Fintech Revolution in Micro Textile Industry: A Study Focusing the Case of Punjab, India

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Abstract: *The purpose;* The purpose of this study is to examine the perceptions of micro-enterprises regarding the use of FinTech tools to meet their financial requirements. In the Indian context, micro-enterprises within the textile industry form a critical pillar of the economy, sustaining growth while generating significant employment opportunities. Despite facing considerable challenges—including inadequate infrastructure, limited access to institutional finance, and restricted market linkages—this sector has demonstrated remarkable growth in employment generation, investment inflows, production capacity, and overall contribution to the national GDP.

Methodology; The study adopts a quantitative research approach, collecting a total of 100 primary responses through a structured questionnaire.

Findings; The survey reveals that firms' understanding of FinTech instruments, as a source of loan is fairly poor. In addition, the study's data generates three unique aspects: the Banking, MSME, and FinTech aspects. Fintech is gaining recognition in the Textile business, but it is not yet pervasive. Entrepreneurs in the Textile business are in severe need of Fintech funding alternatives. Entrepreneurs are unsatisfied with the services provided by banks, but they have no alternative options for obtaining financing. Fintech is considered by the Micro Textile sector to be the finest alternative source of funding and financial support.

Originality; Numerous scholars have examined diverse dimensions of FinTech application and utilisation, as evidenced by prior research. However, there are very few studies focusing on rising nations, although their need is rather strong. This is a good effort concerning the Indian state of Punjab from a FinTech stand point on MSME's.

Keywords: FINTECH, MSME, GDP, P2P, IBEF.

INTRODUCTION

Textiles is an important manufacturing sector in India. In addition to other industries, textile manufacture and merchandising play an important role in the Indian economy. The textile sector contributes five percent to India's gross domestic product, seven percent of industry output in terms of value, and twelve percent of the country's export revenues. India is the sixth largest textiles and clothing exporter in the world **(Invest India 2021)**. Approximately eight percent of overall GST revenue is generated by the textile industry. Textile industry account for 21% of the economy's overall workforce. Textile manufacturing employs 45 million people. 60 million people are indirectly employed in cotton and other agricultural raw-material production. Textile and apparel manufacturers targeted $100 billion by the end of the 2019 fiscal year. In 2020, production was projected to reach 35,4 million bales. India's fiber output surged to 1.44 million metric tonnes between FY19 and FY20, while yarn production rose to 4.76 billion kilograms. February 2021 textile exports were $26.08 billion **(Annual Report 2019-20 - Ministry of Textiles).**

Domestic and international demand for Indian textiles is strong. Consumption and disposable income have risen in retail during the previous decade. Strong growth has increased discretionary spending. Product demand has surged, creating a huge domestic market. Mills produce most yarn, although power loom and handloom also make clothes. India's textile sector employs 4.5 billion, including 35.22 million handloom workers. Between April and December 2021, India's textile exports—including RMG of all textiles, cotton yarns, fabrics, made-ups, handloom products, man-made yarns, fabrics, made-ups, and handicrafts (excluding handmade carpets)—amounted to US$ 29.8 billion. The Indian textiles market is projected to reach US$ 209 billion by 2029. **(Textile Industry & Market Growth in India - IBEF, March 2022).**

Fintech is a new technology that tries to improve financial efficiency. Fintech has many benefits. With the establishment of multiple Fintech firms, accelerators, and incubators have helped India become a worldwide Fintech hub in recent years. The RBI organised an inter-regulatory working group to explore Fintech regulation. **(Shashidhar K.J 2020).** In general, traditional lenders find that offering loans to Micro Enterprises is expensive and yields little return. Due to stronger regulation, banks' exposure to microbusinesses has declined. Frequently, microbusinesses lack the necessary knowledge, skills, competencies, and assets to manage money and conduct systematic fundraising. The Fintech (financial technology and innovative business models) market has witnessed the advent of disruptors who provide

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Micro Textile Industry Enterprises new funding choices. Obtaining cash is faster and less expensive than through typical financial intermediaries.

