

PERFORMANCE EVALUATION OF NATIONAL BACKWARD CLASSES FINANCE AND DEVELOPMENT CORPORATION

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ABSTRACT

The government of India has established various development corporations at central level as well as state level for the purpose of improves the economic development and self and self-help employment among the backward class people i.e. National Backward Classes Finance and Development Corporation. The NBCFDC provides financial assistance to the members of backward classes as notified by the center and state governments from time to time. It implements general loan scheme, margin money loan scheme and micro finance loan scheme at concessional rates of interest through SCAs. The general loan scheme being implemented for providing term loans in helping individuals belonging to backward classes in various sectors such as agriculture and allied activities, small businessmen, artisans and to those engaged in traditional occupations. The Scheme shall be called the 'Scheme for Grants-in-aid to Channel Partners (CPs) of National Backward Classes Finance and Development Corporation (NBCFDC). The objective of the Scheme is to strengthen the infrastructure of Channel Partners in order to improve their delivery mechanism for better implementation of NBCFDC schemes as well as creating awareness, mobilization of eligible beneficiaries, timely utilization of allocated funds and strengthening the recovery system. NBCFDC has so far disbursed loans over R1947.6crore through its state channelizing agencies (SCAs) to assist over 13lakh families.

The recovery is 87% and utilization is 96%. NBCFDC's performance has been adjudged excellent during the last 10 years and also rated one of the top public sector enterprises by the department of public enterprises. NBCFDC also received the "SCOPE Meritorious Award" lastyear. The performance of such development corporation is important as far as the inclusive

development of social strata in concern. NBCFDC is one of the leading corporations in Ministry of Social Justice on 13th January 1992 among the BC. Monitoring and Evaluation of the implementation of NBCFDC schemes at the grass root level is regular feature of the Corporation. The SCAs have also been advised to strengthen the monitoring mechanism for proper implementation of schemes. The present study has been under taken to attempt the performance evaluation of NBCFDC in India.

Keywords: NBCFDC, SCA, Micro finance, Self-employment, Economic development.

INTRODUCTION

National Backward Classes Finance & Development Corporation (NBCFDC) is a Govt. of India Undertaking under the aegis of Ministry of Social Justice and Empowerment. NBCFDC was incorporated under Section 25 of the Companies Act 1956 on 13th January 1992 as a Company not for profit with an objective to promote economic and developmental activities for the benefit of Backward Classes and to assist the poorer section of these classes in skill development and self-employment ventures. NBCFDC provides financial assistance through State Channelizing Agencies (SCAs) nominated by the State Governments/ UTs. NBCFDC also provides Micro Financing through SCAs/ Self Help Groups (SHGs). The Corporation can assist a wide range of income generating activities to assist the poorer section of these classes in skill development and self-employment ventures under following broad sectors:

Agriculture and Allied Activities: Dairy farming, Goat rearing, Fishing, Tractor trolleyetc.

Small Business, Artisan and Traditional Occupation: Flour mill, Kirana shop, Vegetables, Beauty parlor, Carpentry, Handicrafts& Artisan

unit, Pottery, Ready-made Garments shops, Tailoring & Weavingetc.

Service and Transport Sector: Auto repair shop, Consultancy services, Cycle repair shop, Computer centre, Electrical and Electronic repair shop, Home appliances, Mobile repair shop Photo copier, Photo studio, Plumber, Auto rickshaw, Multi utility vehicle, Pick-up van, Taxi & tempoetc.

Technical and Professional Trades or Courses: Technical and Professional Courses at Graduate & Higher level such Engineering, Management, Medical, Nursing, and Computersetc. Beneficiaries can choose any of the viable occupation of their choice. The above list of project is illustrative only. The channel partners are required to disburse loan for financially viable and technically feasible project as per needs and choice of beneficiaries under above mentioned broad sector. Sector wise disbursement and number of beneficiaries assisted during 2016-17 the Agriculture and allied sector 20.31% as compared to 22% in 2015-16, small business during 2016-17 in 46.23% as compared to previous year, service sector provides loan 17.82% during the year 2016-17 compared to last year and Education loan during the year 2016- 17 in 15.64% as compared to 14% during2015-16.

