also identified in the analysis.

Opportunities for Women Entrepreneurs under GST

Associated with the first objective, the research has shown that GST has generated several structural opportunities that can increase the role of women in the entrepreneurship process. The most important change that GST has initiated is the elimination of inter-state taxation barriers, thus making it easier to have a unitary national market. This has helped women entrepreneurs, especially those involved in small-scale production or handicrafts or service-based enterprises, to access larger markets than just those of their immediate localities. The benefit of market access has led to the growth of business visibility and the opportunities of scaling up operations.

Moreover, GST has brought more transparency and accountability in business transactions due to standard operations of taxation. This has enhanced the legitimacy of the business ventures that are headed by women in formal markets, and consequently, they can find it easy to forge business relationships with their suppliers, buyers, and financial institutions. The input tax credit mechanisms have also minimized the cascading effect of tax, thus enhancing cost efficiency to the enterprises that can meet the system.

The other significant opportunity that arises as a result of GST is the encouragement of digitalization. Online registration, filing of returns, and invoicing requirements have promoted the use of digital tools and platforms. For women entrepreneurs where digital infrastructure and training are available, the transition has also allowed easier record-keeping, financial management, and incorporation into formal supply chains. In this respect, GST has been a driver of modernization and formalization, new avenues of entrepreneurial development, and economic empowerment.

Constraints in Adapting to GST

However, as part of the second goal, the research notes that there are various limitations to the successful inclusion of women entrepreneurs in the GST regime. The complexity of compliance procedures is one of the most vivid challenges. GST also involves periodic submission of returns, keeping of electronic records, and following elaborate documentation. Small and informal businesses can be especially problematic

with such requirements, as women entrepreneurs in many cases have a limited number of resources and support. Another key limitation is digital literacy. Most of the women entrepreneurs, particularly in rural and semi-urban regions, do not have the skills and knowledge needed to manoeuvre online systems to comply with GST. The dependency on online platforms without proper training forms a barrier to accessing the formal tax system. The compliance cost, such as employing accountants or tax advisors, also adds to the reason why small-scale women entrepreneurs are not keen to register under GST.

Availability of financial resources is also a major problem. Women entrepreneurs are usually challenged to access credit because of the unavailability of collateral, little financial history, and institutional biases. This limits their capability to invest in business growth or to comply with requirements. These issues are further aggravated by socio-cultural elements, including the lack of mobility, time limitations based on domestic chores, and a lack of decision-making power. Consequently, a large number of women entrepreneurs remain in the informal sector, which restricts their chances of enjoying the GST.

Gendered Impact of GST

In relation to the third objective, the research points out that the effect of GST is gendered by its nature since it interacts with the existing disparities in resources, information, and institutional support. The low-capital, home-based, and informal businesses are disproportionately represented by women entrepreneurs, which complicates and makes uncertain the transition of such businesses into the formal taxation system. Although the idea of GST aims at inclusiveness and integration of the economy, the practice fails to fully consider the structural disadvantages that women encounter. GST is highly compliance-based, and it must accommodate digital standards, which can inadvertently marginalize women who are not technologically or train-wise equipped. This gives rise to a scenario where the reform only favors those who are already in a relatively better position at the expense of the already disadvantaged. Simultaneously, those women who can overcome these obstacles and adjust to the GST system can gain a lot, such as improved access to the market, a higher degree of business legitimacy, and better financial autonomy.

This two-fold aspect of impact shows the significance of a gender-sensitive approach when designing and implementing policies. GST will only strengthen previous inequalities unless it is addressed with specific interventions. As such it is important to learn more about the gendered aspects of GST so that economic reforms can lead to fair

development.

