

**STANDING COMMITTEE ON SOCIAL JUSTICE AND
EMPOWERMENT (2018-2019)**

(SIXTEENTH LOK SABHA)

**MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT
(DEPARTMENT OF SOCIAL JUSTICE AND
EMPOWERMENT)**

Action taken by the Government on the observations/recommendations contained in the Fifty-fourth Report (Sixteenth Lok Sabha) of the Standing Committee on Social Justice and Empowerment (2018-19) on "Impact Analysis of the Micro-Credit Finance Schemes of the National Scheduled Castes Finance and Development Corporation (NSFDC)" of the Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment).

SIXTY-SEVENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2019/Magha, 1940 (Saka)

SIXTY-SEVENTH REPORT

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(2018-19)

(SIXTEENTH LOK SABHA)

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Presented to Lok Sabha on 13.02.2019

Laid in Rajya Sabha on 13.02.2019



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2019/Magha, 1940 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON SOCIAL JUSTICE AND EMPOWERMENT (2018-19)

SHRI RAMESH BAIS - CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Kanti Lal Bhuria
3. Shri Santokh Singh Chaudhary
4. Shri Rajendra Gavit
5. Shri Sher Singh Ghubaya
6. Shri Jhina Hikaka
7. Shri Faggan Singh Kulaste
8. Shri Sadashiv Kisan Lokhande
9. Smt. K. Maragatham
10. Shri Kariya Munda
11. Shri Asaduddin Owaisi
12. Shri Tapas Paul
13. Dr. Udit Raj
14. Smt. Satabdi Roy (Banerjee)
15. Kunwar Bharatendra Singh
16. Prof. Sadhu Singh
17. Smt. Mamata Thakur
18. Shri Mansukhbhai Dhanjibhai Vasava
19. Dr. Karan Singh Yadav
20. Shri Tej Pratap Singh Yadav
- 21*. Vacant

RAJYA SABHA

22. Smt. Jharna Das Baidya
23. Shri Abir Ranjan Biswas
24. Shri Chunibhai Kanjibhai Gohel
25. Smt. Sarojini Hembram
26. Dr. Narendra Jadhav
27. Smt. Kanta Kardam
28. Smt. Vijila Sathyananth
29. Smt. Wansuk Syiem
30. Smt. Chhaya Verma
31. Shri Ramkumar Verma

* Shri Ch. Malla Reddy has resigned his seat in Lok Sabha w.e.f. 14.12.2018.

LOK SABHA SECRETARIAT

- | | | | |
|----|---------------------|---|-------------------|
| 1. | Smt. Anita B. Panda | - | Joint Secretary |
| 2. | Smt. Mamta Kemwal | - | Director |
| 3. | Smt. Shilpa Kant | - | Committee Officer |

INTRODUCTION

I, the Chairperson, Standing Committee on Social Justice and Empowerment (2018-19) having been authorized by the Committee to submit the Report on their behalf, do present this Sixty-seventh Report on the action taken by the Government on the observations/recommendations contained in the Fifty-fourth Report (Sixteenth Lok Sabha) of the Standing Committee on Social Justice and Empowerment on "Impact Analysis of the Micro-Credit Finance Schemes of the National Scheduled Castes Finance and Development Corporation (NSFDC)" relating to the Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment).

2. The Fifty-fourth Report was presented to Lok Sabha and laid in Rajya Sabha on 9th August, 2018. The Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) furnished their replies indicating action taken on the recommendations contained in that Report on 12th December, 2018. The Report was considered and adopted by the Standing Committee on Social Justice and Empowerment at their sitting held on 12.02.2019.

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

4. For facility of reference observations/recommendations/comments of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;

12 February, 2019
23 Magha, 1940 (Saka)

RAMESH BAIS
Chairperson,
Standing Committee on
Social Justice and
Empowerment

CHAPTER - I

REPORT

1.1 This Report deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-fourth Report (Sixteenth Lok Sabha) on "Impact Analysis of the Micro-Credit Finance Schemes of the National Scheduled Castes Finance and Development Corporation (NSFDC)" of the Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment).

1.2 The Fifty-fourth Report was presented to Lok Sabha/laid in Rajya Sabha on 9th August, 2018. It contained 13 Observations/Recommendations. Replies of the Government in respect of all the Observations/Recommendations have been received and are categorized as under: -

- (i) Observations/Recommendations which have been accepted by the Government :

Paragraph Nos. 1.13, 1.40, 2.18, 3.20, 3.28, 3.34, 4.15 and 4.17

(Total : 8, Chapter II)

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply:

Paragraph No. 1.49

(Total: 1, Chapter-III)

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted and which require reiteration :

Paragraph No. 3.13

(Total : 1, Chapter-IV)

- (iv) Observations/Recommendations in respect of which replies of the Government are of interim in nature:

Paragraph Nos. 2.35, 3.38 and 5.8

(Total: 3, Chapter- V)

1.3 The Committee desire that Action Taken Replies on the Observations/Recommendations contained in Chapter-I and final action taken notes in respect of the Recommendations contained in Chapter-V of this Report for which interim replies have been given by the Government may be furnished at the earliest and in any case not later than three months after the presentation of this Report.

1.4 The Committee will now consider some of the replies received from the Ministry which need reiteration or merit comments.

A. Measures for better implementation of Micro Credit Schemes of NSFDC

Recommendation (Para 1.40)

1.5 In their original recommendation, the Committee had noted that NSFDC runs Schemes like Shilpi Samridhi Yojana (SSY), Mahila Kishan Yojana (MKY), Nari Arthik Sashaktikaran Yojana (NASY), Green Business Scheme and Vocational Education and Training Loan Scheme (VETLS) for the socio-economic development of Scheduled Castes living below double the poverty line. They had further noted that under all these Schemes the quantum of assistance provided by the Corporation ranges from upto Rs. 1.50 lakh to Rs.30 lakh. The Committee were, however, dismayed to note the extremely poor performance of all these Schemes in terms of number of beneficiaries. Even worse than that, there were no beneficiaries at all under Nari Arthik Sashaktikaran Yojana (NASY) since its inception. Under Vocational Education and Training Loan Scheme (VETLS), there were no beneficiaries for the last five years, except 21 beneficiaries in 2016-17. The same was the case with Green Business Scheme with 40 and 20 beneficiaries in 2016-17 and 2017-18 having 1265 beneficiaries in total four years. Even

under Shilpi Samridhi Yojana there were mere 324 beneficiaries in the last five years. As regards Mahila Kisan Yojana, a Scheme exclusively meant for Scheduled Caste women beneficiaries living below Double the Poverty Line (DPL) for income generating ventures in agriculture and/or mixed farming related economic activities, while taking note of the fact that only 915 beneficiaries were there under this scheme in the last five years, the Committee had wondered as to why at all the Corporation introduced this Scheme in a country keeping in mind that very few women, that too under DPL category, have land ownership rights. The Committee were of the considered view that the Corporation did not do enough home-work before introduction of this Scheme. They further felt that although the Corporation runs many Schemes for the target group but due to their complicated criteria and lack of awareness amongst the rural population in our country, the number of beneficiaries are far below expectation. Hence they felt that there is no meaning in running number of Schemes when performance of these Schemes is far unsatisfactory which puts a big question mark on the very existence of these Schemes. The Committee hence had recommended the Department to consolidate and merge all these Schemes into one Scheme or at the most two, name it accordingly and refix its eligibility of assistance from Rs.1.50 lakh or 2 lakh upto Rs.30 lakh. The Committee had also recommended the Department to create due awareness about this/these Scheme(s) throughout the country so that more and more eligible candidates take advantage of the Schemes.

