

## **Executive Summary**

State of Karnataka has been in the forefront of promoting self employment and entrepreneurship among members of Scheduled Castes. During the 1980s and 1990s, the Karnataka State Finance Corporation had initiated several programmes of lending to the willing entrepreneurs, while the state government's other institutions such as the then SC and ST Development Corporation was advancing the subsidy and or the seed money required for such ventures. In collaboration with the National Scheduled Caste Finance and Development Corporation (NSCDC) and similar organisations, but mainly independently, Karnataka's Dr. B R Ambedkar Development Corporation Ltd. (henceforth, The Corporation) has been offering subsidies, margin money and facilitating loans through commercial banks to the aspiring beneficiaries to start various enterprises and or self employment ventures, but at a small scale.

Among several of schemes by the Corporation, three are of focus for the present study: Self Employment Programme (henceforth, SEP), Industry Services and Business (henceforth, ISB) and Dairying schemes. These schemes have been in vogue since 2008 onwards; for the present our focus is for the years 2011-12 to 2015-16. Both the number of beneficiaries and the money involved have grown in significant proportions, and therefore it was felt an assessment is to be made of the impact of the three schemes upon the lives of the beneficiaries and their community as a whole. This report is a result of such an evaluation that was undertaken in a sample of districts and among a sample of beneficiaries of each of the three schemes, and through the different years.

As with the other schemes, the main purpose of the three schemes under focus in this report is one of economically empowering the members of Scheduled Castes such that they rise above poverty levels or improve their economic standing in society. An additional goal of these schemes is also that successful men and women in small businesses and other self employment ventures become role models for the others in their communities locally and across the region. Among the other purposes of the schemes is to enable the beneficiaries, especially those below poverty line, to free themselves from the clutches of usurious moneylenders.

## **Evaluation Objectives and Methodology**

The purpose of the study is to evaluate the extent to which individual SC members have been empowered economically and socially by the three schemes implemented by the Corporation from the financial years 2011-12 to 2015-16. More specifically the objective is to assess:

- A. Awareness created to face competitive situations and make them self employed.
- B. Current status of individual beneficiaries and impact on their economic status.
- C. Identify bottlenecks experienced by beneficiaries in getting sanction or approval from the Corporation and Banking Institutions.
- D. Identify the constraints in implementation, and suggest measures for the improvement of the existing schemes.
- E. Collate suggested measures for improvement of functioning of the schemes.

While the above were the broad objectives of evaluation, this was to be achieved also by finding answers to certain specific questions. Some of them were specifically to dairying programme, while the rest were in common. They are listed below:

1. Have the Committees and District Managers of the Corporation been making proper selection of beneficiaries? In how many cases (percent terms) the selection was found to be faulty? Where, how and why? Are there any indications of the failures to be responsible for the failure (or otherwise) of the schemes?
2. Is selection procedure the adequate (to meet the broad objectives of the Schemes) or are any changes required to achieve the objectives of the schemes?
3. What Skill development trainings have been imparted under SEP/ISB and Dairy? Who imparts the training? Has the training been helpful? If yes, how and to what extent? Alternatively, what kinds of skill gaps exist in taking the maximum benefit of the schemes?
4. Can the EDP training programme be made part of the DPR? Should the commercial banks be given the responsibility of the training? If not, why not? Who is suited to offer this training?
5. Whether the beneficiaries have been Self Employed/ engaged in Industry Service and Business/ Dairying after availing of the benefits? If so, have they continued with the activity? If not, reasons to be furnished? These address the concerns of sustainability.
6. Is there any development in the business activity undertaken under these schemes? If so, are they getting better or expected profit from the business? If not, why not?

7. Has the monthly/annual income of the beneficiaries increased? If so, to what extent? Give details with few examples of increase/decrease in income.
8. Whether the beneficiaries are utilizing the loans for the purpose for which it was sanctioned? If not, what action is taken in case of mis-utilization?
9. What is the amount of loan (year wise) taken from banks by the beneficiaries selected for evaluation? Are banks demanding collateral security for sanctioning loans? Whether the loan has been repaid timely and completely? If not, what is the payment percentage and what are the reasons for cases of non-payment?
10. Has the socio-economic condition of the beneficiary families improved? (Evaluator to create indicators for measuring this on perceptions of members and then report on its bases). If not, give details?
11. Please document 2-3 outstanding examples of success under the schemes which is worthy of emulation and being flagged as case studies. Similarly, are there some examples of failure that result in learning for future?
12. Whether the repayment of loan is as prescribed in by the Corporation? If not, why? What is the action taken by the Corporation in case of default? Please elaborate.
13. Whether the beneficiaries are made aware of the repayment schedule of the loan received under the schemes? How is that made? Is it effective communication?
14. What is the amount of loan and interest which was waived by government after the loan waiver was announced? What has been the impact of loan waiver for beneficiaries? Is there reliable indication to suggest that this may result in unwarranted or unintended consequences like wilful default?
15. What are the constraints of financial flow from the Corporation to beneficiaries? How to further streamline the process?
16. Please document district wise as to which scheme is most prominent in the district and most profitable in the district? Is the most prominent scheme the most profitable one too?
17. Please identify and document the areas of capacity building requirement for each of the schemes of Corporation.
18. Should the schemes be continued? If no, why so? If yes, with what modifications/recommendations?
19. Specific Questions relating to Dairy Scheme

