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Local Entrepreneurship Enhancing Socioeconomic Status: A Case Study on Performance and Impact of National Minorities Development & Finance Corporation (NMDFC) Scheme in Kohima District of Nagaland

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Abstract

The National Minorities Development & Finance Corporation (NMDFC) has various types of loans but in Nagaland microfinance was initiated on 30th September 1994 and was targeted only to women and Self Help Groups (SHG's). Under the scheme, an amount of Rs. 1 lakhs under credit Line-1 & up to Rs. 1.5 lakhs under Credit Line-2 is extended to each member of SHGs at interest rates of 7% & 10% respectively. A concession of 2% is extended to women beneficiaries under Credit Line-2. The study is based on primary sources and has attempted to highlight the impact of schemes with and without support and the performance of NMDFC in productivity, reduction of cost, and introduction of input in the state.

Keywords

National Minorities Development & Finance Corporation (NMDFC), State Channelizing Agencies (SCAs), Self Help Groups (SHG's), Micro Finance, Women Beneficiaries

Introduction

National Minorities Development & Finance Corporation (NMDFC) is a Govt. The company is under section 8 of the Companies Act 2013, under the administrative control of the Ministry of Minority Affairs, Government of India. The Corporation has been set up to promote economic development for the benefit of "Backward Sections" amongst

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the Minority Communities i.e. Muslims, Christians, Sikhs, Buddhists, Parsis & Jains, with preference being given to the occupational group and women. NMDFC implements its schemes & programs through State Channelizing Agencies (SCAs) nominated by the respective State Governments & Banking Partners.

Based on annual income, the target group is bifurcated into two credit lines as follows:

- Credit Line-1, the benefits are available for persons having annual family income up to Rs.98, 000/- in rural areas and up to Rs.1.20 lakhs in urban areas.
- Credit Line-2, the benefits are available to persons with an annual family income of up to Rs. 8.00 lacs.

Micro-Finance Scheme: Under this Scheme, credit is extended to the members of the Self-Help Groups (SHGs), predominantly comprising of minority women scattered in remote villages and urban slums, who are not able to take advantage of the formal banking credit. Under the scheme, an amount of Rs. 1 lakh under credit Line-1 & up to Rs. 1.5 lacs under Credit Line-2 is extended to each member of SHG at an interest rate of 7% & 10% respectively. A concession of 2% is extended to women beneficiaries under Credit Line-2.

Objectives

- To study the impact of the schemes with and without NMDFC loans in Kohima Districts
- To study the performance of NMDFC in Kohima districts.

Hypothesis

HO= The Government Support boosts productivity and generates employment

Methodology

The study is empirical and based on primary data and the secondary data is taken from different articles, the internet, and annual reports. A multistage stratified random sampling technique has been used and a total of 150 samples were taken from Kohima districts out of which only 9 beneficiaries were recorded for the study. Those respondents who took government support invested in setting up thrift shops, graphic designing shops, expanding clinic and grocery shops and gift shops, etc.

Limitations

- The primary data is for the period of 2021-22.
- Only one district was taken for the study out of 16 districts in Nagaland.
- The study relates to the expressed opinion of the respondents.

Results and Discussion

Multinomial Logistic Regression and paired 't' test (in case of two dependent or correlated of equal two samples) have been used for the analysis. Monetary value is the dependent variable and the independent variables are age, occupation, education, and knowledge of NMDFC.

Table 1: Case Processing Summary without NMDFC Loan

| | | N | Marginal Percentage |
|---------------|-----------------------|--------|------------------------|
| Income | Below 3000 | 85 | 56.7% |
| | 3000-10000 | 40 | 26.7% |
| | 15000-20000 | 5 | 3.3% |
| | 20000 & above | 20 | 13.3% |
| Age | Below 20 | 1 | .7% |
| | 20-30 yrs | 27 | 18.0% |
| | 30-40 yrs | 56 | 37.3% |
| | 40-50 yrs | 34 | 22.7% |
| | 50 & above | 32 | 21.3% |
| Occupation | Farmer | 102 | 68.0% |
| | Govt. Service | 22 | 14.7% |
| | Self employed | 18 | 12.0% |
| | Others | 8 | 5.3% |
| Education | Illiterate | 1 | .7% |
| | Primary | 83 | 55.3% |
| | Secondary | 20 | 13.3% |
| | Higher secondary | 15 | 10.0% |
| | Graduate and above | 31 | 20.7% |
| Knowledge | Yes | 18 | 12.0% |
| | No | 132 | 88.0% |
| Valid | 150 | 100.0% | |
| Missing | 0 | | |
| Total | 150 | | |
| Subpopulation | 46 ^a | | |

