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

(FOURTEENTH LOK SABHA)

MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT

**WORKING OF NATIONAL MINORITIES DEVELOPMENT
AND FINANCE CORPORATION**

NINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI
September, 2005/ Bhadrapada, 1927 (Saka)**

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Presented to Lok Sabha on 28.11.2005

Laid in Rajya Sabha on 28.11.2005



**LOK SABHA SECRETARIAT
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September, 2005/ Bhadrapada, 1927 (Saka)

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SOCIAL JUSTICE AND EMPOWERMENT (2005-2006)**

Smt. Sumitra Mahajan - CHAIRPERSON

**LOK SABHA
MEMBERS**

2. Shri M. Appadurai
3. Shri Ashok Argal
4. Smt. Sushmita Bauri
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. Shri Rameshwar Oraon
12. Shri Asaduddin Owaisi
13. Shri T. Madhusudan Reddy
14. Shri Daroga Prasad Saroj
15. Dr. R. Senthil
16. Shri Mohd. Shahid
17. Smt. Pratibha Singh
18. Shri Lalit Mohan Suklabaidya
19. Smt. Krishna Tirath
20. Smt. Usha Verma
21. Shri K. Yerrannaidu

RAJYA SABHA

22. Smt. Jamuna Devi Barupal
23. Shri Silvius Condpan
24. Shri R.S. Gavai
25. Dr. Narayan Singh Manaklao
26. Shri Abdul Wahab Peevee
27. Shri Dharampal Sabharwal
28. Shri Ram Narayan Sahu
29. Smt. Savita Sharda
30. Shri Tarlochan Singh
31. Shri Veer Singh

SECRETARIAT

1. Shri John Joseph - Secretary
2. Shri A.K. Singh - Joint Secretary
3. Shri R.K. Saxena - Deputy Secretary
4. Shri Yash Pal Sharma - Comm. Assistant

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 Ninth Report on the subject “Working of National Minorities Development and Finance Corporations”.

2. The Committee took evidence of the representatives of the Ministry of Social Justice and Empowerment on 7th February, 2005. Discussions were also held with the SCAs of NMDFC on 14th July, 2005. 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. The Committee undertook on-the-spot study visit to Chennai, Pondicherry and Hyderabad and held discussion with the representatives of National Minorities Development and Finance Corporation, State Channelising Agencies and beneficiaries of NMDFC Schemes. The observations of the Committee are based on the outcome of the field visit of the Committee as well as oral evidence of the Meeting.

4. 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.

5. The Report was considered and adopted by the Committee at their sitting held on 14th September, 2005.

NEW DELHI;
14th September, 2005
23rd Bhadrapada, 1927 (Saka)

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

CHAPTER I

CONSTITUTION AND ORGANISATIONAL SET UP OF NMDFC

Background

1.1 Five religious communities viz. Muslims, Christians, Sikhs, Buddhists and Zoroastrians (Parsis) have been notified as minorities as per the National Commission for Minorities Act 1992. These five communities constitute about 18% of the country's population. The Ministry's endeavourer is to ensure conditions in which the minorities are assured that their constitutional and legal rights are safeguarded and educationally and economically they are at par with the mainstream.

1.2 According to the Ministry, the break-up of population of five communities, as per 2001 census, is as follows:-

Muslims	138,188,240
Christians	24,080,016
Sikhs	19,215,730
Buddhists	7,955,207
Parsis	76,382*

* As per 1991 census

1.3 The Committee have been informed that a large section of target group of NMDFC is involved in skill based and service activities. The main problem faced by these minority individuals is to approach normal credit channel for supporting their income generation activities. The low literacy level increases the problem further. The economic backwardness appears to be primary cause for low education. NMDFC was set up in view of the above and has since introduced several schemes to promote economic empowerment as well as education among target groups.

(a) Setting up of NMDFC

1.4 The National Minorities Development & Finance Corporation (NMDFC) was incorporated as a Government company on 30th September 1994 under Section 25 of the Company Act, 1956. The prime mandate of NMDFC has been to provide concessional finance to the minorities living below double the poverty line for self-employment.

NMDFC functions under the administrative control of the Ministry of social Justice & Empowerment, Government of India.

Aims and Objectives of NMDFC

1.5 The National Minorities Development and Finance corporation (NMDFC) was incorporated under section 25 of the Companies Act 1956 on 30th September, 1994 as a Company not for profit. The aims and objectives of the corporation are as given below:

1. To promote economic and developmental activities for the benefit of “Backward section’ amongst the Minorities, preference being given to the occupational groups and women;
2. 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 the minorities by way of loans and advances for economically and financially viable schemes and projects;
3. To promote self-employment and other ventures for the benefits of minorities;
4. To grant loans and advances at such rates of interest as may be determined from time to time in accordance with the guidelines or schemes prescribed by the Central Government or by the Reserve Bank of India.
5. To extend loans and advances to the eligible members belonging to the minorities for pursuing general/professional/technical education or training at graduate and higher levels;

6. To assist the upgradation of technical and entrepreneurial skills of minorities for proper and efficient management of production units;
7. To assist the State level organizations dealing with the development of the minorities by way of providing financial assistance or equity contribution and in obtaining commercial funding or by way of refinancing.
8. To work as an apex institution for coordinating and monitoring the work of all corporations/boards/other bodies set up by the State Government/Union Territory Administrations for, or given the responsibility of assisting the minorities for their economic development; and
9. To help in furthering the Government policies and programmes for the development of minorities.

1.6 With the objective of promoting economic and developmental activities for the “Backward Sections” amongst the minorities, the NMDFC is providing concessional finance for self-employment activities to eligible beneficiaries belonging to minority communities having annual family income below double the poverty line. At present families having annual income less than Rs. 40,000 in rural areas and Rs. 55,000 in urban areas are categorized as below double the poverty line. The corporation is able to cover only 30,000 beneficiaries per year.

1.7 According to the Ministry, the authorized share capital of NMDFC was Rs. 500 crore to be contributed jointly by the Government of India, State Governments and individuals and groups having intention for development of minorities, in the ratio of 60% (Rs. 300 crore), 26% (Rs. 130 crore) and 14 % (Rs. 70 crore) respectively. The GOI has contributed Rs. 258.42 crore; State Governments Rs. 61.75 crore & Individuals/Groups have nil contribution in the paid up share capital of NMDFC, the total being Rs. 320.17 crore.

1.8 According to the Ministry poverty line criteria is based on the consumption levels in rural as well as urban areas. The Committee asked whether the Ministry has taken up the matter with the Planning Commission to further revise the financial limits for deciding the poverty line. The Ministry informed that poverty line limit has been revised in 2000-01. The Ministry has given no suggestions to the Planning commission, reasons being that funding and not the income ceilings are the major constraint in expanding the activities of the Corporation. Also, the Corporations have been set up to help the weaker sections of society.

1.9 The Committee has been informed that NMDFC implements its programmes through State Level Channelling Agencies (SCAs), nominated by respective State Governments. The Micro Financing Scheme is implemented through the Non Governmental Organizations (NGOs). Preference is given to the occupational groups and women. The Corporation extends loans primarily for self-employment as well as educational loans.

(b) Data on persons of minority community below double the Poverty Line

1.10 When asked about the number of persons below double the poverty line in the minority communities, the Committee have been informed that though the poverty line data for minorities is not available as per census 2001, however, the national average for below poverty line population is 26% as per Planning Commission report 1999-2000. The total population of minorities in the country as per 2001 census is 18.94 Crores and based on the national average, the population below poverty line works out to 4.92 Crores (i.e. 26% of 18.94 Crores). The number of persons below double the poverty line, i.e. the target group of the NMDFC, would be still higher. Against this size of target group the

Corporation is able to cover only about 30,000 beneficiaries per year. The population of target group being so huge, the absence of accurate data does not come in way of making projections regarding financial and physical targets at this stage.

1.11 The Committee asked about the reasons for not furnishing the number of persons below double the poverty line in each minority community. It was informed that the Ministry has not been able to furnish the required data since such data have never been compiled. The Committee asked whether the Ministry of Social Justice and Empowerment has conducted any survey to identify the actual number of persons living below double the poverty line. It has been stated that such a survey has not been conducted. It is not possible for the Ministry to conduct such a survey in view of the massive administrative and financial implications.

1.12 In response to queries regarding number of persons who have been able to cross the below double the poverty line mark after availing of financial help from the Corporation, it has been stated that since income generating assets are created under the Scheme it is presumed that it helps the beneficiaries in augmenting their income and thereby pull out of poverty. However, no survey has been undertaken in this regard.

1.13 The Committee note with surprise that the Ministry has so far not got conducted any survey to identify the actual number of potential beneficiaries i.e. the minority people living below double the poverty line which is the basis of their operations. The reason forwarded that it is not possible for the Ministry to conduct such survey in view of the massive administrative and financial implications is not convincing at all. The Committee strongly feel that in the absence of accurate data of persons below double the poverty line among the notified minority community the basic objective of the Corporation i.e. economic development of poor sections of minorities community would not be achieved. The Committee, therefore, recommend that a survey to find out the exact number of persons below double the

poverty line in each minority community be got conducted either through Planning Commission or National Sample Survey Organisation (NSSO) so that exact number of right kind of beneficiaries could be identified and comprehensive economic developmental schemes for the welfare of minority persons living below double the poverty line could be formulated and targets in physical and financial terms be achieved expeditiously. The Committee also recommend that the Ministry should set up a Statistical Data Collecting Cell to collect and update authentic data concerning minorities. The steps taken and progress made in this regard may be communicated to the Committee within three months time.

1.14 The Committee further note with dismay the casual reply of the Government relating to the number of persons who have crossed below double the poverty line mark as a result of availing the financial assistance from the Corporation, that since income generating assets are created under the schemes it is presumed that it help the beneficiaries in augmenting their income. The Ministry has bluntly replied that no survey has been undertaken in this regard. The Committee express their anguish on the way in which the Ministry have stated about its non-performance. It should be the basic obligation of the Ministry to gauge precisely the impact of the spending of the scarce public money for economic emancipation of the weaker sections of minorities. The Committee, therefore, strongly desire that a survey should also be conducted to assess to the number of beneficiaries who have crossed below double the poverty line mark and convey the findings thereof to the Committee so that the impact of the welfare schemes being implemented for the economic development of minorities could be assessed properly.

1.15 The Committee find that at present families having annual income of less than Rs.40,000 in rural areas and Rs.55,000 in urban areas are categorized as below the poverty line. The poverty line criteria was revised during the year 2000-2001. The poverty line criteria is based on consumption level in rural as well as urban areas. The Committee also note that the Ministry have not given any suggestion to the Planning Commission for further revising the poverty line limit, reason being that funding and not the income ceiling are the major constraints in expanding the activities of the Corporation. The Committee do not agree with this plea of the Government. Keeping in view the rising price index and higher cost of living, the Committee recommend that the poverty line criteria in rural areas as well as urban areas may be further revised and more funds be made available to the Corporation so that maximum number of persons in minority community could get the benefit of welfare schemes.

(c) State Channelising Agencies/NGOs

1.16 The Ministry have informed that NMDFC has two channels to reach the ultimate beneficiaries; one through State Channelising Agencies (SCAs) nominated by respective State/UT Government and the other through the Non-Governmental Organisations (NGOs). Accordingly, financial Assistance Programmes of NMDFC are of two types one through the State Channelising Agencies and another through the NGOs. At present, National Minorities Development & Finance Corporation (NMDFC) has got 34 operational State Channelising Agencies (SCAs) in 24 States and 2 Union Territories. The Corporation has a network of 150 NGOs across the country. New State Channelising Agencies (SCAs) are coming up in the newly created States, namely Uttranchal, Jharkhand and Chattisgarh.

1.17 The Committee have further have informed that the State Channelising Agencies are links between the beneficiaries and NMDFC. These agencies have been conferred with the responsibility of identification of beneficiaries, seeking sanctions, receiving funds thereof from NMDFC and subsequently disbursing them to the beneficiaries, assisting beneficiaries in implementation of schemes and making recoveries from the beneficiaries.