OBJECTIVE OF THE STUDY

To study the performance evaluation of National Backward Classes Finance and Development Corporation schemes in India.

RESEARCH METHODOLOGY

The study is based on secondary data. The secondary data have been collected from various sources from books, magazines, journals, newspapers, published and unpublished articles websites etc.

OBJECTIVES OF NBCFDC SCHEME

The main objectives are to promote economic and developmental activities for the benefit of backward classes, assist individuals or groups of individuals belonging to backward classes by way of loans and advances for economically and financially viable schemes and projects, to promote self-employment and other ventures for the benefit of backward classes, to assist in the up gradation of technical and entrepreneurial skills of backward classes for proper and efficient management of production units. To extend loan to the BC for pursuing genera and professional/technical education or training at graduate and higher level, to grant concessional finance in selected cases for personal belonging to Backward classes living below double the poverty line.

N.B.C.F.D.C.SCHEMES

General loan schemes: It is divided into twocategories: (i) Term Loanand (ii) Margin Money Loan

National Backward Classes Finance and Development Corporation (NBCFDC) Schemes

(A) General Loan & Margin Money Loan	Term Loan New Swarnima for Women Education Loan
(B) Micro Finance	Micro Credit (For mixed SHGs) Small Loan for individual Mahila samridhi yojana (for only women SHGs)

(A) GENERAL LOAN SCHEMES

The general loan scheme being implemented for providing term loans in helping individuals belonging to backward classes in various sectors such as agriculture and allied activities, small businessmen, artisans and to those engaged in traditional occupations.

i) Term Loan Scheme (For SCAs): A term loan is a loan from a bank for a specific amount that has a specified repayment schedule and a fixed or floating interest rate. For example, many banks have term-loan programs that can offer small businesses the cash they need to operate from month to month. Often, the loan requires collateral

and a rigorous approval process to reduce the risk of default. A term loan is appropriate for an established small business with sound financial statements and a substantial down payment to minimize payment amounts and total loan cost. It provides financial assistance through State Channelizing Agencies (SCAs) loan up to 5lakhs to Rs.10 lakh bears interest @ 7% with effect from April 2017.

Term Loan Scheme (For Banks): NBCFDC loan will be available up to 100%, however, disbursement will be made as per specific demand of Banks. The Government is committed to safeguarding the rights of the backward classes and has included 652 castes and communities in the list of backward classes in the States and Union Territories on the advice of the National Commission for Backward Classes. Stating this before the Parliamentary Consultative Committee attached to his Ministry, the Union Minister for Social Justice, it has sanctioned Rs. 216.39 crores and disbursed Rs. 85.34 crores covering 32,540 beneficiaries for undertaking income generating activities

New Swarnima Special Scheme for Women: The Government had introduced a new scheme called Swarnima Scheme' for OBC women below the poverty line. The annual family income of the applicant is fixed as Rs.3.00lakh. The SCAs/Banks are requested to release at least 50% of total funding to persons with annual family income up to Rs.1.5lakh. Women are entitled to a maximum loan of Rs.50, 000 at 4 per cent rate of interest. The loan is recoverable in easy installments over a period of 10 years. An amount of Rs.169.95Crore has been disbursed to assist 102717 womens beneficiaries the women oriented schemes.

Education Loan: For professional/ technical education graduate and higher levels. To be eligible for the loan, the family of the applicant should be below twice the povertyline.

New Akanksha Loan: NBCFDC has an education loan scheme "New Akanksha" to provide financial assistance to the backward classes students for professional and technical courses at graduate and higher level like MBBS, engineering, graduate and post-graduate courses in computer applications, hotel management and nursing among others at a concessional rate of interest of 4% for boys and 3.5% for girl subject to a maximum loan limit of

Rs.10lakh per student for studying within India and Rs.20lakh for studying abroad. A special scheme called "SAKSHAM" under term loan has been introduced for young professionals. 90% of the expenditure of the course subject to maximum loan limit of Rs.10lakh per student for studying within India & 85% of the expenditure of the course subject to maximum of Rs.20lakh per student for studying abroad, the balance will be borne by student/ SCAs. The main Purpose of this Loan Admission Fee & Tuition Fee; Books; Stationery & other instruments required for the course, examination fee, boarding & lodging expenses, insurance premium for policy during the loan period and travel expense/passage money for studying abroad The loan repayment period typically starts six months after completion of the course. The SCAs are responsible for tracking the loan and loan security.

