

Access to credit from bank schemes for women entrepreneurs: A Regression Approach

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Abstract

The purpose of this paper is to examine the factors which affect access to credit for women entrepreneurs. In this paper we have focused on the bank schemes which are implemented by various banks especially for women entrepreneurs. There are various studies done on the challenges, barriers for women entrepreneurs to get finance from banks but in this study focus has been done on the factors related to getting loans from special bank schemes for women entrepreneurs. Three factors consider which hinder access to credit for women entrepreneurs (1) Awareness for the bank schemes (2) Attitude towards banking practices and procedure (3) Perception towards banks schemes. A logistic regression approach has been used to find out the impact of these factors. This study reveals that perception towards banking practices and procedure is the primary factor due to which women tend to opt not take loans from banks schemes. (148 words)

Keywords: Women Entrepreneurs; Access to credit; Bank Schemes.

1 Introduction

Women entrepreneurship represents the source of innovation, job creation and developing Indian economy. In 2012 an estimated 126 million women were starting or running new businesses in 67 economies around the world (GEM Report). In the Indian context, overall entrepreneurial activity rate stands at 18.21% for men and 9.66% for women which is half the proportion of men (GEM Data, 2007). According to the data furnished by the World Bank, merely 26% of women in India have an account with a formal financial institution as compared with 46% of men. If we consider credit supplied only about 12% of the individual bank loan accounts belong to women and if we consider deposits the share of deposit accounts held by women is 24.7% of the individual bank deposit accounts. Various efforts have taken place to reduce this gap and to increase entrepreneurial activities in India. The biggest barrier in growing women entrepreneurial activity is finance. It is estimated that over 70 per cent of women-led SMEs across every region are either financially unserved or underserved. In India, around 3.01 million women-owned enterprises represent about 10 percent of all MSMEs in the country. Collectively, they contribute 3.09 percent of industrial output and employ over 8 million people. Such data highlight the interest and capacity of women to engage in entrepreneurship which has the two-fold effect of empowering the women themselves and contributing to the equitable and inclusive economic growth of their countries.

There are Demand and Supply side barriers to obtain finance from the banks.

DEMAND SIDE CONSTRAINTS	SUPPLY SIDE CONSTRAINTS
Awareness towards banks financial products and services. Limited financial knowledge. Finance decisions taken by male partner. Lack of knowledge about the cost of products and	Banks limited efforts towards marketing and awareness programs regarding schemes as it increases administration cost of banks .

services and their advantage and disadvantages.	Limited staff for training and counseling.
Lack of collaterals and other documentations. Generally women does not have personal assets due to social restrictions.	Women perceive risky profile in the absence of collateral and documentation. Unmarried women some time close the business or shift the other city.
Women have less experience than male in business and banking transactions, it creates lack of confidence in women.	Women limited knowledge related to financial products and documentation make less attractive for banking segments.

Government promote women entrepreneurship by implementing various schemes so that women can get loans on low interest rate and for survival of business can be flourished in future. To provide easy finance banks launches various loan schemes for women entrepreneurs that are as follows –

Bank Schemes-

Bank Name	Name of the Schemes
Punjab National Bank	Mahila Udham Nidhi Yojna, PNB Mahila Samridhi Yojna PNB Scheme for Financing Crèches PNB Kalyani Card Mahila Sashaktikaran Abhiyan PNB Vanita Financing Scheme
SBI	Stree Shakti Scheme, Annapurna Scheme
Bhartiya Mahila Bank	Scheme for Beauty Parlours/Boutiques
Oriental Bank of Commerce	Oriental Mahila Vikas Yojna
Bank of Baroda	Akshaya Mahila Athik Sahay Yojna
Vijya Bank	V-Swashakti Scheme
Dena Bank	Dena Shakti Scheme for Women Entrepreneur
HDFC Bank	Personal Loan Diva
SIDBI	Marketing Fund for Women (MFW)