1.18 NMDFC operates through its State Channelising Agencies which are nominated by respective State Governments. The funds are advanced to various States through State Channelising Agencies, which depends on the number of proposals received from the States. In the beginning of the year, the Corporation makes a notional allocation to all the State Governments, based on the minority population in respective States and their targets of disbursement. The State Government give guarantee for those disbursements and also on the repayment position. If in a particular State the over dues are very heavy or utilization certificates have not been received, the disbursement will be slashed. It has

been further stated that some of the State Channelising Agencies are not utilizing the full amount of funds disbursed to them because of the work structure of the State Channelising Agencies. When asked to give name of States/UTs where no State Channelising Agency has been nominated so far and steps taken in this regard, the Committee have been informed that the States of Arunachal Pradesh and Goa have not nominated the State Channelising Agencies. The Government of Goa has informed that there is no need for such a scheme. Government of Arunachal Pradesh has been requested to nominate State Channelising Agency for implementing NMDFC schemes. However, there has been no response from the State Government, so far.

1.19 During the course of evidence, the Committee pointed out that since implementation of NMDFC Schemes are depending upon State Channelising Agencies, how the work for the minorities could be done in the absence of State Corporations for the minorities, the Secretary, Ministry of Social Justice and Empowerment clarified that Minorities Commission has recommended that there should be a separate Commission in each State. There are 11-12 States like Assam, Andhra Pradesh, Bihar, Himachal Pradesh etc, where there are such Minority Development Corporations which are active as State Channelising Agencies. The Minority Development Corporation in Assam is not functional but the corporation is there. It is further stated that it depends on the State Governments to set up a separate Corporation or not. The Ministry writes to the State Governments to set up Separate Corporation but the States Takes its own decision in this regard.

1.20 As regards NGOs, it is stated that National Minorities Development Corporations makes available funds to the NGOs. The NGOs give it to Self Help Group (SHGs) and the beneficiaries. The Committee asked how does NMDFC ensure that selected NGOs are of proven identity and Self Help Groups are genuine, the Ministry stated that in order

to ensure the bonafides of the NGOs as per norms for micro financing schemes, the following is the eligibility criteria for selection of the NGOs in NMDFC:

- i) NGOs should have broad based objectives.
- ii) It should have professional competence and basic financial Management capability.
- iii) Its office bearers should not be elected members of any political party.
- iv) It should have proper system of accounting without any serious irregularities in audits.
- v) NGO should have been registered for at least three years with good reputation in the work area.
- vi) It should be experienced in thrift and credit activities with recovery level of the order of 90%.

For each case, after thorough scrutiny, pre-sanction field study is conducted where the Self Help Groups as well as the working of the organisation is studied and verified in detail.

1.21 The Committee have been informed that Grant-in-aid is given in the form of interest free loan to NGO for promotion of SHGs having minority members and whereas Micro Credit is small loan to the existing minority SHGs irrespective of the fact whether they have been promoted out of NMDFC financial assistance or otherwise. The release of micro credit to a State depends upon the proposals received from the State for micro-credit. In Gujarat, during 2003-04, no NGO proposal was sanctioned. Similarly is the case of Haryana, Kerala, Manipur and Uttranchal.

In general, it can be said that some of NGOs dealing with minorities are not active in these States. To overcome the same, N MDFC has decided to implement the micro financing through the SCAs also so that micro credit is provided to larger number of beneficiaries.

The release of Grants-in-aid to Non- Governmental Organisations for promotion of Self Help Groups during the last three years is as given below:

<u>YEAR</u>	<u>AMOUNT (Rs. in Lacs)</u>
2001-02	21.71
2002-03	5.18
2003-04	7.08

1.22 The Committee enquired the reasons for releasing less amount to NGOs. The Ministry stated that the NGOs were not having sufficient exclusive minorities Self Help Groups. However, over the years, the NGOs have started forming SHGs with minority members and requirement for giving grants-in-aid for formation of Minority SHGs is gradually diminishing. The Ministry have further stated that in order to avoid misuse of funds, NMDFC conducts repeated field visits whenever instances of default come to the notice of NMDFC. Firstly, the NGOs are persuaded followed by legal action for refund of loan.

1.23 During evidence, the Committee asked what methods are being adopted for transparency particularly on NGOs. The representative of NMDFC stated-

“Normally, for an NGO, we will be seeing their three years audited accounts before some loan is given. Secondly, after it is disbursed, we give 50% of it and then we send an independent person who is a monitor. That monitor goes to the respective agency through this NGO. He will find out how the utilisation has been. He goes to the field, meets the beneficiary at random and then sends us a report. Based on the report we take further steps.”

(d) Zonal Offices

1.24 The Committee enquired whether the NMDFC is contemplating to set up Zonal Offices for better co-ordination with the Channelising Agencies, the Ministry stated that considering the small size of the Corporation and its financial limitations, NMDFC is not in a position to set up Zonal Offices. Better coordination is being ensured through frequent visits to the States by officers of the Corporation.

1.25 During evidence the Secretary, Ministry of Social Justice and Empowerment stated that for a loan of upto Rs. 50000/-, the State Channelising Agencies can itself sanction the loan. When pointed out by the Committee that though the maximum loan limit is Rs. 5 lakhs, the beneficiaries asking for a loan of Rs. 5 Lakhs are negligible. It was stated that one of the reasons is that State Channelising Agencies do not encourage people to go for a loan beyond Rs. 50,000/-. The Committee thereupon, pointed out that if a regional office in South is established it will help all the States of South. This could be done by deputing some staff to the regional office. It was suggested to establish regional Offices of NMDFC by deputing some staff to the regional office wherein the workload can be decreased and work can be taken up at a faster rate.

The MD, NMDFC stated :-

“The suggestion made by the hon. Member is really good that we could have regional offices. It would be of a great help to supervise the working of the South separately, North separately and so on. I think it is a very good suggestion. If the Government policy permits us to have regional offices, it would be very good. But we should be able to put our staff. It should not be like the present system where we have got the sanctioned strength but we are not permitted to recruit anyone.”

(e) Shortage of Staff

1.26 The Committee have been informed that NMDFC has been experiencing shortage of staff in view of its expanding activities. Out of 69 sanctioned posts only 34 officials are in position. On being asked to state the steps taken to ensure that the sanctioned staff of NMDFC is recruited early, it has been stated that filling up of vacant posts is not permitted in view of austerity measures. It was further stated that a case for filling up the vacant posts will be taken up with the Finance Department.

It has also been stated that the Managing Directors of the SCAs are deputed by the respective State Governments and are frequently transferred. This leads to interruption in the implementation of NMDFC programme. Staff of various SCAs are also brought on deputation from various other organisations. These staff members are also frequently transferred or withdrawn from their respective departments. This has been a major problem which has been taken up with the State Governments frequently by NMDFC on various forums.

1.27 On being asked steps taken by the Government to check this tendency it has been stated that the appointments to State Government posts is the prerogative of the respective State Government. The concerns regarding frequent transfer of MDs of States Channelising Agencies has been conveyed to the State Governments during the meeting of State Welfare Secretaries.

1.28 During the course of evidence, the representative of the Ministry stated as under:-

“The first was – some of the States Channelising Agencies not utilising the total amount. This is basically because of the work structure of the State Channelising Agencies. In a large number of States, the Managing Directors are not being posted. Even if they are posted, they remain there for a short time and they get transferred.”

It is further stated that the MDs in States have a separate mandate. They are given only additional charge of States Channelising Agencies. So, they do not take interest to the required extent.

1.29 The Committee find that State Channelising Agencies are the main links between the beneficiaries and the Corporation. These agencies have been conferred with the responsibility to identification of beneficiaries, seeking sanctions, receiving funds and ultimately disbursing them to the beneficiaries. The Committee however are constrained to note that some State Channelising Agencies are not utilizing the full amount of funds disbursed to them because of work structure of the SCAs. Also some states like Arunachal Pradesh and Goa have not nominated the State Channelising Agencies so far. The Committee further note that the recommendation of the Minority Commission for setting up a separate Commission in each State have not been fully implemented. There are some States like Andhra Pradesh, Bihar, Himachal Pradesh etc. where there are Minority Development Corporations which are active as State Channelising Agencies whereas in States like Assam it is not functional though the Corporation exists there. The Committee are not happy with this situation. Since the SCAs are the main links between the beneficiary and the Corporation and their objective is to make funds available for upliftment of the poor minority beneficiaries, the Committee recommend that the work structure of the SCAs should be strengthened and some norms should be laid down for staffing system in the SCAs. The State Channelising Agencies may be permitted to create their own infrastructure, recruit their own staff and some officials of the SCAs be deputed in each district to carry out their designated task effectively and efficiently. For this purpose funds to meet the expenditure could be provided by the Centre as well as State Governments in a proportionate manner.

1.30 The Committee also desire that the Ministry should pursue vigorously with the State Governments to nominate State Channelising Agencies in States where they do not exist. Instead of working on adhoc basis through other Corporations in some States, the Committee also desire that the State Governments may be pursued

to implement the recommendation of the Minority Development Corporation regarding setting up of the Minority Corporation in their respective States.

1.31 The Committee note that Grants-in-aid is given in the form of interest free loan to NGOs for formation of Self Help Groups having minority members and micro credit is given to the existing Minority Self Help Groups irrespective of the fact that they have been promoted out of NMDFC financial assistance or otherwise. The release of funds depend upon the proposals received. However, it has been observed that in Gujarat no NGO proposal was sanctioned during the year 2003-04. Similar is the case of Haryana, Kerela, Manipur and Uttranchal. In general it can be said that some NGOs dealing with minorities are not active in some States. The Committee also find that as NGOs were not having sufficient exclusive Minority Self Help Groups, the release of funds/Grants-in-aid has declined considerably. The Committee, therefore, desire that the NGOs of proven identity may be encouraged to form Minority Self Help Groups, send proposals for sanction of loan and disburse the loans to the minority beneficiaries for various income generating activities. The Committee also desire that in States where the performance of State Channelising Agencies are not satisfactory, the NMDFC welfare schemes may also be carried out through NGOs.

1.32 The Committee find that the State Channelising Agencies are competent to sanction a loan upto Rs.50,000 only whereas the maximum loan limit is Rs. 5 lakhs. As a result the State Channelising Agencies have to refer the loan applications/proposals of more than Rs.50,000/- to the Corporation for sanction which results in undue delay and makes the procedure cumbersome and lengthy. It discourages the enterprising youth who fulfill the other criteria for availing such loans. The logic forwarded by the Ministry that better coordination is being ensured through frequent visits by the officials of NMDFC is not justified as they

too cannot sanction the loan beyond Rs.50,000/- on the spot. Therefore the Committee desire that State Channelising Agencies should be empowered to sanction the loan upto Rs. 2.00 lakhs. The Committee also recommend that for proper coordination and for sanctioning loan beyond Rs. 2.00 lakhs separate Regional Offices for Northern, Southern, Western and Eastern regions in the Country may be established at the earliest. The necessary required staff for the Regional Offices may be got sanctioned and posted there to carry out the work smoothly.

1.33 The Committee express its serious concern over the fact that the Managing Directors of State Channelising Agencies who are deputed by the State Governments are frequently transferred as it leads to interruption in the implementation of NMDFC programmes. Also staff of various SCAs are brought on deputation from other organizations and are frequently withdrawn by their respective departments. It is also found that Managing Directors in some States get additional charge of the Channelising Agencies and thus they could not take interest to the required extent resulting in unsatisfactory functioning of State Channelising Agencies. The Committee, therefore, desire that the Ministry should take up the matter with the State Governments to refrain from frequent transfer of respective Managing Directors and other staff of State Channelising Agencies and ensure that the Managing Directors are posted to SCAs on full time basis having fixed term.

1.34. The Committee also find that the sanctioned staff strength of NMDFC is 69 whereas only 34 posts have been filled. The reason given by the Ministry for not filling up the vacant posts in view of austerity measures is not convincing in view 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 sanctioned staff of NMDFC with the Ministry of Finance urgently to ensure smooth functioning of the Corporation and effective implementation of minority welfare schemes.

CHAPTER II.

FINANCIAL PERFORMANCE

Authorized Share Capital

2.1. The Ministry has informed that the Cabinet has recently increased the Authorized Share Capital of NMDFC from Rs. 500.00 crore to Rs. 650.00 crore. The share of the Government of India has been increased from 60% to 65% and the share of individuals has been reduced from 14% to 9%. The Government of India already contributed 86% of the authorized share capital, whereas, the State Governments had contributed only 48% of their share. Individuals/Groups have nil contribution in the paid up share capital of NMDFC.

2.2. The Committee have been informed that a large number of States have not contributed their share to the share capital of NMDFC. The reason for non-contribution of full share by the States/UTs is stated to be financial constraints of the respective State Governments.

