

"A Study on Financial Credit Support for Women Entrepreneurs in Hubli-Dharwad"

Pushpa Hongal

Assistant Professor

Kousali Institute of Management Studies

Karnatak University

Dharwad – 580006

Submitted: 01-11-2021

Revised: 06-11-2021

Accepted: 09-11-2021

ABSTRACT:

Purpose: To Identify the financial literacy and Credit Support facilities awareness among women entrepreneurs in Hubli-Dharwad.

Research Design: Descriptive and Exploratory Research Design

Sample: Simple Random Sampling Technique. 100 Entrepreneurs chosen from the study in the areas of readymade garments, food processing, tailoring, Beauty Parlor and Manufacturing.

Data Collection Method: Structured Questionnaire

Major Findings: Women entrepreneurs should aim to gain knowledge, skills, and competences in financial literacy and financial management so that their firms may become more self-sustaining and lucrative.

Scope for Future Research: Similar Studies can be done with Cluster Environments, Family Business Enterprises, Start-ups.

1991 Liberalisation, Privatisation and Globalisation Policy, several economic changes have happened, which has accelerated the growth of entrepreneurs in India. Especially in the recent past, several institutions have devoted themselves to promoting women entrepreneurship, empowering women. Several Govt and Non-Govt institutions are rendering financial assistance to women for their innovative ideas aimed at skill development for Income and employment generation, which will help build our gross domestic product. There has been substantial growth in women's involvement in economic activities in the last few decades. The Govt. of India has taken several steps in promoting women entrepreneurs. Several schemes are specially designed to promote start-ups and businesses managed by women. The Ministry of Micro, Small and Medium Enterprises of the Government of India has opened a women's cell to assist women entrepreneurs.

The Women and Child Development department has launched several Income generating schemes. Many institutions, National Institute for Entrepreneurship and Small Business Development (NIESBUD), Entrepreneurship Development Institute of India (EDII), National Bank for Agriculture and Rural Development (NABARD), Federation of Indian Women Entrepreneur (FASME), and World Assembly of Small and Medium Entrepreneur (WASME), District Financial Institutions (DFI) in general and Small Industries Development of Bank of India (SIDBI), etc. SIDBI has schemes to develop effective linkage with many leading national and international agencies to pursue promotional and developmental activities of SSI units in Karnataka. SIDBI and Karnataka State Financial Corporation (KSFC) has launched many programmes for the growth of Women Entrepreneurship in Karnataka to motivate them to establish new enterprises and

I. INTRODUCTION:

Entrepreneurship is a rewarding career route. The growth of a country depends upon the status of enterprises in that country. At the same time, it comes not only with rewards but also with challenges. Since the past, the term "Entrepreneurs" has been mainly associated with the male gender, but the late number of women entrepreneurs is gaining momentum in the globalised economy. Women constitute nearly half of the country's population, but Though India has witnessed a significant rise in the number of women entrepreneurs over the past few decades, this field is dominated by male entrepreneurs globally. There are several reasons for the low growth of women entrepreneurs in India; besides cultural and social constraints, access to formal financial credit, financial literacy is vital reasons that hamper the growth of women entrepreneurs in India. After

upgrade and develop the existing ones. In Karnataka, the responsibility of women entrepreneurial development has been taken up by the Department of Industries and Commerce, which operates through the District Industries Center (DIC), Technical Consultancy Service Organization of Karnataka (TECSOK), Karnataka Small Scale Industries Development Corporation (KSSIDC), Karnataka Industrial Area Development Board (KIADB), Karnataka State Finance Corporation (KSFC), Center for Entrepreneurship Development of Karnataka (CEDOK) and Karnataka State Women Development Corporation (KSWDC). In October 2010, the KSIIDC setup a new helpline for women entrepreneurs. It offers guidance, facilitates loans and training in different skills under its new scheme called 'Udyogini,' and motivates women entrepreneurs to establish new enterprises and upgrade and develop the existing ones.

Despite several schemes and Support by government and non-government financial institutions, women entrepreneurs face problems accessing financial credit by commercial banks, micro-credit institutes etc. Many research studies show that more than 70% of the problems faced by women entrepreneurship are related to credit. Since 2004 financial inclusion has been one of the objectives of the financial system, and many financial institutions are providing credit facilities, training and other required assistance to women for their creative, innovative business ideas. However, according to the FICCI estimate, only 26 per cent of women in India have a bank account, and credit issued to women accounts for only 7.3 per cent of the total credit in the Indian financial system.

