

SUMMARY REPORT

EVALUATION STUDY ON “FUNCTIONING OF NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT CORPORATION (NSFDC)”



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

2020



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 Scheduled Castes Finance and Development Corporation (NSFDC) was set up as National Scheduled Castes & Scheduled Tribes Finance and Development Corporation on 8.2.1989, as a Company ‘not for profit’ under Section-25 of the Companies Act, 1956 (now, under Section-8 of the Companies Act, 2013). It catered to the needs of both Scheduled Castes & Scheduled Tribes target groups till 09.04.2001. On 10.04.2001, the Corporation was bifurcated after creation of National Scheduled Tribes Finance and Development Corporation for Scheduled Tribes target group under Ministry of Tribal Affairs. Consequent upon its bifurcation, National Scheduled Castes Finance and Development Corporation (NSFDC) now exclusively caters to the needs of Scheduled Caste target group. NSFDC is a Schedule ‘C’ Central Public Sector Enterprise under the Ministry of Social Justice & Empowerment and wholly owned by the Government of India.

NSFDC implements various credit based and non-credit based schemes for the target group through network of 37 State/UT Channelizing Agencies (SCAs) spread across the country that are nominated by respective State Governments/ UT Administratives. Some States such as Andhra Pradesh, Maharashtra, Kerala, Gujarat, Manipur and Mizoram have more than one SCA. In order to expand outreach, NSFDC is also signing Agreements with Public Sector Banks, Regional Rural Banks, Cooperative Bank and other Organizations. Presently, NSFDC has 55 Channelizing Agencies (CAs) in the alternate channel that includes Public Sector Banks (11), Regional Rural Banks (34), NBFC-MFIs (3), Cooperative Banks/Society (3) and other Organizations (4).

Ministry of Social Justice & Empowerment, Government of India intended to conduct Evaluation Study on “Functioning of National Scheduled Castes Finance and Development Corporation (NSFDC)”. 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) To review the working of the Corporation, the fulfilment 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 disbursement of funds to the Channel Partners;
- 3) To suggest areas of intervention for expansion of the scope of activities of the Corporation;
- 4) To study the existing level 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 review the compliance of Government directives and DPE Guidelines issued from time to time on effective funds utilization;
- 9) To review the existing organizational structure, management system and staffing pattern and identify the main constraints affecting the system, if any;
- 10) To examine the existing procedures/ requirement of documents and simplifications of application form to apply for loan by applicants;
- 11) 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 NSFDC, disbursement of loan to the target group and the recovery from the beneficiaries, over a period of last three years;
- 12) To study the extent of utilization of funds both in terms of time taken and percentage by State Channelizing Agencies;
- 13) To analyse the existing system of recoveries/ counselling 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;
- 14) Socio-economic background of the beneficiaries (Male/Female, Rural/ Urban);

- 15) Opinion of the beneficiaries on the problem faced by them for availing the benefits of the Scheme/ Programme;
- 16) To estimate the number (percentage) of beneficiaries who have crossed poverty line and double poverty line after availing the loan facilities under the scheme;
- 17) To analyse the increase in annual income level in absolute and percentage term;
- 18) Social impact on beneficiaries in terms of better education of children, better housing, addition in personal assets, self-esteem etc.
- 19) Key findings based on the data collected from the field on the objectives of the study;
- 20) Shortcomings identified in the design of the existing scheme if any;
- 21) Recommendations/ suggestions for necessary restructuring to be carried in the scheme with a view to improve the functioning of the Corporation/ SCAs/ CAs/ RRBs/NBFC-MFIs in order to achieve better results and need for its continuation;
- 22) Ten case studies (Five each from Credit/Loan based Schemes and Skill Development Training Programmes).

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 NSFDC officials, Channel Partners, loan beneficiaries and trainees to collect the desired information.

As per the ToR, the study covered five States namely; Chhattisgarh, Tripura, Punjab, Tamil Nadu and Maharashtra for the assessment of loan-based schemes as well as skill development training programmes of NSFDC. 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, 3300 loan beneficiaries and 400 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 NSFDC

- 1) NSFDC is headed by a Chairman-cum-Managing Director who is assisted by a Chief General Manager, 2 General Managers and a team of Senior Executives. There are 80 employees working in the Corporation. Out of total 80 employees of NSFDC, 69 are at the Head Office, 7 are at Liaison Centres and 4 are at MoSJ&E. For ensuring efficient implementation and monitoring of schemes in the states, there is Project Department, Banking Division & Skill Training Division headed by Desk In-charge for undertaking all credit & non-credit core activity of the Corporation. In addition we has all supporting Department such as Coordination, HR & Administration, Corporate Service, MIS, Vigilance and Official Language Cell. For Coordination & Liaison work, the Corporation has 3 Liaison Centres.
- 2) There are no constraints experienced in the management system of NSFDC. NSFDC is already an ISO 9001:2000 Certified Organization since 2007-08. NSFDC is following a set of policies, processes and procedures conforming to Quality Management Systems (QMS). The NSFDC's systems are subject to Audit by Bureau of Indian Standards (BIS). The ISO Certification of NSFDC was upgraded to ISO 9001:2008 during 2010-11. Further, on compliance of all requirements, the BIS has presently upgraded the ISO Certification of NSFDC to ISO 9001:2015 during 2019-20. As a part of the QMS, NSFDC strives for continual improvement in its systems.
- 3) NSFDC is functioning in the channel finance system. Initially, NSFDC was functioning through State Channelizing Agencies nominated by the respective State Government/UT Administrations. In order to expand outreach, since 2013-14, NSFDC has also been signing Memorandum of Agreements with Public Sector Banks, Regional Rural Banks, NBFC-MFIs, Cooperative Societies/Banks and other Organizations. As on date, NSFDC has 37 State Channelizing Agencies (SCAs) and 55 Channelizing Agencies (CAs) in the alternate channel for channelizing funds under Credit Based Schemes. Some of the SCAs are State Level Scheduled Caste Development Corporation (SCDC) having share of State Government and Central Government in the ratio of 51:49. Further, NSFDC has been facilitating short term Skill Development Training Programmes in job-oriented areas such as Apparel

