

Support to National Scheduled Tribe Financial Development Corporation

Dr. Amit Kumar Singh

(Principal Investigator)

Dr. Anupam Sarkar

(Co- Principal Investigator)

Introduction:

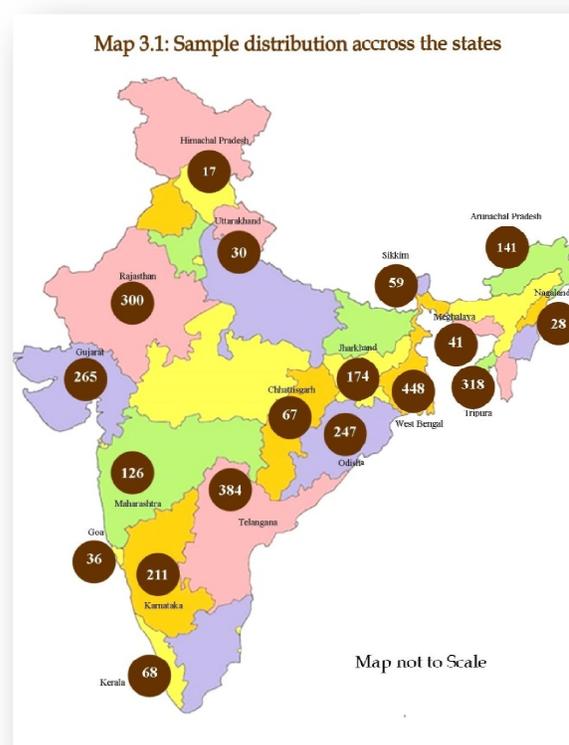
National Scheduled Tribes Finance and Development Corporation (NSTFDC) is an apex organization set up in the year 2001, exclusively for economic development of Scheduled Tribes and is functioning under the administrative control of the Ministry of Tribal Affairs, Government of India. The objective of the corporation is to provide financial assistance at concessional rate of interest varying between 4% to 8% p.a. payable by the beneficiaries. The financial assistance of the Corporation is extended to the Scheduled Tribes, having annual family income up to double the poverty line (DPL), through State Channelizing Agencies (SCAs), nominated by respective State Governments in addition to certain Regional Rural Banks and PSU Banks. As per the Ministry, NSTFDC is implementing seven schemes: (1) Term Loan (2) Adivasi Mahila Sashaktikaran Yojana (AMSY) (3) Micro Credit Scheme for Self Help Groups (MCF) (4) Adivasi Shiksha Rinn Yojana (ASRY) (5) Tribal Forest Dwellers (6) Scheme for Self Help Groups (7) Schemes for TRIFED empanelled ST suppliers/artisans. Since its inception, for the above schemes, NSTFDC has give out a loan of more than Rs. 800 Crore to the tribal families prevailing in tribal domain of India.

In this context, MoTA has entrusted IIPA to analyze the impact of these schemes on economic upliftment of tribal people in terms of quality of life and increasing employability skills and wages. The terms of references of the study were as follows:

- Whether scheme's structure, design, features and or guidelines are appropriate to meet the objectives of the Scheme?
- To identify bottlenecks in implementation of the Scheme and changes required in the Scheme for improving delivery mechanism?
- Whether specific deliverables of the Scheme/Programme are appropriate for fulfilling the development needs of the communities, as on date?
- Whether measurable outcomes have been defined for the Scheme?
- To what extent the scheme has percolated at grassroots level for the benefit of tribal households, especially female households.
- Whether the Scheme is gender neutral or has gender specific components and, in case of inherent gender imbalance, changes required?
- Is there any overlap with other scheme?

Methodology:

The Indian Institute of Public Administration has conducted an empirical research, based on both primary and secondary data. The entire study was divided into sequentially arranged functional components like interview schedule construction, staff-recruitment, training on ODK handling and digital questionnaire design, pilot study, secondary research, primary data collection, data analysis and report writing. Primary data collection was done through SurveyCTO software, real-time time data collection software, which was very much appropriate for survey in remote locations as it can also work in offline settings. The study also involved a detailed examination of the official records and documents related to the NSTFDC and STFDC activities under review. The research team also conducted physical inspection of most of the beneficiary's projects for the evaluation purpose. The study has also looked at how the main priorities of NSTFDC are determined and implemented.



