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FINANCIAL MANAGEMENT IN INFORMAL SECTOR-A STUDY OF MICRO WOMEN ENTERPRISESOF KOLKATA SUBURBAN

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ABSTRACT

The immense growth of female entrepreneurs in last two decades impacts both the society and the Indian economy. The traditional female role of "caretaker cum domestic unpaid help" has been replaced with the emergence of large number of women owned firms impacting the national employment scenario and national income. The key factor in the success and sustainability of the informal sector is the availability and accessibility of business finance to fund the initial investment as well as the on-going process afterward with an appropriate management of financial resources. Through the present research, an attempt has been made to analyse the activities pertaining to the financial management of the informal women owned enterprises in the Kolkata suburban areas of West Bengal and to trace out the problems faced by them with respect to the financial activities.

Key Words:

Kolkata Suburban,Informal sector, Women Entrepreneurs, Micro Enterprises, Financial management.

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1. Introduction

In advanced economies, financial management is more about the knowledge of fair and transparent financial products and focus on financial literacy but in case of emerging economies, it is a question of both access to financial products and knowledge about their fairness and transparency and above all its uses.In Indian economy, especially when the focus is on the achievement of sustainable development, there must be an attempt for an inclusive development where all section of the populous will be a stakeholder. Lack of awareness and absence of minimal financial literacy among the population is hindering the growth of Indian economy at an expected trajectory.Apposite financial managementin all economic domain enables inclusive and sustainable economic and social growth of the country. It helps in empowerment of the excluded, underprivileged, poor and women of the society with the aim of making them well informed to succeed with better financial decisions and money utilisations. With the objective of financial managementis to ease the availability of financial services which allows maximum benefits to the common people as well as financial opportunities to the poor section of the society at an affordable price for a justifiable livelihood.

The immense growth of female entrepreneursin last two decadesimpacts both the society and the Indian economy. The traditional female roleof "caretakercum domestic unpaid help" has been replaced with the emergence of large number of women owned firms impactingthe national employment scenario and national income. The advent of women entrepreneurs in the informal sector and in the Small and Micro Enterprises (SMEs)not only lead to development of household economy but also ends with an inclusive growth of the national economy by diversifying the economic power to the bottom of pyramid. The key factor in the success and sustainability of the informal sector is the availability and accessibility of business finance to fund the initial investment as well asthe on-going process afterward with an appropriate management of financial resources.

2. Statement of the Problem

Majority of the Indian population are engaged in and depends on agriculture and allied activities.The failure of agrarian economy, mass migration of ruralites to urban centres, and rapid development of urban areas lead to slum culture and urban poverty. The most vulnerable group who faced the toughest challenge in life for sustenance in the society is the women. Poverty reduction through exclusive growth is an important goal of the Indian policy. Thus, it is necessary to view entrepreneurship in informal sector and micro-credit movement as the most effective and efficient form of poverty reduction tool. This initiative is just not as a mere transfer of poverty into a sustainable livelihood option but an efficient financial management of available social resources. The Ministry of MSME, RD and HUPA, GoI currently runs various major programmes that are targeted towards development of micro-entrepreneurship, poverty reduction and improving the access of the poor to basic services and sustainable livelihood in the urban areas. These include the NRY, SJSRY, PMRY, SGSY, JNNURM; IHSDP and RAY etc. The success story of these programmes depends on two notions – management of micro-finance and sustenance of micro-enterprises. All the livelihood development programmes are based on providing a financial or capital base through micro-financing and group financing services to the underprivileged to develop their income and ultimately eradicating poverty.

Ineffective financial management can make poor people vulnerable to credit cycle.It encourages the poverty and hinders overall development of a country. It not only widens the "rich poor division" but it also leads to social exclusion. The access of the poor to the financial services and proper financial management is important for the alleviation of the poverty level. Their access to the banking services and other financial tools will contribute a lot to the growth and development of India's economy. But the expectations are far from realities. 70 percentages of the informal tiny enterprises could not able to complete their first year. Two major reasons of their failure are lack of proper financial management and unsuccessful to sustain in the competitive unregulated market, in India. Thus it is pertinent for the academicians, scholars, society, and governmental machineries to look forward to isolate the issues of financial management of the informal sector as a singular cause in particular and as a part of major causes of failure in general.

3. Financial Management in Informal Sector – A Literary Insight

A serious global effort was only seen in the last four decades to formalize financial service provision to the poor with particular focus on women. This process began in earnest around the early to mid-1980s and has since generated aggressive force. Currently, numerous numbers of micro financing institutions (MFIs) providing financial services directly and indirectly to an estimated 100 - 200 million of the world's poor exist, so as the livelihood developmental schemes or programs by the developing and developed countries. This system of enterprise financing began as grass-roots movement encouraged mostly by a development paradigm. With time, it is emerging into a universal sector informed increasingly by an economic mechanism. The evolution of the micro-enterprise sector represents a substantial achievement taken within historical dimension with a proper handling of various resources available locally to them, especially the finance (Christenet.al, 1995[1]). It has overturned established ideas of the poor, especially poor women, as consumers of financial services, shattered stereotypes of the poor as not bankable, and spawned a variety of lending approaches showing that it is possible to provide cost-effective monetary services to the poor for an inclusive and all round development. (DFID, 2008[2], Sinclair, 2012[3]).

