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Gender Disparity in availing Term Loan Scheme of Government of India

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Abstract

National Minorities Development & Finance Corporation (NMDFC) is a not-for-profit company setup under Section 25 of the Companies Act 1956 (now Section-8 of Companies Act, 2013). NMDFC has designed a Minority Loan Accounting Software (MILAN) for maintenance and management of database of scheme beneficiaries. This data encompasses the gender distribution of individuals availing term loans, as well as their regional status in rural and urban areas. It also provides insights into the distribution of beneficiaries in rural and urban regions and various minority communities. The objective of this study is to identify gender disparities in accessing NMDFC's Term Loan scheme across various regions of India, in rural and urban setting and among different minority communities of India. The study has used secondary data extracted from NMDFC's MILAN database spanning from 2014-15 to 2023-24, of 1,75,901 beneficiaries throughout India from 34 states and UTs. SPSS (Version 22) was used to critically analyze the data obtained from the MILAN database. The data reflects noteworthy gender disparity across the country. To enhance the female participation NMDFC may run financial literacy programs, easy accessibility of loans to women, awareness campaigns; promote collaboration with government agencies, NGOs, women's organizations, and other stakeholders to create a supportive ecosystem that fosters women's economic empowerment through access to credit and other financial services.

Keywords: Term Loan Beneficiaries, Gender Disparity, Women Empowerment, India.

1. Introduction

National Minorities Development & Finance Corporation (NMDFC) is a not-for-profit company setup under Section 25 of the Companies Act 1956 (now Section-8 of Companies Act, 2013). NMDFC's mission is to empower the weaker sections among notified minority communities. Capacitating through self-sustenance and financial augmentation is secured by concessional credit through State Channelizing Agencies (SCAs) for employment/income generating activities. For the effective and target oriented implementation and execution of its mission, NMDFC implements various schemes such as Term Loan, Education loan, Virasat etc. Under the Term Loan scheme, loan of upto Rs. 20 lacs under Credit Line-1 and upto Rs. 30 lacs under Credit line -2 is extended to beneficiaries at 6% p.a. & 8% p.a. respectively with 2% concession to women under Credit Line-2 for economically viable income generating ventures.

NMDFC in order to ensure efficiency has streamlined and digitized the loan accounting procedure through a Minority Loan Accounting Software (MILAN) which acts as a platform for maintenance and management of database of scheme beneficiaries. Data is recorded on daily basis on the MILAN portal, including information on beneficiaries of Term Loans. This data encompasses the gender distribution of individuals availing term loans, as well as their regional status in rural and urban areas. Additionally, it provides insights into the distribution of beneficiaries across various minority communities, such as Muslims, Christians, Jains, Sikhs, Buddhists, and Parsis.

Gender equality is defined as the equality in opportunities or resources, rights and voice rather than the equality of outcomes between men and women. [World Development Report, 2000-2001] Women are more likely than men to be unbanked due to many barriers such as lack of proper identity documents, and inaccessibility to mobile phones or other technology

and lower financial capability. [World Bank, 2023] Strengthening women’s access to economic resources can help to develop a sustainable economy, rectify patriarchal social constraints and provide equitable access to political opportunities. UN Population Fund has been appealing to countries to work towards enhancing women’s ability to achieve economic self-reliance and ensure balanced access to labor market. [United Nations Population Fund, 1948] Moreover, effective management of microfinance is crucial in India to facilitate financial inclusion for the impoverished in both rural and urban regions. When handled appropriately, providing loans to the underprivileged can catalyze the country's development and alleviate poverty significantly. [Saleh, 2023]

Women empowerment and autonomy is highly required in any country. The fact that women are still fighting for their rights and equal opportunities is a testament of discrimination of women prevalent in our society. [Sateeshchandra, 2024] The key to achieve 2030 Agenda for Sustainable Development is promoting women’s economic justice and rights in the economy and closing gender gaps in the workplace. Women empowerment enhances economic diversification. [UN Women, 2024] In India women contribute only 18% to GDP despite constituting 48% of the population as per the National Health and Family Welfare. Advancing women's equality could lead to a \$28 trillion increase in global GDP, with India potentially seeing a \$770 billion boost by 2025. [Singh, 2024] Women’s contributions are multifaceted and deeply intertwined with the overall development of a country. By promoting gender equality and empowering women, countries can achieve more robust economic growth, social development, political stability, and environmental sustainability. Investing in women is not just a matter of equity but a strategic approach to achieving comprehensive and sustainable development.