The sample size was designed with the aim to cover all the stakeholders of this scheme, i.e. beneficiaries of four schemes (TLS, AMSY, MCS & ASRY), representatives of SCAs/RCAs/DCAs, and non beneficiaries among the tribal community from the same villages. In Total, 2960 sample was collected to assess the implementation and impact of the four NSTFDC schemes. The study covered 18 States of India viz Arunachal Pradesh, Chhattisgarh, Goa, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Meghalaya, Nagaland, Odisha, Rajasthan, Sikkim, Telangana, Tripura, Uttarakhand, and West Bengal

Key issues and Challenges

1. NSTFDC has formulated six income generating schemes, however, as per the NSTFDC, only TLS, AMSY, MCS and ASRY are functional against which projects/loans have been sanctioned to the State Channelizing Agencies (SCAs). Tribal Forest Dwellers Empowerment scheme and Assistance to TRIFED empanelled artisans scheme are presently not implemented.

2. As per NSTFDC Annual Report (2017-18), till December 2018, NSTFDC has 39 State Channelizing Agencies (SCAs) in India. Out of this only 23 SCAs are functional.
3. Madhya Pradesh has 14.7 percent of tribal population but percentage of NSTFDC beneficiaries to the total beneficiaries is only 0.4%. Similarly, Maharashtra has 10.1% of tribal population but they are not disbursing NSTFDC loan to the tribal population. Along with these two states Odisha (9.2%), Rajasthan (8.8%), Gujarat (8.5 %), Jharkhand (8.3 %), Chhattisgarh (7.5 %), West Bengal (5.1 %), Karnataka (4.1 %) and Assam (3.7 %) together have about 80 percent of country's tribal population. However, only 34.1 percent of the total NSTFDC beneficiaries are from these states.
4. Not only the Budgetary Allocation to NSTFDC by MoTA has been reduced in last two year but it has been further reduced in Revised Estimates. However, since last four years NSTFDC has utilized 100% of its allocated funds therefore it is essential to raise the budgetary support to the NSTFDC.
5. Most of the SCAs neither have appropriate infrastructure facilities; nor adequate human resources. Many of the units are managed by contractual and temporary employees and at the same time they deal with multiple departments similar types of income generating schemes. Therefore, there is an urgent need to examine whether adequate manpower and infrastructure exists in States/UTs for launching such schemes.
6. The evaluation study has revealed that there has been no increase in the number of NSTFDC Scheme's beneficiaries in the last five years particularly in case of Adivasi Mahila Sashaktikaran Yojna (AMSY), Micro Credit Scheme (MCS) and Adivasi Shiksha Rinn Yojna (ASRY). The study found that these schemes are non functional in many of the states.
7. As per the findings of the study, if these schemes are implemented in full scale, it will help Government of India to achieve SDG 1, SDG 4, SDG 5, SDG 8, SDG 9, SDG 10, as Scheduled Tribes constitute 10 percent of the population of India.
8. Loan disbursement to SCAs is entirely dependent on the amount of State Guarantee. If a State Government does not provide any guarantee on behalf of the SCA, then the NSTFDC does not give loan to them. The Ministry of Tribal Affairs should ensure that NSTFDC plays an active role in persuading States/UTs in securing guarantee for SCAs from various banks for this purpose.
9. NSTFDC has collaborated with the Ministry of Human Resources Development, Govt. of India for interest subsidy for ASRY scheme. Apart from this some of the State Governments have taken initiatives to converge NSTFDC schemes with other Departments/Ministries scheme. For example, Meghakaya APEX bank has collaborated with 'Meghalaya State Aquaculture Mission" and Gujarat ST Development Corporation

has converged its AMSY scheme with IDDP dairy scheme. Examples of both SCAs have shown good results.

Vision for the future

- Loan schemes by NSTFDC have helped in improving socioeconomic condition of ST population in India, however, the outreach of the scheme still needs improvement. As per Census of 2011, India had a population of 104281034 STs, out of this 45.3 per cent lived below the poverty line. Taking average family size as five members, about 9447862 ST households lived below poverty line. NSTFDC should scale up the number of loans given to at least 25 per cent of the beneficiaries living below the poverty line, assuming not all tribal households would want loan for self-employment activities.
- NSTFDC should help in making markets available for products and services provided by beneficiaries. The study analysed the effect of market availability on functionality of projects taken up by beneficiaries and the income generated from the same. Beneficiaries under TLS, MCS and AMSY were evaluated to test the weather market availability affects the project functionality. It was found that the maximum number of beneficiaries whose projects were fully functional had access to markets. Of beneficiaries that had access to market, about 37 per cent of the sample considered had their projects running in 'full-fledged' state and about 21.2 per cent report that their projects were functional to some extent.
- Access to market also affects the earning of beneficiaries. It was found that the highest average income (Rs 8182.8) for the TLS, MCS and AMSY was found to be for beneficiaries with access to market. It reflects how market availability is important for project sustainability in terms of project income and functionality.



