Financial Literacy of MSMEs in Vizianagaram District –
A Study on Critical Factors of Select Variables

Ms. S. Aparna Pavani, Research Scholar, DCMS
Andhra University, Visakhapatnam, India.

Prof. P. Veni, Professor, DCMS
Andhra University, Visakhapatnam, India.

ABSTRACT

MSMEs form an integral part of any economy. Nevertheless the significance of MSMEs demonstrates a very low survival rate, especially within the first five years of trade. As financial literacy is gaining momentum both in developed economies with sophisticated financial systems and developing countries with low levels of financial services, this research seeks to establish a formal relationship between financial literacy and access to finance. The purpose of this paper is to analyze the level of financial literacy in Vizianagaram District of Andhra Pradesh with the aim of establishing how financial literacy impacts entrepreneurship development. Data from a sample of 365 business units has been interpreted keeping in view the objectives of the study and inferences are drawn. Though some working hypotheses were formed to justify the relationship between variables but in some places Chi-square test, Fisher’s Exact test and Z test had been conducted to test the association between variables. The results reinforce the findings that the financial awareness and competent use of financial services is very low in the district. Some policy recommendations have been proposed for entrepreneurs, financial institutions and policy makers.

Keywords: Financial Literacy, Entrepreneurship Development, Financial Institutions.

INTRODUCTION:

MSMEs are a key contributor to economic development in both developed and developing markets around the world. In the Asian region specifically, Asian Development Bank (ADB) statistics show that MSMEs account for 96 percent of the total enterprises, employ 62 percent of the labor workforce and contribute an average of 42 percent of gross domestic product (GDP) (ADB, 2015). The Reserve Bank of India classified all working capital limits to MSME units as priority sector lending. With the emergence and growth of a new-class of financiers, such as Fintech companies, peer-to-peer lending and new-age digital non-banking financial companies, the MSME financing ecosystem is growing to address a key issue affecting the industry. With new technologies on the anvil and deeper penetration of the internet, the time is ripe for MSMEs to ride the wave. It is important that we change our mindset towards this sector as they can grow the employee base and have a positive multiplier effect on the ecosystem. Labour Net itself plans to create one lakh micro-entrepreneurs over the next five years. Globally, micro-entrepreneurship is being recognized as one of the prominent ways of poverty alleviation and income generation. It encourages the use of minimal resources, provides employment locally and leads in self-sufficiency. We can make this work only if we address the above-mentioned challenges and steer India towards greater prosperity. (Gayatri Vasudevan, 2018)

Employment of financial services is widely recognized as a contributing factor to a country’s financial stability, efficiency, and economic growth. Broadly speaking it is an issue of great importance whether people encounter difficulties in accessing and or using financial services in the mainstream market. Although its social and political significance is widely acknowledged, financial access and use of financial services remains low in many countries including India (Irina Kunovskaya, 2010). Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime financial well-being. It is the process by which
individuals gain an understanding of their financial situation and learn how to strengthen it over a period of time by inculcating the financial habits of savings, budgeting, planning and hence making the right financial decisions (Surendar.G and Subramanya Sarma, 2018).

According to a global survey by Standard & Poor’s Financial Services LLC (S&P) less than 25 percent of adults are financially literate in South Asian countries. For an average Indian, financial literacy is yet to become a priority. India is home to 17.5 percent of the world’s population but nearly 76 percent of its adult population does not understand even the basic financial concepts.

Table 1: Definition of MSME as per MSMED Act

| Categories | Manufacturing (Investment in Plant and Machinery) | Services (Investment in Equipments) |
|------------|--------------------------------------------------|-----------------------------------|
| Micro      | does not exceed Rs. 25 lakh                      | does not exceed Rs. 10 lakh       |
| Small      | more than Rs. 25 lakh but does not exceed Rs. 5 crore. | more than Rs. 10 lakh but does not exceed Rs. 2 crore |
| Medium     | more than Rs. 5 crore but does not exceed Rs. 10 crore | More than Rs 2 crore but does not exceed Rs.50 Crores |

Source: MSME Annual Report 2015-16.