Reply of the Government

1.6 The Department of Social Justice and Empowerment, in their reply dated 12.12.18, have stated as under:-

“All NSFDC Credit Based Schemes are income generating in nature. These schemes have been introduced by NSFDC from time to time keeping in mind the needs and benefit of the target group. Nari Arthik Sashaktikaran Yojana (NASY) is one of the schemes which was introduced in February, 2013 based on the advice of the Consultative Committee of Parliament for Ministry of Social Justice & Empowerment. The objective of the scheme was to extend benefit to single women/widow/divorcee/women who are head of their families to take up income generating activities and improve their economic status. As informed by the Channelizing Agencies, in the present male dominated society, the single women are not coming forward to avail loan for income generating activities. Further, channelizing

agencies are finding it difficult to identify sufficient number of such single women. As a result, separate proposals with request for disbursement exclusively for single women are not forwarded to NSFDC. However, channelizing agencies are covering the above mentioned beneficiaries under other schemes of NSFDC. Therefore, no separate proposal was received under the scheme by NSFDC from its SCAs/CAs in the last five years. Therefore, NSFDC's Board of Directors in their 149th Board Meeting held on 9.8.2018 decided to close the Nari Arthik Sashaktikaran Yojana (NASY).

Further, NSFDC's Board in their 149th Board Meeting held on 9.8.2018 decided to revise unit cost of Vocational Education and Training Loan Scheme from existing Rs.1.50 lakh to Rs.4.00 lakh and that of Term Loan Scheme from existing Rs.30.00 lakh to Rs.50.00 lakh to cover more beneficiaries under the above-said schemes.

NSFDC continuously reviews its schemes and closes/revises schemes as per requirement. Also, based on the existing economic scenario, new loan products are introduced from time to time.

However, NSFDC's schemes like Term Loan, Micro-Credit Schemes, Mahila Samridhi Yojana and Laghu Vyavasay Yojana are very much in demand and popular amongst the target group. Every year, the SCAs/CAs of NSFDC has been availing substantial disbursement from NSFDC under these schemes.

During last three years (2014-15 to 2017-18), NSFDC has participated in 56 awareness camps/exhibitions at various locations of the country with an objective to publicize its schemes amongst the visitors including the target group. In all the awareness camps/exhibitions, an information stall is set up to display the achievements of the Corporation, leaflets of schemes etc. An official is deployed in the stall to facilitate and clarify the doubts of the visitors about NSFDC and its schemes as well as distribute the leaflets containing NSFDC schemes for their awareness and information.

Besides above, NSFDC has organized awareness programmes in the district of Bijnor, Fatehpur in Uttar Pradesh and Ferozpur in Punjab. Fatehpur and Ferozpur have been declared as Aspirational Districts by Government of India. NSFDC shortly plans to organize similar awareness programmes in the districts of Ujjain, Madhya Pradesh and Gaya, Bihar for the benefit of the target group."

1.7 Keeping in view the poor/nil performance of some of the Schemes run by NSFDC like Nari Arthik Sashaktikaran Yojana (NASY), Green Business Scheme (GBS), Vocational Education and Training Loan Scheme (VETLS) etc., the Committee had recommended in their original Report that the Department of Social Justice and Empowerment should consolidate and merge all these Schemes into one Scheme or at the most two, name it accordingly and refix its eligibility of assistance. In this connection, the Department has informed that the Scheme of Nari Arthik Sashaktikaran Yojana (NASY) has already been closed on 09.08.2018. The Committee further note that it has been decided to revise unit cost of VETLS from existing ₹ 1.50 Lakh to ₹ 4 Lakh and that of Term Loan Scheme from existing ₹ 30.00 to ₹ 50.00 Lakh. The Committee have been informed that mandatory steps have been taken by the Department such as continuous reviews of various Schemes of NSFDC and closing/revision of Schemes according to their requirement, introduction of new loan products from time to time based on the existing economic scenario, etc. Since VETLS had just 21 beneficiaries in 2016-17 and 'Green Business Scheme' had 40 and 20 beneficiaries in 2016-17 and 2017-18, the Committee would like to be apprised about any positive impact on the number of beneficiaries to these Schemes, after the revision of the unit cost. In so far as creation of awareness is concerned the Committee are surprised that the Department has so far covered only 2 districts out of the 117 Aspirational Districts, which solely are being focussed upon to transform those in key social areas. Therefore, they desire that while the Department should continue to evaluate, monitor and revisit, if required, their other existing schemes like GBS too, for their effective implementation so as to ensure maximal disbursement of allocated funds to the beneficiaries of the target

group under them, they should strive to cover as many Aspirational Districts as possible under a specific Action Plan. The Committee would like to be apprised about the same.

B. Optimal utilization of funds under Micro-Credit Finance (MCF) Scheme and Mahila Samriddhi Yojana (MSY)

Recommendation (Para 2.18)

1.8 In their original Report, the Committee had noted that three Micro-Credit Schemes namely Micro-Credit Finance (MCF), Mahila Samridhi Yojana (MSY) and Ajeevika Micro-finance Yojana (AMY) are under implementation by NSFDC for income generating activities for Scheduled Castes living below double the Poverty Line. The Committee had found that in the year 2016-17 Rs.29.16 crore was disbursed by NSFDC to SCAs and the number of beneficiaries was 7267. During the year 2017-18 the amount had increased about six times i.e. Rs.187.46 crore as compared to 2016-17 with 42,027 beneficiaries under Micro-Credit Finance Scheme. They further found that SCAs had utilised only 5.39 per cent of the allocated funds in the Scheme in 2017-18. It was further found by them that SCAs of NSFDC had utilized only 50.70, 43.10 and 59.96 per cent of the allocated amount during the year 2015-16, 2016-17 and 2017-18, respectively under Mahila Samridhi Yojana. The Committee had felt that these Micro-Credit Schemes could give a platform to economically weaker sections for their socio-economic upliftment particularly in rural parts of the country. The Committee, therefore, had recommended that the amount allocated to SCAs for Micro-Credit Finance Scheme and Mahila Samridhi Yojana must be utilized fully so that more and more people could be covered under these Schemes.

Reply of the Government

1.9 The Department of Social Justice and Empowerment, in their reply dated 12.12.18, have stated as under:-

“As per the Lending Policy, the funds disbursed by the NSFDC to its SCAs/CAs are to be utilized within 120 days from the date of each disbursement. Further, the SCAs/CAs send scheme-wise Quarterly Progress Reports (QPR) on the utilization of the funds in the prescribed format to NSFDC. Utilization of disbursed funds is a continuous process. Funds utilized by the SCAs/CAs are compiled at their Headquarters level and sent to NSFDC for acceptance. In turn, NSFDC scrutinizes the utilization report as per the prescribed format and accept the eligible utilized funds and take it to its records. In the above reporting procedure/process, always certain %age of funds utilized remains in the pipeline.

As on 31.10.2018, the funds disbursed, utilized and its %age under Mahila Samriddhi Yojana are given as under:

(Rs. in crore)

Funds Disbursed	Funds Utilized	%age
524.44	364.84	69.57%

1.10 Considering the poor utilization of allocated funds under Mahila Samriddhi Yojana and Micro-Credit Finance Scheme in previous years, the Committee had emphasized in their original Report that the amount allocated to SCAs under said Schemes must be utilized fully to ensure wider coverage. The Department have explained that due to procedure/process of disbursing funds, e.g., 4 month window to utilize funds and disbursal after receipt of Quarterly Progress Reports, certain percentage of funds always remains unutilized. The Committee disagreeing with this logic, feel that while some amount may remain unutilized owing to procedures, it should not be around 50 per cent as was the case in 2015-16 and 2016-17 under Mahila Samriddhi Yojana. Such huge under utilization of funds points towards faulty implementation of the scheme, which ought to be looked into and set right. As the Department has reported around 69 per cent utilization of funds under the Scheme upto 31.10.2018, the Committee trust that appropriate steps are initiated for better performance under the Schemes. The Committee are of the opinion that adopting technological tools to minimise administrative delays and an accountable fund flow transfer mechanism would help in the matter. Hence they desire to be apprised of steps taken in this direction, apart from the latest status of utilization of funds under Micro Credit Finance Scheme and Ajeevika Micro-finance Yojana.