2 Literature review

2.1 Background of women entrepreneurship in India-

Women entrepreneurship has no definite definition. Different authors given different views on women entrepreneurship like schumpeter (1934) has established relationship between innovation and entrepreneurship. Women Entrepreneur improved quality of life and implement feminist values in their enterprise's (Orser, Barbara; Elliott, Catherine (2015)). Women entrepreneurship is for women and by the women. Women enterprises created by the women and it gives employment and economic up -liftment for the women. Any strategy without involvement of the women is a waste for the nation. Frank knight (1921) proposed that entrepreneurs are one who takes risk of uncertainty and act wisely. Initially women engaged in limited fields and mainly men dominated entrepreneurial ventures but now in 21st century it has changed. In India Indu Jain CEO of Bennett, Coleman & Co. Ltd, Vandana Luthra CEO of VLCC, Suchi Mukherjee founder of Limeroad fashion giant are the name of some successful businesswomen. According to Reynolds (2004) who is the founder of Global Entrepreneurship monitor, Entrepreneur is the innovator, coordinator, disseminator who started new economic activity by establishing a new organization. Vinze (2017) has done study in Delhi and found out that banks have helped women entrepreneurs but documentation was heavy. If banking procedures become flexible, then more women can get loans from the banks. Women entrepreneurs can be kept in three categories: (1) Chance (2) Create (3) Forced. Women are influenced and motivated by the financial rewards (Das Malika (2016)). Savitri (2016) found out the inequality persistence between male and female and that is one of the reasons to become women entrepreneurs. Unemployment has become the reason for women entrepreneurship (Kalpana shah, 2016). Singh, Surinder pal (2015) finds out the obstacles which hinder the growth of women entrepreneurs. R Prakasam (1999) financial constraints is the main problem of women entrepreneurs in India. To remove poverty in the nation there is the need to encourage, to support women entrepreneurs and to empower women (Fachamps and Quisumbing, 2005).

2.2 Access to credit

Unorganized manufacturing enterprises has large financial gap. Firm level characteristic like scale of operation, ownership, education, technology, performance and maintenance of accounts has huge impact on the financial access. These are all significant factors which contribute in access of finance (Bhawani & Bhanumurthy (2014)). Enterprises owned by the women has 3% less likely credit constrained compare to men in south Asia (Nirosha, Stuart Locke 2017). Burgess and Pande's (2005) has studies rural bank branches expansion policy and found that expansion program reduces the poverty and increase the access to finance. Banerjee et al's (2010) has evaluated microfinance program in Hyderabad. Greg Fischer has done study in the peri-urban area of Kolkata and find out that banks doesn't consider attractive potential clients to BPL (Below poverty line) customers. Banks see below poverty line customers as necessity not profit opportunity.

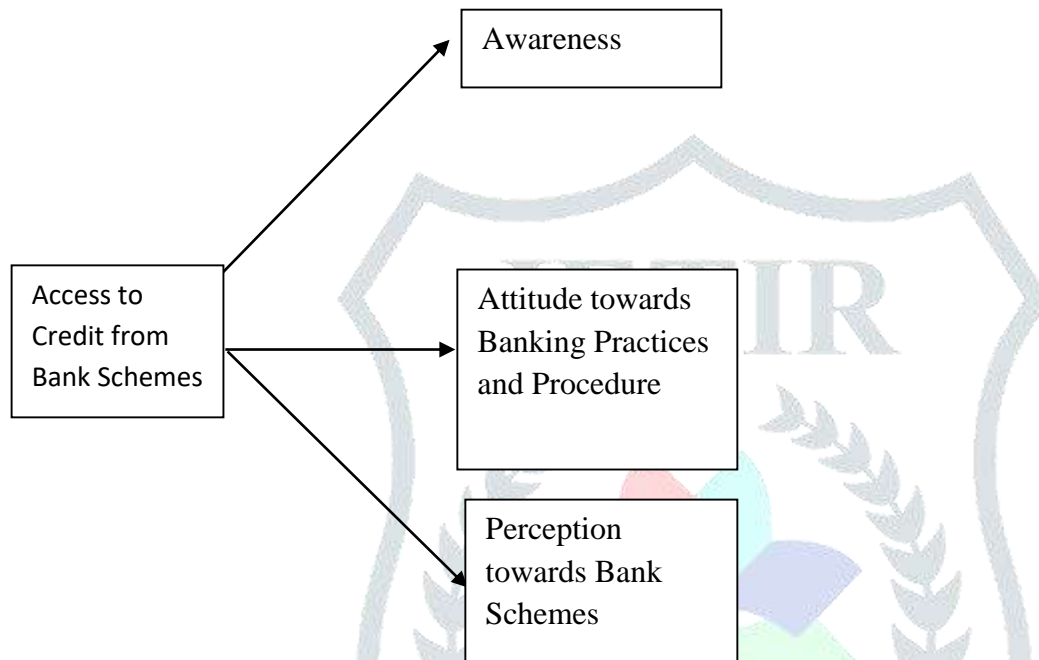
3 Research Objectives-

- (1) To analyze factors to access credit from special schemes for women entrepreneurs implemented by the banks.
- (2) To find out the factors which influence decisions to take loans from bank schemes by women entrepreneurs.

