



Role of Mahila Cooperative Banks in Promoting Women Entrepreneurs in Bengaluru: Access to Credit, Financial Inclusion and Business Sustainability

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Abstract

Women enterprises create jobs, add to household income and give women a stronger voice in financial decisions, yet many women entrepreneurs still struggle to obtain affordable credit. Collateral requirements, limited financial literacy and uneven institutional support are often considered as obstacles, and they are especially serious for micro and small enterprises that work with limited capital. This study examines how women-oriented cooperative banking, referred to here as Mahila Cooperative Banks, can support women entrepreneurs in Bengaluru, with particular attention to access to credit, financial inclusion and business sustainability. The study follows a descriptive and analytical design. It combines published statistics from the Ministry of MSME, NABARD and the Reserve Bank of India with a structured questionnaire survey of 100 women entrepreneurs who have availed financial assistance from Mahila Cooperative Banks operating in Bengaluru. Official records show 1,619,612 women-owned MSMEs registered in Karnataka on the Udyam platforms between July 2020 and November 2024. In the survey, 65% of respondents had applied for a business loan and 48% had a loan approved, which is 73.8% of applicants. Collateral was the most common difficulty, reported by 64.6% of applicants, and 53.8% found the loan terms were difficult to follow. Across the entire sample, 68% reported higher monthly sales, 88% said their business was still operating, 75% reported repaying on time and 72% said they controlled business funds, although 38% described the cost of borrowing as high. The results suggest that collateral requirements and weak understanding of loan terms, rather than unwillingness to borrow, are the main barriers to credit. The study recommends loans with minimal collateral requirements, simpler documentation, practical financial-literacy programmes and regular monitoring of gender-disaggregated lending outcomes. The findings are descriptive.

Keywords: Mahila Cooperative Banks; Women Entrepreneurs; Financial Inclusion; Access to Credit; Business Sustainability

Introduction

Women enterprises do more than bring in income. They create jobs, help households draw earnings from more than one source and give women a bigger say in how money is spent and invested. Yet for much of India's economic history, women business activity stayed small, informal and home-based and it was poorly served by formal finance. Banks asked for collateral and credit records that most women did not have because land and other assets were usually held in the names of male family members. Women who needed money for a tailoring unit, a food business or a small shop often relied on savings, family loans or informal lenders.

Cooperative institutions emerged as one of the earliest mechanisms for making credit accessible to a wider population. The cooperative credit movement in India dates back to the early twentieth century, beginning with the Co-operative Credit Societies Act of 1904 and it was built on mutual help, collective participation and local knowledge of borrowers. Urban cooperative banks later grew within a regulated framework and today offer deposits, loans and other banking services. The Reserve Bank of India describes them as an important part of the financial system, while noting that capacity and performance differ widely from one institution to another (Reserve Bank of India, 2023). A second route to women's financial inclusion opened with the self-help group movement and the bank-linkage programme promoted by NABARD, which brought millions of women into savings and credit groups.

The present situation shows both progress and a gap. Women-owned enterprises made up 20.5% of the MSMEs registered on the Udyam Registration Portal between July 2020 and January 2024, but only 18.73% of reported employment, 11.15% of investment and 10.22% of turnover (Ministry of Micro, Small and Medium Enterprises, 2024a). In Karnataka alone, 1,619,612 women-owned MSMEs were registered on the Udyam Registration Portal and the Udyam Assist Platform between July 2020 and November 2024 (Ministry of Micro, Small and Medium Enterprises, 2024b). Women are now well represented as owners of enterprises, but their share of capital and sales remains much smaller. Access to affordable, adequate and timely credit is widely seen as one of the reasons.

Bengaluru is a useful place to study this question. Its economy mixes technology ventures, retail shops, home-based work, food services, garment units and professional services, so women entrepreneurs here need different kinds of finance, from small working-capital loans to equipment finance and expansion credit. Mahila Cooperative Banks, understood in this article as women-oriented cooperative banking institutions, could meet some of these needs through relationship-based lending, savings facilities, financial guidance and services close to where women live and work. Whether they actually do so depend on their lending practices, interest rates, repayment terms and institutional capacity. The term should also not be read as a single legal category, since the status, ownership, licensing and lending

practices of each institution need to be verified before its performance is judged.