Contribution of MSME Sector in GDP and Output:

Often rightly termed as the engine of growth for India, MSME has played a prominent role in the development of the country in terms of creating employment opportunities-MSME sector comprises more than 63 million units and employs about 111 million people, scaling manufacturing capabilities, curtailing regional disparities, balancing the distribution of wealth, and contributing to the GDP. The share of MSMEs in GDP is about 8 percent with the sector accounting for about 45 percent of manufacturing output and about 40 percent of India’s total exports. The contribution of MSME to other sectors has been immensely instrumental. It is the biggest employer after agriculture sector, despite the fact that agriculture sector’s contribution to GDP is less than MSME. It forms the highest share of employment sector in India, contributing around 69 to it. (The Hindu, August 2018)

Table 2: Contribution of MSME sector in total GDP and output

| Year  | Gross value of output of MSMEs manufacturing sector (in Crore) | Share of MSME sector in Total GDP (%) | Share of MSME manufacturing output in total manufacturing output (%) |
|-------|---------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------|
|       | Manufacturing Sector | Service Sector | Total | Share of MSME manufacturing output |
| 2007-08 | 1322777 | 7.81 | 27.60 | 35.41 | 41.98 |
| 2008-09 | 1375589 | 7.52 | 28.60 | 36.12 | 40.79 |
| 2009-10 | 1488352 | 7.45 | 28.60 | 36.05 | 39.63 |
| 2010-11 | 1653622 | 7.39 | 29.30 | 36.69 | 38.50 |
| 2011-12 | 1788584 | 7.27 | 30.70 | 37.97 | 37.47 |
| 2012-13 | 1809976 | 7.04 | 30.50 | 37.54 | 37.33 |
| 2013-14 | 1902858 | 7.84 | 32.80 | 42.38 | 38.36 |
| 2014-15 | 2257639 | 8.15 | 35.60 | 44.70 | 38.78 |
| 2015-16 | 2856942 | 8.66 | 38.30 | 45.60 | 39.54 |

Source: Compiled from Annual Reports, MSME

Manufacturing sector contributes a major portion of the Indian economy. The share of MSME sector to gross domestic product and output has been explained in the above table for a period of nine Years. The share of manufacturing sector has been decreasing over years from 7.81 percent in 2007-08 to 7.04 percent in 2012-13 but service sector contribution has been gradually increasing over a period from 27.60 percent in 2007-08 to 30.50 percent in 2012-13. Conversely the share of manufacturing output to total output has also been
decreasing. Subsequently, the sector showed a progressive growth of 8.66 percent in manufacturing activities and 38.30 percent in service activities during the year 2015-16.

Profile of MSMEs in India:
The Indian economy thrives through the process of creation of enterprises. The MSMEs have been contributing to expansion of entrepreneurial culture through business innovations. The MSMEs are widely dispersed across sectors of the economy, producing diverse range of products and services to meet demands of local as well as global markets. (Biswajit Bose, 2013)

| Sl. No | Particulars                                      | Value   |
|-------|-------------------------------------------------|---------|
| 1.    | Number of Micro, Small and Medium Enterprises (in Lakh Units) | 606.49  |
| 2.    | Share in Total Industrial Production (in Percentage)       | 33.40   |
| 3.    | Employment (in Lakhs)                               | 1439.75 |
| 4.    | Share in GDP (in Percentage)                        | 43.60   |
| 5.    | Share in Manufacturing Output (in Percentage)        | 39.50   |
| 6.    | Share in Exports (in Percentage)                    | 45.00   |

Source: Annual Report 2016-17, Ministry of Micro, Small and Medium Enterprises, India.

As seen in the above table 3 that the number of MSMEs in India accounts for nearly 606.49 lakh units. This sector accounts for almost 33.40 percent of the total industrial production, share of manufacturing output is 39.50 percent, 45.60 percent contribution to the GDP of India and 45 percent share of exports and generating employment around 1439.75 lakhs of people throughout the country.

OBJECTIVES OF THE STUDY:
1. To study the existing status of Micro, Small and Medium Enterprises in Vizianagaram District.
2. To analyze the profile of selected MSME business units in the district.
3. To assess the effective use of financial services of Micro, Small and Medium entrepreneurs in the district.
4. To suggest suitable measures for the effective implementation of Financial Literacy services for the growth of MSMEs.

HYPOTHESES:
The following null hypotheses were framed for the study.

Ho1: There is no significant relationship between entrepreneurial characteristics and gender.
Ho2: There is no significant difference in the financial awareness of micro, small and medium entrepreneurs.

REVIEW OF LITERATURE:
Minakshi Ramji (2009) revealed that well-developed financial system brings poor people into the mainstream of the economy and allows them to contribute more actively to their personal economic development. Harsha V Jariwala (2014) in his thesis titled “To study the level of Financial Literacy and its impact on investment decision – An in-depth analysis of investors in Gujarat State” assessed the financial literacy level of individual investors in Gujarat state, India and its effect on investment decision.

