

EXECUTIVE SUMMARY

**EVALUATION STUDY ON “FUNCTIONING OF NATIONAL
BACKWARD CLASSES FINANCE AND DEVELOPMENT
CORPORATION (NBCFDC)”**



**GOVERNMENT OF INDIA
MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT
DEPARTMENT OF SOCIAL JUSTICE & EMPOWERMENT**

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**CENTRE FOR MARKET RESEARCH AND SOCIAL DEVELOPMENT
39, GROUND FLOOR, SANT NAGAR, EAST OF KAILASH, NEW DELHI-110065
TEL: 011-46578478, 011-41621978, EMAIL: officemail.cmsd@gmail.com**

EXECUTIVE SUMMARY

National Backward Classes Finance and Development Corporation (NBCFDC) was incorporated on 13th January 1992 as a Company not for profit under Section 25 of the Companies Act, 1956 (now, under Section-8 of the Companies Act, 2013), with an objective to promote economic and developmental activities for the benefit of members of Backward Classes living below double the poverty line through State Channelizing Agencies (SCAs) nominated by the respective State Governments/ Union Territories and additionally through Public Sector and Regional Rural Banks (PSBs & RRBs) entering into MoA with NBCFDC-collectively referred as Channel Partners (CPs). The Authorized Share Capital of NBCFDC is Rs. 1500.00 crore. The paid up Share Capital as on 31.03.2019 was Rs. 1314.00 crore.

At present, 41 SCAs nominated by States/UTs and 25 Banks including four Public Sector Banks (PSBs) and 21 Regional Rural Banks (RRBs) can channelize loans under NBCFDC. The Channel Partners are required to identify and formulate technically feasible and financially viable projects and submit an Annual Action Plan to obtain loan from NBCFDC. The CPs are also required to identify potential beneficiaries, their vocational and training requirements and viable projects as per the needs of the beneficiaries.

The Vision of NBCFDC is to play a leading role in upliftment of economic status of the target group of Backward Classes. The Mission of NBCFDC is to provide concessional financial assistance to the eligible members of Backward Classes for self-employment and skill development.

The applicant should belong to a caste covering under the Other Backward Classes list as notified by State/Central Government from time to time. Relevant Caste Certificate to be issued by relevant authority of District Administration.

At present, persons whose annual family income is below Rs. 3,00,000/- irrespective of rural or urban sector. SCAs have been advised to provide at least 50% of total funding to persons with annual family income up to Rs. 1.50 lakh. The annual family income

ceiling fixed in terms of Ministry of Social Justice & Empowerment's letter No. 14015/01/2010-SCD-IV dated 8th March 2018.

Projects financed under various Credit Based Schemes are categorised in to four major sectors namely Agriculture & Allied, Small Business/Artisan & Traditional Occupation, Service/Transport Sector, and Technical & Professional Trades/Courses.

Ministry of Social Justice & Empowerment, Government of India intended to conduct Evaluation Study on "Functioning of National Backward Classess Finance and Development Corporation (NBCFDC)". Centre for Market Research & Social Development Pvt. Ltd., with vast experience in conducting evaluation studies of schemes/programmes of various ministries, departments was assigned to undertake the study. The objectives of this evaluation study were:

1. Functioning of NBCFDC

- 1) To review the working of the Corporation, the fulfillment of the targets and objectives and also the strategic shifts required, if any, to make them more effective for the target group;
- 2) To examine the present methodology and procedure adopted by the Corporation for disbursal of funds to the Channel Partners;
- 3) To suggest areas of intervention for expansion of the scope of activities of the Corporation and Cluster based Development of the target group(s), especially utilizing the recently introduced Technology Upgradation Scheme to study the practices adopted by well performing SCAs;
- 4) To study the existing level of marketing support provided to the target group/beneficiaries by the Corporation and its effectiveness;
- 5) To review the eligibility criterion of target group to avail the benefits of the schemes of Corporation – how can they be converged with other Govt. of India Schemes;
- 6) To analyse the adequacy of awareness of schemes of the Corporation among the target group particularly in rural areas;
- 7) To review loan schemes of terms of their rate of interest, maximum amount of loan and terms and conditions for repayment of loan;

- 8) To forecast of budgetary allocation from Gol to NBCFDC over a ten years horizon considering the increasing population and aspiration of the target groups and past trends of performance of the Corporation;
- 9) Scope of convergence of NBCFDC Schemes with other similar schemes of Government of India/ NABARD/ Banks to improve effectiveness of intervention;

2. Performance of Channel Partners

- 10) To assess the efficacy and performance of Channel Partners (SCA/Banks) in implementing schemes of the Corporation. The performance would be measured in terms of drawl of loan from NBCFDC, disbursement of loan to the target group and the recovery from beneficiaries, over a period of last three years.
- 11) To examine whether the State Government is providing adequate equity and guarantees to the State Channelizing Agencies for availing loan from NBCFDC;
- 12) To examine the existing procedures/ requirement of documents and simplifications of application from to apply for loan by applicants. The adaptability of the software developed by NeGD, Ministry of Electronics & Information Technology (MEIT) would also be assessed along with suggestions to make it successful at the SCA level;
- 13) To study the extent of utilization of funds both in terms of time taken and percentage by State Channelizing Agencies;
- 14) To examine the role of newly aligned channel partners for improving the outreach of PSBs and RRBs and the scheme to the last mile through them;
- 15) To analyze the existing system of recoveries/ counseling of beneficiaries adopted by Channel Partners and suggest suitable mechanism for more effective monitoring for qualitative and timely delivery of benefits to the target group/ beneficiaries;
- 16) To study the nature of financial literacy programmes conducted by the Channel Partners for beneficiaries;