This article therefore looks at how cooperative finance can support women entrepreneurs in Bengaluru, with attention to access to credit, financial inclusion and business sustainability.

2. Research Design

2.1 Statement of the Problem

Women entrepreneurs in Bengaluru run enterprises of many kinds, but they often face difficulty in obtaining credit that is affordable, adequate and timely. Collateral requirements, complicated documentation and limited understanding of loan terms may keep them from borrowing or leave them with loans that do not fit their business. Women-oriented cooperative banks could help, yet there is little local evidence on how many women apply for and obtain such credit, what barriers they meet and whether borrowing is linked to better business outcomes.

2.2 Literature Review

This section reviews recent research on women's access to credit, financial inclusion and enterprise outcomes.

Parameswaran and Kadam (2026) ask whether technology helps close the gender gap in formal credit among women-owned enterprises in India's unorganised sector. They found that enterprises adopting technology, particularly by using the internet for banking and other financial services, gain better access to formal credit. The effect on loan access is driven by rural firms, while loan amounts improve for both rural and urban firms.

Kumar and Nag (2026), in a working paper based on 2025 household survey data for more than 80,000 small shopkeepers and street vendors, reach a more cautious conclusion. Fintech readiness, measured by owning both a mobile phone and a bank account, is linked to a higher probability of holding a formal bank business loan for men but not for women, which leaves a clear gender gap. Digital access alone, they suggest, does not remove the gendered barriers women face.

Peter, Elangovan and Bai (2025) surveyed 216 women entrepreneurs in India. They report a low level of financial inclusion that significantly affects firm performance and a low level of financial literacy that limits how well women can use the financial resources available to them.

Kale (2025) in his study applied a mixed-method approach with primary data from women members and institutional reports, the study examines women's co-operative banks in Maharashtra and found that they strengthen women's financial independence, self-confidence and community participation. It adds that their sustainability depends on digital modernisation, policy support and professional management.

Garg, Gupta and Mallick (2025) examine financial access and entrepreneurship by gender in rural India; reports that closer access to formal banking raises women's entrepreneurship in the non-agricultural sector, which supports the case for wider institutional credit outreach.

On the question of sustainability, Vasumathi et al. (2025) interviewed 30 women micro-entrepreneurs linked to self-help groups who had taken a second, individual loan from a bank to expand their businesses. Family, often treated as a constraint, turned out to be a positive influence that helped these businesses grow and the authors note a shift in social attitudes towards gender parity.

Malmström et al. (2024) combined 31 studies from two decades in a meta-analysis of gender and bank finance. Their results concluded that women entrepreneurs' loan applications are rejected more often than men's and that women pay higher interest rates, with the gap shaped by social gender norms.

Pandhare, Bellampalli and Yadava (2024) studied self-help group members in rural India using a mixed-methods design. They found a positive and moderately significant effect of microfinance and entrepreneurial engagement on social, economic and psychological empowerment, including financial independence and participation in decision-making.

Saluja, Singh and Kumar (2023) carried out a systematic review of two decades of research (2000–2020) on the barriers to women's financial inclusion and the interventions meant to overcome them.

Khan et al. (2022) studied microfinance-backed women entrepreneurs in the Kashmir Valley and finds them better off than non-entrepreneurs on economic, social, political and psychological indicators of empowerment, though the gains are smaller for political and social empowerment. The study stresses that women need control over their own ventures to gain the full benefit.

What the recent studies indicate. Three themes run through this work. First, access to formal credit remains uneven for women, whether it is measured by rejection rates, loan amounts or the type of finance obtained (Malmström et al., 2024; Kumar & Nag, 2026). Second, non-financial factors such as financial literacy, digital access and family support shape what women can do with credit (Peter et al., 2025; Parameswaran & Kadam, 2026; Vasumathi et al., 2025). Third, group-based and cooperative institutions can strengthen women's economic position (Pandhare et al., 2024; Khan et al., 2022; Kale, 2025).