2.3. When the Committee enquired whether NMDFC allocates funds for its welfare schemes to the States who have either not contributed or partially contributed their share to the Share Capital of the Corporation and to what extent funds are allocated to such States by the NMDFC, the Committee have been informed that to ensure that the ultimate beneficiaries do not suffer, NMDFC does not co-relate allocations to the SCAs with the equity contribution of the State Governments.

2.4 The Committee enquired about the reasons for which NMDFC could not attract the contribution from the individuals/groups. The Committee have been informed that NMDFC is a Section 25 Company not for profit. Thus, it does not attract the individuals interested in investments for profit. Also, NMDFC caters to 5 minority communities and thus the persons belonging to a particular community have not shown inclination to

contribute in the equity of NMDFC. It has further been stated that the contribution of individuals has since been reduced from 14% to only 9% of the equity of NMDFC. NIL contribution under this category does not have any major bearing on NMDFC's working.

2.5 When asked about the efforts being made by NMDFC to secure the individuals/Group's contribution to the paid up share capital of NMDFC, the Ministry stated that NMDFC had approached Islamic bank and other such organizations. However, they have not shown any interest in making contribution.

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

“An organization belonging to one religion will say that they feel that money should go directly to their own community and not go to some other community. We say to them that by giving to some other community, you would also get from other community.”

2.7. The Committee have been informed that during 2002-2003 the amount of Rs. 24.00 crore was allocated to NMDFC at RE stage. Budget Estimate for the year 2003-2004 has been Rs.24.00 crore which was reduced to Rs.17.16 crore at Revised Estimate stage and the actual expenditure was also to the tune of Rs.17.16 crore. On being asked to state the reasons for less allocation of funds at Revised Estimate stage, the Ministry stated that at the time of preparation of Revised Estimates, there was a general cut in the allocations by the Ministry. For the year 2004-05 an amount of Rs. 71.29 crore was allocated out of which the expenditure incurred was Rs.41.00 crore (upto 31.12.2004), for the year 2005-06 Rs. 19.60 crore have been allocated.

2.8 The Committee have been apprised that the authorized share capital of NMDFC has been increased from Rs.500 crore to Rs.650 crore. The share of Government of India has been increased from 60% to 65% and the share of

individuals has been reduced from 14% to 9%. The Committee, however, note with concern that a large number of States have not contributed their share to the share capital of NMDFC due to financial constraints and there is nil contribution on the part of groups/individuals which results in lesser allocation of funds to the States for the welfare schemes for upliftment of minorities. The Committee, therefore, recommend that the State Governments may be persuaded vigorously to bear their responsibility of contributing their share to the equity of NMDFC and get their full share from the Corporation so that financial assistance could be made available to the minority community to the maximum extent. The Committee also desire that the minority organizations/groups/individuals may be persuaded to contribute their share in the authorized share capital of NMDFC.

2.9 The Committee find that the budgetary allocation to NMDFC was Rs. 24.00 Crore during the year 2002-2003 which was reduced to Rs. 17.16 crore during 2003-2004 at RE stage. Though the BE for the year 2004-2005 has been raised to Rs. 71.29 crore, the allocation for the year 2005-06 has been made Rs. 19.60 crore only. Considering economic and developmental activities of the Corporation and also keeping in view the large number of potential beneficiaries in the minority community, the Committee feel that the budgetary allocation to the Corporation is awfully less. The Committee, therefore, recommend that the funds allocated to NMDFC may be enhanced substantially to enable the Corporation to implement its schemes effectively and also to further expand its activities for the welfare of minorities.

CHAPTER III. FINANCIAL ASSISTANCE SCHEMES

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

A. Term Loan Scheme

3.1 The Ministry have stated that National Ministry Development & Finance Corporation gives Term Loan. This is the main activity of NMDFC which is undertaken through State Channelising Agencies. The beneficiaries are given loans upto a maximum of Rs. 5 lakh. Salient features of Term Loan Scheme are as under :-

- i) Maximum loan upto Rs. 5.00 lakhs per beneficiary.
- ii) Rate of interest to SCAs is 3% and to beneficiary is 6%.
- iii) Repayment period for beneficiary is 5 years and repayment for SCAs is 8 years.
- iv) Loan for any commercially viable bankable scheme is available.
- v) Loan for beneficiaries living below double the poverty line.
- vi) NMDFC share is 85%, SCA share is 10% & beneficiaries share is 5%.

3.2 Assistance under Term Loan Scheme is available for any commercially viable and technically feasible venture which for the sake of convenience are classified into following sectors:

- a. Agriculture & Allied
- b. Technical Trade
- c. Small Business
- d. Artisan & Traditional Occupations
- e. Transport and Service sector

An illustrative list of self-employment projects grouped under the above referred sectors is enclosed as Annexure.

3.3 On being asked how many beneficiaries under Term Loan have got loan of Rs. 5.00 lakh on their project, the Ministry stated NMDFC gives need based loans to beneficiaries living below double the poverty line and the average loan amount is around Rs. 40,000 per beneficiary. Therefore, loans to the order of Rs. 5.00 lakh to individual beneficiary is negligible. During the last three years, 56,165 beneficiaries have been benefited under Term Loan Scheme.

3.4 During evidence the Committee pointed out that the State Channelising Agencies do not encourage people to go beyond Rs. 50,000/- as for projects above that limit, they have to go to the Headquarters. Thereupon, the Secretary, Ministry of Social Justice and Empowerment stated:-

“I think, generally why loans do not come to Rs. 5.00 lakh is because the income ceiling is double the poverty line. Now a person, who is below double the poverty line, normally does not think in terms of taking a loan of Rs. 5.00 lakh.”

3.5 A statement showing State-wise allocation for the last three years under Term Loan Scheme are as given below:-

(Amt. In Lakhs)				
Sr. No.	State	2001-02	2002-03	2003-04
1	Andhra Pradesh	300	500	565
2	Assam	100	100	100
3	Bihar	326	563	500
4	Chandigarh	25	36.48	50
5	Chhatisgarh	0	0	100
6	Delhi	0	300	200
7	Gujarat	726	926	900
8	Himachal Pradesh	83	50	50
9	Haryana	300	212	175
10	Jammu & Kashmir	250	793.66	450
11	Jharkhand	0	0	100
12	Kerala	1400	1425	1325
13	Karnataka	600	600	600
14	Maharashtra	2000	1000	800
15	Manipur	50	50	50
16	Madhya Pradesh	250	220	250
17	Mizoram	728	582	475
18	Nagaland	300	375	350
19	Orissa	300	188	150
20	Pondicherry	25	25	25
21	Punjab	600	260	250

22	Rajasthan	200	200	150
23	Tamil Nadu	0	400	200
24	Tripura	50	50	50
25	Uttar Pradesh	1500	1450	1350
26	Uttaranchal	0	0	100
27	West Bengal	1500	2000	1600
	Total	11613	12306.14	10915

3.6 The Committee asked the reasons for lowering down the allocation of funds continuously for the last three years to the States like Haryana, Maharashtra, Mizoram, Orissa, Punjab and Uttar Pradesh. The Ministry stated that the allocations are decided by NMDFC at the beginning of each financial year. This is based on the performance of respective SCAs during the last year with regard to drawal of funds, their utilization, repayment etc. Those SCAs which are not able to draw and utilize sufficient funds, get lower allocation in the succeeding years.

B. Margin Money Loan Scheme

3.7 Margin Money assistance is provided to beneficiaries availing Bank Finance. Generally Public Sector Banks finance up to 60% of the project cost and seek 40% margin from the beneficiaries. Under Margin Money Loan scheme, NMDFC provides to the eligible beneficiaries, the remaining loan margin asked by the bankers. For this purpose, loan up to 25% of the project cost subject to maximum of Rs. 1.25 Lakhs per unit is made available. The SCA and the beneficiary are expected to contribute in the ratio of 10% and 5% respectively. The funds are provided to the SCAs at 1% interest p.a. and the SCAs in turn provide to the beneficiaries @ 3% p.a.

3.8 The Committee have been informed that Margin Money Scheme has not been successful. From the financial year 1997-98 till now, except in 1998-99, no SCA has availed of the Margin Money loan in any financial year. In 1998-99, the SCAs of only two states namely Andhra Pradesh and Himachal Pradesh availed of a loan of Rs. 129.63 lakhs and Rs. 4.73 lakhs respectively. The beneficiaries under the scheme have to interact with two agencies i.e. the banks and the SCAs which the beneficiaries find cumbersome. Also, since similar assistance is available to beneficiaries under Term Loan, the Margin Money Loan Scheme is not being availed of.

3.9 On being asked what measures have been taken by the Government to obviate the problems being faced by beneficiaries in obtaining loan under Margin Money Loan Scheme, the Ministry have stated that as the Margin Money Loan scheme is not picking up and the beneficiaries are not availing due to inherent problems, the Term Loan Scheme has been made more attractive to obviate the problems of the beneficiaries. The corporation is actively considering winding up of the scheme.

C. Micro Financing Scheme

3.10 The Committee have been informed that NMDFC launched the scheme of Micro Financing in 1998 on the pattern of Grameen Bank of Bangladesh and Rashtriya Mahila Kosh (RMK) under the Department of Women & Child Development, Ministry of Human Resources Development in our own country.

The scheme envisages micro credit to poorest among poor through selected NGOs of proven bonafide and their network of Self Help Groups (SHGs). It is an informal loan scheme, which ensures quick delivery of loan at the doorsteps of the beneficiaries with a constant follow up. It also envisages a pre-requisite that the beneficiaries are first organized into SHGs and get into a habit of effecting regular savings, however small. Under this scheme loans up to a maximum of Rs. 25,000 per beneficiary are provided. Funds are provided to State Channelising Agencies at an interest rate of 1% per annum and State Channelising Agencies are further giving the funds to NGOs @ 2% per annum. The individual beneficiary is getting the micro credit at an interest rate not exceeding 5% per annum. The maximum repayment period under Micro Credit Scheme is 36 months.

3.11 It has further been stated that this scheme was lauched in order to reach the poorest of poor, especially the minority women who are scattered in remote villages and urban slums. In this way, those who are not in a position to take formal banking support in the rural areas, they can benefit from this scheme.

3.12. The Committee enquired the number of beneficiaries to whom micro credit has been granted during the last three years, the Ministry stated that during last 3 years, 41,504 beneficiaries have been assisted under Micro Financing Scheme.

3.13. A statement showing the year-wise targets (sanctions) vis-à-vis the disbursement are as given below :-

Year	Targets/Sanctions	Achievements
1998-99	87.30	43.77
1999-2000	51.61	51.61
2000-2001	141.01	100.14
2001-2002	476.97	477.66

2002-2003	328.39	290.44
2003-2004	724.44	442.39

3.14. On being asked to state the reasons for less disbursement during the year 2002-2003, the Committee have been informed that Micro Financing is given to the members of SHGs through the NGOs. In case sufficient NGOs do not come forward, the disbursement will be less. During the year 2002-2003, sufficient eligible NGOs have not come forward, hence disbursement is lower which has picked up during the year 2003-2004.

D. Interest Free Loan for Promotion of SHGs

3.15 The Committee have been informed that financial assistance in the form of Interest Free Loan (IFL) is provided to the NGOs for promotion of SHGs. The maximum amount of loan available is Rs. 2.15 lakhs for promotion of 50 SHGs comprising of about 1000 members. The loan is repayable after one year and is adjusted by way of grant at the rate of 25% of the loan advanced by the SHGs and 5% on their growth of savings (provided the growth in savings is at least 10% over the last year).

3.16 It is stated that the release of Grants-in-aid to NGOs for promotion of Self Help Groups during the years 2001-02, 2002-03 and 2003-04 has been Rs. 21.71 lakh, Rs. 5.18 lakh and Rs. 7.08 lakh respectively. Asked to state the reasons for releasing less amount to NGOs during the years 2002-2003 and 2003-2004, the Committee have been informed that initially, the NGOs were not having sufficient exclusive minorities Self Help Groups. However, over the years, the NGOs have started forming SHGs with minority members and requirement for giving grant-in-aid for formation and stabilization of Minority SHGs is gradually diminishing. Besides, the Government of India has also introduced Swarna Jayanti Grameen Rozgar Yojana wherein also Grant-in-Aid for promotion of Self Help Groups is available.