Technology, Computer Technology, Mobile Repair and Automobile Repair etc. organized for unemployed youths of the target group. The Skill Development Training Programmes are conducted by Government/Semi-Government/Autonomous Training Institutions/ Universities/Deemed Universities/Sector Skill Councils/Sector Skill Council affiliated Training Providers.

- 4) The data on budgetary allocation and expenditure of NSFDC in last three years (FY 2016-17, FY 2017-18 and FY 2018-19) shows that in FY 2016-17 the Budget Estimate (BE) was Rs. 139 crore, Revised Estimate (RE) and Actual Expenditure (AE) was 138 crore; while BE, RE and AE in FY 2017-18 was Rs. 128.21 crore and in 2018-19 was Rs. 137.39 crore. Since 2000-01, as per the DPE Guidelines, NSFDC has been signing MoU with MoSJ&E. The MoU contains some financial and non-financial parameters having targets under each parameter from 'Poor' to 'Excellent'. At the end of each year, based on Audited data, the performance of NSFDC as per the MoU Targets are analyzed by the DPE and based on the analysis, performance of the Corporation i.e. 'Composite Score' and 'Rating' declared by the DPE. As per the declared 'Composite Score' and 'Rating', the NSFDC performance has been continuously rated as 'Excellent' from 2014-15 to 2018-19 (except in 2017-18).
- 5) NSFDC has disbursed Rs.5677.46 crores for 13.31 lakhs beneficiaries belonging to Scheduled Castes under its Credit Based Schemes which includes Rs.527.57 crores disbursed in the current financial year to 65,555 beneficiaries. The disbursement has been made against the cumulative equity support of Rs.1500.00 crores which is 3.78 times of the equity received. This has been possible due to recycling of funds and effective funds management
- 6) NSFDC has sanctioned Rs.225.56 crores to train 1,64,442 target group through various Training Institutions under its Non-Credit Scheme i.e. Skill Development Training Programmes.
- 7) As per the extant Lending Policy, NSFDC disburses funds to its Channel Partners subject to fulfillment of prudential norms.
- 8) Presently, NSFDC has 13 Loan Schemes, i.e. Term Loan (TL), Working Capital Loan (WCL), Micro-Credit Finance (MCF), Mahila Samriddhi Yojana (MSY), Mahila Kisan Yojana (MKY), Shilpi Samriddhi Yojana (SSY), Laghu Vyavasay Yojana (LVY), Green Business Scheme (GBS), Stand-up India (SI), Educational Loan

Scheme (ELS), Vocational Education & Training Loan Scheme (VETLS), Aajeevika Microfinance Yojana (AMY), and Udyam Nidhi Yojana (UNY).

- 9) The eligibility criteria of applicants for coverage under NSFDC Schemes are: (i) Applicants should belong to the Scheduled Caste community, (ii) Annual family income of the applicants should be within Rs. 3.00 lakh) for both rural and urban areas w.e.f. 08.03.2018) under Credit Based Schemes. The Annual Family Income Criterion is not applicable for skill Development training programmes. The funds under skill development training programmes are released to training providers as per the norms of Ministry of Skill Development and Entrepreneurship, Government of India.
- 10) NSFDC has been organizing Awareness cum medical camps in various locations all over the country, keeping in view SC population & concentration. A wide publicity is carried out in the field level so that maximum number of people can participate. Such awareness programs are attended by the Collector, District Magistrate, Senior Govt officials from department of Social/SC/ST/Welfare, Agriculture, Animal Husbandry, Fisheries, Horticulture, officials from DIC, Banks and NSFDC channel partners. Information on NSFDC schemes are disseminated by distribution of pamphlets & through public announcements. NSFDC also participates in exhibition & fairs, wherein publicity of NSFDC schemes is carried out through distribution of pamphlets & through personal interaction. Publicity of NSFDC & SCA schemes are also carried out in local newspaper/ journals from time to time.
- 11) For marketing support, NSFDC provide free stalls to beneficiaries for sale of their products in various exhibitions/Melas such as India international Trade Fair, Shilpotsav Dilli Haat-INA, Surajkund International Craft Mela etc. Footfalls in exhibitions such as IITF, Shilpotsav, Surajkund is very high and beneficiaries get good return from sale of their products. Beneficiaries also get a wide exposure in the field of marketing & technology by way of interacting with other suppliers and buyers. Competition also helps in improving the product quality of beneficiaries.
- 12) NSFDC has complied with Government directives and DPE Guidelines issued from time to time on effective funds utilization.