3. Impact of the Scheme on the beneficiaries

- 17) Socio-economic background of the beneficiaries (Male/Female, Rural/ Urban);
- 18) Opinion of the beneficiaries on the problem faced by them for availing the benefits of the Scheme/ Programme;

- 19) To estimate the number and percentage of beneficiaries who have crossed poverty line and double poverty line after availing the loan facilities under the scheme;
- 20) To analyse the increase in annual income level in absolute and percentage term;
- 21) Social impact on beneficiaries in terms of better education of children, better housing, addition in personal assets, self esteem etc.

4. Other aspects

- 22) Key findings based on the data collected from the field on the objectives of the study;
- 23) Shortcomings identified in the design of the existing scheme if any;
- 24) Recommendations/suggestions for necessary restructuring to be carried in the scheme with a view to improve the functioning of corporation/ SCAs/ CAs/ RRBs in order to achieve better results and need for its continuation;
- 25) Ten case studies (5 each from Term Loan/ Micro Finance and Skill Development Training).

The study was based on the explorative, descriptive and analytical approach. Both secondary and primary research was undertaken to generate required information. Both secondary data and primary data were used for this purpose. Semi-structured schedules were prepared for the NBCFDC officials, Channel Partners, loan beneficiaries and trainees to collect the desired information.

As per the ToR, the study covered 4 States namely; Gujarat, Haryana, Uttar Pradesh, Kerala for the assessment of loan schemes, and 4 States namely; Andhra Pradesh, Chhattisgarh, Jammu & Kashmir, Tripura for the assessment of skill development training. Purposive random sampling method was adopted for the selection of loan beneficiaries and trainees from each selected state. District wise, gender wise and area wise (rural/ urban) sample number of loan beneficiaries were selected proportionate to their sample number. As per the ToR, 15000 loan beneficiaries and 500 trainees benefitted during 2018-19 were surveyed for the study. The data collection by field survey was conducted during February 2020.

MAJOR STUDY FINDINGS

FUNCTIONING OF NBCFDC

- 1) NBCFDC is headed by a Managing Director who is assisted by a Chief General Manager, 2 General Managers and a team of Senior Executives. For ensuring efficient implementation and monitoring of schemes in the states, there is the Finance/Company affairs Department, Project Department, Skill Development Department, Planning Department and HR/Admin Department for undertaking all credit & non-credit core activity of the Corporation.
- 2) NBCFDC strongly believes in development of human resources in order to achieve the goals, targets, 22 officers and staff were deputed for various training programmes to keep them abreast with latest developments in the relevant functional areas.
- 3) NBCFDC has been established with a vision to play a leading role in upliftment of economic status of the target group of Backward Classes. The corporation has been providing concessional financial assistance to eligible members of backward classes having annual family income less than Rs.3.00 Lakh for self-employment and skill development. Its main objectives are to promote economic and developmental activities, to assist in the upgradation of technical entrepreneurial skills, to assist by way of concessional loans and advances for viable projects and to promote self-employment.
- 4) The data on budgetary allocation and expenditure of NBCFDC in last three years (FY 2016-17, FY 2017-18 and FY 2018-19) shows that the Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure (AE) in FY 2016-17 and 2018-19 was Rs. 100 crore. In 2017-18, though the BE was Rs. 100 crore, it was reduced to Rs. 90 crore in RE and that much amount was the Actual Expenditure (AE) in that financial year.
- 5) A Memorandum of Understanding (MoU) is signed every year between NBCFDC and Ministry of Social of Social Justice & Empowerment through which performance targets are set. MoU for 2018-19 was signed on 26th April, 2018. The MoU rating for the finance year 2018-19 is projected as "Excellent". On the basis of feedback received from Channel Partners, NBCFDC keeps on revising its lending policy and targets from time to time for simplification of procedure for obtaining loan under NBCFDC schemes.