ii) Margin Money Loan: This type of borrowing is done when the investor has less cash but wants to invest more. In order to obtain cash, the borrower mortgages some of his assets as security. As the investments are made perceiving immediate future gains, the borrower can amplify his returns. But one needs to be wary of the situation that in case of loss, the amplification formula will still apply. In the equity market, no one knows what will happen next, but based on some key indicators and market conditions (both internal and external environment), an investor may foresee profits. In a desire to increase the profits manifold, the investor 'gambles' with additional money acquired by borrowing. While buying property or any asset, the bank will provide loan as a certain percentage of the asset value. The value of the loan amount will be always less than the present value of the asset being purchased. The difference between the present value of the asset and the loan amount sanctioned is known as margin money. This is the amount which the borrower will have to invest from his own pocket. Say you want to buy a house. The purchase price of the house is Rs.1crore, the bank agrees to give you loan equal to 80% of the present value i.e. Rs.80lakh, the balance amount of Rs.20lakh will have to be arranged by you. This balance amount is called margin money. This is done by the lender to ensure a security of the loaned amount in case of default. The amount of margin money required depends from one

financial institution to another. The type of asset being purchased and the risk associated with it are

(B) MICRO FINANCE SCHEME

The scheme is to be implemented through SCAs in rural and urban areas by way of financing the beneficiaries either directly or through Self-Help-Groups (SHGs) preferably in the areas remained uncovered so far under any of such scheme. In order to cater to the Micro Finance needs of small entrepreneurs belonging to the target group, the Corporation has introduced a scheme for Micro Financing through nominated Channelizing Agencies. It is desirable to disburse loans through Self-Help-Groups (SHGs) by SCAs under Micro Finance Scheme..SHGs is a small economically homogenous and affinity group of poor people voluntarily formed to save and mutually agree to contribute to a common fund to be lent to its members as per group decision. Channel Partners may also play a vital role through their field officers, encouraging people of the target group in forming Self-Help-Groups and get financial assistance under Micro Finance Scheme of NBCFDC. In a SHG 75% of members can be from Backward Classes and remaining 25% members may be from other weaker section like SC / Handicapped etc.. Number of persons in SHG 20, maximum amount for Rs. 60,000 per beneficiary.

Mahila Samridhi Yojana (Micro Finance Scheme For Women) : Under micro finance, NBCFDC has a special scheme for women Self-Help Groups (SHGs) named 'Mahila Samridhi Yojana' (MSY) with a loan limit of R50,000 per beneficiary. The scheme caters to the need of those who have formed SHGs and plan to engage in income generating economic activities) The Mahila Samridhi Yojana (MSY) was launched on 2nd October, 1993 with the objective of empowering the rural women through building thrift habit, self-reliance and confidence. During the first two years of its operation the performance of scheme, as measured by achievement against the all India target and the amount of the money

considered while determining the margin money.

deposited in MSY accounts was not encouraging, and the cost of the scheme was also on the higher side, Programme. Evaluation Organization was asked to evaluate the performance, implementation and impact of the scheme, to identify the gaps, if any, and suggest measures that would improve the performance of the scheme.

B) Small Loan Scheme: The Corporation has introduced Small Loan Scheme for the individual for starting small business. The scheme is implemented through State Channelizing Agencies (SCAs)/Banks. The applicant should belong to the Backward Classes who are living below double the poverty line as notified by the Government of India/State Governments from time to time will be eligible to take advantage of the scheme. Applicant's annual family income should be less than Rs.3.00Lakh. The SCAs/Banks are required to release atleast 50% of total released funds to the persons having annual family income less than Rs.1.50Lakh. Maximum loan limit per beneficiary: Rs.60,000/-.