Kamal Gupta et al. (2014), in his article titled “A study of Financial Literacy among Micro entrepreneurs in District kangra “, assessed the level of financial literacy amongst 87 micro Entrepreneurs of Kangra district of Himalaya Pradesh based on record keeping, various institutional awareness, savings, investment plans, savings management and various loan products. It is found that most of respondents are responsive of bank loans, less awareness about other financial institutions. Overall possess low financial skills which reflected in deficient record keeping, poor cash management, improper savings habits, less awareness on financial products. Research suggested that to create more awareness and financial alternatives for well-being of micro Entrepreneurs.

Lavanya Rekha Bahadur (2015), in her article titled “Financial Literacy: The Indian story “ analyzed two pillar of the economy: Financial literacy and Financial Inclusion and its current scenario as well as common people perspective about financial instruments. Data collected from 202 Mumbai and thane district individuals. It is found that level of financial literacy is very low and suggested to encourage financial literacy from school level,
national level programs and seep effort to the grass root level.
Visa Financial Literacy Survey (2014), depicts Indians are least financially literate people across the globe with youngsters and women struggling most with their financial knowledge. Only 25% of total population in India are financially literate and ranked 23rd among 28 countries.

METHODOLOGY OF THE STUDY:
The present study is based on both primary as well as secondary data.

Secondary Data:
Secondary data were collected from published, unpublished reports, handbooks, action plan, pamphlets of Director of Industries, MSME-DI, APSFC, IIE, SIDBI, IDBI, journals, books, magazines and newspapers. Besides, various publications of government of India such as census of Micro, Small and Medium Enterprises, Economic Surveys, Reports on Micro, Small and Medium Enterprises, Bulletins of RBI, were also used to collect relevant secondary data pertaining to macro-scenario of micro, small and medium enterprises, definitions, performance and problems of micro, small and medium enterprises. For literature, the researcher had gone through various books, journals, websites, research reports, magazines and newspapers on MSMEs and entrepreneurship available in the libraries of Andhra University, Acharya Nagarjuna University.

Primary Data:
Primary data has been collected through interview schedule after considering all the relevant aspects, which were gleaned out by the researcher on the basis of review of literature. Further, the researcher had preliminary discussion with the officials of the District Industries Centre and few entrepreneurs registered in DIC, Khadi and Village Industries Board (KVIB), Vizianagaram District. The method used for the study was field survey and interviews. The interview schedule was pre-tested by conducting a pilot study with twenty entrepreneurs to judge the feasibility of the study.

FINDINGS AND DISCUSSION:

Tabulation and Statistical Analysis of Data:
The data are presented in the form of simple and bi-variate tables. The analysis of data was carried out using simple statistical techniques. Inter variable relationships have been established, wherever possible by carrying out cross tabulation of the available data. Data has been interpreted keeping in view the objectives of the study and inferences are drawn. However, as a part of the study, cross relationships between variables have been examined at several places. Though some working hypothesis were formed to justify the relationship between variables but in some places Chi – square test, Fisher’s Exact test and Z test had been conducted to test the association between variables.

Entrepreneurial Background:
The Socio-economic factors of the entrepreneurs act as a base for personal factors that lead to entrepreneurial development and skill. The social factors related to the family and communities have a bearing on entrepreneurship. The economic factors act as a base for financial support to develop entrepreneurship. An attempt has been made to analyze the Socio -economic background of the selected entrepreneurs such as gender, age, marital status, size of the family, religion, social status of the entrepreneur, educational background, financial background and annual income. (Selvraj.N, 2015 )

H01: There is no significant relationship between entrepreneurial characteristics and gender.