C. Requirement of Government Guarantee for disbursement of funds by NSFDC to SCAs.

Recommendation (Para 3.13)

1.11 In their original Report, the Committee had noted that non-submission of Government Guarantee in some States/UTs is one of the major reasons due to which SCAs were not willing to avail funds from the Corporation. In order to avail funds from NSFDC, it was required by the SCAs to fulfill the prudential norms for disbursement of funds by NSFDC. One of the prudential norms is providing adequate Government Guarantee/Government Order/ Government Assurance from time to time. The Committee had noted that Government Guarantee was very crucial for disbursement of funds by NSFDC, lack of which acted as an impediment in disbursement of funds by NSFDC and, due to which, in some States SCAs/CAs were not availing funds resulting in non-implementation of NSFDC Schemes in those States. Further, eligible candidates of target group in those States were suffering due to lack of funds. The Committee were constrained to find that due to passive attitude of the State Governments/UT Administrations this had become a perennial problem and as a result the SCAs were badly affected. The Committee had, therefore, desired that the clause of availing Government Guarantee from the State Governments every year should be done away with from the prudential norms so that there are no more constraints with the SCAs while availing funds from NSFDC.

Reply of the Government

1.12 The Department of Social Justice and Empowerment, in their reply dated 12.12.18, have stated as under:-

“As per the General Loan Agreement signed between NSFDC and SCAs, channelizing Agency shall arrange the Guarantee of the State/UT Government or a Guarantee of a Nationalized Bank approved by NSFDC for timely repayment of installments of term loan sanctioned together with interest thereon and other moneys as may become due and payable by the State Channelizing Agency. The Guarantee may be invoked by NSFDC in the event of default by State Channelizing Agency either for the whole amount advanced or for the part amount advanced.

Further, NSFDC does not seek Government Guarantee from its SCAs every year rather it request to provide revolving and continuing Government Guarantee for a certain limit so that the Government Guarantee is utilized for a longer period by timely repayment of loan by the SCAs. However, some of the SCAs/State Government do not provide the revolving and continuing Government Guarantee. Instead, they are providing Government Guarantee/Assurance year to year basis or for a fixed period. As a result, outstanding loan amount gets exposed and attracts Audit Observations.

Some of the State Governments such as Andhra Pradesh, Chhattisgarh, Gujarat, Kerala, Tripura, West Bengal have been providing Guarantee and availing funds from NSFDC on regular basis. As a result, SCAs are also repaying the dues to NSFDC regularly. In turn, NSFDC recycles its funds for the betterment of target group by ensuring effective fund management. In this process, Guarantee plays a safety role for management of public funds, helps in developing credit culture and loan discipline amongst SCAs. Without coverage of Guarantee, the SCAs may not repay the outstanding dues of NSFDC. As a result, the outstanding dues of NSFDC may go up, overall repayment %age may also go down preventing NSFDC to recycle the funds for the betterment of its target group.

The NSFDC loans have low interest rates as compared to the prevailing market rates and are not risk adjusted. If funds are disbursed without insisting Government Guarantee, the NSFDC loan will be unsecured resulting defaults in repayment by SCAs which will adversely affect the disbursement capacity of NSFDC and coverage of beneficiaries. Therefore, the clause regarding the Government Guarantee is must.”

1.13 The Committee note that in order to avail funds from NSFDC, the SCAs are required to fulfil the prudential norms for disbursement of funds by NSFDC, which inter-alia include providing adequate Government Guarantee/Government order/Government Assurance from time to time. The Committee, having found that the Government Guarantee is very crucial for disbursement of funds by NSFDC, lack of which acts as an impediment in disbursement of funds by NSFDC and, due to which, in some States SCAs/CAs are not availing funds resulting in non-implementation of NSFDC Schemes in those States, had recommended that the clause of availing Government Guarantee from the State Governments every year should be done away with from the prudential norms so that there are no more constraints with the SCAs while availing funds from NSFDC. The Committee find from the action taken reply of the Department that NSFDC does not seek Government Guarantee from its SCAs every year rather they request to provide revolving and continuing Government Guarantee. Also, the clause regarding Government Guarantee being extremely essential, can not be done away with as the NSFDC loans are not risk adjusted. While agreeing with the same, the Committee feel that in the federal set up of the country, since some State Governments like those of U.P., Punjab and Bihar, have their own Schemes for SC persons and hence prefer to use the Government Guarantees for other purposes like infrastructure projects, the SCAs from these States do not avail loans from NSFDC. Therefore, they are of the view that the Department should explore alternate arrangement in respect of Government Guarantee with the Department of Economic Affairs, which has framed the Government Guarantee Policy, so that the disbursement of funds by NSFDC to SCAs/CAs is not

adversely impacted and implementation of Schemes also does not suffer. They desire to be apprised of the progress on the matter subsequently.

D. Awareness Programmes/Camps

Recommendation (Para 4.15)

1.14 In their original Report, the Committee had noted that for creating awareness amongst the masses about the Schemes run by NSFDC, the SCAs/CAs publish advertisements in local newspapers and broadcast NSFDC's Schemes in the form of play on All India Radio Stations and FM Stations in 18 regional languages including Hindi. They had further noted that NSFDC had organized awareness programmes/camps at 15 places in 2017-18 out of which only one was organized in Rural Area i.e. at Barola Village, Noida, Uttar Pradesh. Considering this fact, the Committee had deprecated the approach of the Corporation in dealing with the candidates of the target group who are from DPL category. The number of Awareness Programmes were too less to generate any awareness. The situation was worse in rural areas where the population of the target group is more but only one programme had been organized in rural areas in the entire country in one year. As there are many Schemes of NSFDC which have 'nil' beneficiaries, the reason being lack of awareness amongst the members of target group, the Committee had exhorted the Department to direct NSFDC to conduct more and more awareness programmes/camps once in every six months in every State/UT in the country mandatorily, preferably in the rural areas. The Committee had also desired that the MPs/MLAs of that area must be informed in advance whenever any Awareness Programme/Camp is organized.

Reply of the Government

1.15 The Department of Social Justice and Empowerment, in their reply dated 12.12.18, have stated as under:-

“During last three years (2014-15 to 2017-18), NSFDC has participated in 56 awareness camps/exhibitions at various locations of the country with an objective to publicize its schemes amongst the visitors including the target group. In all the awareness camps/exhibitions, an information stall is set up to display the achievements of the Corporation, leaflets of schemes etc. An official is deployed in the stall to facilitate and clarify the doubts of the visitors about NSFDC and its schemes as well as distribute the leaflets containing NSFDC schemes for their awareness and information.

Besides above, NSFDC has organized awareness programmes in the district of Bijnor, Fatehpur in Uttar Pradesh and Ferozpur in Punjab. Fatehpur and Ferozpur have been declared as Aspirational Districts by Government of India. NSFDC shortly plans to organize similar awareness programmes in the districts of Ujjain, Madhya Pradesh and Gaya, Bihar for the benefit of the target group. NSFDC shall inform the local MP/MLAs about the progress.”