FUNCTIONING OF CHANNEL PARTNERS

- 13) NSFDC has disbursed Rs.5677.46 crores for 13.31 lakhs beneficiaries belonging to Scheduled Castes under its Credit Based Schemes which includes Rs.527.57 crores disbursed in the current financial year to 65,555 beneficiaries. Out of the five channel partners surveyed during the present evaluation, it was observed that Punjab Gramin Bank (PBG) – RRB, Punjab has received highest amount of fund (Rs. 85.57 crore) in last three years; while TSCDC – SCA, Tripura has received Rs. 48.85 crore; CSASFDC – SCA, Chhattisgarh has received Rs. 28.35 crore, Syndicate Bank (SB) – PSB, Tamil Nadu has received Rs. 26.82 crore, and AFSPML – NBFC-MFI, Maharashtra has received Rs. 2.50 crore.
- 14) The study further found that the channel partners in Chhattisgarh, Maharashtra, Punjab and Tripura have disbursed more than 90% fund for the loan to the target group of the fund received from NSFDC in last three years while Syndicate Bank (SB), Tamil Nadu has disbursed more than double fund for the loan to the target group than the fund received from NSFDC. As per data received from the sample channel partners, it was found that the channel partners have disbursed 11% more fund (channel partner/ Stateshare) to the target group than the fund received from NSFDC.
- 15) The study observed that it took between 1 month to one year for the channel partners to utilize the fund provided by NSFDC. Except CSASFDC, Chhattisgarh, other channel partners have utilized most of the funds provided by NSFDC.
- 16) In last three financial years, a total number of 17544 beneficiaries belonging to Scheduled Castes have been covered by the sample channel partners under loan schemes of NSFDC.
- 17) The data on recovery from the beneficiaries reflects that the recovery from beneficiaries by the channel partners has been quite satisfactory.
- 18) The study observed that the Chhattisgarh State Government is not providing adequate equity to the concerned SCA due to less loan recovery but providing guarantees to the SCA for availing loan from NSFDC. However, the Tripura State Government is providing adequate equity and guarantee to the SCA for availing loan from NSFDC.
- 19) The procedures adopted by the sample Channel Partners for receiving applications are: (a) Applications are directly received at the district office in Chhattisgarh, (b) In

Maharashtra, Loan demand is generated in SHG meet and SHG is submitting loan application along with SHG resolution to our Cluster Assistant, (c) Applications are submitted at the nearest branches of PGB in Punjab, (d) In Tamil Nadu, Syndicate Bank branches are giving publicity about the schemes available in the bank branches. Applications are received from eligible beneficiaries directly as well as through state sponsored agencies, and (d) In Tripura, advertisement is published in local newspaper for submission of applications.

- 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, KYC of beneficiaries are required by Syndicate Bank in Tamil Nadu.
- 21) For recovery of loan from beneficiaries, regular follow up of beneficiaries is made by district officers during field visits in Chhattisgarh. Also, recovery cell has been set up for monitoring of recovery across the state. The channel partner AFS in Maharashtra is collecting the recovery in Cluster meet on predetermined date. All the representatives of VO (Village Organization) are bringing the recovery of all the borrowers collected one day earlier in the meet and hand over to Cluster Assistant against the acknowledgement in Individual loan pass book. In Punjab, at the time of sanctioning of loan borrower is scrutinised to repay the loan as per the term and conditions of sanction of loan, so that so that his/her credit history may not show adverse remarks and the loan may not turn into bad loan. In Tamil Nadu, for counselling and recovery, Syndicate Bank branches have Assistant Manager Rural Development (AMRD), credit officer and Recovery Resolution Business Unit (RRBU) officers. And in Tripura, regular follow up of beneficiaries is made by field supervisors and head office of the channel partner.
- 22) 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 (MEITY). The channel partners suggested for some modifications in the software which would be helpful for them. The Syndicate Bank suggested that Login credentials may be provided to the Bank to get the information from the SBMS for follow-up with the Regional Offices/ Branches for getting applications sanctioned/rejected.