3.17 The Ministry have furnished the following State-wise list of NGOs availing Interest Free Loans:-

(Amount in Rupees)

State	Name of the NGO	Amt. Disbd.	No. of SHGs
Andhra Pradesh	A.P. MAHILA WELFARE SOCIETY	50,000	21
	ADARSHA EDUCATIONAL SOCIETY	107,500	25
	CHAITANYA RURAL DEV. ORGANISATION	107,500	25
	CHAITANYA YUVAJANA SANGAM	107,500	25
	DEVELOPMENT ACTION OF WOMEN NETWORK	215,000	50
	GANDHIAN ORGN. FOR RURAL DEV. (GORD)	25,000	13
	GRAMEENA EMPOWERMENT SOCIETY	53,750	13
	GUIDE	100,000	25
	KALLUMARRI RURAL EDUCATION AND DEV. SOCIETY	51,600	12
	RAGHAVENDRA RURAL DEV. SOCIETY	107,500	25
	SARASWATI MAHILA MANDALI	53,750	13

	SARVODAYA YOUTH ORGANISATION	50,000	13
	SOCIAL ACTION FOR INTEGRATED DEVELOPMENT (SAID)	107,500	25
	SOCIETY FOR OVERALL RURAL DEVELOPMENT (SORD)	215,000	50
	SPANDANA	100,000	25
	SRI BALAJI VIDYA MANDIR EDUCATIONAL SOCIETY	53,750	13
	SRI TRIVENI EDUCATIONAL ACADEMY	64,500	15
	TIDAL WAVE & CYCLONE HIT AREA REHABILITATION & DEV. ORGANISATION (TWACHARDO)	107,500	25
	VIGNAN EDUCATIONAL SOCIETY	107,500	25
	WOMEN EMPOWERMENT SOCIETY	107,500	25
	Total	1,892,350	463
Bihar	ADITHI	101,910	24
	AKANSHA SEWA SADAN	43,000	10
	AYODHYA LAL KALYAN NIKETAN	64,500	15
	CENTRE DIRECT	172,000	44
	GYAN SEVA BHARATI SANSTHAN	25,000	6
	JAYPRABHA GRAM VIKAS MANDAL	43,000	10
	KANCHAN SEWA ASHRAM	100,000	25
	MAHILA DEVELOPMENT CENTRE	107,500	25
	MUSHAR HARIJAN JANKALYAN SAMITI	50,000	13
	PARIVARTAN VIKAS	43,000	10
	RESHMA GRAMIN VIKAS SANGH	21,500	5
	SAMADHAN	50,000	13
	VISHWA SHANTI SEWA SANSTHAN	64,500	15
	Total	885,910	215
Gujrat	AMIN-E-SHARIAT EDUCATION TRUST	1,771,820	430
	Total	1,771,820	430
Haryana	RASHTRIYA YUVA SANGATHAN	50,000	13
	Total	50,000	13
Karnataka	SABALA	41,000	25
	Total	41,000	25
Manipur	INTEGRATED RURAL DEVELOPMENT AND EDUCATIONAL ORGANISATION	107,500	25
	SOCIAL UPLIFTMENT & RURAL EDUCATION MANIPUR (SURE-MAINPUR)	50,000	13
	VILLAGE WELFARE ASSOCIATION	64,500	15
	ZOUGAM INSTITUTE FOR COMMUNITY RESOURCE AND DEV.	53,750	13
	Total	275,750	66
Nagaland	PRODIGAL'S HOME	21,500	5
	Total	21,500	5
Orissa	ASSOCIATION FOR TORMENTED MAN'S AID	43,000	10
	GRAM UTTHAN	64,500	15
	JEEVAN REKHA PARISHAD	64,500	15
	ORGANISATION FOR SOCIAL CHANGE & RURAL DEVELOPMENT (OSCARD)	53,750	13
	UNIVERSAL SERVICE ORGANISATION	64,500	15
	Total	290,250	68
Rajasthan	IBTADA	215,000	50
	JAN SHIKSHA EVAM VIKAS SANSTHAN (PEDO)	64,500	15
	KASTURBA MAHILA SHIKSHA SAMITI	86,000	20
	MAHILA MANDAL BARMER AGOR	118,250	28
	Total	483,750	113
Tamilnadu	CO-OPERATION LEAGUE IN DEVELOPMENT AND EMPLOYMENT (COLDE)	32,250	8
	GUIDES	50,000	12
	MAHATMA GANDHI SOCIAL SERVICE EDUCATIONAL SOCIETY	100,000	25
	RURAL INTEGRATED DEV. ORGANISATION (RIDO)	215,000	50
	SHEPHERD	215,000	50

	SOCIETY FOR SOCIAL DEVELOPMENT	50,000	12
	SRI ANNAMALAIYAR EDUCATIONAL SOCIETY	107,500	25
	ST. XAVIER'S EDUCATIONAL DEVELOPMENT SOCIETY	53,750	13
	Total	823,500	195
Uttar Pradesh	ALL INDIA WOMEN'S CONFERENCE (AIWC)	50,000	13
	ANAND SEVA SANSTHAN	68,800	16
	AVADH LOK SEWA ASHRAM	215,000	50
	DEHAAT DASTKAR SAMAJIK SANSKRITIK SANGATHAN	34,400	8
	GRAMEEN VIKAS SANSTHAN	111,800	26
	GRAMIN DALIT BAL EVAM MAHILA KALYAN SAMITI	43,000	10
	MAHILA KALYAN SAMITEE	53,750	13
	MAHILA UDYAMITA VIKAS KALYAN EVAM SIKSHA SANSTHAN	100,000	25
	NATIONAL INSTITUTE OF CAREER DEV.	50,000	12
	PEOPLES SOCIETY OF SOCIO ECO. DEV. (PSSD)	107,500	25
	SHRAMIK BHARTI	43,000	10
	SOCIAL & LITERACY DEV. ASSN. (SLDA)	100,000	25
	SURABHI SEWA SAMARPAN SANSTHAN	64,500	15
	SWAMI VIVEKANANDA SHIKSHA & SAMAJ KALYAN SAMITI	21,500	5
	TRIVENI GRAMODYOG UTHAN SAMITI	50,000	13
	UMA BAL VIDYA MANDIR JUNIOR HIGH SCHOOL SAMITI	50,000	13
	VIKAS SANSTHAN	50,000	13
	WARSI SEWA SADAN	53,750	13
	YUVAK VIKAS SAMITI VEDMANPUR	215,000	50
	Total	14,82,000	355
Uttranchal	HYAT RATNA UDYAN SEWA SANSTHAN	43,000	10
	JAN KALYAN GRAMODYOG SAMITI	100000	25
	RASHTRIYA UTTHAN SAMITI	50,000	12
	Total	193,000	47
West Bengal	BADE KHANTURA BAHUMUKHI SEVA KENDRA	107,500	25
	BIRKOTA RURAL DEV. ORGANISATION	53,750	13
	CHAWGHARI KISHALAYA SANGHA	43,000	10
	COMPREHENSIVE AREA DEV. SERVICE	50,000	13
	KANTHI MAHAKUMA TAPASILI UNNAYAN MAHELA SAMITY	50,000	13
	M.R.D. SPORTS CLUB	43,000	10
	PRAYASI GRAM BIKASH KENDRA	43,000	10
	RAHARA VIVEKANANDA SAMAJ	53,750	13
	SAHARA UTSARGA WELFARE SOCIETY (suws)	64,500	15
	SARISHA PARA RURAL DEV. ORGANISATION	43,000	10
	TAJPUR MA SARADAMAYEE NARI KALYAN SAMITY	25,000	10
	VILLAGE WELFARE SOCIETY	207,000	50
	Total	783,500	192
	Total	8,972,830	2,182

3.18 The Interest Free Loan for Promotion of SHGs is availed by NGOs in 13 States only. On being asked the steps taken to ensure that the benefits of the scheme are availed by the NGOs in all States/UTs, the Ministry stated that NMDFC receives proposals for Interest Free Loan as well as Micro credit from the States where Micro

Financing activity is in demand. The NGOs have gradually started promoting SHGs having minority members.

E. Educational Loan Scheme

3.19 NMDFC introduced Educational Loan Scheme in the year 2002-2003 with the objective of facilitating job-oriented education among the weaker sections of minorities. The loan is available for professional and technical courses having good employment potential. Initially, loan of Rs. 75,000/- for technical and professional courses of maximum duration of 2 years was available under the scheme. Considering the demand of Target Group, from September, 2004 maximum loan of Rs. 2,50,000 @ Rs. 50,000/- per year is given to the eligible persons belonging to minorities. The loan is available at 3% interest and is repayable in a period of 5 years after 6 months from completion of the course or getting employment, whichever is earlier. The scheme is implemented through the State Channelising Agencies of NMDFC.

3.20 The Ministry have informed that under Self Employment Scheme, number of women beneficiaries is of the order of 35%. On being asked to provide gender-wise figures of beneficiaries who have been given Education Loan and their percentage, the Ministry informed as follows:-

Year	Total Beneficiaries Provided Educational Loan	Female	%Age	Male	%Age
2003-04	299	115	38.46	184	61.54
2004-05	265	41	15.48	224	84.52

F. Revolving Fund Scheme

3.21 The Committee have been informed that Revolving Fund Scheme is provided to reputed and well established NGOs under Micro Financing Scheme having overall repayment period of 36 months. A moratorium of one year on repayment of principal is given. The repayments are taken on half yearly basis from the NGOs and the principal repaid is again disbursed to NGOs for revolving the same among the beneficiaries.

3.22 On being asked how far this scheme has been successful among the poorest of poor persons of minority community, the Ministry stated that so far 4 NGOs have been covered under the scheme of revolving fund. The scheme has been fairly successful in reaching poorest of the poor in helping them to get loans quickly.

3.23 The Ministry further stated that Revolving Fund scheme is available to selected NGOs throughout the country who gradually become eligible for availing higher quantum of funds after satisfactorily implementing Micro Credit Scheme of NMDFC. There are certain pre-requisites viz., NGO should have obtained two prior loans from NMDFC or such other financial institution, should have 5 years experience in thrift/credit & group dynamics, should have adequate infrastructure to form & stabilize new minority SHGs, should have at least 50 mature minority SHGs, and should have been prompt in repaying all the loans taken earlier. Since the funds disbursed under revolving fund scheme are bigger in size, credit rating of the NGO is required to be got conducted through an independent agency such as ICRA, CRISIL, etc and 10% of the sanctioned loan is to be obtained as security. Thus, NGOs fulfilling these eligibility conditions are eligible for sanction/release of revolving fund. At present NGOs from the States of Andhra Pradesh, Maharashtra and Tamil Nadu have availed of this scheme.

G. Mahila Samridhi Yojna

3.24 The Ministry have stated that a unique scheme linking Micro-credit with training to women formed into Self Help Groups in the trades such as tailoring, cutting &

embroidery or any other women friendly trade has been launched by NMDFC since 2002-03. The scheme was initially implemented through the State Channelising Agencies of NMDFC. However, considering that NGOs are better equipped in formation/stabilization of SHGs & administering Micro-credit, presently the scheme is mainly being implemented through the NGOs. NMDFC provides grant for the training followed by micro-credit to the women members based on their requirement subject to a maximum of Rs. 25,000 per member.

3.25 Mahila Samridhi Yojna is skill upgradation scheme linked with micro credit. Under this scheme, training expenditure of Rs. 500/- per month per beneficiary is given and Rs. 250/- per month per beneficiary is given towards stipend for training of 6 months duration. After completion of training, the beneficiaries formed into a self help group can avail micro credit upto Rs. 25,000.00 per beneficiary at the interest rate of 4% per annum. After getting training under Mahila Samridhi Yojna only five SHGs have been formed so far.

3.26 A statement showing the number of women beneficiaries who have been sanctioned loan under the scheme since its inception, state-wise is given below:-

Name of the State	No. of Candidates Trained
Uttar Pradesh	40
Himachal Pradesh	20
Kerala	40
J & K	40
Madhya Pradesh	40
Tamil Nadu	80
Maharashtra	40
Chandigarh	20
Total	320

3.27 During evidence, the Managing Director, NMDFC stated:-

“Mahila Samridhi Yojna is gradually picking up the pace. We have found that the training for the grass-root level ladies has been quite useful. One more encouraging thing is that the repayment of loan from the ladies has always been very high. It is much better than that of any other Sector.”

On being asked about the steps taken to popularize the Scheme, the Ministry informed that since the scheme was going slow through the State Channelising Agencies, NMDFC has taken a decision in September 2004 to implement the same through NGOs.