Fintech uses technology to improve the efficiency of financial transactions. Fintech has a tremendous opportunity to provide traditional financial institutions with real solutions to their difficulties. Fintech improvements can give numerous benefits. With the emergence of numerous Fintech startups, India has positioned itself to become a global Fintech hub. Moreover, India has positioned itself as a Fintech powerhouse in recent years due to the proliferation of Fintech startups, accelerators, and incubators Inter-regulatory working groups have been set up by the RBI to investigate Fintech regulatory concerns. The phrase "fintech" is formed from the words "financial" and "technology" and refers to a fresh, innovative, and fast expanding field that is gaining traction. The world of finance, particularly the banking industry, has shown to be crucial to the daily lives of people everywhere. During the past decade, traditional financial technologies have surely undergone considerable modifications. Consequently, Fintech, a new type of financial technology, is increasingly discussed.

Fintech affects banking sector, which fear being disrupted and look to entrepreneurs for alternatives to traditional banking services. Despite the fact that "Fintech" is at the main discussion in the worlds of business, finance, and innovation, the vast majority of individuals continue to lack a clear understanding of its meaning **(Mohan, D. 2020).** This may be owing to the industry's growth and expansion. Fintech is immense phenomenon that is perpetually evolving as a growing number of technology entrepreneurs enter the industry, reshaping it and adapting it to social needs. Financial services that harness current technology to address the most crucial criteria of today: efficiency, cost reduction, enhanced business operations, adaptability, and innovation. However, the word "Fintech" is widely used to refer to organisations and, more frequently, startups that provide services connected to financial technology. Currently, the term "Fintech" is unclear, allowing for more dispute.

The process of securing small business loans can be both challenging and straightforward. Access to such loans is relatively easy for enterprises with a proven track record and full compliance with governmental tax and regulatory requirements. If your paperwork is not in order, it's considerably more difficult to obtain one. Current economic conditions make it difficult for small business owners who meticulously manage their income and expenses and pay their taxes on time to obtain institutional funding. Micro Textile Companies are commended for their contribution to employment, the economic process, and the development of a more balanced regional economy. It is crucial, however, that these businesses be viable and capable of generating scale. Despite the fact that they contribute significantly to the country's exports, micro firms in India are still not acknowledged as a major force on international markets. According to analysts, it would be difficult in the coming years to create the next generation of Micro Enterprises that are capable of working efficiently and acting as the economic engine of the nation. For India's entrepreneurial potential to succeed on a global scale, the ability to think internationally and innovate, as well as generate world-class technology and continuously acquire new skills, are essential. Entrepreneurship in India is varied and diverse, with units ranging from tiny to huge, giving a vast array of goods and services to large organisations and everything else. The size of manufacturing and utilisation of technology are distinguishing characteristics. A significant share of the nation's labour force is employed by unorganised companies.

The evolution of India’s FinTech landscape—from an initial focus on payment solutions to the inclusion of diverse verticals such as lending technology and insurance technology—combined with the extensive penetration of the internet, has served as a key catalyst in enhancing FinTech awareness among the informal sectors of the Indian economy. This, in turn, has led to a significant rise in FinTech adoption. Nonperforming assets in India's textile industry have hit an all-time high. The bulk of public and private sector banks are therefore under pressure to lend cautiously. Although the additional screening processes are necessary, they are detrimental to the investment climate. Micro Textile Industry Enterprises in India now have access to working money due to the alternative financing industry. Non-banking financial institutions, such as loan kart financing, outperform conventional banks with regard to funding and developing Micro Textile Industry Enterprises. (www.lendingkart.com/blog/collateral-free-working-capital-loan/ 2019).

Faster business loans: FinTech companies, such as LendingKart, offer small business loans with a turnaround time of approximately 72 hours. Owing to the government’s strong focus on digitisation in its policies and initiatives, the majority of financial data can now be verified through online platforms.

Unsecured business loans: The NBFCS offers loans to businesses without security, and the application process is significantly faster. In short, one of the most important impediments to loan approvals for small and medium-sized businesses has been eliminated.

Lower interest rates: NBFCS gains more by reducing manual labour hours in loan processing. The savings are used to reduce interest rates on small business loans for borrowers.