| Table 4: Entrepreneurial Characteristics |
|-----------------------------------------|
| **Entrepreneurial Characteristics**     | **Category** | **Gender** | **N** | **Percentage** | **P – Value** | **Chi–Square** | **Z-Value** | **Result** |
|-----------------------------------------|--------------|------------|------|----------------|---------------|---------------|------------|------------|
| Age                                     | Up to 30 Yrs| Male 42    | 6    | 48             | 13.2          |               |            |            |
|                                         | 31-40 Yrs    | 216        | 33   | 249            | 68.6          | 0.141         | 3.913      | NS         |
|                                         | 41-50 Yrs    | 63         | 3    | 66             | 18.2          |               |            |            |
| Social Status                           | SC & ST      | 46         | 10   | 56             | 15.4          |               |            |            |
|                                         | OBC          | 178        | 21   | 199            | 54.8          | 0.277         | 2.567      | NS         |
| Entreprenurial Characteristics | Category               | Gender | N  | Percentage | P−   | Chi−  | Z−   | Result |
|-------------------------------|------------------------|--------|----|------------|------|-------|------|--------|
|                               | OC                     | 97     | 11 | 108        | 29.8 |        |      |        |
| Educational Background        | Science                | 70     | 12 | 82         | 22.6 |        |      |        |
|                               | Arts                   | 173    | 16 | 189        | 52.1 | 0.233 | 4.378| NS     |
|                               | Engineering            | 47     | 7  | 54         | 14.9 |        |      |        |
|                               | Highest Degree         | 31     | 7  | 38         | 10.5 |        |      |        |
| Type of Establishment         | Micro                  | 174    | 23 | 197        | 54.3 | 0.946 | 0.005| NS     |
|                               | Small & Medium         | 147    | 19 | 166        | 45.7 |        |      |        |
| Location of the Firm          | Rural                  | 77     | 18 | 95         | 26.2 | 0.009 | 6.844| S      |
|                               | Urban                  | 244    | 24 | 268        | 73.8 |        |      |        |
| Nature of Business            | Manufacturing          | 236    | 30 | 266        | 73.3 | 0.773 | 0.083| NS     |
|                               | Service                | 85     | 12 | 97         | 26.7 |        |      |        |
| Form of Organization          | Sole Proprietorship    | 253    | 32 | 285        | 78.5 |        |      |        |
|                               | Partnership            | 58     | 9  | 67         | 18.5 | 0.850 | 0.326| NS     |
|                               | Private Limited Company| 10     | 1  | 11         | 3.0  |        |      |        |
| Industrial Composition        | Agro – Based           | 48     | 6  | 54         | 14.9 |        |      |        |
|                               | Forest – Based         | 35     | 2  | 37         | 10.2 |        |      |        |
|                               | Textile – Based        | 25     | 6  | 31         | 8.5  |        |      |        |
|                               | Mineral Based          | 17     | 3  | 20         | 5.5  |        |      |        |
|                               | Chemical Based         | 19     | 2  | 21         | 5.8  |        |      |        |
|                               | Engineering            | 72     | 5  | 77         | 21.2 |        |      |        |
|                               | Electrical             | 11     | 4  | 15         | 4.1  |        |      |        |
|                               | Miscellaneous          | 94     | 14 | 108        | 29.8 |        |      |        |
| Reasons for selecting the Product | Heavy Demand          | 64     | 6  | 70         | 16.7 | 0.333 | 0.97 | NS     |
|                               | for the Product        |        |     |            |      |        |      |        |
|                               | Raw Materials          | 119    | 20 | 139        | 33.0 | 0.196 | -1.29| NS     |
|                               | availability           |        |     |            |      |        |      |        |
|                               | Customers Need         | 181    | 17 | 198        | 47.1 | 0.048 | 1.97 | S      |
|                               | Absence of Competition| 1      | 0  | 1          | 0.2  | 1.000 |      | NS     |
|                               | Suggested by DIC       | 8      | 0  | 8          | 1.9  | 0.604 |      | NS     |
|                               | All the above factors  | 4      | 0  | 4          | 1.0  | 1.000 |      | NS     |

Source: Based on primary data.

It is evident from the above table, that there exists a significant difference between all the entrepreneurial characteristics and gender, thereby the null hypothesis stands rejected. The finding reveals that there exists variation in the characteristics of male and female entrepreneurs in terms of age, social status, educational background, type of establishment, nature of business, form of organization, industry composition and reasons for selecting the present line of activity. The P-values of almost all the variables are below the 5 percent level of significance.

Profile of the Business Units in Vizianagaram District:
The profile of the business unit is also considered in order to analyze the type of establishment, years of experience, location of the firm, nature of the business, constitution of the firm, industry composition to which the firm belongs, reasons for selecting the product, area of operation of the firm, inspiration to promote the business, type of risk involved and insurance taken for the business. MSMEs had got a special focus by the government, which it comprised the largest share of total enterprises and employment in India. MSMEs have to play a major role in generating income, creating job opportunities and reducing poverty. In this context it is felt that there is a need to study the socio – economic aspects of the enterprises.
Table 5: Profile of Business units