H. Vocational Training Scheme

3.28 The Ministry have informed that with focus on capacity building of target groups leading to their employment or self employment NMDFC has introduced a scheme of vocational training for persons belonging to minority communities to develop their skills and knowledge in specified trades with a view to make them competent for wage employment as well as self employment. The scheme is implemented through the State Channelising Agencies. Under this scheme, State Channelising Agencies organize needbased vocational training programmes in their States with the help of local training institutions. Such programmes are of durations ranging from Six months to one year. 85% of the cost of the training is met by NMDFC as grant while remaining 15% of the cost is borne by the State Channelising Agency (SCA). The State Channelising Agencies are required to pose their proposal to NMDFC on prescribed format for approval and sanction of funds.

3.29 It is further stated that NMDFC provides support for vocational skill upgradation Training through its State Channelising Agencies. The trainings are conducted by reputed Training Institutes in the trades having potential of wage/self-employment for target groups. The trade is identified based on the demand of the area as well as by the target group.

3.30 During evidence, the Managing Director, NMDFC stated that Vocational Training Scheme is meant for imparting skills in the targeted group beneficiaries, thus leading to self employment.

I. NMDFC programme in North Eastern Region

3.31 NMDFC gives special focus to availability of credit to the minorities in the North Eastern Region. Out of Rs. 542.11 crore provided to the minorities all over the country till 31st March, 2004, the Share of North Eastern Region has been Rs. 48.24 crores(8.89%). The Committee enquired whether the Ministry have conducted any survey to find out that adequate number of beneficiaries are covered in the remote and difficult areas, such as North-East States as compared with areas nearer to urban/Metropolitan centers, the Ministry have stated that there is no such survey conducted. Minorities are spread in urban as well as rural areas with more concentration in the urban areas. Therefore, the focus remains on the minority concentration areas. NMDFC is giving due focus to North-East States.

J. Procedure for Availing Financial Assistance

3.32 a) Under State Channelising Agencies programme, persons amongst the target groups interested in availing NMDFC loan have to apply to the Channelising Agency of their State. Generally, each Channelising Agency has an office at the district level. Information about the same can also be obtained from the office of District Magistrate/Deputy Commissioner. It will be appropriate to apply to the District Level Committee. The selected beneficiaries are required to execute loan agreement deed, mortgage deed etc. for the fixed assets and provide for surety of the loan as prescribed by the State Channelising Agency (SCA). On completion of these formalities, the loan is provided to the beneficiaries either directly by the State Channelising Agency (SCA) or through its district office.

b) Under NGOs programme, the NGOs desirous of availing NMDFC's Micro Financing Scheme or Interest Free Loan for promotion of Self Help Groups will have to submit proposals on prescribed application form available from NMDFC. In case the NGO is found eligible and suitable for availing NMDFC financial assistance, if required, an officer of NMDFC visits the NGO for verification of its records and activities. In case it is found to be genuine and bonafide, a sanction letter is issued to the NGO giving details of terms and conditions applicable to the financial assistance. The NGO will have to approach NMDFC for drawal of funds as per the sanction accorded.

3.33 The Committee pointed out that beneficiaries face a lot of difficulty in getting loan because of procedural delays and also because of the fact that the framework of accountability is inadequate. The M.D. NMDFC stated:-

“With regard to procedural delays, normally, what happens is that we have got a very limited staff and we depend basically upon the State Channelising Agencies(SCAs). These State Channelising Agencies sometimes make procedural delays. But, we follow it up with these State Channelising Agencies to see that from the time an application is received till the time it is disposed of, the time is made as short as possible. In fact, once we release the funds to the State Channelising Agencies (SCAs), we give them three months' time to disburse loans. In case, they do not

disburse loans within three months' time, then we add a penalty. We take penal interests from them, which they have to pay. We always try to see that they disburse loans as quickly as possible.”

“As far as the sanctioning of loans is concerned, the State Channelising Agencies(SCAs) can sanction a loan up to Rs. 50,000. In case, if any scheme requires a loan of more than Rs. 50,000, then the State Channelising Agencies (SCAs) take only a one-time sanction from us. They can sanction schemes themselves. They have also the delegation of powers.”

“As far as the framework of accountability is concerned, we are constantly sending officers to the State Channelising Agencies(SCAs). Through this way, we keep monitoring the progress. We keep them telling that they should also be accountable for whatever they received so that it reaches to the correct beneficiaries.”

3.34 The Ministry have also stated that generally, the beneficiaries have difficulty in provision of security for the loan besides the procedural delay. The Ministry have informed that under Micro Financing Scheme no guarantee is required. However, under Term Loan Scheme generally State Channelising Agencies insist for guarantee for loan exceeding Rs. 10,000/- from a Government employee. When asked whether there is any proposal to accept the guarantee from a person having property of his own or income tax payee also, it is stated that collateral security on account of property can be provided by the loanee or by his guarantor.

3.35 The Committee note that the main activity of NMDFC is to provide Term Loan to the beneficiaries through State Channelising Agencies. The Corporation gives need based loans to beneficiaries upto Rs.5 lakhs. However, the Committee is constrained to note that the number of beneficiaries who got loan upto Rs.5 lakh is negligible. The main reason for not getting loan of Rs.5 lakhs is that the State Channelising Agencies do not encourage people to go beyond Rs.50,000/- as for projects above that limit they have to go to headquarters. The reason cited by the Ministry is that a person who is below double the poverty line normally does not think in terms of taking a loan of Rs.5

lakhs is not convincing at all. In the opinion of the Committee there may be some enterprising youths in the minority community who fulfill the criteria laid down for availing loan upto Rs.5 lakhs. They should not only be encouraged but also be given some incentive to avail of this facility so that they may set up their own ventures and cross the figure of double below the poverty line.

3.36 The Committee are not happy to note that statewise allocation of funds to States like Haryana, Maharashtra, Mizoram, Orissa and Uttar Pradesh have been reduced considerably during the last three years. The reason put forth by the Ministry is that the allocations are based on the performance of respective SCAs during the last year with regard to drawal of funds, their utilization, repayment etc. The Committee are not convinced with the arguments that those SCAs which are not able to draw and utilize funds get lesser allocation in the succeeding years as the ultimate losers are the persons living below poverty line. The Committee, therefore recommend that Ministry should allocate sufficient funds to the States for effective implementation of minority welfare schemes so that beneficiaries do not suffer for want of funds. The Committee further desire that the Central Minister should conduct periodical meetings with the State Ministers to review and monitor the implementation and also utilization of funds given to the States for various minority welfare schemes.

3.37 The Committee are constrained to note that Margin Money Loan Scheme has not been successful and the beneficiaries are not availing loan under the scheme due to inherent problems. The beneficiaries under the scheme have to interact with two agencies i.e. the Banks and the SCAs which the beneficiary find cumbersome. From the financial year 1997-98 till now, except in 1998-99, no SCA has availed of the Margin Money Loan. The Committee further note that similar assistance is

available to the beneficiaries under Term Loan Scheme. Thus, the Corporation is actively considering winding up of this Scheme. The Committee, therefore, recommend that the existing scheme may be replaced by introducing a new scheme exclusively for women and physically handicapped persons living below double the poverty line in minority community to develop self-reliance by facilitating easy credit to the beneficiaries for setting up viable economic activities. Under the Scheme loan upto Rs.25,000/- may be made available to the beneficiaries at a comparatively low rate of interest on easy installments and the scheme may be implemented through Self Help Groups/NGOs in the States.

3.38 The Committee find that Micro Financing Scheme envisages micro credit to the poorest among the poor through selected NGOs of proven bonafide and their network of Self Help Groups to ensure quick delivery of loan at the doorsteps of the beneficiaries with a constant follow up. Also financial assistance in the form of Interest Free Loan is provided to NGOs for promotion of Self Help Groups. The maximum amount of loan under the Interest Free Loan Scheme is Rs.2.15 lakhs for promotion of 50 SHGs comprising of about 1000 members. The Committee also note that Grants-in-aid given to NGOs for promotion of SHGs has considerably been reduced from Rs.21.7 lakhs in 2001-02 to Rs.5.18 lakhs and Rs.7.08 lakhs during the years 2002-03 and 2003-04 respectively. As the NGOs were not having sufficient exclusive minority Self Help Groups, interest free loan has been availed of by NGOs in 13 States only so far. The Committee recommend that the NGOs in all the States may be encouraged to send proposals for interest free loan for promoting Self Help Groups in their respective States so that the benefits of Micro Financing Schemes could reach to the poorest of poor beneficiaries in minority community.

3.39 The Committee note that Revolving Fund Scheme is provided to reputed and well established NGOs under Micro Financing Scheme having overall repayment period of 36 months. The Committee further note that so far only four NGOs from Andhra Pradesh, Maharashtra and Tamil Nadu have been covered under the Scheme. Keeping in view the fact that the Scheme has been fairly successful in reaching to the beneficiaries and helping them to get loans quickly, the Committee urge the Ministry to pursue the remaining States/UTs to encourage the eligible NGOs to send proposals for availing loan under the scheme so that the benefits of the scheme could reach the target groups.

3.40 The Committee find that Mahila Samridhi Yojna has been introduced by the Corporation during the year 2002-03 linking Micro-credit with training to women formed into Self Help Groups in the trades such as tailoring, cutting & embroidery or any other women friendly trade. The Scheme is mainly implemented through NGOs. However the Committee are dismayed to note that only 320 women beneficiaries have been trained under the scheme and 5 Self Help Groups have been formed after getting training so far. Besides the scheme has been implemented in eight States only. Considering that under the Mahila Samridhi Yojna women beneficiaries get training in women friendly trades followed by micro-credit to the women members of Self Help Groups, the Committee recommend that necessary measures may be taken to popularize the scheme through print and electronic media and implement the Scheme in all the States/UTs so that a large number of women could avail the benefit of the scheme and get micro credit.

3.41 The Committee appreciate the initiative taken by the NMDFC for providing vocational training to the persons belonging to minority community leading to their

employment or self-employment. In the opinion of the Committee, training needs are of different kinds- motivational, skill oriented, entrepreneurial and those geared at marketing. A large number of minority beneficiaries are unskilled, lack knowledge and motivation. 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. The Committee also recommend that the Vocational Training schools for the targeted groups may be established in various parts of the country particularly in minority concentrated districts.

3.42 The Committee find that for taking loan the beneficiaries have to go through several procedural formalities like submission of proposals for loan, executing loan agreement deed, mortgage deed for the fixed assests, arrangement of security of loan etc. Also for availing loan of more than Rs.50,000, sanction from the headquarters is required. For completion of all these formalities procedural delay occurs and the beneficiaries have to spend a lot of time and energy. In the opinion of the Committee, for a scheme to succeed loan has to be sanctioned as fast as possible. The Committee, therefore, recommend that procedure for sanction of loan may be simplified and Zonal Offices of the Corporation may be established in all the States with powers to sanction loan of more than Rs.50,000.

3.43 The Committee note that State Channelising Agencies insist for guarantee of loan exceeding Rs. 10,000 from a Government servant. Also collateral security on account of property can be provided by the loanee or by his guarantor. However, the Committee find that the beneficiaries face a great difficulty in arranging guarantee for availing the loan. Therefore, to obviate the difficulties of the

beneficiaries, the Committee strongly recommend that guarantee from income tax payee may also be accepted by the Corporation.

3.44 The Committee also recommend that the Corporation should evolve a common platform for computerization of activities of SCAs and NGOs and assist in development of uniform website for all SCAs and NGOs working for the implementation of minority welfare schemes.

CHAPTER IV.

A. Rate of Interest

4.1 The Committee pointed out that NMDFC provides loans to SCAs/NGOs between 1% to 3% per annum for its various welfare schemes whereas 5% to 6% is charged from beneficiaries cornering away 3% as establishment/infrastructure charges and asked whether State Governments have been persuaded to bear a part of the establishment/infrastructure expenditure of SCAs so as to reduce the burden of interest on the beneficiaries, the Ministry stated that State Governments are persuaded to bear the establishment expenditure of the SCAs and the issue of meeting administrative cost of the SCA is raised at various forums including the annual meetings of the representatives of the States/UTs. It is also stated that at present, there is no proposal to reduce the interest rate further.

4.2 During the meeting with the representatives of State Channelising Agencies the Committee found 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 Agencies submitted:-

“The Corporation was established under the direction of the Central Government as a State Channelising agency of the National Corporation. That means that it is a subsidiary of the National Corporation. If one corporation is giving money to its subsidiary, then I do not know why the National Corporation insists on getting the State Government guarantee. The Corporation is a public sector undertaking or an institute under the Government of Madhya Pradesh. 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.”

The Secretary, Ministry of Social Justice further informed that States started charging fee way back in 1980. State Governments are emphasized to give State Government Guarantee, but that is the problem. However the Chief Secretaries of the States will be asked to give the guarantee without fee or reduce the same so that these Corporations could get some relief.