- a. As per Government Order dated 31.12.2013, the milch animals are to be purchased from other States. Has it been followed? If no, from where purchases are made and why the deviation was done?
- b. Are the milch animals purchased as per regional requirements or not? If not, has the milk yielding capacity gone down? Please elaborate.
- c. Are there cases where the first milch animal is given and not the second? If yes, why the second not given?
- d. Are there any instances of milch animals being purchased without covering them under insurance? If yes, how many such instances were found in the samples selected and what action is taken by the departments for this lapse?
- e. How many death cases were reported by the beneficiaries? Have all the beneficiaries claimed the insurance amount and purchased another animal? If not, Why not?
- f. Are all the beneficiaries are members of the milk societies? If yes, who helped him to get the member ship? If not, where do they supply milk and at what rate? Please elaborate.

As per the Human Development Index, Literacy, Education, Health, Income, Savings, Individual/Household Assets are main indicators for measuring socio-economic development. These indicators reflect the standard of living of a person and his family members. Similarly, it reflects the development status of the state and the nation. 'Before' and 'After' situations describe the changes in living standards over time after establishment of ventures. In this context, indicators considered for the impact evaluation under three different schemes are as follows:

Economic Impact	Social Impact
Changes in occupation	Changes in Literacy/ Education of Self and family members
Increase in income	Increased awareness, exposure and confidence built up and Development of life skills
Scaling up/expansion of activity/business/industry	Changes in consumption of food, improvement of health and reduction in spending for health.
Increase in Assets	Changes in social status
Reduction of burden from taking loans	
Savings in Bank/ Bank balance	
Easy Access to Bank and low interest loans	
Decrease or avoidance of dependence on private moneylenders	

Analysis of the findings and their discussion follow these indicators, and the table accompanying each gives us a quantitative description of changes or their non-occurrence.

### **Evaluation Methodology and Sampling**

Given the set of objectives and evaluation questions, as also the scope of the study, it was decided to adopt a multi method design for evaluation. The study combined a sample survey among the beneficiaries, stratified in terms of the years of their becoming a beneficiary, the district from which they hail and in terms of the different schemes. Structured questionnaires, some with open questions and most others with specific options to choose as responses, are deployed among the sampled beneficiaries. To assess the manner in which selection of beneficiaries takes place for the different schemes, and the process of implementation of schemes, District Managers of the Corporation in the sampled districts were interviewed, as also interviews of sample of commercial bank's staff were carried out. Since the process of selection of beneficiaries of the schemes is led by the MLAs in the Taluks, it was proposed to contact five MLAs for an in depth interview, but in the end we were able to contact only three MLAs, but we managed a very useful meeting with a former minister of Social Welfare Department, Mr. A Narayanaswamy. What could not be accomplished was the planned interviews with the Bank Managers for this study – especially field data collection coincided with the demonetisation and its after math. No banker, at any rank was available for interviews, although we did manage a very useful telephone interviews with about six of them.

### **Sampling Procedure**

Certain assumptions were made in order to pick a random sample of beneficiaries. First, that the population is fairly homogenous. Secondly, that they are generally poor, and that the specific ventures they started under each of the schemes did not make much difference. Since at that point of time, it was not possible to verify whether the purposes mentioned while applying for a loan was the same as what they undertook as a self-employment or business venture. Third, fresh beneficiaries and the successful beneficiaries from the older years of the schemes were likely to be traced (not moved out to other locations of residence than the address given at the time of applying for the benefit); that there shall be no hurdle to recall information sought from them.

Given these assumptions, it was decided to select one district per year from each of the revenue division in respect of each of the schemes (SEP, ISB and Dairying). As has been stated earlier, over the years the number of beneficiaries in these schemes has increased, but their representation in the different districts is not uniform. Therefore it was decided to select beneficiaries from Year 1 (2011-12) from such a district with highest number of beneficiaries in a given scheme, and Year 2 (2012-13) from a district with second highest number of beneficiaries. Likewise the Year 5 (2015-16) provided the sample from a district with the fifth highest in numbers of the corresponding scheme.

Further to ensure that there is sufficient representation of those beneficiaries with larger gestation period to demonstrate any change resulting from the schemes, it was decided to choose a scaling down sample for each successive year. In other words, the oldest year (in this case, 2011-12) would have a relatively larger proportion of sample respondents than the succeeding years. As per this principle, the beneficiary representations in the sample were 8, 7, 6, 5, and 4 per cent respectively for 2011-12 to 2015-16 in that order.

### **A Profile of the Sample Beneficiaries**

Distribution of sample beneficiaries peaks at the age group of 36 to 45, and so it may be said to be more of a younger aged beneficiaries. However, if small in numbers we find quite a few beneficiaries who are much advanced in age – even beyond the permitted age. Going by the responses given by the beneficiaries pertaining to their age at the time of interviewing them, clearly 20 beneficiaries were ineligible. The question therefore remains: is it that appropriate to support economic ventures for persons who are relatively more advanced in age? Would that yield the desired result of successful self employment ventures, and transform their livelihoods?