This paper studies the MILAN database of NMDFC for distributive dimensions among the beneficiaries for further prospective analyses for identification of target areas in the aim of economic empowerment among the backward sections of minority communities.

2. Methodology

The study relies on the data sourced from NMDFC’s MILAN database spanning from 2014-15 to 2023-24, which is a large scale-survey, of representative samples of 1,75,901 throughout India from 34 states and UTs for Term Loan, including 1,78,040 beneficiaries from both rural and

urban areas, as well as beneficiaries from various minority communities. Additional 2139 beneficiaries are recorded on assessing the gender disparity. As this study has used secondary data available on NMDFC’s database, ethical clearance and consent of participants were not required.

2.1 Statistical Analysis

Statistical Package for the Social Sciences (SPSS), Version 22 has been used to intricately analyze the data obtained from the MILAN Database.

3. Results

The analysis of the NMDFC beneficiary database for the Term Loan Scheme reveals significant observations. It reflects noteworthy gender disparity in loan distribution across various states and regions of India. Southern region stands out for their high proportion of female beneficiaries. In contrast, all other regions display stark contrast, with majority of male beneficiaries availing credit support. Additionally, the data highlights disparities among different minority communities in accessing term loans, with Muslims comprising the majority of beneficiaries, followed by Christians. However, participation rates among other minority groups such as Parsis, Buddhists, Sikhs, and Jains are notably lower. A detailed examination of the results mentioned below provides better insights.

1. Gender-wise Analysis of the NMDFC’s Term Loan Scheme

The NMDFC beneficiary database for Term loan scheme was examined for the gender-wise distribution of beneficiaries and has been schematized on the basis of percentage of women beneficiaries among various states and union territories of India. The database of total 1,75,901 beneficiaries was analysed wherein women constituted only 35.4% (62269) while men accounted for the majority 64.59% (113631) beneficiaries (Image 1). While considering states with at least 500 beneficiaries, it has been observed that states like Kerala (58.94 %), and Tamil Nadu (53.6%) have relatively higher percentages of female beneficiaries compared to states like Uttar Pradesh (11.82%) and Maharashtra (15.27%). Union territory Jammu & Kashmir reflects a lesser gender disparity in term loan disbursement with 42.03% of females and 57.97% of males availing credit support in comparison to other states and UTs (Image 2).

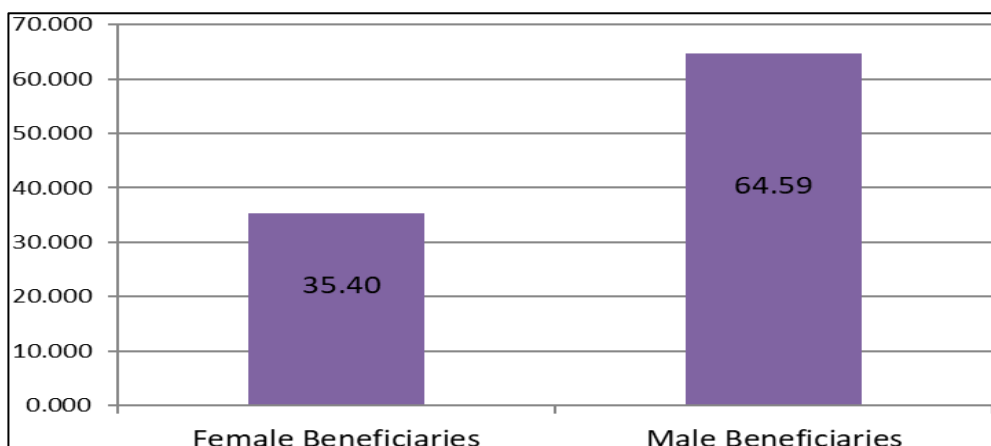


Fig. 1: Gender Disparity in availing Term Loans from NMDFC across India.