Research Gap: The recent literature covers women entrepreneurship, financial inclusion, gender gaps in bank credit and microfinance, but very little of it examines women-oriented cooperative banks, and the closest study (Kale, 2025) concerns Maharashtra rather than Bengaluru. Group-lending figures illustrate the problem: NABARD reported that on 31 March 2024 women's self-help groups accounted for 120.44 lakh of the 144.22 lakh savings-linked SHGs in India (National Bank for Agriculture and Rural Development, 2024), but such national figures cannot be attributed to cooperative banks in the city. A study is needed that connects loan accessibility, lending conditions, financial literacy and enterprise outcomes using primary survey evidence and this study moves in that direction.

2.3 Objectives

The study has the following objectives:

- (a) To outline the scale and economic contribution of women-owned MSMEs in Karnataka and India using official records;
- (b) To examine how far women entrepreneurs in Bengaluru apply for and obtain business credit, and what barriers they face;
- (c) To assess reported outcomes, namely loan adequacy, cost, timeliness of disbursement, sales, employment, business continuity, repayment and control over funds; and
- (d) To suggest measures by which women-oriented cooperative finance can support sustainable enterprises.

The first objective is addressed in Section 4.1, the second in Section 4.2, the third in Section 4.3 and the fourth in Section 5.

2.4 Scope

The study covers women entrepreneurs operating in Bengaluru and focuses on three areas: access to business credit, financial inclusion and business sustainability. The primary survey covers 100 women entrepreneurs. Secondary data comprises of women-owned MSME registrations from 2020 to 2024, NABARD's 2023–24 microfinance statistics and the Reserve Bank of India's review of cooperative banking.

2.5 Limitations

The study has several limitations. The sample of 100 respondents is modest and has been chosen purposively from women who have availed assistance from Mahila Cooperative Banks, so it may not represent all women entrepreneurs in Bengaluru and the findings are limited to one city. The analysis is descriptive, so the associations reported cannot be read as causal effects. Several outcomes count in Table 5 are higher than the number of approved loans in Table 4, which suggests that respondents may have been drawing on other sources of credit, so cooperative-bank borrowers cannot be fully separated from others.

2.6 Research Methodology

Type of research. The study is descriptive and analytical. It uses primary data from a survey and secondary data from published sources.

Hypotheses. Because the study is descriptive and uses percentages rather than inferential tests, the following working hypotheses are assessed against a simple benchmark: a hypothesis is treated as supported if more than half of the relevant respondents report the stated experience.

H1: Most women entrepreneurs who apply for a business loan obtain approval.

H2: Most loan applicants face difficulty with collateral and with understanding loan terms.

H3: Most respondents report favourable business outcomes (higher sales, continued operation and timely repayment) after obtaining finance.

Sample size. The primary sample consists of 100 women entrepreneurs in Bengaluru.

Sample design. Purposive sampling was used. Respondents were selected on one criterion: they were women entrepreneurs in Bengaluru who have availed financial assistance from Mahila Cooperative Banks. The questionnaire was circulated to women entrepreneurs who met this criterion and the 100 who responded form the sample.

Data collection tool. A structured questionnaire was used. It recorded loan applications, approval or rejection, collateral requirements, difficulty in understanding loan terms, sources of finance, loan adequacy, interest costs, time taken for disbursement, repayment experience and changes in business performance.

Collecting data. The structured questionnaire with a printed copy was circulated to the selected women entrepreneurs, who completed and returned it and respondents gave informed consent with assurances of confidentiality. Secondary data has been obtained from the Ministry of MSME, the Ministry of Statistics and Programme Implementation, the Reserve Bank of India, NABARD and peer-reviewed research. Official registration figures are treated as indicators of registered or assisted enterprises, not as direct measures of active entrepreneurship or of cooperative-bank lending.

