

Bridging the Credit Gap: A Study on Awareness of Collateral-Free Credit Schemes among Micro and Small Enterprises**Rachna**Research Scholar, Department of Commerce, Maharshi Dayanand University, Rohtak, Haryana
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(kaushikdalbir@yahoo.com)**Abstract**

This research paper looks at the awareness level of scheme of collateral-free financing among the Micro and Small Enterprises (MSE) in India and the demographic differences in the level of awareness. Primary data was collected with the help of a structured questionnaire, which was analysed with the help of such tools as t-test, ANOVA, Welch test and post hoc tests, including Tukey and Games-Howell. The results showed that there was a moderate and high knowledge of high-impact initiatives with CGTMSE and Stand-Up India the most aware and high differences were found in terms of awareness level depending on gender, age, education and residential status. The outcomes revealed that there was a necessity to have specific financial literacy and outreach programs. Through the study, the policymakers, banks, and development agencies will be able to enhance the performance and reach of financing programs for non-collateral-based MSEs.

Keywords: Awareness, credit guarantee schemes, financial inclusion, collateral-free credit

Introduction

Micro and Small Enterprises (MSEs) are an important part of the Indian economy involved in employment creation, innovation and inclusive development. MSEs in India play an important role in the GDP and exports, and they are also boosting entrepreneurship in both the urban and rural regions. Although these enterprises have the significance attributed to them economically, lack of proper and timely credit has remained a challenge to them. The conventional bank lending systems usually demand a physical security or a guarantee by a third party, which most MSEs, particularly micro and nascent ones cannot offer because of their small asset base. Such credit constraint usually hampers the growth of business, capacity expansion, and competitiveness. The ripple effect can be seen in the financial and insurance industries as start ups and MSMEs use innovative technologies to cut their niche. The changes in policies on the national and global levels also determine the outlines of these sectors, affecting the regulatory structures that are used to manage their activities (Guckenbiehl & Zubielqui, 2022).

The sector of the micro, small and medium enterprises (MSMEs) have a significant part in the economic development of the world economy. Rising productivity, innovation and competitiveness have been motivating MSME leaders and managers to capitalise on the competencies and skills of the labour force (Haider et al., 2017; Mbura and Minja, 2023). It has been researched that the professionally trained workforce can also become a great asset to MSMEs since it contributes to the increase in the levels of innovation and flexibility (Gupta and Jain, 2013). More and more, MSMEs are becoming aware of the importance of effective management training programs through enhancing the productivity and efficiency of their employees, and performance of the organisations (Bashir and Santhi, 2022).

The CGTMSE is a flagship initiative aimed at addressing the long-standing credit gap faced by MSEs in India. Established in 2000, the scheme operates on the foundational premise that credit should be extended to viable and deserving enterprises based on their business feasibility and financial performance, rather than the availability of collateral assets (Wikipedia, 2025). According to this scheme, the participating Member Lending Institutions (MLIs) such as banks and other financial institutions are free to make term loans as well as working capital loans to the qualified MSEs without necessarily taking any security guarantees. The CGTMSE, in turn, gives a guarantee cover to the loans that have been approved, which guarantees lenders that a significant fraction of default losses (up to 75 and more in certain categories) will be covered by the Trust, thus lowering the perceived risk of unsecured lending (Ministry of MSME, 2015). The scheme has also changed as time goes by to serve the emerging demands of the MSE sector. The guarantee ceilings have been increased to several crores and coverage structures have been differentiated according to enterprise size, segments (women owned enterprises and companies in the North-Eastern region) and loan type (e.g. term and working capital), in recent revisions (MSME.gov.in, 2016).

