

**STANDING COMMITTEE ON SOCIAL JUSTICE AND
EMPOWERMENT (2022-2023)**

(SEVENTEENTH LOK SABHA)

MINISTRY OF MINORITY AFFAIRS

Action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-Fifth Report of the Standing Committee on Social Justice and Empowerment (Seventeenth Lok Sabha) on 'Review of the Functioning of the National Minorities Development and Finance Corporation (NMDFC)' of Ministry of Minority Affairs.

FORTY-EIGHTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2023/ Sravana, 1945 (Saka)

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Presented to Lok Sabha on 27.7.2023

Laid in Rajya Sabha on 27.7.2023



**LOK SABHA SECRETARIAT
NEW DELHI**

July, 2023/ Sravana, 1945 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON SOCIAL
JUSTICE AND EMPOWERMENT (2022-23)**

SMT. RAMA DEVI - CHAIRPERSON

MEMBERS

Lok Sabha

2. Shri Deepak (Dev) Adhikari
3. Smt. Sangeeta Azad
4. Shri Bholanath (B.P. Saroj)
5. Smt. Pramila Bisoyi
6. Shri Thomas Chazhikadan
7. Shri Chhatar Singh Darbar
8. Smt. Maneka Sanjay Gandhi
9. Shri Hans Raj Hans
10. Shri Abdul Khaleque
11. Smt. Ranjeeta Koli
12. Smt. Geeta Kora
13. Shri Vijay Kumar
14. Shri Akshaibar Lal
15. Sardar Simranjit Singh Mann
16. Shri V. Sreenivasa Prasad
17. Smt. Supriya Sadanand Sule
18. Shri K. Shanmuga Sundaram
19. Smt. Rekha Arun Verma
20. Shri Devendrappa Y.
21. Shri Tokheho Yepthomi

Rajya Sabha

22. Smt. Sumitra Balmik
23. Smt. Ramilaben Becharbhai Bara
24. Shri Abir Ranjan Biswas
25. Smt. Geeta *alias* Chandraprabha
26. Shri N.Chandrasegharan
27. Shri Naryana Koragappa
28. Smt. Mamata Mohanta
29. Shri Ramji
30. Shri Anthiyur P. Selvarasu
31. Shri Mukul Balkrishna Wasnik

LOK SABHA SECRETARIAT

1. Smt.Anita Bhatt Panda - Additional Secretary
2. Shri Ved Prakash Nauriyal - Joint Secretary
3. Smt. Mamta Kemwal - Director
4. Shri Krishendra Kumar - Deputy Secretary
5. Shri Haokip Kakai - Executive Officer

INTRODUCTION

I, the Chairperson, Standing Committee on Social Justice and Empowerment (2022-23) having been authorized by the Committee to submit the Report on their behalf, do present this Forty-Eighth Report on the action taken by the Government on the Observations/Recommendations contained in the Thirty-Fifth Report of the Standing Committee on Social Justice and Empowerment (Seventeenth Lok Sabha) on 'Review of the Functioning of the National Minorities Development and Finance Corporation (NMDFC)' of Ministry of Minority Affairs.

2. The Thirty-Fifth Report was presented to Lok Sabha and laid in Rajya Sabha on 7.11.2022. The Ministry of Minority Affairs have furnished their replies indicating action taken on the recommendations contained in that Report on 5.8.2022. The Report was considered and adopted by the Standing Committee on Social Justice and Empowerment at their sitting held on 26.7.2023.

3. An analysis of the action taken by the Government on the recommendations contained in the Thirty-Fifth Report of the Standing Committee on Social Justice and Empowerment (Seventeenth Lok Sabha) is given in Appendix.

4. For facility of reference Observations/ Recommendations/ Comments of the Committee have been printed in bold in the body of the Report.

NEW DELHI;

26th July, 2023

4 Sravana, 1945 (Saka)

RAMA DEVI
Chairperson,
Standing Committee on
Social Justice and
Empowerment

CHAPTER - I

REPORT

The Report deals with the Action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-Fifth Report of the Standing Committee on Social Justice and Empowerment (Seventeenth Lok Sabha) on 'Review of the Functioning of the National Minorities Development and Finance Corporation (NMDFC)' of Ministry of Minority Affairs.

2. The Thirty-Fifth Report was presented to Lok Sabha and laid in Rajya Sabha on 05.08.2022. It contained 15 observations/recommendations. Replies of Government in respect of all the observations/recommendations have been examined and are categorized as under: -

- (i) Observations/Recommendations which have been accepted by the Government: - **(Total: 10 , Chapter: II)**
Rec.Para No. 3.25, 3.26, 3.27, 5.29, 5.30, 6.7, 7.11, 7.12, 8.8 & 9.10.
- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply: - **(Total: 3, Chapter: III)**
Rec. Para No.4.7, 3.28 & 5.31
- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: – **(Total: 2 , Chapter: IV)**
Rec. Para No.2.10 & 5.28
- (iv) Observations/Recommendations in respect of which replies of the Government are interim in nature: - **(NIL, Chapter:V)**
Rec. Para No.NIL

3. The Committee desire that action taken notes on the recommendations contained in Chapter-I of this Report may be furnished

to them at the earliest and in any case not later than three months of the presentation of this Report.

4. The Committee will now deal with the replies received from the Government which need reiteration or merit comments.

Recommendation (Para No.2.10)

5. The Committee, in their original Report, had recommended as follows:

“The Committee find that the equity structure of NMDFC has been revised six times since its inception in 1994 from ₹500.00 crore to ₹3,000.00 crore. The last revision was made in February 2015. However, the authorized Share Capital of the Central Government, as well as State Governments, have not reached the maximum level till date. The Central Government has contributed 89.95%, whereas State Governments have contributed only 49.71% up to 31.05.2022. The Committee are perturbed to note that some of the States/UTs viz., Arunachal Pradesh, Goa, Lakshadweep, Meghalaya, Sikkim, Telangana and Andaman & Nicobar Islands have not contributed even a single penny towards the equity of NMDFC. The Committee further note that the States of Andhra Pradesh, Assam, Bihar, Jharkhand, Madhya Pradesh, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh have contributed very meager amounts. They are surprised to note that all efforts made by NMDFC to maximize the equity from State Governments have remained futile. The Committee are unable to comprehend the reasons for such non-cooperative behavior of State Government, despite being regularly approached. Presumably, States are well aware that the availability of funds would enable NMDFC to enhance their capacity to fund welfare schemes of the Government in the interest of the targeted sections residing in the States. Hence, they must contribute. The Committee would, therefore, recommend that this issue needs to be placed at the highest level so that contribution from the defaulting States can be realized. The Committee would also like the Ministry to take appropriate measures to increase awareness among the deprived sections of the Minority Community to avail benefits under various Schemes of NMDFC.

The Committee note that NMDFC has approached the Ministry to increase the authorized share capital from ₹3,000 crore to ₹5,000 crore. They desire that the Ministry may examine and decide on it without further loss of time so that the proposal for increase in the authorized capital of NMDFC is approved”.