These numbers suggest a growing need for women's financial inclusion and a need for increasing financial literacy for women. While efforts to enhance MSMEs through priority sector lending targets and Credit Guarantee Schemes have been undertaken, women entrepreneurs get excluded from mainstream financing efforts. However, banks and other financial institutions are not deliberately excluding women, but disadvantaged women groups cannot get the facility somewhere. These women enterprises have more significant financial needs than an SHG but are not profitable enough for a commercial banker. A Goldman Sachs Global Investment Research Report that looked at loan rejection rates for small and medium enterprises (SMEs) found that rejection rates for women-owned SME's in India were almost double than those owned by men, and

it is a much higher rate than other countries in the world. The financial gap is widening in the Indian scenario. This calls for a serious study to understand **"why women entrepreneurs in India cannot access financial credit?"**

One of the success factors for enterprise growth is the entrepreneur's ability to access credit facilities, and the lack of it has caused many businesses to collapse. (Benard&No, 2011; Swinnenet al, 2001). A study by Rahma (2002) indicated that there are a variety of constraints on women entrepreneurs in accessing financial institutions services, including lack of collateral, unfriendly interest rates and other charges levied by financial institutions, and stringent conditions to be met before one can access credit. These constraints faced by women

entrepreneurs are aggravated by the need to compete in an aggressive business environment with rapid technological changes, globalisation of production, trade and financial flows, and intense local and international competition.

Financial institutions have historically viewed women entrepreneurs as a more doubtful proposition than men entrepreneurs. Today there is a greater awakening among women. If given the opportunity, they will deliver the results. Therefore, it is essential to encourage educated young women to entrepreneurial streams with financial, technical, and scientific assistance. Hence, an integrated approach is necessary for moving to women entrepreneurship a success. Governmental and Non-governmental organisations should make more focused and directed efforts and initiate specific programmes for women entrepreneurship development.

India has a vast pool of human resources in the form of non-working women, which can contribute to economic growth if capital is arranged and hand-holding for starting a business is done. India's experience in microfinance indicates that women entrepreneurs are the right group for the banks to target. A study using a global dataset covering 350 microfinance institutions (MFIs) in 70 countries, including India, indicates that more women clients are associated with lower portfolio-at-risk, lower write-offs, and lower credit-loss provisions, *citrus paribus*. Hence, it is rightly said by the Managing Director, World Bank that "Investing in women entrepreneurs is smart economics".

There is a need for changing the mindset towards women to give equal rights to women and attain, in a real sense, gender equality. In the words of president APJ Abdul Kalam "empowering women is a prerequisite for creating a good nation, when women are empowered, a society with stability is assured. Women's empowerment is essential as their thoughts and value systems lead to the development of a good family, good society, and ultimately a good nation."

II. NEED FOR STUDY:

Women force has become an integral part of economic development in India. After 1991 India has witnessed several changes in the economic and political front. In this century, women entrepreneurs are essential to the global quest for sustained economic development and social progress. In India, though women have played a vital role in society, their entrepreneurial ability has not been adequately tapped due to the lower status of women in society. From the Fifth Five Year Plan (1974-78) onwards, their role has been explicitly recognised with a marked shift in the approach from women welfare to women development and empowerment. The development of women entrepreneurship has become an essential aspect of our plan priorities. Several policies and programmes are being implemented for the development of women entrepreneurship in India.

Many research studies show that one of the major problems women entrepreneurs face in India is accessing credit facilities. Despite several financial institutions support and schemes, credit facilities are not reaching the disadvantaged women group. Both state govt and central govt have designed schemes to promote women enterprises in India; despite this fact majority of them are away from the benefit. While banks do not deliberately exclude women, something in the system is not working. In rural areas and even in big cities, women with an entrepreneurial spirit cannot realise their full potential without financial credit support. Financial literacy among the women group is also low, and most of them are excluded from financial Support compared to their counterparts. This necessitated the need to understand financial credit facilities available to women enterprises and the need for financial inclusion and policy measures to bridge the gap between the provider of service and utilisation of credit.