| Demographic Variables | Category                        | Type of Establishment | N     | Percentage | P-Value | Chi–Square | Z-Value | Result |
|-----------------------|---------------------------------|-----------------------|-------|------------|---------|------------|---------|--------|
|                       |                                 | Micro                | Small & Medium |          |         |           |         |        |
| Business Experience   | Less than 5 Yrs                 | 94                   | 52    | 146        | 40.2    |            |         |        |
|                       | 5–10 Yrs                        | 99                   | 95    | 194        | 53.4    |            |         |        |
|                       | 10–15 Yrs                       | 4                    | 9     | 13         | 3.6     |            |         |        |
|                       | 15–20 Yrs                       | 0                    | 2     | 2          | 0.6     |            |         |        |
|                       | Above 20 Yrs                    | 0                    | 8     | 8          | 2.2     |            |         |        |
| Location of the Firm  | Rural                           | 47                   | 48    | 95         | 26.2    | 0.275      | 1.193  | NS     |
|                       | Urban                           | 150                  | 118   | 268        | 73.8    |            |         |        |
| Nature of Business    | Manufacturing                   | 142                  | 124   | 266        | 73.3    | 0.574      | 0.315  | NS     |
|                       | Service                         | 55                   | 42    | 97         | 26.7    |            |         |        |
| Form of Organization  | Sole Proprietorship             | 172                  | 113   | 285        | 78.5    | 0.000      | 22.482 | S      |
|                       | Partnership                     | 24                   | 43    | 67         | 18.5    |            |         |        |
|                       | Private Limited Company         | 1                    | 10    | 11         | 3.0     |            |         |        |
| Industrial Composition| Agro – Based                    | 19                   | 35    | 54         | 14.9    |            |         |        |
|                       | Forest – Based                  | 17                   | 20    | 37         | 10.2    |            |         |        |
|                       | Textile – Based                 | 13                   | 18    | 31         | 8.5     |            |         |        |
|                       | Mineral – Based                 | 1                    | 19    | 20         | 5.5     |            |         |        |
|                       | Chemical – Based                | 8                    | 13    | 21         | 5.8     |            |         |        |
|                       | Engineering                     | 60                   | 17    | 77         | 21.2    |            |         |        |
|                       | Electrical                      | 9                    | 6     | 15         | 4.1     |            |         |        |
|                       | Miscellaneous                   | 70                   | 38    | 108        | 29.8    |            |         |        |
| Reasons for Selecting the present line of activity | Heavy Demand                   | 54                   | 16    | 70         | 16.7    | 0.000      | 4.54   | S      |
|                       | Availability of Raw – Materials | 72                   | 67    | 139        | 33.0    | 0.457      | -0.74  | NS     |
|                       | Customers need                  | 107                  | 91    | 198        | 47.0    | 0.923      | -0.10  | NS     |
|                       | Absence of Competition          | 0                    | 1     | 1          | 0.2     | 0.457      |         | NS     |
|                       | Suggested by DIC                | 0                    | 8     | 8          | 1.9     | 0.002      |         | S      |
|                       | All the above factors           | 0                    | 4     | 4          | 1.0     | 0.04       |         | S      |
| Market Penetration    | Local Only                      | 138                  | 89    | 227        | 62.5    |            |         |        |
|                       | District Level Market           | 44                   | 54    | 98         | 27.0    |            |         |        |
|                       | State Level Market              | 14                   | 21    | 35         | 9.6     |            |         |        |
|                       | National Level Market           | 1                    | 2     | 3          | 0.8     |            |         |        |
| Persons who Initiated to Start the Enterprise | Personal Initiative            | 176                  | 137   | 313        | 86.2    |            |         |        |
|                       | Relatives                       | 12                   | 20    | 32         | 8.8     |            |         |        |
|                       | Friends                         | 9                    | 8     | 17         | 4.7     |            |         |        |
|                       | Advertisement in Newspapers    | 0                    | 1     | 1          | 0.3     |            |         |        |
| Types of Risk Involved| Market Risk                     | 110                  | 80    | 190        | 43.8    | 0.145      | 1.46   | NS     |
|                       | Financial Risk                  | 104                  | 114   | 214        | 49.3    | 0.002      | -3.14  | S      |
|                       | Business Risk                   | 14                   | 16    | 30         | 6.9     | 0.388      | -0.86  | NS     |

Source: Based on Primary Survey.
The above table explains that the demographic variables like location of the firm, nature of business activity, form of organization, industry composition, reasons for selecting the product, area of operation of the firm are impacting on the type of establishment. The finding reveals that there is significant relationship between the socio – economic profile of the business unit and the type of establishment. The P-values of all the variables are greater than 0.05, which explains that there is a significant difference in the socio – economic variables at 5 percent level of significance.