Table 2: Likelihood Ratio Test

| Effect | Model | Fitting | | |
|------------|---------------------------------------|------------------------|----|------|
| | Criteria | Likelihood Ratio Tests | | |
| | -2 Log Likelihood of Reduced Model | Chi-Square | df | Sig. |
| Intercept | 66.900 ^a | .000 | 0 | . |
| Age | 78.665 | 11.765 | 12 | .465 |
| Occupation | 1.738E2 ^b | 106.898 | 9 | .000 |
| Education | 77.156 ^b | 10.256 | 12 | .593 |
| Knowledge | 68.818 ^b | 1.918 | 3 | .590 |

The above table 1 and 2 show the results of the respondents without NMDFC support. The likelihood ratio test proves that the independent or predictor variables such as occupation ($p=0.00<0.05$) are significant and the other independent variables such as age ($p=0.465>0.05$), education ($p=0.593 >0.05$) and knowledge of NMDFC ($p=0.590 >0.05$) are not significant as their p values are higher than 0.05.

Table 3: Case Processing Summary with NMDFC Loan

| Effect | Model | Fitting | | |
|------------|---------------------------------------|------------------------|----|------|
| | Criteria | Likelihood Ratio Tests | | |
| | -2 Log Likelihood of Reduced Model | Chi-Square | df | Sig. |
| Intercept | 66.900 ^a | .000 | 0 | . |
| Age | 78.665 | 11.765 | 12 | .465 |
| Occupation | 1.738E2 ^b | 106.898 | 9 | .000 |
| Education | 77.156 ^b | 10.256 | 12 | .593 |
| Knowledge | 68.818 ^b | 1.918 | 3 | .590 |

Table 4: Likelihood Ratio Test

| Effect | Model | Fitting | | | |
|------------|------------------------------------|------------------------|----|------|--|
| | Criteria | Likelihood Ratio Tests | | | |
| | -2 Log Likelihood of Reduced Model | Chi-Square | df | Sig. | |
| Intercept | 67.746 ^a | .000 | 0 | . | |
| Age | 79.937 ^b | 12.191 | 12 | .430 | |
| Occupation | 168.412 | 100.666 | 9 | .000 | |
| Education | 84.639 ^b | 16.893 | 12 | .154 | |
| Knowledge | 75.887 ^b | 8.141 | 3 | .043 | |

The above table 3 and 4 show the results of the respondents with NMDFC support. The likelihood ratio test proves that the independent or predictor variables such as occupation ($p=0.00<0.05$) and knowledge of NMDFC ($p=0.590<0.05$) are significant while the other independent variables such as age ($p=0.430>0.05$) and education ($p=0.154 >0.05$) are not significant as their p values are higher than 0.05.

We can conclude that the respondents with NMDFC support have better results than those without NMDFC and that it is important to know about the schemes to avail and make use of it by setting up various businesses, expanding the existing business, etc.

Impact of MNDFC Scheme on Productivity

Table 5.1: Paired Samples Statistics

| | Mean | N | Std. Deviation | Std. Error Mean |
|---------------|------------|---|----------------|-----------------|
| Part 1 Before | 20444.4444 | 9 | 12521.09331 | 4173.69777 |
| After | 30555.5556 | 9 | 18276.42683 | 6092.14228 |

Table 5.2: Paired Samples Correlation

| | N | Correlation | Sig. |
|-----------------------|---|-------------|------|
| Part 1 Before & After | 9 | .979 | .000 |

Table 5.3: Paired Sample test

| | Paired Differences | | | | | Sig. (2-tailed) | |
|-----------------------|--------------------|----------------|-----------------|---|-------------|-----------------|------|
| | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | t | | |
| Part 1 Before & After | -10111.1111 | 6527.71868 | 2175.90623 | -15128.75986 | -5093.46236 | 4.6487 | .002 |