Further, many respondents had clearly indicated that ‘it was a son or a husband who had to made the elder person to apply’ for the actual person may have been ineligible for the loan for a variety of reasons. One such reason is that the person may have been working in a public sector undertaking or be an employee of a Government department. Many members of beneficiary households were working as hostel cook, hospital assistant, an attender or peon in a government’s department, a school or college teacher, policeman, bank’s employee, etc. Selection of beneficiaries from such families is in violation of the norms prescribed. As may be anticipated, a majority of the beneficiaries of Dairying scheme consists of women (69.3 per cent).

There is little surprise when looking at the educational background of the sample beneficiaries. Slightly over half of the beneficiaries are educated up to or less than SSLC – the 10 years of formal schooling. A half of this sub-sample have only education till 7<sup>th</sup> standard or less. Almost a quarter of the beneficiaries reported not to have had any education, many of whom were less than 40 or 45 years in age. Although they did not explicitly say this, there seemed to be a tendency for them to claim no education in comparison to what one would like to say as respectfully ‘educated’ in a formal sense – which probably could be high school or collegiate education.

### **Schemes Implementation and their Outcome**

Our answering several of the Evaluation questions listed above made it mandatory for us to analyse the application forms submitted by the beneficiaries and of the proceedings of the Beneficiary Selection Committee. Accessing these was not an easy task, and in the end not completely successful. The district offices in almost all the districts are in rented premises and inadequately roomed. Most district offices are run with what many officials described as ‘skeleton staff.’ As such they could not assign the task of tracing the applications required for the study to any of the available staff members who were in any case over burdened with their routine work. Thirdly, there seemed also some hesitation in searching for the files for there was a tendency for them to be incomplete in many respects. This last observation is being made by having looked at such applications that were made available to us. Also not traceable was the proceedings of the Selection Committee headed by the MLA.

The first conclusion of the evaluation is that although the Corporation has laid out clear and elaborate rules and procedures for the selection of beneficiaries for the three schemes, it seems as though none of it is being followed systematically. The selection finally takes place based on the choice of the MLA, and rarely with the involvement of any other designated members of the Committee.

As an evaluation report, therefore, it is obligatory that certain observations are made in respect of the above sets of information. First, there is a need to take a fresh look at record maintenance both for the purposes of monitoring the progress of schemes implemented as also for enabling the commercial banks with loans recovery processes. Staff in the commercial banks on their part point out that the Corporation shows least interest once a cheque for subsidy is released. There seems to be hardly any concern about following up

either on the success of the schemes with the beneficiaries or repayment of loans. Secondly, given the progress being made in e-governance, it is not altogether impossible to convert much of the documentation process to digital form such that valuable data is not lost and follow up becomes easy.

Lest an impression is given that much is being made out of applications and other documents being available or not in an evaluation, it should be clarified that the set of evaluation objectives and questions require having to study these documents. In their absence, we have had to depend mainly on those beneficiaries for whom the documents were available and on the responses given by the beneficiaries themselves. Factual information specially involving numerical values or dates generally tend to get blurred because of the recall lapses in all interviews or questionnaires.

### **Self Employment or Re-employment?**

It is difficult to concede as acceptable is when applicants seek support for ‘self employment’ schemes when they are actually engaged in the same occupation already. Thus, for instance, there are 58 per cent were already engaged in one or the other occupation, and they have gone ahead and sought loans and subsidy to ‘start’ these ventures. To the extent they make additional investment to improve or expand their already existing business activities, the Corporation’s support could be justified.

Reflecting well upon the manner of beneficiary selection, the list leads with prior occupation as ‘Labourers’. To the extent they were indeed casual wage labourers, their selection as beneficiaries of one or the other scheme speaks well of the process. However, it cannot be refrained from noting that quite a few such claims were not really convincing enough as we learnt from subsequent FGDs in some locations.

### **Schemes at Work or Otherwise**

Two not so happy outcomes are when having started a venture of self employment, a person closes it down, or when having received the subsidy and loan through the Bank, the beneficiary does not start any venture at all.

In terms of the years when the scheme was implemented and whether or not a venture continued to be in operation, we found *the tendency for more recent year ventures to be in operation, notwithstanding the fluctuations in the intervening years. The hypothesis, if read as ‘older the scheme, greater the tendency for closure of the venture’ is thus confirmed by the findings among the sample beneficiaries.* The challenge, therefore, is one



of maintaining business sustainability in new-self employed persons among the Scheduled Castes.

As compared to SEP and ISB, dairying has the least share of beneficiaries who report their activity to be in operation. The highest share in any year in Dairying is 60 per cent, where as the highest in SEP and ISB are 85 per cent and 75 per cent respectively. Incidentally, the three readings are all for the year 2015-16.