Minimal awareness may also lead to poor use of critical financial plumbing, and denying businesses the strength to expand operations, implement new technologies or get a handle on fluctuation in working capital. There is still a high dependency on informal credit sources by MSEs in most regions in India, especially within the rural and semi-urban markets, even in the presence of formal, government-supported sources of credit, either because of information absence or distrust of formal institutions. Consequently, empirical research on awareness rates among owners of MSEs offers important information on the effectiveness of policy, the weaknesses in developing communication strategies, and the possible ways of intervention by the government and non-governmental organizations. Sensitivity with regard to credit schemes influences the amount and the quality of credit used. Companies, which are aware of the terms and conditions of the eligibility requirements and guarantee arrangements of the collateral free credit programs tend to apply strategically and negotiate terms which are favourable and make efficient planning of investment. Moreover, knowledgeable entrepreneurs have an improved chance to evaluate risks and balance credit with its expansion goals. This, in turn, has the ability to increase the sustainability, profitability and innovative capabilities of the enterprise.

Financial behavior research points out that credit literacy, a blend of awareness and knowledge of financial products, is strongly linked with such favourable financial results as better business performance, elevated levels of investment, and resistance to economic shocks. Therefore, the meaning of awareness levels will go far beyond academic research - the awareness levels will enable the extension services, financial literacy and credit facilitation platforms to be adjusted to the MSE ecosystem. The MSMEs play an essential role in the Indian economy as they make a huge contribution to the industrial output, employment and development of the region. MSMEs have a wide spectrum of industries, such as manufacturing, services, and trade, defined by the limit of investments and turnover (MSME, 2024). By March 2024, there are around 63 million MSMEs in India, and a significant number of them are registered via the Udyam Registration Portal. Although they are important, MSMEs have some challenges, which include inadequate access to finance and technological obsolescence. The Indian government promotes such businesses with the help of numerous schemes and policies, so that their growth and sustainability can be improved (Government of India, 2024; Ministry of Finance, 2022). It has five statutory bodies which include the Khadi and Village Industries Commission, Coir Board, National small industries Corporation, National Institute of Micro, small and medium enterprise, and Mahatma Gandhi institute of Rural industrialization. These organisations are very important in assisting the MSMEs to access government schemes and policies (MSME, 2024). The MSME market in India is currently growing at a considerable pace, and it is estimated that the number of MSMEs will grow to around 75 million, compared to the present level of 63 million, and the growth rate will be 2.5 percent each year (MSME, 2024). Although this has grown, among the 25 million MSMEs that access credit in formal financial institutions, there is a huge disparity in financial inclusion.

Review of Literature

Micro, small and medium enterprises (MSMEs) are an important component of the Indian economy. They are the largest contributors to total exports of India (almost half), national GDP (about 30 percent), and the number of all industrial units (about 95 percent) (indbiz.gov.in, 2020). MSMEs are more than just important in the economic contribution that they make but they are also important in the generation of employment and the rural and semi-urban development and modernization. The government became responsive to the threats of the COVID-19 pandemic by providing MSMEs with a range of support measures, such as the facilities of no collateral loans and no guarantee loans, as well as programs designed to guarantee business sustainability. Simultaneously, Walmart and Amazon as well as other private sector actors introduced supplier development programmes in order to empower and strengthen MSMEs in their supply chains. The article also highlights the creation of new-age technologies and digital tools, such as artificial intelligence and machine learning, which contribute to the further customization of working capital solutions and their offer to MSMEs depending on their particular needs. It highlights the fact that the coronavirus pandemic has increased the pace of transformation in the business practices and business models. The researcher Srikanth and Suresh (2022) state that the growth of MSMEs in India has historically been limited by debilitating regulatory criteria pertaining to the size of assets. But to overcome such growth hurdles, the Indian government has recently developed a policy initiative that is in the form of Special Credit-Linked Capital Subsidy Scheme of MSMEs in the services sector. Under such scheme eligible enterprises may get a capital subsidy of up to 25 percent on the purchase of the service based equipment which is financed via institutional credit which supports their scale-up and long time growth.

