

Evaluation of implementation of the schemes of National and State Finance Development Corporations – Availability, Accessibility & Utilization of credit facilities To Scheduled Castes in the states of Bihar, West Bengal & Orissa

Overview of Developmental Issues and the Scheduled Caste Population:

Any developmental activity should be for the creation of an enabling environment wherein the socio-economically backward SCs should feel empowered to take the initiative for their self employment, enterprise creation and entrepreneurship development for sustainable income generation.

The issues are:

- (i) The existing knowledge and information among the SCs with regard to the scope and facilities for the availability and accessibility of credit from national and states SCs finance and development corporations for their self initiated activities for sustainable income generation.
- (ii) Available information, knowledge and skills for utilization of available credit for raising alternative sources of income.
- (iii) Skills for management of small business, documentation skills, marketing skills, entrepreneurship for small business, technology sourcing skills, financial, accounting and economic management skills, and networking for services skills.

- (iv) SC development and financial institutions to act as facilitators for sustainable income generation through rural entrepreneurship development.
- (v) Right attitudinal orientation and motivation for self-employment and entrepreneurship development.
- (vi) Inter-institutional coordination or networking for the development of SC population: rural technology development, transfer and dissemination; market collaborations; cluster to cluster collaborations; and training and skill development of SCs in enterprise management; network of training institutes in micro enterprise management and a network of rural technology institutions.
- (vii) Mobilizing SC people, i.e. entrepreneurship role, mobilize tiny rural producers and upscale their operations to make them competitive enterprise. It involves training the poor in different trades, training them in business skills and marketing.
- (viii) Provision of varieties of services to the SCs at different stages of an enterprise development, in addition to credit and technology, raw materials supply, skills training, business management and marketing.
- (ix) Training the SCs on technical and managerial functions for managing their own enterprises and by linking their enterprises with technical, managerial or financial institutions for sustainability.
- (x) Capacity building of the members of the SC through education and training for entrepreneurship development.

- (xi) Development on production management, supply sourcing, inventory management, storage, processing, packaging and marketing of their products and processes from the utilization of existing credit and finance.

Overview of Performance of NSFDC and State Channelising Agencies:

A number of activities are being carried out by the National Scheduled Castes Finance and Development Corporation (NSFDC) and through its state channelising agencies for financing income-generating activities among the SC population, particularly those living below double the poverty line limits, i.e. Rs. 40,000/- per annum for rural areas and Rs. 55,000/- per annum for urban areas. The aim is to raise their income generating activities for sustaining their developmental process. NSFDC was established in 1989 as a company not for profit, under Section 25 of the Companies Act 1956, for the welfare of the Scheduled Caste (SC) and Scheduled Tribe (ST) population. In April 2001 it was bifurcated into two corporations, the National Scheduled Castes Finance and Development Corporation (NSFDC) dealing with SCs and the National Scheduled Tribes Finance and Development Corporation (NSTFDC) dealing with Scheduled Tribes population. Presently, NSFDC deals exclusively with SC population, with effect from 1st April 2001. The primary objective of the NSFDC is for financing, facilitating and mobilizing funds from other sources and promoting the economic development and welfare of the SC population in India, particularly living below double the poverty line. They are considered socio-economically the under privileged strata of the society. The major thrust is to provide sustainability to the income generating

activities for the SC population, through resource backup, programme support and policy feed back. Its operations involve:

- i) “Financing income generating schemes for the SCs through the State Channelising Agencies (SCAs) and other recognised institutions nominated by the respective state and UT Governments.
- ii) Providing Micro-credit finance to the target group through the SCAs.
- iii) Providing grants for the skill development through the SCAs.
- iv) Providing advisory services to target groups and SCAs.
- v) Upgrading the skill levels of the SCAs
- vi) Providing grants to the SCAs for computerization”.

The NSFDC use the instrument of Term Loan to disburse funds only and keeping the other instruments of fund disbursement idle, such as Seed Capital, Bridge Loan and Working Capital. There were a total of 55,421 beneficiaries from the various schemes of NSFDC and its state channelising agencies all over India. The agency so far sanctioned 2,675 projects all over India having the potential to benefit around 3,36,000 beneficiaries. The notable income generating activities being financed and implemented by the NSFDC and its channelising agencies, besides others, are income generating ventures in the Agriculture & Allied Sector, Services sector and Industry sector. The units of activities under these sectors are: Minor irrigation, House dairy, Poultry farming, Piggery farming, Power tiller, farming machinery, equipments and implements, Tractor-cum-trailer, Trekker, Jeep, Diesel three-wheeler, Diesel taxi, Auto Pick-up van, Auto delivery

van, Auto rickshaw, Maruti van, Bus, truck- HCV, Truck-LCV, Internet dhabha (Cyber cafe), vocational centre, crafts centre, computer centre, Carpentry, shops and establishments, Shoe mfg./leather go-down, Batic print process, etc.