B. Recovery of Loan

4.3 The Committee have been informed that Loan is recovered by the respective SCAs by using their staff at the district level. NMDFC supports the SCAs under its 1% additional interest margin scheme for recovery management including hiring of recovery agents. The Ministry have furnished the following information in respect of the State Channelising Agencies having unsatisfactory recovery position (less than 80%):

Sr. No.	Name of the State	Total Dues	%age of Repayment
1.	Assam	14101228	34.87%
2.	Bihar	23293424	70.74%
3.	Gujarat(M)	56442545	65.68%
4.	Haryana	25482256	69.75%
5.	Jammu & Kashmir	32379484	40.52%
6.	M.P.	30234110	59.70%
7.	Mizoram(ZIDCO)	67996588	38.24%
8.	Manipur	19004552	6.87%
9.	Orissa	38640356	28.68%
10.	Punjab	39917833	73.94%
11.	Tripura	3472197	73.71%

4.4 On being asked about the action taken against the defaulting organisations, the Ministry stated that against defaulting SCAs, the matter is taken up with the State Government for gearing up the recovery machinery. In respect of the NGOs, they are first persuaded and later legal action is initiated.

4.5 A statement showing status of repayment from NGOs - since 2000-2001 is placed below:-

(Amt. In Rs. Lacs)				
Financial Year	Amount Due	Amount Received	Outstanding	Repayment percentage
2000-2001	38.21	26.54	11.67	69.46
2001-2002	105.26	71.65	33.61	68.07
2002-2003	176.44	140.43	36.01	79.59
2003-2004	189.57	167.14	22.43	88.17

4.6 The Ministry have stated that as the loaning activity is increasing, the “due” amount is correspondingly increasing. In the event of delay in repayment of loan, the

post dated cheques (PDCs) obtained from the NGOs are deposited in the Bank for encashment and when these PDCs are dishonoured, a legal notice is served to the concerned NGO advising it to make immediate payment or else face penal action. NMDFC has also filed criminal complaints against some of the NGO for the recovery of defaulted payments.

4.7 During the course of evidence, the representative of the Ministry stated as under:-

“ we are not giving interest-free loans. We are charging interest from them at the rate of 6 percent. Moreover, if you kindly see, you will find that their repayment percentage is gradually improving. It was first 69 percent, then went up to 79 percent. Now, it is 88 percent. Normally banking repayment is in the range of 45 percent to 50 percent.”

4.8 The Committee enquired whether there is any provision of exempting the loan amount of the beneficiary in case of causalities like death of the beneficiary due to illness or accident and death of the animals purchased with the loan amount or so. The Ministry stated that so far there is no such provision in NMDFC.

C. Marketing Assistance to Craft persons

4.9 As a large segment of minorities are engaged in craft activities, special emphasis is being given by NMDFC to provide marketing assistance to the craft persons by providing opportunities to them for display & sale of their products at various trade fairs & exhibitions. NMDFC regularly participates in trade fairs/exhibitions like IITF, Dilli Haat, Surajkund Mela, Taj Mahotsav, etc. The State Channelising Agencies are also encouraged to organize and participate in important fairs & exhibitions at the state & district level. The NGOs/Societies who have cluster of minority artisans associated with them are also provided grant to organize exhibitions at important places & occasions all over the country for sale of the products made by the minority artisans. Buyer-Seller meets are also organized during these exhibitions to enable the artisans to get in direct touch with genuine buyers. While steps are taken for coordinating the programmes with the Development Commissioner (Handlooms) & Development Commissioner (Handicrafts), in deserving cases NMDFC also provides grant for design development & skill up-gradation of the artisans to help them make market trendy items.

4.10 The Committee asked the criteria for selection of craft persons of minority community from various States for participating in Trade Fairs/Exhibition. The Ministry have informed that the State Channelising Agencies and NGOs associated with NMDFC are requested to sponsor individual craft persons as well as societies and groups for participation in the exhibition participated by NMDFC. Efforts are made to accommodate maximum number of beneficiaries in these exhibitions and fairs on first come first basis. The participants are sponsored in various exhibitions taking place from time to time. NMDFC bears the participation fee of the exhibition/fair, provides TA/DA to the participants. The participants are given actual 2nd Class train fair and daily allowance of Rs. 300.00 per day for the duration of the fair/exhibition.

4.11 During the course of the meeting, the MD, NMDFC stated:-

“Majority of the minorities are craftsmen-the craftsmen who are manufacturing a lot of articles, items, etc. The weakest link for the minorities is ‘marketing’. They might be able to produce a lot of goods. But, are they able to sell them? In order to help them sell their goods, we have been participating in various fairs like India International Trade Fair at Pragati Maidan, Surajkund Crafts Fair, Dilli Hatt, etc. Recently, we took a lot of stalls at Pragati Maidan Fair for giving to these craftsmen. In this way, they get a lot of exposure and come to know what is the quality of goods, how to bring about improvement and how to go about selling the articles. We participate in bigger cities like Mumbai. We also participated in ‘Milan Mela’ in Kolkata. We have told the State Channelising Agencies to participate wherever they like, and they are free to do so. So, we try to help them to get an exposure of marketing. They can find a market for their products.”

4.12 The Committee note with serious concern that NMDFC provides loans to SCAs/NGOs between 1% to 3% per annum for its various welfare schemes, whereas 5% to 6% is charged from beneficiaries, thus cornering away 3% as establishment/infrastructure charges. It may be true that the rate of interest charged by NMDFC is lower than the commercial banks but the Committee strongly feel that the extra interest charged by the SCAs/NGOs from the beneficiaries in the name of administrative charges is not justified. The Committee, therefore, strongly recommend that in order to boost the income generating activities of the minorities, the rate of interest being charged from the beneficiaries on NMDFC loan may be reduced and State Governments should come forward to bear establishment/infrastructure expenses of their respective SCAs/NGOs.

4.13 The Committee also find that SCAs are required to pay one percent guarantee commission for obtaining guarantee from the State Governments. Thus, only 2% remains with the SCAs which is not sufficient to meet their establishment and other expenses. Also sometimes SCAs find it difficult to get State guarantee which causes delays in getting loan from NMDFC and disbursing it to beneficiaries in time. The Committee, therefore, recommend that State Governments may be requested not to charge any guarantee commission from the SCAs so that their

administrative expenditure could be met effectively and delay in getting funds from the NMDFC could be avoided.

4.14 The Committee note that in some States repayment of loan by SCAs from the beneficiaries is below 50%. In spite of the fact several steps have been taken by the Government to recover the loan, the position seems to have not improved. The Committee desire that while disbursing loans to the beneficiaries SCAs should invariably issue repayment schedule to the beneficiaries. Also Loan Recovery Saptah/Loan Recovery Andolan should be organized regularly by the State Channelising Agencies once in three months and defaulters may be persuaded to repay the outstanding instalments early. The beneficiaries who pay the loans in time should be given rebate in interest on loan instalments. The States should also be persuaded to gear up its recovery machinery and strict action should be taken against the defaulters.

4.15 The Committee also note that there is no provision of exempting loan of beneficiaries in case of casualties like death of the beneficiary due to illness or accident or losses due to natural calamities. The Committee feel that in case of death of the beneficiary the family is put to great difficulty and repayment of loan becomes doubtful. The Committee, therefore, recommend that a Contingency Reserve Fund may be created by the National Corporation to provide relief in such cases by waiving of loans given to the beneficiaries. The SCAs may also be required to contribute a nominal amount to the Contingency Reserve Fund.

4.16 The Committee note that a large segment of minorities are engaged in craft activities. The craftsmen manufacture a lot of articles. However, the weakest link for the minority craftsmen is marketing. The Committee feel that the 'marketing' of products manufactured by craftsmen needs a very careful look as they cannot

create a market of their own for their products. The Committee, therefore, recommend that for providing marketing support to beneficiaries, NMDFC in collaboration with State Channelising agencies, State level Handicraft and handloom Corporations and others should take necessary steps to create markets for their products. The committee feel that if the local beneficiaries are linked to the cooperatives existing in the localities or the places where the community marketing is organized, it can prove very useful for them. Financial assistance and training should also be given to craftsmen for design development, skill upgradation and quality control so that their products could meet the international standards and their products could find a place in global market. The committee also recommend that ample opportunities should be provided for participation of craftsmen in national as well as international trade fairs, exhibitions and buyer-seller meets so that they could display their artifacts and products in a bigger way and find a good market for their products.

CHAPTER V.

A. Awareness Generation Programmes

5.1 On being enquired about the awareness camps being organized by NMDFC in minority concentrated areas for generating awareness about its various welfare schemes for the upliftment of minorities, the Ministry have stated that the awareness camps are essential publicity measures which are undertaken by the respective SCAs of NMDFC at districts as well as state levels. NMDFC gives support to the SCAs for these promotional activities under its 1% additional interest margin scheme. In view of the increasing number of target groups approaching SCAs for NMDFC loans, it is observed that there is satisfactory impact of the awareness camps.

5.2 The Committee further enquired whether NMDFC has conducted “Awareness Camps” in various parts of the country to generate awareness among the minorities of its various welfare schemes, the Ministry stated that the awareness camps are being conducted by the SCAs. NMDFC meets a portion of their expenditure. During 2003-04, 288 awareness camps have been conducted by the SCAs.

B. Monitoring and Evaluation of the Working of NMDFC

5.3 The Committee have been informed that at the level of the Corporation periodical visits and inspections are conducted by officers in the field where loan is disbursed to the beneficiaries to monitor the implementation of schemes. The Monthly Progress Report of NMDFC is furnished to the Ministry which is regularly reviewed by the Ministry. NMDFC reviews the performance of the SCA by way of periodical reporting as well as workshops from time to time. Generally Progress Reports are received from most of the SCAs. However, from some of the SCAs the reports are not received in time. In principle, disbursements are not made if the reports are not received and the matter is taken up with the State Government to instruct the respective SCAs.

On being asked what kind of shortcomings are generally found during inspections, the Committee have been informed that delay in acquiring of assets, quality of beneficiaries, misappropriation of funds by the beneficiaries etc. are the shortcomings found during inspections in implementation of schemes and whenever

shortcomings are noticed the SCAs have been instructed to rectify the same. The Ministry have further stated that quality of beneficiaries mainly takes care for two aspects.

- (i) Whether the beneficiary actually belongs to the category below double the poverty line; and
- (ii) Whether the activity for which loan is taken suitable for the beneficiary.

5.4. The Committee enquired whether there is any proposal to post the name and addresses of the beneficiaries on the Internet the Ministry stated that at present, there is no such proposal as this would have cost implications.

5.5 The Committee have been informed that evaluation study of NMDFC programme was got conducted in 2000-2001 through Indian Social Institute, New Delhi. On being asked to state the usual periodicity of carrying out evaluation studies for the various schemes run by NMDFC, the Ministry stated that there is no fixed periodicity for the same. Recently, a study titled “Evaluation of Micro Financing Scheme of National Minorities Development and Finance Corporation of the Beneficiaries of Muslim Minorities in South India” has been assigned to Noble Social and Educational Society, Tirupati, Andhra Pradesh.

5.6 During the course of evidence, the Committee asked to develop a software and make available details of beneficiaries, their addresses, amount of loan given, purpose for which the loan is sanctioned etc. on the Internet. The Secretary, Ministry of Social Justice and Empowerment stated:

“It can be done, definitely. We will think about it.”

5.7 The Committee note that organising awareness camps are essential publicity measures for generating awareness among the beneficiaries about the measures being undertaken by the Corporation for the welfare of minorities and promoting

the activities of SCAs. No doubt the Government has taken initiative by conducting awareness camps in various parts of the country. But, the Committee is of the opinion that publicity of the Corporation's welfare schemes should be undertaken more vigorously through electronic media like TV, Radio Channels and publishing advertisements in newspapers in local languages. The brochures/pamphlets giving details of the schemes should be distributed at Talukas/Gram Panchayats levels for the benefit of beneficiaries. The Committee also desire that the SCAs and non-government organizations should take initiative by organizing 'Samwad Programmes' frequently in all the Districts/Talukas to interact with the beneficiaries, hear their grievances and take remedial measures. The Committee hope that these steps will certainly help in promoting and implementing the schemes of NMFDC more effectively.

