

**COMMITTEE ON THE WELFARE OF
SCHEDULED CASTES AND
SCHEDULED TRIBES
(1991-92)**

(TENTH LOK SABHA)

SEVENTH REPORT

MINISTRY OF WELFARE

**National Scheduled Castes and Scheduled Tribes Finance and
Development Corporation**



*Presented to Lok Sabha on 27-4-1992
Laid in Rajya Sabha on 27-4-1992*

**LOK SABHA SECRETARIAT
NEW DELHI**

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Seventh Report (Tenth Lok Sabha) of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes on the Working of National SC/ST Finance & Development Corporation.

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**COMMITTEE ON THE WELFARE OF
SCHEDULED CASTES AND SCHEDULED TRIBES
(1991-92)**

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2. Shri S.C. Gupta—*Joint Secretary*
3. Shri R.K. Chatterjee—*Deputy Secretary*
4. Shri Babu Ram—*Under Secretary*

*Ceased to be member of the Committee on his retirement from Rajya Sabha w.e.f. 2 April, 1992

INTRODUCTION

1. the Chairman, Committee on the Welfare of Scheduled Castes and Scheduled Tribes, having been authorised by the Committee to submit the Report on their behalf, present this Seventh Report (10th Lok Sabha) on the Ministry of Welfare—working of 'National Scheduled Castes and Scheduled Tribes Finance and Development Corporation.'

2. The Committee took evidence of the representatives of the Ministry of Welfare and National Scheduled Castes and Scheduled Tribes Finance and Development Corporation on 31 January, 1992. The Committee wish to express their thank to the officers of the Ministry of Welfare and National SCs and STs Finance and Development Corporation for placing before the Committee material and information the Committee wanted in connection with the examination of the subject.

3. The Report was considered and adopted by the Committee on 23.4.1992.

4. A summary of conclusions/recommendations contained in the Report is appended (Appendix).

NEW DELHI;
April 24, 1992

Vaisakha 4, 1914 (Saka)

K. PRADHANI
Chairman.
Committee on the Welfare of
Scheduled Castes and Scheduled Tribes.

CHAPTER I

A. Background Note on N.S.F.D.C.

1.1 National Scheduled Castes and Scheduled Tribes Finance and Development Corporation was set up by the Government of India on 8th February, 1989 as a Government company under section 25 of the Companies Act, 1956.

1.2 The authorised share capital of the Corporation is Rs. 75.00 crores and paid up capital is Rs. 50.00 crores held by the Government of India.

1.3 The Corporation is increasing the funds in the hands of Scheduled Castes and Scheduled Tribes having income upto twice the below poverty line (BPL) income by channelising funds through State-level Scheduled Castes/Scheduled Tribes Corporations and other agencies for implementing technically feasible and economically viable schemes in all walks of life for income and employment generating Schemes/Projects.

1.4 There are four departments namely Projects and Monitoring; Finance and Planning; Personnel, Administration and Training; and Corporate Services to streamline the work and minimise the overhead cost.

1.5 The NSFDC besides its normal functions of development and financing nature, has also taken up task of monitoring and evaluation of working of the State/UTSCs Development Corporations. NSFDC has field offices in six locations covering areas as indicated below:

Lucknow : To cover U.P. and Madhya Pradesh.

Karnal To cover Jammu & Kashmir, Himachal Pradesh, Punjab, Rajasthan, Haryana, Chandigarh and Delhi.

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Bangalore To cover Andhra Pradesh, Tamil Nadu, Goa, Karnataka, Kerala, Pondicherry, Andamans & Nicobar Islands, Lakshadweep.

Shillong To cover Arunachal Pradesh, Manipur, Assam, Meghalaya, Mizoram, Nagaland, and Tripura.

Offices are being opened keeping in view the need for developing work in different areas.

B. Board of Directors

1.6 Subject to provisions of the Section 252 of the Companies Act, 1956 and until otherwise determined by the Company in a General Meeting, the number of Directors shall not be less than two and not more than twenty. The Directors are not required to hold any qualification shares. The first Directors shall be:

1. Non-Official members representing Scheduled Castes.	4
2. Non-official members representing Scheduled Tribes.	3
3. Persons representing Scheduled Castes Development Corporations (who should be as far as possible non-official).	3
4. Persons representing State Scheduled Tribes Corporations (who should be, as far as possible non-official).	1
5. Representative of the Banking Division of the Finance Ministry.	1
6. Representative from NABARD.	1
7. Representative from IDBI.	1
8. Managing Director, Agricultural Finance Corporation.	1
9. Financial Adviser to Ministry of Welfare.	1
10. Development Commissioner, Small Scale Industries.	1
11. Officer on Special Duty/Managing Director designated.	1

The first directors who will be appointed for the first time shall remain in office for a period of three years.

1.7 Under Article 56 of the Articles of Associations of the Company, the Directors shall be appointed by the President of India and one of the Directors to be appointed by him as Chairman of the Company.

1.8 During the evidence, the Committee were informed that initially, this corporation was being looked after by the Secretary (Welfare) as its chairperson, the Managing Director and Joint Secretary from the Ministry. who worked as a Director on the Company. This was the Board of Directors which looked after the affairs and functioning of the Corporation for two years since its inception. In May, 1991 a whole time Chairman cum Managing Director was appointed.

1.9 Asked about the procedure regarding appointment of Chairman NSFDC it was stated that 'under Article 56 of the Articles of Associations, the Government has the right to select any one of the Members who are on the Board as a Chairman. Keeping in view the need for economy and the fact that no non-official Members have so far been appointed, the Government decided that Managing Director should also be the Chairman, Therefore, the present Managing Director is functioning as Chairman-cum-Managing Director.

1.10 When enquired whether any SC/ST was on the Board of Directors, the Secretary, Welfare explained during evidence that "one Joint Secretary in the Ministry of Welfare has been on the Board. The former Managing Director also belonged to the Scheduled Tribe category. In accordance with the Articles of Association, 4 Scheduled Castes and 3 Scheduled Tribes are to be appointed as non-official members of the Board of Directors. The Government is fully aware of these provisions and actively considering the appointment of deserving SC/ST non-official Director on the Board of Directors".

1.11 When asked about the reasons for delay in the appointment of non-official Directors on the Board, the Secretary, Ministry of Welfare stated that "there is no specific reason for non-appointment apart from the fact that the matter remained under the consideration of the Government from time to time and they are hopeful to nominate the non-official members on the board shortly."

1.12 When asked about the time by which these posts of Directors would be filled up, the witness informed:

"We have already taken a decision in the Ministry of Welfare. But the procedures and processes of the Government will take their course. I can't give a fixed date. But I am hopeful that it will be done very shortly."

1.13 The Committee note with concern that despite the provision for appointment of 4 Scheduled Castes and 3 Scheduled Tribes non-official Director on the Board of Directors of National Scheduled Castes and Scheduled Tribes Finance and Development Corporation not even a single SC or ST Director has been appointed on the Board even after 3 years of the setting up of the Corporation. No specific reason has been given to the Committee for the failure to appoint any Scheduled Caste/Scheduled Tribe on the Board, except stating that the matter regarding appointment of non-official Scheduled Caste/Scheduled Tribe Directors on the Board "remained under the consideration of the Government from time to time and they are hopeful to nominate the non-official members on the Board shortly." The Secretary, Ministry of Welfare was also not prepared to give a time limit by which these non-official Scheduled Caste/Scheduled Tribe Directors would be appointed. The Committee regret this indifferent attitude of the Government and recommend that immediate steps should be taken to appoint Scheduled Caste and Scheduled Tribe Directors on the Board of NSFDC as provided in the Articles of Association.