2. RATE OF INTREST ATGLANCE

NBCFDC loan will be available up to 100%, however, disbursement will be made as per specific demand of Channel Partners. The advance funds should be utilized within 120 days and utilization certificate is submitted accordingly. The amount of refinance should be appropriated in the beneficiaries Aadhar seeded loan account within 10 working days of drawl from NBCFDC as per Rate of Interest of NBCFDC scheme. The Channel Partners are required to refund the un-utilized funds in case the advance funds are not utilized within 180 days of release and will be charged interest @ 8% p.a. from 180 days up to date of refund. Banks may claim refinance of outstanding balance under Education Loan irrespective of year of loan disbursement, for girl student 3.5% p.a. rate of interest. For other schemes refinance can be claimed for the loan disbursed during current financial year only.

Table 1: National Backward Classes Finance and Development Corporation (NBCFDC) Pattern of Rate of Interest w.e.f. 1.4.2018

S.No	Name of Scheme	Max.Loan Limit Per Beneficiary	Pattern of Finance		Rate of Interest Per annum		Repayment Period (including moratorium period of six months)
			NBCFDC	SCA/ Benef.	SCAs/ Banks	Benef.	
1.	Term Loan (General)	Rs.10 Lakh	85%	15%	Upto Rs. 5Lakh 3%	Upto Rs. 5Lakh 6%	8 Years
					Above Rs. 5Lakh 4	Above Rs. 5Lakh 7	
2.	Education Loan a. India	Rs.10 Lakh	90%	10%	1%	4%	Max. 15 Years (As per banking norms) Repayment period shall commence after six months of completion of course or getting job whichever is earlier.
	b. Abroad	Rs.20 Lakh	85%	15%	1%	4%	
3.	New Swernima Scheme	Rs. 1 Lakh	95%	05%	2%	5%	8 Years
4.	Micro Finance	Rs.60,000/-	90%	10%	2%	5%	4 Years
5.	Mahila Samridhi Yojana for Womens	Rs.60,000/-	95%	05%	1%	4%	4 Years
6.	Small Loan for Individual	Rs.60,000/-	85%	15%	3%	6%	8 Years

Source: Annual reports of NBCFBC

EVALUATION OF NBCFDC

The implementation of NBCFDC schemes at the grass root level are regular feature of the Corporation. The SCAs have also been advised to strengthen the monitoring mechanism for proper implementation of the assets created by the beneficiary, If not created the reasons thereof scheme. Table-1 shows that during the year financial year 2016-17 corporation received equity support of Rs. 100Cr from the Ministry of S.J & E thereby enhancing paid up share capital from Rs. 1024cr as on March 2016 to Rs.1124cr as on March 2017. It has disbursed an all-time high total disbursed of Rs.387.36cr to its various channel partner with translates into a 22.92% increase as

compared to Rs/-315.12cr disbursed in the 2016 year and registered a turnover of Rs.47.67cr, a growth of 5.93% over the previous year. The earned surplus income will be over expenditure amounting to Rs.25.6cr during 2016-17 as compared to 24.08cr in the 2015-16 year. The surplus funds generated will be used to enhance the level of disbursement to the target group. The net worth of corporation on 31.03.2017 stored at Rs1553.93cr as compared Rs1428.25cr as on31.03.2016.