Monthly instalments that are flexible: NBFC loans are more business-friendly than bank loans since they offer a variety of repayment options. Lending Kart Finance, for instance, allows you to repay your company loan biweekly or monthly, depending on your option. If you have confidence in your ability to generate income quickly, you can repay the loan sooner.

Waiver of fees and charges: NBFC loans are more business friendly than bank loans since they provide multiple repayment choices. For example, Lending Kart Finance allows you to pay back your business loan in bi-weekly or monthly instalments. Entrepreneurs will be able to repay the loan sooner if they are confident in abilities to create money swiftly.

Renewable business loans: Taking a loan from an NBFC like lending kart would allow entrepreneurs to renew sanctioned loan amounts upon repayment. It's a type of revolving facility that companies use to manage working cash.

Credit score improvement: The NBFCS informs credit rating agencies of transactions, boosting creditworthiness. Micro Textile Industry Enterprises open the door to larger financial investments by acquiring a small NBFC loan.

Fintech can fund Micro textiles industry. Also, Micro Textile Industry Enterprises have faced many challenges. Due of their small, lack of transparency, and inaccessibility to money, micro textile enterprises are often rejected funding. MTIs are tiny enterprises. Most credit models, notably rating agency models, consider this a risk. These models indicate that the inherent risk of a small business is higher independent of revenue, payment history, or firm age. Scale becomes an unjustifiably important credit quality factor. Using specialised knowledge, niche businesses have thrived for decades. This is also true for small businesses that are part of the supply chain of a large corporation, either as suppliers or as distributors, and find it difficult to secure finance. They have difficulty getting funds in India unless they have collateral in the form of tangible assets, which is typical for Micro Textile Industry Enterprises. Consequently, the magnitude of a small business leads to an erroneous evaluation of credit risk, which has a detrimental impact on cost. As perceived risk increases, so do costs, resulting in smaller margins and continued small-scale operations. Second, when it comes to openness, Micro Textile Industry Enterprises have a terrible track record. Occasionally, this was due to confusing regulations, but in most cases, it was due to the absence of financial savings among businesses in this group. Consequently, their finances were rarely audited, and when they were, the auditing requirements were uneven.

Fintech has successfully created new, disruptive business models for financing Micro Textile Industry Enterprises. Particularly, GST is a paradigm change since it enables trustworthy, real- time, transparent corporate information. The drawback of scale is countered by such openness. Micro Textile Industry Enterprises may benefit from Fintech-bank partnerships that greatly improve access to and reduce the cost of borrowing. Due to the collaboration between the Bank and Fintech, Micro Textile Industry Enterprises will have an excellent potential to expand and eventually become internationally competitive.

REVIEW OF LITRATURE

The textile industry in India dates back hundreds of years. In fiscal year 2017-2018, the overall value of textile exports increased to US$ 39.2 billion, and it is expected to reach US$ 82.0 billion by 2021. India's textile and apparel exports are estimated to reach US$ 82 billion in fiscal year 2020, up from US$ 11.9 billion in the previous fiscal year. Textiles are available in numerous forms, ranging from hand-spun and hand-woven textiles to textile manufacturing requiring substantial financial investment. The weaving and knitting enterprises that dominate the textile industry wield an excessive amount of influence. The textile business is distinguished from other industries in the United States by its linkages to agriculture, which further identify it (which produces raw materials such as cotton).

India Brand Equity Foundation IBEF (2021). The Indian textile manufacturing business consists of both hand-spun and hand-woven textiles as well as capital-intensive, high-tech production facilities. India's textile industry is capable of exporting to both domestic and international markets, and can make a wide range of items.

Parteek Raj (2020). Businesses need help during emergencies like the coronavirus outbreak. To provide such relief, governments need last-mile and last-person connections, and universal bank accounts and digital payments can help.

Singh (2019). The Indian Fintech Startup Ecosystem's Emerging Business Opportunities were highlighted. Credit is essential to the success of any SMB or startup. In this industry, moneylenders and other informal financial organisations have dominated lending. This is because around 60 percent of Micro Enterprise loans in India are obtained through informal means.