Jha and Ghosh (2020) are considered to be instrumental in the MSME performance, and the investments in training and skills development raise the capabilities and competitiveness of the organisation. Patel and Mehta (2021) also addressed the issue of accessing the market, where barriers exist (competitive pressures) and facilitators, including digital platforms and the government schemes. The great roles which the MSMEs play in the economic growth of India, especially in the contribution of industries and its provision of employment opportunities necessitate some special policy responses in order to overcome the financial and technological challenges. In turn, Choudhury and Dey (2022) paid attention to the effect of the technology adoption on MSMEs performance and the role of technological innovations in enhancing both productivity and competitiveness. Verma and Rathi (2023) built on this and investigated the tendencies of digital transformation of MSMEs focusing on the advantages and difficulties of digital technologies in transforming operations. P. Agarwal and Agarwal (2023) argue that innovation trends in Indian MSMEs are to be discussed, and it is necessary to promote the culture of innovation regardless of the obstacles, including scarce resources. As mobile communication continues to be popularized in developing economies, mobile phone networks are getting employed in businesses in much greater ways than they had originally been with regard to their use in voice calls and SMS services (Kumar and Saurabh, 2020). Researchers claim that in third world organizations, where physical infrastructure is commonly scarce and geographic areas are vast, mobile phones are gaining a collaborative connection to information and knowledge, therefore, increasing the opportunities of the impoverished and rural masses (Rotberg and Aker, 2013). A number of these researches also point out that the beneficial impact of mobile phone uptake is specifically applicable to rural MSMEs, as they constitute a crucial sector in the economy of most developing countries (Chew et al., 2013). Besides, as observed in numerous developing nations, the proliferation of mobile phones has played a prominent role in boosting economic development through better consumer involvement and

Over the past few years, the high rate of the ICTs evolution has made it possible to connect with international shoppers (Neirotti et al., 2018). ICT also enables businesses to control their customers data and identify the target business segments (Zhang et al., 2008). Mittal and Kumar (2018) also believed that the integration of the internet and other similar technologies would enable small businesses to identify new ways to invest and be competitive in both domestic and foreign markets.

At the global level, MSMEs have moved into the Industry 4.0 era, where technologies such as big data analytics, artificial intelligence, and the Internet of Things are increasingly used to improve efficiency and optimize business operations (Wahlster, 2012). In India, MSMEs registered under the Udyog Aadhaar Memorandum (UAM) have been encouraged to adopt convenient digital payment modes such as BHIM, UPI, and Bharat QR, highlighting their ease of use and multiple benefits (MSME Annual Report, 2020–21).

This initiative introduced a set of six major reforms, including the provision of collateral-free automatic loans, subordinate debt support for stressed MSMEs, equity infusion through an MSME Fund of Funds, a revised definition of MSMEs to enable broader coverage, the restriction of global tenders for government procurement up to ₹200 crores, along with several other targeted interventions aimed at enhancing the resilience and growth potential of MSMEs.

Micro Units Development and Refinance Agency

Mudra bank is a financial loan scheme started in 2015 under the Pradhan Mantri Mudra Yojana (PMMY). The agency provides loans up to Rs. 10 lakhs to the non-corporate, non-agriculture based small and micro enterprises. The scheme also offers other development and promotional support in terms of technology and refinancing. These initiatives have facilitated in upgrading the competitiveness of MSMEs and have also supported in improving their capacity and efficiency. Through this facility confidence is also instilled among upcoming entrepreneurs for handling risks in implementation of new ideas. Also, several reports have shown that these policies are helping to revive many MSME units, especially in the rural areas, that were closing down owing to financial constraints and other challenges. After the launch of the scheme, MLIs (Member Lending Institutions) have extended over 15 crore loans amounting to Rs 7.59 trillion under the PMMY till 2019. Out of these, 73% of the loans under the PMMY were applied to female borrowers (business-standard, 2019).

Credit guarantee stand-up India scheme

The Credit Guarantee and Stand-Up India Scheme was launched to promote entrepreneurship by improving access to bank credit for women and individuals belonging to Scheduled Castes and Scheduled Tribes. The scheme facilitates collateral-free loans for setting up greenfield enterprises in the manufacturing, services, and trading sectors, with government-backed credit guarantees reducing the risk for lending institutions. By encouraging first-time entrepreneurs to enter the formal business ecosystem, Stand-Up India supports self-employment and inclusive economic development.