Targeting most of the livelihood development programs in India at poor population, especially to the vulnerable groups like women and tribals, is with the aim of providing access to financial services and proper use of financial resources. Suitable financial management can have a strong, positive impact on poor's empowerment and entrepreneurship. It could achieve this by giving them more chance about owning more assets (Khavul et.al, 2013[4]), giving a more active role in social decisions, less fungibility (Dos Santos, 2008[5]), and increasing investment for the future of family well-being (Srinivasan, 2010[6]).

Management of microfinance in informal sector has traversed a long journey from micro-savings to microcredit and then to micro enterprises and it has now entered the field of micro insurance, micro pension. Government initiations, NGO interventions and nationalised financial institutions and NBFCs' involvementsetc. continue to play a prominent role in the propagation of a successful microfinance program in India, for nearly three decades now. They have joined hands proactively with informal delivery channels to give microfinance sector the necessary momentum. A number of field researches have been conducted by various researchers and agencies to study the importance of financial management of the scare financial resources availed due to micro-finance in the success story of these initiations(Bruton et.al, 2011[7]).

Financial capital as well as financial management is a significant component in self-employment and contributes in important ways to entrepreneurial preparedness. The new development paradigm of bottom-up approach ensures that micro-credit is made available to the low income households. It is on record that micro-credit programmes contribute positively to the development of the low income households at the micro level in several ways, especially the women owned micro-enterprises. Micro-credit programmes create employment opportunity, increase productivity, provide economic security, improve nutritional and health status and improve housing conditions for poor households in particular if and only if the funds available to them would be properly managed and used. (Hulme and Mosley1996[8]).

Poor are minorities who are critically affected when formal financial services to the underprivileged fail. It should precipitate various ranges of informal, society dependent economic arrangements to counter such pressing financial situations (Duranni et al[9], 2011, Abiola and Salami, 2011[10], Garry et al, 2013[11]). Hence, in the last few years, rising amount of the formal sector organizations (non-public, public and the private) have been established with the aim of meeting those obligations (Brau and Woller, 2004)[12]. Such phenomena lead to growth of micro-enterprise financing universally as informal and formal arrangements offering financial services to the poor in the community as well as make them well versed with the sources and uses of the available financial resources. Concept of micro-enterprise funding has been observed by various stakeholders. Nonetheless, this seems to be in the shadows as a result that the well-organized financial systems predate them for a greater success (Andersonet al, 2010[13], Altay, 2007[14], Garry et.al, 2012[15]).

Grameen Bank, is a replica which widely demonstrates that small loans to the disadvantaged people in the society can be a success story. It liberates the poor to earn their way out of poverty. Some researchers believe that some of the benefits of MF reached the disadvantaged classes in the society by developing micro-entrepreneurship through the development of a good financial and marketing ambience (Mair, 2012[16], Duvendack and Palmer-Jones, 2012[17]) whereas some school of thought argue than the management and uses of the finance for business purposes is the first proposition as the poor are needy and may not wait for an another fund for the non-business purposes. (Mustafa and Saat, 2012[18], Eissa, 2013[19], Cramer et al, 2008[20], Arunachalam, 2011[21]). Thus a need of appropriate financial management is a must for the growth of the business venture.

In its infancy, microfinance through the developmental programmes had a diversified growth and multiplicity of impacts, geographically. Yunus[22] explained that the Grameen Bank methodology was almost the reverse of the conventional banking approach but the impact is very much diversified and varied as per the geographical variation. The key to the success is the greater intervention of the bank officials for imposing a financial constraint for proper uses of loan amount. (Deaton, 2010[23], Meyer, 2002[24]).

Sharma et al.[25] (1999) analyse the positive impact of a good financial management on the microfinance programmes to enhance the food security of the poor strata of the Indian society. Cohen and Sebstad[26] (2001) examine the effects of a well-balanced financially managed programmes on the risk management strategies of poor households, which affect the degree of their deprivation and vulnerability.

The most widely cited series of studies on gender-differentiated and geographically-differentiated impacts of micro finance, and one that takes special care to control selection bias, was conducted by the World Bank (1992)[27] based on data collected during 1991-92 from 87 villages in Bangladesh. The study found that welfare impacts on the household were significantly better when borrowers were women, as they are good financial managers, with a less diversion of funds for non-directive uses. It was also found that the impact varies according to the educational qualifications, awareness level and exposure, topographic backgrounds, fund availability, fund uses and above all the market development.