Method of analysis. The analysis relies on descriptive statistics and percentages. All indicators are reported as a percentage of the total sample ($N = 100$). Loan-related indicators in Table 4 are also reported as a percentage of loan applicants ($N = 65$), because approval, collateral and loan-terms questions are most meaningful for women who sought a loan. The categories are not mutually exclusive, so percentages do not add up to 100.

3. Findings and Discussion

3.1 Women-owned MSMEs: Secondary evidence

Table 1. Women-owned MSMEs in Karnataka and India

Indicator	Number of women-owned MSMEs
Karnataka	1,619,612
India	21,812,585

Period: 1 July 2020 to 25 November 2024. Source: Government of India, parliamentary annexure on state-wise women-owned MSMEs (Ministry of Micro, Small and Medium Enterprises, 2024b; Ministry of Statistics and Programme Implementation, 2025).

Karnataka accounts for a substantial number of women-owned MSME registrations within the national enterprise system. These figures show why women access to business finance in the state deserves attention. They do not tell us how many of these enterprises are in Bengaluru, how many borrow from cooperative banks or how many are still active, so district-level and survey data are needed to fill that gap.

Table 2. Economic contribution of women-owned MSMEs in India

Indicator	Women-owned MSMEs	Share of total MSMEs
Registered enterprises	4,667,278	20.50%
Reported employment	28,407,069	18.73%
Investment	₹126,845.12 crore	11.15%
Turnover	₹1,714,992.98 crore	10.22%

Period: Udyam Registration Portal inception to 31 January 2024. Source: Ministry of Micro, Small and Medium Enterprises, Government of India (2024a).

Women-owned MSMEs make a measurable contribution to enterprise activity, employment, investment and turnover. Their shares of investment and turnover are well below their share of registered enterprises. That points to differences in enterprise size, capital, productivity and market access, but the aggregate figures cannot show that credit constraints alone explain the gap. The primary survey in Sections 4.2 and 4.3 looks at whether loan adequacy, borrowing costs and access to support matter for enterprise development.

Table 3. Women's self-help groups and bank credit in India

Indicator	2023–24 / 31 March 2024
Total savings-linked SHGs	144.22 lakh
Exclusively women's savings-linked SHGs	120.44 lakh
SHGs receiving credit during the year	54.82 lakh
Exclusively women's SHGs receiving credit	53.20 lakh
Credit disbursed to exclusively women's SHGs	₹202,716.08 crore
Outstanding loans to exclusively women's SHGs	₹246,895.32 crore

Source: National Bank for Agriculture and Rural Development (2024).

Women self-help groups are a large channel for savings and institutional credit in India, and their experience may offer lessons for cooperative institutions that want to serve women entrepreneurs. SHG lending and individual cooperative-bank lending are different mechanisms, though. The amounts reported should not be attributed to Mahila Cooperative Banks or to Bengaluru without institution-specific evidence.

3.2 Primary survey: Access to credit

Table 4. Access to credit among women entrepreneurs in Bengaluru (N = 100)

Survey indicator	Number of respondents	% of total sample (N = 100)	% of loan applicants (N = 65)
Women entrepreneurs surveyed	100	100%	–
Respondents who applied for a business loan	65	65%	100%
Respondents whose loans were approved	48	48%	73.8%
Respondents who reported collateral difficulties	42	42%	64.6%
Respondents who obtained cooperative-bank finance	28	28%	43.1%
Respondents who reported difficulty understanding loan terms	35	35%	53.8%

Source: Primary survey data. Note: Applicant-based percentages assume that all respondents in each category were among the 65 applicants. Categories are not mutually exclusive, so percentages do not sum to 100.

Demand for institutional credit is high: 65% of the women surveyed had applied for a business loan. Of the 65 applicants, 48 had their loans approved, an approval rate of 73.8%, and the remaining 17 (26.2%) were turned down. Most applicants were therefore successful, but about one in four was not, which suggests that some barriers remain even for women who reach the point of applying. It also leaves 35% of the sample who did not apply at all, and the reasons, whether discouragement, lack of awareness or fear of rejection are worth exploring in later work.