Nasrul Hakim Ghazali (2018). The purpose of this study is to determine how Indian small and medium-sized enterprises (SMEs) and start-ups see financing options, such as bank loans, to support the textile industry's future development and expansion. The results reveal that the majority of respondents continue to have a limited awareness of alternative financial financing. Data indicate that the majority, but not all, have a positive attitude to Fintech's development. These results demonstrate the need for an authorised government-affiliated institution to increase SME and startup awareness.

Anjan V Thakur (2017). This study examined the Fintech literature, focusing on the connection between Fintech and Textile. As part of the procedure, numerous concerns pertaining to financial lending and adaptability to a broad assortment of products were studied. Fintech companies will aid the Textile industry in the near future, but they will require time to adjust.

Schueffel (2016). Fintech is more than financial technology. A Scientific Definition of Fintech:

Taming the Beast" It's sometimes called cutting-edge technology because it's used to improve financial operations and create cost-effective solutions for financial services.

Pramod Raichurkar (2015). States with significant textile production have also enacted textile- friendly legislation at the state level, fostering a competitive investment climate. The textile sector is the second largest employer in the country, after agriculture. This has caused this company's expansion and general development to have a direct effect on India's economic sta.

Meenakshi Anand (2014). The textile sector is essential to India's economic development. This is a vital contributor to the employment generation and economic prosperity of the nation. The article evaluates the financial condition of India's textile industry and its resource allocation. The research utilised a comparative ratio analysis to analyse textile businesses.

Indhumathi and Palanivelu (2013). Research on the financial performance of selected textile companies in India" was an investigational effort that aimed to establish the profitability and financial health of particular textile companies in India from 2001 to 2010. As study instruments, the profitability ratio and total financial status were utilised. They noticed that a group of textile enterprises had unpredictable financial performance. It changes throughout time. To improve the financial situation, it is necessary to finance with long-term capital. Entrepreneurs should maximise their working capital use while minimising non-operational expenses.

Manjhi and Kulkarni (2012). Eleven years were spent investigating the working capital assessment of five companies in the Gujarat Textile industry using ratio analysis, descriptive statistics, etc. Using hypothesis and ANOVA, the research concluded with a review of the company's financial performance, including current and quick ratios, assets currently in use and total assets, sales, and turnover.

Chaudhary (2011). Indian textiles have a long and illustrious history due to their rich cultural heritage. The Indus Valley Civilization is credited with establishing the origins of Indian textile history, when native cotton was woven into clothing for warmth. Modern standards consider the Indian Micro Textile Industry to be the second-largest manufacturing industry in the world, after only the United States. World Trade Organization (WTO) has had a significant impact on the expansion and development of the global textile sector. Several steps have been implemented to promote the sector's growth and prosperity. ATC stipulates that by 2005, all textile and apparel quotas among WTO member nations shall be abolished. The World Trade Organization (WTO) extended its Multilateral Free Trade Agreement (MFA) in 1995 and approved the ATC to integrate the textile and clothing sector into the normal rules and disciplines of the GATT

Agreement, which stipulated that all textile and clothing quotas will be eliminated among WTO member countries by 2005. By 2005, the MFA had been gradually phased out and the textile trade had been included into the GATT regulatory framework.

Virambhai (2010). Productivity and cost-effectiveness of a textile company are determined by its current and historical state. Companies should try to, among other things, increase output, minimise expenses, maintain good financial control, and decrease overhead.

Dana, Léo-Paul. (2000). India, a country with many cultures and ethnicities, offers a vast population from which to identify enterprising individuals. Organizations like PHD Chamber and EDII are diligently developing the groundwork for the creation of entrepreneurs. Boosting people's confidence and creating vital resources that entrepreneurs require for success.

Naresh Sachdev, Kawal Nain Singh, Kamal Vohra, Vishal Vinayak (2022). The contemporary market views FinTech as a disruptive way for the operation of numerous businesses. This assessment was undertaken specifically to determine how the employment of two very specialised FinTech instruments, P2P lending and Crowdfunding, can affect the overall profitability of a business. The research indicated that firms' performance indicators, particularly CAGR, improved following the implementation of FinTech.