What accounts for a high rate of misuse of loans and subsidy in dairying sector? When asked our respondents the more frequent explanation for not starting a venture or having closed it was that the past couple of years had been severely draught hit. They had found fodder and water a major problem and therefore some had stopped dairying (by selling away the cows or buffalos). Only five of our dairying respondents had reported the animals having died, although they had not claimed any insurance. Whether or not the Corporation was aware of this widespread negative outcome, perhaps the continued emphasis on dairying during draught years could have been avoided.

We found in almost about 30 per cent of the sample cases there to have been some distortion between what they had applied for as a venture, and what they actually started. **Data suggests also that ventures are likely to be more successful when they are, in actuality, an additional source of income for the beneficiaries. Not so successful, if they are the only means of income. This proposition is true also for those for whom the scheme contributes to a different occupation than the earlier one. For, in respect of 94 per cent of the beneficiaries whose current occupation (thanks to the scheme) is different from what it was prior to the scheme, their ventures were still in operation, that is, they were successful. Failures have been more predominant when the occupation prior to the scheme is the same as what the scheme gave them: 30 and 41 per cent respectively who reported the ventures to be closed or that they did not start.**

There is a tendency for a venture to be successful or to be in operation being higher if they are not operated from within ones' own house or residential premises. Ventures such as provision stores, retail shops, sari and garment units, DTP Centres etc., can hardly expect to be a commercially successful venture *unless* the residential premises is located in a commercial hub or somewhat proximate to a market place. The ventures on pavement – even if in a small scale – thus seem to be doing much better than those run from homes.

Due consideration seem to be given while sanctioning a scheme to a beneficiary by scientifically examining the proposed venue for the venture to be undertaken and would that

be likely produce a sustainable business opportunity and good returns. In other words, a minimum 'market research' is to be made before approving the application for a loan.

This evaluation has found **a close relationship between the amount of money approved as Unit cost and whether or not the venture remains in operation, or gets closed if not starting at all.** Even within each scheme – which has upper limits as applicable to the scheme – we find the incidences of a venture being in operation when the Unit cost being higher. Correspondingly we find a decline in the proportion of units that are either closed or not started at all with a decline in the amount of Unit Cost disbursed.

This finding of a strong correlation between the Unit Cost and the incidence of success of a self employment venture sends out a strong message seeking a review of the quantum of money being approved for establishing self employment ventures among Scheduled Castes. Perhaps, there is now a need to make a scientific assessment of the amount fixed for support within the different schemes. Further in respect of Subsidy and loan components also we came across what we may describe as 'arbitrary' variation in the extent to which each of these was assigned to different individuals, within and across different districts, if not Taluks and/or Constituencies.

What this evaluation makes as a suggestion is to arrive at scientifically determined levels of Unit Cost that will also take into consideration the specific unit to be established than merely addressing the target number of beneficiaries and target amount of money to be disbursed.

There is an urgent need to (re-)build a communication network between the district level officials of the Corporation and the lead banks that lend money to the selected and recommended beneficiaries. For the present the contact seems to come to a halt once a 'Subsidy' cheque is issued favouring one or the other beneficiary. The Corporation rarely gets to know if the beneficiary made any use of it, and whether or not the bank gave the corresponding loan as specified. A substantial number of beneficiaries had listed the following as issues with the commercial banks, and it is not certain if the Corporation was able to resolve them: 'Received Subsidy, but not the loans', 'Loans advanced are much lower than what was approved', and 'Do not know what happened to my subsidy amount'. There are enough bases to suggest that there a bias against the poorer than the others in matters of loan processes in commercial banks in all the districts and concerning each of the three schemes. Over three fourths of those experiencing problems with the banks have not

ventured start anything to be self employed, while almost ten per cent tried to run a venture but soon closed them down.

The Corporation has to undertake on an a priority basis: Examine the loan papers currently for the period under evaluation, especially prior to the 2013 loan waiver so as to determine the extent to which there are FDs created against the waived off loans, if not all the other loans. Perhaps such a review may even open up opportunities for many to revive those that had been closed up, or encourage those that had not been started at all. Just to give an idea of the quantum of money involved we reproduce the data below culled out what we know as the sum advanced and sum given as Subsidy. Even if only a fraction of the subsidy was converted as FD, the uninformed beneficiaries may get the true benefit of the scheme even at this stage.

Total Units (No.)	: 447
Total Unit Cost	: Rs. 3.70 Crores
Total Loan Amount	: Rs. 2.53 Crores
Total Subsidy Disbursed	: Rs. 1.17 Crores

A third of the respondents – 33.78 per cent, reported no change in their income despite being beneficiaries of the schemes. As may be surmised, a majority of them had either not started the venture for which they had received the loan and benefit, or had closed it down sooner or later. The rest, a majority, make good and profitable income, ranging from 10 per cent increase (about 50 per cent in that category of income increase), while nearly 85per cent each who have accounted for 75 to 100% income, and over 100 per cent income.

Beneficiaries make a suggestion: The Corporation ought to consider supporting us from time to time (based on our performance and loan repayment patterns) extend further loans and support. Closing the doors on us merely because we had once taken the benefit from the Corporation is like expecting that we can swim against any floods even as beginners in swimming in the sea of business!

