

**15**

**STANDING COMMITTEE ON SOCIAL JUSTICE AND  
EMPOWERMENT  
(2005-2006)**

**(FOURTEENTH LOK SABHA)**

**MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT**

**NATIONAL BACKWARD CLASSES FINANCE AND  
DEVELOPMENT CORPORATION**

**FIFTEENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**May, 2006/ Vaisakha, 1928 (Saka)**

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**Presented to Lok Sabha on 16.5.2006**

**Laid in Rajya Sabha on 16.5.2006**



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

**May, 2006/ Vaisakha 1928 (Saka)**

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**COMPOSITION OF THE STANDING COMMITTEE ON  
SOCIAL JUSTICE AND EMPOWERMENT (2005-2006)**

**Smt. Sumitra Mahajan - CHAIRPERSON**

**LOK SABHA  
MEMBERS**

2. Mohd. Shahid Akhlaque
3. Shri M. Appadurai
4. Shri Ashok Argal
5. Shri Mahaveer Bhagora
6. Shri Eknath M. Gaikwad
7. Shri Sanat Kumar Mandal
8. Shri Kailash Meghwal
9. Shri Rupchand Murmu
10. Shri Jual Oram
11. Dr. Rameshwar Oraon
12. Shri Asaduddin Owaisi
13. Shri T. Madhusudan Reddy
14. Shri Daroga Prasad Saroj
15. Dr. R. Senthil
16. Smt. Pratibha Singh
17. Shri Lalit Mohan Suklabaidya
18. Smt. Krishna Tirath
19. Smt. Usha Verma
20. Shri K. Yerrainaidu

**MEMBERS  
RAJYA SABHA**

21. Shri Silvius Condpan
22. Dr. Narayan Singh Manaklao
23. Shri Abdul Wahab Peevee
24. Shri Dharam Pal Sabharwal
25. Shri Ram Narayan Sahu
26. Shri Tarlochan Singh
27. Shri Veer Singh
28. Ms. Anusiya Uikey

**SECRETARIAT**

1. Shri A.K. Singh - Joint Secretary
2. Shri R.K. Saxena - Deputy Secretary
3. Shri Bhupesh Kumar - Under Secretary
4. Smt. Rita Jailkhani - Assistant Director

## INTRODUCTION

I, the Chairperson of the Standing Committee on Social Justice and Empowerment (2005-2006) having been authorized by the Committee to submit the Report on their behalf, present this 15<sup>th</sup> Report on the subject "National Backward Classes Finance and Development Corporations".

2. The Committee took evidence of the representatives of the Ministry of Social Justice and Empowerment. Discussions were also held with the SCAs of NBCFDC. The Committee wish to express their thanks to the officers of the Ministry of Social Justice and Empowerment for placing before them the detailed written notes on the subject and for furnishing whatever information the Committee desired in connection with the examination of the subject.

3. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix I to the Report.

4. The Report was considered and adopted by the Committee at their sitting held on 11 May, 2006.

**NEW DELHI;**  
**11 May, 2006**  
**21 Vaisakha 1928 (Saka)**

**Smt. SUMITRA MAHAJAN,**  
**Chairperson,**  
**Standing Committee on Social**  
**Justice and Empowerment**

## CHAPTER –I

### **CONSTITUTION OF NATIONAL BACKWARD CLASSES FINANCE AND DEVELOPMENT CORPORATION**

#### **Background**

#### **A. (i) Setting up of National Backward Classes Finance and Development Corporation**

1.1 National Backward Classes Finance & Development Corporation was set up by the Government of India under the Ministry of Welfare on 13<sup>th</sup> January, 1992 as a company not for profit under Section 25 of the Companies Act 1956 with the major objective of providing concessional finance to the members of the backward classes with annual income less than double the poverty line, for their socio-economic development by extending them loans for setting up of self employment ventures and income generating activities. The Corporation undertakes to provide additional channel of finance to backward classes for economically and financially viable schemes and projects; and upgrade the technological and entrepreneurial skills of individuals or groups belonging to backward classes. The Committee have been informed that the Corporation is channelising its funds through the State Channelising Agencies(SCAs) nominated by the respective State Governments and UTs. So far 51 SCAs have been nominated by State Governments and Union Territories. The schemes of the Corporation are implemented through State Channelising Agencies.

1.2 The Committee have been informed that NBCFDC was incorporated with an authorized share capital of Rs. 200/- crores which has been increased to Rs.

700/- crores during 1997-98. The paid up capital of the Corporation is Rs. 406.63 crores as on 31<sup>st</sup> January 2005.

1.3 According to the Ministry, members of backward classes living below double the poverty line can be given loans by the NBCFDC through the Channelising Agencies. At present persons whose family income is below Rs. 20,000 per annum in rural areas and Rs. 27,500/- per annum in urban areas are considered to be below poverty line and those with family income is below Rs. 40,000/- per annum in rural areas and Rs. 55,000 per annum in urban areas respectively are considered to be below double the poverty line. It is further stated that applicant should belong to the Backward Classes as notified by State/Central Government from time to time. Certificates are issued by competent authorities in the respective States.

1.4 During the course of evidence, the Secretary, Ministry of Social Justice and Empowerment explained the term backward classes as under:

“At the time of Mandal Commission report, the Mandal Commission had said that backward classes are irrespective of religion. Christians also come in backward classes. Those are counted as backward classes. This is a socially, educationally backward class and it is irrespective of religion. So, irrespective of religion, a class can be declared as a backward class. So, there are a number of minorities both in Muslims and Christians who are declared as backward classes”.

1.5 The Ministry have also informed that the activities which can be financed by the Corporation are:

- **Agriculture and Allied Activities** – Agriculture Implements, Animal Driven Cart, Lift Irrigation, Fish Net, Fishing Boat Unit, Dairy, Bee-keeping, Fish Buying and selling etc.
- **Small Business/Artisan and Traditional Occupation** - Carpentry, Bakery, Bio Gas Plant Manufacturing, Beauty Parlour, Bangle Unit, Basket Weaving, Grocery shop etc.



- **Services Sector** – Photocopier, STD/ISD/PCO Booth, Tailoring, Binding, Candle Manufacturing, Agarbatti Making etc.
- **Transport** – Maruti Van, Jeeps, Taxi, Trucks etc.

Sector-wise list of trades/occupations for which financial assistance is given to the beneficiaries for various trades/activities by NBCFDC is enclosed at Annexure.

**(ii) Aims & Objectives of NBCFDC**

1.6 NBCFDC's main aim and objectives are :

- To promote economic and developmental activities for the benefit of backward classes.
- To assist, subject to such income and/or economic criteria as may be prescribed by the Government from time to time, individuals or groups of individuals belonging to Backward Classes by way of loans and advance for economically and financially viable schemes and projects.
- To promote self employment and other ventures for the benefit of Backward Classes.
- To grant concessional finance in selected cases for persons belonging to backward classes living below double the poverty line.
- To extend loans to the backward classes for pursuing general/professional/technical education or training at graduate and higher level.
- To assist in the upgradation of technical and entrepreneurial skills of backward classes for proper and efficient management of production units.

Highlighting its achievements, the Ministry have stated that during the last twelve years of its existence it has been constantly achieving growth to self employment, educational development and skill upgradation of its target group.

**(B) Data on persons of Backward Classes below double the poverty line**

1.7 On being asked how does the Government fix yearly target under its various schemes for OBCs since no data is available with the Government about the total population of the Backward Classes and the number of people living below double the poverty line (DPL) in the country, the Ministry have stated that no data for BC population is available, so it is not possible to fix target on the basis of population. The available funds are allocated against which the SCAs are required to submit Annual Action Plan (AAP) and disbursement is made on the basis of AAP. The allocation is based on the assumption that all States receive funds proportionately to their total population in absence of census of backward classes. During the course of a meeting, the Secretary, Ministry of Social Justice and Empowerment explained:

“there is no census in the case of backward classes. So, we do not even know the total population of the backward classes, leave alone knowing what is the number of living below double the poverty line. This matter has been taken up with the Census Authority and it was decided by them that no separate census of Other Backward Classes (OBCs) will be taken up. Therefore, we do not have the figures.”

Further, the Secretary, Ministry of Social Justice & Empowerment informed:-

“We wrote that census should be done. It was turned down.”

1.8 When asked whether the Government has again taken up the matter with the Census Authorities to conduct census of the people who fall under OBC category, the Ministry have stated that they have already requested the Registrar General of India, Ministry of Home Affairs, for enumeration/compilation of data on Backward Classes. Office of the Registrar General of India informed that information on OBCs has not been collected at the Census of India 2001 and

therefore, their office is not in a position to compile the data on this section of the society.

1.9 On being asked whether the Ministry would propose to Registrar General of India to collect data on OBC population in the next census, the Ministry stated that they have requested Registrar General of India again on 24.5.2005 to consider and enumerate data on OBC population.

1.10 The Committee enquired whether any special measures are proposed to be taken by the Ministry to advise State Governments/Corporation to conduct any bench survey to cull out exact number of notified backward classes in their respective States/UTs, the Ministry informed that they had requested State Governments/UTs Administrations to conduct survey of OBCs living below the poverty line in their respective States/UTs. Only five States/UTs i.e. Haryana, Rajasthan, Tripura, Chandigarh and D&N Haveli have furnished information about the number of OBC families living below the poverty line, while the State Governments of Gujarat, Orissa and NCT of Delhi have shown inability to carry out the survey.

1.11 During the meeting held on 24.5.2005 a Member stated :

“52 per cent of the population is backward classes according to the Mandal Commission. We will assume that as baseline. Until such time we have an appropriate census and we come to know the exact population of backward classes in this country, we will assume that 52 percent of the population is backward classes and we will take the national average of 30 per cent as below poverty line. It applies to these 52 per cent and we will assume that 30 per cent of these 52 per cent are the people who are below poverty line. We should ask for appropriate fund allocation for backward classes. This is the baseline”.

1.12 The Committee pointed out that States of Arunachal Pradesh, Meghalaya, Nagaland, Lakshdweep, Andaman & Nicobar have not notified Backward Classes so far and are not obtaining loan assistance at all, Dadra Nagar Haveli and Daman & Diu and Mizoram have nominated SCAs yet they have not

submitted any demand for funds so far and asked about the steps being taken by the Ministry in this regard, the Ministry stated that the steps to notify the OBCs in States mentioned are to be taken by the concerned State Government/UTs. As far as Dadra & Nagar Haveli, Daman & Diu and Mizoram are concerned, the NBCFDC have been requesting the concerned SCAs to submit their demands.

1.13 On being asked during the course of evidence, whether NBCFDC has written to State Channelising Agencies (SCAs) to conduct surveys to know the number of beneficiaries covered under various schemes, Managing Director, NBCFDC have stated as under:

“The Corporation has written to conduct survey, but nothing has been done in this direction”.

1.14 When asked why the SCAs have not conducted any survey to know the genuine number of beneficiaries covered under various schemes of the Corporation, the Ministry have stated that SCAs do not have requisite staff or infrastructure to conduct such survey.

1.15 As regards the assessment by the Government about the number of backward class beneficiaries who have come above double the poverty line after availing loan under NBCFDC schemes, the Ministry have informed that no assessment for the same have been made. However, during the course of the

meeting the Secretary, Ministry of Social Justice and Empowerment agreed and stated:-

“This should be done. It is absolutely correct.”

1.16 Also during meeting with the representatives of the State Channelising Agencies held on 14.7.2005, the Committee pointed out : -

“There is no survey or formulations of backward and minorities percentage of those below the poverty line. Not a single State is having percentage-wise survey. Even not for below the poverty line population. We have noted the points. This has become a common affair.”