6. The Ministry of Minority Affairs, in their Action Taken Reply, have submitted as under:-

“NMDFC on its part is regularly approaching the concerned State Governments/UT Administration to contribute their earmarked share in the equity of NMDFC. Further, letters from Secretary, Ministry of Minority Affairs (MoMA), Govt. of India & CMD, NMDFC are also written on regular intervals to Chief Secretaries of the respective State Govt./UT Administration to contribute in the equity of NMDFC. Recently, Secretary, MOMA has written letters on 10th October, 2022 & by CMD, NMDFC to Chief Secretaries in the months of July-August, 2022 for contribution of their earmarked share in the Equity of NMDFC.

Ministry may like to take appropriate action *w.r.t* enhancing Authorised Share Capital of NMDFC from ₹3,000 crore to ₹6,000 crore. Request in this regard was also submitted to the Ministry vide NMDFC letter dated 26.9.2022.

NMDFC is already providing grant to its State Channelising Agencies (SCAs) to organize Loan Mela cum Awareness Camps in Minority Concentrated Districts/Blocks. Grant of ₹50,000 per camp is being released by NMDFC to SCAs to organize at least 10 Awareness Camps annually. During the F.Y 2021-22, the SCAs have organized 323 Loan Mela cum Awareness Camps in different parts of the country. Another 265 awareness camps have so far been organised during F.Y 2022-23. NMDFC has also taken up drive to generate awareness about its schemes on Social Media Platforms such as Facebook, Instagram, Twitter, Youtube with special focus in Minority Blocks. Success Stories of assisted beneficiaries are also being uploaded onto social media platforms to motivate target group to avail assistance under the schemes of NMDFC”.

7. The Committee had *inter-alia* recommended to the Ministry to place the matter relating to non-contribution of authorized Share Capital by several State Governments/ UT Administrations at highest level. Also, they had desired that the Ministry should examine and decide without further loss of time on the matter concerning increase in Authorized Share Capital of NMFDC from ₹3,000 crore to ₹6,000 crore. The Committee find from the Action Taken reply that letters from Secretary, Ministry of Minority Affairs and CMD, NMDFC are being written on regular intervals to the Chief Secretaries of the respective State/ UT Governments for contribution of their Authorized Share Capital. However, these efforts have not produced the desired results as the status continues to remain

the same. The Committee, while reiterating their earlier recommendation, recommend that the Ministry and NMDFC should explore ways and means so that the States/ UTs who have either not contributed or given a meager contribution, now start giving their share in the equity structure of NMDFC without further delay. The Committee would also like the Ministry to settle the matter of enhancing Authorised Share Capital of NMDFC from ₹3,000 crore to ₹6,000 crore without further delay since it is evident from the reply furnished to the Committee on this point that it is drafted by NMDFC and the Ministry has merely forwarded it without adding their input. The Committee desire to be apprised of their stand on the NMFDC letter dated 26.9.2022.

Recommendation (Para No.3.28)

8. The Committee, in their original Report, had recommended as follows:-

“The Committee are concerned to find that the beneficiaries from 8 States/UTs only have availed loans under the Micro-Finance Scheme since 2015-16 and the rate of interest charged on the loan sanctioned under the Scheme is 7% in Credit Line-1 and 10% in Credit Line-2. Maximum beneficiaries belong to West Bengal, Tamil Nadu, Kerala and Jammu & Kashmir. The Committee are of the strong view that the 7% and 10% interest rate charged from the beneficiaries by the State Channelizing Agencies is rather on the high side as the scheme is conceived to cater to the requirement of the poor members of the Self Help Groups to meet their livelihood particularly when the interest charged by NMDFC is only 1% from SCAs. To popularize the Microfinance Scheme, the Committee opine that the interest rate charged is required to be re-examined and revised so that a large number of individuals get attracted to the Scheme. The committee would like to be informed of the measures taken to popularize the Scheme in all the States/UTs”.

9. The Ministry of Minority Affairs, in their Action Taken Reply, have submitted as under:-

“The SCAs in the States of Himachal Pradesh, Uttrakhand, Rajasthan, Gujarat, Maharashtra & Sikkim are tying up with respective State Rural Livelihood Mission (SRLM) to utilize the SHGs formed and stabilized under SRLM program, for extending credit under the Micro-finance scheme of NMDFC. The detail of such SHGs & Federations have been shared with the SCAs to

facilitate in extending micro-credit. Further, Canara Bank has also provided micro-credit of ₹3.45 crore to 156 SHG members in the States of Andhra Pradesh, Assam, Bihar, Manipur, Meghalaya, Odisha & Telangana. Thus it may be seen that gradually micro-credit scheme are being implemented in other States/UTs as well, where in the recent past, this scheme was not being implemented.

It may be further stated that NMDFC provides higher interest margin to the SCAs as they are required to deploy manpower to evaluate readiness of SHGs to avail credit, monitor fund utilization and loan recovery. All the funding under micro-finance scheme has been under Credit Line-1 as the members of the SHGs are very poor and fall under income eligibility criteria of below double the poverty line. It may also be stated here that the rate of interest charged under Micro-finance scheme of NMDFC is one of the lowest in the micro-finance sector. Reducing interest rates would adversely affect viability of the scheme”.

10. The Committee had opined that the interest rates of 7% in Credit Line-1 and 10% in Credit Line-2 under the Micro-Finance Scheme of NMDFC are high particularly when NMDFC is charging only 1% interest from the SCAs and had desired that the interest rates be re-examined and revised in order to popularize the Scheme. The Ministry have, however, stated that the interest rate charged under Micro-Finance Scheme of NMDFC is one of the lowest in the Micro-Finance Sector and that reducing interest rates would adversely affect viability of the Scheme. The Committee had desired to reduce the interest rate keeping into consideration the fact that the Scheme is limited to very few States. As explained in the Action Taken Notes, the Scheme has picked up in some States after association of Canara Bank, hence the Committee would like to recommend to the Ministry to monitor the performance keenly and continuously explore ways and means to popularize the Scheme in all Minority concentrated areas/States.

Recommendation (Para No. 5.28)

11. The Committee, in their original Report, had recommended as follows:-

“The Committee note that the various Schemes of NMDFC are implemented by State Channelizing Agencies (SCAs) nominated by the State Governments/ UTs Administrations. These SCAs are corporations registered under the

Companies Act and the funds to SCAs are released against Sovereign Guarantee issued by respective State Governments/UT Administrations. NMDFC has 45 SCAs in 27 States and 8 UTs. Presently 39 SCAs are operational while 6 SCAs are non-operational mainly due to reasons like pending General Loan Agreement and furnishing of Sovereign Guarantee by the respective State Governments/UTs. The Committee note that despite the best efforts of NMDFC, some SCAs could not be made operational in a large number of States/UTs *i.e.* Assam, Bihar, Chhattisgarh, Haryana, Nagaland, Mizoram, Punjab, Puducherry, Tripura, Gujarat, Rajasthan and Uttar Pradesh, as they did not settle the overdues. The Committee find that NMDFC has tied up with Canara Bank for the implementation of their Schemes in August 2021. This experiment so far has helped to implement the Schemes. However, the Committee are apprehensive that since the Banks also have to run their own business, it has to be ensured that the Schemes of NMDFC are given due attention and importance by the Bank. The Committee further feel that NMDFC should explore further for tie ups with other regional Banks. The Committee are also of the view that the role of State Governments/UT Administrations is more important in the implementation of the NMDFC Schemes as these schemes are welfare-oriented and the successful implementation of these schemes reflects the sensitivity of the Governments towards targeted sections of the Minority Communities. The Committee, therefore, recommend that the State Governments, which have shown the least interest/indifference should be convinced about the potential benefits of the Schemes and brought on board so that the issues, if any, are resolved and the schemes are implemented by them”.