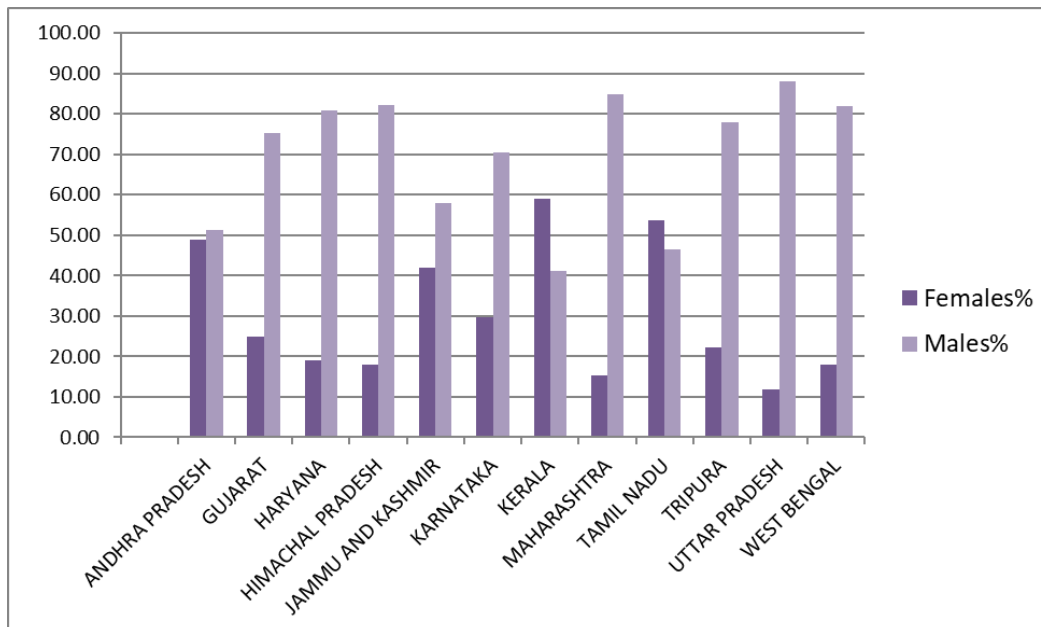


Fig. 2: State-wise Percentage of Women Availing NMDFC's Term Loan Scheme in 12 States.

2. Gender-wise Distribution of Beneficiaries across different regions of India

The data from MILAN database was also examined region-wise by clubbing data of various states belonging to a particular region. The data was scrutinized from the regional aspect compared alongside the gender distribution dimension. It shows significant gender disparity with males dominating in all the regions of pan India i.e. Northern (Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand); Eastern (Bihar, Jharkhand, Odisha, West Bengal); North-Eastern (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura); Central (Madhya Pradesh); and Western (Goa, Gujarat, Maharashtra) except Southern region (Andaman and Nicobar Islands, Andhra Pradesh, Karnataka, Kerala,

Lakshadweep, Puducherry, Tamil Nadu, Telangana). In south, remarkable results are noticed with females taking a lead in claiming credit support from NMDFC with 57.16% (39843) and 42.84% (29859) male beneficiaries.

In the Eastern region (highest in West Bengal) males mounted 81.91% (68351) beneficiaries leaving out a ratio of only 18.09% (15095) for females. Likewise, in Northern region, males and females constituted 65.16% (11192) and 34.84% (5984) respectively. North-East, and west India are not far behind in reflecting male supremacy. In north east 73.67% (2258) males and 26.33% (807) females; in West 78.46% (1963) males and 21.54% (539) females have claimed credit support. The Central region has rendered loan facility to only one female beneficiary and 8 males in Madhya Pradesh.