**Financial Awareness of the entrepreneurs regarding the various Financial Services of Banks in Vizianagaram District:**
Adequate access to financial services for entrepreneurs enables living conditions to improve, not only for the individuals who benefit from them, but also for their families and their community as a whole. In general, stimulating the creation and growth of small job-creating enterprises contributes to expanding the ranks of the middle class, with all of the ensuing positive impacts: increased access to health care, education, housing and transportation, general economic progress, support for democracy and stabilization of society. By making available the micro- and small enterprises a specialized offering of financial services tailored to their needs, financial cooperatives and other microfinance institutions make it possible, on the one hand, to include financially entrepreneurs with limited or no access to the services offered by banks and, on the other hand, the continuation of the support they offer to their members and clients whose business activities have developed over time. This continuity is essential for these entrepreneurs who, despite having progressed in the formalization of their activities and now being able to qualify with banks, wish to maintain the business link and the relationship of trust they have established with their microfinance institution.

**The Selected Variables for the Study:**

**Familiar with the following Financial Products**
A study has been organized to know the Status/ level of Financial Literacy among the Micro, Small and Medium Enterprises in Vizianagaram District. It acts as the demand side of the analysis where every entrepreneur is supposed to know about the various Financial Products available in an efficient manner.

**Ho2:** There is no significant difference in the financial awareness of micro, small and medium entrepreneurs.

| Sl. No | Financial Products | Gender | Fisher’s Exact Test | P-value | Result | Decision |
|-------|------------------|--------|---------------------|---------|--------|----------|
| 1     | Venture Capital  | Male   | 5(1.6%)             | Fisher’s| 1.000  | NS       | Reject   |
| 2     | Leasing          | Male   | 319(99.4%)          | Fisher’s| 1.000  | NS       | Reject   |
| 3     | Factoring        | Female | 42(100%)            | Fisher’s| 1.000  | NS       | Reject   |
| 4     | Bill Discounting | Male   | 2(0.6%)             | Fisher’s| 1.000  | NS       | Reject   |
| 5     | IPO              | Female | 7(2.2%)             | Fisher’s| 1.000  | NS       | Reject   |

**Source:** Based on Primary Data.

From the above table it is clear that 96 percent of the entrepreneurs are aware of leasing services, only 2 percent of them are aware of IPO, only 1.6 percent have knowledge in Venture capital, a minute of 0.6 percent in bill discounting and factoring services.

Gender – wise classification also gives a clear analysis that literacy about various financial products among male entrepreneurs is 99 percent are aware of leasing, 0.5 percent have knowledge in IPO, 1.5 percent in venture capital, 0.6 percent each are aware of factoring and billing discounting. When coming to female entrepreneurs the level of awareness is low when compared to the male entrepreneurs. 100 percent of them have knowledge in leasing. They do not have any idea about other services like venture capital, factoring and bill discounting.

**E- Banking Products:**
Due to the technological changes being taken place in the banking sector since few years, many E – banking products are been introduced like mobile banking, internet banking, credit cards, debit cards and rupay cards have been introduced to facilitate the customers in various banking services towards a technology – driven society. The concept of financial Inclusion is to bring the banking services under the fold of formal financial system for the under – privileged sections of the society.
Table 7: E-Banking Products

| Sl. No | E-banking Products | Gender | Fisher’s Exact Test | P-value | Result | Decision |
|-------|-------------------|--------|---------------------|---------|--------|----------|
|       |                   | Male   | Female              |         |        |          |
| 1     | Mobile Banking    | 300(93.5%) | 42(100%) | Fisher’s | 0.151 | NS       | Reject   |
| 2     | Internet Banking  | 301(93.8%) | 41(97.6%) | Fisher’s | 0.490 | NS       | Reject   |
| 3     | Credit Cards      | 286(89.1%) | 40(95.2%) | Fisher’s | 0.285 | NS       | Reject   |
| 4     | Debit Cards       | 307(95.6%) | 42(100%) | Fisher’s | 0.385 | NS       | Reject   |
| 5     | Ru-Pay            | 4(1.2%) | 0(0%) | Fisher’s | 1.000 | NS       | Reject   |

Source: Based on Primary Data.

It is observed from the above table that almost 96 percent of the respondents have debit cards, mobile banking and internet banking services, of them are aware of credit cards, only 4 of them are aware of Ru- pay cards. Gender – wise analysis gives a clear picture that 96 percent of the male entrepreneurs are aware of the debit cards and consuming it, 94 percent of them are availing mobile banking and internet banking facilities, 89 percent of them are aware of holding credit cards, only 1.2 percent of them are aware of rupay cards. The status of the awareness of female entrepreneurs is that 100 percent are utilizing debit cards and mobile banking services, 97 percent are aware of internet banking services, 95 percent are aware of credit cards and no one are aware of rupay cards. To test the level of significance and the level of Fisher’s exact test, there is no significant relation between the variables E – banking products and gender with values ranging between 0.2 to 1.00 values.