4. Objectives of the Study

With this above backdrop, through the present research, an attempt had made to analyse the following stated objectives:

1. To analyze the activities pertaining to the financial management of the informal women owned enterprises in the study area.
2. To trace out the problems faced by the entrepreneurs with respect to the financial activities.
3. To suggest some appropriate measures to improve the efficiency of financial management in the MEs under study area.

5. Methodology Adopted

5.01. Areas of Study: Kolkata suburban had been chosen as the study area, as it is the largest fast growing urban centre of the state of West Bengal as well as in Indian subcontinent where the most number of Bengali women informal entrepreneurs are dwelling. With high human development index, it is incidental that the women entrepreneurs are better informed, educated and resourced in comparison to their counterparts in the other areas of the state. With a greater positive market ambience it is also complementary for high growth of the informal sectors.

5.02. Sources of Data: The secondary data was sourced from published and unpublished records, books, thesis, reports etc. and from the websites. The Primary data was collected from 160 sample women entrepreneurs, who had started the MEs at least not later than 2006, from the universe consisting of the women beneficiaries of various urban livelihood programmes (ULPs) residing in and around Kolkata suburban of WB, through a random and convenience sampling method.

5.03. Samples and Sampling Method: For Round I of the survey in the year 2009, the intention was to draw a sample of 300 women informal entrepreneurs. An attrition rate of 15-20 per cent was anticipated in Round II of the survey in the year 2014. Finally, this would leave a panel of 160 women entrepreneurs from whom information from both rounds had been collected, after testing reliability and validity of the data collected.

5.04. Questionnaire Schedule: The research design phase of the present study had called for a preliminary field research at study site to develop a better understanding of the local context, refine the set of hypotheses, select the most relevant impact variables, and pilot test a draft questionnaire. Then it was finalised and administered over the respondents.

5.05. Statistical Tools used for Analysis: Analysis of the data had called for a set of descriptive tables for data from Rounds I and II, plus two types of statistical analysis - gain score analysis and ANOVA. In addition, other forms of cross-section and longitudinal statistical analyses were carried out.

6. Financial Management in Informal Sector of Urban WB– An Analysis

The growing number of informal women owned enterprises impacts on both the household, society and the economy at large. The traditional female social roles such as care-giving and domestic duties are being replaced in developing countries by women entering business as owners of firms, with consequent impact on employment and national income. In the early stages of economic development of the India, women have faced similar problems to female entrepreneurs involved in business start-ups in developed countries, including difficulties in building trust with external parties such as banks, customers, and suppliers. The success of these informal sector is fully dependant on the proper management of the resources, financial and non-financial. Present study had included 160 women entrepreneurs drawn from the informal and micro sector of the Kolkata suburban areas to study various activities pertaining to the financial resource management and uses. The respondents included five types of entrepreneurs such as –tailoring (34), beautician (32), medical aid (28), jari and jewellery artisan

(54), and other trading entrepreneurs (12). The following analytical inferences were drawn from the primary data collected.

a. Initial Investment: The key success factor in small-scale business is the amount of business finance to fund the initial investment and then on-going access to finance. Business finance can come from either internal or external sources. The main internal source of finance is from retained earnings, which are particularly important factors for MEs that have difficulty in raising external capital. External sources of business finance can be formal or informal. Most MEs depend heavily on informal sources of funds from family members, relatives, friends and money lenders. However, these sources of funds are often for small amounts and short-term, which are mainly for financing cash flow. These sources are not appropriate for providing the long-term capital needed for acquiring strategic assets.

Table No. 1: Initial Investment (in Rs.) & Sources of Finance (in %)

	Average Initial Investment				Sources of Finance	Respondents
	1st Yr	2nd Yr	3rd Yr	Average		
Tailoring	42000	22000	16000	26667	**Own Funds**	41%
Beautician	48000	23000	12000	27667	**HH Funds**	22%
Medical Aid	41000	22000	16000	26333	**Formal**	15%
Artisans	38000	26000	18000	27333	**Informal**	18%
Others	44000	25000	18000	29000	**Other**	4%

Analysing the first three years' initial capital investment of the 160 women entrepreneurs, sampled out from the urban areas of Kolkata of West Bengal, provided that the average initial investment over a three years period is ranging from Rs. 26333/= to Rs. 29000/=. The highest initial investment in the first year is attributed to the entrepreneurs taken up beautician trade, other trades and medical aid, as due to the face lift of the shop and show cases and other assets. The cost of the instruments used is of higher cost in comparison to other trades. During the second and third years the investment with respect to fixed assets and other initial activities reduced and it is almost nil during forth year, unless until the business got diversified or expanded to cover other markets (Table No – 1).