Mwenda & Muuka (2004) observed that despite many financial institutions engaging in the intensive promotion of their products and services, including credit facilities, their uptake by women entrepreneurs remains limited, hence the impetus for this study. The study is an attempt to understand the financial gap between Support by financial institutions and utilisation of service by women entrepreneurs

III. REVIEW OF LITERATURE:

According to a study conducted by George Washington University, women globally lag behind males in terms of financial literacy. The challenge is to narrow the gender gap by addressing all financial difficulties. Financial education entails learning about finances and the financial environment through a course of study. The scope of financial education has expanded. Financial education focuses on financial knowledge, financial aspirations, and financial fulfilment.

According to Emira Kozarevic et al. (2016), financial knowledge of management has a vital impact in their capacity to make crucial financial decisions. The global financial crisis is being blamed on a lack of financial literacy. Today, a wide range of financial goods and services are accessible for both individuals and businesses, making it difficult to make educated financial decisions. The knowledge level of the decision makers will have a big impact on the quality of company choices. The authors argue that financial literacy could be one of the most important factors promoting economic growth, because decisions made by management, whether knowingly or unknowingly, have a direct impact on the profitability of businesses and, ultimately, the overall economy of the society to which the business houses belong.

According to Ms Gurveen Kaur et al. (2017), many women in both urban and rural India are unable to achieve their entrepreneurial goals due to a lack of adequate banking facilities as a result of low financial inclusion. The author believes that achieving the goal of financial inclusion among women entrepreneurs may also benefit the country's socioeconomic growth. However, improving financial services in response to the changing demands of women entrepreneurs and educating them on newly created goods and services is a key aspect in the expansion of financial inclusion programmes.

Musa Abdullahi Bayero (2015) attempted to investigate the relationship between female entrepreneurship and financial inclusion in his research. In order to establish a relationship

between financial inclusion and female entrepreneurship, conceptual papers, prior reports, and empirical publications were evaluated. The author finishes by stating that women are accountable for a big proportion of adults who are not financially included, despite their capacity to contribute significantly to economic progress. It is critical to understand the barriers that prevent women from obtaining formal financial services.

(OECD, 2012; World Bank, 2013) emphasises the need of providing male and female entrepreneurs with equal access to funding in order to achieve success in entrepreneurship.

To guarantee that women have sufficient access to financial goods, numerous training sessions should be held to raise awareness about the new financial solutions tailored for female entrepreneurs. Financial literacy is required to take advantage of proper financial products.

IV. OBJECTIVES OF THE STUDY

The main objective of this study is "To understand the gap between Financial Credit facilities available and realization

of this facility by women entrepreneurs."

The following specific objectives guided the study:

1. To study the extent to which the number of lending institutions available to women entrepreneurs in Hubli Dharwad Cities
2. To study and understand factors that affect women entrepreneurs in utilizing financial Support by these financial institutions (collateral securities, interest rates etc.)
3. To determine the extent to which literacy levels of women entrepreneurs affect their access to finance in Hubli-Dharwad Cities.

V RESEARCH METHODOLOGY:

This study is confined to only Hubli-Dharwad cities. To conduct the study and meet the above objectives it is proposed to conduct research by using both primary and secondary data. This study uses both exploratory and descriptive research methods. It is planned to conduct focus group interview and panel discussions of women entrepreneurs and financial institutions, so as to understand the credit support availability and realization of these service. It's also proposed to collect information from women entrepreneurs with the help of structured questionnaire. Collected information will be analyzed by using statistical tools. Data were confined to Five Previous Financial Years i.e., from 2015 – 2020. The Study Carried out with multi sector women entrepreneurs

such as Readymade Garments, Beauty Parlor, Tailoring, Manufacturing and Food Processing.

VI DATA ANALYSIS

When asked what they meant by financial literacy, the majority of women entrepreneurs in the Hubli- Dharwad region defined it as understanding finances, money management, saving, ensuring cash flow, taking care of costs, accounting, profit making, handling money, and being familiar with financial language in order to sustain the business and themselves.

When asked if they had received formal financial literacy training, the majority of the women revealed that they had never received formal financial literacy training; a few women had received some form of financial literacy training while still in school, others as an introductory course in a tertiary institution.