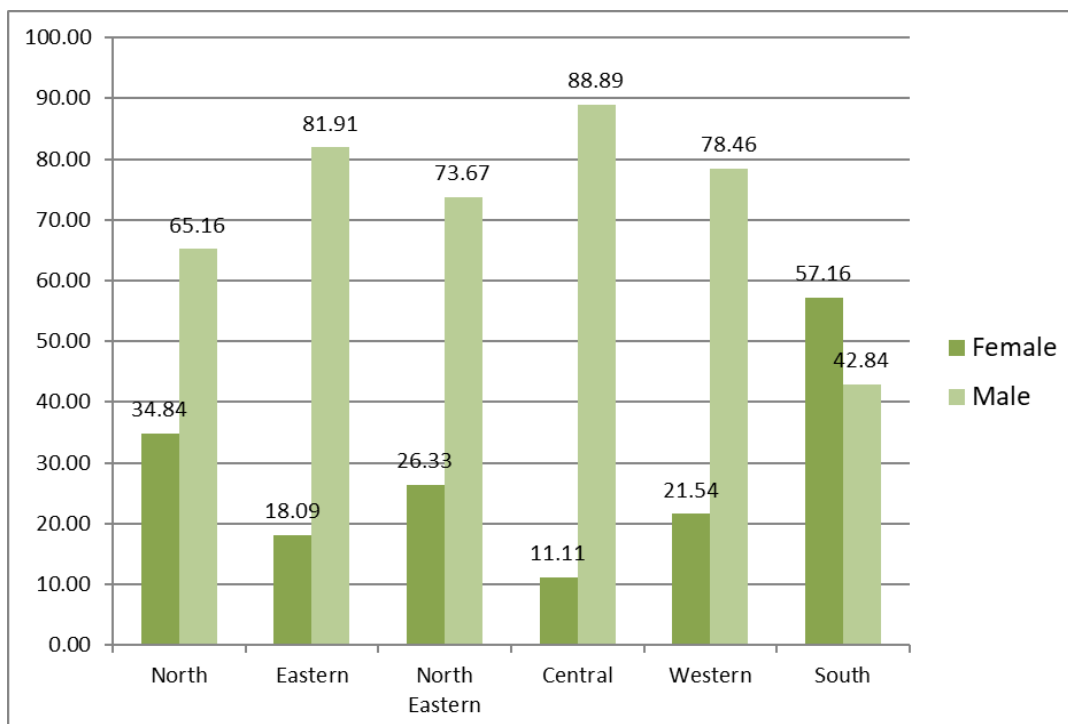


Fig. 3: Gender-wise Distribution of Beneficiaries across different regions of India.

3. Area-wise Gender disparity of the NMDFC’s Term Loan Scheme

The data provided presents a breakdown of beneficiaries availing term loans in rural and urban areas. Among the total beneficiaries 1,75,901;1,45,486 are from rural areas, while 30,415 are from urban areas. This distribution reflects a notable majority of beneficiaries from rural regions, constituting approximately 82.7% of the total loans distributed, with urban beneficiaries accounting for 17.29% (Image 4).

Among these beneficiaries, males constitute the majority,

with 65.41% (95946) residing in rural regions and 59.44% (18642) in urban areas, totaling 1,14,588. Conversely, females comprised only 34.59% (50,731) in rural areas and 40.56% (12,720) in urban areas (Table 1). This data underscores a notable gender disparity, with a higher proportion of males gaining benefit from the Term Loan Scheme of NMDFC in both rural and urban settings. Therefore, it can be ascertain, that both the regions whether rural or urban, male population have gained more benefit from the Term loan Scheme of NMDFC then the females. (Image 5)