- 6) In last three financial years, NBCFDC has disbursed Rs.137945.44 crores for 461987 beneficiaries belonging to backward classes under its Credit Based Schemes.
- 7) Present methods and procedures adopted by NBCFDC for disbursement of funds to Channel Partners are: (a) NBCFDC conveys Notional Allocation of the basis of population of target group and availability of funds to Channel Partners; (b) Channel Partners are requested to submit Annual Action Plan on the basis of Notional Allocation; (c) NBCFDC approves Annual Action Plan and Channel Partners are required to submit their demand of funds on prescribed format; (d) NBCFDC releases funds to Channel Partners after ensuring the fulfillment of prudential norms; (e) The format for drawl of loan is available on the website of NBCFDC i.e. [www\[dot\]nbcfdc\[dot\]gov\[dot\]in](http://www.nbcfdc.gov.in); (f) The SCAs are requested to submit their loan demand on LEAP software in the prescribed format only.
- 8) Loan schemes implemented by NBCFDC are: (a) General Loan Scheme, (b) New Swarnima Scheme, (c) Education Loan Scheme, (d) Micro Finance Scheme, (e) Mahila Samridhi Yojana, (f) Small Loan, (g) NBFC-MFI Loan. Apart from the loan schemes, NBCFDC has been implementing the skill development programmes through training partners.
- 9) NBCFDC has taken pro-active steps for generating awareness and organized "Awareness Camps" with the objective of spreading awareness of Corporation's schemes and providing an opportunity to the target group for having interface with channels partners. During the last five years, since 2015-16, more than 350 Camps were held in various States, in which large number of beneficiaries attended and were informed of various schemes of the Corporation and counselled to avail the same. The Corporation sponsors the Awareness Camps through its Awareness Programme and sanctions expenditure, as per the need up to Rs.25,000/- per camp to its Channel Partners. Grant-in-aid of Rs.2.00 lakh p.a is given to SCAs for such camps.
- 10) The schemes of NBCFDC are being implemented by State Channelising Agencies and Banks i.e. Channel Partners. The Channel Partners have their own policy and guidelines of providing concessional financial assistance/loans to eligible members of backward classes as the onus of recovery of loan lies with the Channel Partner. The loans are disbursed by the Channel Partners after verification of their eligibility and due diligence at their end.

- 11) The NBCFDC has got developed an online portal called SBMS (Social Benefit Management System) for implementation of our Channel Partners for facilitating online loan application, its tracking till the sanction of the loan. Some of the States have already adopted the same.
- 12) NBCFDC has promoted other developmental activities by giving market exposure and opportunities to BC artisans from different States through participation in India International Trade Fair (IITF) and Regional exhibitions from time to time. SCAs are requested to provide marketing linkages to the Backward Class beneficiaries in their States and organize / participate in exhibitions where beneficiaries can get good platform and able to sell their products. The SCAs are requested to formulate a schedule of Exhibition-cum-Sale in their State for each year. Such schedules may help in preparations of yearly calendar of events at NBCFDC level. The samples of saleable quality products may be exhibited during such exhibitions so that orders for bulk sales/export may be obtained by the participants. The exercise may boost the traditional art and craft in each State and the SCAs may also be able to identify innovative projects and schemes for the development of poorer section of the artisans and handicrafts persons belonging to the target group. It is also suggested that the Quality Products made by the beneficiaries under NBCFDC schemes may be catalogued and a data bank of such artisans may be developed by each SCA.
- 13) NBCFDC has complied Government directives and DPE Guidelines issued from time to time on effective funds utilization.

FUNCTIONING OF CHANNEL PARTNERS

- 14) In last three financial years, NBCFDC has disbursed Rs.137945.44 crores for 461987 beneficiaries belonging to backward classes under its Credit Based Schemes. Out of the four channel partners surveyed during the present evaluation, it was observed that MATSYAFED, Kerala has received highest amount of fund (Rs. 105 crore) in last three years; while HBCEWSKN, Haryana has received Rs. 31 crore; UPSGVBL, UP has received Rs. 18.75 crore; and GTKVN, Gujarat has received Rs. 14.50 crore.
- 15) The study further found that except UP Sahakari Gram Vikas Bank Ltd., other channel partners have disbursed more amount of loan to the target group than the fund received from NBCFDC. As per data received from the sample channel partners, it was found that the channel partners have disbursed 7.6% more fund

(channel partner/ State share) to the target group than the fund received from NBCFDC.

- 16) The study observed that it took 4 months to one year for the channel partners to utilize the fund provided by NBCFDC. Except UP Sahakari Gram Vikas Bank Ltd, other channel partners have utilized all the funds provided by NBCFDC.
- 17) In last three financial years, a total number of 461987 beneficiaries belonging to backward classes have been covered by the channel partners under loan schemes of NBCFDC. Data collected from the sample channel partners shows that the number of beneficiaries covered by the channel partners have been increasing over the years.
- 18) The data on recovery from the beneficiaries reflects that the recovery by UP Sahakari Gram Vikas Bank Ltd. has been poor in last three years. Besides that, the recovery from beneficiaries by the channel partners has been quite satisfactory.
- 19) The study observed that the State Governments are providing adequate equity and guarantees to the Channel Partners for availing loan from NBCFDC. However, Haryana Government is not providing adequate equity and UP Government is not providing adequate guarantees to the Channel Partners for availing loan from NBCFDC.
- 20) The documents required by the channel partners along with the applications are: Proof of identification, Proof of residence, Proof of qualification, Proof of caste certificate, Proof of annual family income, project proposal and quotations. Additionally, loan documents on court stamp papers are required in Gujarat while ration card is required in Haryana. Simplification of details in the application form has already been made by Gujarat Thakor & Koli Vikas Nigam, Gujarat while making it simpler they have brought down number of documents needed for executing legal documents for mortgage to a bare minimum level.
- 21) For counseling, awareness camps are arranged in Gujarat; District Managers, Field Officers and field Staff contact the beneficiaries personally and telephonically in Haryana; meeting by field officers in Uttar Pradesh; and counseling by field level project officers and community motivators along with the staff of primary societies in Kerala to remind and motivate the beneficiaries for regular repayment
- 22) For recovery of loan from beneficiaries, monthly SMS is sent to remind beneficiaries of loan installment becomes due for the respective month in Gujarat; District Managers, Field Officers and other field staff collect recovery from the beneficiaries personally and issue recovery notices etc. in Haryana; and sending