Regional Variations in Impact

When touching on the fourth objective, the study concludes that the effect of GST on women's entrepreneurship differs significantly among different regions. Access to infrastructure, digital connectivity, financial services, and institutional support is more likely to be available to the women entrepreneurs in the urban and economically developed areas. These benefits would allow them to be more effective in meeting the requirements of GST and to take advantage of the opportunities introduced by the reform. Conversely, women in rural and less developed areas are subjected to several limitations, which are poor internet connectivity, a lack of awareness, an inability to access training programs, and ineffective institutional connections. These aspects do not help them to be able to register under GST, meet its requirements, and be absorbed into formal markets. Consequently, GST is not spread evenly, and there is a large gap between areas.

These results suggest that GST as a policy change does not exist in a vacuum, but it is highly affected by the general socio-economic conditions. GST will succeed in enhancing women entrepreneurship, provided there are supportive infrastructures and institutional mechanisms at a regional scale.

Influence of Structural and Socio-economic Factors

With respect to the fifth objective, the study notes that structural and socio-economic elements are determining factors in influencing the entrepreneurial participation of women within the GST framework. Education, digital literacy, information accessibility, financial inclusion, and institutional support are some of the factors that greatly affect the capacity of women entrepreneurs to adjust to the changes in the policies. More educated women who have access to training have a higher chance of learning and implementing the GST requirements. On the same note, the availability of digital tools and access to financial services increases their ability to engage in formal economic activities. This transition is also supported by institutional assistance, through training programs, awareness programs, and funds.

On the other hand, women who do not have these resources will have more chances of being left out of the benefits of GST. This underscores the importance of the reinforcement of institutional structures and the reduction of socio-economic inequalities to make policy changes inclusive. The importance of bridging such gaps is with the aim of empowering women entrepreneurs in the various regions to optimize on and enjoy the

changing economic environment.

Conclusion

The current research paper identified the opportunities, limitations, and gendered effects of the Goods and Services Tax (GST) on women entrepreneurship in various regional settings in India. The results have shown that GST has established a structural framework that facilitates the formalization of business, transparency, and broader market access. The alterations present possibilities for women entrepreneurs to grow their businesses and enter the formal economy. The research also shows that the gains of GST are not evenly spread. Women in business, especially those in informal and small-scale businesses, are greatly impacted by the need to adjust to the compliance-based and digitally-driven GST regime. Their limited digital literacy, ignorance, financial constraints, and socio-cultural factors remain constraints to their participation. The discussion also outlines that the effects of GST are gender and area-based, with women in rural and less developed areas having a bigger challenge because of poor infrastructure and institutional reinforcement. On the whole, the research finds that GST can contribute to female entrepreneurship, but its success depends on the rest of the socio-economic space and the level of structural imbalance mitigation.

Policy Implications

The study results indicate the necessity of gender-specific policy intervention to make GST more effective in stimulating women's entrepreneurship. First, it is necessary to streamline the GST compliance processes, especially for micro and small businesses, so that the burden on the women entrepreneurs is lessened. Participation can be made easier by introducing easier systems of filing returns and offering convenient digital platforms. Second, the capacity-building programs on digital literacy and awareness of GST procedures should be reinforced. The knowledge gap can be addressed through training programs that are specific to women entrepreneurs so that their confidence in handling tax-related processes will be enhanced. Third, there is a need to enhance access to financial resources. Their transition to formal business systems can be facilitated through policies that seek to improve access to credit by women entrepreneurs, such as collateral-free loans and financial inclusion initiatives. Fourth, enhancing institutional support structures, which may include extension services, entrepreneurship development initiatives, and women-centred business networks, can be very important in facilitating adaptation to GST. The development of collaboration among government agencies, financial institutions, and non-governmental organizations can enhance outreach and

effectiveness. Lastly, there needs to be region-specific strategies to ensure that inequalities in infrastructure and institutional access are dealt with. More emphasis ought to be on rural and underdeveloped areas so that there shall be equal chances of sharing opportunities and benefits of GST. These policy provisions would help in the establishment of an enabling environment whereby women entrepreneurs in the different regions are able to benefit and actively engage in economic reforms.

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