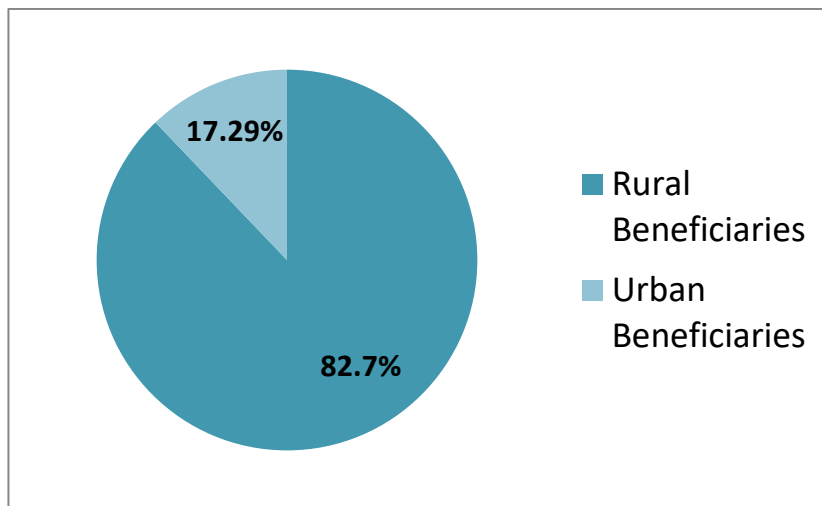


Fig. 4: Area-wise beneficiaries availing Term Loan Scheme.

Table 1: Gender-wise Beneficiary Distribution in Rural and Urban Areas.

Beneficiaries	Rural	Urban	Total	%Rural	%Urban
Male	95946	18642	114588	65.41	59.44
Female	50731	12720	63451	34.59	40.56
Transgender	0	1	1	00	00
Total	146677	31362	178040		

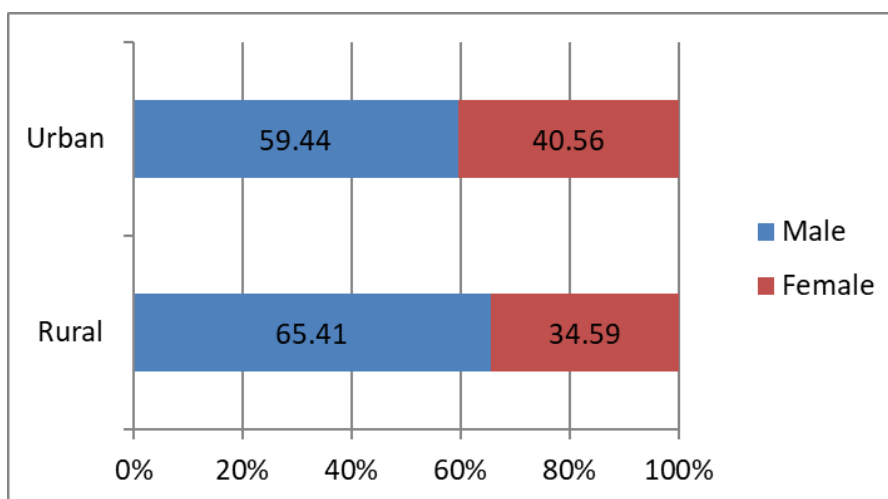


Fig. 5: Gender wise Beneficiary Distribution in Rural and Urban Areas.

4. Community-wise Analysis of the NMDFC’s Term Loan Scheme

The data reflects the distribution of Term Loans availed by the various minority communities across the country. It underscores the primary participation of Muslim and Christian communities and significant lower level of participation of other minority communities i.e. Parsis,

Bhuddhists, Sikhs, and Jains. From the total beneficiaries of 1,75,901, the Muslim community accounted for 81.5% (1,43,472) of the total. Following behind, the Christian community availed 16.4% (28,890) of the term loans. However, the participation of other minority communities was notably lower with only one Parsi availing the loan across India. Further, only 0.94% (1,659 beneficiaries) was

Buddhists, 0.96% (1,697 beneficiaries) was Sikhs, and 0.5% (157 beneficiaries) was Jains. Moreover, beneficiaries from other communities, represent a mere 0.01% (25 beneficiaries) of the total. The statistics highlight the disparities among different minority groups of India in accessing the term loan.