regular notices and visits to the loanees to clear dues and legal action against chronic and willful defaulters in Kerala. The study observed that UP Sahakari Gram Vikas Bank Ltd. does not take any significant action for recovery of loan from the beneficiaries.

- 23) For more effective monitoring for qualitative and timely delivery of benefits to the target beneficiaries, the channel partners should be guided to disburse the loan to the beneficiaries within the stipulated time period.
- 24) For financial literacy, beneficiaries in Gujarat and Haryana are being educated through awareness camps and also answered to their queries/enquiries individually over phone and by letters, while training programmes on accounting and Cooperative acts and rules are periodically given in Kerala to project officers, Secretaries of Primary societies & SHGs. The study observed that financial literacy programmes are not being conducted by UP Sahakari Gram Vikas Bank Ltd.
- 25) All the channel partners informed that they have not adopted the SBMS (Social Benefit Management System) software developed by NeGD, Ministry of Electronics and Information Technology (MEIT). The channel partners should be guided and trained to adopt SBMS for maintaining all the data properly.
- 26) NBCFDC has started channelizing its funds through Public Sector Banks(PSBs) and Regional Rural Banks(RRBs). This has enabled the Corporation to reach out to the target group where State Channelizing Agencies (SCAs) are not active or do not have their reach/presence. The target group are able avail the benefits of concessional financial assistance under NBCFDC Scheme even in the far-flung remote areas of country through the branches of PSBs and RRBs in their areas/states.
- 27) As far as skill training is concerned, (i) the representative of bank can be the members of Selection Committee Meeting while selecting the right candidate of the target group; (ii) The representative of bank should be invited for taking a session on financial literacy and generating awareness with regards to programmes available for the beneficiaries; (iii) Successful OBC trainees having entrepreneurial bent of mind should be linked with banks, RRB and SCAs so that they can avail loan for setting up their own enterprise.

IMPACT ON THE LOAN BENEFICIARIES

- 28) Majority of the sample beneficiaries (77%) benefitted under NBCFDC loan are located in the rural areas, while 23% beneficiaries are located in the urban areas.
- 29) Majority of the surveyed beneficiaries (79.7%) were found to be women. The percentage of men beneficiaries is 20.3%.
- 30) Analyzing the age pattern of the beneficiaries, it is seen that 42.4% beneficiaries come under the age group of 35 to 45 years. 20% beneficiaries belong to the age group of 18 to 34 years, and 37.7% beneficiaries were in the age group above 45 years.
- 31) The educational status of the beneficiaries reveals that 4.7% beneficiaries are illiterate. The beneficiaries with primary education constitute 18.6%, while beneficiaries with middle school education constitute 40%, beneficiaries educated up to matriculate or above constitute 35.7% and 0.9% beneficiaries reported to be technically qualified.
- 32) Marital status of the beneficiaries reveals that most (96.1%) beneficiaries were married and 2% beneficiaries were unmarried. Also, 1.9% beneficiaries were widow/widower and 0.1% were separated/ divorced.
- 33) It is seen that 53.6% beneficiaries possess pucca houses, 38.2% possess semi-pucca houses and 6.5% beneficiaries possess kuchcha houses. Also, 1.7% beneficiaries do not have own house.
- 34) Most (84.5%) beneficiaries have significant knowledge on the scheme in he/she was benefitted while 15.1% have little knowledge and 0.3% have no knowledge on the scheme. When beneficiaries were asked about the source of information of the NBCFDC scheme under which they have been benefitted, majority (82.3%) beneficiaries reported that they have come to know from the government official, while 16.9% from relative or friend, 0.6% from awareness camp, and very few (0.3%) beneficiaries from NGO.
- 35) Most (80.8%) beneficiaries informed that they had submitted the application form at the field office of channel partner, 15.6% had submitted the application form at the gram panchayat office, 1.6% had submitted to the NGO, 1% at Head office of the channel partner, and 1% had submitted at the district office of the channel partner.
- 36) 83.3% of the surveyed beneficiaries stated that they have received the loan under Micro Finance Scheme (MFS), while 16.7% have received the loan under General Loan (GL) scheme. While all the beneficiaries in Gujarat, Haryana and Uttar Pradesh have received the loan under General Loan (GL) scheme, all the beneficiaries in Kerala have received the loan under Micro Finance Scheme (MFS).