CHAPTER II

A. Objectives of the Corporation

2.1 The role of the Corporation is to identify and promote activities supportive and conjunctional to the programmes of State SC/ST Corporations and other agencies so as to fill critical gaps and make these programmes more effective. The Corporation is expected to innovate, experiment and promote rather than replicate the work of the existing agencies. The objectives of the Corporation are as follows:

- (1) To serve as the apex institution to finance schemes for Scheduled Castes and Scheduled Tribes to bring them in the mainstream by improving the flow of financial assistance to them.
- (2) To identify trades and other economic activities of importance to Scheduled Castes and/or Scheduled Tribes and promote the setting up of businesses, trades, professions and other economic activities by members of Scheduled Castes and/or Scheduled Tribes in rural as well as urban areas of the country with the income levels as may be decided by the Government from time to time and to assist them by grants subsidies, loans, advances, know-how, training technology, process desing, extension support, inputs and/or raw material supply and marketing of produce, products and material legally collected or produced by any member of the Scheduled Castes and or Scheduled Tribes and to undertake and to cause collection of minor forest produces from Government and private forests for processing, marketing or otherwise and implement Government policies and programmes in the matter.
- (3) To fill the critical gaps by providing backward and forward linkages to Scheduled Castes and Scheduled Tribes.
- (4) To generate employment for Scheduled Castes and Scheduled Tribes.
- (5) To provide entrepreneurial assistance to Scheduled Castes and Scheduled Tribes.
- (6) To porovide and upgrade the technical knowledge and skill of Scheduled Castes & Scheduled Tribes by providing educational and training facilities.

- (7) To assist Scheduled Castes & Scheduled Tribes entrepreneurs by arranging Working Capital Loans/Term Loans from Commercial Banks at lower rates and Term Loans/Equity Capital from State-level Scheduled Castes/Scheduled Tribes Corporations.

2.2 As regards the need for setting up of this Company, it has been stated:

“At the time of incorporation of NSFDC it was informed to the Cabinet that the State-level SC/ST Corporations had performed a limited role. They had been primarily involved in providing margin money assistance wherever necessary. Formulation of Schemes and monitoring of implementation of schemes had been rather inadequate. This resulted in failure of a large number of schemes and unsatisfactory recovery of the margin money loans advanced by the State Corporations. The Central level Corporation was expected to act as a prime mover in the field of development of Scheduled Castes/Scheduled Tribes. It would help the State Corporations in project preparation, etc. and enable them to obtain a better flow of financial assistance for Scheduled Castes and Scheduled Tribes from nationalised banks and financial institutions. Apart from making available additional funds for viable schemes to benefit SCs/STs, NSFDC would also monitor the work of the State Corporations.”

2.3 During the evidence when the Committee desired to know how far objectives of NSFDC have been achieved, particularly providing of entrepreneurial assistance to Scheduled Castes and Scheduled Tribes, the Chairman, NSFDC explained;

“I think most of these are fulfilled. In respect of the fifth objective, position is that we are Training Scheduled Caste/Scheduled Tribe persons with technical and educational background to enable them to become entrepreneurs. We are trying to tie it up with the schemes. They will start self-employment activities also.”

2.4 When enquired how could NSFDC provide any entrepreneurial assistance to the Scheduled Castes and Scheduled Tribes in the absence of technical knowhow, the witness explained:

“We are acting in collaboration with State level electronic corporations, consultancy organisations and others. Where we lack manpower, we organise training for that and meet the cost.”

2.5 The Committee are unable to understand how NSFDC could claim that it has achieved all its objectives. Scheduled Castes/Scheduled Tribes

population in the country is somewhere near 220 million and NSFDC has few branches and skeleton staff upto now spread all over India. Submission of the Secretary, (Welfare) that "training Scheduled Caste/Scheduled Tribe persons with technical and educational background" will enable them to become entrepreneurs will prove hypothetical, unless the training programme is tied with a specific scheme applied for by SC/ST beneficiaries and sanctioned by the NSFDC. The Committee observe that the State level Electronics Corporation or Consultancy Organisation will not be able to provide requisite entrepreneurial assistance to SC/ST beneficiaries provided the training is linked with the scheme sanctioned.

In the opinion of the Committee the very purpose to lend support to State SC/ST Corporations to fill critical gaps would be defeated, if it fails to provide technical know-how and other assistance which may be sought by the SC/ST entrepreneurs. The Committee, therefore, recommend that NSFDC should develop its own technical professional skill capable of providing technical and entrepreneurial guidance to the needy Scheduled Castes/Scheduled Tribes.

B. Schemes under NSFDC

2.6 NSFDC Schemes are implemented through State level SC/ST Corporations and, where such Corporations do not exist, through other agencies nominated by the State/U.T. Government. These Schemes/Projects must be technically feasible and economically viable preferably requiring moderate capital investment per beneficiary from NSFDC and capable of generating adequate income on a sustained basis.

2.7 Feasible schemes are proposed by State SC/ST Corporations and other channelising agencies keeping in view local requirements, resources and skills for evaluation and sanction by NSFDC. Schemes sanctioned cover agriculture, minor irrigation, horticulture, animal husbandry, transport, state-level SC/ST DCs are involved in formulating the schemes, trade, services, etc. wherever State-level Scheduled Caste/Scheduled Tribe Development Corporations are not existing, other agencies like banks, financial institutions, etc. are associated in formulating the schemes under various kinds of assistance from NSFDC. Some of the Scheduled Caste/Scheduled Tribe Development Corporations particularly from Tamil Nadu, Andhra Pradesh, Punjab, Madhya Pradesh, Mizoram have been very active for formulation of good schemes for socio-economic development of Scheduled Castes and Scheduled Tribes.

2.8 The Committee were informed that "NSFDC has no plans of setting up infrastructural facilities at present and there are no plants at present to run any pilot project by NSFDC to catalyse the process of development and economic growth of the Members of Scheduled Castes and Scheduled Tribes."

2.9 During the evidence, when asked to explain what additional benefits are provided by NSFDC in comparison to Scheduled Caste/Scheduled Tribe Development Corporations, the witness explained:

“The State Corporations can cover beneficiaries upto a single poverty line whereas NSFDC go upto double poverty line. There is a proposal at the Board level, that they may exceed the double poverty line in some cases where the SC/ST entrepreneurs who are educated, who are slightly advanced may come and they will give them support both in respect of seed capital and as also the term loan provided they give a guarantee that in the industrial enterprises which they set up, they will ensure that 75—80% of the employees are from SCs/STs.”

2.10 The difference between SCDC and NSFDC is that the SCDCs are still working on the basis of old schemes whereas NSFDC is trying several new schemes also.

2.11 When asked to clarify whether there was any overlapping of functions of SCDCs and NSFDC, the witness clarified:

“Presently State SCDCs are allowed to give loans upto Rs. 35000/- in individual cases to the persons who are below the poverty-line. In case any individual or a group of individuals wants loans above Rs. 35000/- from the SCDCs, they have to seek the permission of the Ministry of Welfare and such permission would normally be given. The NSFDC is prepared to give additional assistance in accordance with the objectives subject to the fulfilment of conditions. The National-level Corporation can give larger amounts and cover people who are slightly better off than those who are below the poverty-line according to the guidelines issued in 1979. So there is no duplication; on the contrary NSFDC is supplementing their functions. Both the organisations are fulfilling the objectives.”