IMPACT ON THE LOAN BENEFICIARIES

- 23) Majority of the sample beneficiaries (89.5%) benefitted under NSFDC loan are located in the rural areas, while 10.5% beneficiaries are located in the urban areas.
- 24) Majority of the surveyed beneficiaries (57.9%) were found to be men. The percentage of women beneficiaries is 42.1%.
- 25) Analyzing the age pattern of the beneficiaries, it is seen that 38.8% beneficiaries come under the age group of 18 to 34 years. 35.5% beneficiaries belong to the age group of 35 to 45 years, and 25.7% beneficiaries were in the age group above 45 years.
- 26) The educational status of the beneficiaries reveals that 15.3% beneficiaries are illiterate. The beneficiaries with primary education constitute 28.4%, while beneficiaries with middle school education constitute 45%, beneficiaries educated up to matriculate or above constitute 10.4% and 0.9% beneficiaries reported to be technically qualified.
- 27) Marital status of the beneficiaries reveals that most (94.2%) beneficiaries were married and 4.9% beneficiaries were unmarried. Also, 0.9% beneficiaries were widow/widower and 0.1% were separated/ divorced.
- 28) It is seen that majority (73.2%) of the beneficiaries possess pucca houses, while 19.2% possess semi-pucca houses and 5.8% beneficiaries possess kuchcha houses. Also, 1.7% beneficiaries do not have own house.
- 29) Most (82.5%) beneficiaries have significant knowledge on the scheme in he/she was benefitted while 16.9% have little knowledge and 0.6% have no knowledge on the scheme.
- 30) When beneficiaries were asked about the source of information of the NSFDC scheme under which they have been benefitted, majority (61.1%) beneficiaries reported that they have come to know about the scheme from their relatives or friends, while 30.8% have come to know about the scheme from the government officials, 5.5% from local NGO, and 2.6% beneficiaries reported that they have come to know about the scheme from the awareness camp.
- 31) Majority (57.2%) beneficiaries informed that they had submitted the application form to the gram panchayat office, 15.9% at Head office of the channel partner, 10.3% at the district office of the channel partner, 3% had submitted to the NGO, 1.1% to the

field officer of channel partner and 0.4% had submitted the application form to other person.

- 32) 40.8% of the surveyed beneficiaries stated that they have received the loan under Micro Credit Finance Scheme (MCF), 36.8% under Laghu Vyavsaya Yojana (LVY), 13.5% under Term Loan (TL), 5.5% under Mahila Samriddhi Yojana (MSY), and 3.3% have received the loan under Aajeevika Micro Finance Yojana (AMY).
- 33) The average loan received by the beneficiaries under NSFDC schemes in 2018-19 was Rs. 93,050/-. While the average loan amount under NSFDC schemes in Chhattisgarh was Rs. 2,71,668/-, it was Rs. 46,575/- in Maharashtra, Rs. 95,091/- in Punjab, Rs. 1,02,689/- in Tamil Nadu, and Rs. 2,23,700/- in Tripura.
- 34) Most (69.6%) of the sample beneficiaries stated that there was no difficulty in receiving the loan under NSFDC schemes, while 31.4% beneficiaries stated that they had faced difficulty in getting the loan under NSFDC schemes.
- 35) The beneficiaries who faced difficulty in getting the loan, 93.4% of them faced difficulty in providing security of loan, 77.5% due to the repeated visits to the office of the channel partner, 6.4% faced difficulty due to indifferent attitude of officials, and 5.1% faced difficulty in providing required documents.
- 36) The study findings illustrate that the average time taken from submission of application to sanction of loan to the beneficiaries under NSFDC schemes in 2018-19 was 3 months, and the average time taken from sanction to disbursement of first installment to the beneficiaries under NSFDC schemes in 2018-19 was 1 month.
- 37) While majority beneficiaries (53.7%) benefitted under NSFDC schemes reported that they did not feel for the additional credit after getting the loan, 46.3% beneficiaries felt for the additional credit after getting the loan.
- 38) The beneficiaries who felt for the additional credit after getting the loan, 49.4% of them managed the gap by taking some loan from friend or relative, while 34% have taken the loan from money lender and 16.6% did not take additional loan.
- 39) The average amount of loan repayment installment of the beneficiaries benefitted under NSFDC schemes was found to be Rs 2,798/- per month. While the repayment installment was Rs. 7,720/- in Chhattisgarh, it was Rs. 1,600/- in Maharashtra, Rs. 2,450/- in Punjab, Rs. 2,995/- in Tamil Nadu and Rs. 5,220/- in Tripura.
- 40) 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 NSFDC schemes, it was observed that on an average 17

installments have been paid by the beneficiaries and 2 installment are defaulted by them.

- 41) The beneficiaries who are repaying or repaid the loan, 94.8% informed that they had repaid the loan amount in cash, while 3.1% repaid in cheque, and 2.1% beneficiaries had repaid the loan amount through RTGS/ NEFT.
- 42) The study found that 81.5% repaid the loan at the bank, while 8.6% repaid at the head office of the channel partner, 8.3% at the district office of channel partner, 1.3% repaid at the field office of the channel partner, and 0.3% repaid the loan to the recovery agent.
- 43) The study observed that out of total 3300 surveyed beneficiaries, 2944 (89.2%) have been repaying the loan amount regularly, while 386 (10.8%) beneficiaries are not repaying the loan regularly.
- 44) 94.6% beneficiaries were unemployed before getting the loan under NSFDC schemes, while 4.3% were self-employed, 0.8% were in casual employment. The study also found that 0.3% beneficiaries were unpaid worker in family work before getting the loan under NSFDC schemes.
- 45) The study found that 41.1% beneficiaries have taken loan for shop, while 36.4% for small business, 9.6 have taken loan for agriculture and allied activities, 4.2% for vehicle, 3.3% for goat rearing, and 5.4% beneficiaries have taken loan for other activities.
- 46) The study observed that most (99.3%) beneficiaries are engaged in the activities for which they have taken the loan, while few beneficiaries are engaged in different activity.
- 47) The study found that 30.1% beneficiaries had some orientation or skill for the activity before being a beneficiary under NSFDC scheme, while majority had no orientation or skill for the activity. Further, it was found that majority beneficiaries (54.6%) have undergone some kind of skill development training after being a beneficiary under NSFDC scheme.
- 48) The study observed that 64.7% 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, majority (77.2%) beneficiaries informed that there is market for their products or services, while 22.8% beneficiaries informed that there is no active market for their products or services.