**1.17 The Committee note that National Backward Classes Finance and Development Corporation provides concessional finance to the members of the backward classes with annual income less than double the poverty line for their socio economic development by extending loan for setting up self employment ventures and income generating activities. However, the Committee is constrained to find that the Ministry have no data available with them about the total population of backward classes and also the number of OBC persons living below double the poverty line in the country. In the absence of this vital data the Ministry do not fix targets under its various welfare schemes for OBCs. The Committee are surprised to note that the funds allocation is based on the assumption that all States receive funds proportionate to their OBC population. The Committee are also not satisfied with the reply of the Ministry that the office of the Registrar General of India has turned down their request to conduct census of the people who fall under OBC category. The Committee strongly feel that in the absence of accurate data of backward classes, the basic objective of the Corporation i.e. economic development of poor sections of backward classes would not be achieved. The Committee, therefore, strongly recommend that Ministry should vigorously pursue with the Registrar General of India to conduct a survey of OBCs and the persons living below double the poverty line in this category so that the Ministry could prepare its Action Plan so that the required amount of funds can be made available to the State Governments for effective implementation of NBCFDCs' various schemes for the development of backward classes.**

**1.18 The Committee find that the Ministry have requested State Governments/UT administrations to conduct survey of OBCs living below the poverty line in their respective States/UTs but only Haryana, Rajasthan, Tripura, Chandigarh and Dadra and Nagar Haveli have furnished the information of OBC families living below the poverty line while the Governments of Gujarat, Orissa and Delhi have shown their inability to carry out the survey. The Committee are surprised to note that States of Arunachal Pradesh, Meghalaya and Nagaland and the UT of Andaman & Nicobar Islands have not even notified the backward classes so far and are not obtaining loan assistance at all. Though Dadra & Nagar Haveli, Daman and Diu and Mizoram have nominated SCAs, they have not submitted any demand for funds. The Committee feel that the Ministry have not followed up with the State Governments the matter of conducting bench survey to cull out exact number of backward classes in their respective States sincerely as only five States/UTs have furnished information about the OBC families living below the poverty line. The Committee, therefore, recommend that the Ministry should pursue the State Governments to conduct surveys to find out the exact number of backward classes in their respective States/UTs at the earliest. The Committee also recommend that the Governments of Arunachal Pradesh, Meghalaya, Nagaland, Lakshadweep and Andaman and Nicobar Islands be persuaded expeditiously to notify backward classes in their respective States and submit their demands for funds for the development of backward classes.**

**1.19 The Committee also note that the NBCFDC has written to State Channelising Agencies to conduct surveys to know the number of beneficiaries covered under various schemes but nothing has been done in that direction so far. The reason put forth by the Ministry that SCAs do not have requisite staff and infrastructure to conduct such surveys is not convincing. The Committee recommend that the Corporation should impress upon the SCAs to conduct the survey to find out the exact number of beneficiaries covered under various schemes of the Corporation so that the impact of the schemes could be assessed properly as it would enable the Corporation to fix targets under its various schemes and prepare annual action plans accordingly.**



**(C) State Channelising Agencies**

1.20 The Ministry have informed that the NBCFDC provides financial assistance to the members of the backward classes through State Channelising Agencies (SCAs). So far 51 SCAs have been nominated by the state Governments/UTs. The funds are allocated to the SCAs on the basis of the assumption that all States receive funds proportionately to their total population in the absence of census of Backward Classes population.

1.21 The Committee have further been informed that in certain States the Channelising Agencies are not working effectively. In certain States, selection of beneficiaries is very slow and sometimes arbitrary. Therefore, the disbursement of loan to the target groups is not upto the mark. The SCAs have not been provided with adequate infrastructure by the State governments. In certain States, the Channelising Agencies for NBCFDC are not equipped with adequate staff, therefore, the work of implementation of schemes have been assigned to the District Collector.

1.22 In response to a query whether any action plan has been chalked out by the Government to strengthen the infrastructure of the SCAs of Andhra Pradesh, Gujarat, and Himachal Pradesh, it has been stated that since the State Corporations are established by the respective State Governments, the responsibility of strengthening the infrastructure of the SCAs lies with the State Government. However, the issues regarding strengthening of SCAs have been taken-up with the State Governments from time to time at various levels. In addition, the State Governments have also been requested to provide adequate

manpower and financial support to the SCAs for strengthening their infrastructure.

1.23 During the evidence, the Secretary, Ministry of Social Justice and Empowerment stated as under: -

“There is the question of infrastructure of the SCAs. This is indeed a problem which has been of concern to us and of concern to the Committee. For this, we had discussions with the State Governments. We do write to the State Governments. Since the Corporation belongs to the State Governments, the officers are State Government officers. So, we are limited to exhorting the State Governments to see to it that their infrastructure is improved”.

1.24 On being asked whether there are States/UTs from where adequate proposals have not been received in proportion to the population of Backward Classes during the last five years, it has been stated that adequate proposals from the States of Assam, Tripura, Manipur, Orissa have not been received during last five years. The NBCFDC continuously pursue with the SCAs to formulate viable projects for the target group in these States. However, due to poor infrastructure, non-availability of State Government Guarantee, non-repayment of loans to NBCFDC, the SCAs have not been able to draw funds during these years. The NBCFDC has followed-up the matter with the respective State Government/SCAs to improve the situation, so that adequate funds are reached to the target group.

1.25 When further asked that States like Assam, Chhattisgarh, Jharkhand, Orissa, Punjab and Uttaranchal have not received funds during the year 2004-05, whereas the States like Manipur and Tripura have not received any funds since 2002-03, the Ministry have stated the reasons as under:-

The status of following SCAs with respect to disbursement is as under :

Name of State/SCA	Reason
Assam State Development Corporation for Other Backward Classes Ltd.,	Non Availability of requisite Government Guarantee. There is an outstanding amount of Rs.1.72 Crore.
Chhattisgarh State Antyavasayee Sahkari Vitta Avas Vikas Nigam,	State SCA has drawn loan of Rs.108.19 lakh on 16.02.2005.
Jharkhand ST Cooperative Dev. Corpn.,	Un-utilized funds lying with the SCA. No further demand received.
Orissa B.C. Development Finance Co-operative Corporation Ltd.,	The SCA has drawn loan of Rs.25 lakh on 07.03.2005.
Punjab Backward Classes Land Development and Finance Corporation,	The SCA has drawn loan of Rs.50 lakh on 24.02.2005.
Uttaranchal Bahuudeshiya Vitta Evam Vikas Nigam,	The SCA has drawn loan of Rs.27.75 lakh on 07.03.2005
Manipur Minorities and Other Backward Classes Economic Development Society,	As on date Rs.6.18 Crore is outstanding against the disbursement of Rs.4.83 Crore. The State Govt. and SCAs are being pursued regularly to pay the loan instalments to facilitate further releases. However, the SCAs are not submitting Annual Action Plan and demand inspite of several reminders.
Tripura OBC Corporation	The SCA did not draw funds since 2002-2003 due to non-repayment of outstanding dues. On persistent follow-up,the SCA has started repayment recovery and has drawn loan of Rs.25 lakh on 15.02.2005.

1.26 The Committee have also been informed that the SCAs of a few States take longer time in utilization of funds released by National Corporation. Approx. 10-15% of the released funds remain unutilized with the SCAs beyond the

stipulated period. Necessary action in this regard is taken immediately so that the loan amounts may reach the ultimate beneficiary within the stipulated period.

**(D) Shortage of Staff**

1.27 The Committee have been informed that in the matter of State Channelising Agencies (SCAs) they are operating with the skeleton staff and most of the Officers/staff are working on deputation basis. It was further stated that the Chief Executives of the SCAs are appointed by the respective State Governments and they are transferred very frequently including the officers on deputation from various State cadres. Therefore, the SCAs are facing difficulties in implementation of the NBCFDC schemes. The NBCFDC does not have any say on the transfer and engagement of personnel by State Channelising Agencies since these are under Administrative Control of respective State Government. When the Committee asked whether there are zonal offices to regulate and monitor schemes of NBCFDC, sanction of loans to SCAs/Beneficiaries, the Ministry have stated that NBCFDC does not have Zonal Offices.

1.28 On being asked whether there is shortage of staff in any category of NBCFDC, the Ministry have stated that in view of expanding activities, more professional manpower is required. However, in view of austerity policy of Government of India, further process is not initiated.

1.29 During the course of evidence the Secretary, Ministry of Social Justice and Empowerment stated as under:-

“In Uttar Pradesh, in the Backward Class Corporation, mostly there was one field officer at district level for doing every work. One man for everything in the district. But now we have created one-two more posts for 46 districts. Now for 46 districts one-two more posts will be available.

Problems are in the State Corporation. If we prepare norms for them, then I think, they will be assisted in this to take up with the State Govts. These are the norms that have been laid down. We will do that.”

**1.30 The Committee note that State Channelising Agencies, who are entrusted with the task of identifying and formulating technically feasible and financially viable schemes, identifying potential beneficiaries and recovering of loans from the beneficiaries, have neither been equipped with adequate staff nor provided with adequate infrastructure by the State Governments. The Committee also note that due to poor infrastructure, non-availability of State Government guarantee and non-repayment of loans to the Corporation, SCAs have not been able to draw funds from NBCFDC. The Committee find that due to shortage of staff and inadequate infrastructure in certain State Channelising Agencies are not working effectively, selection of beneficiaries is very slow and disbursement of loan to the target groups is very less. The Committee are not happy with this grave situation. Since the State Channelising Agencies are the main links between the beneficiaries and the Corporation and their main objective is to make funds available for upliftment of the poor backward class beneficiaries, the Committee strongly recommend that necessary measures be taken by the Centre and State Governments to improve and strengthen the infrastructure of the State Channelising Agencies . SCAs should be permitted to create their own infrastructure, recruit their own staff and some officials of the State Channelising Agencies be deputed in each district to carry out their designated task effectively and efficiently. The Committee also recommend that to meet the**

**expenditure for strengthening the infrastructure and recruiting the required number of staff for the SCAs, adequate funds be allocated by the Centre as well as State Governments in a proportionate manner.**

**1.31 The Committee express their serious concern over the fact that the Chief Executives of the State Channelising Agencies who are appointed by the respective State Governments and the officers on deputation from various State Cadres are frequently transferred. The Committee feel that frequent transfers of Chief Executives and other officials of State Channelising Agencies adversely affect the implementation of the NBCFDC Schemes and result in unsatisfactory functioning of the State Channelising Agencies. The Committee, therefore, desire that the Ministry should take up the matter with State Governments to refrain from frequent transfer of respective Chief Executives and other Staff officers and ensure that Chief Executives are posted to State Channelising Agencies on full time basis having fixed term.**

**1.32 The Committee also find that in view of expanding activities of NBCFDC, more professional manpower is required. The reason given by the Ministry that in view of austerity policy of Government of India, further process is not initiated, is not convincing in view of the importance of the mandate and expanding activities of the Corporation. The Committee, therefore, strongly recommend that the Ministry should take up the matter of recruitment of adequate number of staff for NBCFDC with the Ministry of Finance urgently so that smooth functioning of the Corporation and**

**effective implementation of welfare schemes for Backward Classes could be ensured.**

## Chapter II

### FINANCIAL PERFORMANCE

#### **Authorized share capital.**

2.1 The Ministry have informed that NBCFDC's authorized share capital of Rs. 200.00 crores has been increased to Rs.700.00 crores during 1997-98. The paid up capital of the Corporation is Rs. 406.63 crores as on 31<sup>st</sup> August 2004.

2.2 When the committee enquired the reasons for Central Government contributing only Rs. 406.63 crore to the share capital of the Corporation against its authorised share capital of Rs. 700.00 crore, the Ministry stated that the contribution of the Central Government towards the share capital against its authorised capital is made on the basis of allocation of funds by the Planning Commission. The Committee asked whether that had adversely affected in achieving the projected target of the Corporation, and also when the Government propose to release the full amount of the share capital, the Ministry informed that upto the 9<sup>th</sup> Plan, the budgetary support was adequate to meet the target of the Corporation. However, during the 10<sup>th</sup> Plan additional budgetary support may be required to meet the demand of the SCAs of NBCFDC. The Government can consider higher allocation if more planned funds are made available to the Ministry.

2.3 During the course of briefing the secretary, Ministry of Social Justice and Empowerment explained the difficulties as under:

“The State Governments are not forthcoming in providing adequate infrastructure and budgetary support to the State Channelising Agencies (SCAs) for carrying out the activities in an effective manner.”



Adding further, the Secretary stated as under:

“The basic thing is that we require more funds”.