**State/UT-Wise Skill Development Training provided during last three years and
Cumulative upto 31.01.2018**

S. NO	Name of the States/UTs	Financial:Rs./Lakh										Physical:No.of Trainees	
		2014-15		2015-16		2016-17		2017-18* (as on 31.01.2018)		Cumulative (as on 31.01.2018)		Financial	Physical
		Financial	Physical	Financial	Physical	Financial	Physical	Financial	Physical	Financial	Physical		
1	Andhra Pradesh	26.15	270	76.81	995	91.04	1476	85.84	580	279.84	3321		
2	Assam	0.00	0	146.00	1540	50.91	714	256.88	1765	453.79	4019		
3	Bihar	106.40	970	36.75	370	139.64	1265	125.15	1035	407.93	3640		
4	Chandigarh	4.50	50	0.00	0	4.54	50	0.00	0	9.04	100		
5	Chhatisgarh	30.35	340	23.40	400	39.05	393	80.94	520	173.74	1653		
6	Delhi	8.15	110	10.00	100	22.40	328	36.18	279	76.73	817		
7	Goa	3.00	50	0.00	0	0.00	0	0.00	0	3.00	50		
8	Gujarat	56.15	770	50.00	500	41.51	433	39.42	205	187.07	1908		
9	Haryana	70.22	860	157.34	1330	113.58	1226	157.01	1220	498.15	4636		
10	Himachal Pradesh	15.30	230	38.18	342	60.17	310	95.45	440	209.10	1322		
11	J&K	14.07	210	21.00	250	45.21	575	56.32	560	136.60	1595		
12	Jharkhand	111.41	1261	34.50	500	34.05	393	88.43	905	268.39	3059		
13	Karnataka	26.15	270	50.00	500	38.59	706	62.45	360	177.19	1836		
14	Kerala	27.85	295	18.00	120	47.23	429	58.43	615	151.51	1459		
15	Madhya Pradesh	52.61	690	145.08	1381	149	1491	292.73	2925	639.42	6487		
16	Maharashtra	7.97	120	30.75	330	25.92	253	79.55	521	144.19	1224		
17	Manipur	35.67	449	30.38	380	22.69	257	33.79	280	122.53	1366		
18	Odisha	42.71	430	61.50	660	98.38	955	161.06	963	363.64	3008		
19	Pondicherry	3.15	50	0.00	0	0.00	0	0.00	0	3.15	50		
20	Punjab	32.49	390	25.96	234	76.07	956	70.74	540	205.26	2120		
21	Rajasthan	19.43	279	130.60	1266	90.04	1215	180.29	2090	420.36	4850		
22	Sikkim	3.60	60	0.00	0	12.39	120	2.74	25	18.73	205		
23	Tamil Nadu	27.30	287	64.28	677	127.63	178	76.29	645	295.50	3387		
24	Telangana	0.00	0	8.78	117	47.82	62	63.08	430	119.68	1159		
25	Tripura	0.00	0	13.65	217	14.88	190	226.41	2030	254.94	2437		
26	Uttar Pradesh	56.40	774	181.55	1682	165.00	1926	385.42	3046	788.37	7428		
27	Uttarakhand	1.50	25	33.90	305	15.89	165	19.28	125	70.57	620		
28	West Bengal	220.18	2170	87.84	950	53.81	532	331.65	2351	693.48	6003		
	Total	1002.68	11410	1476.25	15146	1627.44	18748	3065.50	24455	7171.86	69759		

Source: Annual reports of NBCFBC

In this table shows benefited by the National Backward classes Finance and Development Corporation Schemes for provided training and loan investment. Financial indicate amount of invested conduct training, physical indicates number of trainees during 2014-15 to 2016-17 up to 31-1-2018. In total financial amount 1002.68 during 2014-15 to 1627.44 lakh in 2016-17, it increased yearly investment for BC skills development purpose. In total number of trainees also rapidly reduced during the year 2014-

15 to 2016-17 was 11410 to 69759. It is very help full for individual and small help group people for socio economic development.

To finding for Utilization of loan for the purpose taken, if not used for the purpose of the reason thereof. Beneficiaries in obtaining the assistance and time taken in obtaining the loan recovery and lack of awareness. To suggestion for improving the implementation of NBCFDC scheme at grass root level as well as district and Head Quarter level of SCAs. To impact of

NBCFBC schemes as on economic development for BC, to conduct awareness programs in rural and urban areas.

CONCLUSION

The present study shows the performance evaluation of NBCFDC. It has been consistently outreach to the beneficiaries and so far has assisted over 23 lakh beneficiaries (appx) with a loan amount over Rs3575.71cr through SCAs/CPs reported cumulative utilization of 95% funds disbursed to them. The surplus profit earned per employee recorded at 56.00 lakhs in the year compared to Rs51 lakhs in the year 2016. The corporation was able to recover Rs.2466.59cr as against cumulative dues of the Rs2672.55cr as on

31.03.2017. The cumulative amount of recoveries of 24466.99cr comprises of Rs2103.68cr as principal and Rs/-363.31cr as interest charges cumulative demand on SCAs stand at 92.31% as on 31.03.2017. This scheme is back bone of below poverty line for developed backward classes.

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