N Sachdev, KN Singh (2023) The study's findings indicate that only a small percentage of business owners know that Fintech instruments can be a source of financing for their companies. In addition, the items utilised in the research led to the generation of three different aspects: banking, MSME and Fintech.

BS Shergill, S Mehta (2024). This volume looks at the challenges faced by the economy and society in Punjab, India. It probes into the economic issues, institutional development and resources imbalance faced by the Punjab economy. It discusses regional research problems and futuristic approaches for a developing economy.

US Yadav, K Sood, R Tripathi, S Grima (2023). This research aimed to determine how COVID-19 affected Micro small and medium enterprises' (MSMEs) participation in sustainable development goals (SDGs) and their adoption of Fin-tech developing nations like India. Involving women in the workforce through microenterprises is crucial to accomplishing the SDGs, and its subsection is focused on decent work and small industries.

Andreas Fuster, Matthew Plosser, Philipp Schnabl, James Vickery (2019). From 2010 to 2016, the market share of technology-based ("FinTech") mortgage lenders in the United States increased from 2% to 8%. Using loan-level data on mortgage applications and originations, we demonstrate that FinTech lenders process mortgage applications 20% faster than other lenders, if visible features are taken into account. A quicker processing time does not lead to a greater number of defaults. FinTech lenders respond with greater flexibility to exogenous mortgage demand shocks than conventional lenders. When it is in their best advantage, borrowers refinance more frequently in locations where FinTech financing is prominent. There is no evidence that FinTech lenders target consumers with low credit access.

RESEARCH GAP AND PROBLEM FORMULATION

Crowd funding and peer-to-peer (P2P) lending platforms have emerged as innovative financing mechanisms capable of mitigating the credit constraints traditionally imposed by conventional financial institutions and banking systems. Given the operational complexities and resource limitations of Micro Textile Enterprises (MTEs), these digital platforms have the potential to significantly enhance their access to capital.

Accordingly, this study seeks to investigate the determinants influencing the adoption of Fintech solutions—specifically P2P lending and crowdfunding—by Micro Textile Enterprises in India, and to explore the interrelationships among these determinants.

Most studies on P2P lending and crowdfunding in India examine national trends or urban, tech-driven sectors. They highlight barriers like low financial literacy, regulatory uncertainty, and trust issues, but rarely explore how these play out in traditional regional industries.

Punjab's micro-textile sector presents a unique case where financing still relies heavily on informal networks and family-based capital. State-level policies for MSMEs exist but have weak integration with digital finance, while cultural attitudes and uneven digital infrastructure further hinder adoption.

This study addresses the gap by examining why, despite the availability of P2P and crowdfunding platforms, their adoption remains minimal in Punjab's micro-textile sector. By situating FinTech adoption within Punjab's policy, cultural, and infrastructural context, it adds a sector- and region-specific perspective missing from current research.

RESEARCH OBJECTIVES

The study is guided by the following objectives:

- To examine the level of knowledge and perception regarding Fintech among stakeholders in the Indian Micro Textile Industry.
- To evaluate the extent and nature of Fintech integration within Micro Textile Enterprises.
- To identify and analyse the challenges faced by Micro Textile Enterprises in adopting Fintech solutions.

RESEARCH METHODOLOGY

Research Approach

This research employs a quantitative methodological framework, aiming to generate empirical evidence through statistical analysis. The primary instrument for data collection is a structured questionnaire, designed to capture relevant variables in line with the study objectives.

Sampling Design

The target population comprises Micro Textile Enterprises operating in India. A proportionate stratified random sampling technique was employed to ensure adequate representation across sub-sectors. Subsequently, snowball sampling was utilised in the second stage to identify respondents within the selected enterprises. In total, 100 valid responses were obtained for the final statistical analysis.

Sources of Data

Primary Data

Primary data was collected directly from respondents via structured questionnaires and in-depth interviews. The respondents primarily included senior executives, proprietors, and decision-makers associated with manufacturing operations within the Micro Textile sector.

Secondary Data

Secondary data was drawn from the following sources:

- Official publications and statistical reports issued by the Reserve Bank of India, as well as state and municipal government agencies.
- Reports and datasets from foreign governments, international organisations, and affiliated bodies.
- Scholarly publications in technical, commercial, and industry-specific domains.
- Industry reports from corporations, financial institutions, stock exchanges, and trade associations.
- Publicly available datasets, historical records, and archival documents.