1.16 The Committee in their Original Report, had desired that the Department should conduct awareness programmes about their Schemes in every State/UT of the country and whenever these programmes/campaigns are organised, the MPs/MLAs of that area should be informed beforehand so that they can also participate in these awareness campaigns/programmes. The Committee have already emphasised on the need to focus on creating awareness in more Aspirational Districts in their first recommendation of this report as currently only 2 such districts are covered. The Committee would like to reiterate their earlier recommendation that such awareness camps should be organised in every six months in every State/UT by informing the local MPs/MLAs about the same 'in advance', since the Department has only submitted that they shall inform the local MPs/MLAs about the progress.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para 1.13)

2.1 The Committee note that National Scheduled Castes Finance and Development Corporation is a 'not for profit' Company which works for systematic reduction of poverty through socio-economic development of scheduled castes living below Double the Poverty Line (DPL) by providing financial assistance through skill development and other innovative initiatives with the help of State Channelizing Agencies (SCAs) nominated by the State Governments/UT Administrations and other Channelizing Agencies (CAs). The Committee find that NSFDC has disbursed Rs.1458.80 crore against the equity assistance of Rs.366.21 crore which is 3.98 times of the equity received during the last three years, due to recycling and effective fund management by the Corporation. Since inception NSFDC has disbursed Rs.4478.68 crore as against the cumulative equity support of Rs.1348.01 crore which is 3.32 times of equity received as on 31.03.2018. The Committee appreciate the efforts of the Corporation and expect NSFDC to keep on taking such commendable steps such as recycling of funds and effective fund management in a way to cover more and more beneficiaries under the schemes/programmes run by it.

Reply of the Government

2.2 As on 31.10.2018, NSFDC has disbursed Rs.4859.02 crore as against the cumulative equity support of Rs.1485.40 crore which is 3.27 times of equity received. This has been possible due to recycling of funds and effective fund management.

Till 2013-14, NSFDC had cumulative disbursement of Rs.2749.61 crore against the cumulative equity support of Rs.881.80 crore which was 3.12 time of equity received from Government of India. Since then the disbursement to equity ratio is ascending.

The year-wise cumulative disbursement made, cumulative equity received and their ratio are given as under:

(Rs. in crore)

Financial Year	Cumulative Disbursement Made	Cumulative Equity received	Ratio
2014-15	3019.87	981.80	3.08
2015-16	3398.82	1081.80	3.14
2016-17	3877.80	1219.80	3.18
2017-18	4478.68	1348.01	3.32

During last two years (2016-17 & 2017-18), NSFDC has disbursed Rs.1079.86 crore against the equity support of Rs.266.21 crore only which is 4.06 times of the equity received.

NSFDC plans to disburse Rs.700.00 crore for coverage of more than one lakh beneficiaries during 2018-19.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

Recommendation (Para 1.40)

2.3 The Committee find that NSFDC runs Schemes like Shilpi Samridhi Yojana (SSY), Mahila Kishan Yojana (MKY), Nari Arthik Sashaktikaran Yojana (NASY), Green Business Scheme and Vocational Education and Training Loan Scheme (VETLS) for the socio-economic development of Scheduled Castes living below double the poverty line. The Committee note that under all these Schemes the quantum of assistance provided by the Corporation ranges from upto Rs. 1.50 lakh to Rs.30 lakh. The Committee are, however, dismayed to note the extremely poor performance of all these Schemes in terms of number of beneficiaries. Even worse than that, there are no beneficiaries at all under Nari Arthik Sashaktikaran Yojana (NASY) since its inception. Under Vocational Education and Training Loan Scheme (VETLS), there are no beneficiaries for the last five years, except 21 beneficiaries in 2016-17. The same is the case with Green Business Scheme with 40 and 20 beneficiaries in 2016-17 and 2017-

18 having 1265 beneficiaries in total four years. Even under Shilpi Samridhi Yojana there are mere 324 beneficiaries in the last five years. The Committee note that Mahila Kisan Yojana is exclusively meant for Scheduled Caste women beneficiaries living below Double the Poverty Line (DPL) for income generating ventures in agriculture and/or mixed Farming related economic activities. Taking note of the fact that only 915 beneficiaries are there under this scheme in the last five years, the Committee wonder why at all the Corporation has introduced this Scheme in a country keeping in mind that very few women, that too under DPL category, have land ownership rights. The Committee are of the considered view that the Corporation did not do enough home-work before introduction of this Scheme. The Committee feel that although the Corporation runs many Schemes for the target group but due to their complicated criteria and lack of awareness amongst the rural population in our country, the number of beneficiaries are far below expectation. The Committee feel that there is no meaning in running number of Schemes when performance of these Schemes is far far unsatisfactory which puts a big question mark on the very existence of these Schemes. The Committee hence recommend the Department to consolidate and merge all these Schemes into one Scheme or at the most two, name it accordingly and refix its eligibility of assistance from Rs.1.50 lakh or 2 lakh upto Rs.30 lakh. The Committee also recommend the Department to create due awareness about this/these Scheme(s) throughout the country so that more and more eligible candidates take advantage of the Schemes.

Reply of the Government

2.4 All NSFDC Credit Based Schemes are income generating in nature. These schemes have been introduced by NSFDC from time to time keeping in mind the needs and benefit of the target group. Nari Arthik Sashaktikaran Yojana (NASY) is one of the schemes which was introduced in February, 2013 based on the advice of the Consultative Committee of Parliament for Ministry of Social Justice & Empowerment. The objective of the scheme was to extend benefit to single women/widow/divorcee/ women who are head of their families to take up income generating activities and improve their economic status. As informed by the Channelizing Agencies, in the present male dominated society, the single women are not coming forward to avail loan

for income generating activities. Further, channelizing agencies are finding it difficult to identify sufficient number of such single women. As a result, separate proposals with request for disbursement exclusively for single women are not forwarded to NSFDC. However, channelizing agencies are covering the above mentioned beneficiaries under other schemes of NSFDC. Therefore, no separate proposal was received under the scheme by NSFDC from its SCAs/CAs in the last five years. Therefore, NSFDC's Board of Directors in their 149th Board Meeting held on 9.8.2018 decided to close the Nari Arthik Sashaktikaran Yojana (NASY).

Further, NSFDC's Board in their 149th Board Meeting held on 9.8.2018 decided to revise unit cost of Vocational Education and Training Loan Scheme from existing Rs.1.50 lakh to Rs.4.00 lakh and that of Term Loan Scheme from existing Rs.30.00 lakh to Rs.50.00 lakh to cover more beneficiaries under the above-said schemes.

NSFDC continuously reviews its schemes and closes/revises schemes as per requirement. Also, based on the existing economic scenario, new loan products are introduced from time to time.

However, NSFDC's schemes like Term Loan, Micro-Credit Schemes, Mahila Samridhi Yojana and Laghu Vyavasay Yojana are very much in demand and popular amongst the target group. Every year, the SCAs/CAs of NSFDC has been availing substantial disbursement from NSFDC under these schemes.

During last three years (2014-15 to 2017-18), NSFDC has participated in 56 awareness camps/exhibitions at various locations of the country with an objective to publicize its schemes amongst the visitors including the target group. In all the awareness camps/exhibitions, an information stall is set up to display the achievements of the Corporation, leaflets of schemes etc. An official is deployed in the stall to facilitate and clarify the doubts of the visitors about NSFDC and its schemes as well as distribute the leaflets containing NSFDC schemes for their awareness and information.

Besides above, NSFDC has organized awareness programmes in the district of Bijnor, Fatehpur in Uttar Pradesh and Ferozpur in Punjab. Fatehpur and Ferozpur have been declared as Aspirational Districts by Government of India. NSFDC shortly plans to

organize similar awareness programmes in the districts of Ujjain, Madhya Pradesh and Gaya, Bihar for the benefit of the target group.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

Comments of the Committee

(Please see para 1.7 of Chapter I of the Report.)