Recommendations for scheme with reasons:

- NSTFDC and SCAs should increase the number of beneficiaries under Adivasi Shiksha Rinn Yojana, Adivasi Mahila Sashaktikaran Yojana and Micro Credit Scheme. SCAs of 10 larger states, where more than 80 percent of the tribal population lives, should be made operational/functional at full scale. The incomes generating schemes of NSTFDC is not being implemented in these states. As a result, the prospective beneficiaries of the ST

communities are deprived of the financial assistance from the Ministry of Tribal Affairs, Gol.

- It seems that there is lack of coordination between NSTFDC and State Channelising Agencies towards the implementation of NSTFDC schemes. At present, most of the SCAs do not want to take any concrete steps in this matter. There is an urgent need to have better coordination between NSTFDC and State Governments/ implementing agencies for better implementation of NSTFDC schemes.
- There is a need for holding a regular review meeting of Ministry of Tribal Affairs and State Governments at the highest level to resolve the issues of non implementation of NSTFDC schemes. MoTA should held meeting at least one in a year with the State Secretaries of Tribal Welfare, MD of NSTFDC and MDs of SCAs to resolve the issues of non implementation of NSTFDC schemes and to improve the delivery mechanism of various schemes being implemented by NSTFDC.
- NSTFDC should also modify their inactive programs like, Tribal Forest Dwellers Scheme, Scheme for NGOs/ EVAs, Financial assistance for Skill and entrepreneurial development programme with the consultation of SCAs and implement them again. The target group of these schemes is different and this will help in increasing the number of tribal beneficiaries.
- One of the main objectives of NSTFDC is to upgrade the skills of Scheduled Tribes by providing both institutional and on job training and simultaneously build the capacity of officials of NSTFDCs and SCAs. At present, there is no separate budget for capacity building of different stakeholders. Therefore, out of the total budgetary allocation during a financial year to the NSTFDC, 10% of the funds should be allocated for the purpose of capacity building of beneficiaries as well all as officials of NSTFDCs and SCAs.
- There is a need to develop a comprehensive centralized data management system for NSTFDC for proper monitoring of loan disbursement system. If the information of all the beneficiaries is managed from one portal/system, it will allow all the stakeholders; MoTA, NSTFDC and SCAs to share the information regarding entire loan disbursement process and status among themselves quickly and efficiently. It will bring transparency and efficiency in entire loan disbursement as well as recovery process.



- MoTA or NSTFDC should develop a system by which they can send self generated reminder/messages through the mobile SMS to the beneficiaries for reminding the dates and amount of loan to the beneficiaries. For that NSTFDC or SCAs have to develop computerized MIS data, related to the beneficiaries loan profile with repayment schedule. Examples of the banking sector suggest that messaging can improve repayment even without obtaining additional information on the borrower. Digitization of entire lone sanctioning process will minimize the human intervention and will also remove the discrepancies in loan disbursement.
- Many of the SCAs have complained that finding micro entrepreneurs as per the NSTFDC income criteria, from Scheduled Tribe communities, who are at the lowest level in terms of social and economic status, is extremely difficult. Therefore, there is a need to revise the income criteria of prospective beneficiaries. Income level may be increased to some higher level to cover more number of educated unemployed youths.
- Education loan amount should be increased from Rs. 5 lakh to 10 Lakhs. As National Schedule Caste Finance and Development Corporation (NSFDC) is providing financial assistance of Rs. 10 lakhs for students with in India and Rs. 20 Lakhs for abroad Students of Scheduled Caste for pursuing full-time Professional/Technical courses.
- Very few steps have been taken by the Ministry/NSTFDC/SCAs to create awareness amongst the Scheduled Tribes people regarding NSTFDC's concessional schemes. SCAs/DCA's should organize and conduct periodic awareness camps in districts/areas which are predominantly inhabited by tribals. Simultaneously, NSTFDC should also release and publicize the benefits of its concessional schemes at national/local level. There should be separate allocation of funds for IEC activities.
- Looking at the success of Gujarat's IDDP scheme, it should be adopted in other states as well, because it provides regular income to the tribal people and especially to the tribal women. The demand for milk is always there. Most of the tribes live around the forests, where fodder for livestock is easily available.
- NSTFDC needs to provide guidelines to SCAs based on their own / state's language. It is because officers at grassroots level in some states face difficulty in understanding the guidelines of NSTFDC in English language.
- Issue of asking commission by the field officials/middlemen in some states also creates negative impact about the scheme in the minds of beneficiaries. There is a need for accountability of the officials.