12. The Ministry of Minority Affairs, in their Action Taken Reply, have submitted as under:-

“NMDFC is continuously making sincere efforts for early resumption of NMDFC program in the States which are not functional. The State Agencies which are unable to repay their long pending overdues are pursued to settle over-dues either under One Time Settlement (OTS) Scheme or re-scheduling of over-dues, duly backed by the respective State Govt. Senior Officers of NMDFC are also undertaking visits personally to interact with senior State Govt. officials to convince them for early settlement of over-dues and start resumption of NMDFC program in the State. The team has already visited the States of Assam, Bihar, Punjab, Chhattisgarh & Uttar Pradesh. The visiting team is briefing the State Government about the benefit of concessional credit schemes of NMDFC and the availability of grant under Grant-in-Aid Scheme of Ministry to revive, improve the loan administration and recovery capability of the SCAs. The issue for settlement of over-dues & resumption of NMDFC financing scheme is also being regularly taken up at the level of Secretary, MoMA, Government of India with the concerned State Government. Recently, Secretary, MOMA has written letters on 10th October, 2022 & by CMD, NMDFC

to Chief Secretaries in the months of July-August, 2022, for settlement of overdues so that implementation of NMDFC schemes can resume in these States.

NMDFC is also in the process of finalizing tie-up with other Public Sector Banks for implementing its schemes. This shall help in coverage of beneficiaries under NMDFC schemes in States/UTs which are not functional presently”.

13. The Committee were concerned as several SCAs could not be made functional in a large number of States owing to non-settlement of dues and hence they had recommended the Ministry to convince the State Governments about the potential of the Welfare Schemes so that they resolve the pending issues. The Ministry have informed about various steps taken in the matter, for example, through physical visits of their team to such States, meetings at Secretary level, reminder letters etc. While the Committee do hope that some progress will be made on the matter and would like to be apprised of the same at action taken stage, they recall that a system of Central Nodal Agency/State Nodal Agency has since been put in place for better financial management of CS or CSS Schemes. They desire to be apprised by the Ministry on how NMFDC can be better equipped through such measures, if any, on this matter, so that settlement of State dues gets normalized.

CHAPTER-II
OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY
THE
GOVERNMENT

(Recommendation Para No.3.25)

The Committee are constrained to note that the credit schemes of NMDFC namely Term Loan scheme, Educational loan scheme, Virasat scheme and Micro Financing Scheme, which are meant for providing concessional loans for self-employment and income generation activities have not benefitted the notified Minority population of over 23 crore in the Country, as per 2011 census. The Committee are further perturbed that there are no beneficiaries even in the States of Maharashtra, Bihar, Assam, Odisha and Telangana, where substantial minority population exists, under all the Credit Schemes of NMDFC. As per the information provided to the Committee, the Term Loan Scheme has been able to make inroads in 17 States/UTs, Educational loan scheme in 14 States/UTs and Virasat Scheme in only 3 States/UTs. The Committee feel that perhaps the implementation of these Schemes is flawed since it cannot be assumed that there is no demand for these Schemes in all States/UTs, from the Minority communities. The Committee, therefore, feel that the Ministry of Minority Affairs needs to re-examine their implementation strategy and identify factors which are becoming a hurdle in popularizing these Schemes in all the States/UTs and take requisite action to plug the flaws. The Committee also suggest that perhaps there are more successful similar schemes run by State Governments, hence the utility of the NMDFC schemes may be examined in the light of the similar schemes made available by the State Governments/UT Administrations and such Schemes may be discontinued/revamped if found to be not preferred over the schemes of State Governments. The Committee may be apprised of the outcome of the action taken by the Ministry in this regard.

Reply of the Government

The schemes of NMDFC are well received by the target group which is evident from the increase in loan disbursed during the last 8 years, starting from 2014-15. Nearly 65% of total loan has been disbursed by NMDFC during last 8 years. NMDFC is gradually increasing its loan coverage on a year to year basis, based on fund available at its disposal. The number of State Channelising Agencies (SCAs) implementing its schemes has come down because of accumulation of over dues. NMDFC has offered One Time Settlement (OTS) to the concerned SCAs/States including of Assam & Bihar to settle overdues. The State Govts are being pursued to settle over dues for resumption of financing through the SCAs. Letters in this regard have been written by Secretary, MOMA on 10th October, 2022 & by CMD, NMDFC in the months of July- August, 2022 to Chief Secretaries of the concerned States. Recently, officials from NMDFC have also visited States of Punjab, Uttar Pradesh,

Assam, Bihar, Chhatisgarh and held meetings with senior State Govt. officials for settlement of over dues. In case of Telangana, the State Govt. has informed that it is unwilling to nominate an agency to implement NMDFC schemes. In Maharashtra, focus of the SCA is to primarily implement Education Loan.

NMDFC is already providing concessional credit however, Interest Subsidy and/or Capital Subsidy as being provided by some States, is not a viable proposition and hence cannot be replicated by NMDFC. It may be mentioned here that NMDFC has tied-up with Canara Bank and through it provided loan to its target groups of ₹15.00 crs during 2021-22. The Canara bank has extended credit under the Term Loan, Virasat Scheme & Micro Credit Scheme in States such as Assam, Arunachal Pradesh, Meghalaya, Manipur, Madhya Pradesh, Nagaland, Punjab, Andhra Pradesh, Telangana, UT of Lakshadweep where SCAs are not operational. Further, ₹80.00 crs has been allocated for Canara Bank during 2022-23 and it has already drawn ₹20.00 crs. It is expected that more credit shall flow in States/UTs where SCAs are not yet functional. Tie-up with more scheduled commercial banks is also being explored for credit extension through them on the lines of Canara Bank. With activation of additional banking channels, the coverage of NMDFC schemes across the country is expected to considerably increase.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.3.26)

The NMDFC extends Educational loans intending to facilitate job-oriented education for eligible persons belonging to minority communities. The Committee are astonished to find that only 16,011 beneficiaries have availed assistance under the Educational Loan Scheme of NMDFC in the last five years. Besides, the Ministry has provided the information of the beneficiaries under Education Loan Scheme for 14 States/UTs only. The Committee are quite perturbed to note that the States having a large population of minority Communities viz., Maharashtra, Bihar, Punjab and Assam do not have even a single beneficiary under the Educational Loan Scheme and wonder whether adequate awareness is missing about the Scheme. The Committee also find that some of the applications received for education loans were not considered due to the non-submission of required documents. They feel that every effort should be made by NMDFC/SCAs to provide the necessary assistance to applicants so that their applications are not rejected for lack of documents, particularly when achievement under the Education Loan Scheme is quite dismal. The Committee are also livid that the SCAs do not maintain the data of the candidates who are gainfully employed after they completed their education with the loan from NMDFC because such data only can ascertain the success of the scheme in not only fulfilling the objective but also to ensure that the loan sanctioned is paid back by the beneficiaries otherwise there are chances of the loan remaining

unpaid in case the beneficiaries stay unemployed for long. The Committee are also of the strong opinion that the quantum of Education Loans needs to be periodically assessed in the light of the rising cost of education so that students availing of loans do not face financial crisis during their studies and drop out.