2.12 In the post evidence information supplied to the Committee it has been stated that 143 schemes in total have been approved for assistance by NSFDC as on 18 February, 1992 for various States for individual and group of individuals and only 97 individual entrepreneurs all over India have been given assistance by NSFDC.

2.13 The Committee find that the approach paper prepared by the Corporation in June, 1989 provided that the Corporation should take up setting up of mother industries or incubator industries or conjunctional activities which will make a large number of self-employed persons Capable of earning a better income in a more steady manner. They regret to note that no action has been taken by the Corporation in this direction so far. The Committee recommend that the Corporation should run pilot projects on priority basis to catalyse the process of development and economic growth of the members of SCs/STs. The Committee hope that Government will issue necessary guidelines in this regard.

2.14 The Committee also find that the schemes sanctioned by the Corporation cover agriculture, minor irrigation, horticulture, animal husbandry, transport, trade, services, etc. They are of the view that there is need for further diversification and alrge number of economically viable schemes covering a wide range of activities, which have high relevance and potential for economic development having low gestation period and requiring moderate Capital investment, should be identified and assisted by the Corporation.

C. (i) Funds — Channelisation

2.15 NSFDC funds are channelised through State Scheduled Caste/ Scheduled Tribe Development Corporations and other prescribed channelising agencies. The procedure can be described as joint financing rather that refinancing.

2.16 The criteria for channelising such funds are (i) the scheme should be technically feasible and economically viable and the beneficiaries should have annual income not exceeding double the poverty line; (ii) State SC/ STDC or channelising agency should agree to the Condisions of NSFDC with regard to implementation of the scheme, repayment schedule, security etc.

2.17 The total funds disbursed so far as on 31.12.91 to various States for SC/ST beneficiaries under various schemes are 20.8 crores as given below:

STATUS OF DISBURSEMENTS MADE AS ON 31.12.1991

(Rs. in Lakhs)

Sl. No.	Zone	Scheme	State	Cost of Scheme	Sanctions		Disbursements			Govt. Guarantee	Status/Remarks
					Date of sanction	Amount	Date	Amount	Balance		
1	2	3	4	5	6	7	8	9	10	11	12
1.	South	Land Scheme (LAFTI-II)	Tamil Nadu	75.51	27.3.90	46.05	23.6.90 11.9.90	30.00 12.00	4.05	GO RECD	Land purchased & allotted to 982 families
2.		Land Scheme (LAFTI-II)	Tamil Nadu	111.33	11.6.91	59.88	13.8.91	47.96	11.92		Under Implementation
3.		Land Scheme (TNCLDB)	Tamil Nadu	195.00	20.2.91	97.50	4.10.91	15.00	82.50		Under Implementation
4.		Tea Estate	TOTAL	381.84		203.43		104.96	98.47		
			Kerala	277.35	27.3.90	37.50	18.1.91	18.25	19.25	GO RECD	Factory under construction
5.		Waste Land	Andhra Pradesh	286.92	28.2.90	143.46	17.3.90 14.12.90	35.00 42.05	66.41	Not RECD.	Under Implementation.
6.		Minor Irrigation	Andhra Pradesh	3402.12	30.11.90	1799.56	27.6.91 24.9.91 31.12.91	100.00 100.00 200.00	1339.56	RECD.	Started in 43 Blocks.

1	2	3	4	5	6	7	8	9	10	11	12
7.		Horticulture	Andhra Pradesh	3300.90	30.11.90	1823.11	28.6.91	84.28		RECD.	Under Implementation
							23.9.91	43.88			
							31.12.91	51.00	1643.95		
			TOTAL	6989.94		3766.13		656.21	3109.92		Under Implementation
8.		Mataador Vans	Karnataka	180.00	19.12.90	128.25	3.10.91	65.00	63.25		Under Implementation
9.		Land Scheme	Karnataka	1584.00	19.12.90	792.00	30.11.90	80.00	712.00	Not RECD.	Under Implementation
			TOTAL	1764.00		920.25		145.25	775.25		Under Implementation
10.	East	Java Citronella	Assam	88.28	8.6.90	66.21	15.1.91	27.00	19.21	Not RECD.	Under Implementation.
11.		Java Citronella	Assam	114.03	8.6.90	86.27	10.7.91	9.00	77.27	Not RECD.	Under Implementation.
			TOTAL	202.31		152.48		56.00	96.48		Under Implementation
12.		Stone-Crushers (5 Units)	Bihar	38.00	5.10.89	19.00	16.4.90	15.00		Not RECD.	Production Commenced
							30.6.90	0.13	3.56		
							31.12.91	0.31			
13.		Vehicles (BSSCDC)	Bihar	261.20	24.9.90	195.90	3.9.91	100.00	70.90		Under Implementation
							31.12.91	25.00			
			TOTAL	299.20		214.90		140.44	74.46		Under Implementation
14.		Ginger Cultivation	Mizoram	96.00	20.2.91	72.00	11.4.91	29.94	21.06	Not RECD.	Under Implementation
							31.12.91	21.00	21.06		
			TOTAL	96.00		72.00		50.94	21.06		Under Implementation
15.		Transport Vehicles	West Bengal	4.63	30.11.90	0.92	10.6.91	0.92	0.00	Not RECD.	Progress Report Not Received.

INTRODUCTION

1. The Chairman, Committee on the Welfare of Scheduled Castes and Scheduled Tribes, having been authorised by the Committee to submit the Report on their behalf, present this Seventh Report (10th Lok Sabha) on the Ministry of Welfare—working of 'National Scheduled Castes and Scheduled Tribes Finance and Development Corporation.'

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1.6 Subject to provisions of the Section 252 of the Companies Act, 1956 and until otherwise determined by the Company in a General Meeting, the number of Directors shall not be less than two and not more than twenty. The Directors are not required to hold any qualification shares. The first Directors shall be:

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1.9 Asked about the procedure regarding appointment of Chairman NSFDC it was stated that 'under Article 56 of the Articles of Associations, the Government has the right to select any one of the Members who are on the Board as a Chairman. Keeping in view the need for economy and the fact that no non-official Members have so far been appointed, the Government decided that Managing Director should also be the Chairman, Therefore, the present Managing Director is functioning as Chairman-cum-Managing Director.

2.22 As regards the provision of bridge loan to the beneficiaries against subsidy and grants from various institutions to ensure early implementation of projects, it has been stated:

“Bridge loan can be sanctioned against grant of subsidy to the extent of 100% to ensure timely implementation of the project. Amount of bridge loan varies according to the requirements of each case. No fixed percentage has been prescribed for this purpose.”

2.23 As regards making available working capital loan to the beneficiaries, it has been explained that:

“The working capital loan is to be obtained by the beneficiaries from Banks. However, for projects costing upto Rs. 50,000/- per beneficiary, NSFDC provides working capital loan as part of the project cost. For bigger projects, 25% of working capital is included in project cost for considering extent of term loan to be sanctioned.”

2.24 Asked about the targets if any fixed sector-wise for agriculture, industry and transport etc., the witness stated that after some time of the setting up of the Corporation the targets were that 60 per cent of the resources would be spent on agriculture sector, 20 per cent on transport and the rest of the 20 per cent on services and other sectors.