**2.4 The Committee have been apprised that the authorized share capital of NBCFDC has been increased from Rs. 200 crore to Rs. 700 crore as on 31<sup>st</sup> August 2004 but the Central Government has contributed only Rs. 406.63 crore to the share capital of the Corporation against its authorised share capital. The Committee find that the budgetary support to NBCFDC was adequate to meet the targets of the Corporation upto the 9<sup>th</sup> Plan. However, during the 10<sup>th</sup> Plan additional budgetary support would be required to carry out the activities of SCAs of NBCFDC in an effective manner and higher allocation of funds to the Corporation could be considered if more funds are made available to the Ministry. The Committee, therefore, recommend that the Planning Commission may be persuaded to allocate more funds towards the authorised share capital of NBCFDC early so that the budgetary support to the Corporation could be enhanced substantially to enable it to implement its schemes effectively and further expand its activities for the welfare of Backward Classes.**

## Chapter III

### **FINANCIAL ASSISTANCE SCHEMES**

According to the Ministry financial assistance schemes of NBCFDC are as follows:-

#### **(A) General Loan Schemes**

##### **Term loan:**

3.1 The Ministry have stated that under Term Loan Scheme, loan is given upto 85% of the project cost subject to maximum of Rs. 5 lakh per beneficiaries.

Salient features of Term Loan Scheme are as under:-

1. NBCFDC share is 85% and SCA share is 10% & beneficiaries share is 5%.
2. Rate of interest to SCA is 3% and SCA to beneficiary is 6%.

3.2 On being asked how many beneficiaries have got loan of Rs. 5.00 lakh for their Project under Term Loan Scheme during the last five years, the Ministry have stated that as per utilization certificates received from the State Channelising Agencies, 178 beneficiaries have obtained loan for Rs. 4.00 to 5.00 lakh during the last five years.

3.3 When asked what steps are proposed to be taken to popularize the Scheme, the Ministry have stated that the Corporation proposes to popularize the scheme by way of:-

- (i) Print Media,
- (ii) Electronic Media (short films on Doordarshan etc.).
- (iii) Awareness camps
- (iv) Exhibitions of the products by beneficiaries.

### **New Swarnima Scheme for Women**

3.4 To inculcate the spirit of self-reliance among the women of Backward Classes a 'New Swarnima Scheme' was introduced. The beneficiary women are not required to invest any amount of their own in the project.

#### **Features**

Quantum of Loan	: Maximum loan limit per beneficiary	Rs. 50,000/-
Rate of Interest	: From NBCFDC to SCA	@1% p.a.
	SCA to beneficiary	@4% p.a.
Pattern of Finance	: NBCFDC	95%
	SCA Contribution	05%
Repayment period	: Max. repayment period is 2 yrs. more as compared to general loan schemes which is 10 yrs.	

### **Swayam Saksham Scheme:**

3.5 This scheme is meant for professionally educated unemployed youth. In order to inculcate the spirit of self-confidence among such youths through self employment and utilize their wisdom and experience gained through professional training and education.

#### **Features**

Quantum of Loan	: Maximum loan limit per beneficiary	Rs. 5,00,000/-
Rate of Interest	: From NBCFDC to SCA	@2% p.a.
	SCA to beneficiary	@5% p.a.
Pattern of Finance	: NBCFDC	90%
	SCA	05%
	Beneficiary	05%

3.6 The Committee enquired about the number of unemployed youth beneficiaries who applied for loan under Swayam Saksham Scheme and the number of those who have been sanctioned loans since its inception, State-wise.

The Ministry stated that Swayam Saksham is covered under term loan Scheme

which has been introduced recently. The utilization report indicates the number of persons benefited from this scheme. As per utilization report from SCAs, 57 beneficiaries have been given loan under this head. No separate target is fixed by NBCFDC under this head.

3.7 A Statement showing number of unemployed provided assistance by States under NBCFDC Swayam Saksham Scheme since its inception to 28.2.2005 has been given below:-

Name of SCAs/States	2003-04 Physical	2004-05 Physical	Total Physical
Andhra Pradesh	28	11	39
Maharashtra	16	2	18
Grand Total	44	13	57

3.8 The Committee asked to give the number of beneficiaries who were given maximum loan amount i.e. Rs. 5 lakh since its inception State-wise and whether any target was fixed under this scheme. The Ministry have stated that no separate target is fixed by NBCFDC under this head. The SCAs are required to submit their Annual Action Plan indicating their targets for each scheme as per need of the beneficiaries in their States.

### **Education Loan Scheme**

3.9 Loans at concessional rate of interest are given to the students of Backward Classes living below double the poverty line for pursuing general/professional/technical courses or trainings at graduate and/or higher levels.

## Features

Quantum of Loan :	Maximum loan per beneficiary	Rs. 75,000/-p.a. subject to max. Rs. 3.00 lakh Or actual expenses whichever less
Rate of Interest :		@4% p.a.

3.10 On being asked to furnish the number of persons who applied for loan under Education Loan Scheme and number of beneficiaries to whom Education loan has been extended since its inception State/UT wise, the Ministry have stated that NBCFDC channelises its funds through SCAs and beneficiaries are required to apply to the SCAs. On the basis of utilization report submitted by SCAs, 5595 students have been assisted under Education Loan Scheme of the Corporation through SCAs in various States/UTs as per statement given below:-

### **DETAIL OF NUMBER OF STUDENTS ASSISTANCE PROVIDED BY STATES UNDER NBCFDC EDUCATION SCHEMES SINCE INCEPTION TO 28.02.05**

NAME OF SCA's/STATES	98-99 PHYSICAL	99-2000 PHYSICAL	2000 -01 PHYSICAL	2001-02 PHYSICAL	2002-03 PHYSICAL	2003-4 PHYSICAL	2004-05 PHYSICAL	TOTAL PHYSICAL
ANDHRA PRADESE	0	0	0	1172	581	452	1120	3325
BIHAR	0	1	0	0	0	0	10	11
GOA	0	0	0	7	9	0	0	16
GUJRAT	0	0	0	0	4	1	0	5
KERALA	0	0	1	125	314	229	266	935
MADHYA PRADESH	2	0	0	0	0	0	1	3
MAHARASHTRA	0	0	0	3	231	302	486	1022
PONDICHERRY	1	0	0	20	45	93	78	237
SIKKIM	0	0	0	1	0	0	1	2
TAMILNADU	8	0	0	0	0	0	0	8
UTTAR PRADESH	0	0	0	0	7	0	0	7
WEST BENGAL	0	0	0	2	5	4	13	24
<b>TOTAL</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>1330</b>	<b>1196</b>	<b>1081</b>	<b>1975</b>	<b>5595</b>

Note: The details of number of applicants with states is not available.

3.11 The Committee further enquired about the number of beneficiaries who have been granted maximum amount of Education Loan i.e. Rs. 3.00 lakh since its inception, the Ministry informed stated that the Education Loan is provided for the entire period of professional courses @ Rs.75,000/- p.a. The number of beneficiaries who have been granted maximum amount of Education Loan i.e. Rs.3.00 lakh is being collected from the SCAs.

**Margin Money Loan :**

3.12 Under this scheme, loans are given upto 40% of the project cost subject to a maximum of Rs. 2,00,000/- per beneficiary under various sectors viz. Agriculture & Allied, Small Business/Artisan & Traditional Occupation, Service and Transport.

**Features**

NBCFDC Share	40%
SCA Share	5%
Beneficiary Share	5%
Bank Share	50%

**Rate of Interest**

NBCFDC to SCA	3%
SCA to Beneficiary	6%

(B) **Micro Finance Schemes**

**Micro Credit Scheme:**

3.13 To implement the NBCFDC scheme at grass-root level and to promote & support Micro Finance scheme for improvement of credit facilities to the target group specially for women beneficiaries, the Corporation has adopted Micro Finance through SCAs and accredited NGOs either directly or through self-help groups (SHGs).

### **Features**

Quantum of Loan	: Maximum loan per beneficiary	Rs. 25,000/-
Max. number in one SHGs	:	20
Rate of Interest	: From NBCFDC to SCA/NGO	@2% p.a.
	SCA to NGOs/SHGs	@5% p.a.
Pattern of Finance	: NBCFDC	90%
	SCA/Beneficiary Contribution	10%
Repayment period	: Max. repayment period	3 yrs.

### **Mahila Samridhi Yojna**

3.14 This scheme has been introduced to provide Micro Finance to women entrepreneurs belonging to target group. The scheme is implemented through SCAs in rural and urban areas by way of financing the women beneficiaries either directly or through Self-Help Groups.

### **Features**

Quantum of Loan	: Maximum loan per beneficiary	Rs. 25,000/-
Max. number in one SHGs	:	20
Rate of Interest	: From NBCFDC to SCA	@1% p.a.
	SCA to beneficiary	@4% p.a.
Pattern of Finance	: NBCFDC	95%
	SCA/ Beneficiary Contribution	05%
Repayment period	: Max. repayment period	3 yrs.

### **(C) Training Scheme:**

3.15 The Corporation provides financial assistance to the members of the target group belonging to Backward Classes for upgradation of their technical skill. The assistance is provided through SCAs/Technical Institutes for conducting training programmes for which 90% of the training expenses are borne by NBCFDC and balance 10% is to be contributed by SCAs.

3.16 The Committee have been informed that the Corporation implements Projects linked training schemes from its own internal resources through SCAs/Training Institutions. SCAs have been advised to provide loans to all the eligible trained persons of the target group after successful training to start their own project.

**3.17 The Committee note that the main activity of NBCFDC is to provide Term Loans to the beneficiaries through State Channelising Agencies. The Corporation gives need-based loans to beneficiaries upto Rs. 5 lakh. However the Committee are constrained to observe that the number of beneficiaries who got loan of Rs. 4.00 to Rs. 5.00 lakh during the last five years is only 178 which is negligible. The Committee feel that enterprising youths in the backward community, who fulfill the criteria laid down for availing loan upto Rs. 5 lakh are not encouraged or coming forward to avail loan under the scheme. The Committee desire that unemployed persons of the backward community should not only be encouraged but also be given some incentive to avail of loans under the scheme and set up their own ventures so that they could cross the figure of below double the poverty line.**

**3.18 The Committee find that Swayam Saksham Scheme has been introduced by the Corporation to inculcate the spirit of self confidence among professionally educated unemployed youths in backward community through self employment to utilise their wisdom and experience gained through professional training and education. However, the**



**Committee express their displeasure to note that till February, 2005 State Channelising Agencies of only Andhra Pradesh and Maharashtra have provided the assistance to only 57 unemployed youths under this scheme. The reason put forth by the Ministry that no separate target is fixed by NBCFDC for the scheme and the SCAs are required to submit their Annual Action Plan indicating their targets for each scheme as per need of the beneficiaries in their States is not convincing at all. Keeping in view the fact that the scheme has been formulated to inculcate the spirit of self confidence among the professionally educated unemployed youth belonging to the backward classes, the Committee desire that the Ministry should pursue the remaining States/UTs to implement the Swayam Saksham Scheme in their respective States and encourage the State Channelising Agencies to send adequate and viable proposals for providing loan so that a large number of unemployed educated youth could get the benefits of the scheme.**

**3.19 The Committee are constrained to note that the number of students of backward classes who availed concessional loan under Educational Loan Scheme for pursuing general/professional/technical courses at graduate and higher levels is abysmally low particularly in Bihar, Goa, Gujarat, Madhya Pradesh, Tamil Nadu, Uttar Pradesh and West Bengal. The Committee also note that the Educational Loan Scheme has not been implemented in several States, thereby depriving the deserving students of backward classes from availing of the concessional loans for pursuing higher studies. The Committee further observe that the Ministry are not**

having up to date information about the number of beneficiaries who have been granted maximum amount of Education loan i.e. Rs. 3 lakh. The Committee are not satisfied with this state of affairs. The Committee, therefore, recommend that all-out efforts should be made to popularize the Educational Loan Scheme in all the States/UTs so that a large number of students from backward classes, who are below double the poverty line, could get the benefits of the scheme and pursue their higher studies without any hindrance. The Committee also desire that an upto-date data of beneficiaries who have been granted the maximum amount of Loan and also the number of women physically impaired and dependent war widows among the OBC beneficiaries who have been sanctioned loan under the scheme should be maintained by the Corporation.