Reply of the Government

Within the fund available with NMDFC, focus of NMDFC scheme has been to provide concessional credit for income generation activities under the Term Loan & Micro-finance scheme. Fund to the tune of 20% of the Term Loan are utilized under Education Loan. Recently, based on the field level demand, funding limit under Education Loan scheme are proposed to be increased from 20% to 30% of the Total Loan Portfolio, for greater coverage under the scheme. In Maharashtra mainly Education Loan has been disbursed by the SCA of NMDFC in the State. Disbursement in Assam, Bihar & Punjab could not materialize due to pending settlement of over dues by the respective SCA/State Govt. NMDFC has offered One Time Settlement (OTS) to these States and regular follow-up is being carried out so that the overdue amount gets settled and implementation of NMDFC schemes including Education Loan scheme can start in these States. Meanwhile after tie-up with scheduled commercial banks, it is expected that concessional credit for all schemes including Education Loan scheme would start to flow in all the States. It may further be mentioned here that the SCAs do not reject Education Loan application but these are only deferred due to non submission of required documents by the applicant. The SCAs in fact guide and help such student to complete the loan documentation to enable access to Education Loan to pursue higher studies. It is also gathered from the Impact Study got conducted by MDI that nearly 80% of the students financed under Education Loan scheme of NMDFC got gainfully employment with 77% employed in Govt/Pvt sector and 3% are self employed. Presently the quantum of loan available under Education Loan scheme of NMDFC is at par with those of scheduled commercial banks and if required, the same would be revised based on field level demand.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.3.27)

The Committee noted that Virasat Scheme was started in 2018-19 to meet the credit requirements of the artisans in terms of working capital as a large number of artisans belonging to Minority Communities face a cash crunch to meet their working capital for the purchase of raw material. It seem to the Committee that the Scheme did not pick up initially as only 8 persons from Jammu & Kashmir and 73 persons from Gujarat could get benefit from this Scheme in 2018-19 and 2019-20,

respectively. However, later the Scheme picked up with the association of Canara Bank as they have reportedly assisted 298 artisans in 2021-22. The Committee believe that since the Scheme is relatively new and the COVID Pandemic was prevalent during the major part of the period 2018-2021, it did not perform so well. However with the recent spurt in the number of beneficiaries, the Committee are hopeful that the Scheme will be successful as it has shown encouraging results with the association of Canara Bank. The Committee would like to see more Public Sector Banks and Regional Rural Banks associated with the Scheme so that the benefits are availed by craftsmen and traditional artisans all over the Country. The Committee would also like the Ministry to take effective measures to popularize the Scheme among artisans, particularly in rural and semi-urban areas so that many regional traditional crafts, which are on the verge of extinction, can be preserved. The Ministry should also collect feedback/suggestions from all the stakeholders to introduce changes that might be required to further promote the Scheme among artisans belonging to minority communities.

Reply of the Government

Initially, the Virasat scheme did not pick-up but with the association of Canara Bank, the scheme has picked up and 298 artisans were covered under the scheme during F.Y. 2021-22 by Canara Bank. Overall 498 artisans have been covered under the scheme during F.Y. 2021-22 and another 167 artisans have been financed so far till 25.10.2022 during F.Y 2022-23. Thus it may be seen that the scheme is gradually picking up. With the association of more scheduled banks, the coverage of artisans under Virasat scheme is expected to increase further. Moreover, based on the ground level feedback, recently in February, 2022, artisans with higher annual income of upto ₹8.00 lacs have also been considered under the Credit Line-2.

MoMA on its part is also taking initiative to popularize this scheme by placing one Stall exclusively to promote Virasat Scheme during the Hunar Haats in different parts of the country being organized by the Ministry. Officials of Canara Bank/NMDFC/SCA are deputed during the Fair for providing information and Application Form to the Artisans. Further, the USTTAD scheme of the Ministry is specifically aimed at helping the artisans to preserve the traditional art which are on the verge of extinction.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.5.29)

The Committee are constrained to note that SCAs of NMDFC take 30-35 days to sanction loans and other sister corporations of NMDFC have prescribed 120 days for sanction and disbursement of the loans. The period is rather long when Banks normally take 15-20 days to sanction loans. The Committee are not convinced with the reason that the slow process for sanctioning loans is due to the non-availability of field infrastructure and manpower with SCAs and lack of automation as the Ministry has a provision for Grant-in-Aid to strengthen the Credit delivery system and

recovery infrastructure of SCAs. Besides most of the States have now developed strong automated systems for financial work. The Committee are of the strong view that NMDFC need to suggest suitable steps to the SCAs to streamline/expedite the loaning process as the time consumed in sanctioning the loan must be substantially reduced. It may be too early for the Committee to comment on the recent advisory issued to SCAs to simplify the documents to be submitted with the application and automation of the loan process, decentralization of authority to sanction loans etc. unless the time currently consumed by SCAs/NMDFC in sanctioning is actually reduced to 15-20 days soon. The Committee would therefore like to be apprised of the impact of this advisory at the action taken stage. They recommend that NMDFC should not lose any time now to develop a mechanism to regularly monitor the loaning process, ensuring that steps suggested by them are followed by SCAs and the time consumed in sanctioning loans is brought down.

Reply of the Government

Most of the SCAs have started to implement NMDFC schemes by seeking minimum documents to simplify the loan sanction process. This has helped to cut down the loan sanction time in most cases to 15-20 days. Further the loan application apps developed by a number of SCAs in the States of Himachal Pradesh, Haryana, Chandigarh, Gujarat, Maharashtra, Karnataka etc. has also helped to speed up the loan sanction process. NMDFC regularly monitors the fund utilization at the level of SCAs by seeking monthly utilization reports from the SCAs.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.5.30)

The Committee are deeply concerned to find that the Non-Performing Assets (NPAs) of NMDFC are to the tune of ₹18.16 crore in respect of SCAs/NGOs and that an amount of ₹223.85 crore is overdue on the State Governments/UT Administrations as on 31st March 2022. The Committee are unable to understand the reasons why NPAs of NMDFC and the pending dues of States/UTs have accumulated to such a high level particularly when NMDFC has the option of One Time Settlement Scheme and re-scheduling of these pending dues to settle the account of SCAs. The Committee at the same time believe that banning of defaulter SCAs should be used rarely by NMDFC since welfare schemes can be run by the State only. Instead, efforts should be focused on evolving a system that takes care of any lacunae which leads to defaulting in payment. For speedy recovery of overdues, the Committee desire that the Ministry should take up the matter of NPAs/pending dues of SCAs with State Governments and convince them to help their respective SCAs by providing soft loans/grants to settle the dues for resumption of implementation of the schemes of NMDFC in their States.