4 Research Methodology-

This research explanatory in nature as there are very few studies in Rajasthan.. In this research study primary data was collected through questionnaires from the women entrepreneurs. Researcher has used primary data which is collected from seven divisions of Rajasthan. The random sampling technique is used in selecting the items for the sample. Structured closed - ended questionnaire used for respondents. For sample size determination Ross, 1995 formula adopted. Questionnaires was distributed 650 women Entrepreneurs in which 71 rejected as they didn't give response. Finally, only 579 women entrepreneurs taken consideration for the study purpose.. Reliability and validity are essentials for good questionnaire so for validity purpose pilot testing is done. Cronbach alpha technique used for reliability and it was 0.832. SPSS Software used for data analysis purpose.

4.1 Theoretical foundation of model-After intensive review of literature about women entrepreneur's problems this paper includes following factors which affect access to credit for women entrepreneurs. A Regression model prepare which is shown in figure 1.



Variables in Model-

In this model there is One Dependent variable that is Access to credit from banking schemes specially for women entrepreneurs. It is binary variable which measure that women entrepreneurs have taken loan from the bank schemes or not. If answer is 'YES' it denotes as '1' and if women has not taken loan, then value will be '0'. There are various factors which affects women entrepreneur to take loan from the banks special entrepreneur schemes like Awareness about the scheme, profile of the business, Attitude towards banks procedure and practices granting loans to women.

Independent Variables-

(1) Awareness is the binary variable which depicts that women entrepreneur is aware about the bank schemes for loans or not.

(2) Attitude towards banking practices and procedure- This is the important factor which affect access of credit in many ways. This variable measure in Likert scale where respondents has to give score 1 to 5. 1 is for strongly disagree and 5 for strongly agree. This variable measure on this parameters (1) Banks provide hassle free loan disbursement system (2) Banks disclose terms and conditions (3) Banks provide services timely (4) Banks repayment facility is flexible (5) Banks provide loans based on the need of women entrepreneur (6) Banks employee treat women with responsibility

(3) Perception towards Bank Schemes –This variable is measure on Likert scale. This variable measure on the 5 parameters that is (1) Banks schemes reduce dependency on informal source of finance (2) Banks schemes support Women empowerment (3) Banks schemes contribute in growth of the business (4) Banks schemes strengthen entrepreneurial motive (5) like to refer this schemes to others.

4.2 Results and Discussion-

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a AWARE(1)	-1.560	.213	53.860	1	.000	.210
Perception	.745	.091	66.602	1	.000	2.107
totalattitude	.371	.077	22.970	1	.000	1.448
Constant	-3.312	.395	70.171	1	.000	.036

a. Variable(s) entered on step 1: AWARE, Perception, totalattitude.

Awareness (1) represent YES category in awareness The Odd ratio for the awareness is .210 which get after exponential of Beta value that is -1.560. if we inverse the odd ratio that is $1/.210 = 4.76$ it means unaware women entrepreneurs is more likely fall into not taken loan category by 5 times compare to aware women entrepreneurs or we can say that women entrepreneur who don't have knowledge about bank schemes they have 5 times likely fall into category of not take loans compare aware female entrepreneurs.

Perception towards Banking practices variable value is .745 which is positive value and Odd ratio is 2.107 which denote that every one unit increase on this predictor variable the odds of not taking loan change by the factor of 2.107.

Attitude towards bank schemes has the beta value .371 and Odd Ratio is 1.448 which is significant value that means one unit increase in the predictor variable the Odds of not taken loan change by the factor 1.448

5 Conclusion- This paper presents an analysis documenting the banking financial factors on women entrepreneur's access to credit from the bank special schemes for women entrepreneurship. This paper gives the opportunity for women entrepreneur's to increase awareness regarding banking schemes and for banking sector to improved their policy regarding women entrepreneurs and focus on how banks should implement their schemes with better strategy. Our Results shows that Awareness towards banking schemes, Attitude towards Banking practices and perception regarding banks schemes plays an important role towards access to credit. This paper contribute that women does not have positive perception towards bank practices and procedure as it involves complex documentation system, high collateral, multiple branch visiting system, high cost of funds, less flexible repayment system and biggest one less women employee in banks. Banks has launched schemes but banks has to do more effort so that maximum benefit can be access by women. Bank has to do promotion via adopting various communication channels like TV, radio, newspapers and personal agents. Banks has to understand that women has small fund needs so to satisfy that banks come up with small fund policy specially for women.

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