3.20 The Committee appreciate the initiative taken by the NBCFDC for providing project linked training schemes from its own internal resources through SCAs/Training Institutions. However, the Committee are of the opinion that a large number of beneficiaries are unskilled, lack technical knowledge and motivation and the training needs of potential OBC beneficiaries may be of different kinds like motivational, skill oriented, entrepreneurial and those geared at marketing. The Committee, therefore, recommend that while imparting training, such aspects should be taken care of so that the persons getting training under the scheme could develop their skill and knowledge in specified trades and derive maximum benefits from the efforts and schemes of the NBCFDC. The Committee also recommend that the Vocational Training schools for the targeted

**groups may be established in various parts of the country, particularly in backward class concentrated districts.**

## **CHAPTER IV**

### **RATE OF INTEREST AND RECOVERY OF LOANS**

#### **A. Rate of Interest**

4.1 The Committee have been informed that SCAs lend the Term loan to the beneficiaries at an interest rate of 6% per annum while the funds are made available by the NBCFDC to SCAs at the rate of 3% per annum. When asked whether the Ministry propose to reduce the rate of interest being charged from the beneficiaries so that a large number of persons could avail the benefits of the scheme, the Ministry has stated that the opinion of SCAs in this regard has been requested. However, no favourable response have been received from the SCAs instead they have requested for more margin in addition to existing 3%.

4.2 The Committee asked whether the Government is considering to bear a part of the cost of the infrastructure/operational expenditure incurred by the SCAs in implementation of the schemes, so that the burden of interest on the beneficiary could be reduced. The Ministry informed that the Government of India may consider for equity participation as is available in case of SCDCs subject to availability of planned funds for the purpose.

4.3 During a meeting, the Secretary Ministry of Social Justice and Empowerment stated:-

“\*\*\*\* The loan assistance from the Corporation has to fulfill varying conditions. Madam, there should be a block guarantee from the State Government. Then, there should be utilization of earlier released funds and there should be recovery of loan assistance.”

4.4 During the meeting with the representatives of State Channelising Agencies, the Committee observed that State Governments are charging one

percent as guarantee Commission from State Channelising Agencies for giving guarantee for getting loan from the Corporation. The representative of a State Channelising Agency submitted as under:

“We are facing some problems. We are a welfare-oriented corporation. We are paying guarantee commission to the government. We have already paid Rs. One crore for the last year. My humble submission is that if the concessions are granted by reducing the guarantee requirement for national agencies, by considering our past performance etc., we will be able to give less amount to the Government as guarantee commission.”

Adding further, another representative of a State Channelising Agency stated as under:

“The second problem that we face is regarding Government guarantee. We have to take the Government guarantee.....If one corporation is giving money to its subsidiary, then I do not know why the National Corporation insist on getting the State Government guarantee. ....So, the question of getting guarantee should not arise at all. This is my humble submission to the Committee. This is like getting State Government guarantee to finance its own subsidiary. It is not warranted. If it is totally done away, then the question of giving guarantee by the State Government, will not arise and delay in getting funds from the National Commission can be avoided.”

## **B. Guarantee on loan**

4.5 The Committee enquired whether the beneficiary is required to give guarantee for availing the loan under various schemes and whether the applicant finds it difficult to arrange the guarantee and therefore he is denied the loan, the Ministry stated that the responsibility of disbursement of loan to the ultimate identified beneficiaries is that of the SCAs. It has been observed that the SCAs do ask for suitable guarantee by way of: -

- (i) Guarantee of government employee;
- (ii) Third party guarantee of a respectable person of the area.

The Ministry have agreed that the applicant may find it difficult sometime to arrange for the guarantee to obtain. It has further been stated that all types of

loans are provided by the SCAs against guarantee to ensure timely recovery from the beneficiaries. However SCAs have been advised to simplify the process of loan disbursement. The Committee pointed out that the main difficulties faced by beneficiaries in getting loans are, Government official/collateral guarantee, issue of backward class certificate, documentation, several visits to District Headquarters etc. Thereupon the Ministry stated that the NBCFDC has time and again advised the SCAs to minimize the time taken in disbursement of loan to the beneficiaries by simplifying the same. The Secretary, Ministry of Social Justice and Empowerment also informed that steps have been taken by way of simplifying the delivery mechanism.

It has further been stated that the SCA of Delhi (Delhi SC/ST/OBC/Minorities & Handicapped Financial & Development Corpn. Ltd.) has informed that earlier the applicants were facing the difficulties in getting loan on account of non completion of formalities. Now, the Corporation has simplified the whole procedure for getting loan by introducing new scheme i.e. fast track system in which the loans will be granted in five working days subject to completion of formalities. The SCA of Maharashtra (Maharashtra Rajya Itar Magas Vargiya Vitta Ani Vikas Mahamandal Ltd.) has informed that awareness among beneficiaries has increased to a large extent. The SCA of Goa (Goa State Scheduled Castes & OBCs Finance and Development Corporation Ltd.) has informed that the beneficiaries find difficulty in producing guarantees from two Government servants. As such the Corporation is now insisting for guarantee from only one Government servant and another one from a private sector person as guarantor.

### **C. Recovery of loans**

4.6 The Committee have been informed that the SCAs have been advised to enlarge coverage under Micro Finance Scheme to enhance the recovery from the beneficiaries. The Corporation is also giving incentive @ 1-1.5% of interest margin to the SCAs, which is linked to their recovery performance. Further, NBCFDC loans are channelised through SCAs and NGOs can draw funds from SCAs only.

4.7 When enquired about the progress made so far in this regard with reference to the States of Andhra Pradesh, Assam, Bihar, Chattisgarh, Delhi, Gujarat, Haryana, Jharkhand, Jammu & Kashmir, Kerala, Madhya Pradesh, Rajasthan and North-Eastern States etc., which owe outstanding in crores/lakhs towards the Corporation, the Ministry has stated that the matter is also being followed up in meetings with the SCAs from time to time. They have further stated that with regard to steps taken to improve the recovery by SCAs/States, the available information is as follows:-

<b>SCA/States</b>	<b>Steps taken to improve the recovery by SCA/State.</b>
(i) Andhra Pradesh Backward Classes Co-operative Finance Corporation Ltd.,	a) Regular review with Executive Directors of District Societies; b) Invocation of Revenue Recovery Act against defaulters; c) Introduction of post dated cheque system from beneficiaries
(ii) Gujarat Backward Development Corpn.,	Legal Notices are sent to wilful defaulters and guarantors.
(iii) Haryana Backward Classes & Economically Weaker Sections Kalyan Nigam,	a) Annual targets are given to district officers; b) Regular reviews on weekly & monthly basis; c) Vehicles provided to field staff for follow-up and recovery;

(iv)Madhya Pradesh Hastshilp Evam Hatha Kargha Vikas Nigam,	Recovery is made from sale proceeds of products, manufactured out of yarn supplied by the SCA.
(v)Tripura OBC Co-operative Development Corporation,	Action under the provisions of Tripura Co- operative Societies Act 1974 and Public Demand Recovery Act is being taken against willful defaulters.

4.8 The Committee further enquired whether the Ministry has held meetings at any time with the States which are both slow in disbursement and recovery. The Ministry have stated that meetings are held from time to time with concerned SCAs and State Governments. Now, their focus is on those States which are not performing well.

4.9 On being asked whether it is a fact that in some State Channelising Agencies the recovery of loan from the beneficiaries is very low and the repayments of dues to the Corporation is made from reserved funds of SCAs or otherwise, the Ministry have stated that the SCAs do not receive 100% recovery. Statement showing yearwise amount of defaults from SCAs/States from the year 1999-2000 to 2003-04 is given below:-

NAME OF SCA'S/STATE	Rs. In Lacs				
	OVERDUE AT THE END 99-2K (AMT.)	OVERDUE AT THE END 2K-01 (AMT.)	OVERDUE AT THE END 01-02 (AMT.)	OVERDUE AT THE END 02-03 (AMT.)	OVERDUE AT THE END 03-04 (AMT.)
A . P (BC)	0.00	1504.18	0.23	340.08	1012.82
A . P. (GP)	0.00	0.00	60.04	238.42	391.08
ANDHRA PRADESH	0.00	1504.18	60.27	578.50	1402.70
Assam (BC)	0.29	8.33	32.03	72.36	113.43
Assam (Elec)	0.00	0.00	0.00	3.51	7.91
Assam	0.29	8.33	32.03	75.87	121.32
BIHAR	176.82	247.64	331.55	540.27	933.32
CHANDIGARY (UT)	0.00	0.96	0.21	0.01	0.00
CHHATISGARH	0.00	0.00	0.00	0.00	0.10
DELHI (UT)	0.00	0.00	0.00	0.51	0.00
GOA	0.00	0.00	0.00	13.53	0.02
GUJARAT (BC)	129.34	96.72	2.37	133.12	327.74
GUJARAT (GOPALAK)	0.00	0.00	0.00	1.12	0.00
GUJARAT	129.34	96.72	2.37	134.24	327.74
HARYANA	403.93	524.43	732.17	720.02	157.05



HIMACHAL PRADESH	1.55	0.00	0.17	0.00	0.00
JAMMU & KASHMIR (SC)	14.33	29.75	18.17	19.29	18.68
JAMMU & KASHMIR (WOM)	0.00	0.00	0.00	0.00	0.02
JAMMU & KASHMIR	14.33	29.75	18.17	19.29	18.68
JHARKHAND	0.00	0.00	0.00	0.00	1.10
KARNATKA	0.00	0.25	3.58	0.00	1.93
KERALA (Artisan)	0.00	20.09	40.19	46.48	43.33
KERALA (BC)	0.40	0.00	1.29	2.31	2.93
KERALA (CC)	0.00	0.00	0.26	19.39	0.00
KERALA (FS)	0.00	0.00	0.14	0.19	0.00
KERALA (Handicraft)	0.00	0.00	0.00	0.00	1.66
KERALA (Wom)	0.35	0.00	0.19	0.18	0.00
KERALA	0.75	20.09	42.07	68.55	47.92
MADHYA PD. (SC)	0.00	22.03	13.10	58.86	96.04
MADHYA PD. (BC)	97.52	0.00	260.88	353.88	651.41
M.P. (HAST)	0.00	0.00	0.03	0.00	0.00
MADHYA PRADESH	97.52	22.03	274.01	412.74	747.45
MAHARASHTRA (MP)	1118.42	0.00	74.58	74.58	0.00
MAHARASHTRA (V J&T)	719.74	32.15	102.75	250.00	425.49
MAHARASHTRA (OBC)	0.00	0.00	0.94	0.00	0.94
MAHARASHTRA (ANA)	0.00	0.00	0.00	0.00	0.00
MAHARASHTRA	1838.16	32.15	178.27	324.55	426.43
MANIPUR (Tribal)	93.17	171.00	276.58	370.21	468.28
MANIPUR (Wom)	41.41	63.02	87.60	96.44	105.32
MANIPUR	134.58	234.02	364.18	466.65	573.60
ORISSA	0.00	9.73	54.17	69.46	150.99
PONDICHERRY (A) (Adi)	15.91	41.80	39.46	42.67	59.26
PONDICHERRY (BC)	0.00	0.00	0.37	0.30	0.16
PONDICHERRY	15.91	41.80	39.83	42.97	59.42
PUNJAB	35.36	78.52	153.87	139.05	118.07
RAJASTHAN (SC)	0.00	0.00	0.00	0.00	0.00
RAJASTHAN (BC)	0.00	0.00	0.00	0.66	1.45
RAJASTHAN	0.00	0.00	0.00	0.66	1.45
SIKKIM	50.10	76.88	70.93	90.77	90.94
TAMIL NADU	260.83	219.37	74.03	67.61	70.92
TRIPURA	0.42	117.61	239.19	346.42	395.32
UTTAR PRADESH (BC)	134.88	442.94	802.99	1355.22	6.25
WEST BENGAL (BC)	14.25	29.90	73.30	0.97	0.00
NGO'S	-	11.11	24.26	42.45	47.66
<b>TOTAL</b>	<b>3309.08</b>	<b>3748.45</b>	<b>3571.62</b>	<b>5510.30</b>	<b>5700.38</b>

4.10 With regard to recovery of loan from the defaulting SCAs, it is stated that corporation constantly follows with the respective SCAs and State Government.