Collateral stands out as the main obstacle. Forty-two respondents (42% of the sample and 64.6% of applicants) found it difficult to provide acceptable security, which fits the view that women often own less land and fewer fixed assets. Understanding was another problem: 35 respondents (53.8% of applicants) had difficulty following the loan terms, so more than half of the applicants were unsure about conditions, charges or repayment schedules. Twenty-eight respondents (28% of the sample, 43.1% of applicants) obtained finance from cooperative banks, which shows that these institutions are a real source of credit for women entrepreneurs, though the data cannot explain why women choose them.

3.3 Primary survey: credit and business sustainability

Table 5. Credit and business sustainability among women entrepreneurs in Bengaluru (N = 100)

Indicator	Measurement / Results	Percentage (N = 100)
Adequacy of loan amount	65 respondents reported that the loan was sufficient for business needs	65%
Cost of borrowing	38 respondents reported that interest rates and associated charges were high	38%
Timeliness of disbursement	60 respondents received loans within 15 days of approval	60%
Change in monthly sales	68 respondents reported an increase in monthly sales after obtaining finance	68%
Change in employment	35 respondents increased the number of workers in their businesses	35%
Business continuity	88 respondents reported that their businesses remained operational	88%
Repayment performance	75 respondents reported making loan repayments on time	75%
Financial decision-making	72 respondents reported having control over business funds	72%

Source: Primary survey data. Note: Percentages are calculated on the total sample (N = 100). Indicators relate to the whole sample and may include finance from sources other than the loans counted in Table 4. Categories are not mutually exclusive.

Respondents spoke fairly positively about the credit they used. Sixty-five percent considered the loan amount sufficient for their business and 60% received the money within 15 days of approval. Timely and adequate credit matters because it lets entrepreneurs buy stock, acquire equipment and cover running costs without delay. The 40% who waited longer than that, or did not report prompt disbursement may have faced real operating difficulties and the causes of the delay need further study.

Business outcomes were also encouraging. Sixty-eight percent reported higher monthly sales after obtaining finance and 35% had increased their workforce. Eighty-eight percent said their businesses were still operating and 75% reported repaying on time. Seventy-two percent said they controlled the funds of their business which is a useful sign that access to finance may go together with a greater role in financial decisions. Cost remains a concern, however: 38% described interest rates and charges as high.

These results show associations only. They do not prove that borrowing alone raised sales, created jobs or kept businesses running, since other factors such as the owner's experience, the sector and household support were not controlled for.

3.4 Assessment of the hypotheses

Using the benchmark set in Section 3.6, all three working hypotheses are supported. For H1, 73.8% of applicants obtained approval. For H2, 64.6% of applicants reported collateral difficulties and 53.8% reported difficulty understanding loan terms. For H3, 68% reported higher sales, 88% reported business continuity and 75% reported timely repayment. Since no inferential tests were used and the sample is modest, these results should be read as

indicative rather than conclusive.

3.5 Discussion

The findings are discussed here against the objectives in Section 3.3 and the studies reviewed in Section 3.2. The sample was purposive and the analysis is descriptive, so nothing below should be taken to mean that cooperative-bank finance caused the outcomes women reported.

The official figures are a useful starting point. Women own 20.5% of the MSMEs registered on the Udyam portal, yet they account for only 11.15% of investment and 10.22% of turnover (Ministry of Micro, Small and Medium Enterprises, 2024a), and Karnataka alone has 1,619,612 registered women-owned MSMEs (Ministry of Micro, Small and Medium Enterprises, 2024b). A shortage of capital would produce a gap like this, and Malmström et al. (2024) found in their meta-analysis that women's loan applications are rejected more often, and carry higher interest rates, than men. But aggregate numbers cannot separate credit from firm size, sector, productivity or market access. Registration is also not the same as running a business and none of these figures says how many women borrow from cooperative banks.