2.25 When asked to clarify whether they distribute only subsidy and margin money for these sectors, the witness explained:

“our contribution is towards the seed capital and more from term loan, but no subsidy.”

2.26 When the Committee suggested that the loans should also be given to the people who want to construct shopping complexes, small sheds and shops for village and cottage industries, the witness submitted:—

“Yes, there are some projects which have already been sanctioned for construction of such shops and sheds and handing them over to the beneficiaries. They are particularly in Madhya Pradesh, Haryana and one or two other States. Under the scheme, the shops will be constructed and handed over to the beneficiaries who can make use of them.”

2.27 The position regarding disbursement of loans over the years has been stated to be as under:—

“The disbursement in the first year, 1989-90, was Rs. 35 lakhs. In 1990-91, it was Rs. 6.2 crores and in the current year, the disbursement so far is approximately Rs. 18 crores. The cumulative disbursement comes to about Rs. 24 crores. We expect to take the cumulative disbursement, by 31 March, 1992 to approximately

Rs. 45 crores. In the current year, we will be having a disbursement of approximately Rs. 39 crores as against Rs. 6.7 crores in the two previous years. There is, therefore, a 600 per cent increase compared to the previous year."

2.28 As regards the reasons for delay in disbursement of loans, it has been stated that:

"There was reservation on the part of the State Governments to give Government guarantee. That hold up disbursement.

Now, most of the State Governments have given guarantee. Some of them have promised guarantee and a few State Governments are still considering the matter. In two or three cases, the State Governments have given even block guarantee. That means they have stated that this is a guarantee for 3—5 crores of rupees. We may go on sanctioning disbursement till the limit is reached. These are very hopeful signs. In the current year, we will have approximately Rs. 40 crores disbursement."

2.29 The Committee pointed out that even after disbursement of Rs. 40 crores, there still remained more than Rs. 10 crores of rupees for disbursement, and desired to know whether it was due to non-availability of beneficiaries, the Chairman NSFDC submitted that:—

"It is due to non-finalisation or slow progress in finalisation of Government guarantee and certain other formalities. The formalities are minor in nature. The loan agreement is one such thing."

(iii) SC/ST Beneficiaries Under the Schemes approved by NSFDC

2.30 Members of SCs/STs with annual family income not exceeding twice the below poverty line income as determined by the Planning Commission from time to time are eligible for assistance. Presently, beneficiary's family income should be within Rs. 14,600/- p.a. in case he is residing in urban area and Rs. 12,800/- p.a. in case he is residing in rural area.

2.31 During the evidence when asked how this criteria had been defined and who was to give the income certificate, the witness explained that 'the Department of Rural Development handled this matter. They had issued detailed guidelines on 15th November, 1991 indicating the manner in which village surveys were to be carried out and how families below poverty line were to be identified.'

2.32 In a supplementary information furnished to the Committee it has been stated that as on 31.12.1991 in total 124738 SCs/STs have been benefitted from NSFDC schemes sanctioned for different States and Union Territories. Out of this 114004 persons belong to Scheduled Castes and 10734 persons belong to Scheduled Tribes. The investment per beneficiary is Rs. 16000/- from institutional investment and Rs. 9000/- as NSFDC share.

2.33 When enquired as to how the NSFDC coordinated with State Scheduled Caste Development Corporations when it provided only the financial assistance for the schemes and the subsidy was provided by the State SCDCs, the witness explained that 'the idea of associating fully the State SCDCs with NSDC is already there because it would be very expensive for it to have field level offices all over the country. The objective is to spend more on the welfare rather than on administrative expenditure. Taking that into account the SC/ST Development Corporations in whose share capital the Government of India has 49% stakes are fully integrated with the functioning of NSFDC and they work in tandem.'

2.34 Explaining the advantages of extending assistance through State Corporations, the witness stated:

"If NSFDC goes directly to the beneficiary, it will be difficult to link subsidy which normally comes from the State fund with NSFDC financing. DRDA is receiving funds from Departments of Rural Development under IRDP. Subsidy is ultimately given by the Government of India. If they find that this is routed effectively and the district agency can have a better check, it is better to route the subsidy like that. It is only a question of routing and administrative convenience. Whatever subsidy they will get, it must be through DRDA or through ITDP. That is the closest that they can get to the local level."

2.35 When the Committee suggested that in case of income generating schemes such as bus-permits, the NSFDC could help the SCs/STs by financing such schemes, the witness replied:

"We can certainly tie up the financial scheme with the permits."

2.36 The Committee note that the main function of the Corporation at present is provision of financial assistance (loan, seed capital and grant) to SCs/STs having income upto twice the below poverty line by channelling funds through State level SC/ST Corporations and other agencies to implement technically feasible economically viable and income and employment generating schemes/projects. As on 31.12.91 the Corporation has sanctioned Rs. 20.08 crores as financial assistance. The number of beneficiaries likely to be covered on completion of the schemes on the basis of sanctions till 31.12.1991 was 114004 SCs and 10734 STs.

The Committee regret to note that there has been delay in disbursement of funds by the Corporation. The amount of funds disbursed upto 31 December 1991 to various States for SCs/STs beneficiaries under various schemes was Rs. 20.08 crores which was only 36 percent of the amount sanctioned by NSFDC and 6.6 percent of the total costs of the scheme. The delay in disbursement of funds even after issue of sanction ranged from 2 to 16 months. The number of beneficiaries on the basis of disbursement was

only 28405 or 23% of the estimated beneficiaries for the sanctioned schemes. The Committee are also extremely unhappy to note that the sanctioning of the schemes and disbursement of funds is confined to only a few States and not a single scheme has been sanctioned in States like UP, Orissa, Meghalaya, Mizoram, Nagaland, Arunachal Pradesh and Rajasthan which have a large number of SC/ST population. The Corporation has in all approved 143 schemes for assistance and only 97 individual entrepreneurs of either community have been given assistance. This can hardly be considered as satisfactory considering the total number of SCs/STs in the country. The Committee desire that the reasons for this highly unsatisfactory position in regard to the sanctioning of schemes and disbursement of funds should be gone into thoroughly and immediate remedial measures taken to streamline the procedure to ensure that the SC/ST beneficiaries throughout the country get the benefit of setting up of the Corporation and are able to get the timely assistance from the Corporation for their economic development. There should be one window service scheme so that the needy SCs/STs are not required to run from pillar to post to get the required assistance. They would also emphasise the need for having close consultation with other financing and funding agencies so that the appraisal carried out by one agency is acceptable to others to avoid cost and time involved in appraisal by different agencies.

2.36A The Committee find that State SCDCs are allowed to give loans upto Rs. 35,000/- in individual cases to the persons who are below the poverty line and in case any individual or group of individuals want loans above Rs. 35,000/- from State SCDCs, they have to seek permission of the Ministry of Welfare and such permission "would normally be given" by the Ministry.

Taking into consideration the cost escalation of schemes/projects and to obviate delays in getting the loan sanctioned for a sum exceeding Rs. 35,000 by following this cumbersome procedure, the Committee would like the Ministry of Welfare to review the position afresh and streamline the procedure so that State SCDCs are authorized to sanction loan amount as per requirement of the schemes sanctioned by SCDCs.