b. Sources of Seed Capital: Analysing the sources of the funds for the initial investment, it is found that 41% of the respondents uses their own funds whereas 22% used their family funds; 18% took loans or finances from various formal sources like bank, or DIC or from other local bodies under various Governmental schemes; and 18% depends upon informal sources like indigenous money lenders and from forward traders. The rest 4% of the respondents uses the sources of finance from friends and relatives. The rate of interest paid for the capital from the informal sources by the entrepreneurs is at the rate of 2% per month, i.e., almost 24% in flat rate per year. As maximum number of the respondents are being in the trade due to pull factors, the use of own funds and HH funds is seem to be higher. The women entrepreneurs depends more on the informal sources and own funds than formal sources. Lack of awareness about the government schemes and lack of interest shown by the govt. officials and bank staff, the formal sources of initial investment is low.

c. Sources of Working Capital: 52% of the working capital was funded from own sources or from the sources of household incomes, averaging Rs. 46,000/= per year. 22% of the total working capital is funded from the formal sources like banks, financial institutions, governmental agencies and micro-finance institutions, and interestingly, it is found that the banks and FIs are playing a vital role in providing working capital. The concepts of MFIs are not picking up in these areas and only 8% of the total investment in working capital was being financed through MFIs and the average investment is Rs.16,000/=. The average investment through banks and FIs is Rs.22,000/= and from Govt. sources is Rs.22,000/=. 27% of the working capital is financed through informal sources. Entrepreneurs under study too also depends on the local money lenders. Last yearly average amount of working capital to the tune of Rs. 32,000/= was financed through the indigenous money lenders, who in turn charges a whooping interest of 24% to 30% per annum. Though the RBI has provided “No frill Accounts” to the poor people but due to lack of house *pattas* or land records, the bank officials made a valiant attempt to dissuade them from taking loans. The other minor sources are financial help from relatives (2%) and the financing through the backward and forward linkage (6%), which includes loans from suppliers of raw materials, advances from the customers or vendors etc. (Table no. 2).

Table No. 2: Sources of Working Capital

Sources		% of Total Loan / investment	Sources	% of Total Loan / investment
Own Source		**18%**	**Informal Sources**	
Plough back of Profit		**34%**	Relatives	**2%**
Formal Sources	Banks / FIs	**10%**	Friend	**4%**
	Govt.	**4%**	Money Lenders	**19%**
	MFIs	**7%**	Others	**2%**

d. Income of the MEs and Changes: In the year of the Round I survey (2009), women beneficiaries of the study who operated MEs had average revenues of 8,296 rupees, with a highest average of 8,340 rupees for artisans and a lowest of 8,202 rupees for tailoring entrepreneurs. Variation within each group was not so large, however, that these differences in means were not statistically significant.

Table: 3: Average Monthly Revenue of the Enterprises During Two Rounds of Survey

Types of activities	Revenue in Round – I			Revenue in Round – II		
	Mean	**SD**	**SE**	**Mean**	**SD**	**SE**
Tailoring (34)	8202.94	1948.81	334.22	19226.47	2575.09	441.62
Beautician (32)	8331.25	1930.48	341.26	19115.65	2615.97	462.44
Medical Aid (28)	8282.14	2081.68	393.40	19050	2802.84	529.69
Artisan (54)	8340.74	2077.78	282.75	18977.78	2802.74	381.40
Others (12)	8308.33	2200.60	635.26	18241.67	2409.25	695.49
Total (160)	8296.88	2006.89	158.66	19015.63	2668.70	210.98

In Round II (2014), average revenues (measured in present prices) rising for beneficiaries to an extent to 19,015 rupees. The Round II averages were 19,226 rupees for tailors, 19,115 rupees for beauticians, 19,050 rupees for medical services entrepreneurs, 18,977 rupees for artisans, and 18,241 rupees for trading entrepreneurs (Table-3).These changes were statistically significant as per ANOVA (Table-4) in each group of entrepreneurs as well as the total entrepreneurs under study, and the gain score analysis (Table-5) attributed significant change among the different groups.

Table: 4: ANOVA of Average Monthly Revenue During Two Rounds of Survey

Activities	F	F crit	p at 5%	Activities	F	F crit	p at 5%
Tailoring (34)	396.17	3.99	.0001	Artisan (54)	501.94	3.93	.000
Beautician (32)	352.10	3.99	.0021	Other (12)	111.20	4.30	.0001
Medical Aid (28)	266.34	4.01	.0012	Total (160)	1648.73	3.87	.0003

Table: 5: Gain Score Analysis of Average Monthly Income of the Enterprises

H_1: There is significant difference in the change of income among various groups

Types of activities	Gains from Round I			ANOVA			
	Mean	SD	SE		Between the groups	Within the groups	Total
Tailoring	10935.29	2767.77	474.67	**SS**	12276838.76	1299494105	1311770943
Beautician	10784.38	2784.53	492.24	**DF**	4	154	158
Med. Aid	10767.86	3020.19	570.76	**MS**	3069209.69	843827.34	
Artisan	10637.04	2967.39	403.81	**F**	3.63		
Others	9754.55	3055.61	921.29	**Fct**	2.43		
Total	10661.88	2898.23	229.13	**Changes Significant at 5% level**			