5.8 The Committee are constrained to note that NMFDC reviews the performance of SCAs by way of periodical reports received from SCAs but reports from some SCAs are not received in time resulting in delay in disbursement of loans . Also some shortcomings like delay in acquiring of assets, quality of beneficiaries, misappropriation of funds etc. are generally found during the inspections. The Committee also find that evaluation study of NMFDC programme was conducted in 2000-01 through Indian Social Institute, New Delhi. Recently a study titled "Evaluation of Micro Financing Scheme of National Minorities Development and Finance Corporation of the beneficiaries of Muslim minorities in South India" has been assigned to Noble Social and Educational Society, Tirupati, Andhra Pradesh. However, The Committee is of the opinion that monitoring of the schemes of NMFDC is done in a piecemeal manner and not regularly. The Committee,

therefore, recommend that a Monitoring Committee may be set up in the Ministry to monitor the implementation of welfare schemes in a more concentrated and focused manner. The Ministry should also strengthen its monitoring mechanism at both Central as well as State levels and should send the inspection teams frequently to see how far the welfare schemes are being implemented particularly in minority concentrated and remote areas. The Monitoring Committee meetings should be conducted regularly to look into the problems being faced by the beneficiaries and SCAs in implementation of the schemes and take remedial measure. The Committee hope that evaluation study being assigned to Noble Social and Educational Society, Tirupati, Andhra Pradesh may be completed soon.

5.9 The Committee also 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 etc. on the internet for information and use of beneficiaries and others.

NEW DELHI;
23rd August, 2005
1 Bhadrapada , 1927 (Saka)

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

ANNEXURE

ILLUSTRATIVE LIST OF SELF EMPLOYMENT PROJEFCTS (SECTOR-WISE)

AGRICULTURAL SECTOR

Pump set with Shallow Tubewell	Bullock driven Cart
Jasmine cultivation	Dairy Unit
Poultry (Broiler)	Mushroom Cultivation
	Power Tiler

ARTIISANS AND ALLIED SECTOR

Barber Shop (Rural/Urban)	Carpentry
Cotton Weaving	Laurdry Unit(Dhobi)
Powerloom Project	Wood Carving
Handloom Weavers Silk	Embroidery Works

SAMLL BUSINESS SECTOR

Backery Shop	Book shop
Cycle Rickshaw Repair	Dhaba Unit
Cable T.V./Dish-antenna	Electric/Electronic Shop
Electric/Manual Typewriter	Fast Food Restaurant
Footwear Shop	Fruit & Vegetable Shop
Fruit/Veg. Vendor (mobile)	General Store
Juice and Cold Corner	Meat Shop
Pan Shop	Pest./Fertilizer/Seed Shop
Photocopy Centre	Readymade Garments
Reksin Works	Small Business
Bangle Shop	Book Binding
STD/ISD/PCO Shop	Sweet/Namkeen Shop
Tea Shop	Tyre Repairing Shop
Hardware Store	

TECHNICAL TRADE SECTOR

Advertising Agency	Aluminium Fabrication
Arc Welding	Architect Consultancy
Audio/Video Servicing	Auto Repair (2 Wheeler)
Autoelectirc Workshop	Automobile Repair (LMV)
Automobile Repair(HMV)	Babui/Jute Rope Mfg.

Battery Servicing
Beauty Parlour
Civil Engg. Consultancy
DTP Unit
Small Restaurants
Electric Repair Shop
Flour Mill
Gas Welding
Lathe Machine
Medical Shop
Photography
Printing Press
Tailoring Shop
Videography

Videography
Bicycle Hiring and Repair
Dental Clinic
Electric Motor Rewinding
Stationery Shop
Electronic Repair Shop
Foot Wear Manufacturing
Fabrication Unit
Laundry Unit(Modern)
Oil Expeller
Plumber Shop
Spray Painting Unit
Tailoring cum Readymade
Garments

TRANSPORT SECTOR

Autorickshaw Diesel
Car Taxi/Maruti Van
Loading Autorickshaw

Autorickshaw Petrol
Jeep Taxi

APPENDIX

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS

S.No.	Para No.	Recommendations/Observations
1.	1.13	<p>The Committee note with surprise that the Ministry has so far not got conducted any survey to identify the actual number of potential beneficiaries i.e. the minority people living below double the poverty line which is the basis of their operations. The reason forwarded that it is not possible for the Ministry to conduct such survey in view of the massive administrative and financial implications is not convincing at all. The Committee strongly feel that in the absence of accurate data of persons below double the poverty line among the notified minority community the basic objective of the Corporation i.e. economic development of poor sections of minorities community would not be achieved. The Committee, therefore, recommend that a survey to find out the exact number of persons below double the poverty line in each minority community be got conducted either through Planning Commission or National Sample Survey Organisation (NSSO) so that exact number of right kind of beneficiaries could be identified and comprehensive economic developmental schemes for the welfare of minority persons living below double the poverty line could be formulated and targets in physical and financial terms be achieved expeditiously. The Committee also recommend that the Ministry should set up a Statistical Data Collecting Cell to collect and update authentic data concerning minorities. The steps taken and progress made in this regard may be communicated to the Committee within three months time.</p>
2.	1.14	<p>The Committee further note with dismay the casual reply of the Government relating to the number of persons who have crossed below double the poverty line mark as a result of availing the financial assistance from the Corporation, that since income generating assets are created under the schemes it is presumed that it help the beneficiaries in augmenting their income. The Ministry has bluntly replied that no survey has been undertaken in this regard. The Committee express their anguish on the way in which the Ministry have stated about its non-performance. It should be the basic obligation of the Ministry to gauge precisely the impact of the spending of the scarce public money for economic emancipation of the weaker sections of minorities. The Committee, therefore, strongly desire that a survey should also be conducted to assess to the number of beneficiaries who have crossed below double the poverty line mark and convey the findings thereof to the Committee so that the impact of the welfare schemes being implemented for the economic development of minorities could be assessed properly.</p>

3. 1.15 The Committee find that at present families having annual income of less than Rs.40,000 in rural areas and Rs.55,000 in urban areas are categorized as below the poverty line. The poverty line criteria was revised during the year 2000-2001. The poverty line criteria is based on consumption level in rural as well as urban areas. The Committee also note that the Ministry have not given any suggestion to the Planning Commission for further revising the poverty line limit, reason being that funding and not the income ceiling are the major constraints in expanding the activities of the Corporation. The Committee do not agree with this plea of the Government. Keeping in view the rising price index and higher cost of living, the Committee recommend that the poverty line criteria in rural areas as well as urban areas may be further revised and more funds be made available to the Corporation so that maximum number of persons in minority community could get the benefit of welfare schemes.
4. 1.29 The Committee find that State Channelising Agencies are the main links between the beneficiaries and the Corporation. These agencies have been conferred with the responsibility to identification of beneficiaries, seeking sanctions, receiving funds and ultimately disbursing them to the beneficiaries. The Committee however are constrained to note that some State Channelising Agencies are not utilizing the full amount of funds disbursed to them because of work structure of the SCAs. Also some states like Arunachal Pradesh and Goa have not nominated the State Channelising Agencies so far. The Committee further note that the recommendation of the Minority Commission for setting up a separate Commission in each State have not been fully implemented. There are some States like Andhra Pradesh, Bihar, Himachal Pradesh etc. where there are Minority Development Corporations which are active as State Channelising Agencies whereas in States like Assam it is not functional though the Corporation exists there. The Committee are not happy with this situation. Since the SCAs are the main links between the beneficiary and the Corporation and their objective is to make funds available for upliftment of the poor minority beneficiaries, the Committee recommend that the work structure of the SCAs should be strengthened and some norms should be laid down for staffing system in the SCAs. The State Channelising Agencies may be permitted to create their own infrastructure, recruit their own staff and some officials of the SCAs be deputed in each district to carry out their designated task effectively and efficiently. For this purpose funds to meet the expenditure could be provided by the Centre as well as State Governments in a proportionate manner.
5. 1.30 The Committee also desire that the Ministry should pursue vigorously with the State Governments to nominate State Channelising Agencies in States where they do not exist. Instead of working on adhoc basis through other Corporations in some States, the Committee also desire that the State Governments may be pursued to implement the recommendation of the Minority

Development Corporation regarding setting up of the Minority Corporation in their respective States.

6. 1.31 The Committee note that Grants-in-aid is given in the form of interest free loan to NGOs for formation of Self Help Groups having minority members and micro credit is given to the existing Minority Self Help Groups irrespective of the fact that they have been promoted out of NMDFC financial assistance or otherwise. The release of funds depend upon the proposals received. However, it has been observed that in Gujarat no NGO proposal was sanctioned during the year 2003-04. Similar is the case of Haryana, Kerala, Manipur and Uttranchal. In general it can be said that some NGOs dealing with minorities are not active in some States. The Committee also find that as NGOs were not having sufficient exclusive Minority Self Help Groups, the release of funds/Grants-in-aid has declined considerably. The Committee, therefore, desire that the NGOs of proven identity may be encouraged to form Minority Self Help Groups, send proposals for sanction of loan and disburse the loans to the minority beneficiaries for various income generating activities. The Committee also desire that in States where the performance of State Channelising Agencies are not satisfactory, the NMDFC welfare schemes may also be carried out through NGOs.
7. 1.32 The Committee find that the State Channelising Agencies are competent to sanction a loan upto Rs.50,000 only whereas the maximum loan limit is Rs. 5 lakhs. As a result the State Channelising Agencies have to refer the loan applications/proposals of more than Rs.50,000/- to the Corporation for sanction which results in undue delay and makes the procedure cumbersome and lengthy. It discourages the enterprising youth who fulfill the other criteria for availing such loans. The logic forwarded by the Ministry that better coordination is being ensured through frequent visits by the officials of NMDFC is not justified as they too cannot sanction the loan beyond Rs.50,000/- on the spot. Therefore the Committee desire that State Channelising Agencies should be empowered to sanction the loan upto Rs. 2.00 lakhs. The Committee also recommend that for proper coordination and for sanctioning loan beyond Rs. 2.00 lakhs separate Regional Offices for Northern, Southern, Western and Eastern regions in the Country may be established at the earliest. The necessary required staff for the Regional Offices may be got sanctioned and posted there to carry out the work smoothly.
8. 1.33 The Committee express its serious concern over the fact that the Managing Directors of State Channelising Agencies who are deputed by the State Governments are frequently transferred as it leads to interruption in the implementation of NMDFC programmes. Also staff of various SCAs are brought on deputation from other organizations and are frequently withdrawn by their respective departments. It is also found that Managing Directors in

some States get additional charge of the Channelising Agencies and thus they could not take interest to the required extent resulting in unsatisfactory functioning of State Channelising Agencies. The Committee, therefore, desire that the Ministry should take up the matter with the State Governments to refrain from frequent transfer of respective Managing Directors and other staff of State Channelising Agencies and ensure that the Managing Directors are posted to SCAs on full time basis having fixed term.

9. 1.34 The Committee also find that the sanctioned staff strength of NMDFC is 69 whereas only 34 posts have been filled. The reason given by the Ministry for not filling up the vacant posts in view of austerity measures is not convincing in view 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 sanctioned staff of NMDFC with the Ministry of Finance urgently to ensure smooth functioning of the Corporation and effective implementation of minority welfare schemes.
10. 2.8 The Committee have been apprised that the authorized share capital of NMDFC has been increased from Rs.500 crore to Rs.650 crore. The share of Government of India has been increased from 60% to 65% and the share of individuals has been reduced from 14% to 9%. The Committee, however, note with concern that a large number of States have not contributed their share to the share capital of NMDFC due to financial constraints and there is nil contribution on the part of groups/individuals which results in lesser allocation of funds to the States for the welfare schemes for upliftment of minorities. The Committee, therefore, recommend that the State Governments may be persuaded vigorously to bear their responsibility of contributing their share to the equity of NMDFC and get their full share from the Corporation so that financial assistance could be made available to the minority community to the maximum extent. The Committee also desire that the minority organizations/groups/individuals may be persuaded to contribute their share in the authorized share capital of NMDFC.
11. 2.9 The Committee find that the budgetary allocation to NMDFC was Rs. 24.00 Crore during the year 2002-2003 which was reduced to Rs. 17.16 crore during 2003-2004 at RE stage. Though the BE for the year 2004-2005 has been raised to Rs. 71.29 crore, the allocation for the year 2005-06 has been made Rs. 19.60 crore only. Considering economic and developmental activities of the Corporation and also keeping in view the large number of potential beneficiaries in the minority community, the Committee feel that the budgetary allocation to the Corporation is awfully less. The Committee, therefore, recommend that the funds allocated to NMDFC may be enhanced substantially to enable the Corporation to implement its schemes effectively and also to further expand its activities for the welfare of minorities.