Source of information on finance:

It is evident to understand the different sources of information for the entrepreneurs where he is very much influenced. A study has been conducted to know the different sources of information like information from family, friends, business consultants, banks or business networks. Information is the main source where it is made useful to take the right decision at the right time.

Table 8: Source of Information on Finance

| Sl. No | Source of information on finance | Gender | Z-Value | P-value | Result | Decision |
|-------|---------------------------------|--------|---------|---------|--------|----------|
|       |                                 | Male   | Female  |         |        |          |
| 1     | Family                          | 112(34.9%) | 23(54.8%) | -2.44  | 0.014  | S        | Accept   |
| 2     | Friends                         | 100(31.2%) | 23(54.8%) | -2.91  | 0.004  | S        | Accept   |
| 3     | Consultants                     | 6(1.9%) | 0(0%) | Fisher’s | 1.000 | NS       | Reject   |
| 4     | Banks                           | 221(68.8%) | 19(45.2%) | 2.91   | 0.004  | S        | Accept   |
| 5     | Business Networks               | 96(29.9%) | 23(54.8%) | -3.07  | 0.002  | S        | Accept   |

Source: Based on Primary Data.

The above table 8 shows that the available sources of information to the entrepreneurs. Out of them a majority 57 percent of the entrepreneurs got the information from banks, followed by 45 percent from family members, 43 percent from friends, 42 percent from business networks, 1 percent from consultants. Gender – wise classification reveals that a maximum of 69 percent of the male entrepreneurs have the main source of information from banks, 35 percent from family members, 31 percent from Friends, 30 percent through business networks, 2 percent through consultants. The status of female entrepreneurs also show that 55 percent source of information is through family, friends, and business networks, 45 percent from banks. In order to find out the level of significance and exactness, Z- value and P-value has been tested. It was found that there is a significant difference in the variables relating to source of information and gender.

Awareness about Financial Statements:

A good financial statement should document information such that it is easy to read and understandable. Presenting a financial statement clearly and professionally, helps companies interpret results and thus plan for a more profitable future. ( Suh Collins Suh, 2017 )
From the above table it is found out that 100 percent of the entrepreneurs know how to prepare profit and loss account, 100 percent have idea in finalization of balance sheet, 95 percent know how to prepare project appraisal methods as they apply for the loan, 41 percent of them prepare cash flow forecast, 54 percent of them know the usage of database in business, 55 percent of them are using e-mails to run the business, 2 percent are aware of spreadsheets, 95 percent of them are maintaining their own websites. Gender-wise analysis gives a clear picture that 100 percent of the male entrepreneurs are aware of preparing profit and loss account, 98 percent of them are aware of finalizing balance sheet, 89 percent are aware of project appraisal methods, 27 percent prepare cash flow forecast, 63 percent of the entrepreneurs know the usage of database in business, 65 percent are operating through e-mails, 2 percent are using spreadsheets, 91 percent are using websites. Whereas the status of the female entrepreneurs say that 100 percent of the female entrepreneurs maintain the financial statements like profit and loss accounts and balance sheets equally, 100 percent of them are aware of project appraisal methods, 55 percent of them are aware of cash flow forecast, 45 percent of them are aware of usage of database in business and e-mails, 100 percent of them have their own website, while no female entrepreneurs are aware of the spreadsheets.

Entrepreneurship Development Programmes (EDP):
The Government of India has undertaken several initiatives and instituted policy measures to foster a culture of innovation and entrepreneurship in the country. Job creation is a foremost challenge facing India. With a significant and unique demographic advantage, India, however, has immense potential to innovate, raise entrepreneurs and create jobs for the benefit of the nation and the world. In the recent years, a wide spectrum of new programmes and opportunities to nurture innovation have been created by the Government of India across a number of sectors. From engaging with academia, industry, investors, small and big entrepreneurs, non-governmental organizations to the most underserved sections of society.