Table: 6: Average Profit of the Enterprises During Two Rounds of Survey

Types of activities	Profit in Round – I Survey			Profit in Round – II Survey			Growth In %
	Mean	SD	SE	Mean	SD	SE	
Tailoring	11151.47	1114.07	191.06	39308.24	2168.894	371.96	**252.49**
Beautician	11021.25	1072.89	189.66	39137.5	2293.99	405.53	**255.11**
Medical Aid	11103.57	1196.07	226.04	40328.57	1796.26	339.46	**263.20**
Artisan	11075.19	1067.71	145.30	39321.85	2325.99	316.53	**255.04**
Others	11394.17	845.07	243.95	37815	2010.56	580.40	**231.88**
Total (160)	**11109.50**	**1078.34**	**85.25**	**39345.25**	**2233.71**	**176.59**	**254.16**

e. Profit of the Enterprises: Table 6 shows the absolute changes in average enterprise profit over the two survey periods (2009 and 2014). Profit from microenterprise rose modestly, with trade and service activities providing growing income flows along with earnings from microenterprises in manufacturing.The average profit earned by all the entrepreneurs in Round – I is 11,109.50 rupees whereas it grows to 39,345.25 rupees in the 2nd round of survey, which is more than 3 and half time more. All most all the types of activities shows an equal pattern of growth ranging from 231% to 263% between the two periods with an average growth of 254.16%. In all specifications of the analysis shows a rise in the profit of entrepreneurs, however, significant change was detected through the ANOVA. All groups did significantly better. (Table – 7). All the groups of entrepreneurs had shown a similar pattern of change which are statistically significant. The significant rise in the entrepreneurial revenue of the respondent leads to rise in the profit margin.

Table: 7: ANOVA of Average Profit during Two Rounds of Survey

Activities	F	F crit	p	Activities	F	F crit	p
Tailoring (34)	4533.89	3.98	Sig.	Artisan (54)	6577.65	3.93	Sig.
Beautician (32)	3944.29	4.00	Sig.	Other (12)	1761.12	4.30	Sig.
Medical Aid (28)	5135.09	4.02	Sig.	Total (160)	20733.88	3.87	Sig.

f. Loan Availed and Loan Repayment: To find out the changes in the financial management attributes among the women respondents of the study area, the analysis of the loan figures are essential as the success and failure of the business and its sustainability depend on the actors like issue of loans which can be utilised for the working capital and for the acquisition of assets in the current years. The loan repayment percentage also indicated that the business has earned sufficient profit to repay a higher percentage of the loans taken by them. After set up the respondents generally took loans either for the working capital or for financing the procurement of fixed assets and modifications. So from the records of the business and the bank records the annual average loan sanctioned amount and loan repayment figures were drawn and put into analysis to find out any significant change in two survey rounds.

Table: 8: Annual Average Loan Disbursed & Repayment during Two Rounds of Survey

(Amt in Rs.)(Figures in bracket indicate %age of loan repaid w.r.t loan issued)

Types of activities	Annual Average Loan				Change in %	
	(Round – I)		(Round – II)		Loan Issue	Loan Repaid
	Issue	Repaid	Issue	Repaid		

Tailoring	12900	6800 (52.71)	43200	41300 (95.60)	445.59	507.35 (81.37)
Beautician	11300	6000 (53.10)	47600	42000 (88.24)	605.00	600.00 (66.18)
Med. Aid	11800	5800 (49.15)	52300	45100 (86.23)	698.28	677.59 (75.44)
Artisan	15700	7300 (46.50)	56700	48300 (85.19)	561.64	561.64 (83.20)
Others	9200	4300 (46.74)	56000	54000 (96.43)	1088.37	1155.81 (106.31)
Total	**13055**	**6446.25 (49.38)**	**51188.75**	**45420 (88.73)**	**591.56**	**604.60 (79.69)**

The average annual loan amount during Round – I Survey is 13,055 rupees (the highest of 15,700 rupees by the artisans and 9,200 rupees by the traders). The repayment percentage is only 49.38% and the average amount of the total respondents is 6,446 rupees. In the second round of survey, it is found that the loan amount was increased by 591.56% and the loan repayment percentage equally increased about 80% and the average loan repayment amount by 604.60%. This indicated that due to better turnover and revenues the respondents had repaid the loan in time and this figure aims towards a growing and sustainable business.