Recommendation (Para 2.18)

2.5 The Committee note that three Micro-credit Schemes namely Micro-Credit Finance (MCF), Mahila Samridhi Yojana (MSY) and Aajeevika Micro-finance Yojana (AMY) are under implemented by NSFDC for income generating activities for Scheduled Castes living below double the Poverty Line. The Committee find that in the year 2016-17 Rs.29.16 crore was disbursed by NSFDC to SCAs and the number of beneficiaries was 7267. During the year 2017-18 the amount has been increased about six times i.e. Rs.187.46 crore as compared to 2016-17 with 42,027 beneficiaries under Micro-Credit Finance Scheme. The Committee also find that SCAs have utilised only 5.39 per cent of the allocated funds in the Scheme in 2017-18. The Committee also find that SCAs of NSFDC have utilized only 50.70, 43.10 and 59.96 per cent of the allocated amount during the year 2015-16, 2016-17 and 2017-18, respectively under Mahila Samridhi Yojana. The Committee feel that these Micro-Credit Schemes can give a platform to economically weaker sections for their socio-economic upliftment particularly in rural parts of the country. The Committee, therefore, recommend that the amount allocated to SCAs for Micro-Credit Finance Schemes and Mahila Samridhi Yojana must be utilized fully so that more and more people could be covered under these Schemes.

Reply of the Government

2.6 As per the Lending Policy, the funds disbursed by the NSFDC to its SCAs/CAs are to be utilized within 120 days from the date of each disbursement. Further, the SCAs/CAs send scheme-wise Quarterly Progress Reports (QPR) on the utilization of the funds in the prescribed format to NSFDC. Utilization of disbursed funds is a

continuous process. Funds utilized by the SCAs/CAs are compiled at their Headquarters level and sent to NSFDC for acceptance. In turn, NSFDC scrutinizes the utilization report as per the prescribed format and accept the eligible utilized funds and take it to its records. In the above reporting procedure/process, always certain %age of funds utilized remains in the pipeline.

As on 31.10.2018, the funds disbursed, utilized and its %age under Mahila Samriddhi Yojana are given as under:

(Rs. in crore)

Funds Disbursed	Funds Utilized	%age
524.44	364.84	69.57%

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

Comments of the Committee

(Please see para 1.10 of Chapter I of the Report.)

Recommendation (Para 3.20)

2.7 The Committee find that the Department is providing interest spread of 2 per cent to 3 per cent, under its schemes to SCAs to meet out part of their administrative expenses through NSFDC. In addition to it, NSFDC is also providing cash incentives under its incentive schemes to its SCAs which can be used for improving their recovery infrastructure such as computerization of District Offices (hardware and software), purchase of four wheeler vehicle/two wheelers (scooters/motor cycles) for the Field Level Staff for recovery work in the districts, etc. The Committee find that albeit the Corporation is providing monetary assistance to the SCAs/CAs in the form of administrative expenses and cash incentives, still the SCAs in all States have been

complaining about shortage of funds for their infrastructure development and recruitment of trained staffs/manpower etc. The Committee, therefore, recommend the Department to consider giving some infrastructure development funds to the SCAs as has been done by the Ministry of Minority Affairs through National Minorities Development and Finance Corporation (NMDFC).

Reply of the Government

2.8 NSFDC has two incentive schemes for SCAs namely (i) Incentive Scheme for SCAs for Development of Recovery Infrastructure (ISSDRI) and (ii) Scheme of Mechanism of Rating of SCAs and Awards for better Performance [revised as National Award for Performance Excellence for State Channelizing Agencies (NAPE) in 2015-16]. Under the schemes, cash incentives are provided to SCAs based on their performance on certain parameters like repayment to NSFDC, recovery from beneficiaries, disbursement availed from NSFDC in a year, updation of annual accounts, percentage of beneficiaries covered from backward districts, coverage of women beneficiaries, mobilization of Government Guarantee, utilization of funds disbursed during last three years etc. The SCAs are to utilize the cash incentive for improving their recovery infrastructure such as:

- a) Computerization of District Offices (Hardware and Software).
- b) Purchase of Four Wheel Vehicle/Two Wheelers (Scooters/Motor Cycles) for the Field Level Staff for recovery work in the districts.
- c) Reimbursement of conveyance/cost of petrol etc. to Field Staff for recovery purpose.
- d) Performance Incentives in the form of Cash Rewards to the District Office Staff for achieving recovery targets.
- e) Procurement of Mobile Phones/reimbursement of Mobile Phone charges for the District of the staff involved in the recovery.

These two schemes have been in operation since 2007-08. Based on the nominations received from SCAs and fulfillment of the requisite parameter, the eligible SCAs have been provided cash incentives every year.

NSFDC provides interest spread of 2% to 3% under its schemes to SCAs to meet out part of their administrative expenses as well as provides cash incentives under

incentive schemes to its SCAs for improving their recovery infrastructure is a fair proposition for SCAs.

The Ministry of Minority Affairs launched the Grant-in-Aid (GIA) scheme during the financial year 2007-08, wherein funds are provided to National Minorities Development & Finance Corporation (NMDFC) for allocation among the performing SCA for strengthening their functioning. The GIA funds can be utilized by the SCA under the four categories which are Awareness Campaigns, improvement in delivery system, loan recovery and TA/DA of officers and staff (limited to 5% of the total GIA funds sanctioned).

Purchase of vehicles & creation of any permanent asset or liability by SCA is not allowed under the scheme. The funds are not provided to the dormant, non-performing SCAs. In case of more than one SCAs in one State, the funds are divided on pro-rata basis between performing SCAs.

NMDFC allocates the funds to SCAs (with a cap of Rs.25.00 lakh per SCA) based on their past performance. The funds disbursed on satisfactory utilization of GIA funds disbursed earlier to the SCA concerned. The SCAs are required to furnish utilization certificate as per GFR (19) A format, alongwith the details of head-wise expenditure.

Different Corporations under different Ministries are following patterns of financing and support to State Channelizing Agencies as envisaged in the scheme of things approved by the Competent Authorities. In the case of National Minorities Development and Finance Corporation (NMDFC), 73% of the Equity is provided by the Central Government, 26% by the State Channelizing Agencies to the Central Corporation and 1% by the individuals. Whereas in the case of Ministry of Social Justice & Empowerment, Central Government provides 49% of the Equity to the State Channelizing Agencies and there is no requirement of Equity support to NSFDC from the State Channelizing Agencies.

From the above, it may be seen that Central Government and NSFDC provides support to the SCAs by way of:

- (i) Interest free equity support.

- (ii) Subsidy @ Rs.10,000/- or 50% of the unit cost, whichever is less, to BPL beneficiaries.
- (iii) Cash incentives under incentive schemes linked with performance.
- (iv) National Award for Performance Excellence.

Whereas in the case of NMDFC, State Channelizing Agencies (SCAs) are providing 26% equity to NMDFC but in case of NSFDC, SCAs are not providing any equity. Further, under Grant-in-Aid schemes of NMDFC, there is a cap of Rs.25.00 lakh per SCA, whereas under NSFDC incentive schemes, there is no cap on incentive amount. Incentives are paid to the SCAs based on their performance. Hence, NSFDC schemes put premium on performance every year.

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Recommendation (Para 3.28)

2.9 The Committee note that Rs.174.13 crore have been recovered as on 24.05.2018 out of Rs.309.60 crore total overdue with 23 SCAs of NSFDC in various States/UTs. The Committee further note that when there is huge amount outstanding with the SCAs, then NSFDC discontinues disbursing funds to them making the eligible candidate of target group, a sufferer. Although the Corporation has been implementing these Schemes in these States through other Channel Partners such as Regional Rural Banks (RRBs), Public Sector Banks (PSBs), etc. and has recovered overdues amount of Rs.174.13 crore from SCAs, it is not viable to leave remaining outstanding amount with the SCAs. The Committee, therefore, urge the Department to pursue this matter more vigorously with the State Governments such as Bihar, Odisha, Gujarat and Punjab where there is huge overdues pending and resolve this matter at the earliest.

Reply of the Government

2.10 NSFDC has taken a special drive to get its overdues from various States including Bihar, Odisha, Gujarat and Punjab where there is huge overdues pending. Under the drive, correspondence from various levels have been sent to the State Governments such as Chief General Manager of NSFDC to the Managing Directors of

SCAs, Chairman-Cum-Managing Director of NSFDC to the concerned Secretary of the States, Secretary (SJ&E) to the Chief Secretary of the concerned States and Hon'ble Minister (SJ&E) to the Hon'ble Chief Minister of the States.