MSME loans in 59 Minutes

The MSME Loans in 59 Minutes program was launched in order to give micro, small, and medium enterprises access to credit within a completely digital platform within minutes. It allows qualified MSMEs to get in-principle loan approval of up to 5 crore in 59 minutes by consolidating information on GST, income tax, and banking records. The program helps a great deal to eliminate paperwork and time wastage that is synonymous with bank lending. The scheme enhances business growth, working capital requirements and formalization of MSMEs by increasing transparency and quick delivery of credit. On balance, it would facilitate the simplicity of conducting business and increase the supply of credit to the MSME segment (Ministry of MSME, Government of India, 2018; SIDBI, 2021).

Prime Minister's Employment Generation Program (PMEGP)

The Prime Minister Employment Generation Programme (PMEGP) is an initiative, which focuses on encouraging self-employment and creation of sustainable jobs especially in the rural and semi-urban regions and is a credit-based subsidy program. It is implemented by the

Ministry of MSME with the help of KVIC and provides assistance in establishing new micro-enterprises in the manufacturing, services, and trading spheres. With PMEGP, the government provides beneficiaries with a subsidy on the margin money and thus the project cost is reduced, and the cost of a loan is more affordable. The scheme is mostly targeted to unemployed young people, artisans and traditional craftsmen. In general, PMEGP contributes to the development of entrepreneurship, the decrease of unemployment, and the inclusion-based economic development in India (Ministry of MSME, Government of India; KVIC).

Data and Methodology

It is a research that is founded on primary data that was gathered on the Micro and Small Enterprises (MSEs) in order to ascertain the extent of awareness about the collateral-free credit schemes in India. Primary data were collected using a structured questionnaire that was used to interrogate managers of MSEs that are in operations across manufacturing, trading, and service industries. The respondents were chosen in a way that they represent various sizes of enterprises, their ownership structure and years of operation.

Data obtained was coded and analysed using the SPSS and AMOS statistical software. The analysis was done using both descriptive and inferential statistics. The general level of awareness among MSEs was measured with the help of such descriptive statistics as frequency, percentage, mean, and standard deviation. As the methods of Inferential statistics, chi-square tests, t-tests, ANOVA, and regression analysis were utilized to analyze differences and determinants of awareness among different groups. Reliability of the scale was tested using Cronbach’s alpha, while validity was ensured through expert review and pilot testing. The results were interpreted at appropriate levels of statistical significance.

Data Analysis and Interpretation

The results indicated that 55.5% of the total respondents reported being aware of the scheme before taking any loan (see Figure 1).

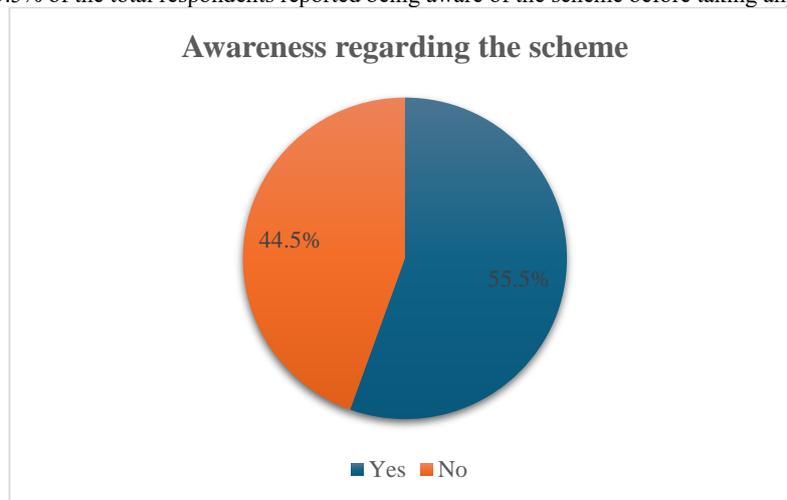


Figure 1: Levels of awareness regarding schemes (before taking loan)

Source: Author’s Compilation

Awareness regarding Collateral Free Schemes

Findings of the study revealed significant variations in level of awareness regarding various government schemes (see Table 1). The responses were measured on a five-point awareness scale ranging from *Not at all aware* to *Highly aware*. The respondents reported the highest levels of awareness (69.4%) in case of both, Credit Guarantee Fund Trust for Micro and Small Enterprises and Credit Guarantee Stand-Up India Scheme.