Having interacted with a widely ranging sets of beneficiaries and in different parts of the state, , and having analysed several associated factors co-occurring (if not determining) with venture failures, it is our view that EDP could be offered to those ventures that have taken off and are running. For, it was observed – as several of tables and graphs in the foregoing analysis may substantiate, factors associated with failures in their self employment ventures have little to do with whether or not they have entrepreneurship skills. It is the manner in which their application was processed and sanctioned, the leakages that occur in

the capital they receive, the amount of money eventually made available for starting a business, etc. that impacts the success or failure of the venture.

### **Up-scaling and Expansion**

Only in about 14 per cent of our sample of beneficiaries, one may view the scheme to have contributed to an expansion of the already existing self employment venture. The good side of this is, indeed, over 90 per cent of such beneficiaries were still running their ventures, with only 10 per cent having closed it. Dairying is one activity in which a properly run venture would facilitate a 'natural' expansion over the years. Female calves would be born in due course, and with their coming of age, the number of milch animals in the dairy should be increasing and therefore the dairy to be expanding. On the contrary, even out of 31 among 96 beneficiaries still running the dairy and with good profit had not expanded beyond one calf. When asked, most of them responded that it was too difficult for them to find other resources (water and fodder) and to find persons to look after the animals. Smaller families, especially when a household consists of just two persons, the tendency is to close down the unit than running it despite the initial profits accruing.

The specific G.O expecting beneficiaries to buy cattle from outside the state is an order on paper, and not followed even in case of our sample. Likewise, the study not did come across any insurance claims to have been made against the death of a cow of buffalo. A majority of the beneficiaries was unaware whether or not there had been any insurance taken out. Even if the commercial banks had included this cost into the EMIs to be paid, the beneficiary has no knowledge of it.

Only 29 of the 96 dairying beneficiaries had not taken the loan for a second milch animal. Among the rest who had availed of the loan for two animals – it is not certain that all of them had actually made use of the loan for the second animal. There is a widespread practice of 'fictitious' purchase of animals from the fictitious sellers. This occurrence is despite the requirement that there should be a committee to monitor the process of purchasing the animals, which too seem to be more on paper than in practice.

Another interesting feature of dairying units is that less than 10 per cent of those who are running the dairy were actually members of a Milk Producer's Cooperative and was supplying milk to one its collection units.

In conclusion, there is an urgent need for close monitoring of the loans made to the beneficiaries and a periodic follow up of the self employment ventures. For this to happen,

there is a need first to tighten the method of selection of beneficiaries who are genuinely interested in self employment rather than merely as a political patronage as seems to be the popular perception of the schemes, and an urgent look at staffing the District offices.

### **Suggestions and Policy Recommendations**

Based on the findings and their analysis in of the field situation, data from sample respondents, a few individuals and groups in the FGDs, and in our own view the following recommendations are being made.

#### **I. Selection of Beneficiaries**

1. Instead of precluding previous beneficiaries of the Corporation from becoming eligible for fresh loans/schemes, relax the norm to a period of three to five years after which they can be considered as eligible for fresh loans or schemes.
2. Minimise the time taken for selection of beneficiaries, and limit it to three months. Avoid the last minute rush of sanctioning the subsidy and loans to fulfil the annual target, and avoid the year-end rush at the commercial banks.
3. As in the other development projects, widely publicise in public domain the name and purpose of the selected beneficiaries each year such that the process of selection and information over who are the beneficiaries.
4. Scrutinise the applications more systematically and scientifically, and the process of documentation to be complete in every respect. Project proposals to be made mandatory with proof of requisite skills or expertise (if any), market potentials, extent of competition likely to be, and what the incremental income is likely to be, etc.
5. If schemes are meant to support the un-employed and create self employment among them, select beneficiaries who are actually unemployed. This may require some reconsideration of age of the potential beneficiaries, while relaxing it for women beneficiaries (who may have been housewives). There is a need to re-examine the current policy of giving a complete control over the selection of beneficiaries to the MLAs. It is this evaluation's recommendation that there is an urgent need to 'depoliticize' selection of beneficiaries by constituting a more realistic selection committee consisting of members of who are more equal than hierarchical in power and positions. In this regard we suggest to delink the allocation of grants and targets based on Constituencies; instead restrict it to administrative divisions as Development Blocks or Taluks

6. Create a running pool of registered applicants, the list to be carried forward to the subsequent years. Select and approve the programmes based on seniority of application, eligibility (based on Dr. Ambedkar Corporation's guidelines and the partnering Commercial Bank's appraisal) for each year, but keeping in mind the other requirements such as a scientific calculation of capital requirements for different ventures. The practice of dividing up the annual targets into beneficiaries and schemes irrespective of what the requirement for a successful venture could be, as hitherto to be stopped. Findings of the Karnataka State's Socio Economic Survey and findings of the District Development Reports should also be taken into account to determine specific self employment ventures that could be supported annually. In short, the selection of beneficiaries should also respond to the district's social development requirements.