- 37) The average loan received by the beneficiaries under NBCFDC schemes in 2018-19 was Rs. 33,138/-. While the average loan amount in Gujarat was Rs. 57,000/-, it was Rs. 71,745/- in Haryana, Rs. 25,730/- in Kerala, and Rs. 70,329/- in Uttar Pradesh.
- 38) Most (97.8%) of the sample beneficiaries stated that there was no difficulty in receiving the loan under NBCFDC schemes, while 2.2% beneficiaries stated that they had faced difficulty in getting the loan.
- 39) The beneficiaries who faced difficulty in getting the loan, 75.2% of them faced difficulty in providing required documents, 23% due to the repeated visits to the office of the channel partner, and 1.8% faced difficulty due to indifferent attitude of officials.
- 40) The study findings illustrate that the average time taken from submission of application to sanction of loan to the beneficiaries under NBCFDC schemes in 2018-19 was 9 months, and the average time taken from sanction to disbursement of first installment to the beneficiaries under NBCFDC schemes in 2018-19 was 7 months. KSCFFDC in Kerala has taken a total period of 18 months from submission of application to release of loan amount which is much longer period and thus KSCFFDC may be guided to decrease the period in giving the loan to the target beneficiaries.
- 41) The average amount of loan repayment installment of the beneficiaries benefitted under NBCFDC schemes was found to be Rs 1,566/- per month. While the repayment installment was Rs. 1,020/- in Gujarat, it was Rs. 1,329/- in Haryana, Rs. 1,567/- in Kerala and Rs. 2,571/- in Uttar Pradesh.
- 42) All the beneficiaries stated that they were supposed to repay the loan every month. When the study intended to know the status of loan repayment by the beneficiaries benefitted under NBCFDC schemes, it was observed that on an average 17 installments have been paid by the beneficiaries and 1 installment are defaulted by them.
- 43) The beneficiaries who are repaying or repaid the loan, 94.6% informed that they had repaid the loan amount in cash, while 5.3% repaid in cheque, and 5.3% beneficiaries had repaid the loan amount through RTGS/ NEFT.
- 44) The study found that 88% repaid the loan at the field office of channel partner, while 10.7% repaid at bank, 1.1% repaid at the head office of the channel partner and 1.1% repaid the loan at the district office of channel partner.

- 45) The study observed that out of total 15000 surveyed beneficiaries, 12154 (81%) have been repaying the loan amount regularly, while 2846 (19%) beneficiaries are not repaying the loan regularly. The state wise analysis found that most of the beneficiaries in Kerala are repaying the loan regularly, while most of beneficiaries in Gujarat, Haryana and Uttar Pradesh are not repaying the loan regularly. Most of the default beneficiaries said that there is no pressure from the channel partners for the repayment.
- 46) 25.1% beneficiaries were self-employed and 58% were in casual employment before getting the loan. The study also found that 16.8% beneficiaries were unemployed before getting the loan.
- 47) The study found that 69.2% beneficiaries have taken loan for small business or artisan & traditional occupation, while 30.6% have taken loan for agriculture and allied activities, and 0.2% beneficiaries have taken loan for activity under service or transport sector.
- 48) The study observed that majority (82.1%) of the units/projects of the beneficiaries located in traditional-occupational cluster and 81.8% beneficiaries are the members of that traditional-occupational cluster.
- 49) The study observed that most (99.2%) beneficiaries are engaged in the activities for which they have taken the loan, while few beneficiaries are engaged in different activity.
- 50) The study found that 28% beneficiaries had some orientation or skill for the activity before availing loan from NBCFDC, while majority had no orientation or skill for the activity. Further, it was found that majority beneficiaries (75.4%) have undergone some kind of skill development training after availing loan from NBCFDC.
- 51) The study observed that 35% beneficiaries had done market assessment prior to starting the unit/activity. When the study tried to know the market availability of the products or services of the beneficiaries, most (91.1%) beneficiaries informed that there is market for their products or services, while 8.9% beneficiaries informed that there is no active market for their products or services.
- 52) While 44.8% beneficiaries stated that lack of knowledge on e-marketing is the major problem in carrying out their activities, 30.8% beneficiaries said that they have been facing problem for insufficient credit amount.
- 53) While 36.6% beneficiaries suggested for increment of the loan amount under NBCFDC schemes, 16.2% suggested to reduce time in providing the loan, 12.3% beneficiaries suggested for reduction of documentation process, 10.4% suggested