Table 1: Awareness Regarding Various Government Schemes

Name of Schemes	Not at all Aware	Slightly Aware	Moderately Aware	Very Aware	Highly Aware
Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)	56	33	88	203	198
Pradhan Mantri Micro Unit Development and Refinance Agency (PM-MUDRA)	71	35	124	233	115
Credit Guarantee Stand-Up India Scheme	49	30	98	194	207
MSME Loans in 59 Minutes	60	29	122	254	113
Prime Minister’s Employment Generation Program (PMEGP)	46	35	120	243	134
Udyogini Schemes	64	31	122	244	117
Credit facility provided by NBFCs	36	22	97	221	202

Source: Author’s Compilation

Furthermore, the respondent (65.2%) showed stronger recognition which is the indicator of higher awareness among the respondents regarding Prime Minister’s Employment Generation Program. Likewise, 63% of the respondents were found aware regarding MSME Loans in 59 Minutes which was followed by Pradhan Mantri Micro Unit Development and Refinance Agency (60.2%). Unlike other schemes, the level of awareness was more evenly distributed across categories in case of PM-MUDRA.

Differences in Awareness based on demographics

Gender and Level of Awareness

In order to get deeper insights into the differences in awareness level of the respondents based on the gender, t-test was conducted. A significant difference was found in awareness levels regarding Credit Guarantee Fund Trust for Micro and Small Enterprises (t-statistics: 3.011, p-value: 0.003). Higher awareness was found in females (Mean Value: 3.99) as compared to males (Mean Value: 3.68). In case of other schemes, no significant differences were observed (see Table 2).

Table 2: Results of t-test (Gender)

Schemes	Mean Values		Levene Statistics	T(Sig.)
	Female	Male		
Credit Guarantee Fund Trust for Micro and Small Enterprises	3.99	3.68	13.396(0.00)	3.011(0.003)
Pradhan Mantri Micro Unit Development and Refinance Agency	3.56	3.46	0.448(0.50)	0.893(0.372)
Credit Guarantee Stand-Up India Scheme	3.94	3.77	4.315(0.38)	1.571(0.117)
MSME Loans in 59 Minutes	3.68	3.52	0.354(0.55)	1.581(0.114)
Prime Minister's Employment Generation Program	3.74	3.62	0.375(0.54)	1.219(0.223)
Udyogini Schemes.	3.55	3.55	5.251(0.22)	0.013(0.990)
Credit facility provided by NBFCs.	3.98	3.89	0.989(0.32)	0.963(0.336)

Source: Author's Compilation

Residential Status and Level of Awareness

Similarly, the t-test also indicated significant differences in awareness level of the respondents, regarding this scheme, based on their residential status (t-statistics: 2.748, p-value: 0.006). Urban respondents (Mean Value: 3.97) indicated higher awareness as compared to their rural counterparts (Mean Value: 3.69). No significant differences were observed in case of other schemes (see Table 3).