Letters are sent along with Demand Notices to the State Government also being

a guarantor for the loan. Meetings with the SCAs and State Government officials are also held to expedite recoveries from the SCAs.

4.11 The Committee have been informed that SCAs have been advised to improve recovery of loan from beneficiaries and for this purpose the Corporation is also giving incentive @ 1 – 1.5% of interest margin to the SCAs which is linked to their recovery performance.

4.12 The Committee enquired about the reasons for the low recovery from the States like Jharkhand, Bihar, Tripura and Manipur. The Committee have been informed by the Ministry with following reasons for low recovery.

### **Jharkhand**

The SCA in Jharkhand started implementing NBCFDC scheme in November 2003 (2003-04). The total demand raised is Rs. 17 lakh against which about Rs. 10 lakh have been recovered and the balance of Rs. 7 lakh is outstanding which pertains to demand for the Q.E. December 2004. The SCA has been advised to make the balance repayment.

### **Bihar**

Bihar was divided into two States in the year 2000 and therefore, recovery from beneficiaries located in Jharkhand has also further slowed down the recovery process due to delay in division of liabilities and assets of the SCAs of both the States. The matter has been taken-up with the State Governments of Bihar and Jharkhand to sort out the issue at the earliest.

### **Tripura**

The SCA and the State Government have been advised to expedite the recovery. Due to persistent follow up the SCA has started repaying the overdues

and Rs. 50 lakh has been recovered during the month of January 2005 against the outstanding of Rs. 3.60 Crore.

### **Manipur**

The performance of SCAs of Manipur State is very poor. Despite follow up with the SCAs and Manipur Government at senior level, response of the State Government is not forthcoming. The matter has been taken up with the Chief Secretary by the Secretary, Ministry of Social Justice and Empowerment, for recoveries.

4.13 During a meeting the Secretary, Ministry of Social Justice and Empowerment informed that the Corporation has advised the State Channelising Agencies to set up Special Recovery Cell to monitor the recovery from SCAs.

### **D. Marketing Assistance to Craft Persons**

4.14 The Committee have been informed that the Corporation provides project linked training to potential entrepreneurs for design development of traditional craft etc. and also the Corporation organizes exhibitions and assist the artisans/beneficiaries for participating in the exhibitions with their products.

4.15 When asked about the criteria for selection of craft persons of Backward Classes from various States/UTs for participating in exhibitions etc, the Committee have been informed that the craft persons to be sponsored by SCAs to participate in the exhibitions should be from the target group. The Committee further enquired what steps have been taken by the Government to ensure active participation of craftsmen and potential entrepreneurs in such exhibitions/buyer-seller meets particularly at State/District/Village levels, the Ministry stated that the NBCFDC, with its meager finances, arrange to participate in the exhibitions

being arranged by various departments i.e. ITPO, DC (Handicrafts), Industry Department, Tourism Department etc. The Ministry further informed that at present, the NBCFDC spend on these exhibitions from their own resources. Since no separate budgetary support is received by NBCFDC, the participants are provided reimbursement of expenses on to & fro train journey by IInd Class, DA and stay arrangements at the place of exhibition. The rail freight for the goods brought by the beneficiaries for exhibitions is also borne by the Corporation. The Ministry further stated that it has been observed that the participants have been benefited to a large extent after participating in these exhibitions by way of; -

- (i) exposure to a larger market;
- (ii) interaction with other craft persons engaged in similar as well as variety of products;
- (iii) sale of products made by them and earn a good profit out of sale.

The Ministry informed that NBCFDC participates in exhibitions at Delhi Haat, Surajkund Craft Mela and India International Trade Fare, Pragati Madan. The SCAs have also been advised to participate in ongoing exhibitions being held in many places by various departments. SCAs of Assam and Madhya Pradesh are also operating through their emporias at different places.

4.16 On being asked with regard to setting up of Information Centre at Ujjain, the Ministry have stated that the Information Centre at Ujjain has been completed and is at present ready to become operational. When asked further regarding the proposal to use the vacant land of Mahila Imdad Committee for a facility like Delli-Haat, the Ministry have stated that the land is only few acres most of which

is already constructed and used by three offices/organisations under the Ministry. One part of the building is under litigation. The vacant land is too small for facility like Delli-Haat and there is no parking space available nearby. Ministry is contemplating alternative in the best interest of the weaker sections of society.

**4.17 The Committee note that NBCFDC provides loans to SCAs at the rate of interest between 1% to 3% per annum for its various welfare schemes, whereas 5% to 6% interest p.a. is charged from the beneficiaries by the SCAs, thus cornering away 3% as infrastructure/operational expenditure. The Committee also note that Government may consider for equity participation as is available in case of SCDCs subject to availability of planned funds for the purpose. The Committee, therefore, strongly recommend that in order to boost the income generating activities of the backward classes, the rate of interest being charged from the beneficiaries on NBCFDC loans may be reduced. In order to meet the infrastructural and operational expenditure of SCAs, sufficient funds should be provided to the Corporation by the Government and the Ministry should pursue with the State Governments to come forward to bear such expenditure of their respective SCAs in a proportional manner as the State Governments have equal obligation for the welfare of the backward population in their respective, States thereby reducing the rate of interest being charged from the beneficiaries.**

**4.18 The Committee also observe that SCAs are required to pay one per cent guarantee commission to the State Governments for obtaining**

guarantee from them. Thus, only 2% of the interest amount is left with the SCAs which is not sufficient to meet their establishment/operational and other expenses. Also sometimes the SCAs find it difficult to get the State guarantee which causes delay in getting loan from NBCFDC and disbursing it to the beneficiaries in time. The Committee, therefore, recommend that State Governments may be persuaded not to charge any guarantee/commission from the SCAs for giving guarantee for the funds being provided to them for welfare schemes of backward classes so that their administrative expenditure could be met effectively and the delay caused in getting funds from the NBCFDC could be avoided.

4.19 The Committee find that recovery of loan from several States is very low. State Channelising Agencies of Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra and North Eastern States, etc. still have overdues in crores of rupees towards the Corporation. Though the Corporation gives incentive @ 1-1.5% of interest margin to the State Channelising Agencies, which is linked to their performance and has taken some steps to recover the loan, the position does not seem to have improved. The Committee, therefore, recommended that a Recovery Cell may be set up in all the State Channelising Agencies to gear up and monitor the recovery process and defaulting agencies may be persuaded to clear their dues in time.

4.20 The Committee note that the main difficulties faced by the beneficiaries in getting loan are obtaining Government official/collateral

guarantee, issue of backward class certificate, documentation and completion of procedural formalities. The Committee desire that necessary steps should be taken by the State Channelising Agencies to simplify the process of loan disbursement to avoid inconvenience to the beneficiaries. Also in order to obviate the difficulties being faced by the beneficiaries in securing guarantee of a Government official, the Committee desire, that the Government should consider to constitute a Committee of five responsible and prominent citizens of the area/village and on the recommendations of that Committee, the beneficiaries may be granted loan.

4.21 The Committee note that a large segment of backward class people are engaged in crafts activities. The Corporation provides Project linked training to the craft persons and potential entrepreneurs for design development of their traditional crafts etc. The Committee also note that the Corporation with its meagre finances arrange to participate in the Exhibitions arranged by various Departments, i.e. ITPO, Industry Department, Tourism Department, etc. However, the Corporation spends on these exhibitions from its own resources since no separate budgetary support is received by the Corporation. The Committee, therefore, recommend that sufficient funds should be provided to the Corporation to enable it to organize Exhibitions and buyer-seller meets in various parts of the country to enable the crafts persons to display their artifacts and products in a bigger way and find good market for their products.

## Chapter V

### AWARENESS GENERATION PROGRAMMES AND MONITORING AND EVALUATION OF THE WORKING OF NBCFDC

#### **A. Awareness Generation Programmes**

5.1 The Ministry have informed that the NBCFDC has advised the SCAs to organize Awareness Camps in the areas, which have not benefited so far under NBCFDC loan schemes. The Corporation meets the expenses on such awareness programmes being organized by various SCAs. The response of the potential beneficiaries have been overwhelming, which indicate that such Awareness Camps are required in all areas to spread the information about developmental schemes of the Government.

5.2 When asked whether the Ministry has conducted any survey to find out that adequate number of beneficiaries are covered in the remote and difficult areas as compared with areas nearer to Urban/Metropolitan Centres, the Ministry have stated that although no such survey has been conducted, however, in order to cover larger section of the target group, the SCAs have been advised to have Awareness Camps in such areas, which are not covered by NBCFDC schemes so far. During the years 2002-2003, 2003-04 and 2004-05, only 3,7 and 53 Awareness camps had been organized in some States respectively.

5.3 On being asked whether in addition to generate awareness through States/SCAs does the Ministry propose to take some other steps in this direction like distributing pamphlets, issuing advertisements of various schemes on applications for purchasing Railway Tickets, Dispensary Cards and University Forms etc., the Ministry stated that the Corporation organize/participate in the exhibitions to generate awareness among the masses about the schemes of NBCFDC. Awareness programmes are also organized by the SCAs in various parts of the States for the purpose. Since demand is more than the funds available, the above measures are considered sufficient. The Corporation may



consider issuing advertisements on various media as mentioned above within limited resources.

5.4 During the course of briefing meeting the Committee pointed out that it will be more helpful and effective if Government of India ask medical colleges, ayurvedic institutes and other institutes which conduct MBA and MCA courses to provide a column in their prospectus that finance for pursuing these courses may also be available from the respective Ministry through the State Agencies. Therefore, the Secretary, Ministry of Social Justice and Empowerment stated: -

“That is a very good suggestion. We will take note of it”

5.5 During another meeting, the Secretary, Ministry of Social Justice and Empowerment stated: -

“As far as awareness goes, about one percent of the disbursement for each corporation is given by the Backward Classes Corporation. Minority is also giving funds for awareness training. Only thing is that this needs to be increased and we will increase it within the limits of our own financial resources. This is a requirement. This has been rightly pointed out by the Committee that this is a requirement and we will do our best to increase it this year.”

## **B. Monitoring of the working of NBCFDC**

5.6 The Committee enquired about the mechanism adopted by the Ministry of Social Justice and Empowerment to monitor the functioning/performance of NBCFDC and the implementation of various schemes taken by NBCFDC for the development of backward classes. The Ministry stated that the implementation of NBCFDC schemes are reviewed by the Ministry from time to time through Meetings, Monthly & Quarterly Progress Reports and also the representatives of the Ministry who are on the Board of Directors of the Corporation. During the BOD meetings, the progress is also reviewed. NBCFDC would improve its coverage through higher allocation and better infrastructure. The SCAs require adequate financial support and field setup. It is also stated that over 100 field

visits were undertaken by the officials of NBCFDC during the last three years in various States/UTs.

5.7 On being asked what shortcomings/difficulties were noticed during such visits, the Committee have been informed as under:

- i) The SCAs have very less staff at the field level;
- ii) The beneficiaries living in far flung areas have to visit the district offices many times for receiving funds, as the SCAs do not have offices at the Block level.
- iii) The infrastructure of the District Offices of the SCAs is very poor and as such they are not able to visit the beneficiaries for follow-up of recoveries etc.

5.8 The Ministry has further stated that on the basis of these observations the State Governments/SCAs have been requested to take remedial measures to strengthen the delivery mechanism at the field level. On being asked whether Monthly Progress Report from all the SCAs are received in time, the Ministry have informed that only a few SCAs send this report in time.

5.9 The Committee enquired further whether the Ministry propose to release the list of beneficiaries scheme-wise with addresses on the internet to make the same accessible to the concerned authorities and public representatives so that proper and effective monitoring may be ensured, the Ministry stated that it may not be feasible as it would involve huge cost by the SCAs to cover over 5 lakh beneficiaries.