- 49) While 61.5% beneficiaries stated that lack of expertise or interest in the chosen activity is the major problem in carrying out their activities, 24% beneficiaries said that they have been facing problem for insufficient credit amount. Also, 10.7% are facing problem in their activity due to inadequate training, 5.8% are facing problem for non-availability of raw materials and few (1.7%) beneficiaries are facing problem for not able to sell the products / service.
- 50) While 67.7% beneficiaries suggested to provide loan without interest under NSFDC schemes, 15.5% suggested to reduce time in providing the loan, 13.8% beneficiaries suggested for reduction of documentation process, 16.5% suggested to provide loan without guarantee, and 3.7% beneficiaries suggested to increase the loan amount.
- 51) The study observed that 3287 (99.6%) surveyed beneficiaries benefitted under NSFDC schemes in 2018-19 have utilized the loan for the intended purpose for which it was sanctioned.
- 52) While 42.2% beneficiaries have used the loan as working capital, 24.7% beneficiaries have created assets as agricultural implements, 8.1% created tools and machinery, 5.5% created farm land, 5.4% created assets as livestock, 4.4% have done electric installation, 3.7% created furniture and fixtures, 4.2% have done electric installation, 4% have the asset as vehicles, 2.5% created poultry farm and 1.7% have created other assets. The study found that 0.6% beneficiaries have not created any asset with the loan amount.
- 53) The study found that out of the total sample of 3300 surveyed beneficiaries benefitted under NSFDC schemes in 2018-19, 3282 (99.5%) beneficiaries possessed the assets created with the loan amount, while only 18 (0.5%) beneficiaries do not possess the assets created under the loan.
- 54) It was observed that 7.6% of the beneficiaries were Below Poverty Line (BPL), while 92.4% beneficiaries were above Poverty Line but under Double Poverty Line (DPL) before getting the loan under NSFDC schemes. The average annual household income of the urban beneficiaries before getting the loan under NSFDC schemes was found to be Rs. 82,440/-, while the average annual household income of the rural beneficiaries before getting the loan was found to be Rs. 86,555/-. Overall, average annual household income of the beneficiaries before getting the loan under NSFDC schemes was found to be Rs. 86,119/-.
- 55) It was further observed that 2246 (68.1%) beneficiaries have crossed Poverty Line but under Double Poverty Line (DPL), while 849 (25.7%) beneficiaries have crossed

Double Poverty Line (DPL) after receiving NSFDC loan. However, 205 (6.2%) beneficiaries were found to be still Below Poverty Line (BPL). Present average annual household income of the urban beneficiaries was found to be Rs. 90,083/-, while present average annual household income of the rural beneficiaries was found to be Rs. 90,336/-. Overall, present average annual household income of the beneficiaries was found to be Rs. 90,308/-, which is an increment of 12% of the annual household income before getting NSFDC loan.

- 56) Further analysis suggests that there is reduction of 28 (12%) number of persons under PL after getting the loan under NSFDC schemes, while there is decrease of 615 (26.8%) number of persons who are Above Poverty Line but under Double Poverty Line (DPL). However, it was found that 849 (25.7%) beneficiaries are now above Double Poverty Line (DPL).
- 57) The study observed that income of most (95.6%) beneficiaries have been increased after availing the loan under NSFDC schemes. Present average annual household income of the beneficiaries was found to be Rs. 90,308/-, which is an increment of 12% of the annual household income before getting NSFDC loan which was Rs. 86,189/-.
- 58) When the study assessed the social impact of the NSFDC schemes on the beneficiaries, it was found that 73.5% now provide better education of children, 38.5% have better housing, 10.7% beneficiaries have added personal assets, and 5.9% beneficiaries have increased self-esteem after getting the loan under NSFDC schemes.

IMPACT ON THE TRAINEES

- 59) The study found that majority of the surveyed trainees (75.8%) were of urban area, while 24.2% were of rural area.
- 60) Majority of the surveyed trainees (57.5%) were found to be male. The percentage of female trainees was 42.5%. All the trainees of M&ESC, Maharashtra were female.
- 61) Analyzing the age pattern of the surveyed trainees, it is seen that 75.2% of the trainees are between the age group of 18 to 30 years, while 24.8% trainees come under the age group of 31 to 45 years.
- 62) The educational status of the trainees reveals that only 24.8% beneficiaries were able to read and write. The trainees educated up to primary level constitute 43.8%,

while trainees with middle school constitute 15%, and trainees educated up to matriculate and above constitute 16%. Only two trainees in Maharashtra reported of being technically qualified.