Pilot Survey

In order to assure the relevance of the survey instrument constructed, a pilot survey has been conducted to determine the reliability of the measures. For reliability, the Cronbach's Alpha value has been used as a statistical measure. According to **(Hair *et al*., 2006)** a Cronbach's Alpha value of more than 0.7 for the continuous items in a questionnaire are considered acceptable. The first pilot survey has been conducted using 30 respondents and the value generated for reliability stood at 0.496. This revealed that the items included for the study are not adequate for conducting the further data collection process. In order to modify the value, the questionnaire has been modified by conducting further literature review and getting approvals from the experts in the field. The second pilot survey has been conducted using 30 more respondents in the required domain and the Cronbach's Alpha value is calculated. This time the value is found to be 0.865 and hence, the second set of questionnaires is selected for the main data collection purpose.

DATA INTERPRETATION

According to the above statistic, forty percent of entrepreneurs obtain business finance from banks, thirty-two percent from family, twenty-four percent from friends, and only four percent from their own funds.

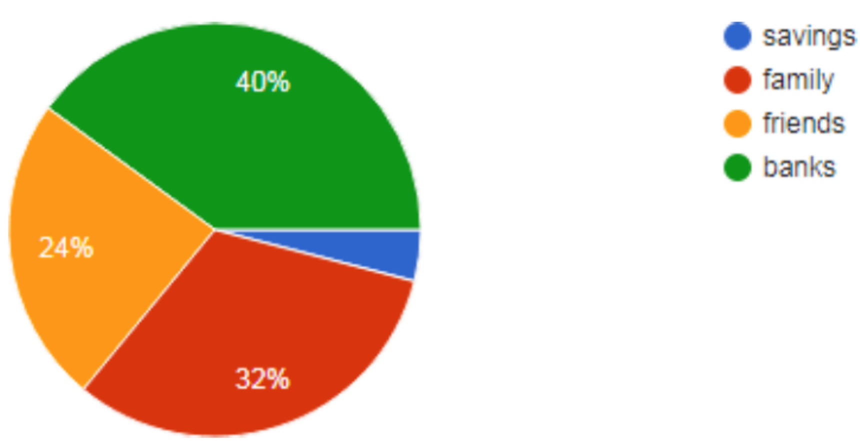

Figure 1: Source of Capital.

Table 1: Satisfaction

Level	Percent
Satisfied	30%
Dissatisfied	70%
Total	**100%**

The level of discontentment is 70% with the current banking financial services whereas 30% of the entrepreneurs are satisfied with the banking services.

Table 2: Fintech is an Alternative Source of Finance

Source Fintech	Percentage
Yes	64%
No	36%
Total	**100%**

From the aforementioned statistics, we can conclude that the majority of entrepreneurs in the Micro Textile Industry desire to move their business's funding source to Fintech, which they believe is the best alternative funding option.

Table 3: Fintech Factor Preferences for Credit

Preference	Percentage
Better Interest Rate	20%
Quality of Service	44%
Timely & Efficient Disbursement	30%
Security and Fraud Protection	6%
Total	**100%**

From the aforementioned facts, it can be inferred that the majority of business owners who have borrowed loans from Fintech have prioritised service quality, coupled with prompt and beneficial distribution. Since these loans are electronically secured, security and protection against fraud are given the least weight.

Table 4: Fintech Loan Requirements

Loan Requirements	Percentage
To offer better Interest Rate	34%
Easy Application Process	38%
Alternative Funding Source	22%
Simplified Procedure	6%
Total	**100%**

From the above data, it can be inferred that the majority of respondents prefer the relatively simple and manageable application process offered by FinTech platforms for obtaining credit, whereas securing loans from banks is often perceived as involving lengthy and cumbersome procedures. Additionally, respondents indicated that FinTech platforms could offer more competitive and lower interest rates, which might encourage banks to adopt more flexible interest rate policies.