**5.10 The Committee note with dismay that awareness camps for generating awareness among the beneficiaries have not been organized in many parts of the country so far. Keeping in view the importance of the mandate of the Corporation and the interest of the large number of potential beneficiaries involved, the Committee desire that wide publicity of**

**the welfare schemes for backward classes should be given by organizing Awareness Camps in all the States, particularly in remote and inaccessible areas. Also, the publicity of the Corporation's Welfare Schemes should be undertaken more extensively and vigorously through electronic media like TV/Radio Channels, in vernacular print media, by distributing pamphlets and issuing advertisements on applications for purchasing Railway Tickets, Dispensary Cards and University forms, etc. The Committee further desire the Government to issue directions to professional institutes like medical colleges and other institutions which conduct professional courses like MBA, MCA, etc. to provide a column in their prospectus that finance for pursuing these courses is also provided to the backward class beneficiaries by the Ministry of Social Justice and Empowerment/ NBCFDC through SCAs of respective States.**

**5.11 The Committee note that NBCFDC review the performance of SCAs by way of meetings, Monthly and Quarterly Progress Reports and officials of the Corporation also undertake field visits to monitor the implementation of welfare scheme. The Committee further note that SCAs have only a small staff at the field level and infrastructure of SCAs is very poor. The Committee feel that due to shortage of staff and poor infrastructure of State Chennelising Agencies, they are not in a position to give accurate feed back to the Corporation and thus effective and proper monitoring of the implementation of welfare schemes is not done. The Committee therefore, recommend that necessary steps may be taken to strengthen the State Channelising Agencies and ensure that regular feedback is received by the**

Corporation from them so that proper and effective monitoring of the implementation of welfare schemes could be done. The Committee, also recommend that the Ministry should set up a Monitoring Committee to ensure regular and strict monitoring of the implementation of welfare schemes of NBCFDC in a more concentrated and focused manner. Inspection teams of the Ministry should be sent frequently to see how far the welfare schemes of the Corporation are implemented.

5.12 The Committee express their concern at the inability expressed by the Ministry in releasing the list of beneficiaries scheme-wise with addresses on the internet to make the same accessible to the concerned authorities and public representatives for proper and effective monitoring. The Committee are not satisfied with the reply of the Government stating that it would not be feasible as it involves huge cost by SCAs to cover over 5 lakh beneficiaries. The Committee, therefore, recommend that the Ministry should develop a software and make available details of beneficiaries, their addresses, amount of loan given, purpose for which the loan is sanctioned on the internet for information and use of beneficiaries and public representatives.

NEW DELHI ;  
11 May, 2006  
21 Vaisakha, 1928 (Saka)

SUMITRA MAHAJAN,  
Chairperson,  
Standing Committee on Social  
Justice and Empowerment.

## ANNEXURE-I

### National Backward Classes Finance and Development Corporation

#### Sector-wise List of Projects

##### **S.NO. AGRICULTURE AND ALLIED ACTIVITIES**

1. Agricultural Implements
2. Animal Driven Cart
3. Animal Driven Rehari
4. Broiler Chicks
5. Buffalo Dairy Unit
6. Bullock Cart
7. Bullock/Camel Cart
8. Buying & Selling of Fish
9. C.I. Well
10. Cow Dairy Farming Unit
11. Deepening of Wells
12. Diesel Pump
13. Filter Point
14. Fish Nets
15. Fishing Boat Unit
16. Goat Rearing Unit
17. Horticulture
18. In well Bore Unit
19. Inland Prawn Culture
20. Irrigation Bore Well
21. Jasmine Cultivation
22. Land Purchase Cum Irrigation
23. Lift Irrigation
24. Mulberry Sericulture
25. Mushroom Cultivation
26. Open Well
27. Out Board Motors
28. Piggery Unit
29. Pneumatic Tyre Bull. Cart
30. Pounding Mill
31. Power Sprayer with Cycle
32. Power Tiller
33. Sheep Rearing Unit
34. Small Fishery
35. Thrasher Machine
36. Tractor Trolley
37. Tube Well

**S.NO. SERVICES SECTOR**

38. Allopathic Clinic
39. Auto Repair Shop
40. Auto tyre Rep. Shop
41. Automobile Rep. Shop
42. Automobile Workshop
43. Barber Shop
44. Battery Charging
45. Beauty Parlour
46. Bicycle Hiring and Repair
47. Book Binding
48. Car Workshop
49. Cycle Rickshaw
50. Cycle Shop (Hiring & Service)
51. Dhobi Unit
52. Dish Antenna
53. Electric Motor Winding
54. Electric Workshop
55. Electronic Service Centre
56. Electronic Typing
57. Engg. Consultancy Centre
58. Hotel
59. Laundry with Hydro. Ext.
60. Laundry without Hydro. Ext.
61. Legal Consultancy Centre
62. Medical Store
63. Mini Laundry
64. Mobile Hair Cutting Saloon
65. Mobile Dhobi
66. Modern Laundry Unit
67. Motorcycle Repair Shop
68. Photocopier Unit
69. Public Address System
70. Refrigeration & A.C. Repair
71. Repair of Two/Three Wheel
72. Restaurant
73. Workshop
74. STD PCO Booth
75. Sweet Shop
76. T.V. Servicing
77. T.V./Radio Repair Shop
78. Tent House
79. Three Wheeler Workshop
80. Two Wheeler Workshop
81. Video Camera
82. Workshop for Truck Repair

**S.NO. SMALL BUSINESS (TRADITIONAL OCCUPATION)**

83. Alluminium Fabric Shop
84. Auto Spare parts
85. Bakery
86. Bamboo Basket Weavers
87. Band Party/ Orchestra
88. Bangle Unit
89. Bangles & Cosmetic Shop
90. Bio-gas Plant Mfg.
91. Blacksmithy & Welding
92. Blacksmithy Unit
93. Blanket Weaving
94. Book Shop
95. Cane & Bamboo Furniture
96. Carpentry Unit
97. Cement Jalli
98. Cloth Merchant
99. Cotton Weaving
100. Dry Cleaning Unit
101. Dying & Painting Unit
102. Electric Goods Shop
103. Electric Motor Pump Set
104. Provision Store
105. Fertilizer Shop
106. Flour Mill
107. Fruit & Vegetable Shop
108. Fruit/Vegetable Rehari
109. G.I. Bucket Mfg. Unit
110. Garment Making
111. Gate Grill
112. Gem Cutting Unit
113. General Engg.
114. General Store
115. Grocery Shop
116. Hair Brush Mfg.
117. Hair Cutting Saloon
118. Handloom Weaving handicrafts
119. Lock Making
120. M.S. Grills Windows etc.
121. Mangal Vadyam (Shehnai)
122. Mfg. of Wooden material
123. Manufacture of Bread
124. Manufacturing of Bricks
125. Manufacturing of Chalk
126. Meat Shop
127. Oil Pressing (Power Ghani)
128. Pan Beedi Gada

- 129. Pattal Unit
- 130. Pesticide Shop
- 131. Polyester Weaving Unit
- 132. Pottery
- 133. Power Loom
- 134. Readymade Garments & Embroidery
- 135. Safety Matches Unit
- 136. Saw Mill
- 137. Seeds and Pesticides Shop
- 138. Silk Reeling Unit
- 139. Silk Weaving Unit
- 140. Sindook manufacturing
- 141. Sital Patti
- 142. Small Business
- 143. Spray Painting Shop
- 144. Stationary Shop
- 145. Steel Fabrication
- 146. Tailoring Material Shop
- 147. Tailoring Unit
- 148. Tailors Chalk Unit
- 149. Typewriting Institute
- 150. Tyre Retreading Unit
- 151. Vegetable shop
- 152. Wood Carving Centre
- 153. Wood Furniture/Carpentry
- 154. Wooden Construction material
- 155. Handicrafts
- 156. Hardware & Paints
- 157. Hawai Chappals
- 158. Institute of Commerce
- 159. Iron Industry
- 160. Job Orient Print Press
- 161. Kiryana Shop
- 162. Kutch Craft
- 163. Lamination Centre
- 164. Leather Chappal

**S.NO. TRANSPORT SECTOR**

- 165. Auto rickshaw Diesel
- 166. Autorickshaw
- 167. Jeep Taxi
- 168. Light Transport Tempo
- 169. Mini Van
- 170. Maruti Bus
- 171. Mini Truck
- 172. Motorcycle Taxi
- 173. Small Utility Vehicle
- 174. Tourist Taxi
- 175. Tata 407



**MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE  
ON SOCIAL JUSTICE AND EMPOWERMENT HELD ON 8<sup>TH</sup> FEBRUARY,  
2005.**

The Committee met from 11.00 hrs. to 13.00 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

**PRESENT**

Smt. Sumitra Mahajan - Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Ashok Argal
3. Smt. Susmita Bauri
4. Shri Eknath M. Gaikwad
5. Shri Kailash Meghwal
6. Shri Rupchand Murmu
7. Shri Daroga Prasad Saroj
8. Smt. Pratibha Singh
9. Shri Lalit Mohan Suklabaidya
10. Smt. Krishna Tirath

**RAJYA SABHA**

11. Smt. Jamana Devi Barupal
12. Shri Silvius Condpan
13. Dr. Narayan Singh Manaklao
14. Shri Abdul Wahab Peevee
15. Shri Dharam Pal Sabharwal
16. Shri Ram Narayan Sahu
17. Smt. Savita Sharda
18. Shri Tarlochan Singh

**SECRETARIAT**

1. Shri R.K. Saxena - Deputy Secretary
2. Shri Bhupesh Kumar - Under Secretary

**REPRESENTATIVES OF THE MINISTRY OF SOCIAL JUSTICE AND  
EMPOWERMENT AND NATIONAL BACKWARD CLASSES FINANCE AND  
DEVELOPMENT CORPORATION (NBCFDC)**

Sl. No.	Name of the Officer	Designation
1.	Smt. Sarita Prasad	Secretary
2.	Dr. Sandeep Khanna	Addl. Secretary
3.	Smt. Jayati Chandra	Joint Secretary
4.	Smt. Swapna Ray	Joint Secretary
5.	Shri Mrityunjay Sahoo	Joint Secretary
6.	Shri P.N. Murthy	Joint Secretary
7.	Shri A.A. Naqvi	Managing Director NBCFDC
8.	Shri A.K. Punia	Deputy General Manager, NBCFDC
9.	Shri A.Kathuria	Deputy General Manager, NBCFDC

At the outset, Hon'ble Chairperson welcomed the Members and representatives of the Ministry of Social Justice and Empowerment and the National Backward Classes Finance and Development Corporation (NBCFDC) and drew their attention to the subject "National Backward Classes Finance and Development Corporation" selected by the Committee for detailed examination.

2. Hon'ble Chairperson enquired about the number of persons of backward Classes below double the poverty line in the country, percentage of beneficiaries covered, Ministry's projected plans to cover all the potential beneficiaries, and the reasons for variation in 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> Plans' Budgetary provisions. She also pointed out that disbursement of loan amount to various States is uneven and that no funds have been disbursed to States like Andhra Pradesh, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Uttar Pradesh and West Bengal during 2004-05. She also raised the issue of rate of interest.

3. The Secretary, Ministry of Social Justice and Empowerment made a brief submission on various aspects of the subject.

4. Thereafter, the members raised various queries which inter-alia included disbursement of funds to States, State Guarantee on loan, share capital, census/survey of backward classes population below double the poverty line, awareness generation, Term Loan, New Swarnima Scheme, Education Loan, monitoring, recovery, infrastructure of SCAs, etc.

5. The representatives of the Ministry responded to the queries. Hon'ble Chairperson directed them to send written replies to the queries of Members for which ready information was not available with them.

6. Hon'ble Chairperson thanked the Secretary and other officials of the Ministry and NBCFDC for giving valuable information to the Committee on the subject and expressing their views in a candid manner.

A copy of the proceedings was kept on record.

The Committee then adjourned.

**MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE  
ON SOCIAL JUSTICE AND EMPOWERMENT HELD ON 24<sup>TH</sup> MAY, 2005.**

The Committee met from 15.00 hrs. to 17.00 hrs. in Committee Room 'D',  
Parliament House Annexe, New Delhi.