Funds for beginning a business: The majority of female entrepreneurs reported that they began their businesses with their own funds, primarily from past jobs. Less than a quarter of the women had borrowed money to start their enterprises, largely from family members; none of them had received a loan from a financial institution. The female entrepreneurs also reported that they began modest, with a tiny amount of money, most of them with Rs. 10,000 or less. According to one of the ladies, "I started very tiny with 5 children, I used my savings, around Rs. 10,000 and I managed the school from home."

Financial Literacy Gap Analysis:

Literacy reflects the socioeconomic situation and well-being of a nation's population. The gender gap in literacy is a barrier to a person's growth as well as the development of the nation to which the individual belongs. It is widely acknowledged that without basic literacy abilities, it is difficult to succeed in today's contemporary society. Since financial literacy is not synonymous with literacy. It is the capacity to read and write, as well as make educated decisions, that allows a person to better plan for their future. Thus, in the future, it will be difficult to succeed in the modern corporate system without a fundamental understanding of finance and economics.

A financial literacy gap of more than 2.5 was deemed to be an area that required the most attention. The literacy discrepancy between 1.5 and 2.5 was significant, but it paled in comparison to the margin bigger than 2.5. A literacy gap of less than 1.5 is should be attacked with vigour. Entrepreneurs have a low understanding of the time value of money, which should be addressed severely.

Table 1 No of Women Entrepreneur in Hubli – Dharwad City

Sl. No	Year	No of Women Entrepreneur
1	2015- 16	103
2	2016- 17	175
3	2017- 18	217
4	2018- 19	294
5	2019- 20	169
Total		958

(Source: DIC, Dharwad, Data provided up to March 31, 2020)

Table 2 Type of the Business Owned

Sl. No	Education Qualification	Respondent	%
1	Food grain Processing	10	10%
2	Readymade Garments	10	10%
3	Manufacturing	10	10%
4	Tailoring	30	30%
5	Beauty Parlor	20	20%

Table 3: Financial Literacy GAP Analysis:

Sl. No	Dimensions	Exp Mean Score	Experienced Mean Score	Literacy Gap	Std Deviation
1	Familiarity with the dates of depositing and withdrawing of money in bank account	5	3.8	1.2	1.10
2	Knowledge about the time value of money	5	1.08	3.92	1.10
3	Knowledge about preparation of various types of budgets.	5	2.04	2.98	1.15
4	Knowledge about various sources for accessing credit.	5	2.3	3.2	1.25
5	Knowledge about various sources for investing the surplus funds.	5	3.3	3.1	1.20

Table 5 Factors that affect women entrepreneurs in utilizing financial Support by financial institution

Sl. No	Factors	Rank
1	Low Interest Rate	3
2	Collateral Service	4
3	Educational Qualification	1
4	Access of Skill Training	2
5	Motivation of financial and non-financial incentives	5

Table 6 Literacy Level: Educational Qualification

Sl. No	Education Qualification	Respondent	%
1	< SSLC	5	10%
2	SSLC	5	10%

3	<PUC	5	10%
4	PUC	15	30%
5	< DEGREE	11	22%
6	DEGREE	9	18%

Table 7 Age Group of Female Entrepreneurs

Sl. No	Age Group in Years	Respondent	%
1	< 30	28	28%
2	31 - 50	40	40%
3	>51	32	32%

Table 8 Annual Income of Sample Entrepreneur

Sl. No	Annual Income Per Year	Respondent	%
1	< Less than 1 Lakh	42	42%
2	1.1 to 5 Lakh	28	28%
3	5.1 to 10 Lakh	17	17%
4	>10.1 Lakh	13	13%

Table 10 Awareness about Credit Facilities

Sl. No	Awareness	Respondent	% Of Source of Awareness
1	Advertisement	20	20%
2	Friends	30	30%
3	Similar Activities run by female entrepreneur	40	40%
4	EDP Training Program	10	10%

Table 11 Financial Support Assistance through

Sl. No	Awareness	Respondent	%
1	DIC	50	50%
2	KSFC	15	15%
3	KSWDC	8	40%
4	KIADB	7	7%
5	CED Canara Bank	20	20%

Hypothesis:

Ho: There is No Relationship between Financial Literacy and Educational Qualification

H1 : There is a Relationship between Financial Literacy and Educational Qualification