Reply of the Government

As explained, NMDFC is pursuing its SCAs to settle over-dues either under One Time Settlement (OTS) Scheme or re-scheduling of over-dues duly backed by the respective State Government. The State Government are also requested to help the SCAs to settle the overdues for resumption of financing. NMDFC has been following up with the concerned SCAs for settlement of overdues from the very beginning instance of default. However the SCAs with limited financial resources were unable to settle overdues. The overdues have gradually increased with the outstanding loan amount increasing with passage of time.

The issue for settlement of over-dues & resumption of NMDFC financing scheme is also being regularly taken up at the level of Secretary, MoMA, Government of India with the concerned State Governments. Recently, Secretary, MOMA has written letters on 10th October, 2022 & by CMD, NMDFC to Chief Secretaries in the months of July-August, 2022, for settlement of overdues so that implementation of NMDFC schemes can resume in these States.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.6.7)

The Committee noted that the Grant-in-Aid of ₹2.00 crore earmarked annually is provided by the Ministry to SCAs through NMDFC. However, the amount sanctioned under Grant-in-Aid during the year 2016-17, 2017-18, 2019-20 were ₹1.27 crore, ₹0.30 crore and ₹1.925 crore respectively and that it was reduced at the RE stage to ₹0.965 crore from ₹2.00 crore in the year 2020-21. The Committee strongly believe that as various Schemes of NMDFC are being implemented through SCAs, the infrastructure, adequate manpower, computerization and strong mechanism for capacity building of SCAs should be the utmost priority of the NMDFC/Ministry. The Ministry has already admitted before the Committee that one of the reasons for the poor implementation of the Schemes of NMDFC is weak infrastructure of SCAs. It is a matter of concern that despite the availability of funds, the same were not used. Since NMDFC is the nodal organization to disburse the funds, they should have examined the lacunae and plugged them in time so that the funds meant for building the infrastructure of SCAs are fully utilized. The Committee note that SCAs in 15 States have availed Grant-in-Aid during the last five years and the Grant-in-Aid provided to these SCAs was not fully utilized as out of ₹633.50 lakh granted to these SCAs only ₹404.50 lakh could be utilized. The Committee desire to know if NMDFC made any efforts to find out reasons for this huge gap between the funds released and utilized. The Committee would like the Ministry/NMDFC to develop requisite oversight so that the funds meant for Grant-in-Aid are utilized fully. The Committee are also not convinced of an increase in budgetary allocation from ₹2.00 crore to ₹5.00 crore particularly when the available funds of ₹2.00 crore could not be utilized in 2016-17, 2017-18, 2019-20. The Committee would therefore like the Ministry to

take appropriate steps so that the funds allocated are fully utilized for upgrading the infrastructure of SCAs.

Reply of the Government

The funds under GIA scheme are allocated to SCAs based on their past performance with a maximum amount of ₹25.00 Lakhs per SCA annually. The funds are utilized by active SCAs in a timely manner; however some of the SCAs take long time in utilizing the GIA funds and as a result the Utilization Certificate (UC) from these SCAs are delayed. Till such time the UCs are received from all SCAs, full utilization cannot be furnished by NMDFC to the Ministry of Minority Affairs for release of GIA funds for the next financial year. The SCAs are regularly contacted for expediting submission of UCs.

Further, NMDFC has made efforts to find out the main reasons for gap between the fund released and utilized. It was observed that since activities considered under GIA fund are ongoing in nature & utilization is spread over a financial year, so UCs are delayed. In order to obtain timely utilization of fund and improve the weak infrastructure of SCAs, the revised GIA scheme has since been approved by the Government. The following changes have been incorporated:-

- a). Annual allocation under GIA scheme have been increased from ₹2.00 Crs. to ₹5.00 Crs.
- b). Both active and potential SCAs which are expected to become active would be eligible for GIA funds.
- c). The SCAs in North Eastern states & hilly areas would be considered for higher allocations.
- d). Non-functional SCAs are to be provided allocation of Rs.25.00 Lacs on becoming operational as hand holding support.
- e). The maximum annual amount per SCA has been increased from Rs.25.00 Lacs to 40.00 Lacs.
- f) Provision for engaging manpower for data entry, loan application processing, accounting work have also been incorporated.

It is expected that with the above measures, the utilization of GIA funds would be expedited and the allocated funds would be fully utilized by the SCAs.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.7.11)

The Committee note that the financial assistance under Credit Line-1 is provided to the persons of Minority Communities having an annual family income of ₹98,000/- in rural areas and ₹1.20 lakh is urban areas. Under Credit Line-2, the benefits are available to persons with an annual family income of up to ₹8.00 lakh. The Committee are, however, surprised to find that the number of beneficiaries under Credit Line-2 is substantially less in comparison to Credit Line-1 as the number of

beneficiaries under Credit Line-1 and Credit Line-2 was 4,30,557 and 34,892 respectively from 2017-18 to 2019-20. As the number of beneficiaries under Credit Line-1 is substantially less in urban areas in comparison to rural areas, the Committee feel that the NMDFC should try to perform better in urban areas in Credit Line-1. The Committee also desire that the annual family income limit for the beneficiaries under Credit Line-1 for urban areas should be increased after considering the increased average annual family income in urban areas so that more persons belonging to economically weaker minority communities could get the benefits under various schemes of NMDFC at a lower rate of interest. The Committee also desire that the reasons why Credit Line-2 has not picked up should be examined since the annual income limit set in 2014-15 was increased in 2019-20 for wider outreach.

Reply of the Government

The schemes of NMDFC are aimed at providing concessional credit for income generation activities to the poorest amongst the Minority Communities. The annual income eligibility criterion of double the poverty line under Credit line -1 is fixed by the Govt. to cater to the poorest within the target groups. The annual income under Credit line-1 is based on the poverty line estimates issued by the Niti Ayog, from time to time. As most of the poor persons from the target groups reside in the rural areas, thus the coverage under Credit Line-1 is more in the rural areas. Persons in the Urban areas have better income and capacity and it is for this purpose the Credit Line-2 was launched with annual family income of ₹8.00 lacs and comparatively higher quantum of loan & rate of interest. The rate of interest under Credit Line-2 though higher as compared to Credit Line-1, is still substantially lower in comparison to the rate offered by the scheduled commercial banks & private banks. Further concession of upto 2% is available for the women beneficiaries under Credit Line-2 and thus interest in their case becomes similar to that charged under the Credit Line-1. It may also be mentioned here that the respective State Governments & SCAs prefer to extend credit to poorest of the poor and thus Credit Line-1 is more popular as compared to Credit Line-2.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.7.12)

The Committee find that under the Kerala Model, a corpus has been created to provide insurance to the beneficiaries financed under NMDFC Schemes. In line with the Kerala Model, SCAs have been advised to get insurance for the beneficiary and assets financed, to protect the beneficiary and his family from any untoward incident. The Committee feel that if Kerala Model is replicated by all the States/UTs, it would save the SCAs who undertake the financing of a large number of beneficiaries from any default since in case of any untoward incident the claim can be realized by the SCAs. In tune with the advisory, the SCAs have now started providing insurance along with the loan in the States of Haryana, Himachal Pradesh, Uttarakhand, Rajasthan, Gujarat, Kerala, Tamil Nadu, Tripura, Chandigarh, Mizoram,

Jammu & Kashmir and Delhi. The Committee recommends that the provision of insurance for beneficiaries and their assets should be adopted and implemented by all the States/UTs to safeguard the beneficiaries and SCAs. The Committee would like to be apprised of the progress in this regard.