## **II. Corporation's Relations with Commercial Banks and their Respective Role**

7. Engage in a high-level 'Path Finding Dialogue' first to create a new (and free from prejudices) Lending for Development. Inclusive Banking should not be resulting in 'Inequality in Banking.' In this regard the Corporation could open a separate window to facilitate Banking Relations of the beneficiaries and the commercial bank. Mere listing of conditions and minimum requirements is of no value unless there is an administratively accountable system of monitoring. Thus, there is an urgent need to
  - a. Ensure that the subsidy granted remains a component of the unit cost and not as a security against the loan
  - b. Ensure that the subsidy determined is not independent of what the commercial bank determines as loan eligibility of a borrower.
  - c. Ensure that prior to release of subsidy Cheque, the commercial bank has committed itself for an amount of loan as approved. Current practice of first releasing subsidy amount, often not matched by a loan being approved or loan amount being varied, has been leading to misuse of subsidy.
  - d. Commercial Banks and the Representatives of the Corporation to jointly engage in loan recovery process.
  - e. **Involve the MLA (and other members of the Beneficiary Selection Committees) in loan recovery process as also the progress made or not made by the beneficiaries of the different schemes. This should pave way**

**for a minimum accountability towards the beneficiary selection and in monitoring. To the extent an MLA takes the decision for selection of a beneficiary, he or she should be involved in loan recovery process also. Failed ventures (premature closure of Units, or their not starting at all) should be accounted for or cleared before a new list is approved; and recovery to be made from out of the MLA Constituency Development Grants.**

### **III. Other General Recommendations**

8. Arrive at a more efficient Human Resources Management plan, so as to minimise dependence of ad-hoc or temporarily employed staff members to administer and manage the ever expanding activities of the Corporation.
9. The Number of Field Officers etc. need to be proportionate to the volume of schemes in progress and underway, as also the number of Taluks or similar administrative divisions. *The over burdening of existing staff members with excess and time bound work is not only adversely affecting the quality of selection of beneficiaries but also the process of monitoring and recovery activities.*
10. As soon as a list of beneficiaries has been finalised (and notified) convene a meeting of all the stakeholders [beneficiaries, district officials, bank representatives, etc.] to properly in simple language explain the procedures required in each subsequent step: loan subsidy disbursement, papers and forms they should sign and *not sign*, elementary Banking procedures, and repayment structures. For the time being, it is taken for granted that all these information is made known the beneficiaries and therefore the beneficiaries have become victims of lack of transparency, corruption and of middlemen or development brokers.
11. Take a fresh look at the amount of money determined for different Unit Costs (not merely in terms of schemes as SEP, ISB or Dairying) **and the corresponding subsidy to be disbursed.** There is a need to ensure that such Unit Costs and the corresponding subsidies are determined based on regional variations in cost of doing business, cost of raw materials (if any), minimum wages as determined for different occupations or trades, etc.
12. Now that Aadhaar and PAN Numbers are becoming part of identities, ensure proper synchronising and interlinking of loans, bank accounts and mobile numbers.

13. As in MGNREGA's work-done approval procedure, introduce a GPS enabled photography of scheme proposal (venue for business prior to sanction, after the loan has been given and the scheme started) as an initial and periodic follow up procedure. The field officer to be made responsible and accountable for non-reporting of the progress or premature stoppage of the self employment ventures.
14. On a war-footing, the Corporation should engage in a loan recovery process, clearing up the confusion over 'un-informed' Fixed Deposits, settlement of loans that have been waived off and balance to be notified (if any) to the beneficiaries.

#### **IV. Recommendations Concerning Dairying Schemes**

15. Ensure that the beneficiary has a valid membership in the jurisdictional Milk Producers Cooperative and a demand is made for the milk to be supplied. Should there be a default, the Cooperative Union to bring it to the notice of either the Bank or the Corporation such that the cause of it addressed: if death of an animal, insurance issues are followed up; if unit closure or not started, etc., to be followed up with appropriate actions.
16. Payment for milk supplied to be linked up through the banks in such a way that as and when the EMI, Insurance premium etc. fall due, they are recovered automatically.
17. Ensure that proper and healthy living space is provided for the animals to be procured and fodder availability either in the open or stall feeding.
18. Take a fresh look at the carrying capacity of dairying activities in applicant households, locations where they are to be sanctioned, and whether or not the Unit is within affordable distance of a Milk Collection route.

### **Chapter I**

## **Introduction**

Even as the year 2017 dawned, to many it was a pleasurable reminder that the country was completing the seventh decade of national Independence, and heralding of the eighth. Such passing of a year, it has now become almost a ritual, to take stock of how the nation has fared in respect of some major challenges such as the desire in the past to be self sufficient in food production, abolition of poverty, land to the tiller and so on. These have been the developmental dreams since even prior to the Independence, many of which became the global concerns and became part of the Millennium Development Goals (MDGs).