Table 3: Results of t-test (Residence)

Schemes	Mean Values		Levene Statistics	T(Sig.)
	Urban	Rural		
Credit Guarantee Fund Trust for Micro and Small Enterprises	3.97	3.69	13.396(0.00)	3.011(0.003)
Pradhan Mantri Micro Unit Development and Refinance Agency	3.49	3.50	0.448(0.50)	0.893(0.372)
Credit Guarantee Stand-Up India Scheme	3.91	3.79	4.315(0.38)	1.571(0.117)
MSME Loans in 59 Minutes	3.63	3.54	0.354(0.55)	1.581(0.114)
Prime Minister's Employment Generation Program	3.73	3.63	0.375(0.54)	1.219(0.223)
Udyogini Schemes.	3.53	3.56	5.251(0.22)	0.013(0.990)
Credit facility provided by NBFCs.	3.95	3.90	0.989(0.32)	0.963(0.336)

Source: Author's Compilation

Age and Level of Awareness

In order to analyse the differences in awareness level of the respondents regarding various schemes, based on their age, ANOVA was conducted. Before conducting ANOVA, the conditions of normality and homogeneity of variance were met. The results indicated a significant difference in awareness level of the respondents regarding Pradhan Mantri Micro Unit Development and Refinance Agency (see Table 4). Anova was followed by Tukey's post hoc test, which revealed significant differences in the awareness level of the respondents of 18-24 years and those above 40 years. The respondents of above 40 years were found to be more aware than the respondents of age 18-24 years.

Table 4: Results of ANOVA (Age)

Schemes	Mean Values				Levene Statistics	F(Sig.)
	18-24	24-30	30-40	Above 40		
Pradhan Mantri Micro Unit Development and Refinance Agency	3.38	3.24	3.57	3.60	1.977(0.116)	2.667(0.047)
MSME Loans in 59 Minutes	3.45	3.48	3.61	3.62	0.788(0.501)	0.593(0.620)
Prime Minister's Employment Generation Program	3.70	3.43	3.79	3.67	1.598(0.189)	2.459(0.062)
Udyogini Schemes.	3.55	3.53	3.62	3.50	1.110(0.344)	0.374(0.771)

Source: Author's Compilation

ANOVA was followed by the Welch Test, which showed significant differences between the respondents, based on their age, regarding Credit Guarantee Fund Trust for Micro and Small Enterprises (see Table 5). Furthermore, Games Howell's post hoc test showed significant differences in the awareness level among the respondents of age 18-24 years and above 40 years.

Table 5: Results of Welch Test (Age)

Schemes	Mean Values				Levene Statistics	Welch (Sig.)
	18-24	24-30	30-40	Above 40		
Credit Guarantee Fund Trust for Micro and Small Enterprises	3.30	3.78	3.74	3.95	6.758(0.00)	3.290(0.022)
Credit Guarantee Stand-Up India Scheme	3.64	3.64	3.89	3.93	3.238(0.022)	1.978(0.119)
Credit facility provided by NBFCs.	3.87	3.70	3.93	3.04	4.754(0.003)	2.136(0.097)

Source: Author's Compilation

Educational Qualifications and Level of Awareness Schemes

An ANOVA was also conducted in order to determine the level of awareness of the respondents regarding various schemes, based on their educational qualifications. The test indicated significant differences in the level of awareness regarding Pradhan Mantri Micro Unit Development and Refinance Agency (see Table 6).

Table 6: Results of ANOVA (Educational Qualifications)

Schemes	Mean Values				Levene Statistics	F(Sig.)
	Up to 12 th	UG	PG	M. Phil./Ph.D.		
Credit Guarantee Fund Trust for Micro and Small Enterprises	3.79	3.78	3.80	3.55	1.608(0.186)	0.152(0.929)
Pradhan Mantri Micro Unit Development and Refinance Agency	3.34	3.59	3.66	2.73	1.486(0.217)	3.884(0.009)
Credit Guarantee Stand-Up India Scheme	3.84	3.79	3.86	4.00	1.438(0.231)	0.184(0.908)

Source: Author's Compilation

Moreover, Welch test was also conducted to examine the difference in the level of awareness among the respondents based on their educational qualifications. The test indicated significant differences in level of awareness regarding MSME loan in 59 minutes, udyogini scheme and credit facility provided by NBFCs (see Table 7). Games Howell's post hoc test indicated respondents having UG degree had more awareness as compared to the respondents who have studied up to 12th who also had significantly lower from the respondents with UG as well as PG degree in case of udyogini scheme. Similarly, the respondents with PG degree had significantly more awareness than the respondents with UG degree.