The survey suggests that getting a loan is not where most women fall down. Sixty-five percent of respondents applied, and 48 of the 65 applicants (73.8%) were approved, which supports H1 on the benchmark used in this study. Still, 17 applicants (26.2%) were turned down, and without a comparison group of men there is no way to tell whether that is more than men would experience, as Malmström et al. (2024) would predict. The approval rate also leaves out the 35% who never applied. If the obstacles described below put women off applying, approval among applicants makes access look better than it is. And because every respondent had already received some assistance from a Mahila Cooperative Bank, the sample is more successful than women entrepreneurs in general.

What women did struggle with was the conditions attached to credit. Collateral troubled 64.6% of applicants and 53.8% found the loan terms are difficult to follow, so H2 is supported. The collateral result is what one would expect if women hold few assets in their own names, as the Introduction notes. The trouble with loan terms echoes Peter et al. (2025), who found that low financial literacy limits how well women use the financial resources open to them, and it fits within the wider review of barriers to women financial inclusion and the interventions aimed at them (Saluja et al., 2023). Financial literacy was not tested directly, so difficulty with loan terms can only stand in for it. The literature on digital tools is split. Parameswaran and Kadam (2026) report that technology adoption improves women-owned firms' access to formal credit, but Kumar and Nag (2026) find that fintech readiness is linked to holding a business loan for men and not for women. Digital use was not measured here. Even so, the split suggests that banks should add digital services to face-to-face explanation of loan terms, not use them in its place.

Twenty-eight respondents (28%) obtained finance from cooperative banks, so these institutions do reach women entrepreneurs in Bengaluru. Kale (2025) found that women co-operative banks in Maharashtra strengthen financial independence, self-confidence and community participation, though their long-term health depends on digital modernisation, policy support and professional management. Garg et al. (2025) add that closer access to formal banking raises women's non-agricultural entrepreneurship in rural India. Bengaluru is a different setting, and that study is not about cooperative banks as such, but it supports the idea that nearness to a bank matter. What the survey cannot say is whether cooperative banks offer better terms than other lenders, or why women choose them. There is also a puzzle in the sample itself. Respondents were selected because they had received assistance from Mahila Cooperative Banks, yet only 28 reported cooperative-bank finances. Either assistance was read more widely than a loan, or some respondents were also borrowing elsewhere, as the note to Table 5 suggests. Future surveys should define both terms.

Reported outcomes were mostly good. Sixty-eight percent saw higher monthly sales, 88% were still operating and 75% said they repaid on time, which supports H3. A few points are less encouraging. Only 35% had taken on more workers, so sales growth was reported almost twice as often as hiring. Sixty-five percent called their loan adequate and 60% received it within 15 days of approval, which means that 35% did not report an adequate loan and 40% did not report quick disbursement. Another 38% found borrowing costly. A loan that arrives late, falls short or costs too much can hurt a business even while it adds capital, so these minorities deserve attention. The 88% still operating should also be read with care, because owners who closed down are harder to find and may be missing from the sample. As the note to Table 5 says, these indicators cover all 100 respondents and may reflect finance from sources other than the loans counted in Table 4. Other influences, such as the owner's experience, the sector and family support, were not captured. Vasumathi et al. (2025), for instance, found that family was a positive force in the growth of women's micro-enterprises.

Seventy-two percent reported control over business funds, which is encouraging. Pandhare et al. (2024) connect microfinance and entrepreneurial engagement with financial independence and a say in decisions, and Khan et al. (2022) argue that women need control over their own ventures to get the full benefit of microfinance. The present result fits that picture, but it rests on a single question, and the 28% who did not report control may be women for whom credit brought little say over money. Control over funds is also not the same as empowerment, and a fuller set of measures would be needed to claim the latter.

Group lending offers a useful comparison. NABARD reports that 120.44 lakh of the 144.22 lakh savings-linked SHGs were exclusively women groups, and that 53.20 lakh of them received credit in 2023–24 (National Bank for Agriculture and Rural Development, 2024). Peer support and group discipline may have something to teach cooperative banks. But SHG loans and individual enterprise loans work differently and the figures cannot be credited to Mahila Cooperative Banks or to Bengaluru. The Reserve Bank of India (2023) also observes that urban cooperative banks vary widely in capacity and performance, so a practice that works in one may not carry over to another.