To assess the level of awareness regarding FinTech, selected variables were cross-tabulated and analysed. The findings indicate that banks constitute the primary source of seed capital for the surveyed businesses (47.2%), followed by loans from family and friends (35.4%), while the least utilised source is personal savings. This pattern suggests that respondents tend to seek initial seed capital from external sources, highlighting a potential opportunity for FinTech solutions to capture a larger share of this market segment.

Two of the four reasons cited by respondents for selecting their initial source of capital received almost identical response rates, as illustrated in the corresponding pie chart. The most frequently reported

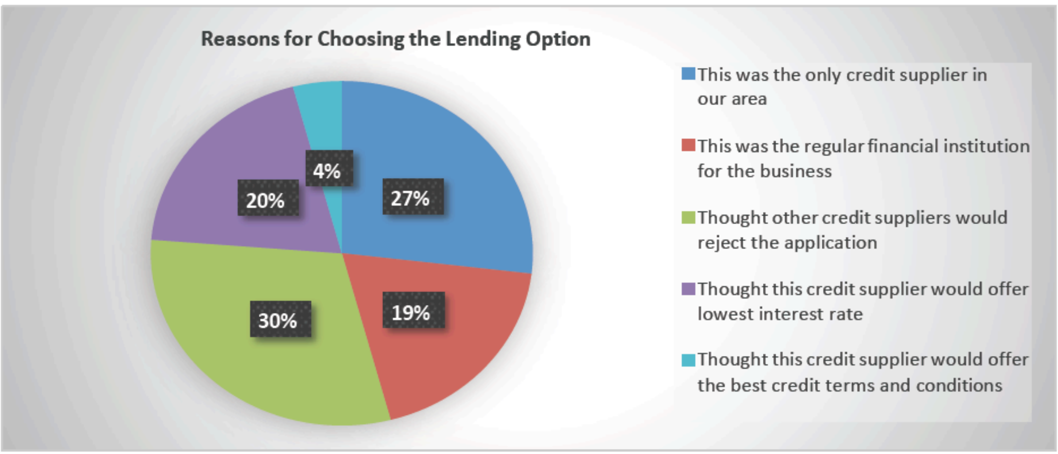

Figure 2: Reasons for Choosing Lending Option.

reason—accounting for 30% of responses—was the belief that alternative credit providers under consideration would likely reject their application. The second most common reason, chosen by 27% of respondents, was that it represented the only available source of credit within their locality. The third most frequently cited reason was the perception that the chosen option offered the lowest interest rate.

A chi-square test was subsequently conducted to examine whether a statistically significant association exists between the selected credit source and the stated reasons for its selection. The results of this test are presented below.

Table 5: χ^2 Tests (Awareness)

	Value	df	P
χ^2	10.6	8	0.227
N	100		

The chi-square test results indicate no significant association between the two variables, as the p-value is greater than 0.05. This suggests that, although respondents provided specific reasons for their choice, the observed patterns in their reasoning and the selection of the final credit option are not statistically significant.

In assessing respondents' awareness of FinTech, several factors related to their decision to consider banks as the primary reference point for sourcing capital were examined. The results of the corresponding chi-square tests are presented below.

Table 6: CHI-Square Tests Results

Variable	p-value
Flexibilities of Norms	0.213
Terms & Conditions	0.001
Service Quality	< .001
Mode of Repayment	< .001
Rate of Interest	0.527

The above analysis indicates that for the variable's quality of service, terms and conditions, and mode of repayment, the p-values are less than 0.05. This demonstrates that these three variables have statistically significant associations with respondents' reasons for selecting a particular form of capital for their business. These findings suggest that FinTech providers could enhance their outreach to MSMEs and start-ups in Punjab by emphasising their strengths in service quality, repayment flexibility, and favourable terms and conditions.

ISSUES CONCERNING BANK FINANCE

Bank Financing

Access to bank finance is a serious issue for 74 percent of respondents. On the other hand, 22% disagreed and 4% were undecided.

Rate of Interest

High interest rates are perceived as a major concern by most consumers. While some entrepreneurs do not view this as a significant issue—attributing it to the fact that banks determine loan interest rates—a portion of entrepreneurs consider high interest rates to be a substantial barrier to obtaining credit from banks.