- 63) Marital status of the trainees reveals that majority (74.4%) trainees are married and 25.6% beneficiaries are unmarried.
- 64) The study observed that the present monthly family income of 13.5% surveyed trainees is up to Rs. 5,000/-. The present family income of 69% trainees was found to be above Rs. 5,000/- to Rs. 10,000/- per month, and 17.5% trainees have monthly family income of above Rs. 10,000/- before getting the training reveals
- 65) Study on past occupation of the trainees before getting the training reveals that 37.8% trainees were unemployed, while 30.5% were temporarily wage employed, 30.8% were school dropout and 1% trainees were self-employed before getting the training.
- 66) The findings on source of awareness about the training programme reflect that 62.3% have come to know about it from the previous trainees, while 25% have come to know from the advertisement in TV/newspaper and 12.7% came to know from their friends.
- 67) When trainees were asked on what inspired them to undergo the training, 67.4% trainees reported that they have attended the training with the intention that the course would equip them for gainful employment, 18% to have better income, 13% have attended to gain new skills and knowledge, 10% have attended the training since there was no course fee, 3.5% have attended to obtain a certificate from prestigious institute, and 1% have got the training because of the provision of stipend for the training.
- 68) The study observed that under the skill development programme of NSFDC, the trainees have got training under various trades and courses. It was observed 25% trainees each have got the training in Junior Backhoe Operator., Latex Harvest Technician and Self Employed Tailor. Besides, 12.5% each have got the training in Machine Operator Assistant and make up artist.
- 69) While analyzing the duration of the training programmes, it was observed that majority (62.5%) trainees have got the training for three months, while 12.5% have got the training for two months, and 25% have got the training for five days for RPL.
- 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 in each

month, it was observed that 75% trainees have got Rs. 1,500/- as stipend in each month, while 25% trainees have received Rs. 500/- as stipend for RPL with boarding & lodging facility.

- 71) Majority (62.5%) of the trainees reported that they got the stipend amount through RTGS/NEFT, while 25% got it in cash and 12.5% got the stipend amount in draft.
- 72) When trainees were asked about the number of participants per batch attended the training programme, 62.5% trainees reported that more than 30 trainees per batch attended the training programme, while 12.5% trainees reported that 20 to 30 trainees per batch attended the training programme, and 25% trainees reported that less than 20 trainees per batch attended the training programme.
- 73) The study observed that most (86%) trainees have got the reading material or literature prescribed by NSDC during the training.
- 74) The study observed that majority (51.8%) of the trainees had not faced any language problem during training, while 37.2% had faced language problem during assessment and 11% 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 63.5% trainees were very much satisfied with the infrastructure facilities of training institutes, while 36.5% trainees were little bit satisfied.
- 76) The study observed that the all the training programmes conducted by the training institutes under the skill development programme of NSFDC were outstanding and of high quality. While 31.8% trainees rated the training programme as excellent, 62% trainees rated as very good and 6.2% rated as good.
- 77) The study observed that 67% trainees have learnt new skill from the training and 78% trainees have successfully passed out the course in which they have got the training.
- 78) When the trainees were asked whether they need longer duration training, 47.8% trainees said that they need longer duration training while 52.2% said that they do not need.
- 79) The study observed that 31.5% trainees were temporarily employed at any point of time before taking admission to the course under skill development programme of NSFDC, while 68.5% were unemployed. The study findings illustrate that 39% trainees did not seek job after the training, while 61% trainees sought job after getting the training.

- 80) Present employment status of trainees revealed that 43.8% trainees were in job employment, while 36.2% were self-employed. Thus, the study found that 80% trainees have been employed or self-employed while 20% trainees are presently unemployed.
- 81) When trainees were asked whether any placement assistance was provided by the training institute after the training, most (77.5%) of the trainees informed that placement assistance was provided by the training institutes after the training, while 22.5% trainees informed that no placement assistance was provided by the training institutes after the training.
- 82) Out of 320 trainees who are presently employed or self-employed, it was further found that most 90.3% are employed or self-employed in same trade in which they have got the training, while 9.7% are employed or self-employed in other trade. Out of 175 trainees who are in job employment, 93.7% of them were found to be in the same trade in which they have got the training, while 6.3% are employed in other trade. Also, out of 145 trainees who are self-employed, 86.2% of them are self-employed in same trade in which they have got the training, while 13.8% are self-employed in other trade.
- 83) The study observed that majority (68.5%) trainees want industry experience. However, majority trainees in Maharashtra and Tripura do not want industry experience.
- 84) While analyzing the salary structure of the employed trainees, it was found that the monthly salary of 8.6% employed trainees is less than Rs. 5,000/-, it is between Rs. 5,000/- and Rs. 10,000/- for 56.6% trainees, and the monthly salary is above Rs. 10,000/- for 34.9% employed trainees.
- 85) Out of the total 175 employed trainees, 72.6% were very much satisfied with the present job and income, while 27.4% were little bit satisfied with the present job and income.
- 86) While analyzing the monthly earning of the self-employed trainees, it was observed that the monthly earning is between Rs. 5,000/- and Rs. 10,000/- for 51.7% trainees and the monthly earning is above Rs. 10,000/- for 48.3% self-employed trainees.
- 87) Out of the total 145 self-employed trainees, 52.4% were very much satisfied with the present activity and income, while 47.6% were little bit satisfied with the present activity and income.