As a result, Gujarat Scheduled Castes Development Corporation (GSCDC) has repaid Rs.24.56 crore to NSFDC. Punjab Scheduled Castes Land Development and Finance Corporation (PSCLDFC) and NSFDC had a meeting on 25.10.2018 on repayment of overdues of Rs.18.65 crore, as on 30.9.2018. As per the discussion, PSCLDFC has agreed to repay Rs.3.65 crore within two months and thereafter the remaining amount of Rs.15.00 crore may be repaid in 5 annual installments of Rs.3.00 crore each along with interest. Further, as per the request of PSCLDFC, NSFDC has agreed to reschedule the repayment schedule.

In addition to the above, NSFDC has followed up with the Board of Uttar Pradesh Scheduled Castes Finance & Development Corporation Ltd. to clear the overdues, provide Government Guarantee and avail disbursement from NSFDC for the benefit of the target group in the State of Uttar Pradesh.

Raising of quarterly demand by NSFDC and repayment of outstanding dues by SCAs/CAs is a continuous process. PSBs & RRBs have been repaying their overdues fully and timely. However, some of the SCAs due to their less field recovery, are either not repaying or partly repaying the demand. In order to recover the overdues amount from the defaulting SCAs, NSFDC has constituted exclusive teams to follow-up with those SCAs at regular interval.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

Recommendation (Para 3.34)

2.11 The Committee note that NSFDC is providing monetary assistance to its' SCAs/CAs through two incentive Schemes namely (i) Incentive Scheme for SCAs for Development of Recovery Infrastructure (ISSDRI) and (ii) Scheme of Mechanism of Rating of SCAs and Awards for better Performance. Under these Schemes cash incentives are given to SCAs based on their performance which can be utilized for

improving their recovery infrastructure such as computerization of their offices, purchase of four wheelers/two wheeler vehicles, procurement of mobile phones, etc. There is another Scheme in which cash prize of Rs.5.00 lakh, 3.00 lakh and Rs.2.00 lakh is provided to the SCAs standing first, second and third on the basis of their evaluation of stipulated performance parameters. The Committee further find that during the conference with State Channelizing Agencies of NSFDC, NBCFDC and NSKFDC Apex Corporations held on 01.06.2016 in New Delhi, some SCAs reported lack of manpower, infrastructure and a lack of professionalism, etc. as their perennial problems. The Committee feel that in spite of availing cash incentives from NSFDC, the SCAs keep on complaining about lack of funds for their infrastructural development and to increase manpower. The Committee, therefore, desire that the Department should set up a monitoring mechanism to ensure that the funds provided to the SCAs as cash prizes and awards fulfill the very purpose of solving the problems of SCAs. In this way SCAs would use these funds in proper and responsible way.

Reply of the Government

2.12 Every year, while releasing cash incentives to eligible SCAs under its incentive schemes, a detailed letter informing the SCAs about the cash incentives, amount transferred to the Bank Accounts of SCAs through NEFT/RTGS, objective of the schemes and with a request to send the utilization reports of the cash incentives released.

2.13 Further, correspondences have been sent to all 13 SCAs who have obtained cash incentives under NSFDC's incentive schemes during 2013-14 to 2016-17 with the request to send the utilization reports of the amount received from NSFDC. So far only two SCAs namely KSWDC, one of the SCAs in the State of Kerala and HSFDC, the SCA in the State of Haryana have submitted the utilization reports. Necessary follow-up is being made with other SCAs to get the utilization reports.

As per the information provided by the SCAs, the amount released by NSFDC has been utilized by them in developing recovery infrastructure such as reimbursement of conveyance/cost of petrol to field staff for recovery purpose, procurement of mobile

phones, performance incentives in the form of cash rewards to staff, computerization (hardware/software) etc.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

Recommendation (Para 4.15)

2.14 The Committee note that for creating awareness amongst the masses about the Schemes run by NSFDC, the SCAs/CAs publish advertisements in local newspapers and broadcast NSFDC's Schemes in the form of play on All India Radio Stations and FM Stations in 18 regional languages including Hindi. The Committee further note that NSFDC has organized awareness programmes/camps at 15 places in 2017-18 out of which only one was organized in Rural Area i.e. at Barola Village, Noida, Uttar Pradesh. The Committee deprecate the approach of the Corporation in dealing with the candidates of the target group who are from DPL category. The number of Awareness Programmes are too less to generate any awareness. The situation is worse in rural areas where the population of the target group is more but only one programme has been organized in rural areas in the entire country in one year. As there are many Schemes of NSFDC which have 'nil' beneficiaries, the reason being lack of awareness amongst the members of target group, the Committee exhort the Department to direct NSFDC to conduct more and more awareness programmes/camps once in every six months in every State/UT in the country mandatorily, preferably in the rural areas. The Committee also desire that the MPs/MLAs of that area must be informed in advance whenever any Awareness Programme/Camp is organized.

Reply of the Government

2.15 During last three years (2014-15 to 2017-18), NSFDC has participated in 56 awareness camps/exhibitions at various locations of the country with an objective to publicize its schemes amongst the visitors including the target group. In all the awareness camps/exhibitions, an information stall is set up to display the achievements of the Corporation, leaflets of schemes etc. An official is deployed in the stall to facilitate and clarify the doubts of the visitors about NSFDC and its schemes as well as distribute the leaflets containing NSFDC schemes for their awareness and information.

Besides above, NSFDC has organized awareness programmes in the district of Bijnor, Fatehpur in Uttar Pradesh and Ferozpur in Punjab. Fatehpur and Ferozpur have been declared as Aspirational Districts by Government of India. NSFDC shortly plans to organize similar awareness programmes in the districts of Ujjain, Madhya Pradesh and Gaya, Bihar for the benefit of the target group. NSFDC shall inform the local MP/MLAs about the progress.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

Comments of the Committee

(Please see para 1.19 of Chapter I of the Report.)

Recommendation (Para 4.17)

2.16 The Committee find that the beneficiaries under the Schemes of NSFDC mostly belong educationally and socially backward stratum of society. The Committee find that even after availing loan benefits from the Corporation, the beneficiaries lack marketing skills to display and sell the products manufactured/produced by the beneficiaries of Micro-credit Schemes of NSFDC. The Committee also find that Corporation has been organizing exhibitions and fairs such as Dilli Haat, India International Trade Fair, etc. for the NSFDC's beneficiaries. As these fairs and exhibitions are organized on annual basis and that too in one or two big cities, the Committee desire that the Department should organize such exhibitions and fairs more frequently on quarterly basis at the State level preferably at the local markets near the residences of the beneficiaries for better access and State capitals particularly at the time of major festivals in the States to provide better opportunity and platform to the beneficiaries of NSFDC's Scheme.

Reply of the Government

2.17 In addition to the Awareness Camps, NSFDC also participates along with the other Apex Corporations in the following Exhibitions/Melas to provide marketing opportunities and platform to its beneficiaries and also to generate mass awareness and carry out publicity campaign about its schemes amongst the public:

Sl. No.	Name of Exhibition/Mela	State	Date
1.	Kullu Dussehra, Kullu, 2018	Himachal Pradesh	October, 2018
2.	Mysore Dasara Mela, 2018	Karnataka	October, 2018
3.	Shilpotsav 2018 –Dilli Haat(INA)	New Delhi	November, 2018
4.	IITF, 2018	New Delhi	14-27 November, 2018
5.	Milan Mela 2018	West Bengal	December, 2018
6.	East Himalayan Expo 2018-Gangtok	Gangtok, Sikkim	December, 2018
7.	Lokotsav, Panaji 2019	Goa	January, 2019
8.	Kerala Exhibition 2019	Kerala	January, 2019
9.	Surajkund Craft Mela 2019	Faridabad, Haryana	1-15 February, 2019

Exhibitions/Melas help the beneficiaries to exhibit and sale their products. Further, the beneficiaries also get chance to understand the customers' need to redesign/modify their products for better marketing in future.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

CHAPTER III

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

Recommendation (Para 1.49)

3.1 The Committee find that selection of beneficiaries under various Schemes run by National Scheduled Castes Finance and Development Corporation for providing loans totally depends on the State Channelizing Agencies and the Corporation has no role in this procedure of identification and selection of beneficiaries, documentation, loan disbursement, etc. The Corporation only provides funds on the basis of demands put forth by the SCAs/CAs according to their estimate for disbursement of loans to the already selected candidates from the target group. The Committee are shocked to note that NSFDC sanctions loan to the SCAs ascertaining the genuineness of the demands put forward by the SCAs. The Committee, therefore, desire that the Corporation should set up a well defined mechanism for monitoring the selection procedure of the beneficiaries by the SCAs/CAs in every State/UT to ensure fair selection.