D. Security for loans

2.37 For Security NSFDC expects guarantee for its loans either from the State Government or from Scheduled Banks. During the evidence, CMD-NSFDC have informed that uptil now most of the State Governments have given guarantee, some of them have promised guarantee and a few State Governments are still considering the matter. In two or three cases, the State Governments have given even block guarantee i.e. they have stated that the guarantee was for 3—5 crores of rupees. NSFDC may go on sanctioning disbursement till that limit is reached.

APPENDIX

(Vide para 4 of Introduction)

Summary of Conclusions/Recommendations contained in the Report

Sl. No.	Reference to Para number in the Report	Recommendations
1	2	3
1.	1.13	<p>The Committee note with concern that despite the provision for appointment of 4 Scheduled Caste and 3 Scheduled Tribe non-official Directors on the Board of Directors of National Scheduled Castes and Scheduled Tribes Finance and Development Corporation not even a single SC or ST director has been appointed on the Board even after 3 years of the setting up of the Corporation. No specific reason has been given to the Committee for the failure to appoint any Scheduled Caste/Scheduled Tribe on the Board, except stating that the matter regarding appointment of non-official Scheduled Caste/Scheduled Tribe Directors on the Board "remained under the consideration of the Government from time to time and they are hopeful to nominate the non-official members on the Board shortly." The Secretary, Ministry of Welfare was also not prepared to give a time limit by which these non-official Scheduled Caste/Scheduled Tribe Directors would be appointed. The Committee regret this indifferent attitude of the Government and recommend that immediate steps should be taken to appoint Scheduled Caste and Scheduled Tribe Directors on the Board of NSFDC as provided in the Articles of Association.</p>
2.	2.5	<p>The Committee are unable to understand how NSFDC could claim that it has achieved all its objectives. Scheduled Caste/Scheduled Tribe population in the country is somewhere near 220 million and NSFDC has few branches and skeleton staff upto now spread all over India. Submission of the Secretary, (Welfare) that "training</p>

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Scheduled Caste/Scheduled Tribe persons with technical and educational background" will enable them to become entrepreneurs will prove hypothetical, unless the training programme is tied with a specific scheme applied for by SC/ST beneficiaries and sanctioned by the NSFDC. The Committee observe that the State level electronics Corporation or Consultancy Organisation will not be able to provide requisite entrepreneurial assistance to SC/ST beneficiaries provided the training is linked with the scheme sanctioned.

In the opinion of the Committee the very purpose to lend support to State SC/ST Corporations to fill critical gaps would be defeated, if it fails to provide technical know how and other assistance which may be sought by the SC/ST entrepreneurs. The Committee, therefore, recommend that NSFDC should develop its own technical professional skill capable of providing technical and entrepreneurial guidance to the needy Scheduled Castes/ Scheduled Tribes.

3. 2.13

The Committee find that the approach paper prepared by the Corporation in June, 1989 provided that the Corporation should take up setting up of mother industries or incubator industries or conjunctional activities which will make a large number of self-employed persons capable of earning a better income in a more steady manner. They regret to note that no action has been taken by the Corporation in this direction so far. The Committee recommend that the Corporation should run pilot projects on priority basis to catalyse the process of development and economic growth of the members of SCs/STs. The Committee hope that Government will issue necessary guidelines in this regard.

4. 2.14

The Committee also find that the schemes sanctioned by the Corporation cover agriculture, minor irrigation, horticulture, animal husbandry, transport, trade, services etc. They are of the view that there is need for further diversification and a large number of economically viable schemes covering a wide range of activities, which have high relevance and potential for economic development having low gestation period and requiring moderate Capital investment should be identified and assisted by the Corporation.

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5. 2.36

The Committee note that the main function of the Corporation at present is provision of financial assistance (loan speed capital and grant) to SCs/STs having income upto twice the below poverty line by channelising funds through State level SC/ST Corporations and other agencies to implement technically feasible, economically viable and income and employment generating schemes/projects. As on 31.12.91 the Corporation has sanctioned Rs. 20.08 crores as financial assistance. The number of beneficiaries likely to be covered on completion of the schemes on the basis of sanctions till 31.12.1991 was 114004 SCs and 10734 STs.

The Committee regret to note that there has been delay in disbursement of funds by the Corporation. The amount of funds disbursed upto 31 December 1991 to various States for SC/STs beneficiaries under various schemes was Rs. 20.08 crores which was only 36 percent of the amount sanctioned by NSFDC and 6.6 percent of the total costs of the scheme. The delay in disbursement of funds even after issue of sanction ranged from 2 to 16 months. The number of beneficiaries on the basis of disbursement was only 28405 or 23% of the estimated beneficiaries for the sanctioned schemes. The Committee are also extremely unhappy to note that the sanctioning of the schemes and disbursement of funds is confined to only a few States and not a single scheme has been sanctioned in States like UP, Orissa, Meghalaya, Mizoram, Nagaland Arunachal Pradesh and Rajasthan which have a large number of SC/ST population. The Corporation has in all approved 143 schemes for assistance and only 97 individual entrepreneurs of either community have been given assistance. This can hardly be considered as satisfactory considering the total number of SCs/STs in the country. The Committee desire that the reasons for this highly unsatisfactory position in regard to the sanctioning of schemes and disbursement of funds should be gone into thoroughly and immediate remedial measures taken to streamline the procedure to ensure that the SC/ST beneficiaries throughout the country get the benefit of setting up of the Corporation and are able to get the timely assistance from the Corporation for their economic development. There should be one window service scheme

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so that the needy SCs/STs are not required to run from pillar to post to get the required assistance. They would also emphasise the need for having close consultation with other financing and funding agencies so that the appraisal carried out by one agency is acceptable to others to avoid cost and time involved in appraisal by different agencies.

6. 2.36.A

The Committee find that State SCDCs are allowed to give loans upto Rs. 35,000/- in individual cases to the persons who are below the poverty line and in case any individual or group of individuals want loans above Rs. 35,000/ from State SCDCs, they have to seek permission of the Ministry of Welfare and such permission "would normally be given" by the Ministry.

Taking into consideration the cost escalation of schemes/projects and to obviate delays in getting the loan sanctioned for a sum exceeding Rs. 35,000 by following this cumbersome procedure, the Committee would like the Ministry of Welfare to review the position afresh and streamline the procedure so that State SCDCs are authorised to sanction loan amount as per requirement of the schemes sanctioned by SCDCs.

7. 2.42

The Committee were informed that one of the reasons for slow disbursement of funds was that some of the State Governments like Assam, West Bengal and Gujarat have not given guarantee for the loans sanctioned by the Corporation. The Corporation had been insisting the Government Guarantee considering the fact that the beneficiaries are not required to give any other security apart from the asset that is created and the performance of the SCDC in respect of recovery of their margin money has not been satisfactory. Since the Corporation has limited funds and the same has to be recycled over time to cover more and more beneficiaries, the timely recovery of loan and interest is essential.

The Committee were informed by the CMD during evidence that he was in touch with the State Governments who had not yet given guarantee and was hopeful that they would give the required guarantee as they were giving similar guarantee for the funds they get from NABARD, HUDCO and REC. The Committee desire that the matter should be actively pursued by the Corporation to get the

encouraged to take up these schemes for implementation. The Corporation should also help them by providing besides financial assistance, technical and entrepreneurial guidance also for implementation of these schemes. Further, in states where agencies for SCs/STs are not existing, the matter should be taken up with the State Government concerned, including visits by senior officers of the Corporation to identify such agencies for taking up the projects prepared and considered by the Corporation to be most suited for those areas.