Table: 9: Analysis of Variance (ANOVA) of Loans during 2-Rounds of Survey

Loan Issued	**Source of Variation**	**SS**	**df**	**MS**	**F**	**F crit**
	Between Groups	3798601000	1	3798601000	197.13	5.32
	Within Groups	154160000	8	19270000		
	Total	3952761000	9			
% of the Loan Repaid	**Source of Variation**	**SS**	**df**	**MS**	**F**	**F crit**
	Between Groups	4140.82	1	4140.82	217.24	5.32
	Within Groups	152.49	8	19.06		
	Total	4293.31	9			

The ANOVA shows a significant change in the loan amounts disbursed or sanctioned to the entrepreneurs during two rounds of survey as well as the percentage of loan repaid by them also shows a significant variation statistically between two rounds of survey (Table 9).

g. Uses of Profit and Loan: It is found from the last five years figures that 68.07% of the profit and loan is used for the business purposes, 47.12% for working capital and 20.94% for asset building and asset replacements. They spend 6.81% of the profit and loan amount in savings for the purpose of meeting the future eventualities. The rest 25.13% of the loan amount (more than 1/4th of the loan amount) has been spend for personal spending (16.75%) like food, clothing, medical expenses etc. and for social functions like marriage, funerals and other social spending (8.38%).

Table: 10: Average % age of Loan and Profit Used for Business Purpose

Types of activities	No of respondents	Average % age of Loan Used for Business Purpose						
		2008	2009	2010	2011	2012	2013	2014
Tailoring	34	42.6	48.7	48.6	53.8	78.9	82.0	89.75
Annual Change in %		-	14.32	-0.21	10.70	46.65	3.93	9.45
Beautician	32	41.5	45.2	47.1	50.4	65.3	68.9	85.3
Annual Change in %		-	8.92	4.20	7.01	29.56	5.51	23.80
Med. Aid	28	43.75	51.5	55.85	65.4	70.6	85.6	90.5
Annual Change in %		-	17.71	8.45	17.10	7.95	21.25	5.72
Artisan	54	53.5	50.7	65.8	70.4	75.6	88.45	89.5
Annual Change in %		-	-5.23	29.78	6.99	7.39	17.00	1.19
Others	12	56.7	60.8	65.0	78.25	80.5	82.5	85.7
Annual Change in %		-	7.23	6.91	20.38	2.88	2.48	3.88
Total	**160**	**47.32**	**50.07**	**56.60**	**62.59**	**73.73**	**82.22**	**88.60**
Annual Change in %		**-**	**5.82**	**13.04**	**10.57**	**17.81**	**11.52**	**7.76**

The table 10 indicates the degree of loan fungibility among the respondents i.e., a drop in the loan fungibility among the respondents as the emergencies had been met through the profit and income from other sources rather than from the loan amount. In 2008, the average loan amount used for business purposes was 47.32% with the highest user was traders with 56.70%

and lowest users are beauticians with 41.5%. This has risen to 88.60% in the year 2014 with highest of 90.5% by the medical aid entrepreneurs and the lowest is beauticians with 85.3%. The group difference is statistically insignificant in both the rounds. The ANOVA rejects the null hypothesis that due to the loan fungibility has been decreased over a time period after a successful business and the loan used for business purposes has been increased significantly.

Table: 11: Analysis of Variance (ANOVA) of Average % age of Loan Used for Business Purpose during 2-Rounds of Survey

Source of Variation	SS	d.f.	MS	F	F crit
Between Groups	4960.52	1.00	4960.52	226.59	4.96
Within Groups	218.92	10.00	21.89		
Total	5179.44	11.00			

h. Fixed Assets Acquisition: Respondents whose main economic activity was running a microenterprise used only tiny quantities of fixed capital in those microenterprises. In Round I of the survey, these fixed assets averaged only 29,210 rupees in value. While artisan entrepreneurs had more fixed assets (31,475 rupees) than the other four categories of respondents: 28,402 rupees of tailoring entrepreneurs, compared to 29,146 rupees for beauticians, 29,294 rupees for artisan entrepreneurs and 29,132 rupees for medical aids, the differences are not statistically significant. By Round II, fixed assets averaged 1,39,469 rupees in real terms and 87,551 rupees in deflated price. The average values reported by all the group increased.These differences are also established the tests of statistical significance, even when moderating variables were taken into account (Table – 12).

Table: 12: Value of Microenterprise Fixed Assets during Two Rounds of Survey

Types of activities		Round – I Survey			Round – II Survey			Growth In %
		Mean	SD	SE	Mean	SD	SE	
Tailoring	Current	28402.94	5401.88	926.42	142065.88	13598.87	2332.19	400.18
	Deflated	28402.94	5401.88	926.42	89181.29	8536.58	1464.02	213.99
Beautician	Current	29146.88	4629.44	818.376	139953.13	11084.37	1959.46	380.17
	Deflated	29146.88	4629.44	818.376	87855.06	6958.16	1230.04	201.42
Medical Aid	Current	29132.14	4232.88	799.94	137864.29	11194.22	2115.51	373.24