Reply of the Government

3.2 As per the Lending Policy of NSFDC, the scheduled caste persons having annual family income up to Rs.3.00 lakh are eligible to get concessional financial assistance under NSFDC Schemes through SCAs/CAs. While forwarding individual schemes to NSFDC for consideration of Sanction, the SCAs/CAs are required to send the copy of caste certificate as well as income certificate of the proposed beneficiary (ies) along with the detailed project report. In case of group schemes, NSFDC, while issuing the Letter of Intent conveying the sanction of the scheme, lay down a special condition stating that scheduled caste persons having annual family income up to Rs.3.00 lakh shall be selected for assistance under the scheme.

In the channel finance system, the SCAs are to identify and select loanees besides recover loan from them. The State Agencies are advised to select eligible and credit worthy beneficiaries to avoid bad loans.

All the SCAs/CAs have field presence which is very much required for proper identification and selection of beneficiaries. All the SCAs/CAs have well defined system in place for selection of beneficiaries i.e. they constitute a Screening Committee at district level for scrutiny of documents and selection of beneficiaries as per the prescribed criteria. However, the Screening Committee members vary from State to State. NSFDC Officers are not member(s) of Screening Committee but are members in the Board of SCAs. During Board Meeting, the representative of NSFDC advises the SCA that selection of beneficiaries may be carried out in a fair and transparent manner, preference may be given to women candidates subject to fulfillment of requisite eligibility criteria, to recommend financially feasible and economically viable income generating proposals to NSFDC for consideration of sanction.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

CHAPTER IV

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

Recommendation (Para 3.13)

4.1 The Committee find that non-submission of Government Guarantee in some States/UTs is one of the major reasons due to which SCAs are not willing to avail funds from the Corporation. In order to avail funds from NSFDC, the SCAs are required to fulfill the prudential norms for disbursement of funds by NSFDC. One of the prudential norms is providing adequate Government Guarantee/Government Order/ Government Assurance from time to time. The Committee note that Government Guarantee is very crucial for disbursement of funds by NSFDC, lack of which acts as an impediment in disbursement of funds by NSFDC and, due to which, in some States SCAs/CAs are not availing funds resulting in non-implementation of NSFDC Schemes in those States. Further, eligible candidates of target group in those States are suffering due to lack of funds. The Committee are constrained to find that due to passive attitude of the State Governments/UT Administrations this has become a perennial problem and as a result the SCAs are badly affected. The Committee, therefore, desire that the clause of availing Government Guarantee from the State Governments every year should be done away with from the prudential norms so that there are no more constraints with the SCAs while availing funds from NSFDC.

Reply of the Government

4.2 As per the General Loan Agreement signed between NSFDC and SCAs, Channelizing Agency shall arrange the Guarantee of the State/UT Government or a Guarantee of a Nationalized Bank approved by NSFDC for timely repayment of installments of term loan sanctioned together with interest thereon and other moneys as may become due and payable by the State Channelizing Agency. The Guarantee may be invoked by NSFDC in the event of default by State Channelizing Agency either for the whole amount advanced or for the part amount advanced.

Further, NSFDC does not seek Government Guarantee from its SCAs every year rather it request to provide revolving and continuing Government Guarantee for a certain limit so that the Government Guarantee is utilized for a longer period by timely repayment of loan by the SCAs. However, some of the SCAs/State Government do not provide the revolving and continuing Government Guarantee. Instead, they are providing Government Guarantee/Assurance year to year basis or for a fixed period. As a result, outstanding loan amount gets exposed and attracts Audit Observations.

Some of the State Governments such as Andhra Pradesh, Chhattisgarh, Gujarat, Kerala, Tripura, West Bengal have been providing Guarantee and availing funds from NSFDC on regular basis. As a result, SCAs are also repaying the dues to NSFDC regularly. In turn, NSFDC recycles its funds for the betterment of target group by ensuring effective fund management. In this process, Guarantee plays a safety role for management of public funds, helps in developing credit culture and loan discipline amongst SCAs. Without coverage of Guarantee, the SCAs may not repay the outstanding dues of NSFDC. As a result, the outstanding dues of NSFDC may go up, overall repayment %age may also go down preventing NSFDC to recycle the funds for the betterment of its target group.

The NSFDC loans have low interest rates as compared to the prevailing market rates and are not risk adjusted. If funds are disbursed without insisting Government Guarantee, the NSFDC loan will be unsecured resulting defaults in repayment by SCAs which will adversely affect the disbursement capacity of NSFDC and coverage of beneficiaries. Therefore, the clause regarding the Government Guarantee is must.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

Comments of the Committee

(Please see para 1.16 of Chapter I of the Report.)

CHAPTER V

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

Recommendation (Para 2.35)

5.1 The Committee note that the National Scheduled Caste Finance and Development Corporation has introduced a new scheme called Aajeevika Microfinance Yojana (AMY) w.e.f. 1st November, 2015 with an objective to provide prompt and need based micro finance to eligible scheduled caste persons at reasonable rate of interest through NBFC-MFIs to pursue small/micro business activities. The Scheme is implemented through Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) i.e. Last Mile Financier. The Committee are disappointed to find that there were no beneficiaries under this Scheme in 2016-17 and only 394 beneficiaries in 2017-18. Further the Committee note that total number of beneficiaries since introduction of this Scheme is only 486 till the end of last financial year i.e. 2017-18 which is nothing keeping in mind the population of the target group. The Committee further find that since September, 2017 there is no progress in the number of beneficiaries which remained same i.e 394 till March, 2018. When asked the reasons, the Department stated that no proposal was received under this Scheme from the implementing agencies. The Committee wonder why onus of running of the Scheme is totally on the Implementing Agencies. The Committee note that out of 65 RBI registered NBFC-MFIs only three have signed Memorandum of Agreement with NSFDC and two NBFC-MFIs have availed funds due to unattractive interest rates of 8 per cent for them. The Committee learn that the consultation meeting with NBFC-MFIs partners, NABARD and SIDBI is being planned to explore the possibilities of increasing outflows of the funds under AMY. The Committee desire that the NSFDC should take action on the outcome of the meeting. The Committee also desire that the Department should take this Scheme seriously and review it with new possibilities of alternative implementing agencies other than NBFC-MFIs in order to keep alive this Scheme. If necessary, the issue may be taken up with the Board of Directors of the NSFDC to explore the possibilities of finding alternate agencies acting as CAs in every State and to pursue

NBFC-MFIs, other than those three, who have signed Memorandum of Agreement with NSFDC, and also to act as implementing agencies in rural areas under AMY Scheme.