Table 10: Factors that affect the Quality of Training

| Sl. No | Factors that affects the quality of training | Gender | Z-Value | P-Value | Decision |
|-------|--------------------------------------------|--------|---------|---------|----------|
|       | Male                                      | Female |         |         |          |
| 1     | Cost of training                          | 99(30.8%) | 23(54.8%) | -2.95 | 0.003 | S |
| 2     | Benefits of Financial Training            | 209(65.1%) | 19(45.2%) | 2.44 | 0.014 | S |
| 3     | Better Financial Management practice      | 193(60.1%) | 17(40.5%) | 2.44 | 0.015 | S |
| 4     | Better Working Capital/ Cash Management   | 88(27.4%) | 23(54.8%) | -3.39 | 0.001 | S |
| 5     | Easier to prepare information for accounts| 46(14.3%) | 5(11.9%) | 0.45 | 0.651 | NS |
| 6     | Better Time Management                    | 286(89.1%) | 40(95.2%) | Fisher’s | 0.285 | NS |
| 7     | Decision made in Right time               | 298(92.8%) | 42(100%) | -4.98 | 0.000 | S |

Source: Based on Primary Data
Most of the entrepreneurs have opined that there are many benefits through training. Out of them financial management practice, better time management system and helpful in taking important decision are the most influential factors through training programmes (EDP).

RECOMMENDATIONS:

1. Basic school level entrepreneurial education and training by the central government and the respective state governments will improve MSME growth rate.
2. Training should be made compulsory to bank officials in the district headquarters.
3. Training on latest ICT tools (Digital technology) for entrepreneurs to be provided.
4. Improve the awareness of schemes like KVIC, PMEGP, receivable finance scheme, growth capital and equity assistance. (GEMS)
5. Knowledge dissemination workshops to be conducted.

CONCLUSION:

Rapid growth of Indian economy and complex financial market leads to improper financial decisions. To achieve the financial objectives one has to possess basic financial skills, awareness, knowledge, attitude and good demonstrated behavior. Various studies reveal that the financial literacy level in India is very low, especially women and youngsters who are struggling with their basic financial knowledge. Although many initiatives from RBI and government on financial literacy improvement financial literacy level is still low. It is necessary to mend level of literacy through new initiatives.

REFERENCES:

Biswajit Bose (2013). Financing of Micro, Small and Medium Enterprises in India – Key challenges, IOSR Journal of Economics and Finance, Vol.1, Issues.1, pp. 01-04.

Dr. G. Surendar and Prof. V.V. Subramanya Sarma (2018). Financial Literacy and Financial Planning among teachers of Higher Education – A study of critical factors of select variables, International Journal of Pure and Applied Mathematics, Vol.118, No.18, pp. 1627-1669.

Harsha V Jariwala, (November 2014). Analysis of Financial Literacy Level of Retail Individual Investors of Gujarat State and Its Effect on Investment Decision, Journal of Business & Finance Librarianship, PP. 133-158.

Irina Kunovskaya (2010). The Impact of Financial Literacy on use of Financial Services in Russia.

Jappelli, Tullio and Padula, Mario (2011). Investment in Financial Literacy and Saving Decision, Journal of Banking and Finance, Elsevier, Vol.37, pp. 2779-2792.

K N. Narendra (2014). Financial Literacy: A revolution waiting to happen, proceeding of COFP Convention.

Kamal Gupta and Jatinder Kaur, (February 2014). A study of Financial Literacy among Micro Entrepreneurs in District Kangra, IJRB, Vol-2, Issue-2, PP. 63-70.

Lavanya Rekha Bahadur, (September 2015). Financial Literacy: The Indian Story, World Journal of Social Sciences, Vol – 5, Issue-3, PP. 45-57.

Priyanka Agarwal, Dr. Suman Yadav, Radhika Kureel, (2015). International Journal of Advance Research in Science and Engineering, Vol-1, Issue-1, PP. 54-61.

Puneet Bhushan, Yajulu Medury (2013). Financial Literacy and its Determinants, International Journal of Engineering, Business and Enterprise Applications (IJBEA), Vol. 4, Issue -2 , PP. 155-160.

Selvaraj . N (2015). A study on the Socio-economic background of the Entrepreneurs of Industrial Estates in Southern Districts of Tamilnadu, Journal of Political Science and Public Affairs, S2-002.

Suh Collins Suh (2017). The Role of Financial Statement in the Investment Decisions of a Micro Finance Institutions, Centria University of Applied Sciences.

Sumit Agarwal, Gene Amromin, Douglas D Evanoff, (December 2010). Financial Literacy and Financial Planning: Evidence from India, SSRN Electronic Journal.

Sumit Agarwal, Gene Amromin, Douglas D Evanoff (2010). Financial Literacy and Financial Planning: Evidence from India, SSRN Electronic Journal.

The Hindu (2018). Pause, refresh: on the GST Council’s focus on MSMEs.

Visa, (December 2014). Financial Literacy Survey, Indians among least financially literate people globally, Firstpost.com.