From the above Table 5 (1, 2 &3), the value in Kohima district is found to be -4.647 and the p-value is 0.002, which is less than 0.05 ($p=0.002<0.05$). Therefore, we can say that government support boosts the productivity of the respondents

Paired T-Test of Change in Reduction of Cost

Table 6.1: Paired Samples Statistics

| | Mean | N | Std. Deviation | Std. Error Mean |
|---------------|-----------|---|----------------|-----------------|
| Part 1 Before | 9388.8889 | 9 | 7423.68582 | 2474.56194 |
| After | 6066.6667 | 9 | 5676.92699 | 1892.30900 |

Table 6.2: Paired Samples Correlation

| | N | Correlation | Sig. |
|-----------------------|---|-------------|------|
| Part 1 Before & After | 9 | .922 | .000 |

Table 6.3: Paired Sample test

| | | Paired Differences | | | | | | | |
|----------------|--|--------------------|----------------|------------|---|----------|-----|-----------------|--|
| | | Mean | Std. Deviation | Std. Error | 95% Confidence Interval of the Difference | | t | Sig. (2-tailed) | |
| | | n | | | Lower | Upper | | | |
| Part 1 | | 3322.222 | 3101.925 | 1033.975 | 937.8708 | 5706.573 | 3.2 | | |
| Before & After | | 22 | 93 | 31 | 9 | 56 | 13 | .01 | |

From the above table 6 (1, 2 &3), the ‘t’ value in Kohima district is found to be 3.213 and the p-value is 0.01, which is less than 0.01 ($p=0.01 < 0.05$). Therefore, we can say that with government support the entrepreneurs reduce their cost of production.

Paired T-Test of Change in Introduction of Inputs

The input introduction includes labour employment, machinery tools, and the use of fertilizers and pesticides.

Table 7.1: Paired Samples Statistics

| | Mean | N | Std. Deviation | Std. Error Mean |
|---------------|-----------|---|----------------|-----------------|
| Part 1 Before | 3644.4444 | 9 | 4802.37210 | 1600.79070 |
| After | 7555.5556 | 9 | 9322.16594 | 3107.38865 |

Table 7.2: Paired Samples Correlation

| | N | Correlation | Sig. |
|-----------------------|---|-------------|------|
| Part 1 Before & After | 9 | .998 | .000 |

Table 7.3: Paired Sample test

| | | Paired Differences | | | | | Sig. |
|----------------|----|--------------------|----------------|------------|---|----------|------------|
| | | Mean | Std. Deviation | Std. Error | 95% Confidence Interval of the Difference | t | (2-tailed) |
| | | | | | Lower | Upper | |
| Part 1 | - | 3911.111 | 4535.5386 | 1511.8462 | -7397.434 | 424.7874 | 2.588 |
| Before & After | 11 | | 8 | 3 | 76 | 6 | 7 |

From the above table 7 (1, 2 &3), the 't' value in Kohima district is found to be -2.587 and the p-value is 0.03, which is less than 0.05 ($p=0.03<0.05$). Therefore, we can say that with government support there is an increase in labour employment, introduction to machinery tools, and use of fertilizers and pesticides.

For the hypothesis, we can conclude that government schemes boost productivity and generate employment

Conclusion

The study is based on observation and primary sources might have some limitations. The study shows that only 6 percent of the respondents seek government support i.e. NMDFC scheme. Knowledge plays an important role in the NMDFC scheme as with proper knowledge they can avail of the scheme and utilize it efficiently; only 12 percent knew about the scheme and 88 percent did not know. With the support of government schemes there is an increase in productivity, reduce in the cost of production, and an increase in input introduction such as labour employment, machinery tools, and use of fertilizers as the paired sample statistics the probability value ($P<0.05$) which indicates the scheme has a positive impact in production, reduction of cost, productivity, etc.

The scheme can have a better performance if certain initiatives are taken to reach out to women and SHG's in Nagaland. More awareness programme and advertising should be conducted for better knowledge about the scheme in rural areas.

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