Overall, the study offers regional primary evidence on how women entrepreneurs in Bengaluru experience credit, which is the gap identified in Section 3.2. The main difficulty does not appear to be reluctance to borrow or routine rejection. It lies in the collateral demanded and in how clearly the terms are explained with cost and timing as lesser concerns. The data say nothing about whether Mahila Cooperative Banks do better or worse than other lenders.

4. Suggestions and Conclusion

4.1 Suggestions

These suggestions come out of the findings in Section 4. They are aimed at cooperative banks, at policymakers and regulators and at the organisations that support women entrepreneurs. They are proposals from a descriptive study, not tested interventions and any of them would need to fit sensible lending norms and avoid discrimination on grounds of gender.

Reduce the collateral burden. Collateral was the commonest difficulty, reported by 64.6% of applicants. Banks and policymakers could look at group guarantees, credit-guarantee facilities for micro and small enterprises and appraisal based on cash flow and repayment record, so that land and other fixed assets are not the only security accepted. Since cooperative banks differ widely in capacity (Reserve Bank of India, 2023), weaker ones may need support from regulators and state agencies before they can offer such facilities safely.

Explain loan terms clearly to borrowers. Over half of the applicants (53.8%) had trouble following the terms. Every borrower ought to receive a one-page summary in English and Kannada before signing, setting out the amount, interest rate, fees, penalties, repayment schedule and total repayable and an officer would do well to go through it with her. Asking the borrower to say back the main obligations is a simple way to check that she has understood.

Reduce paperwork and shorten the time to receive funds. Forty percent of respondents did not report receiving the loan within 15 days of approval and roughly one applicant in four was refused. Banks are encouraged to give clear document checklists, help women put together business records, and publish how long a decision and a disbursement are expected to take. Anyone who is refused must be told why in writing and how to apply again.

Offer adequate, affordable and flexible loans. Thirty-five percent did not report an adequate loan and 38% found borrowing costly. Banks could offer working-capital, equipment and expansion loans in graduated sizes, with top-ups for borrowers who repay on time, as 75% of respondents said they did. Repayment schedules ought to follow the business's cash flow and interest, processing fees and penalties need to be disclosed in full and reviewed regularly. Lending would do well to stay cautious enough not to leave borrowers under repayment pressure that harms the business.

Strengthen borrowers' financial and digital capability. Peter et al. (2025) reports that low financial literacy limits women's use of financial resources, and the evidence on digital tools is mixed (Kumar & Nag, 2026; Parameswaran & Kadam, 2026). Training therefore needs to be practical and tied to the lending process: how interest is calculated, what repayment involves, how credit records work, bookkeeping, business planning and safe digital banking. Digital services are best introduced with hands-on help and banks are encouraged to check whether women actually use them. Entrepreneurship development institutions, business associations and local government agencies could help deliver the training.

Strengthen links with business networks, SHGs and public schemes. Banks could put borrowers in touch with accountants, marketing advisers, suppliers and digital platforms and tell eligible women about Udyam registration, training and government-supported lending, keeping loans clearly distinct from grants, subsidies and guarantees. They could also open a route for SHG members who are ready to move from group loans to individual enterprise loans, drawing on the peer-support habits of group finance. Kale (2025) notes that women's cooperative banks depend on policy support, digital modernisation and professional management to last, so public help with staff training and systems would make a difference. Partnerships are best judged by whether they help borrowers, not by how many people attend.

Track outcomes and be accountable. Banks are encouraged to record, by gender, applications, approvals, rejections and the reasons for them, loan sizes, interest rates, processing times, repayment and enterprise outcomes such as sales, jobs and survival. They would also do well to find out why women do not apply; 35% of this sample did not. Data of this kind would show whether the gaps reported in the wider literature (Malmström et al., 2024) appear locally too. Product information and charges ought to be published in simple and clear language and grievance redressal needs to be easy to use. Borrowers' confidentiality must be protected.

