



Financial Sources and their Implications on Women Entrepreneurs in Aizawl

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Abstract

Financing in one of the most important aspects in the course of running a business. This study explores the financial sources availed by women entrepreneurs and in Aizawl, the capital city of Mizoram, India. It examines the different factors like the sources of funds, accessibility to loans and the role of micro financial institutions that influences their businesses. Through a combination of primary data collected from interviews and surveys, and secondary sources such as government reports, the research highlights the challenges and opportunities faced by women in establishing and sustaining their businesses.

Keywords: *Women Entrepreneurs, Entrepreneurship, Finance, Microfinance, Self Help Groups (SHGs)*

I. INTRODUCTION

In the traditional Indian society, women's roles were largely confined to the domestic sphere. As the primary caregivers and homemakers, women were deeply engaged in managing household responsibilities, which in itself was a substantial undertaking. The household functioned both as a center of production and consumption. Men were tasked with supplying raw materials, while women, using basic tools and methods, transformed these materials into usable goods within often challenging living environments. Over time, various factors such as urbanization, technological advancements, and increased access to education for women have significantly altered these traditional dynamics, even in developing nations like India.

Access to financial resources is a critical factor in the success and sustainability of women-led enterprises, particularly in developing regions like Aizawl, the capital of Mizoram. Despite growing participation in entrepreneurial activities, women in Aizawl often face challenges in securing formal credit due to socio-economic constraints, lack of collateral, and limited financial literacy. Various financial sources—including microfinance institutions, self-help groups, and government schemes—have emerged as vital tools to support women entrepreneurs. Understanding the implications of these financial sources is essential to evaluate how effectively they empower women, foster business growth, and contribute to the broader socio-economic development of the region.

REVIEW OF LITERATURE

Some important research studies concerning financing implications of women entrepreneurs are reviewed here as under to highlight their findings.

Devi, Sastry, and Rao(2016) in their book, "*Women Entrepreneurship: Financial Inclusion and Micro Financing for Self Help Groups in Andhra Pradesh*", suggestion an extensive collection of papers focusing on the multifaceted relationship between women's entrepreneurship, financial inclusion, and Self-Help

Groups (SHGs) within the specific context of Andhra Pradesh, India. The book delves into various aspects, including case studies of successful SHGs, challenges faced by women entrepreneurs, the dynamics of SHG-bank linkages, the role of microfinance in women's empowerment and poverty control, and the impact of government initiatives.

Das(2018) in his book, "*Microfinance and Its Impact on Entrepreneurial Development, Sustainability, and Inclusive Growth*", positions microfinance as a vital tool for entrepreneurs and small businesses excluded from traditional banking. This book critically examines the empirical evidence surrounding microfinance's role in fostering entrepreneurial activities and promoting inclusive growth across various global contexts. It delves into the operational sustainability of microfinance institutions themselves, addressing crucial aspects like risk management and strategic management. Furthermore, the research book explores the specific impact of microfinance on women's entrepreneurship. This comprehensive resource offers essential insights for entrepreneurs, business leaders, policymakers, and researchers seeking to understand and leverage microfinance systems for development.

Ghosh, Bhandari and Neogi(2018) in their book, "*Women's Entrepreneurship and Microfinance*", highlights the complexities of empowering women in India through microfinance and entrepreneurship, acknowledging the influence of socio-cultural norms. The book examines how government initiatives and the shift towards non-farm activities impact women's self-employment. The book emphasizes the crucial role of access to credit and the positive influence of SHGs (Self-Help Groups) in fostering social empowerment and micro-entrepreneurial activities. The book also raises concerns about gender bias in accessing credit and a potential "mission drift" within Microfinance Institutions affecting long-term impact for borrowers.

A.Sujatha and R.Venilla (2017) in their article *Micro Finance and Women Empowerment in Theni District* expressed how in our traditional society women are generally considered weak and dependent and are confined to household affairs. They face many problems like shortage of raw materials, stiff competition, high cost of production, low mobility, family responsibilities, social attitude, low ability to bear risk, lack of education and low need of achievement. In order to overcome all these problems the women should be engaged by proceeding sufficient finance and should be trained to empower themselves so as to be on par with men. This goal can be possible only when the women become economically independent.

Razak, Jabar, and Harun(2025) in their article, "*Empowering Low-Income Women through Entrepreneurship: The Role of Self-Efficacy and Access to Financial Resources*", investigates how self-efficacy and access to financial resources empower low-income women through entrepreneurship. Employing a qualitative approach with women supporting families through their ventures, the research reveals that self-effort in boosting household income drives their entrepreneurial engagement, primarily focused on meeting immediate family needs.

OBJECTIVES OF THE STUDY

- 1.What are the sources of finance available for women entrepreneurs and their implications?
- 2.What are the major problems faced by the women entrepreneurs in seeking financial help?