B. Training Programmes for SC/ST Prospective Beneficiaries

3.8 As regards the arrangements for training programmes for SC/ST prospective beneficiaries it has been stated that the Corporation does not propose to set up any training centre. For training programmes, NSFDC collaborates with a much wider range of institutions, mostly at the State/U.T. level.

NSFDC also does not have any plans at present to assist any Central/State organisations in setting up common facility centres, training centres, mother industries or marketing facilities. Main focus of the Corporation is on placing productive assets in the hands of individual beneficiaries or groups thereof to enable the latter to carry on income generating economic activities.

It has also been stated that job oriented training programmes are organised for educated unemployed members belonging to SC/ST Community. They are given training in different types of income generating schemes than those given to SC/ST beneficiaries who lack in formal education. Eligibility conditions are identical for all beneficiaries. For entrepreneurship development, several schemes have been organised by State level electronic corporations, consultancy organisations and others, in different parts of the States and they are set up with State Financial Institutions collaboration and all that. They have Technical Personnel to attend to work and we are making use of it.

3.9 During the evidence when asked about the procedure of conducting training programmes, the witness explained:

"In schemes, we give loans; in training programmes, we give subsidy. We meet 60 per cent of the cost of the training programmes. Here also, the SCDCs and the training institutions can identify the beneficiaries within the State and send the proposal to us. It can be an Electronic Corporation of State Government, or the consultancy organisations set up by the State Government or the training institutions owned and run by the State Government; or any recognised training institution in the Government or the private sector. The SCDC will propose that they want to train say 20-30 persons in a particular line of training. They will indicate the total cost involved, duration, subject coverage and all that. When these things are communicated, we sanction the project. Initially, the

projects were sanctioned in two or three places only. As on date, we have much more training programmes and they have spread all over the country.”

3.10 In the supplementary information supplied to the Committee it has been stated that the number of job oriented training programmes so far conducted in different fields since 1989 onwards are 36 giving training to total 2765 trainees and the funds allocated for these training programmes are Rs. 2678423/- out of which NSFDC's share comes out to be Rs. 1725959/.

3.11 The Committee find that one of the objectives of the Corporation was to provide and upgrade the technical knowledge and skill of SC/ST by providing educational and training facilities. They have been informed that since 1989 only 36 Training Courses have been conducted and the total number of SCs/STs given training in different fields under these training programmes is 2765. The Committee can not help observing that this figure is too small taking into consideration the total population of SCs/STs spread all over India. They, therefore, recommend that more attention should be paid to organise more training programmes and to impart training to a large number of SCs/STs to enable them to undertake income generating economic activities. These training programmes should be conducted throughout the country instead of being confined to a few institutions in some of the States only. They desire that at least one training institute should be identified in each State and U.T. and relevant job oriented courses be conducted in diverse fields to fulfil the job requirements of SCs and STs of that area.

CHAPTER IV

A. NSFDC's Share Capital

4.1 The authorised share capital of the Corporation is Rs. 75.00 crores and paid up capital is Rs. 50.00 crores held by the Government of India. NSFDC expects a sizeable stepping up of funds allocation during the VIIIth Plan.

4.2 During the evidence when asked whether more funds would be made available to the Corporation if its requirement goes beyond Rs. 50.00 crores, the Secretary (Welfare) explained:

“As far as requirement of funds by NSFDC is concerned, the Government will ensure that whatever money is required to fulfil their obligations, is provided to them. As it is the Government has provided them Rs. 50 crores. Though the Corporation was set up in 1989, in the first year of its working it disbursed only Rs. 35 lakhs. In the second year it disbursed Rs. 6.13 crores. In the third year of its working the Corporation was able to disburse Rs. 24 crores and this year it is hopeful of disbursing about Rs. 40 crores. The money which we have released has been with the Corporation and it is investing it and is adding to its general reserves. We want to release all the money that is sanctioned in accordance with the requirement of the schemes. We are hopeful of releasing the money allocated to us during the current financial year.”

4.3 As regards the augmentation of funds the Chairman and Managing Director, NSFDC explained the position as under:

“We will end this year with some money in our account. From next year onwards, depending on the level of disbursement, we will have to go for market borrowings. Share capital contribution from the Welfare Ministry will not be sufficient. During the Eight Plan we propose to have a disbursement of Rs. 1150 crores. This is our proposal before the Planning Commission. What shape will it take, I do not know. But out of Rs. 1150 crores disbursement, we expect Rs. 370 crores as share capital contribution from the Welfare Ministry. Approximately Rs. 700 crores will be by way of selling debentures in the market. About Rs. 200 crores will be collected by way of refund of interest and principal from the loan we are giving now. This is how we will mobilise the resources. If we are unable to raise Rs. 700 crores from the market, then we will find ourselves in a financial difficulty. As on date, there is no financial problem.”

4.4 Clarifying the position further, the Secretary, Ministry of Welfare, submitted:

“The Corporation has no scarcity of funds and whenever funds are required to meet its liabilities, the Government will make that money available.”

4.5 The Committee note that the Corporation has a paid up capital of only Rs. 50 crores. With the expansion of its activities, it expects to disburse about Rs. 40 crores during 1991. As regards additional requirement of funds the Secretary of the Ministry of Welfare assured the Committee, the Government would ensure that the Corporation is provided what ever money was required by it to fulfil its obligations. The Chairman-cum-Managing Director of NSFDC however apprehended that from next year onwards the share capital contribution from the Ministry might not be adequate and they might have to go for market borrowings. As per its draft eighth Five Year Plan, the Corporation besides increasing its share capital upto 370 crores propose to raise market loans upto 700 crores by 1996-97. The Committee hope that in case the Corporation is not in a position to raise the required loan from market borrowing at reasonable rate of interest, its paid-up capital would be increased further by Government so that the Corporation does not suffer from any shortage of funds for disbursement to the needy SC/ST beneficiaries.

B. Trades & other Economic Activities having High Relevance and potential for the Development of Scheduled Castes and Scheduled Tribes

4.6 NSFDC has stated that land based schemes, dairy, piggery and poultry farms, commercial vehicles such as autorickshaws, cars, vans trucks, etc. Stonemining and crushing, service units such as photocopiers T.V., Watch, etc. repair-shops have relevance and potential for th economic development of Scheduled Castes and Scheduled Tribes.

4.7 As regards the facilities provided to SCs/STs for setting up c businesses, trades, professions and other economic activities to be owne and run by members of Scheduled Castes and Scheduled Tribes, it ha been stated that:

“NSFDC helps SC/ST members to improve/upgrade their skills f making them efficient and self-reliant in taking up relevant busines trade, profession and other economic activities. Besides, NSFDC provides refinance and term loan to the extent of 75% and also se capital assistance where ever essential. The interest on term loan charged @ 4.5% p.a. from the Primary Lending Organisations wh the ultimate beneficiaries have to pay not more than 6% interest p annum. The seed capital assistance is provided free of intere However, a nominal service charge @ 1% p.a. is levied.”

4.8 During the evidence when the Committee desired to know as to how do they calculate income on the basis of land holding, the witness explained as under:

“We have 127 agro-climatic zones in the country. It is not easy to calculate income from land on the basis of particular ceiling. The quality of land, nature of fertilisers and other inputs used will determine the output or the income that an individual is going to get. A small farmer is one who has two hectares of land but where it is first class irrigated land, that ceiling is only one hectare. The ceiling varies from one hectare to two hectares depending upon the quality of land. There are identified blocks under DPAP. Ceilings and the formula for conversion are clearly laid down.”

