

**Micro, small and medium scale enterprises (MSMEs)  
in Sri Lanka: Obstacles for the development of  
female headed small and micro enterprises**

Shanuka Senarath  
Department of Economics,  
University of Colombo

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It is the common belief that the development of MSMEs is an effective means of sustainable long-term economic development and poverty alleviation. However, MSME development may not only contribute in poverty reduction but also in employment generation, income generation, rural development, regional development, eradicating income inequality etc, and would finally contribute in macro economic growth. This paper using primary and secondary data is a study on identifying barriers that hinder the development of female headed Micro and Small Scale Enterprises (MSEs) in Sri Lanka.

In general MSEs face common obstacles that limit their development. However, compared to that of male headed SMEs, female headed SMEs face unique problems that affects negatively in their development and existence. Lack of ability to acquire financial facilities from banks due to lack of property ownership of women, insufficient help from their husbands or family for the development of the business and sexual harassments in attempts to acquire informal sector financial support seems major obstacles faced by female headed MSEs in Sri Lanka.

On the other hand, lack of skills and knowledge, legal barriers, complex and time consuming borrowing procedure, lack of education, non satisfactory support of the government policies, non availability of modern technology and infrastructure , less access to finance, volatile macro economic conditions, regulatory problems etc are common problems faced by both male headed and female headed MSEs. Most of the female headed MSEs have started as small or micro enterprises, with less capital, knowledge and skills. Yet, even though some of them have managed to grow, obstacles such as lack of access to formal financial facilities have turned most MSEs towards informal sector credit facilities, risking their long term development and existence. Thus, effective long-term policies are essential in order to protect and develop these infant and developing female headed MSEs in Sri Lanka. Providing easy access to credit facilities, provision of training and knowledge, minimizing legal and procedural barriers that restrict the growth of MSEs are long overdue.