	Deflated	29132.14	4232.88	799.94	86543.79	7027.08	1328.00	197.07
Artisan	Current	29294.44	4938.40	672.03	139379.63	11203.88	1524.66	375.79
	Deflated	29294.44	4938.40	672.03	87495.06	7033.15	957.09	198.67
Others	Current	31475.83	3301.97	953.20	134966.67	8614.82	2486.89	328.79
	Deflated	31475.83	3301.97	953.20	84724.83	5407.88	1561.12	169.17
Total (160)	Current	29210.69	4763.61	376.60	139469	11578.74	915.38	377.46
	Deflated	29210.69	4763.61	376.60	87551.14	7268.47	574.62	199.72

It is inferred that both changes from real price and deflated price the change is statistically significant. The average change in fixed assets in absolute term is 377.46% and 199.72% in terms of deflated price. Highest percentage of positive change had seen with the tailoring entrepreneurs (400.18% in absolute terms and 213.99% in deflated price) attributes to the causes like procurement of new and sophisticated automatic sewing machines, designer machines and facelift modifications in the showrooms and extension of workshop. The beauticians (380.17% in absolute terms and 201.42% in deflated price) also spend more money in modifying new machineries and equipment and modification of shops with air-conditioning and chairs and good mirrors. Generally more spending is made to procure new machinery and equipment (42% of the respondents) and expansion of showrooms and workshop (38% of the respondents). Spending higher for the business indicated two things – one the business is growing and the second one is utilisation of loans appropriately, where loan fungibility has been reduced. In the study of loan sources and uses in the previous chapter also corroborate the validity of the figure here.

Table: 13: ANOVA of Fixed Assets Values in Deflated Price during 2 Rounds of Survey

Activities	Source of Variation	SS	df	MS	F	F crit
Tailoring (34)	Between Groups	62798139166	1	62798139166	1230.69	3.99
	Within Groups	3367767897	66	51026786.32		
	Total	66165907063	67			
Beautician (32)	Between Groups	55146420473	1	55146420473	1579.05	4.00
	Within Groups	2165279217	62	34923858.34		

	Total	57311699690	63			
Medical Aid (28)	Between Groups	46145354298	1	46145354298	1371.39	4.02
	Within Groups	1817021656	54	33648549.19		
	Total	47962375954	55			
Artisan (54)	Between Groups	91457400610	1	91457400610	2476.74	3.93
	Within Groups	3914207694	106	36926487.68		
	Total	95371608304	107			
Other (12)	Between Groups	17012736006	1	17012736006	847.50	4.30
	Within Groups	441629413.3	22	20074064.24		
	Total	17454365419	23			
Total (160)	Between Groups	272288706836	1	272288706836	7210.79	3.87
	Within Groups	12008088622	318	37761284.98		
	Total	284296795458	319			

The table above (Table No – 13, 14) has tested the variability in the change of asset growth in different entrepreneurs which also indicated that the change in the fixed assets among various enterprises is not statistical significant. The average gain in two data periods among different enterprises is 58340.46 rupees with a highest of 60778.35 rupees in the absolute terms for tailoring entrepreneurs and a lowest of 53249.00 rupees for other trading entrepreneurs.

Table: 14: Gain score Analysis of Value of Microenterprise Fixed Assets

H_0: There is a significant difference in the change of fixed assets among various groups

Types of activities	Gains from Round I			ANOVA			
	Mean	SD	SE		Between the groups	Within the groups	Total
Tailoring	60778.35	10063.22	1725.83	**SS**	542687431.8	7251426893.2	7794114325
Beautician	58708.19	8930.57	1578.72	**DF**	4	155	159
Med. Aid	57411.64	7231.27	1366.58	**MS**	135671858	46783399.31	
Artisan	58200.61	8435.69	1147.95	**F**	2.90		
Others	53249.00	5647.54	1630.30	**Fct**	2.43		
Total	58340.46	8647.96	683.68	**Changes are Significant**			

i. Record Keeping: The major drawback for any entrepreneurship developmental programmes for the poor and women communities is the record keeping, especially maintenance of the accounts and books. All most all the members (98%) have maintained cash book, either in single column or double column format and they are maintaining them daily. 83% of the respondents have kept records of staff attendance and pay roll books including advance payment books. With respect to cash receipt and cash vouchers, all most all the respondents have the records but only used them on demand (70%). Creditors' Book (45%) and debtors' book (40%) have been maintained in a crude form, along with the sales book (45%) and purchase book (32%). Another book maintained by the respondents properly and daily is the stores ledger (58%). One of the reason for the ill-maintained records is the lack of knowledge.