- to provide training for the activity, and 4.1% beneficiaries suggested to improve marketing facility.
- 54) The study observed that 14884 (99.2%) surveyed beneficiaries benefitted under NBCFDC schemes in 2018-19 have utilized the loan for the intended purpose for which it was sanctioned.
- 55) While 50.9% beneficiaries have used the loan as working capital, 14% beneficiaries have created assets as agricultural implements, 11.6% created tools and machinery, 7.1% created poultry farm, 6.5% created furniture and fixtures, 4.2% have done electric installation, 4% beneficiaries created asset as livestock, 2.1% have the asset as vehicles and 0.4% have created other assets. The study found that 0.8% beneficiaries have not created any asset with the loan amount.
- 56) The study found that out of the total sample of 15000 surveyed beneficiaries benefitted under NBCFDC schemes in 2018-19, 14670 (97.8%) beneficiaries possessed the assets created with the loan amount, while only 330 (2.2%) beneficiaries do not possess the assets created under the loan.
- 57) There is reduction of 756 (6%) number of persons under BPL after availing loan from NBCFDC, while there is increase of 615 (25%) number of persons who are Above Poverty Line but under Double Poverty Line (DPL). However, it was found that 141 (0.9%) beneficiaries are now above Double Poverty Line (DPL).
- 58) The study observed that income of 14282 (95.2%) beneficiaries have been increased after availing the loan from NBCFDC. Present average annual household income of the beneficiaries was found to be Rs. 33,031/-, which is an increment of 23% of the annual household income before getting NBCFDC loan which was Rs. 26,759/-.
- 59) When the study assessed the social impact of the NBCFDC schemes on the beneficiaries, it was found that 60.8% beneficiaries now have increased self-esteem, 56.6% now provide better education of children, 54.9% have better housing, and 33.4% beneficiaries have added personal assets after getting the loan from NBCFDC.

IMPACT ON THE TRAINEES

- 60) The study found that majority of the surveyed trainees (87.4%) were of rural area, while 12.6% were of urban area. However, majority of the trainees in Andhra Pradesh were found to be of urban area.
- 61) Majority of the surveyed trainees (62.2%) were found to be male. The percentage of female trainees was 37.8%. All the trainees of JKWDC (J&K) and majority of the trainees of IICT (J&K) were female.
- 62) Analyzing the age pattern of the surveyed trainees, it is seen that 37.2% of the trainees are between the age group of 18 to 30 years, while 17.2% trainees come under the age group of 31 to 45 years and 45.6% beneficiaries are above 45 years of age.
- 63) The educational status of the trainees reveals that only 3.8% beneficiaries were illiterate. The trainees educated up to primary level constitute 18.6%, while trainees with middle school constitute 49%, and trainees educated up to matriculate and above constitute 28%. Only three trainees in Andhra Pradesh reported of being technically qualified.
- 64) Marital status of the trainees reveals that majority (70.2%) trainees are married and 29.8% beneficiaries are unmarried.
- 65) Study on past occupation of the trainees before getting the training reveals that majority (53.8%) trainees were unemployed, while 35.2% were self-employed, 8.2% were student and 2.8% trainees were wage employed before getting the training.
- 66) The findings on source of awareness about the training programme reflect that 47.6% have come to know about it from the advertisement in TV or newspaper, while 26.6% have come to know from friends, 12.6% from previous trainees, 8.8% from mouth publicity, 3.2% from web portal and 1.2% came to know from others.
- 67) When trainees were asked on what inspired them to undergo the training, 70% trainees reported that they have attended the training to have better income, while 58.8% have attended the training since there was no course fee, 53.3% have attended to gain new skills and knowledge, 49.4% have attended to obtain a certificate from prestigious institute, 47.6% have got the training because of the provision of stipend for the training, 35.6% have got the training with the intention that the course would equip them for gainful employment, 34.4% have got the training to improve their social status, and 32.2% have got the training to enhance confidence and self-esteem.

- 68) The study observed that under the skill development programme of NBCFDC, the trainees have got training under various trades and courses. It was observed 25% trainees have got the training in construction provided by OPJCC–Chhattisgarh and followed by 20% trainees have got the training in latex harvest technician provided by RSDC–Tripura. The other trades in which the trainees have got the training were found to be textile (10%), carpet weaving (10%), tyre rittex (10%). Also, 25% trainees have got training in trades like artificial flower making, shawl making, making of jute fibre, etc.
- 69) While analyzing the duration of the training programmes, it was observed that majority (60%) trainees have got the training for three months, while 10% have got the training for two months, and 30% have got the training for ten months.
- 70) All the beneficiaries reported that they have received stipend for the training. When the study intended to know the amount of stipend received by the trainees, it was observed that 60% trainees have got Rs. 3,000/- as stipend, while 10% trainees have Rs. 2,000/- and 30% trainees have got Rs. 10,000/- as stipend for getting the training with boarding & lodging facility.
- 71) 50.4% trainees reported that they got the stipend amount in draft, while 35% got it through RTGS/NEFT and 14.6% have got it in cash.
- 72) When trainees were asked about the number of participants per batch attended the training programme, while 30% trainees reported that less than 20 trainees per batch attended the training programme, 35% trainees reported that 20 to 30 trainees per batch attended the training programme, and 35% trainees reported that more than 30 trainees per batch attended the training programme.
- 73) The study observed that most (92.4%) trainees have got the reading material or literature prescribed by NSDC during the training. However, majority of the trainees of IICT–J&K have not got the reading material or literature prescribed by NSDC during the training.
- 74) The study observed that most (86.4%) of the trainees had not faced any language problem during training, while 10.2% had faced language problem during assessment and only 3.4% had faced language problem in learning material.
- 75) When the study intended to know the satisfaction level of the trainees with the infrastructure facilities of training institutes for practical or class room training, it was observed that 42.2% trainees were very much satisfied with the infrastructure facilities of training institutes, while 57.8% trainees were little bit satisfied.