4.9 It has further been explained that in the areas where there are no agricultural activities going on, any land of those areas is financed by the corporation to be handed over to SC/ST beneficiaries for economic use.

4.10 When asked what help was given to those who rear cows and poultry, it has been stated that they were helped by way of building shelters for their cattle/poultry farming and these shelters are not hypothecated or mortgaged always.

4.11 When enquired about the role the NSFDC play in schemes run by State Governments such as agriculture and minor irrigation, the witness explained:

“We supplement the efforts of the State Government. There is paucity of resources with the States. Govt. of India helps them wherever necessary, so that they may continue their efforts with renewed effort and redoubled vigour. It is not the intention of Government of India to take over any areas. States are happy because 50% of the expenditure comes from the centre.”

4.12 The Committee note that the Corporation provides refinances and term loan to the extent of 75% and also seed capital assistance wherever essential. The interest on term loan is charged @ of 4.5% per annum from the primary lending organisations while the ultimate beneficiaries have to pay not more than 6% interest per annum. The seed capital assistance is provided free of interest at a nominal service charge of 1% per annum. However, the subsidy attached to various schemes comes from Govt. of India, Deptt. of Rural Development and is routed through State Govt. District Rural Development Agencies and is disbursed mainly through district administration for the purpose of exercising better checks, administrative convenience and to avoid wasteful expenditure. The Committee desire that Govt. should devise ways and means to link subsidy to NSFDC financing also so as to attract large number of SC/ST beneficiaries towards NSFDC schemes. In this connection, the Corporation has also suggested that a fixed percentage of profits of the RBI may be

passed on to NSFDC to create special subsidy reserve fund as is being done by RBI in case of NABARD. The Committee desire that the proposal may be examined soon and the outcome intimated to them.

CHAPTER V

PROMOTION, IMPLEMENTATION, MONITORING AND EVALUATION OF THE PROGRAMMES FORMULATED BY NSFDC

5.1 As regards the implementation of programmes of NSFDC it has been stated that NSFDC schemes are implemented through state-level SC/ST Corporations and, where such Corporations do not exist, through other agencies nominated by the State/U.T. Government.

5.2 In a few cases, NSFDC takes assistance from specialised institutions like Tribal Cooperative Marketing Development Federation of India Limited, National Small-Scales Industries Corporation, etc. NSFDC is now formulating new schemes to be implemented with the assistance of Computer Maintenance Corporation Limited, and Mahanagar Telephone Nigam Limited.

5.3 As regards the Question of evaluation of assistance and whether the assistance has actually been provided to the needy beneficiaries, the witness stated that "Wherever it is found that the flow of assistance has not been to the poorest amongst the poor, correctives are being applied. From time to time evaluation has to be done to ensure that wherever there are aberrations, those are rectified."

5.4 When asked whether there was any agency to monitor the disbursement of the funds to the poor people, the witness stated that "The senior officers of NSFDC are sent to the operation areas to ensure that the funds sanctioned to the States actually reached the beneficiaries. Sometimes the SCDC officials are also advised that they should go to the field for such checking. Even the CMD, NSFDC also go for field checking.

The witness further added that the field staff have to keep liaison for fulfilling various legal and other documentation with the State SCDC Secretariat.

5.5 When the attention of the witness was drawn towards the malfunctioning of the SCDCs in Bihar, Orissa and Madhya Pradesh, the Chairman, NSFDC submitted, "I have noted. I will send the senior officers to these States for checking and I will also go."

5.6 Asked about the views of the Ministry of Welfare on this, the Secretary (Welfare) stated:

"I would like to state that as a national level organisation, this Corporation would assist persons with higher income levels, in relation to what SCDCs are doing."

5.7 The Secretary (Welfare) further stated:

“It will also be able to train SCDCs in better processing and better implementation of cases. It is already monitoring the work of SCDCs. The Government of India especially had entrusted this task to them, to ensure that the working of the SCDCs is monitored and their quality of work is upgraded. The Government of India has 49 per cent share capital in all the SCDCs. So, we are vitally interested that they function well.”

5.8 The Committee have further been informed that:

“Chief Executive reviews the status of sanctioned projects and pending schemes, zone-wise, every week. NSFDC obtains information on the prescribed formats periodically from the implementing agencies for analysis and corrective action wherever necessary. Evaluation will be done on completion of individual schemes and corrective action will be taken whenever necessary.”

5.9 The Committee find that apart from making available additional funds for viable schemes to benefit SCs/STs, the Corporation was required to monitor the work of the State Corporations. They regret to note that even after three years of the setting up of the Corporation, its contribution in this regard has not been significant. It is stated to have taken up only recently the monitoring and evaluation of the working of the Delhi Scheduled Castes Finance and Development Corporation. As stated by the Secretary of the Ministry during evidence. The Government have 49% share capital in all the SCDCs and therefore they are vitally interested that they function well. The Committee, therefore, desire that the Corporation should take up this work in right earnest, and corrective measures taken wherever any defects are noticed, so that the quality of work of these SCDCs is upgraded.

5.10 The Committee also recommend that proper training should be given to the field staff of SCDCs and other agencies involved in the socio-economic development of SCs and STs for effective checking, evaluation and monitoring of the schemes sanctioned by these agencies and NSFDC.

NEW DELHI;
April 24, 1992

Vaisakha 4, 1914 (Saka)

K. PRADHANI
Chairman,
Committee on the Welfare of
Scheduled Castes & Scheduled Tribes.

APPENDIX

(Vide para 4 of Introduction)

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5. 2.36

The Committee note that the main function of the Corporation at present is provision of financial assistance (loan speed capital and grant) to SCs/STs having income upto twice the below poverty line by channelising funds through State level SC/ST Corporations and other agencies to implement technically feasible, economically viable and income and employment generating schemes/projects. As on 31.12.91 the Corporation has sanctioned Rs. 20.08 crores as financial assistance. The number of beneficiaries likely to be covered on completion of the schemes on the basis of sanctions till 31.12.1991 was 114004 SCs and 10734 STs.

The Committee regret to note that there has been delay in disbursement of funds by the Corporation. The amount of funds disbursed upto 31 December 1991 to various States for SC/STs beneficiaries under various schemes was Rs. 20.08 crores which was only 36 percent of the amount sanctioned by NSFDC and 6.6 percent of the total costs of the scheme. The delay in disbursement of funds even after issue of sanction ranged from 2 to 16 months. The number of beneficiaries on the basis of disbursement was only 28405 or 23% of the estimated beneficiaries for the sanctioned schemes. The Committee are also extremely unhappy to note that the sanctioning of the schemes and disbursement of funds is confined to only a few States and not a single scheme has been sanctioned in States like UP, Orissa, Meghalaya, Mizoram, Nagaland Arunachal Pradesh and Rajasthan which have a large number of SC/ST population. The Corporation has in all approved 143 schemes for assistance and only 97 individual entrepreneurs of either community have been given assistance. This can hardly be considered as satisfactory considering the total number of SCs/STs in the country. The Committee desire that the reasons for this highly unsatisfactory position in regard to the sanctioning of schemes and disbursement of funds should be gone into thoroughly and immediate remedial measures taken to streamline the procedure to ensure that the SC/ST beneficiaries throughout the country get the benefit of setting up of the Corporation and are able to get the timely assistance from the Corporation for their economic development. There should be one window service scheme

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so that the needy SCs/STs are not required to run from pillar to post to get the required assistance. They would also emphasise the need for having close consultation with other financing and funding agencies so that the appraisal carried out by one agency is acceptable to others to avoid cost and time involved in appraisal by different agencies.

