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WOMEN ENTREPRENEURS AND INFORMAL FINANCE IN INDIA: AN EXPLORATORY STUDY (INTERACTIVE PAPER)

Jonathan Scott

Teesside University, Middlesbrough, Tees Valley, UK, j.scott@tees.ac.uk

Navjot Sandhu

Birmingham City University, UK

Jenny Gibb

University of Waikato, New Zealand

Javed Hussain

Birmingham City University, UK

Paresha Sinha

University of Waikato, New Zealand

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≈ INTERACTIVE PAPER ≈

WOMEN ENTREPRENEURS AND INFORMAL FINANCE IN INDIA: AN EXPLORATORY STUDY

Jonathan Scott, Teesside University, Middlesbrough, Tees Valley, UK
Navjot Sandhu, Birmingham City University, UK
Jenny Gibb, University of Waikato, New Zealand
Javed Hussain, Birmingham City University, UK
Paresha Sinha, University of Waikato, New Zealand

Principal Topic

Our paper aims to investigate the role of women in informal entrepreneurial finance in India. We adopt a contextualized lens to conduct this mixed methods study in a unique 'emergent' entrepreneurial ecosystem in the Punjab, northern India. We respond to the need for further in-depth contextualized exploratory research on women entrepreneurs in the context of India to address a number of empirical and conceptual gaps.

Method

Following a pilot survey, questionnaires and in-depth face to face interviews were undertaken among 185 borrowers (both women and men) from microenterprise households located in five districts of the Punjab, India. Excerpts cited were anonymized and only relevant data for this study were used to overcome confidentiality issues. Interviews were digitally recorded, transcribed verbatim and then analysed.

Results and Implications

Our study unveils some unique contextually novel insights, including particularly distinctive types of informal lenders – including *arthyias*, *ghumihar* (potters), *kirana* store owners (village grocers), *shahukars* (village goldsmith) and *zamindar* (landlords) – where it focuses on the actual practice of lending (in terms of how the process of decision-making in women entrepreneurs is determined by contextual factors, such as relationship lending practices on the basis of financial status, family background). For example, lenders are based on caste lines and grant loans on personal recommendations and guarantee to persons known to them. This paper makes an important contribution to the literature on the role of women entrepreneurs and informal lending in a novel emerging economy context. It provides both quantitative and qualitative empirical evidence on financial lending and the borrowing structures in the Indian State of Punjab. This study also builds on extant theory by using a contextual framework for analysis.

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CONTACT: Jonathan Scott; j.scott@tees.ac.uk; (T): +44 7500 708539; Centre for Strategy and Leadership, Teesside University, Middlesbrough, Tees Valley, UK.