- 88) 69% of the self-employed trainees indicated that they want entrepreneurship development training in the future to increase their business.
- 89) When trainees were asked to provide their suggestions to improve training and effectiveness of training program of NSFDC, 6.8% trainees were found to be satisfied with the training or did not provide any suggestion. However, 47.8% trainees suggested for longer duration of training, while 19% suggested to provide training in higher level course, 14.2% suggested that the training institutes should search for better jobs for the candidates, 11.2% suggested to provide job placement after the training, and 11.2% suggested to provide loan for self-employment after training . Other suggestions provided by the trainees to improve the training and effectiveness of training programme of NSFDC are, place candidates in higher pay jobs, 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, some beneficiaries highlighted the slow process of application, and approval and disbursement of loan by the Channel Partners. 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. Thus, the channel partners 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.
- **Reduce number of visits to the office of the Channel Partner:** Many beneficiaries stated that they had faced difficulty in getting the loan under the schemes of NSFDC due to repeated visits to the office of the channel partners. 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 NSFDC

- (i) **Interventions for Cluster Development** – Cluster Development activities will enable NSFDC to cover target group persons in large numbers and improve their livelihoods through various interventions. These include process/product development, quality improvement, common facilities centers, building market value chains etc. NSFDC being a Delhi based organization with almost no field presence, assistance of livelihood organizations working in the field will be taken to develop clusters. These organizations shall act as knowledge the technical/knowledge partners of NSFDC and take up cluster development in pilot locations promoting livelihood activities such as goatery, piggery, organic farming etc.
- (ii) **Convergence with current national priorities** – NSFDC will as a part of its business plan seek to convergence its schemes with various current national priorities such as MUDRA, Start-up India, Stand-up India and Skill India. Further, it shall be the endeavor of NSFDC to converge beneficiary oriented subsidies from the schemes of National Horticulture Board and the Prime Minister's Employment Guarantee Programme (PMEGP) with NSFDC loan to be channelized through various channelizing partners.
- (iii) **MSME Udyog Aadhar** – NSFDC will seek to enroll the SC entrepreneurs financed under various schemes in the MSME Udyog Aadhar so that their units will eligible for various benefits.

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

In order to achieve the objective of economic empowerment of eligible Scheduled Caste (SC) Target Group in an effective manner, NSFDC needs to reorient its strategy. The focus of NSFDC should be towards:-

- (i) **Expanding outreach through multiple Channel Partners** – NSFDC has already shifted strategically from SCAs towards Public Sector Banks and Regional Rural Banks for Channelizing Funds while continuing to do business with the performing SCAs. Further, NSFDC has also signed MoAs with cooperative bodies such as Stree Nidhi Telangana and SEWA Bank. In addition, NSFDC has also signed MoA with Andhra Pradesh State Finance Corporation. NSFDC has the opportunity to similarly explore tie ups with other SFCs functioning well in the country. NSFDC is

also constantly exploring Channel Partnership with Mahila Cooperative Banks such as the Mann Deshi Mahila Sahkari Bank, Satara and Annapurna Multipurpose Cooperative Society, Pune. Besides all this, NSFDC could also explore partnerships with selected State Cooperative Banks as per suggestion of NABARD. To sum up, NSFDC presently has 92 Channel Partners (37 SCAs and 55 Banks & other agencies). NSFDC will continue to expand its partners and aim to have 100+ Channel Partners in the next two years.

- (ii) Expanding outreach through NRLM SHGs** – NSFDC has already initiated discussions with the NRLM, MoRD, Government of India and obtained the State-wise data of Self Help Groups (SHGs) PAN India. NSFDC is already in the process of making changes in its policy to allow minimum 70% SCs in place of 100% SCs in an SHG. This change in composition will give push for moving towards inclusive growth. The endeavour of NSFDC would be to identify the SC majority SHGs who have completed two cycles of financing and require a little upscaled financing for viable projects. Such groups will be credit linked through the Channel Partners to provide them funds at concessional interest rates under various NSFDC Schemes.
- (iii) Livelihoods improvement in selected occupations & creation of visible impact** – NSFDC would aim to select specific occupations such as dairy, goatery, piggery, horticulture etc., and improve the livelihoods of its target group in pilot locations through technical/knowledge partners working in the field. The thrust shall be on upgrading the capabilities of the target group enabling them to carry out the economic activities in a better way. Further, the target group persons will be empowered by imparting them marketing skills in selling their yield/produce in the local markets so as to fetch maximum returns.
- **Empowering the youth by skilling them in industry relevant areas and upgrading their capability through entrepreneurship development programmes for setting up of mini/tiny ventures**– As in the case of multiple channel partners for lending activities, NSFDC also has increased the number of training partners to upscale its skilling activities. NSFDC shall work towards the strategic shift to take up skill training for catering to the specific needs of various sections of the target group. For this, training can be provided in four categories/types, as under :

- i) Up-skilling/Recognition of Prior Learning (RPL) for Marginal rural artisans belonging to SC categories and other such entrepreneurs who constitute the bottom of the pyramid.
- ii) Short Term Courses (focus on self-employment) for most disempowered groups belonging to SC categories who are illiterate/ semi-illiterate and unemployed with special focus on women, with a primary objective of providing assistance to start a self-employment venture.
- iii) Entrepreneurial Development Programmes (EDP) for SC persons who have undergone skill training have an entrepreneurial bent of mind.
- iv) Long Term Courses (for global class skills) for SC persons who have been educated upto 10th class or more and having aspirations to be employed in sectors having good demand in job market.
- v) Higher duration skilling in emerging areas under the Learn, Earn & Pay (LEAP) model with industry participation.