**PRESENT**

Smt. Sumitra Mahajan - Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri M. Appadurai
3. Shri Ashok Argal
4. Smt. Susmita Bauri
5. Shri Eknath M. Gaikwad
6. Shri Sanat Kumar Mandal
7. Shri Kailash Meghwal
8. Shri Rupchand Murmu
9. Shri Asaduddin Owaisi
10. Shri T. Madhusudan Reddy
11. Shri Daroga Prasad Saroj
12. Dr.R. Senthil
13. Smt. Pratibha Singh
14. Smt. Krishna Tirath

**RAJYA SABHA**

15. Smt. Jamana Devi Barupal
16. Shri Silvius Condpan
17. Dr. Narayan Singh Manaklao
18. Shri Dharam Pal Sabharwal
19. Shri Tarlochan Singh

**SECRETARIAT**

1. Bhupesh Kumar - Under Secretary

## **REPRESENTATIVES OF THE MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT**

1. Smt. Sarita Prasad - Secretary (SJ&E)
2. Shri A.A. Naqvi - Managing Director (NBCFDC)
3. Dr. Sundeep Khanna - Additional Secretary(SJ&E)
4. Dr. G. Prasanna Kumar - Joint Secretary (SJ&E)

At the outset, the Chairperson welcomed the Members and representatives of the Ministry of Social Justice and Empowerment and the National Backward Classes Finance and Development Corporation (NBCFDC) and drew their attention to the subject “National Backward Classes Finance and Development Corporation” selected by the Committee for detailed examination.

2. Hon’ble Chairperson pointed out that since no data is available with the government about the total population of the Backward Classes and the number of people living below double the poverty line in the country, how does the government project their yearly physical and financial targets under the various schemes for Backward Classes. She observed that the Corporation has written to the State Channelising Agencies to conduct surveys to know the genuine number of beneficiaries covered under the various schemes, but nothing has been done in that direction. She also enquired that since the Government have not made any assessment about the number of Backward Classes beneficiaries who have come above double the poverty line after availing loan under various schemes of the Corporation, how does the government assess the same. She further observed that adequate proposals from the State of Assam, Manipur,

Orissa, and Tripura have not been received during the last five years and recoveries of the loan are outstanding in huge amount.

3. Thereafter, the members raised various queries which inter-alia included disbursement of funds to States, selection of genuine beneficiaries by the SCAs, non-disbursement of loans within the stipulated time by the SCAs, evaluation of SCAs which are performing well and which are performing very poor, Mahila Smridhi Yojana etc.

4. The representatives of the Ministry clarified to the queries raised by the Members. Hon'ble Chairperson directed them to send written replies to the queries of Members for which ready information was not available with them.

5 Hon'ble Chairperson thanked the Secretary and other officials for giving valuable information to the Committee on the subject and expressing their views in a candid manner.

A verbatim record of the Proceedings has been kept.

The Committee then adjourned.

**MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE  
ON SOCIAL JUSTICE AND EMPOWERMENT HELD ON 14<sup>TH</sup> JULY, 2005.**

The Committee met from 11.00 hrs. 13.30 hrs in Committee Room 'D',  
Parliament House Annexe, New Delhi.

**PRESENT**

Smt. Sumitra Mahajan - Chairperson

**MEMBERS**

**LOK SABHA**

20. Shri Ashok Argal
21. Smt. Susmita Bauri
22. Shri Mahaveer Bhagora
23. Shri Eknath M. Gaikwad
24. Shri Sanat Kumar Mandal
25. Shri Kailash Meghwal
26. Shri Rupchand Murmu
27. Shri Jual Oram
28. Shri Rameshwar Oran
29. Shri Daroga Prasad Saroj
30. Smt. Pratibha Singh
31. Smt. Usha Verma

**RAJYA SABHA**

32. Smt. Jamana Devi Barupal
33. Shri Silvius Condpan
34. Dr. Narayan Singh Manaklao
35. Shri Tarlochan Singh
36. Shri Veer Singh

**SECRETARIAT**

1. Dr. P.K. Sandhu - Additional Secretary
2. R.K. Saxena - Deputy Secretary

## LIST OF WITNESSES

### **I. REPRESENTATIVES OF THE MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT, NBCFDC AND NMDFC**

1. Smt. Sarita Prasad - Secretary
2. Dr. Sundeep Khanna - Additional Secretary
3. Dr. G. Prasanna Kumar - Joint Secretary
4. Shri. A.A.Naqvi - Managing Director (NBCFDC)
5. Shri R.N. Shastri - Managing Director (NMDFC)

### **II. REPRESENTATIVES OF THE STATE CHANNELISING AGENCIES OF NBCFDC AND NMDFC.**

1. Shri. K. N. Vijay Prakash - Managing Director(KBCDC)  
Bangalore
2. \* Shri Dileep Kumar - Managing Director(KSBCDC)  
Thiruvananthapuram
- 3.\* Shri. Vinod Kumar IAS - Director(BCMWD) MP,Bhopal
- 4.\* Shri R.L. Bhambhani - Managing Director(MPPVTAVAAVN)  
Bhopal
5. \* Shri Debendra C. Misra, IAS - Managing Director (OBCFDCC)  
Bhubaneswar.
6. Shri B.B. Sharma - Managing Director(MTDC) Imphal.
7. Shri Sudhir Kumar - Managing Director(UPMFDC)U.P.

At the outset, the Chairperson welcomed the Members and representatives of the State Channelising Agencies (SCAs) of National Backward Classes Finance and Development Corporation (NBCFDC) and National Minorities Development and Finance Corporation (NMDFC) from Karnataka, Kerala, Madhya Pradesh, Orissa, Manipur and Uttar Pradesh.

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\* Looking after both NBCFDC & NMDFC



2. Hon'ble Chairperson pointed out that the performance of State Channelising Agencies of Karnataka, Kerala and Uttar Pradesh are satisfactory whereas performance of SCAs from Orissa, Madhya Pradesh, and Manipur are not satisfactory at all. She observed that where the State Channelising Agencies are performing well, the recovery of loans from the beneficiaries is low. She also observed that the State Channelising Agencies whose performance is not satisfactorily, the number of beneficiaries covered by SCA and disbursement of loan position is very less. She enquired from the representatives of the State Channelising Agencies about the steps being taken by them for the implementation of welfare schemes for backward classes and minority community effectively in their respective States.

The representatives of the SCAs then apprised the Committee about the performances of State Channelising Agencies in their respective States, problems being faced by them like shortage of staff, charging of Commission on State guarantee, repayment of loan from beneficiaries etc. Some suggestions for improvement were also given by the representatives of SCAs.

Thereafter, the representatives of the Ministry of Social Justice and Empowerment, NBCFDC and NMDFC were invited by the Committee.

3. Hon'ble Chairperson pointed out the difficulties being faced by the State Channelising Agencies in effectively implementing the welfare schemes in States. The Members also raised various queries which inter-alias included disbursement of funds to States, charging of Commission on State guarantee,

shortage of staff, reduction in the margin of rate of interest on the funds allocated to SCAs from the Corporation etc.

4. The representatives of the Ministry clarified to the queries raised by the Members.

5 Hon'ble Chairperson thanked the Secretary and other officials for giving valuable information to the Committee on the subject and expressing their views in a candid manner.

A verbatim record of the Proceedings has been kept.

The Committee then adjourned.

**MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE  
ON SOCIAL JUSTICE AND EMPOWERMENT HELD ON 11<sup>TH</sup> MAY, 2006**

The Committee met from 15.00 hrs. to 16.30 hrs. in Committee Room 'D',  
Parliament House Annexe, New Delhi.

**PRESENT**

**Smt. Sumitra Mahajan - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri Eknath M. Gaikwad
3. Shri Sanat Kumar Mandal
4. Shri Daroga Prasad Saroj
5. Smt. Pratibha Singh
6. Shri Lalit Mohan Suklabaidya

**RAJYA SABHA**

7. Shri Silvius Condpan
8. Dr. Narayan Singh Manaklao
9. Shri Abdul Wahab Peevee
10. Shri Ram Narayan Sahu
11. Shri Tarlochan Singh
12. Shri Veer Singh
13. Ms. Anusuiya Uike

**SECRETARIAT**

1. Shri A.K Singh - Joint Secretary
2. Shri R.K. Saxena - Deputy Secretary
3. Shri Bhupesh Kumar - Under Secretary

2. At the outset, Hon'ble Chairperson welcomed the Members to the sitting of the Committee and apprised them that they were meeting to consider and adopt three Draft Reports of the Committee viz, subject Report on the 'National Backward Classes Finance and Development Corporation(NBCFDC)' and two Reports on Demands for Grants (2006-07) pertaining to the Ministries of Social Justice and Empowerment and Tribal Affairs.

3. The Committee first took up the draft Fifteenth Report on the 'National Backward Classes Finance and Development Corporation(NBCFDC)' pertaining to the Ministry of Social Justice and Empowerment and adopted the same without any amendment.

4. XX XX XX XX

5. XX XX XX XX

6. The Committee authorized the Chairperson to finalise the Reports and present the same to Parliament on their behalf.

***The Committee then adjourned.***

## APPENDIX

### STATEMENT OF RECOMMENDATIONS/OBSERVATIONS

S.No.	Para No.	Recommendation/Observations
1	2	3
1.	1.17	<p>The Committee note that National Backward Classes Finance and Development Corporation provides concessional finance to the members of the backward classes with annual income less than double the poverty line for their socio economic development by extending loan for setting up self employment ventures and income generating activities. However, the Committee is constrained to find that the Ministry have no data available with them about the total population of backward classes and also the number of OBC persons living below double the poverty line in the country. In the absence of this vital data the Ministry do not fix targets under its various welfare schemes for OBCs. The Committee are surprised to note that the funds allocation is based on the assumption that all States receive funds proportionate to their OBC population. The Committee are also not satisfied with the reply of the Ministry that the office of the Registrar General of India has turned down their request to conduct census of the people who fall under OBC category. The Committee strongly feel that in the absence of accurate data of backward classes, the basic objective of the Corporation i.e. economic development of poor sections of backward classes would not be achieved. The Committee, therefore, strongly recommend that Ministry should vigorously pursue with the Registrar General of India to conduct a survey of OBCs and the persons living below double the poverty line in this category so that the Ministry could prepare its Action Plan so that the required amount of funds can be made available to the State Governments for effective implementation of NBCFDCs' various schemes for the development of backward classes.</p>
2.	1.18	<p>The Committee find that the Ministry have requested State Governments/UT administrations to conduct survey of OBCs living below the poverty line in their respective States/UTs but only Haryana, Rajasthan, Tripura, Chandigarh and Dadra and Nagar Haveli have furnished the information of OBC families living below the poverty line while the Governments of Gujarat, Orissa and Delhi have shown their inability to carry out the survey. The Committee are surprised to note that States of Arunachal Pradesh, Meghalaya and Nagaland and the UT of Andaman &amp; Nicobar Islands have not even notified the backward classes so far and are not obtaining loan assistance at all. Though Dadra &amp; Nagar Haveli, Daman and Diu and Mizoram have nominated SCAs, they have not submitted any demand for funds. The Committee feel that the Ministry have not followed up with the State Governments the matter of</p>

conducting bench survey to cull out exact number of backward classes in their respective States sincerely as only five States/UTs have furnished information about the OBC families living below the poverty line. The Committee, therefore, recommend that the Ministry should pursue the State Governments to conduct surveys to find out the exact number of backward classes in their respective States/UTs at the earliest. The Committee also recommend that the Governments of Arunachal Pradesh, Meghalaya, Nagaland, Lakshadweep and Andaman and Nicobar Islands be persuaded expeditiously to notify backward classes in their respective States and submit their demands for funds for the development of backward classes.

3. 1.19 The Committee also note that the NBCFDC has written to State Channelising Agencies to conduct surveys to know the number of beneficiaries covered under various schemes but nothing has been done in that direction so far. The reason put forth by the Ministry that SCAs do not have requisite staff and infrastructure to conduct such surveys is not convincing. The Committee recommend that the Corporation should impress upon the SCAs to conduct the survey to find out the exact number of beneficiaries covered under various schemes of the Corporation so that the impact of the schemes could be assessed properly as it would enable the Corporation to fix targets under its various schemes and prepare annual action plans accordingly.
4. 1.30 The Committee note that State Channelising Agencies, who are entrusted with the task of identifying and formulating technically feasible and financially viable schemes, identifying potential beneficiaries and recovering of loans from the beneficiaries, have neither been equipped with adequate staff nor provided with adequate infrastructure by the State Governments. The Committee also note that due to poor infrastructure, non-availability of State Government guarantee and non-repayment of loans to the Corporation, SCAs have not been able to draw funds from NBCFDC. The Committee find that due to shortage of staff and inadequate infrastructure in certain State Channelising Agencies are not working effectively, selection of beneficiaries is very slow and disbursement of loan to the target groups is very less. The Committee are not happy with this grave situation. Since the State Channelising Agencies are the main links between the beneficiaries and the Corporation and their main objective is to make funds available for upliftment of the poor backward class beneficiaries, the Committee strongly recommend that necessary measures be taken by the Centre and State Governments to improve and strengthen the infrastructure of the State Channelising Agencies . SCAs should be permitted to create their own infrastructure, recruit their own staff and some officials of the State Channelising Agencies be deputed in each district to carry out their designated task effectively and efficiently. The Committee also recommend that to meet the expenditure for strengthening the

infrastructure and recruiting the required number of staff for the SCAs, adequate funds be allocated by the Centre as well as State Governments in a proportionate manner.