One challenge that has not been so easy to overcome in its completeness has been that of the systems social exclusion and discrimination based on caste identities of people. While there has been the struggles of caste groups belonging to different ‘ranks’ in the system of caste based hierarchy, there has been also the plight of those labelled and subjected once to the heinous practice of untouchability. Progressive thinkers and societal analysts have in their own way ascertained that the old caste system is dead and an obituary written for it (e.g., Srinivas 1999), there have been others who have lamented that what is dead is the system of hierarchy, but castes are alive and kicking (e.g., Karanth 2010; Manor and Jodhka 2011).

Each subsequent year of India’s independence has been celebrated as yet another step in the direction of ‘India Shining.’ Indeed, once a month or so, we get to hear or read about the new arrivals of the Multi Billionaires in Indian economy or the ones who have made it big in the Forbes List. Young start-ups are showcased for their innovative methods of moving up in the economic ladder and for becoming global role models. Yet, there remains a large section of India’s population that are described as deprived, humiliated and denied of decent livelihoods, the so-called under class in India’s growth and glossy development. While there may have been spectacular growth, it has not been accompanied by redistributive process of social development. When one takes a serious look at those thus lagging, if not left behind, a majority of them constitutes a section of who are identified as Dalits, made up of castes and communities that are classified as the ‘Scheduled Castes.’ These are castes, which in the 1920s and 1930s referred to as the Depressed Castes and who were subjected to Untouchability against them. They were subsequently brought under a special Schedule of castes needing a special care and concern in the process of public policy designs, and who were thus called the Scheduled Castes.<sup>1</sup>

Ever since Indian independence, each successive year has witnessed a strong policy orientation towards the development of Scheduled Castes (as also Scheduled Tribes and the Backward Castes). Indeed, even prior to the Independence, such measures had been initiated

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<sup>1</sup> In all government documents the terms ‘Scheduled Castes and Scheduled Tribes’ (SC/ST) are commonly used. In fact, the National Commission for Scheduled Castes, and specifically asked the State and Central Governments to refrain from using the word ‘Dalit’ on the grounds that the word is unconstitutional. Instead, it recommended the usage of the words Scheduled Castes.

Government documents to identify former untouchables and tribes. see

<http://vikaspedia.in/socialwelfare/socialawareness/allareequal> Accessed on February 2, 2017.

(see, Charsley and Karanth 1998: 19-43). Constitution of India too has built in for well meaning provisions to protect the interests of Scheduled Castes, following which several legal enactments have come into force. Much has been written and debated about these provisions, and therefore a detailed discussion is not aimed at in this report. A mention, in passing, may be made of some of them:

- Reservation for opportunities or special quotas in educational institutions, for employment opportunities, and for political representations in elected bodies all the way from village Panchayats to the Parliament, including urban local bodies, cooperative institutions, etc.
- Constitutionally protecting fundamental and human rights
- Creation of special departments /ministries in the State and Central Governments such as Social Welfare and / Social Justice and Empowerment.
- Establishment of the National Scheduled Caste Finance and Development Corporation, apex institution for financing, facilitating and mobilizing funds from other sources and promoting the economic development activities of the persons belonging to the Scheduled Castes living below double the poverty line..
- A Special Component Plan (SCP), later renamed as Scheduled Castes Sub-Plan (SCSP) in all public expenditure aimed at the wellbeing of the Scheduled Castes. SCSP's goal is to ensure adequate and special interventions for social, educational and economic development of Scheduled Castes and also for improvement in their working and living conditions.
- Enactment of Scheduled Caste and Scheduled Tribes (Prevention of Atrocities) Act, 1989.
- **The Karnataka Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978** (Karnataka Act 2 of 1979) or **PTCL** is a statute of [Karnataka](#), meant to prevent forceful or deceitful dispossession of landed property of the Scheduled Castes and Scheduled Tribes.

The list could be much longer, but the purpose is only to highlight the concerted effort by the state and central governments for the social and economic upliftment of Scheduled Castes in India. The state of Karnataka has not lagged behind in this respect, often has led the way, which path has been emulated by many other states. The Act of 1978 listed above is one such, while it was one of the first states to abolish bonded labour system, relief to rural

indebted. Some of these measures had preceded those included under the well known '20 Point Programme.'

What has been the impact of all these positive steps taken to improve the lives of those who have been subjected to social exclusion and discrimination for centuries? Opinion is divided on the assessment of outcomes. One school of thought considers that there has been significant changes and in the positive direction. For instance it is argued that caste based hierarchy has declined, if not disappeared (see e.g., Jodhka and Manor). Beteille, on the other hand, has argued the phenomenon of caste based occupations has not only undergone radical disassociation but that the relationship between the two 'has been much misrepresented.... It is doubtful that there was at any time a complete correspondence between the two. At any rate, even before independence many castes, and probably most, had more than half their working members in occupations other than those specifically associated with their caste" (Beteille 1992: 40). What is to be noted in this regard for the present is that over the years there has been a radical shift in the nature of occupations that the Scheduled Castes were engaged in, thereby paving way for removal of Untouchability, and other forms of social discrimination. But it is also to be noted that occupations in which Scheduled Castes (henceforth, SCs) were traditionally engaged continue to be largely occupied by them, even though they may be moving into other occupations too (see Karanth 1996). Sonalde Desai and her colleagues, by using data from India Human Development Survey (IHDS) of 2004-05, found that despite the widely reported progress or economic growth, there remains a persistence of caste disparities in education, income and social networks (Desai and Dubey 2011)..