		Financial Literacy	Educational Qualification
Education Level	Pearson Correlation	1	0.691
	Sig 2 – tailed		0.000
	N	100	100
Educational Qualification	Pearson Correlation	0.691	1
	Sig 2 – tailed	0.000	
	N	100	100

From the test result, it can be seen that p value is less than 0.05, we will reject the null hypothesis. Her null hypothesis states that there is no correlation between the variables under study. Hence, here we can conclude that there is a

relationship between **There is a Relationship between Financial Literacy and Educational Qualification.**

VII FINDINGS OF THE STUDY:

1. According to the findings of the survey, there is a dearth of passion among women to become entrepreneurs. The programmes designed by various agencies place little emphasis on incorporating younger women in entrepreneurial programmes. Effective induction programmes, concessional financing, project preparation support, prompt delivery of funds, and other incentives might encourage younger women to become entrepreneurs.
2. Because the investment made by the sample entrepreneurs and the activities chosen are basic, the agencies may construct a broad marketing campaign for women-owned businesses.
3. Exhibitions, fairs, suitable booths, a distinct retail mall in each metropolitan centre, and so on can create a significant difference in the performance of supported and non-assisted units.
4. Institutions should also place a greater focus on offering quality improvement via the use of cutting-edge technology, contemporary human resource management methods, and training in the financial and other management of women's enterprises to female entrepreneurs in order to increase profitability.
5. A variety of plans and programmes should be established and executed to promote the socioeconomic emancipation of women at various levels, regardless of caste, colour, location, affluence, class, or indigence. However, the majority of women who would benefit from these protections and amenities must be aware of them.
6. Women entrepreneurs in underserved and rural regions require specific help from the government and non-governmental organisations.
7. Marketing support, technical direction, enough transportation, knowledge about the many sorts of facilities available, and so on are all required.
8. The State Government should also provide a variety of incentives, such as concessional land and built plots/sheds, industrial infrastructure facilities, investment subsidies, water supplies, and so on, at lower rates, to encourage the establishment of units. It is necessary for nodal organisations to help female entrepreneurs during times of crisis or illness. Procedures for obtaining loans must be made easy and cost-effective.

VIII CONCLUSION:

Women entrepreneurs have a vital role in economic growth at all levels, from the local to the global. Women's economic freedom and education will go a long way toward achieving self-sufficiency. Unfortunately, government-sponsored development programmes have benefited just a subset of women, and a knowledge gap has a significant impact on women's entrepreneurial as well as financial growth.

Women entrepreneurs should aim to gain knowledge, skills, and competences in financial literacy and financial management so that their firms may become more self-sustaining and lucrative. Women entrepreneurs should consider financial literacy as an investment, modify their attitudes and perceptions, be willing and open to learning and obtaining necessary skills and competences, and most importantly, implement it in their everyday company operations.

As a result, both the government and non-government organisations should take the initiative to educate and inspire women to pursue entrepreneurship.

REFERENCES

1. Abubakar, H. A. (2015). Entrepreneurship development and financial literacy in Africa. *World Journal of Entrepreneurship, Management and Sustainable Development*, 11(4), 281–294. doi:10.1108/WJEMSD-04-2015-0020
2. Adeoye, I. A., Agbawodikeizu, J., & Egwakhe, A. J. (2019). Innovation adoption determinants and competitive advantage of selected SMEs in Ado. *International Journal of Advanced Engineering Management Science*, 5(4), 282–289.
3. Aggarwal, M. (2014). Measurement of Financial Literacy. *Ge-International Journal of Management Research*, 2(8), 201–223.
4. Al-Dajani, H., & Marlow, S. (2013). Empowerment and entrepreneurship: A theoretical framework. *International Journal of Entrepreneurial Behaviour & Research*, 19(5), 503–524. doi:10.1108/IJEER-10-2011-0138
5. Abreu, M., & Mendes, V. (2010). Financial literacy and portfolio diversification. *Journal of Quantitative Finance*, 10(5), 515–528. doi:10.1080/14697680902878105
6. Adam, A. M., Boadu, M. O., & Frimpong, S. (2018). Does gender disparity in financial literacy still persist after retirement?