Table 7: Results of Welch Test (Educational Qualifications)

Schemes	Mean Values				Levene Statistics	Welch (Sig.)
	Up to 12 th	UG	PG	M. Phil./Ph.D.		
MSME Loans in 59 Minutes	3.34	3.72	3.67	4.00	5.233(0.001)	4.895(0.005)
Prime Minister's Employment Generation Program	3.55	3.76	3.70	3.64	2.785(0.040)	1.308(0.282)
Udyogini Schemes.	3.30	3.69	3.71	3.82	6.907(0.000)	4.642(0.006)
Credit facility provided by NBFCs	3.94	3.76	4.17	3.55	5.213(0.001)	4.356(0.009)

Source: Author's Compilation

Awareness Regarding Various Aspects Related to Different Schemes

Furthermore, the study also examined the awareness level of the respondents regarding various aspects of collateral-free credit facilities across 6 dimensions (see Table 8). A high level of awareness regarding eligibility criteria was found among the respondents. 71.5% of the total respondents came into the categories very aware and highly aware, which indicates that the respondents were well informed regarding the eligibility criteria.

Table 8: Awareness regarding Credit-related Aspects

Aspects of Collateral-Free Credit Securities	Not at all Aware	Slightly Aware	Moderately Aware	Very Aware	Highly Aware
Eligibility Criteria	14	30	121	241	172
Credit Features (Like: Interest Rate and Terms of Credit)	19	29	123	267	140
Application Channels and Process	51	32	147	249	99
Credit Worthiness Assessment Process.	103	20	82	248	125
Impact on Credit Score in the case of failure in Repayment.	18	30	162	271	97
Legal and Regulatory Institutions (Like: governing bodies and legal protections).	38	28	159	253	100

Source: Author's Compilation

Similarly, the respondents reported relatively strong awareness regarding credit features as 70.4% of the total respondents were observed under very aware and highly aware categories. Furthermore, a moderate level awareness was found in the respondents regarding application channels and process which indicated that majority (60.2%) of the total respondents were aware about how to apply for credit.

As compared to others, notably lower awareness was found in the respondents regarding the process of creditworthiness assessment. 64.5% of the total respondents came under very aware and highly aware. 17.8% respondents were classified as the not at all aware category, with the lowest percentage among all aspects. Likewise, the respondents showed higher awareness regarding the consequences of default. 63.7% of the total respondents were found under the very aware and highly aware category, which showed the fear of respondents regarding the consequences of default. On a similar note, a moderate level of awareness (61.1%) was observed among the respondents, which indicated that the majority of the respondents were found aware of the regulations, whereas only a few respondents were deeply aware of this aspect. In a nutshell, stronger awareness levels were observed regarding credit features and eligibility criteria. Moderate levels of awareness were found regarding legal-regulatory institutions and the application process, whereas relatively weak awareness levels were reported by the respondents regarding the process of assessing the creditworthiness.

Conclusion

The study concludes that not all MSEs are aware of collateral-free financing schemes, and that this is affected by demographic and socio-economic characteristics. The flagship initiatives have acquired certain prominence, yet there are still areas of the gaps in knowledge about how they operate and how they get incorporated into the bigger scope. It varies across gender, age, education, and location, so not all people have equal access to financial information. Still disadvantaged is the population of entrepreneurs living in rural areas, younger, and less educated. Knowing something is one thing, but being good at it is not always that, particularly when the process is complex. The fact that informal credit is still in use demonstrates that knowledge and trust are not the only issues. There is therefore a need to enhance the financial literacy and advising systems. To the credit that policymakers give out, they need to include specific awareness campaigns and institutional assistance. It can be even more beneficial to make the procedures easier to comprehend and make intermediaries more responsible to make even more people use the service. Overall, bridging the knowledge divide can help to transform the policy aspirations into actual financial inclusion and business prosperity.

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