Reply of the Government

NMDFC has already issued advisory to all of its SCAs to do insurance of all the beneficiaries and their assets while disbursing funds under NMDFC Schemes. The SCAs have since reported compliance. Further, Loan Distress Relief Fund (LDRF) Scheme being implemented by 3 SCAs in Kerala has been circulated to all the SCAs for developing similar scheme. The SCA in West Bengal has also finalized to set-up a corpus on similar lines and approached the State Govt. for approval.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.8.8)

The Committee note that SCAs have been advised to organize awareness camps in areas with high minority concentration to disseminate information about the Schemes of NMDFC. As per the norms fixed, each SCA is allocated 10 awareness camps @ ₹50,000/- per camp at the beginning of each year. The Committee are constrained to observe that only 1077 camps could be organized between 2015-16 and 2021-22 in the States of Haryana, Himachal Pradesh, Kerala, Tamil Nadu, J&K, and Uttrakhand. In 2015-16, 2016-17 and 2021-22 only 85, 92 and 76 camps could be organized, respectively. The Committee would like to understand the reasons for which awareness camps could not be organized as envisaged even when financial assistance of Rs.50,000 was provided for organizing each camp. They recommend that the NMDFC/Ministry should identify the minority concentration districts in the country where the Schemes of NMDFC have not taken off well and more awareness camps should be organized particularly in those Districts/areas so that these schemes are able to attract the targeted population.

Reply of the Government

The details of the Awareness Camps organized by SCAs during the last 5 financial year's is as given below:-

Financial Year	No. of Awareness Camps Organised
2017-18	147
2018-19	163
2019-20	514
2020-21	Awareness Camps are not organized due to Covid
2021-22	323 (partially affected due to COVID)
2022-23	265

It may be seen from last 5 years' achievement that SCAs are now showing interest in organizing Awareness Camps. Further, the SCAs have been advised to organize

more awareness camps in areas with high minority concentration & backward areas to disseminate the information about the schemes of NMDFC. The SCAs are being regularly followed up to organize more awareness camps in the Minority Concentrated areas so that more demand for loan is generated. The SCAs have also been asked to invite local public representatives to participate in such awareness camps for greater publicity.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.9.10)

The Committee find that NMDFC organizes periodic meetings with the SCAs for reviewing schemes implementation, carrying out beneficiaries verification and impact study through independent expert agencies and directs SCAs to place their beneficiary data on the respective websites for monitoring of the implementation of all the Schemes. They further note that NMDFC monitors the utilization of funds disbursed to SCAs as further fund disbursement is based on the submission of utilization certificates for funds drawn earlier. Simultaneously SCAs have been delegated powers, requisite freedom and flexibility in identification of beneficiaries, sanction and disbursement of loans and recoveries. The Committee are surprised to find that despite a stringent monitoring mechanism, there are several instances of default by SCAs and a very low number of beneficiaries to the extent that there are NPAs to the tune of ₹105.13 crore and an amount of ₹223.85 crore being overdue on beneficiaries. Several States/UTs such as Punjab, Nagaland, Uttar Pradesh, Bihar, Mizoram, Assam, Puducherry, etc have defaulted. The Committee are of the strong view that a National level portal, which is proposed to be developed, can prove to be a milestone in making the information readily available and help taking quick decisions in case of any default. In this context, however, the Committee are perturbed to note that the NMDFC had floated tenders inviting the bids for the development of software but the process could not materialize as its cost was considered high. The Committee hope that the tenders will be floated again. They would appreciate if the consultation with NIC/NICSI on the matter is expedited and the software is developed in a time-bound manner without any further delay. The Committee would also like to suggest that once developed, all the SCAs must be asked to upload beneficiary data online onto the MIS portal of NMDFC so that the information is easily accessible for taking decisions and drawing future roadmap. The Committee may be apprised of the outcome of the measures taken in respect of the National Level Portal and uploading of beneficiary data on the MIS portal of the NMDFC in due course.

Reply of the Government

NMDFC has developed the web portal (mis.nmdfc.org) for uploading the beneficiary data by the SCAs in July, 2020. As on date, 28 SCAs are registered for making entries of beneficiary data on web portal. Out of 28 SCAs, 24 SCAs have uploaded the data on the web portal. The data of 1.46 lacs beneficiaries under Term loan

Scheme and data of 47,124 SHGs under Micro Finance scheme and disbursement details of approximate 2581.32 crs (as on 02.11.22) is available on the MIS portal .

NMDFC had earlier attempted to develop the software through NSDC, BSNL, Open Tender system, NIC & other sources. However these attempts were not successful resulting in delay in computerization. Now, NMDFC and ICICI Bank have signed an MoU on 23.08.2022 for development of financial accounting software and mobile app. The MoU provides for development of financial accounting software for NMDFC and SCAs, loan accounting software for receiving and processing of loan applications and accounting of repayments from beneficiaries. The development of software is in progress. Once software is developed, the beneficiary detail in respect of all the lending partners will be uploaded on the MIS portal. The existing software of the SCAs will be integrated with this software and SCAs not having the software will be given the access of this software. After commissioning of this software, the real time data of the beneficiaries, disbursement, and recovery of loans will be available with NMDFC & lending partners. With the commissioning of the software, close monitoring of the defaulting beneficiaries would be possible and this will ultimately help in improving grass root level recovery and bring down NPAs at the level of lending partners.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

CHAPTER- III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

(Recommendation Para No. 4.7)

The Promotional Schemes viz., Mahila Samridhi Yojana and Market Assistance Scheme are being run by NMDFC through the State Channelizing Agencies in the Country. Under Mahila Samridhi Yojana, training is given to a group of around 20 women in any suitable women-friendly craft activity whereas, in Marketing Assistance Scheme, NMDFC assists the SCAs in organizing State/ District level exhibitions at selected locations. The Committee are surprised to find that during the last five years, only 944 women from the States of Maharashtra, Rajasthan, Tripura, Uttrakhand, J&K and Uttar Pradesh have benefitted from the Scheme. The Committee are further surprised with the frequency of the exhibitions organized as only 17 exhibitions were organized in Jammu & Kashmir, Kerala, Gujarat and Nagaland in the six years period from 2016-17 to 2021-22 under Market Assistance Scheme. The Committee desire to be apprised of the reasons for the slow progress of these Schemes as well as the action envisaged by NMDFC to address any shortcomings leading to poor performance of the Schemes. They feel that only SCAs should not be made responsible for the poor implementation of these Schemes as the Ministry is expected to take concrete and continuous efforts for making their Schemes successful. Since the onus of the overall Performance lies with the Ministry as well as NMDFC, the Committee would like them to act now so that the noble objectives to provide micro-credit assistance after adequate training to minority women and marketing assistance to the members of the Minority Communities are not defeated.