The NSFDC published 101 opportunity profiles of need based economic activities relevant to the target groups. The opportunity profiles give coverage to the service sector, agri-business and business relevant to the first generation entrepreneurs. Its lending policy, revised with effect from 1st October 2002 as follows:

- i) Outlining and simplifying the procedure for availing loan:
 - a) Registration of all applicants,
 - b) Constitution of Selection Committee for disposal of applications, including documentation of proceedings giving reasons for selection and rejection,
 - c) Intimation to the applicants regarding the status of their applications, including selection and rejection
 - d) Prioritization and implementation of the choice of beneficiaries in selection of assets, etc.
- ii) Reduction in interest rate chargeable to the beneficiaries for loans up to Rupees five lakh from 7 per cent to 6 per cent per annum and for loans above rupees five lakh from 9 per cent to 8 per cent annum.

- iii) Raising the unit cost limit per beneficiary under the Micro Credit Finance Scheme from Rs. 10,000/- to Rs. 25,000/- and reduction in interest rate under the Scheme from 12 per cent to 5 per cent per annum.
- iv) The fund utilization period allowed for SCAs has been reduced from 120 days to 90 days to facilitate faster reach of benefits to the beneficiaries.
- v) Standardization of the skill training programmes for the target groups with the provision for 100 recurring cost of the training in the form of grants for its organization through Government/Semi-government/autonomous institutions.

Objective:

The aim of the study was to evaluate implementation of the schemes of NSFDC and its state channelising agencies regarding availability, accessibility and utilisation of credit facilities to SCs in the states of Bihar, West Bengal and Orissa.

As per the objective the present study attempted:

- (a) Evaluation of the implementation of the schemes of NSFDC and its state counterparts with regard to the availability, accessibility and utilisation of credit facilities to SCs in the targeted states of Bihar, West Bengal and Orissa.
- (b) Examination of the relevance/viability of the implementation of the schemes of such finance and development corporations with regard to the scope for self employment, enterprise creation and entrepreneurship development.

- (c) Examination of the barriers of communication, cultural, social, physical and financial, if any, with regard to the availability, accessibility and utilisation of credit facilities from such finance and development corporations to SCs in the targeted states of Bihar, West Bengal and Orissa.
- (d) Evaluation of the utilization of available credit from such development and finance corporations by the recipients SC population for building their capacity and capability for generating alternative sources of income, entrepreneurship development and enterprise creation.

Methodology:

The methodology was based on interview and questionnaires of the beneficiaries from 1st April 2000 to 31st March 2003 covered under the Scheme, the authorised functionaries of NSFDC and its channelising agencies in the states of Bihar, West Bengal and Orissa, and the Chairmen of Zilla Parishadas and Panchayati Raj institutions in the sample districts of the targeted states. The elicited information among others on the following:

- (a) Sanctioned projects in the targeted states and the scope and opportunities generated for self-employment, entrepreneurship development and income generation.
- (b) Actual availability, accessibility and utilisation of credit facilities to SCs for income generation activities in the targeted states of Bihar, West Bengal and Orissa.

- (c) The level of information, knowledge, skills and attitudes of the present and past beneficiaries (in the last three years) regarding the benefits accruing for income generating activities from the NSFDC and its channelising agencies in the targeted states.
- (d) The level of competency and motivation achieved from the implementation of various schemes of the NSFDC and its channelising agencies in the targeted states in relation to self-employment and employment.
- (e) The various beneficiary programmes under the scheme and the scope and motivation for self-employment.
- (f) The various credit and financing types, i.e. for multi-skill, job rotation and new technologies.
- (g) Viability of various schemes and programmes under which financing and credit facilities are made available to the beneficiaries vis-à-vis the changing sources, needs and nature of various income generating activities.

Universe of the study:

The total population figure for the targeted states of West Bengal, Bihar and Orissa are in the order of 80.2 mln., 82.8 mln. and 36.7 mln; and the SC population, as per the Planning Commission data, constitutes, 26%, 15% and 16%, respectively, of the total population of these states.

The sample evaluation study conducted as per the following:

(a) 35 sample districts from the three-targeted states located in the north - south and east – west parts. These districts would be selected for the purposes of evaluation in the following manner:

- (i) 10 districts from Orissa.
- (ii) 12 districts from West Bengal.
- (iii) 15 districts from Bihar.

(b)

- (i) A total of 1,200 beneficiaries, @ 316 from the sample districts from Orissa, 492 from the sample districts of Bihar and 392 from the sample districts of West Bengal covered in the study.
- (ii) Functionaries from NSFDC and its SCAs in the targeted states.