12. 3.35 The Committee note that the main activity of NMDFC is to provide Term Loan to the beneficiaries through State Channelising Agencies. The Corporation gives need based loans to beneficiaries upto Rs.5 lakhs. However, the Committee is constrained to note that the number of beneficiaries who got loan upto Rs.5 lakh is negligible. The main reason for not getting loan of Rs.5 lakhs is that the State Channelising Agencies do not encourage people to go beyond Rs.50,000/- as for projects above that limit they have to go to headquarters. The reason cited by the Ministry is that a person who is below double the poverty line normally does not think in terms of taking a loan of Rs.5 lakhs is not convincing at all. In the opinion of the Committee there may be some enterprising youths in the minority community who fulfill the criteria laid down for availing loan upto Rs.5 lakhs. They should not only be encouraged but also be given some incentive to avail of this facility so that they may set up their own ventures and cross the figure of double below the poverty line.
13. 3.36 The Committee are not happy to note that statewise allocation of funds to States like Haryana, Maharashtra, Mizoram, Orissa and Uttar Pradesh have been reduced considerably during the last three years. The reason put forth by the Ministry is that the allocations are based on the performance of respective SCAs during the last year with regard to drawal of funds, their utilization, repayment etc. The Committee are not convinced with the arguments that those SCAs which are not able to draw and utilize funds get lesser allocation in the succeeding years as the ultimate losers are the persons living below poverty line. The Committee, therefore recommend that Ministry should allocate sufficient funds to the States for effective implementation of minority welfare schemes so that beneficiaries do not suffer for want of funds. The Committee further desire that the Central Minister should conduct periodical meetings with the State Ministers to review and monitor the implementation and also utilization of funds given to the States for various minority welfare schemes.
14. 3.37 The Committee are constrained to note that Margin Money Loan Scheme has not been successful and the beneficiaries are not availing loan under the scheme due to inherent problems. The beneficiaries under the scheme have to interact with two agencies i.e. the Banks and the SCAs which the beneficiary find cumbersome. From the financial year 1997-98 till now, except in 1998-99, no SCA has availed of the Margin Money Loan. The Committee further note that similar assistance is available to the beneficiaries under Term Loan Scheme. Thus, the Corporation is actively considering winding up of this Scheme. The Committee, therefore, recommend that the existing scheme may be replaced by introducing a new scheme exclusively for women and physically handicapped persons living below double the poverty line in minority community to develop self-reliance by facilitating easy credit to the beneficiaries for setting up viable economic activities. Under the Scheme loan upto Rs.25,000/- may be made available to the beneficiaries at a comparatively low rate of interest on easy

installments and the scheme may be implemented through Self Help Groups/NGOs in the States.

15. 3.38 The Committee find that Micro Financing Scheme envisages micro credit to the poorest among the poor through selected NGOs of proven bonafide and their network of Self Help Groups to ensure quick delivery of loan at the doorsteps of the beneficiaries with a constant follow up. Also financial assistance in the form of Interest Free Loan is provided to NGOs for promotion of Self Help Groups. The maximum amount of loan under the Interest Free Loan Scheme is Rs.2.15 lakhs for promotion of 50 SHGs comprising of about 1000 members. The Committee also note that Grants-in-aid given to NGOs for promotion of SHGs has considerably been reduced from Rs.21.7 lakhs in 2001-02 to Rs.5.18 lakhs and Rs.7.08 lakhs during the years 2002-03 and 2003-04 respectively. As the NGOs were not having sufficient exclusive minority Self Help Groups, interest free loan has been availed of by NGOs in 13 States only so far. The Committee recommend that the NGOs in all the States may be encouraged to send proposals for interest free loan for promoting Self Help Groups in their respective States so that the benefits of Micro Financing Schemes could reach to the poorest of poor beneficiaries in minority community.
16. 3.39 The Committee note that Revolving Fund Scheme is provided to reputed and well established NGOs under Micro Financing Scheme having overall repayment period of 36 months. The Committee further note that so far only four NGOs from Andhra Pradesh, Maharashtra and Tamil Nadu have been covered under the Scheme. Keeping in view the fact that the Scheme has been fairly successful in reaching to the beneficiaries and helping them to get loans quickly, the Committee urge the Ministry to pursue the remaining States/UTs to encourage the eligible NGOs to send proposals for availing loan under the scheme so that the benefits of the scheme could reach the target groups.
17. 3.40 The Committee find that Mahila Samridhi Yojna has been introduced by the Corporation during the year 2002-03 linking Micro-credit with training to women formed into Self Help Groups in the trades such as tailoring, cutting & embroidery or any other women friendly trade. The Scheme is mainly implemented through NGOs. However the Committee are dismayed to note that only 320 women beneficiaries have been trained under the scheme and 5 Self Help Groups have been formed after getting training so far. Besides the scheme has been implemented in eight States only. Considering that under the Mahila Samridhi Yojna women beneficiaries get training in women friendly trades followed by micro-credit to the women members of Self Help Groups, the Committee recommend that necessary measures may be taken to popularize the scheme through print and electronic media and implement the Scheme in all the States/UTs so that a large number

of women could avail the benefit of the scheme and get micro credit.

18. 3.41 The Committee appreciate the initiative taken by the NMDFC for providing vocational training to the persons belonging to minority community leading to their employment or self-employment. In the opinion of the Committee, training needs are of different kinds-motivational, skill oriented, entrepreneurial and those geared at marketing. A large number of minority beneficiaries are unskilled, lack knowledge and motivation. 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. The Committee also recommend that the Vocational Training schools for the targeted groups may be established in various parts of the country particularly in minority concentrated districts.
19. 3.42 The Committee find that for taking loan the beneficiaries have to go through several procedural formalities like submission of proposals for loan, executing loan agreement deed, mortgage deed for the fixed assests, arrangement of security of loan etc. Also for availing loan of more than Rs.50,000, sanction from the headquarters is required. For completion of all these formalities procedural delay occurs and the beneficiaries have to spend a lot of time and energy. In the opinion of the Committee, for a scheme to succeed loan has to be sanctioned as fast as possible. The Committee, therefore, recommend that procedure for sanction of loan may be simplified and Zonal Offices of the Corporation may be established in all the States with powers to sanction loan of more than Rs.50,000.
20. 3.43 The Committee note that State Channelising Agencies insist for guarantee of loan exceeding Rs. 10,000 from a Government servant. Also collateral security on account of property can be provided by the loanee or by his guarantor. However, the Committee find that the beneficiaries face a great difficulty in arranging guarantee for availing the loan. Therefore, to obviate the difficulties of the beneficiaries, the Committee strongly recommend that guarantee from income tax payee may also be accepted by the Corporation.
21. 3.44 The Committee also recommend that the Corporation should evolve a common platform for computerization of activities of SCAs and NGOs and assist in development of uniform website for all SCAs and NGOs working for the implementation of minority welfare schemes.
22. 4.12 The Committee note with serious concern that NMDFC provides loans to SCAs/NGOs between 1% to 3% per annum for its various welfare schemes, whereas 5% to 6% is charged from beneficiaries, thus cornering away 3% as establishment/infrastructure charges. It may be true that the rate of interest charged by NMDFC is lower than the commercial banks but the Committee strongly feel that the

extra interest charged by the SCAs/NGOs from the beneficiaries in the name of administrative charges is not justified. The Committee, therefore, strongly recommend that in order to boost the income generating activities of the minorities, the rate of interest being charged from the beneficiaries on NMDFC loan may be reduced and State Governments should come forward to bear establishment/infrastructure expenses of their respective SCAs/NGOs.

23. 4.13 The Committee also find that SCAs are required to pay one percent guarantee commission for obtaining guarantee from the State Governments. Thus, only 2% remains with the SCAs which is not sufficient to meet their establishment and other expenses. Also sometimes SCAs find it difficult to get State guarantee which causes delays in getting loan from NMDFC and disbursing it to beneficiaries in time. The Committee, therefore, recommend that State Governments may be requested not to charge any guarantee commission from the SCAs so that their administrative expenditure could be met effectively and delay in getting funds from the NMDFC could be avoided.
24. 4.14 The Committee note that in some States repayment of loan by SCAs from the beneficiaries is below 50%. In spite of the fact several steps have been taken by the Government to recover the loan, the position seems to have not improved. The Committee desire that while disbursing loans to the beneficiaries SCAs should invariably issue repayment schedule to the beneficiaries. Also Loan Recovery Saptah/Loan Recovery Andolan should be organized regularly by the State Channelising Agencies once in three months and defaulters may be persuaded to repay the outstanding instalments early. The beneficiaries who pay the loans in time should be given rebate in interest on loan instalments. The States should also be persuaded to gear up its recovery machinery and strict action should be taken against the defaulters.
25. 4.15 The Committee also note that there is no provision of exempting loan of beneficiaries in case of casualties like death of the beneficiary due to illness or accident or losses due to natural calamities. The Committee feel that in case of death of the beneficiary the family is put to great difficulty and repayment of loan becomes doubtful. The Committee, therefore, recommend that a Contingency Reserve Fund may be created by the National Corporation to provide relief in such cases by waiving of loans given to the beneficiaries. The SCAs may also be required to contribute a nominal amount to the Contingency Reserve Fund.
26. 4.16 The Committee note that a large segment of minorities are engaged in craft activities. The craftsmen manufacture a lot of articles. However, the weakest link for the minority craftsmen is marketing. The Committee feel that the 'marketing' of products manufactured by craftsmen needs a very careful look as they cannot create a market of their own for their products. The Committee, therefore,

recommend that for providing marketing support to beneficiaries, NMDFC in collaboration with State Channelising agencies, State level Handicraft and handloom Corporations and others should take necessary steps to create markets for their products. The committee feel that if the local beneficiaries are linked to the cooperatives existing in the localities or the places where the community marketing is organized, it can prove very useful for them. Financial assistance and training should also be given to craftsmen for design development, skill upgradation and quality control so that their products could meet the international standards and their products could find a place in global market. The committee also recommend that ample opportunities should be provided for participation of craftsmen in national as well as international trade fairs, exhibitions and buyer-seller meets so that they could display their artifacts and products in a bigger way and find a good market for their products.

27. 5.7 The Committee note that organising awareness camps are essential publicity measures for generating awareness among the beneficiaries about the measures being undertaken by the Corporation for the welfare of minorities and promoting the activities of SCAs. No doubt the Government has taken initiative by conducting awareness camps in various parts of the country. But, the Committee is of the opinion that publicity of the Corporation's welfare schemes should be undertaken more vigorously through electronic media like TV, Radio Channels and publishing advertisements in newspapers in local languages. The brochures/pamphlets giving details of the schemes should be distributed at Talukas/Gram Panchayats levels for the benefit of beneficiaries. The Committee also desire that the SCAs and non-government organizations should take initiative by organizing 'Samwad Programmes' frequently in all the Districts/Talukas to interact with the beneficiaries, hear their grievances and take remedial measures. The Committee hope that these steps will certainly help in promoting and implementing the schemes of NMFDC more effectively.
28. 5.8 The Committee are constrained to note that NMDFC reviews the performance of SCAs by way of periodical reports received from SCAs but reports from some SCAs are not received in time resulting in delay in disbursement of loans . Also some shortcomings like delay in acquiring of assets, quality of beneficiaries, misappropriation of funds etc. are generally found during the inspections. The Committee also find that evaluation study of NMDFC programme was conducted in 2000-01 through Indian Social Institute, New Delhi. Recently a study titled "Evaluation of Micro Financing Scheme of National Minorities Development and Finance Corporation of the beneficiaries of Muslim minorities in South India" has been assigned to Noble Social and Educational Society, Tirupati, Andhra Pradesh. However, The Committee is of the opinion that monitoring of the schemes of NMDFC is done in a piecemeal manner and not

regularly. The Committee, therefore, recommend that a Monitoring Committee may be set up in the Ministry to monitor the implementation of welfare schemes in a more concentrated and focused manner. The Ministry should also strengthen its monitoring mechanism at both Central as well as State levels and should send the inspection teams frequently to see how far the welfare schemes are being implemented particularly in minority concentrated and remote areas. The Monitoring Committee meetings should be conducted regularly to look into the problems being faced by the beneficiaries and SCAs in implementation of the schemes and take remedial measure. The Committee hope that evaluation study being assigned to Noble Social and Educational Society, Tirupati, Andhra Pradesh may be completed soon.

29. 5.9 The Committee also 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 etc. on the internet for information and use of beneficiaries and others.