Reply of the Government

Mahila Samridhi Yojana (MSY) and Marketing Assistance Scheme are purely grant based schemes implemented by NMDFC through State Channelising Agencies (SCAs) nominated by respective State Govt/UT Administrations. The expenditure for conducting MSY and Marketing Assistance is met with surplus generated by NMDFC from its operations. With limited resources, NMDFC allocates 2 MSY program with grant of ₹6.00 lacs for 40 candidates and 1 exhibition (amount sanctioned based on the duration and number of stalls) to each functional SCAs during the beginning of every financial year. It may be mentioned here that the Ministry vide its letter no. NMDFC-15014/2/2021-NMDFC-MOMA dated 27.10.2022 has advised NMDFC not to implement skilling or training schemes including MSY scheme. The skilling requirements of NMDFC's beneficiaries would be met through PM Vikas scheme to be launched by the Ministry.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.3.28)

The Committee are concerned to find that the beneficiaries from 8 States/UTs only have availed loans under the Micro-Finance Scheme since 2015-16 and the rate of interest charged on the loan sanctioned under the Scheme is 7% in Credit Line-1 and 10% in Credit Line-2. Maximum beneficiaries belong to West Bengal, Tamil Nadu, Kerala and Jammu & Kashmir. The Committee are of the strong view that the 7% and 10% interest rate charged from the beneficiaries by the State Channelizing Agencies is rather on the high side as the scheme is conceived to cater to the requirement of the poor members of the Self Help Groups to meet their livelihood particularly when the interest charged by NMDFC is only 1% from SCAs. To popularize the Microfinance Scheme, the Committee opines that the interest rate charged is required to be re-examined and revised so that a large number of individuals get attracted to the Scheme. The committee would like to be informed of the measures taken to popularize the Scheme in all the States/UTs.

Reply of the Government

The SCAs in the States of Himachal Pradesh, Uttarakhand, Rajasthan, Gujarat, Maharashtra & Sikkim are tying up with respective State Rural Livelihood Mission (SRLM) to utilize the SHGs formed and stabilized under SRLM program, for extending credit under the Micro-finance scheme of NMDFC. The detail of such SHGs & Federations have been shared with the SCAs to facilitate in extending micro-credit. Further, Canara Bank has also provided micro-credit of ₹3.45 crs to 156 SHG members in the States of Andhra Pradesh, Assam, Bihar, Manipur, Meghalaya, Odisha & Telangana. Thus it may be seen that gradually micro-credit scheme are being implemented in other States/UTs as well, where in the recent past, this scheme was not being implemented. It may be further stated that NMDFC provides higher interest margin to the SCAs as they are required to deploy manpower to evaluate readiness of SHGs to avail credit, monitor fund utilization and loan recovery. All the funding under micro-finance scheme has been under Credit Line-1 as the members of the SHGs are very poor and fall under income eligibility criteria of below double the poverty line. It may also be stated here that the rate of interest charged under Micro-finance scheme of NMDFC is one of the lowest in the micro-finance sector. Reducing interest rates would adversely affect viability of the scheme.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.5.31)

The Committee are surprised to find that the staff deployed at most of SCAs is inadequate even when there is a provision of Grant-in-Aid for SCAs. The Committee also find that the training of SCAs staff is not adequate as only 7 programs have been organized between 2016 to 2019. No programme has been organized thereafter. The Committee, however, does not find any guideline prescribed by NMDFC for a minimum staff strength of SCAs or their training. The Committee, therefore, desire that NMDFC should fix a minimum number of staff strength for each SCA and should ensure that the staff strength and infrastructure of each SCA are in tune with the prescribed standard, before those are appointed as SCA. The Committee would also like the NMDFC to periodically hold training for SCA staff and also direct each SCA to hold training at a particular interval locally.

Reply of the Government

The channelizing agencies for implementing NMDFC schemes are nominated by the respective State Government/UTs. These SCAs are under the administrative control of concerned State Government/UTs. The staff strength of the SCA is decided by the respective State Government/UT. NMDFC does not have any administrative control on it. However, NMDFC on its part has already taken up the matter with the State Government/UTs to strengthen the infrastructure of the SCAs, by deploying adequate number of staff in head office and at field level, for smooth implementation of NMDFC schemes.

Further, NMDFC has advised the SCAs to strengthen their loan administration & recovery infrastructure by engaging outsource staff, undertake automation and claim expenditure under revised Grant in Aid (GIA) Scheme, for effective implementation of NMDFC schemes.

During the current financial year *i.e.* 2022-23, NMDFC has already planned training for Officials of SCAs. The training is expected to commence from November, 2022.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

CHAPTER-IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED AND WHICH REQUIRE REITERATION.

(Recommendation Para No.2.10)

The Committee find that the equity structure of NMDFC has been revised six times since its inception in 1994 from ₹500.00 crore to ₹3,000.00 crore. The last revision was made in February 2015. However, the authorized Share Capital of the Central Government, as well as State Governments, have not reached the maximum level till date. The Central Government has contributed 89.95%, whereas State Governments have contributed only 49.71% up to 31.05.2022. The Committee are perturbed to note that some of the States/UTs viz., Arunachal Pradesh, Goa, Lakshadweep, Meghalaya, Sikkim, Telangana and Andaman & Nicobar Islands have not contributed even a single penny towards the equity of NMDFC. The Committee further note that the States of Andhra Pradesh, Assam, Bihar, Jharkhand, Madhya Pradesh, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh have contributed very meager amounts. They are surprised to note that all efforts made by NMDFC to maximize the equity from State Governments have remained futile. The Committee are unable to comprehend the reasons for such non-cooperative behavior of State Government, despite being regularly approached. Presumably, States are well aware that the availability of funds would enable NMDFC to enhance their capacity to fund welfare schemes of the Government in the interest of the targeted sections residing in the States. Hence, they must contribute. The Committee would, therefore, recommend that this issue needs to be placed at the highest level so that contribution from the defaulting States can be realized. The Committee would also like the Ministry to take appropriate measures to increase awareness among the deprived sections of the Minority Community to avail benefits under various Schemes of NMDFC. The Committee note that NMDFC has approached the Ministry to increase the authorized share capital from ₹3,000 crore to ₹5,000 crore. They desire that the Ministry may examine and decide on it without further loss of time so that the proposal for increase in the authorized capital of NMDFC is approved.