- Evidence from Ghana. *International Journal of Social Economics*, 45(1), 18–28. doi:10.1108/IJSE-06-2016-0159
7. Adim, C. V., Adelaiye, M. B. O., & Adubasim, I. E. (2018). Entrepreneurial networking and women entrepreneurs' contribution to employment creation in Rivers State, Nigeria. *International Journal of Business, Economics and Management*, 5(3), 56–67.
 8. Alvarez, S. A., & Barney, J. B. (2007). Discovery and creation: Alternative theories of entrepreneurial action. *Strategic Entrepreneurship Journal*, 1(1- 2), 11–26. doi:10.1002/sej.4
 9. Alvarez, S. A., & Busenitz, L. W. (2001). The entrepreneurship of resource-based theory. *Journal of Management*, 27(6), 755–755. doi:10.1177/014920630102700609
 10. Akanji, O. (2006). Microfinance as a strategy for poverty reduction. *Central Bank of Nigeria Economic and Financial Review*, 39(4), 111–134.
 11. Atkinson, A., & Messy, F. (2011). Assessing financial literacy in 12 countries an OECD pilot exercise. Retrieved from <http://ssrn.com/abstract=1809679>
 12. Arumugam, T., Marthandan, G., & Subramaniam, I. D. (2016). Economic Empowerment of Malaysian Women through Entrepreneurship: Barriers and Enablers. *Asian Social Science*, 12(6), 81–94. doi:10.5539/ass.v12n6p81
 13. Baporikar, N. (2020a). Role and Room for Knowledge Management in Small and Medium Enterprises. In E. Idemudia (Ed.), *Handbook of Research on Social and Organizational Dynamics in the Digital Era* (pp. 115–134). Hershey, PA: IGI Global; doi:10.4018/978-1-5225-8933-4.ch006
 14. Baporikar, N. (2020b). Understanding Entrepreneurial University: A Framework for Emerging Economies. In A. Daniel, A. Teixeira, & M. Preto (Eds.), *Examining the Role of Entrepreneurial Universities in Regional Development* (pp. 93–112). Hershey, PA: IGI Global; doi:10.4018/978-1-7998-0174-0.ch005
 15. Baporikar, N. (2018). *Knowledge Integration Strategies for Entrepreneurship and Sustainability* (pp. 1–400). Hershey, PA: IGI Global. doi:10.4018/978-1-5225-5115-7
 16. Baporikar, N. (2016). *Handbook of research on entrepreneurship in the contemporary knowledge-based global economy* (pp. 1–608). Hershey, PA: IGI Global. doi:10.4018/978-1-4666-8798-1
 17. Baporikar, N., Nambira, G., & Gomxos, G. (2016). Exploring factors hindering SMEs' growth: Evidence from Namibia. *Journal of Science and Technology Policy Management*, 7(2), 190–211. doi:10.1108/JSTPM-11-2015-0036
 18. Baporikar, N., & Shikokola, S. (2020). Enhancing Innovation Adoption to Boost SMEs Performance. *International Journal of Innovation in the Digital Economy*, 11(1), 1–20. doi:10.4018/IJIDE.2020010101
 19. Lusardi, A. and Mitchell, O. S. Financial literacy and retirement preparedness, Evidence and implications for financial education. *Business Economics*. 2007;42:35–44.
 20. Agarwala, S.K., Barua, S., Jacob, J. and Verma, J. R. (2013), Financial literacy among working young in urban India, Working Paper, IIM-Ahmedabad.
 21. Hira, T., and Loibl, C. (2007), A typology of investors: Identification of teachable moments and key investment topics. Investor Report. Sponsored by NASD Investor Education Foundation.
 22. Hira, T. K., Fanslow, A. M., & Vogelsang, R. Determinants of satisfaction with preparation for financial emergencies. *Financial Counseling and Planning Education*. 1992;3:43-62.
 23. Agier, I & Szafarz, A. Microfinance and gender is there a glass ceiling on loan Size? *World development*. 2013;42:165-181.
 24. OECD INFE (2011), *Measuring Financial Literacy: Core Questionnaire in Measuring Financial Literacy: Questionnaire and Guidance Notes for conducting an Internationally Comparable Survey of Financial Literacy* Paris: OECD.
 25. Kahneman, D., and A. Tversky. Prospect theory: an analysis of decision under risk. *Econometrica*. 1979;47(2):263–291.