Documentation

It's an unavoidable aspect of obtaining bank financing. The majority of the business owners believed that the documentation was required in order to borrow money from the bank. Because banks require collateral to obtain funding, entrepreneurs confront difficulties. The bank verifies the turnover from the audited balance sheet of the company and only then can they advise the amount of loan that can be obtained.

FINTECH IN FINANCE

Growth

It has been discovered that 80 percent of entrepreneurs feel that Fintech would result in exponential business and industry growth. Most entrepreneurs feel that Fintech will lead to breakthrough technology in the textile industry, resulting in business growth. Few entrepreneurs, however, feel that this will hinder business growth.

Innovation

Fintech will drive innovation in the Micro Textile Industry, according to entrepreneurs.

Sales

Increased revenue is the initial choice of business for 80 percent of businesses. Entrepreneurs highly advocated sales as a key aspect of the industry, which would be honoured.

Technology

The majority of entrepreneurs believe that technology will improve as a result of increased access to capital; nevertheless, some somewhat disagree with this assertion. In addition, the importance of technology was not ranked #1 because most entrepreneurs do not change technology every 5 to 6 years. As a result, the emphasis on changing technology took second place.

Rates of Interest

The interest rate is the most important consideration when seeking financial assistance from Fintech. Most entrepreneurs believe that if they seek financial assistance from Fintech, the interest rate will be lower than that of banks, and that this will play a significant part in Fintech funding.

RECEIVING A LOAN QUICKLY

Entrepreneurs agreed that securing a loan quickly will be a key requirement for obtaining Fintech funding. The ability to obtain a loan quickly is most likely a factor in obtaining financial assistance from Fintech. The majority of business owners stated that loan promptness is contingent on compliance.

Stressful Conditions, such as Covid-19

The majority of entrepreneurs thought that Fintech will enhance financial inclusion in scenarios similar to Covid 19. Fintech will be a go-to alternative for adoption by the Micro Textile industry, according to entrepreneurs.

RESULTS AND CONCLUSIONS

Fintech is gaining traction in the textile business, but it is still in its early stages. Entrepreneurs in the textile business are desperate for Fintech funding solutions. The micro-Textile industry will become more aware of Fintech's services as public knowledge of the technology grows. Fintech will force the industry to improve in terms of technology. Entrepreneurs are unhappy with bank services, yet they have no alternative options for obtaining finance. Fintech is the finest alternative for finance and financial support in the Micro Textile business. The textile industry, according to entrepreneurs, is not technologically sophisticated. Fintech should, according to entrepreneurs, offer a reasonable interest rate. Fintech also provides quality service, security, and fraud protection thanks to its financial and technological support. Fintech inventions need to streamline company activities and make documentation work easier for entrepreneurs. They are convinced that Fintech funding facilities are superior to banks in terms of subsidy rates, services, and loan processing time. Fintech will help businesses boost their revenues, improve their technology, and develop new products. Businesses are also in support of Fintech assisting in situations like COVID-19. To summarise, all of these criteria will help your business run smoothly.

This study highlights that the low adoption of P2P lending and crowdfunding in Punjab's micro-textile sector stems not only from limited awareness and trust, but also from financing models misaligned with seasonal production cycles. To address these gaps, three clear recommendations emerge:

1. Government-led digital literacy programs to equip micro-entrepreneurs with the skills and confidence to engage with FinTech platforms.
2. Policies encouraging FinTech–bank collaboration, ensuring regulated partnerships that combine innovation with the credibility of established institutions.
3. Flexible repayment models tailored to seasonal textile production, aligning financial obligations with income flows.

These measures will not only improve access to finance but also foster long-term sustainability by reducing dependence on informal credit sources, enhancing competitiveness, and building resilience in Punjab's textile clusters. Importantly, the insights gained here are not limited to Punjab; they are equally applicable to other emerging economies where traditional financing falls short of SME needs. By implementing such interventions, regions with similar socio-economic and industrial contexts can accelerate the adoption of alternative finance, paving the way for inclusive growth and stronger entrepreneurial ecosystems.

CONFLICTS OF INTEREST

The author declared no conflicts of interest.

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