Original Article
ISSN (Online): 2582-7472

ShodhKosh: Journal of Visual and Performing Arts
January 2024 5(1), 1635–1639

IMPACT OF NON-BANKING FINANCIAL INSTITUTION ON SMALL SCALE ENTERPRISES IN BILSAPUR DISTRICT

Vaishali Agrahari[1], Dr. Supriya Singh[2]

[1] Research Scholar, Department of Commerce & Management Dr. C.V. Raman University
[2] Associate Professor, Department of Commerce & Management Dr. C.V. Raman University

DOI
10.29121/shodhkosh.v5.i1.2024.4054

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Copyright: © 2024 The Author(s). This work is licensed under a Creative Commons Attribution 4.0 International License.

With the license CC-BY, authors retain the copyright, allowing anyone to download, reuse, re-print, modify, distribute, and/or copy their contribution. The work must be properly attributed to its author.

ABSTRACT

The aim of this research paper is to find out the significant role of non- banking financial institutions (NBFIs) on small scale enterprises (SSEs) in the society which is a non-conventional financial sector which provides financial resources to small scale enterprises for their financial need. Based on the few literature, one objective and hypothesis has been formulated, linear regression in SPSS is used to find out the impact of dependent and independent variables, probability and simple random sampling method is used, a self-structured questionnaire was distributed among 58 respondents in Bilaspur district in order to find out the facts. This research paper provide the facts that there is a strong connection between NBFI and the growth of small scale enterprises in order to fulfill the requirement of finance time to time in the most organized manner which results growth and sustainability to the small scale enterprises.

Keywords: Non- Conventional, Sustainability, Significant, Dependent, Independent

1. INTRODUCTION

Small scale enterprises (SSE's) are considered as a backbone of Indian economic system as it provides a remarkable contribution towards employment generation, economic development, poverty alleviation etc. Small scale enterprises drive an economic growth simultaneously with government and committed towards the provision of better lifestyles in surroundings by creating more and more job opportunities, startups, extension of commercial activity and many more. However small scale enterprises often confronts many difficulties in the line of their establishment and access of funds towards smooth operation. Initially, due to their limited size and collateral along with the degree of risk perceived by conventional banks. Kumar A.(2019) states that Non-banking financial institutions (NBFI's) are considered as an emerging source towards the growth and establishment on small scale enterprises and act as an intermediaries in order to mobilization of funds and fill the gap between small scale enterprises and formal financial services. NBFIs enclose a verity of institutions such as microfinance companies, leasing companies, venture capital firms, and insurance companies, among others. The goal of this paper is to examine the effect of NBFIs on SSEs, find out the system through which NBFIs grants to SSEs' growth, sustainability, and overall development

2. SCOPE OF THE STUDY

Bilaspur is recognized for its dynamic small scale enterprise (SSE) sector, responsible for crucial growth of local economy and employment creation. Although, mobilization of ceremonial wealth remains difficult for plenty of SSEs in the district, hamper their growth and development. Non-banking financial institutions (NBFIs) have the capacity to bridge the space and nourish the growth of SSEs in Bilaspur. This paper focus to shed light the scope of NBFIs in accelerate and enlighten the facility to finance for SSEs in Bilaspur, determine chance and challenges for their productive engagement**.**

3. SIGNIFICANCE OF THE STUDY

The significant aim of this research is find out the effect of NBFIs on SSEs in Bilaspur which is crucial for interpretation of community economic development, boost mobilization of funds, promote entrepreneurship and innovation, increase risk management exercise, and announce scheme interventions and direct at encouraging inclusive and sustainable development in the surrounding.

OBJECTIVE OF THE STUDY

- To examine the impact of NBFI interference on the financial performance and development of small-scale businesses.

HYPOTHESIS OF THE STUDY

H01: There is no significant impact of NBFI interference on the financial performance and growth of small-scale businesses.

4. LITERATURE REVIEW

Beck et al. (2008) tries to explore the financing style of small firms worldwide, examine the dissimilarities in financing sources and restriction compared to big concern. This research paper highlights the challenges confronted by small firms towards the accumulation of funds from an organized financial resource and as well as the role of financial institutions to fight against these challenges.

Kunt & Klapper (2012) highlights the conception of financial insertion and inquires the different elements effect the utilization of financial services at both the country and individual levels. This paper delivers the significant ideas into the calculation of financial inclusion and enlightens the facts on the determinants of funds mobilization, which are important for policymakers and practitioners who practices to improve financial inclusion worldwide**.**

Rashid & Mahmood (2018) describes that successful strategies and regulatory structure are significant for encouraging a productive condition for NBFIs to reinforce SSIs successfully. Governments should focus on promoting financial insertion, increase the regulatory domain, and give target to support NBFIs to cater to SSIs.