RESEARCH METHODOLOGY

The present study is based on both primary and secondary data. The primary data from 450 women entrepreneurs purposively selected from Aizawl are collected using semi-structured interview schedule. Aizawl is selected for the study as the city consists of the largest number of women entrepreneurs in Mizoram. The data was collected during the period of September to December 2024 from the women registered under the Taxation Department. In addition to the primary data, the secondary sources of data are collected from the reports and documents maintained by the relevant State Departments. Other

information is gathered from books, journals, magazines, handbooks and Internet sources. The collected data is analysed by using descriptive statistics and is presented as simple averages and percentages.

RESULTS AND DISCUSSIONS

Source of funds in starting a business

Table No 1 reveals that a majority of the women entrepreneurs 294(65%) are financing their business from their own personal savings, 50(11%) finance it through loans from the bank while 36(8%) of the women finance it through both Government loans and through their own self fundings combined.70(16%) of the total women on the other hand finance their business through other means like funding from family, relatives, friends and through inheritance from their family.

Table No 1: Source of funds in starting a business

Financing source	Frequency	Percentage
Personal savings	294	65
Loan from Bank	50	11
Govt.loan and fundings	36	8
Others	70	16
Total	450	100.0

Source: Primary data

The study shows that a majority of the women entrepreneurs are self-sustaining and independent when it comes to financing their business as a whole.

Financial Problems in running the business

In exploring the financial challenges encountered by women entrepreneurs, it was observed that many respondents were reluctant to disclose specific details regarding their financial status. Due to the sensitive nature of the topic, a closed-ended question format—limited to "Yes" or "No"—was employed to encourage honest responses while maintaining participant comfort and confidentiality

Table No 2: Financial Problems in running the business

Financial problems	Frequency	Percentage
Yes	278	62
No	172	38
Total	450	100.0

Source: Primary data

The data in Tabel No 2 indicates that 278 respondents (62%) acknowledged facing financial difficulties in managing their businesses, while 172 respondents (38%) reported no significant financial constraints. This finding suggests that although financial issues are prevalent among women entrepreneurs, they are not universal.

Accessibility to loans by women entrepreneurs

Accessibility to loans play an important role in promoting growth for entrepreneurship, especially for women. In Table No 3 we can see that a majority of the women 262(58.2%) found loans not accessible, 109(24.2%) respondents found it moderately accessible while 79(17.6%) of the women found loans easily accessible. The loans mentioned here are all loans provided by the Government through banks.

Table No 3: Table showing accessibility to loans

Accessibility to loans	Frequency	Percentage
Easily accessible	79	17.6
Moderately accessible	109	24.2
Not Accessible	262	58.2
Total	450	100.0

Source: Primary data

Applying for loan requires certain obligations and hassles that needs to be met by the women respondents which is difficult to for most startup entrepreneurs. So, to avoid such barriers, the women often borrow money from private money lenders at high interests because it is easier and faster for them. But then again this tends to affect their profit margin.

Availing loans/credits and their repayment from Micro Financial Institutions

Repayment of loans means paying back money/ loans previously borrowed from any financial institution. Loans repayment generally happens through periodic payments which include both principal loan with interest. Loans can also be paid in a lump sum by the borrower with respect to the agreement made with the lender. The table below shows that from the total 450 women entrepreneurs 86(19%) recipients had availed loans form financial institutions while 364(81%) of the women did not avail any financial help from banks. This is because most of the women entrepreneurs in Aizawl fund their business with their own money or avail loans from local loan sharks to avoid the hassle of borrowing money from financial institutions like Banks.

Table No 4: Frequency and percentage of loans availing and repayment

Availing loans/credit	Frequency	Percentage
Availed	86	19
Not availed	364	81
Total	450	100.0
Repayment of loan	Frequency	Percentage
Can repay	86	100
Cannot repay	0	0
Total	86	100.0

Source: Primary data

From Table No 4, it was observed that all the recipients who had availed loans from financial institutions i.e, 86 women entrepreneurs were able to fully repay their loans.

Amount of funds availed from Micro Financial Institutions/ Banks

The amount of loan availed by women entrepreneurs plays a vital role in the development of the business.

Table No 5: Table showing loan amount

Loan availed from Banks	No. of Respondents	Percentage
Less than Rs.10000	3	3.5
Rs.10000-Rs.30000	21	24.4
Rs.30000-Rs.50000	13	15.1
Above Rs.50000	49	57
Total	86	100.0

Source: Primary data

The data presented in the Table No 5 indicates that a small proportion of women respondents, specifically 3 (3.5%), secured loans of less than Rs. 10,000 from the bank. A larger group, 21 (24.4%), obtained loans in the range of Rs. 10,000 to Rs. 30,000, while 13 (15.2%) received loans between Rs. 30,000 and Rs. 50,000.