7. Correlational Analysis of Factors of Financial Management

While six factors of financial management such as revenue, profit, loan received, loan repaid, loan fungibility, and asset acquisition are taken together and the Karl Pearson's Correlation Coefficient was calculated, the following inference were drawn (Table – 15). Profit of the organisations depends on the total revenue and the higher correlation coefficient signifies that a positive correlation exists between profit with revenue (+ 0.770). Higher loan sanction and availability is dependent on the revenue (+ 0.710) and the same relation with the loan repayment (+ 0.748). The loan repayment and loan availability marginally depends on the profit earning capacity of the organisation, which lead to bad debts. More the profit and revenue, the loan fungibility has been reduced. The same is the inverse relationship with respect to the asset acquisition and loan fungibility.

Table: 15: Correlation between various factors of Entrepreneurial Achievements

Parameters	Revenue	Profit	Loan Availed	Loan Repaid	Loan Fungibility	Asset Acquisition
Revenue	--	+ 0.770	+ 0.710	+ 0.629	- 0.731	+ 0.692
Profit	+ 0.770	--	+ 0.576	+ 0.520	- 0.765	+0.792
Loan availed	+ 0.710	+ 0.576	--	+ 0.748	- 0.582	+ 0.712
Loan Repaid	+ 0.629	+ 0.520	+ 0.748	--	- 0.698	+ 0.729

Loan Fungibility	- 0.731	- 0.765	- 0.582	- 0.698	--	- 0.812
Asset Acquisition	+ 0.692	+0.792	+ 0.712	+ 0.729	- 0.812	--

8. Problems Faced

Although women's access to financial services has increased substantially in the past two decades, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. While analysing the responses of the urban women entrepreneurs of the Kolkata suburban of West Bengal with respect to the problems faced by them during the institutional financing, it is found that the respondents are very much annoyed with the indifferent attitude of the bank officials and sometimes the govt. officials.

a. Some institutions are providing a decreasing percentage of loans to women and the average women's loan size is smaller than those of men, even when they belong to the same credit program, from the same community, and from the same lending group. Differences in loan sizes lead to women's greater poverty and limit the capacity of women's businesses to absorb capital.
b. Gender bias and the presence of discrimination in the lending process places women at a disadvantage. Women were less satisfied than men with their banking relationships. More female firm owners felt discrimination pressures in obtaining bank loans than males. Furthermore, female-owned businesses were less likely to use external debt capital, such as bank loans, as a source of capital than male-owned businesses.
c. Female entrepreneurs have suffered as being required to provide higher levels of collateral as well as co-signatories on loans and lines of credit, interest charges, relative rates of loan approvals though females' businesses were less likely to fail and were just as successful as the males' businesses.
d. Due to these apathetical attitudes of the Govt. officials, the people lack faith and trust on them. Apart from lack of faith and trust on officials, not understanding the paper works, demand for collateral security and guarantors, non-clarity in interest rates, demand for margin money, demand for seed capital etc. also demurred the spirit of dependence of the poor urban ladies on the formal sources of credit, and increased dependency on informal

sources though they pay a higher interest rate and being exploited by them profusely, both physically and mentally apart from financially.

e. Presence of red-tapism and bureaucratic bottleneck, inadvertent delay in paper works etc. in the Govt. offices add salt to the wound.

f. Female entrepreneurs follow evolutionary and incremental approaches in establishing and managing their organisations, more than intentional and rationale strategies. This fact and the limited financial resources can hinder enterprise's growth.

g. Due to lack of technical knowledge, skill and awareness, the financial record keeping is a colossal task for the respondents.

h. Issues like trade diversification and reinvestment with complementary activities have been unvoiced and opportunities untapped which lead to unproductive savings and indolent profits.

9. Suggestions

The women owned informal business is appeased as a magic bullet for the country's strategy for inclusive growth but their success has been embossed through an apposite financial management skill. In the present circumstances, the following suggestions may be adorned to remove the constraints for a superior future –

1. Change of attitude of masculine prejudice among the govt. and bank officials to refrain from the gender biasness, gender discrimination and gender domainisation.
2. Dissemination of suitable skill and techniques of financial management through EDPs and trainings, and customization of events and eventualities.
3. Prospecting expansion, diversification and modification strategies and plans for maximum utilisation of unexploited resources.

It is evident there is no single solution to the challenges of inculcation of sound financial managementin the informal and micro-enterprises sectors, at hand, for eliminatingsusceptibility, poverty and social marginalisation of the poor and vulnerable masses in India. The development of a sound structure of financial managementis the only "cure-all"strategy to enhancethe sustainability of the informal and micro entrepreneurship,as well empower the women, the most vulnerable among the excluded. Various initiatives taken by the Government of India through

Micro-Credit Programs (MCPs) could prove to be useful if reinforced with development of micro-entrepreneurship, sensible capital formation, suitable employment generation, enhanced savings, asserted skill development, refinedplacements, insolentasset acquirement, enriched life style, sustainablemarketability, asserted futuristic goals and at last with sound financial management. This also depends on the resource availability and related aspects as long as these all promise better access and none or minimal barriers coupled with non-discriminatory and positive attitudes leading towards the creation of an inclusive society that will benefit not only the women but the society at large.

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