4.2 Conclusion

This study examined how women-oriented cooperative banking, referred to here as Mahila Cooperative Banks, can support women entrepreneurs in Bengaluru, looking at access to credit, financial inclusion and business sustainability. It drew on official statistics from the Ministry of MSME, NABARD and the Reserve Bank of India and on a questionnaire survey of 100 women entrepreneurs who had availed assistance from Mahila Cooperative Banks.

The official figures show that women own 20.5% of registered MSMEs in India but account for 11.15% of investment and 10.22% of turnover and that Karnataka has 1,619,612 registered women-owned MSMEs. In the survey, 65% of respondents applied for a business loan and 73.8% of applicants were approved, yet 64.6% of applicants reported collateral difficulties and 53.8% found the loan terms hard to understand. Sixty-eight percent reported higher sales, 88% were still operating, 75% said they repaid on time and 72% said they controlled business funds. Only 35% had increased their workforce, though, and 38% described borrowing as costly. By the benchmark set in Section 3.6, all three working hypotheses were supported. The results point to collateral requirements and weak understanding of loan terms, not unwillingness to borrow, as the main barriers to credit. Section 5.1 sets out measures on collateral, loan

terms, paperwork, product design, literacy, business support and monitoring.

The findings are descriptive and come from a purposive sample of 100 women in one city. They cannot show that cooperative-bank finance caused better outcomes, and they do not compare Mahila Cooperative Banks with other lenders. Official statistics confirm how much women-owned enterprises matter in Karnataka and India, and NABARD's records show the scale of group finance for women, but neither measures what Mahila Cooperative Banks do in Bengaluru, which is why local survey evidence is needed. In the end, cooperative finance should be judged not by how many women receive loans but by whether the services help them build viable businesses, take more control of economic decisions, create jobs and keep their enterprises going.

5. Scope for Further Research

This study leaves several questions open. The most obvious concerns the sample. A probability sample drawn from cooperative-bank records or enterprise registers, covering other cities and districts of Karnataka would show whether the patterns found here hold more widely and each study should state the legal status, ownership and licensing of the institutions it includes, since Mahila Cooperative Bank is not a single legal category. Comparison groups would help too. Setting cooperative-bank borrowers beside borrowers from commercial banks, microfinance institutions and SHGs, beside non-borrowers and beside men would show whether the rejection rate (26.2% of applicants) and the cost concerns (38%) reflect a gender gap, as the meta-analysis by Malmström et al. (2024) suggests and would help separate the effect of the source of finance from other influences.

The lender's perspective is also missing. Records from individual Mahila Cooperative Banks and interviews with managers could show how lending decisions are made, which collateral policies apply, whether women-specific products exist and how institutions of different capacity perform (Reserve Bank of India, 2023). The same attention should go to women who did not borrow. Why 35% of respondents never applied and why 17 applicants were refused are still open questions that interviews or focus groups could take up, looking at discouragement, awareness, fear of rejection and the grounds for refusal. Digital finance is another area. The evidence on technology and women's credit is mixed (Kumar & Nag, 2026; Parameswaran & Kadam, 2026), and Kale (2025) names digital modernisation as a condition for the survival of women's cooperative banks, so future studies could measure digital adoption among their borrowers and test whether it improves access, cost or repayment.

Finally, the design could be strengthened. Following the same enterprises over several years, including those that close, would show whether gains in sales, employment and continuity last, and would ease the survivorship problem noted in Section 4.5. Matching or difference-in-differences designs with a comparison group could then test whether borrowing contributes to those gains. Measurement could also be richer. Broader measures of economic, social and psychological empowerment, like those used by Khan et al. (2022) and Pandhare et al. (2024), would go beyond the single control-over-funds question used here, and questions about the family would build on Vasumathi et al. (2025). Borrowing cost should be measured as the effective interest rate plus fees, not only as a perception that it is high.

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