Notably, the majority of respondents, 49 (57%), were able to access loans exceeding Rs. 50,000 from the bank.

Problem faced in seeking financial help from Banks

Banks function as key financial facilitators, bridging the gap between individuals who deposit funds and those who require capital for various purposes. For women entrepreneurs, these institutions represent a vital source of financial support, enabling them to access the necessary funding to initiate, sustain, and expand their business ventures.

Table No 6: Table showing weather problems availing financial help from banks

Problems availing financial help from banks	No. of respondents	Percentage
Yes	297	66
No	153	34
Total	450	100.0

Source: Primary data

As indicated in the Table No 6, a total of 450 women respondents were surveyed to assess their experiences in obtaining financial assistance from banks. Among them, 297 respondents (66%) reported facing difficulties when seeking bank loans. These challenges often led to the rejection of loan applications or an inability to secure funding, although a portion of this group did eventually obtain the required financial support. In contrast, 153 respondents (34%) stated that they did not encounter any obstacles in accessing bank loans. Notably, despite the broader responses, only 86 women successfully acquired loans from banking institutions. This suggests that some were either denied credit or did not pursue loans due to a lack of need.

Loan Accessibility as a Driver of Economic Empowerment

Microcredit has emerged as a powerful tool for promoting women's economic empowerment, particularly in developing and rural contexts. By providing small, collateral-free loans, microcredit enables women to initiate or expand income-generating activities, thereby fostering financial independence and increased decision-making power within households and communities. Access to such credit not only supports entrepreneurial efforts but also contributes to broader social outcomes, including improved education, health, and nutrition for families. As a result, microcredit serves as a catalyst for enhancing women's socio-economic status and promoting gender equality.

Table No 7: Loans as means for economic empowerment for women

Loans as means for economic empowerment for women	No. of respondents	Percentage
Yes	91	20.2
No	92	20.4
No idea	267	59.3
Total	450	100.0

Source: Primary data

The data presented in Table No 7 indicates that 91 respondents (20.2%) expressed the view that access to loans contributes to economic empowerment, whereas 92 respondents (20.4%) did not perceive borrowing as a means to achieve economic independence. Notably, a majority of the respondents—267 individuals, accounting for 59.3%—reported having no awareness or understanding of the potential link between access to credit and economic empowerment. These findings suggest a significant knowledge gap among women regarding the role of financial access in fostering economic autonomy, highlighting the need for targeted financial literacy programs to enhance awareness and promote informed decision-making in relation to credit and entrepreneurship.

SUGGESTION

The financial institutions and the Government can take measures to make the loan application process easier for women entrepreneurs. It is also important to simplify the procedures and reduce the amount of paperwork required. Additionally, banks could establish dedicated loan support services or helpdesks specifically for women entrepreneurs, providing them with personalized assistance and guidance throughout the application process. This would make it more accessible and less stressful for women to secure the financial support they need to grow their businesses.

CONCLUSION

The study focuses on the financial implications of the women entrepreneurs in Aizawl and reveals that a majority of the women entrepreneurs (85%) are self-sustaining and independent when it comes to financing their business as a whole. We can also see that a 262(58.2%) of the women found loans not accessible, while 79(17.6%) of the women found loans easily accessible. From the 450 women entrepreneurs 86(19%) recipients had availed loans from financial institutions while 364(81%) of the women did not avail any financial help from banks and the women who availed the loans were found to have fully repaid their loan amounts. A relatively small fraction of women respondents (3.5%) obtained bank loans amounting to less than Rs. 10,000. A larger segment, comprising 21 respondents (24.4%), received loans within the range of Rs. 10,000 to Rs. 30,000, while 13 participants (15.2%) accessed credit between Rs. 30,000 and Rs. 50,000. The data further indicates that the majority—49 respondents, representing 57% of the total sample—were able to secure loans exceeding Rs. 50,000. Although the overall response was broad, only 86 women successfully obtained loans from banking institutions. This indicates that a portion of respondents were either ineligible for credit or chose not to apply, possibly due to a lack of financial requirement or other limiting factors. Out of the total respondents, 278 (62%) reported experiencing financial challenges in operating their businesses, whereas 172 (38%) indicated they did not encounter major financial constraints.

The analysis clearly highlights that women entrepreneurs continue to face significant challenges in accessing financial assistance from formal financial institutions. Despite the existence of numerous government-backed financial support schemes aimed at fostering entrepreneurship, many women entrepreneurs still experience funding shortages and are hesitant or unable to seek external financial aid, including loans. This disconnect suggests a gap between policy availability and practical accessibility. While India has introduced various initiatives to support women-led enterprises, the specific outreach and implementation of such programs in the North Eastern Region remain limited. In particular, Mizoram—and Aizawl in particular—has not yet witnessed the full benefits of these national initiatives, as many of the schemes targeting this region are either underdeveloped or still in the early stages of execution.

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