- 76) The study observed that 78.2% trainees have learnt new skill from the training and 83% trainees have successfully passed-out the course in which they have got the training.
- 77) When asked to the trainees whether they need longer duration of training, 45.2% trainees said that they need longer duration of training while 54.8% said that they do not need.
- 78) The study observed that 53.4% trainees were employed at any point of time before taking admission to the course under skill development programme of NBCFDC, while 46.6% were unemployed. The study findings illustrate that 39.6% trainees did not seek job after the training, while 60.4% trainees sought job after getting the training.
- 79) Present employment status of trainees revealed that 63.6% trainees were in job employment, while 33.6% were self-employed. Thus, the study found that 97.2% trainees have been employed or self-employed while 2.8% trainees are presently unemployed.
- 80) When trainees were asked whether any placement assistance was provided by the training institute after the training, most (75.6%) of the trainees informed that placement assistance was provided by the training institutes after the training, while 24.4% trainees informed that no placement assistance was provided by the training institutes after the training.
- 81) Out of 500 trainees who are presently employed or self-employed, it was further found that most 78% are employed or self-employed in same trade in which they have got the training, while 22% are employed or self-employed in other trade. Out of 318 trainees who are in job employment, 78% of them were found to be in the same trade in which they have got the training, while 22% are employed in other trade. Also, out of 168 trainees who are self-employed, 78% of them are self-employed in same trade in which they have got the training, while 22% are self-employed in other trade.
- 82) The study observed that most (80.6%) trainees want industry experience. However, majority trainees in Andhra Pradesh do not want industry experience.
- 83) While analyzing the salary structure of the employed trainees, it was found that the monthly salary of 15.4% employed trainees is less than Rs. 5,000/-, it is between Rs. 5,000/- and Rs. 10,000/- for 54.1% trainees, and the monthly salary is above Rs. 10,000/- for 30.5% employed trainees.

- 84) Out of the total employed trainees, 36.2% were very much satisfied with the present job and income, while 63.2% were little bit satisfied, and 0.6% were not at all satisfied with the present job and income.
- 85) While analyzing the monthly earning of the self-employed trainees, it was observed that the monthly earning of 6.5% self-employed trainees is less than Rs. 5,000/-, it is between Rs. 5,000/- and Rs. 10,000/- for 48.2% trainees, and the monthly earning is above Rs. 10,000/- for 45.3% self-employed trainees.
- 86) Out of the total 168 self-employed trainees, 23.2% were very much satisfied with the present activity and income, while 70.2% were little bit satisfied and 6.6% were not at all satisfied with the present activity and income.
- 87) Most (83.3%) of the self-employed trainees indicated that they want entrepreneurship development training in the future to increase their business.
- 88) When trainees were asked to provide their suggestions to improve training and effectiveness of training program of NBCFDC, 9.8% trainees were found to be satisfied with the training or did not provide any suggestion. However, 45.2% trainees suggested for longer duration of training, while 12.4% suggested to provide training in higher level course, 8.8% suggested that the training institutes should search for better jobs for the candidates and 6.2% suggested to provide job placement after the training. Other suggestions provided by the trainees to improve the training and effectiveness of training programme of NBCFDC are, place candidates in higher pay jobs, provide loan for self-employment after training, improve quality of training, increase stipend amount, and more people should be trained.

RECOMMENDATIONS

1) Suggestions for better implementation of loan schemes

- **Reduce time in sanction and disbursement of loan:** During the study, beneficiaries in Kerala have highlighted the slow process of application, and approval and disbursement of loan by the Channel Partner. The average time taken from submission of application to receipt of loan by the beneficiaries under NBCFDC schemes in concerned state was found to be about 18 months. Such delay discourages the applicants from seeking loans to pursue their prospective activities/self-employment which in turn deviate the economic activity from its

optimal path. The delay in sanctioning of loan amount from KSCFFDC has been identified as the core reason for the same. Thus, the channel partner should be guided and monitored for sanction and disbursement of loan to the target group within three months from the date of submission of application.

- **Increase the loan amount:** The study observed that the average loan received by the beneficiaries under NBCFDC schemes was Rs. 33,138/-. Many of the surveyed beneficiaries expressed their unhappiness about the insufficient credit amount provided to undertake their proposed economic activities properly and suggested for increment in the loan amount. In this regard, NBCFDC may consider increasing the amount of credit for the beneficiaries under Micro Finance Scheme (MCF) up to Rs. 1.00 lakh.
- **Reduce number of visits to the office of the Channel Partner:** Many beneficiaries stated that they had faced difficulty in getting the loan financed by NBCFDC due to repeated visits to the office of the channel partner. Thus, the channel partners are to be guided to reduce the number of visits of the beneficiaries to their office by simplifying the documentation process.