Kumar & Siddhartha (2019) states that small Scale Industries (SSIs) are an important contributor to boost economic sustainable development, particularly in emerging economies. They play a significant part in order to provide job opportunities, fight against inflation, utilization and mobilization of resources, innovation, and distribution of income, wealth creation, capital formation and poverty alleviation.

RESEARCH METHODOLOGY

- **Population: -** People who execute small scale business in Bilaspur constitute population of the study
- **Sampling Design: -**
  - **Sampling Method: -** As size of the actual population is unknown, hence, Probability sampling was used to adopt to gather the data from the respondents
  - **Sampling Technique: -** Simple random sampling was decided to adopt for collection of the data from respondents
  - **Sample Size: -** 60 respondents
- **Research Instruments: -** Self structured questionnaire
- **Sources of Data: -**
  - Primary data from self-structured questionnaire
  - Secondary data from online published articles and research paper

Questionnaire	Frequency	Percentage
Distributed	80	100
Accepted	58	72.5%
Rejected	22	27.5%

Table 1 Actual Sample Size of the Study

Table 1 provides an outline of how questionnaires were shared between the respondents. It was noticed that more or less 80 questionnaires were shared, resulting in a survey reaction rate around 72%. This suggest that out of the 80 questionnaires distributed, 22 were refused, rest of the 58 questionnaires found fit for data analysis and interpretation.

Particulars		**Frequency**	**Percentage**
Gender	Male	42	72
	Female	16	28
	Total	58	100
Age	25 to 40 years	26	45
	40 years and above	32	55
	Total	58	100
Education	Graduation	21	36
	Post-Graduation	20	17
	Others	17	29
	Total	58	100
Income	5 to 8 Lac	46	79
	8 Lac and above	12	21
	Total	58	100

Table 2 Demographic Profile

Second table is a description of demographic profile of the respondents and it was found that out of 58 respondents, 42 is male which is 72% and rest of the candidates are female which is 28%. In the category of age, it was found that 26 respondents found in the category of 25 to 40 years of age and 32 respondents found above 40 years of age. Education too has significant criteria and out of 58, 28 respondents found graduate, 20 respondents hold the degree of post graduate and rest of the 17 respondents belongs from the undefined groups. last category is income and 46 respondents found between the group of 5 to 8 lac of income /annum and rest of the 12 respondents found between the group of above 8 lac of income /annum.

DATA ANALYSIS & INTERPRETATION

On the basis of probability distribution, this research paper has adopt linear regression for data analysis and interpretation as it is required to find out the impact of dependent and independent variables which is interference of NBFI on financial performance of growth of small scale businesses.

TESTING OF HYPOTHESIS

H01: There is no significant impact of NBFI interference on the financial performance and growth of small-scale activities.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.896[a]	.802	.799	1.52260

a. Predictors: (Constant), NBFI provide an innovative financial resources to the needs of small-scale enterprises

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	526.192	1	526.192	226.972	.000[b]
	Residual	129.826	56	2.318		
	Total	656.017	57			

a. Dependent Variable: Per_Sum

b. Predictors: (Constant), NBFI provide an innovative financial resources to the needs of small-scale enterprises

The result from above table represent that there is a strong relationship between the interference of NBFI and financial performance of small scale businesses, as the P value from above ANOVA table is .000 which is less than 0.05, hence, the null hypothesis found rejected.

5. FINDINGS

Based on the results, it is a clear conception about dependent and independent variables and concludes that NBFI play a significant role on nourishment and sustainable growth of financial performance of small scale businesses and with the help of NBFI in Bilsapur district, financial performance of small scale enterprises becomes better and helps to contribute an important part towards the development of the society.

6. RECOMMENDATION

It is recommended to the society to believe on the structure developed by NBFCS for financial requirement and recommended to the governing body of NBFC is to maintain their policy liberal for build more and more entrepreneurs in the society.

7. CONCLUSION

This research paper helps to determine the facts about Non-Banking Financial Institutions (NBFIs) and their role towards the development of the society and based on the result, it is clear that NBFI plays a remarkable role in the development of the society along with traditional banks, it is considered as an organized simultaneously with non-conventional sector which fulfill the need of wealth in order to be independent, poverty alleviation and job creation in the society.

CONFLICTS OF INTEREST

None.

ACKNOWLEDGMENTS

None.

REFERENCES

Beck, T., Demirgüç-Kunt, A., & Maksimovic, V. (2008). Financing patterns around the world: Are small firms different? *Journal of Financial Economics*, 89(3), 467-487.

Demirgüç-Kunt, A., & Klapper, L. (2012). Measuring financial inclusion: Explaining variation in use of financial services across and within countries. *Brookings Papers on Economic Activity*, 279-340.

Kumar, A., & Siddhartha, S. (2019). Role of microfinance in women empowerment and economic development: A case study of India. *International Journal of Management Studies*, 6(1), 23-34.

Rashid, A., & Mahmood, A. (2018). Non-banking financial institutions and economic growth: Evidence from Pakistan. *International Journal of Business and Management*, 13(5), 167-177.