Reply of the Government

NMDFC on its part is regularly approaching the concerned State Governments/UT Administration to contribute their earmarked share in the equity of NMDFC. Further, letters from Secretary, Ministry of Minority Affairs (MoMA), Government of India & CMD, NMDFC are also written on regular intervals to Chief Secretaries of the respective State Government/UT Administration to contribute in the equity of NMDFC. Recently, Secretary, MOMA has written letters on 10th October, 2022 & by CMD, NMDFC to Chief Secretaries in the months of July-August, 2022 for contribution of their earmarked share in the Equity of NMDFC. Ministry may like to take appropriate action *w.r.t* enhancing Authorised Share Capital of NMDFC from

₹3,000 crs to ₹6,000 crs. Request in this regard was also submitted to the Ministry vide NMDFC letter dated 26.9.2022. NMDFC is already providing grant to its State Channelising Agencies (SCAs) to organize Loan Mela cum Awareness Camps in Minority Concentrated Districts/Blocks. Grant of ₹50,000 per camp is being released by NMDFC to SCAs to organize at least 10 Awareness Camps annually. During the F.Y 2021-22, the SCAs have organized 323 Loan Mela cum Awareness Camps in different parts of the country. Another 265 awareness camps have so far been organised during F.Y 2022-23. NMDFC has also taken up drive to generate awareness about its schemes on Social Media Platforms such as Facebook, Instagram, Twitter, Youtube with special focus in Minority Blocks. Success Stories of assisted beneficiaries are also being uploaded onto social media platforms to motivate target group to avail assistance under the schemes of NMDFC.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

(Recommendation Para No.5.28)

The Committee note that the various Schemes of NMDFC are implemented by State Channelizing Agencies (SCAs) nominated by the State Governments/ UTs Administrations. These SCAs are corporations registered under the Companies Act and the funds to SCAs are released against Sovereign Guarantee issued by respective State Governments/UT Administrations. NMDFC has 45 SCAs in 27 States and 8 UTs. Presently 39 SCAs are operational while 6 SCAs are non-operational mainly due to reasons like pending General Loan Agreement and furnishing of Sovereign Guarantee by the respective State Governments/UTs. The Committee note that despite the best efforts of NMDFC, some SCAs could not be made operational in a large number of States/UTs i.e. Assam, Bihar, Chhattisgarh, Haryana, Nagaland, Mizoram, Punjab, Puducherry, Tripura, Gujarat, Rajasthan and Uttar Pradesh, as they did not settle the overdues. The Committee find that NMDFC has tied up with Canara Bank for the implementation of their Schemes in August 2021. This experiment so far has helped to implement the Schemes. However, the Committee are apprehensive that since the Banks also have to run their own business, it has to be ensured that the Schemes of NMDFC are given due attention and importance by the Bank. The Committee further feel that NMDFC should explore further for tie ups with other regional Banks. The Committee are also of the view that the role of State Governments/UT Administrations is more important in the implementation of the NMDFC Schemes as these schemes are welfare-oriented and the successful implementation of these schemes reflects the sensitivity of the Governments towards targeted sections of the Minority Communities. The Committee, therefore, recommend that the State Governments, which have shown the least interest/indifference should be convinced about the potential benefits of the Schemes and brought on board so that the issues, if any, are resolved and the schemes are implemented by them.

Reply of the Government

NMDFC is continuously making sincere efforts for early resumption of NMDFC program in the States which are not functional. The State Agencies which are unable to repay their long pending overdues are pursued to settle over-dues either under One Time Settlement (OTS) Scheme or re-scheduling of over-dues, duly backed by the respective State Govt. Senior Officers of NMDFC are also undertaking visits personally to interact with senior State Govt. officials to convince them for early settlement of over-dues and start resumption of NMDFC program in the State. The team has already visited the States of Assam, Bihar, Punjab, Chhattisgarh & Uttar Pradesh. The visiting team is briefing the State Governments about the benefit of concessional credit schemes of NMDFC and the availability of grant under Grant-in-Aid Scheme of Ministry to revive, improve the loan administration and recovery capability of the SCAs. The issue for settlement of over-dues & resumption of NMDFC financing scheme is also being regularly taken up at the level of Secretary, Ministry of Minority Affairs, Government of India with the concerned State Governments. Recently, Secretary, MOMA has written letters on 10th October, 2022 & by CMD, NMDFC to Chief Secretaries in the months of July-August, 2022, for settlement of overdues so that implementation of NMDFC schemes can resume in these States.

NMDFC is also in the process of finalizing tie-up with other Public Sector Banks for implementing its schemes. This shall help in coverage of beneficiaries under NMDFC schemes in States/UTs which are not functional presently.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. LAFEAS-SJ&E014/34/2022-CSJE dated 05th August, 2022)

CHAPTER-V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF
THE GOVERNMENT ARE INTERIM IN NATURE.

NIL

NEW DELHI;

26th July, 2023

4 Sravana, 1945 (Saka)

RAMA DEVI
Chairperson,
Standing Committee on
Social Justice and
Empowerment

APPENDIX-I

MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON SOCIAL JUSTICE AND EMPOWERMENT (2022-23) HELD ON WEDNESDAY, 26TH JULY, 2023.

The Committee met from 1030 hrs. to 1100 hrs. in Chairperson's Chamber, Room No. 113, E-PHA, Block 'B', Extension Building, New Delhi.

PRESENT

SMT. RAMA DEVI - CHAIRPERSON

MEMBERS

LOK SABHA

2. Smt. Sangeeta Azad
3. Shri Chhatar Singh Darbar
4. Shri Abdul Khaleque
5. Smt. Geeta Kora
6. Smt. Supriya Sadanand Sule
7. Smt. Rekha Arun Verma

RAJYA SABHA

8. Smt. Sumtira Balmik
9. Smt. Ramilaben Becharbhai Bara
10. Smt. Geeta alias Chandraprabha
11. Shri Narayan Koragappa
12. Smt. Mamata Mohanta
13. Shri Mukul Balkrishna Wasnik

SECRETARIAT

1. Smt. Anita Bhatt Panda - Additional Secretary
2. Smt. Mamta Kemwal - Director
3. Shri Krishendra Kumar - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the following draft Reports:

(i) Forty-Eighth Report on the Action taken by the Government on the Observations/Recommendations of the Committee contained in their Thirty-Fifth Report of the Standing Committee on Social Justice and Empowerment (Seventeenth Lok Sabha) on 'Review of the Functioning of the National Minorities Development and Finance Corporation (NMDFC)' of Ministry of Minority Affairs.

(ii) XX XX XX XX

(iii) XX XX XX XX

3. The Chairperson then requested the Members to give their suggestions, if any, on the draft Reports. The Report was adopted by the Committee without any modifications.

4. The Committee then authorized the Chairperson to finalize the draft Report and to present the same to both the Houses on the ensuing session.

The Committee then adjourned.

XX Does not pertain to this Report.

APPENDIX-II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY-FIFTH REPORT ON 'REVIEW OF THE FUNCTIONING OF NATIONAL MINORITIES DEVELOPMENT AND FINANCE CORPORATION (NMDFC)' OF THE MINISTRY OF MINORITY AFFAIRS.

	Total	Percentage
I. Total number of Recommendations	15	
II. Observations/ Recommendations which have been accepted by the Government- Rec. Para No.3.25,3.26, 3.27, 5.29, 5.30, 6.7, 7.11, 7.12, 8.8 & 9.10	10	67%
III. Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply:- Rec. Para No.4.7,3.28, & 5.31	03	20%
IV. Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:- Rec. Para No.2.10 & 5.28	02	13%
V. Observations/Recommendations in respect of which replies of the Government are interim in nature:- Rec. Para No. NIL	00	00
		100%