5.           1.31           The Committee express their serious concern over the fact that the Chief Executives of the State Channelising Agencies who are appointed by the respective State Governments and the officers on deputation from various State Cadres are frequently transferred. The Committee feel that frequent transfers of Chief Executives and other officials of State Channelising Agencies adversely affect the implementation of the NBCFDC Schemes and result in unsatisfactory functioning of the State Channelising Agencies. The Committee, therefore, desire that the Ministry should take up the matter with State Governments to refrain from frequent transfer of respective Chief Executives and other Staff officers and ensure that Chief Executives are posted to State Channelising Agencies on full time basis having fixed term.
6.           1.32           The Committee also find that in view of expanding activities of NBCFDC, more professional manpower is required. The reason given by the Ministry that in view of austerity policy of Government of India, further process is not initiated, is not convincing in view of the importance of the mandate and expanding activities of the Corporation. The Committee, therefore, strongly recommend that the Ministry should take up the matter of recruitment of adequate number of staff for NBCFDC with the Ministry of Finance urgently so that smooth functioning of the Corporation and effective implementation of welfare schemes for Backward Classes could be ensured.
7.           2.4           The Committee have been apprised that the authorized share capital of NBCFDC has been increased from Rs. 200 crore to Rs. 700 crore as on 31<sup>st</sup> August 2004 but the Central Government has contributed only Rs. 406.63 crore to the share capital of the Corporation against its authorised share capital. The Committee find that the budgetary support to NBCFDC was adequate to meet the targets of the Corporation upto the 9<sup>th</sup> Plan. However, during the 10<sup>th</sup> Plan additional budgetary support would be required to carry out the activities of SCAs of NBCFDC in an effective manner and higher allocation of funds to the Corporation could be considered if more funds are made available to the Ministry. The Committee, therefore, recommend that the Planning Commission may be persuaded to allocate more funds towards the authorised share capital of NBCFDC early so that the budgetary support to the Corporation could be enhanced substantially to enable it to implement its schemes effectively and further expand its activities for the welfare of Backward Classes.

8. 3.17 The Committee note that the main activity of NBCFDC is to provide Term Loans to the beneficiaries through State Channelising Agencies. The Corporation gives need-based loans to beneficiaries upto Rs. 5 lakh. However the Committee are constrained to observe that the number of beneficiaries who got loan of Rs. 4.00 to Rs. 5.00 lakh during the last five years is only 178 which is negligible. The Committee feel that enterprising youths in the backward community, who fulfill the criteria laid down for availing loan upto Rs. 5 lakh are not encouraged or coming forward to avail loan under the scheme. The Committee desire that unemployed persons of the backward community should not only be encouraged but also be given some incentive to avail of loans under the scheme and set up their own ventures so that they could cross the figure of below double the poverty line.
9. 3.18 The Committee find that Swayam Saksham Scheme has been introduced by the Corporation to inculcate the spirit of self confidence among professionally educated unemployed youths in backward community through self employment to utilise their wisdom and experience gained through professional training and education. However, the Committee express their displeasure to note that till February, 2005 State Channelising Agencies of only Andhra Pradesh and Maharashtra have provided the assistance to only 57 unemployed youths under this scheme. The reason put forth by the Ministry that no separate target is fixed by NBCFDC for the scheme and the SCAs are required to submit their Annual Action Plan indicating their targets for each scheme as per need of the beneficiaries in their States is not convincing at all. Keeping in view the fact that the scheme has been formulated to inculcate the spirit of self confidence among the professionally educated unemployed youth belonging to the backward classes, the Committee desire that the Ministry should pursue the remaining States/UTs to implement the Swayam Saksham Scheme in their respective States and encourage the State Channelising Agencies to send adequate and viable proposals for providing loan so that a large number of unemployed educated youth could get the benefits of the scheme.
10. 3.19 The Committee are constrained to note that the number of students of backward classes who availed concessional loan under Educational Loan Scheme for pursuing general/professional/technical courses at graduate and higher levels is abysmally low particularly in Bihar, Goa, Gujarat, Madhya Pradesh, Tamil Nadu, Uttar Pradesh and West Bengal. The Committee also note that the Educational Loan Scheme has not been implemented in several States, thereby depriving the deserving students of backward classes from availing of the concessional loans for pursuing higher studies. The Committee further observe that the Ministry are not having up to date information about the number of beneficiaries who have been granted maximum amount of Education loan i.e. Rs. 3 lakh.



The Committee are not satisfied with this state of affairs. The Committee, therefore, recommend that all-out efforts should be made to popularize the Educational Loan Scheme in all the States/UTs so that a large number of students from backward classes, who are below double the poverty line, could get the benefits of the scheme and pursue their higher studies without any hindrance. The Committee also desire that an upto-date data of beneficiaries who have been granted the maximum amount of Loan and also the number of women physically impaired and dependent war widows among the OBC beneficiaries who have been sanctioned loan under the scheme should be maintained by the Corporation.

11. 3.20 The Committee appreciate the initiative taken by the NBCFDC for providing project linked training schemes from its own internal resources through SCAs/Training Institutions. However, the Committee are of the opinion that a large number of beneficiaries are unskilled, lack technical knowledge and motivation and the training needs of potential OBC beneficiaries may be of different kinds like motivational, skill oriented, entrepreneurial and those geared at marketing. The Committee, therefore, recommend that while imparting training, such aspects should be taken care of so that the persons getting training under the scheme could develop their skill and knowledge in specified trades and derive maximum benefits from the efforts and schemes of the NBCFDC. The Committee also recommend that the Vocational Training schools for the targeted groups may be established in various parts of the country, particularly in backward class concentrated districts.
12. 4.17 The Committee note that NBCFDC provides loans to SCAs at the rate of interest between 1% to 3% per annum for its various welfare schemes, whereas 5% to 6% interest p.a. is charged from the beneficiaries by the SCAs, thus cornering away 3% as infrastructure/operational expenditure. The Committee also note that Government may consider for equity participation as is available in case of SCDCs subject to availability of planned funds for the purpose. The Committee, therefore, strongly recommend that in order to boost the income generating activities of the backward classes, the rate of interest being charged from the beneficiaries on NBCFDC loans may be reduced. In order to meet the infrastructural and operational expenditure of SCAs, sufficient funds should be provided to the Corporation by the Government and the Ministry should pursue with the State Governments to come forward to bear such expenditure of their respective SCAs in a proportional manner as the State Governments have equal obligation for the welfare of the backward population in their respective, States thereby reducing the rate of interest being charged from the beneficiaries.

13. 4.18 The Committee also observe that SCAs are required to pay one per cent guarantee commission to the State Governments for obtaining guarantee from them. Thus, only 2% of the interest amount is left with the SCAs which is not sufficient to meet their establishment/operational and other expenses. Also sometimes the SCAs find it difficult to get the State guarantee which causes delay in getting loan from NBCFDC and disbursing it to the beneficiaries in time. The Committee, therefore, recommend that State Governments may be persuaded not to charge any guarantee/commission from the SCAs for giving guarantee for the funds being provided to them for welfare schemes of backward classes so that their administrative expenditure could be met effectively and the delay caused in getting funds from the NBCFDC could be avoided.
14. 4.19 The Committee find that recovery of loan from several States is very low. State Channelising Agencies of Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra and North Eastern States, etc. still have overdues in crores of rupees towards the Corporation. Though the Corporation gives incentive @ 1-1.5% of interest margin to the State Channelising Agencies, which is linked to their performance and has taken some steps to recover the loan, the position does not seem to have improved. The Committee, therefore, recommended that a Recovery Cell may be set up in all the State Channelising Agencies to gear up and monitor the recovery process and defaulting agencies may be persuaded to clear their dues in time.
15. 4.20 The Committee note that the main difficulties faced by the beneficiaries in getting loan are obtaining Government official/collateral guarantee, issue of backward class certificate, documentation and completion of procedural formalities. The Committee desire that necessary steps should be taken by the State Channelising Agencies to simplify the process of loan disbursement to avoid inconvenience to the beneficiaries. Also in order to obviate the difficulties being faced by the beneficiaries in securing guarantee of a Government official, the Committee desire, that the Government should consider to constitute a Committee of five responsible and prominent citizens of the area/village and on the recommendations of that Committee, the beneficiaries may be granted loan.
16. 4.21 The Committee note that a large segment of backward class people are engaged in crafts activities. The Corporation provides Project linked training to the craft persons and potential entrepreneurs for design development of their traditional crafts etc. The Committee also note that the Corporation with its meagre finances arrange to participate in the Exhibitions arranged by various Departments, i.e. ITPO, Industry Department, Tourism Department, etc. However, the Corporation spends on these exhibitions from its own resources

since no separate budgetary support is received by the Corporation. The Committee, therefore, recommend that sufficient funds should be provided to the Corporation to enable it to organize Exhibitions and buyer-seller meets in various parts of the country to enable the crafts persons to display their artifacts and products in a bigger way and fend good market for their products.

17. 5.10 The Committee note with dismay that awareness camps for generating awareness among the beneficiaries have not been organized in many parts of the country so far. Keeping in view the importance of the mandate of the Corporation and the interest of the large number of potential beneficiaries involved, the Committee desire that wide publicity of the welfare schemes for backward classes should be given by organizing Awareness Camps in all the States, particularly in remote and inaccessible areas. Also, the publicity of the Corporation's Welfare Schemes should be undertaken more extensively and vigorously through electronic media like TV/Radio Channels, in vernacular print media, by distributing pamphlets and issuing advertisements on applications for purchasing Railway Tickets, Dispensary Cards and University forms, etc. The Committee further desire the Government to issue directions to professional institutes like medical colleges and other institutions which conduct professional courses like MBA, MCA, etc. to provide a column in their prospectus that finance for pursuing these courses is also provided to the backward class beneficiaries by the Ministry of Social Justice and Empowerment/ NBCFDC through SCAs of respective States.
18. 5.11 The Committee note that NBCFDC review the performance of SCAs by way of meetings, Monthly and Quarterly Progress Reports and officials of the Corporation also undertake field visits to monitor the implementation of welfare scheme. The Committee further note that SCAs have only a small staff at the field level and infrastructure of SCAs is very poor. The Committee feel that due to shortage of staff and poor infrastructure of State Chennelising Agencies, they are not in a position to give accurate feed back to the Corporation and thus effective and proper monitoring of the implementation of welfare schemes is not done. The Committee therefore, recommend that necessary steps may be taken to strengthen the State Channelising Agencies and ensure that regular feedback is received by the Corporation from them so that proper and effective monitoring of the implementation of welfare schemes could be done. The Committee, also recommend that the Ministry should set up a Monitoring Committee to ensure regular and strict monitoring of the implementation of welfare schemes of NBCFDC in a more concentrated and focused manner. Inspection teams of the Ministry should be sent frequently to see how far the welfare schemes of the Corporation are implemented.

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The Committee express their concern at the inability expressed by the Ministry in releasing the list of beneficiaries scheme-wise with addresses on the internet to make the same accessible to the concerned authorities and public representatives for proper and effective monitoring. The Committee are not satisfied with the reply of the Government stating that it would not be feasible as it involves huge cost by SCAs to cover over 5 lakh beneficiaries. The Committee, therefore, recommend that the Ministry should develop a software and make available details of beneficiaries, their addresses, amount of loan given, purpose for which the loan is sanctioned on the internet for information and use of beneficiaries and public representatives.