Across all religious communities, there is a significant gender disparity, with males comprising a larger proportion of beneficiaries compared to females (Table 2). However, the transgender community is underrepresented across all

religious groups, with only one transgender beneficiary identified among the total beneficiaries of 1,78,040. Among Muslims; males represent the majority at 68.84%, while females account for only 31.16%. Similarly, in the Christian community, females constitute the majority at 57.21%, with males making up 42.79%. Likewise, among Buddhists, Sikhs, Jains, and other communities, there is a clear predominance of male beneficiaries over females in accessing the Term Loan benefit from NMDFC (Table 2).

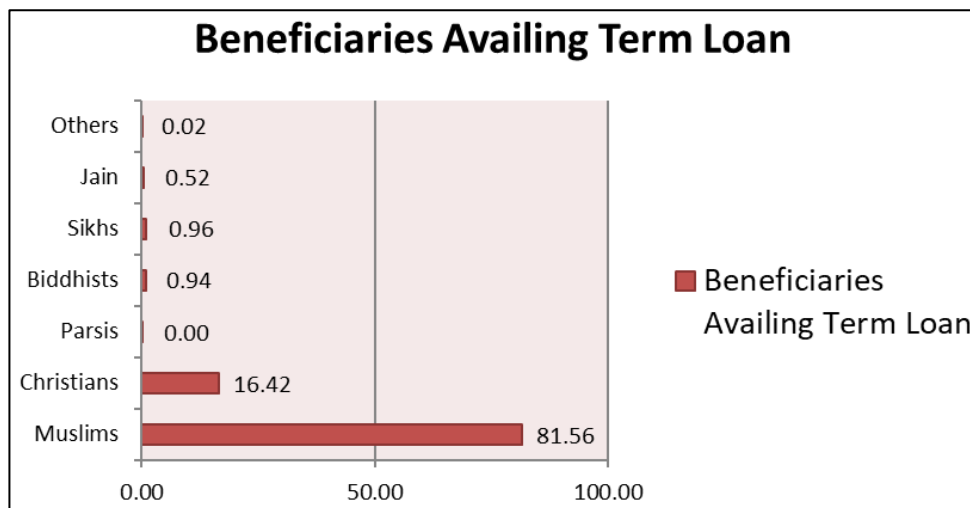


Fig. 6: Community-wise beneficiaries availing Term Loan Scheme.

Table 2: Gender wise Distribution of Beneficiaries among different Minority Community.

Community	Female	Male	Transgender	Total	% Female	%Male
Muslims	45149	99747	0	144896	31.16	68.84
Christians	16870	12618	1	29489	57.21	42.79
Parsis	0	1	0	1	0.00	100.00
Buddhists	806	886	0	1692	47.64	52.36
Sikhs	551	1218	0	1769	31.15	68.85
Jain	51	117	0	168	30.36	69.64
Others	24	1	0	25	96.00	4.00
Total	63451	114588	1	178040	35.64	64.36