Reply of the Government

5.2 In order to provide prompt and need based micro finance to eligible scheduled caste person at reasonable rate of interest through the last mile financier i.e. Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFIs), NSFDC introduced Aajeevika Microfinance Yojana (AMY) in November, 2015. The main objective of the scheme was to pursue small/micro business activities. Initially, NSFDC had sent Offer Letter along with the detailed Aajeevika Microfinance Yojana containing objective, eligibility criteria, quantum of assistance, interest rate, repayment period, security etc. to 65 RBI registered NBFC-MFIs seeking their willingness to act as channelizing agency of NSFDC. However, 16 NBFC-MFIs responded to the NSFDC and only three NBFC-MFIs were found to be eligible as per the eligibility criteria of the scheme. Again, NSFDC sent offer letter along with its scheme to remaining 49 RBI registered NBFC-MFIs seeking their willingness to act as channelizing agency of NSFDC. But, none of them responded.

As on date, only three NBFC-MFIs have signed Memorandum of Agreement with NSFDC and two NBFC-MFIs have availed funds. As per the feedback received from NBFC-MFIs, they are not willing to work at 8% interest margin.

In order to discuss the Aajeevika Microfinance Yojana and make the scheme viable, NSFDC organized a workshop in consultation with Sa-dhan (a professional Association of Community Development Finance Institutions) on 27.8.2018. Besides, officials of NSFDC, Sa-dhan and Sewa Bank, officials of NABARD and 7 NBFC-MFIs participated in the workshop.

The participants of the workshop have given their suggestions for improvement in the scheme and make it viable for the benefit of the target group such as increase in interest margin, relaxation in the profitability and NPA norms, revision in security norms etc. However, these suggestions are being examined in the Corporation.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

Recommendation (Para 3.38)

5.3 The Committee observe that on the basis of External Evaluation Study simplification of the documentation process was recommended so that the number of visits of prospective beneficiaries to the offices of the SCAs is reduced. The Committee note that action was initiated on the recommendation of the Evaluation Study and the copy of the Evaluation Report was sent to 10 SCAs/CAs. As a result two SCAs of Sikkim and Kerala have accepted the recommendations and taken initiatives to simplify the documentation process. The Committee do not understand that when NSFDC has 37 SCAs and 55 other implementing agencies why only 10 SCAs were asked to take action on the evaluation study. As simple and short documentation procedure does help the eligible candidates of the target group, who are not only from DPL category but are from educationally and socially backward classes too, the Committee exhort the Department to seriously pursue all the SCAs/CAs of NSFDC to take action on the recommendation of the Evaluation Report and simplify the documentation procedure at the earliest. The Committee may also be apprised of the response of these SCA/CAs.

Reply of the Government

5.4 As per the prevailing practice, the criteria for selecting States/UTs for commissioning external evaluation studies of NSFDC schemes are (i) number of States/UTs are to be selected for the study so that all the States/UTs are covered in a two years cycle and (ii) States/UTs which were selected for the study during previous year may not be selected again for the evaluation study during the current year.

Accordingly, during 2015-16 NSFDC had commissioned an external evaluation study of its Credit Based Schemes for 10 SCAs. Upon completion of the study, copy of the evaluation report was sent to the concerned 10 SCAs to initiate action on the points of recommendation including simplification of the documentation procedure.

Further, as advised, letter has been sent to all the SCAs/CAs to simplify the documentation procedure. So far no response has been received from the SCAs/CAs. However, the matter is being followed up with the SCAs/CAs at regular interval.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

Recommendation (Para 5.8)

5.5 The Committee note that National Scheduled Castes Finance and Development Corporation has taken a laudable step in the field of monitoring and evaluation of the Schemes run by the Corporation by initiating a third party evaluation. The Committee are familiar with the fact that monitoring and evaluation is a process that helps improve performance and achieve results. The Committee note that the recommendations of the External Evaluation Study have been forwarded to the State Channelizing Agencies/Implementing Agencies for taking further action. The Committee feel that without sincere implementation of the recommendations of the Evaluation study all the efforts and time for conducting Evaluation study would go waste. As the goal of monitoring and evaluation is to improve current and future management of outputs, outcomes and impact, the Committee desire the Department to pursue the SCAs/CAs at regular intervals to initiate sincere efforts to implement these recommendations without delay. The Corporation may seek status report in this matter from the concerned SCAs/CAs till all the recommendations are implemented by them.

Reply of the Government

5.6 All concerned SCAs have been requested to implement the recommendations given in the evaluation study and send Status Report in this regard to NSFDC. Three SCAs namely KSDC, one of the SCAs in the State of Kerala, NEDFi, the CA in the North Eastern Region and JKSCDC, the SCA in the State of Jammu & Kashmir, have so far sent their status report. Evaluation report has brought out coverage/non-coverage of beneficiaries in rural/urban areas, coverage/non-coverage of women beneficiaries, to give boost for marketing support to beneficiaries etc. The SCAs in their comments have pointed out the discrepancies due to sample size, selection of

beneficiaries for evaluation purpose and have promised to take remedial measures. NSFDC has been pursuing the matter with other SCAs at regular intervals to implement the recommendations given in the evaluation study and send the status report.

(Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment) O.M. No. 19015/13/2017 dated 12.12.2018)

NEW DELHI;

12 February, 2019
23 Magha, 1940 (Saka)

RAMESH BAIS
Chairperson,
Standing Committee on
Social Justice and
Empowerment

**MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON
SOCIAL JUSTICE AND EMPOWERMENT HELD ON TUESDAY, 12TH FEBRUARY,
2019**

The Committee met from 1500 hrs. to 1545 hrs. in Chairperson's Chamber, Room No. 113, PHA Extension Building, New Delhi.

PRESENT

SHRI RAMESH BAIS - CHAIRPERSON

MEMBERS

LOK SABHA

2. Shri Santokh Singh Chaudhary
3. Kunwar Bharatendra Singh
4. Dr. Karan Singh Yadav

RAJYA SABHA

5. Smt. Jharna Das Baidya
6. Smt. Sarojini Hembram
7. Dr. Narendra Jadhav
8. Smt. Kanta Kardam
9. Smt. Vijila Sathyananth
10. Smt. Chhaya Verma
11. Shri Ramkumar Verma

LOK SABHA SECRETARIAT

1. Shri Ashok Sajwan - Director
2. Smt. Mamta Kemwal - Director

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee.

3. The Committee then took up for consideration, the 67th Report of the Committee on Action Taken by the Government on the observations/recommendations contained in the 54th Report on "Impact Analysis of the Micro-Credit Finance Schemes of the National Scheduled Castes Finance and Development Corporation (NSFDC)" of the Ministry of Social Justice and Empowerment (Department of Social Justice and Empowerment)

4. The Chairperson then requested the Members to give their suggestions, if any, on this draft Report. The Report was adopted by the Committee without any amendments. The Committee then authorized the Chairperson to finalize the draft Report and to present the same to both the Houses on 13th February, 2019.

The Committee then adjourned.

APPENDIX

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE FIFTY-FOURTH REPORT
(SIXTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON SOCIAL JUSTICE
AND EMPOWERMENT ON "IMPACT ANALYSIS OF THE MICRO-CREDIT FINANCE
SCHEMES OF THE NATIONAL SCHEDULED CASTES FINANCE AND DEVELOPMENT
CORPORATION (NSFDC)" OF THE MINISTRY OF SOCIAL JUSTICE AND
EMPOWERMENT (DEPARTMENT OF SOCIAL JUSTICE AND EMPOWERMENT)**

	Total	Percentage
I. Total number of Recommendations	13	
II. Observations/Recommendations which have been accepted by the Government: (Paragraph Nos. 1.13, 1.40, 2.18, 3.20, 3.28, 3.34, 4.15 and 4.17)	8	61.54
III. Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply : (Paragraph No. 1.49)	1	7.69
IV. Observations/Recommendations in respect of which replies of the Government have not been accepted and which require reiteration: (Paragraph No. 3.13)	1	7.69
V. Observations/Recommendations in respect of which replies of the Government are interim in nature: (Paragraph Nos. 2.35, 3.38 and 5.8)	3	23.08