2. Areas of intervention for expansion of the scope of activities of NBCFDC and Cluster based Development of the target group(s), especially utilizing the recently introduced Technology Upgradation Scheme to study the practices adopted by well performing SCAs

NBCFDC envisaged that some interventions if directly provided by NBCFDC will speed up the development and competencies of members of these clusters as also other similar clusters identified by NBCFDC/Channel Partners for upliftment of their economic status. So the Corporation has introduced the Technology Upgradation of the Clusters Scheme of NBCFDC. These Scheme include:-

1. Upgradation of technology
2. Capacity Augmentation
3. Entrepreneurship Development and other specialized training (under this, standard & customized training will be provided to beneficiaries by reputed Centre/State Govt. Training Institutes)

It will facilitate or provide technological up gradation to the members of target groups of the clusters identified and or developed by NBCFDC. It will enable target groups to improve quality and productivity of the products being produced/services being

rendered by them. It will enable target group to face the competition in domestic and international markets.

The scheme is available for modernization/expansion of existing unit and for setting up new units with benchmark level of technology in textile, carpet, pottery, jute, bamboo, cane and other such cottage industries and small enterprises. Further artisans may develop innovative tools to improve quality and productivity with the help of technical institutions and experts.

3. Strategic shifts required to make the functioning more effective for the target group

The Central Government should impress upon State Governments to provide more administrative support and ensure at least one official in each district for implementing the schemes of NBCFDC in each state.

The Central Government should deliberate with State Governments to do away with levying guarantee fee on the State Channelising Agencies for providing Government Guarantee. Emphasis should be given on the Channel Partners adopting the best practices being followed by the other Channel Partners which have been compiled by NBCFDC in the Compendium published by NBCFDC.

On the basis of feedback received from Channel Partners, NBCFDC keeps on revising its lending policy from time to time for simplification of procedure for obtaining loan under NBCFDC Schemes.

4. Scope of convergence of NBCFDC Schemes with other similar schemes of Government of India/ NABARD/ Banks to improve effectiveness of intervention

NBCFDC has directed the Channel partners to allow the convergence of NBCFDC Schemes with the Government of India/NABARD/State Government Schemes so that NBCFDC beneficiaries reap/are able to avail maximum benefits of the schemes of the Government.

With regard to skill development training programme of NBCFDC, following points may be looked in to for convergence with other schemes of Government of India.

- Since the SCA of the corporation are well connected and aware of the OBC clusters, they may play a vital role in generating awareness about the skilling scheme of NBCFDC along with other such schemes of Gol such as PMKVY, DDUGKY.
- The Skill Training/Up-skilling/ Entrepreneurship Development programmes may be organized for the candidates who approach banks/NABARD/SCA for availing loan for setting up their enterprise.
- Entrepreneurship Development Programmes may be facilitated through the Corporations for candidates who have undergone skill training under the schemes such as PMKVY, DDUGKY etc. and are having entrepreneurship bent of mind.
- Cost sharing model may be developed with RSETIs and schemes such as DDUGKY in order to reach out to more marginalized communities.

5. Recommendations for necessary restructuring to be carried out in the Scheme with a view to improve the functioning of Channel Partners in order to achieve better results

The State governments to be impressed upon to strengthen the Infrastructure and manpower at SCA level Stop Levying of Guarantee fee on Government Guarantee Stop Frequent transfers and Multi posting for Officials of Channel Partners. Providing open ended Government Guarantee the SCAs Providing equity to SCAs to meet their share in the loans.

6. Recommendations for necessary restructuring to be carried out in NBCFDC with a view to improve the functioning of NBCFDC

In respect of loan schemes, it is suggested that:

- (i) Increase in Budgetary Support for providing loan assistance to larger target group.
- (ii) Lending to OBCs by banks may be included in their priority sector targets through intervention of RBI.
- (iii) Increased expenditure on creation of awareness.
- (iv) More focus of Cluster Development.

- (v) Handholding and motivation of target sections through A/V.
- (vi) Pan India coverage under SBMS Scheme (Social Benefit Management System) for facilitating online loan application facilitation to OBCs.
- (vii) Promotion of e-marketing by Artisans.
- (viii) Strengthening of infrastructure of Channel Partners and the Training of District Managers.

In respect of skill training programme, it is suggested that:

- (i) More skill training programme should be of longer duration for the youth having education level of 10th and above to mitigate the attrition rate after getting placed in wage employment.
- (ii) Entrepreneurship Development Programme (EDP) should be conducted for already skilled and also for youth having entrepreneurial bent of mind and wish to establish their own enterprise.
- (iii) Budgetary Grant-in-aid from Gol for skill development may be enhanced.

7. Projection of budgetary allocation from Gol to NBCFDC over a ten years horizon considering the increasing population and aspiration of the target groups and past trends of performance of the Corporation

Considering increasing population, aspiration of the target groups and past trends of performance of NBCFDC in last five years, it is estimated that Rs. 2231 crore for loan schemes and Rs. 728 crore for skill development programme would be allocated to NBCFDC by Government of India for next ten years.

8. Suggestion for continuation of NBCFDC in future

NBCFDC is a unique/ exclusive organization at national level working for socio-economic development of Backward Class persons living at the bottom of pyramid. Therefore, the present evaluation study recommends for the continuation of NBCFDC for the promotion of socio-economic upliftment of the poor backward class persons.