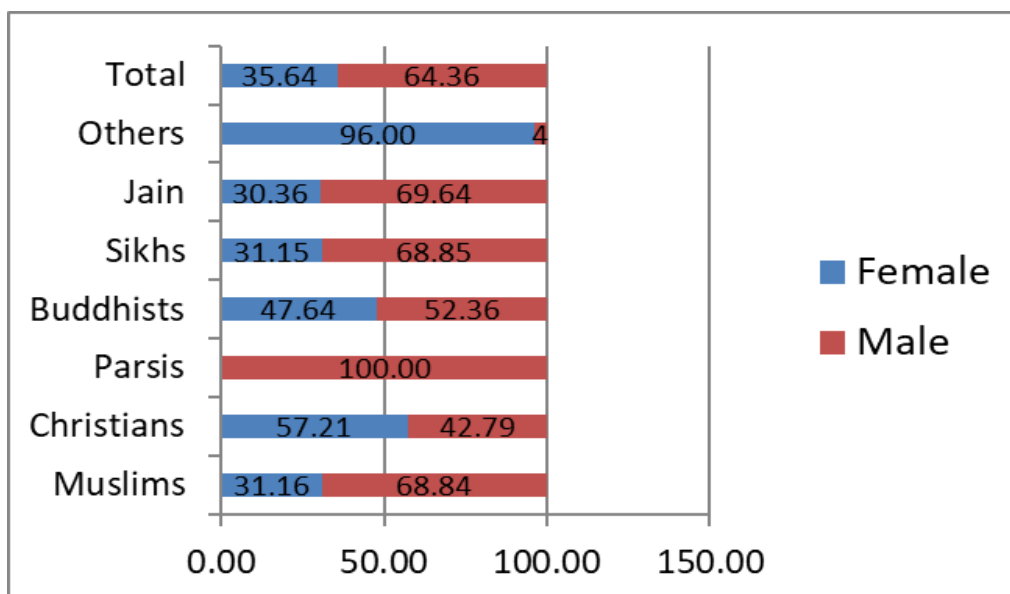


Fig. 7: Gender wise Distribution of Beneficiaries among different Minority Community.

5. Discussion

The results have pointed out to the impressive performance of certain states like Kerala and Tamil Nadu by ensuring more than 50% female beneficiaries under the Term Loan scheme of NMDFC. States like Uttar Pradesh and Maharashtra fared poorly with being able to manage fewer than 15% female beneficiaries under the Term Loan. This could indicate different levels of economic development and financial literacy within these states.

The observed nature of the data highlights that while

progress has been made in terms of female participation in availing term loans in only two states i.e. Kerala and Tamil Nadu, there's still room for improvement across various states and union territories to ensure more equitable access to financial services for women nationwide. This analysis underscores the importance of addressing inter-state disparities. From the reports published in Gyankosh by Guru Gobind Singh College for Women, Chandigarh and Press Information Bureau following significant data can be extracted (Table 3).

Table 3: Causes of inter-state Disparities.

S. No.	Name of State	Percentage females among Term Loan beneficiaries (states with more than 500 beneficiaries considered)	Per capita accounts of females in the state (Nos)	Per capita deposits in accounts of female in the state (Rs ' 1000)	Female Worker Population Ratio (WPR) (in per cent)
1	Kerala	58.94 (Highest)	1.38	48.25	27.1
2	Uttar Pradesh	11.82 (Lowest)	0.55	14.56	17.2

Percentage females among Term Loan beneficiaries (states with more than 500 beneficiaries' considered- MILAN Database [Source: NMDFC, 2024]

Per capita accounts of females in the state (Nos)- [Source: Gyankosh Volume 1, Guru Gobind Singh College for Women Per capita deposits in accounts of female in the state (Rs '1000)-[Gyankosh Volume 1, Guru Gobind Singh College for Women]

Female Worker Population Ratio (WPR) (in per cent)- Ministry of Labour and Employment March, 2022. [Participation of Women in Workforce." Press Information Bureau]

The comparative data showcases that the state with the least percentage of female beneficiaries for the Term Loan has low per capita deposits in accounts of females and vice versa. Also, per number of capita accounts for females is much lesser for the bottom state [Prasad, 2023]. Kerala has the highest percentage of females among term loan beneficiaries (58.94%) whereas Uttar Pradesh has the lowest (11.82%), indicating a relatively higher level of financial inclusion and access to credit for women in Kerala than Uttar Pradesh. Additionally, Kerala also shows a relatively high per capita number of accounts held by females (1.38) and per capita deposits in female accounts (Rs 48.25 thousand), suggesting a strong participation of women in the formal banking sector and financial activities. However, in Uttar Pradesh relatively low per capita number of accounts held by females (0.55) and their per capita deposits (Rs 14.56 thousand) further highlights the challenges faced by women in accessing formal financial services. [Gyankosh, 2018]