6. 2.36.A

The Committee find that State SCDCs are allowed to give loans upto Rs. 35,000/- in individual cases to the persons who are below the poverty line and in case any individual or group of individuals want loans above Rs. 35,000/ from State SCDCs, they have to seek permission of the Ministry of Welfare and such permission "would normally be given" by the Ministry.

Taking into consideration the cost escalation of schemes/projects and to obviate delays in getting the loan sanctioned for a sum exceeding Rs. 35,000 by following this cumbersome procedure, the Committee would like the Ministry of Welfare to review the position afresh and streamline the procedure so that State SCDCs are authorised to sanction loan amount as per requirement of the schemes sanctioned by SCDCs.

7. 2.42

The Committee were informed that one of the reasons for slow disbursement of funds was that some of the State Governments like Assam, West Bengal and Gujarat have not given guarantee for the loans sanctioned by the Corporation. The Corporation had been insisting the Government Guarantee considering the fact that the beneficiaries are not required to give any other security apart from the asset that is created and the performance of the SCDC in respect of recovery of their margin money has not been satisfactory. Since the Corporation has limited funds and the same has to be recycled over time to cover more and more beneficiaries, the timely recovery of loan and interest is essential.

The Committee were informed by the CMD during evidence that he was in touch with the State Governments who had not yet given guarantee and was hopeful that they would give the required guarantee as they were giving similar guarantee for the funds they get from NABARD, HUDCO and REC. The Committee desire that the matter should be actively pursued by the Corporation to get the

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required guarantee from the State Governments and to complete other formalities so that the Scheduled Caste/Scheduled Tribe beneficiaries throughout the country are able to get assistance from the Corporation.

8. 3.6

The Committee regret to note that the activities of the Corporation have been mainly confined to sanctioning of schemes received from State level agencies and to provide funds for these schemes. The main objective of the setting up of the Corporation was however to identify the gaps existing in the programmes of the various agencies working for SC/STs as also new areas and new types of activities which could help the SC/ST communities and prepare schemes to be assisted by the Corporation. It is distressing to find that though the approach paper prepared by the Corporation as far back as in June, 1989 provided for the setting up of a Techno-economic investigation Division for this purpose, this has not yet come up. The approach paper also provided that till such time as the above Division is fully operative, professional organisations including APC (SC cell) might be engaged in conducting studies to identify gaps and suggesting schemes. Nothing substantial seems to have been done by the Corporation even in this direction. The Corporation was thus at present evaluating the proposals from the State SCDCs mainly from the financial angle and whenever there were some problems, the State/Central Governments were being consulted. During evidence the CMD of the Corporation admitted that absence of Techno Economic Division was one of the drawbacks he had noticed and action had been initiated recently to have some technical experts in the Corporation.

9. 3.7

The Committee are extremely unhappy over the delay in the setting up of the Techno Economic Division and desire that the establishment should be expedited. The Division should not only quickly evaluate the technical soundness and economic viability of the schemes received from State agencies but should help the State Corporations in project preparations. It should by itself prepare innovative schemes which could be assisted by the Corporation to bridge the gaps in the programmes of state level agencies. A shelf of such projects for different communities and different areas should be maintained by the Corporations.

The State level agencies working for SC/STs and individual entrepreneurs need to be encouraged to take up these schemes for implementation. The Corporation should also help them by providing besides financial assistance, technical and entrepreneurial guidance also for implementation of these schemes. Further, in states where agencies for SC/STs are not existing, the matter should be taken up with the State Governments concerned, including visits by senior officers of the corporation to identify such agencies for taking up the projects prepared and considered by the Corporation to be most suited for those areas.

10. 3.11

The Committee find that one of the objectives of the Corporation was to provide and upgrade the technical knowledge and skill of SC/ST by providing educational and training facilities. They have been informed that since 1989 only 36 Training Courses have been conducted and the total number of SCs/STs given training in different fields under these training programmes is 2765. The Committee cannot help observing that this figure is too small taking into consideration the total population of SCs/STs spread all over India. They therefore, recommend that more attention should be paid to organise more training programmes and to impart training to a large number of SCs/STs to enable them to undertake income generating economic activities. These training programmes should be conducted throughout the country instead of being confined to a few institutions in some of the States only. They desire that at least one training institute should be identified in each State and U.T. and relevant job oriented courses be conducted in diverse fields to fulfill the job requirements of SCs and STs of that area.

11. 4.5

The Committee note that the Corporation has a paid up capital of only Rs. 50 crores. With the expansion of its activities, it expects to disburse about Rs. 40 crores during 1991. As regards additional requirement of funds the Secretary of the Ministry of Welfare assured the Committee, the Government would ensure that the Corporation is provided whatever money was required by it to fulfil its obligations. The Chairman-cum-Managing Director of NSFDC however apprehended that from next year onwards the share capital contribution from the

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Ministry might not be adequate and they might have to go for market borrowings. As per its draft eighth Five Year Plan, the Corporation besides increasing its share capital upto 370 crores propose to raise market loans upto 700 crores by 1996-97. The Committee hope that in case the Corporation is not in a position to raise the required loan from market borrowing at reasonable rate of interest its paid-up capital would be increased further by Government so that the Corporation does not suffer from any shortage of funds for disbursement to the needy SC/ST beneficiaries.

12. 4.12

The Committee note that the Corporation provides refinances and term loan to the extent of 75% and also seed capital assistance where ever essential. The interest on term loan is charged @ of 4.5% per annum from the primary lending organisations while the ultimate beneficiaries have to pay not more than 6% interest per annum. The seed capital assistance is provided free of interest at a nominal service charge of 1% per annum. However, the subsidy attached to various schemes comes from Govt. of India, Deptt of Rural Development and is routed through State Govt. District Rural Development Agencies and is disbursed mainly through district administration for the purpose of exercising better checks, administrative convenience and to avoid wasteful expenditure. The Committee desire that Govt. should devise always and means to link subsidy to NSFDC financing also so as to attract large number of SC/ST beneficiaries towards NSFDC schemes. In this connection, the Corporation has also suggested that a fixed percentage of profits of the RBI may be passed on to NSFDC to create special subsidy reserve fund as is being done by RBI in case of NABARD. The Committee desire that the proposal may be examined soon and the outcome intimated to them.

13. 5.9

The Committee find that apart from making available additional funds for viable schemes to benefit SCs/STs the Corproation was required to monitor the work of the State Corporations. They regret to note that even after three years of the setting up of the Corporation, its contribution in this regard has not been significant. It is stated to have taken up only recently the monitoring and evaluation of

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the working of the Delhi Scheduled Caste Finance and Development Corporation. As stated by the Secretary of the Ministry during evidence the Government have 49% share capital in all the SCDCs and therefore they are vitally interested that they function well. The Committee, therefore, desire that the Coporation should take up this work in right earnest, and corrective measures taken wherever any defects are noticed, so that the quality of work of these SCDCs is upgraded.

14. 5.10

The Committee also recommend that proper training should be given to the field staff of SCDCs and other agencies involved in the socio-economic development of SCs and STs for effective checking, evaluation and monitoring of the schemes sanctioned by these agencies and NSFDC.