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

Convergence of NSFDC Schemes with those of other Government of India Schemes/ NABARD/ Banks can be achieved in the following manner:-

- (i) Identifying the specific schemes
- (ii) Inviting the concerned organizations departments for a presentation to NSFDC
- (iii) Identifying synergies between NSFDC and the Government department
- (iv) Understanding the implementation process
- (v) Formulating Action Plan for convergence
- (vi) Implementing the convergence plan

Accordingly, NSFDC would aim to converge its schemes with those of the Ministry of Agriculture, MSME, National Horticulture Board and Ministry of Rural Development.

5. Recommendations/ suggestions 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

NSFDC has been taking concrete steps to nurture and strengthen the State Channelizing Agencies (SCAs) which are its long term channel partners nominated by respective State Governments/UT Administrations. NSFDC's strategy is three pronged:

- To reward the better performing SCAs through Incentive Schemes
- To improve the performance of average performing SCAs and to assist them for gradual enhancement in the financial and overall performance in implementing NSFDC Schemes
- To revive the non-functioning SCAs through One Time Settlement(OTS) Schemes

NSFDC presently has two Incentive Schemes; the first one namely Incentive Scheme for SCAs for Development of Recovery Infrastructure (ISSDRI) and National Awards for Performance Excellence (NAPE). Besides this, NSFDC also organizes Executive Development Programmes for the officials of SCAs in Project Management covering modules of Project Appraisal, Monitoring, Evaluation, Maintenance of Loan Accounts etc. NSFDC also undertakes joint reconciliation of Utilization Reports received from SCAs by calling the SCA officials to NSFDC Office.

Further, NSFDC also shares best practices of documentation in better performing SCAs with other SCAs to disseminate information for reference and use by SCAs which can adopt them.

In view of above, it is suggested that the Scheme of Share Capital Contribution to NSFDC may be continued further. For operational efficiency and smooth achievement of targets, the Ministry may also take steps such as:

- Ensuring timely release of equity to NSFDC.
- Release of equity support to SCAs from the Scheme of Share Capital Assistance to SCDCs.
- Assist the NSFDC in securing adequate State Government Guarantees for disbursing funds to the SCAs.

- Taking up the matter with State Governments to post MDs in SCAs for a fixed term of at least up to 3 years.
- Taking up the matter with Ministry of Finance to advise the Public Sector Banks/RRBs to capture caste and income criteria in their software for ease in operation of refinance model with NSFDC.

All the same, there is also a need for Corporation to take effective steps for recovery of long overdues from the SCAs by using the safe guards available in the agreements as deemed appropriate. Accordingly, NSFDC discourages further disbursement of funds to defaulting SCAs. It is felt that the above steps will lead to improving the functioning of SCAs and achievement of better results.

6. Recommendations/ suggestions for necessary restructuring to be carried out in NSFDC with a view to improve the functioning of NSFDC and need for its continuation.

NSFDC has been taking numerous initiatives to increase the number of channel partners, expand outreach under its Schemes Pan India, upscale its skilling activities and align its Schemes with current national priorities to boost convergence. These steps have resulted in improving the functioning of the Corporation.

Further, the Ministry of Social Justice & Empowerment has directed NSFDC to re-orient its strategy and aim for increasing its coverage in terms of Lending as well as Skilling. NSFDC has, therefore, prepared an Annual Action Plan for 2020-21 to achieve disbursement of Rs.1500 crore out of which an amount of Rs.850 crore is proposed to be disbursed through Channel Partners under concessional financing for 2.50 lakh beneficiaries and the remaining Rs.650 crore through interest subvention to the Banks for covering 1.08 lakh beneficiaries. Taking forward from 2020-21, NSFDC shall endeavor to upscale its lending activities further by continuing to expand the channel partners, besides having tie up with specific knowledge/technical partners to explore cluster development activities for livelihood improvement of its target group.

In addition, NSFDC is in the process of formulating a special Plan for upscaling and imparting skill training for specific needs of the target group i.e. the categories of training envisaged to be imparted are as below:

- Re-skilling/Recognition of Prior Learning
- Short Term Skilling
- Entrepreneurial Development Programme
- Long Term Skilling

7. Projection of budgetary allocation from GoI to NSFDC over a period of five years

Considering increasing population, aspiration of the target groups and past trends of performance of NSFDC in last five years, it is estimated that Rs. 970 crore would be allocated to NSFDC by Government of India for next five years.

8. Suggestion for continuation of NSFDC in future

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