The female worker population ratio (WPR) for the states also points to a similar scenario. Lower female WPR have been observed in states with low female beneficiary ratio. [Press Information Bureau, 2024] The female worker population ratio (WPR) of 27.1% in Kerala indicates a significant presence of women in the workforce while 17.2% in Uttar Pradesh suggests a comparatively lower participation of women in the workforce.

Hence, it is clear that state with no or less financial inclusion has not been able to perform well for increasing coverage of Term loan scheme to female beneficiaries. Thus, financial inclusion and relative share of women in employing could be an issue for decline in the share of female beneficiaries in NMDFC's Term Loan scheme.

6. Solutions

State specific factors such as operating procedure and other administrative reasons along with lack of awareness might have a greater impact on increasing the share of females in the loaning process. These are the focus areas where NMDFC along with SCAs has the room to expand its functions and make concentrated efforts to enhance the female participation in availing NMDFCs Term Loan Scheme.

To enhance the female participation NMDFC may run financial literacy programs specifically focused on women to educate them about different types of loans, interest rates, repayment terms, and how to manage finances effectively. Ensuring the availability information about loan options, application procedures, and eligibility criteria is readily available and easily accessible to women. NMDFC can disseminate this through online portals, workshops, or community outreach programs.

Awareness campaigns may be conducted that encourage women from seeking financial assistance or starting their own businesses. Highlight success stories of women who have successfully availed loans and have achieved economic empowerment, to build in more confidence among women in the society. Next, exploring alternatives to traditional collateral requirements, such as allowing women to use assets like land titles, equipment, or savings as collateral, or offering group lending models where individuals within a community collectively guarantee each other's loans could also help in increasing women participation in availing credit support.

Further, NMDFC may promote and encourage gender-sensitive policies within financial institutions by creating awareness to prevent discrimination against women borrowers and ensure equal access to credit opportunities. Moreover, NMDFC may also request to include women in decision-making processes within financial institutions to ensure their perspectives and needs are considered when designing loan products and policies. NMDFC may also stress on promoting collaboration with government agencies, NGOs, women's organizations, and other stakeholders to create a supportive ecosystem that fosters women's economic empowerment through access to credit and other financial services.

Lastly, NMDFC should regularly monitor and evaluate the effectiveness of initiatives aimed at enhancing women's participation in availing term loans or credit support, and make necessary adjustments based on feedback and data analysis.

7. Conclusion

The study gives a crystal clear picture of predominantly men availing credit support from NMDFC's Term Loan Scheme. Lack of awareness, lack of education, societal barriers, household responsibility, etc. could be probable factors responsible for preventing women from seeking the benefit of NMDFCs Term Loan Scheme. The significance of females availing credit support and gaining economic independence cannot be overstated. If given appropriate access to financial resources, women may pursue entrepreneurship or invest in their own economic growth, fostering social development. Economic independence enables women to break free from cycles of poverty, empowering them to support their families, educate their children, and contribute to their communities' well-being. Not only this, it also strengthens economy by expanding the labor force, enhancing productivity, and fostering innovation. Therefore, creating an environment where females can access credit support and achieve economic independence is not only a matter of social justice but also a strategic imperative for sustainable development of our country. Through targeted policies, literacy programs, financial inclusion initiatives, and supportive infrastructure, NMDFC may unlock the full potential of women, creating a more equitable and prosperous future for all.

Linda Daves Taylor, former CEO and chairman of Clifford Swan Investment Counselors in Pasadena, California rightly said Give a woman a dollar, and she can put it to good use. Teach her about how money really works, and she can change the world,"[Norzam, 2024]

8. Acknowledgment

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