And yet the nation now has a separate and well functioning Dalit Indian Chambers of Commerce and Industry (DICCI), which on June 6, 2013 launched a Venture Capital Fund to rise Rs. 500 crore from investors for investment in companies run by dalits and tribals. Even though the Fund may be small in large capital terms, but the venture certainly is a milestone in the history of millions who had been deprived for centuries. One commentator describes it,

This is a breathtaking change in a country that has long treated dalits and tribals as victims, to be given sundry subsidies and reservations. But economic reforms since 1991 have opened new economic spaces... DICCI now has 3,000 millionaire dalit members. Over a thousand of these have turnovers exceeding Rs 100 crore. The richest, Rajesh Saraiya, runs Steel-Mont Pvt Ltd, based in Ukraine and spanning eight

countries. His turnover exceeds Rs 2,000 crore, and he is the first dalit billionaire (Aiyar 2013, Webpage).<sup>2</sup>

There is a growing body of literature that support the view that self employment and entrepreneurship is the key to resolve the longstanding social discrimination of the marginal groups in society. Though not a supporter completely of such a view, Ashini Deshpande and Smriti Sharma (2014) cite quite an impressive range of literature on the theme, from even in other nations where labour market discriminations based on race has been prevalent in the open or hidden. Whether it resolves the age old patterns of social discrimination, it is necessary to recognise that entrepreneurship and self employment of varying scales certainly have the potentials for a respectable 'exit' from discriminatory contexts (see Jodhka 2004). Iyar in another thought provoking account quotes the head of Dalit Indian Chamber of Commerce and Industry, Milind Kamble:

capitalism has been the key to breaking down the old caste system. During the socialist days of India's command economy, the lucky few with industrial licenses ran virtual monopolies and placed orders for supplies and logistics entirely with members of their own caste. But after the 1991 reforms opened the floodgates of competition, businesses soon discovered that to survive, they had to find the most competitive inputs. What mattered was the price of your supplier, not his caste.

### **Karnataka Experience with SEP and ISB**

Indeed a call for promotion of 'Dalit' capitalism had been made strong in the first conference of Dalit intellectuals, held in Bhopal during 2002. There had been an apprehension that with the acceleration of economic reforms, the state would be taking a back seat in being the main employer or in making investments that would have otherwise supported Scheduled Castes. The only way out, it was widely expressed by strengthening of what they termed as Dalit capitalism. It was perceived as the means of correcting the imbalance created by economic reforms, since it was argued that the only way to break the shackles of caste was through capital.<sup>3</sup>

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<sup>2</sup> See <http://swaminomics.org/waiting-for-a-hundred-dalit-billionaires/> Accessed on February 2, 2016

<sup>3</sup> See 'The Promise of Dalit Capitalism' at <http://gsplanet.ac.in/student-resources/current-affairs/english/item/459-the-promise-of-dalit-capitalism-6-1-16> Accessed on February 2, 2016.

As though in anticipation of such a thought, Karnataka has been in the forefront of promoting self employment and entrepreneurship among members of Scheduled Castes. During the 1980s and 1990s, the Karnataka State Finance Corporation had initiated several programmes of lending to the willing entrepreneurs, while the state government's other institutions such as the then SC and ST Development Corporation was advancing the subsidy and or the seed money required for such venture

**Table 1.1 Beneficiaries and Amount Disbursed under the Three Schemes (SEP, ISB and Dairying)**

[Beneficiaries in Numbers and Amounts in Rs. lakhs]

Sl No	Scheme	Year	Beneficiaries	Amount Disbursed			Total
				Subsidy	Margin Money	Term Loan	
1	Self Employment Programme	2011-12	6098	1499.61			1499.61
		2012-13	8123	1509.73			1509.73
		2013-14	8108	2520.01			2520.01
		2014-15	8503	2282.13	243.9		2526.03
		2015-16	9435	2049.45	612.1		2661.55
2	Industry Service and Business	2011-12	669	19.06	382.94		402
		2012-13	2226	750	175.68		925.68
		2013-14	2001	2001			2001
		2014-15	1502	1508.98			1508.98
		2015-16	814	1320.27			1320.27
3	Direct Loan for Dairying	2011-12*	2984	251.38	239.29	945.84	1436.51
		2012-13*	595	8.6	421.18	1365.87	1795.65
		2013-14*	548	30.7	166.09	741.26	938.05
		2014-15*	287	27.65	22.02	112.52	160.19
		2015-16 <sup>#</sup>	1000	500			500

Note: \* Data listed in the source as 'NSCFDC Direct Loan, which meant also for Dairying.

# Data pertains to Targets since information was not available under the said scheme

Source: Annual Reports for the Respective Years since 2011-12, and Annual Action Plans for the corresponding years, of the Corporation.

Evaluation of SEP, ISB & Dairy Schemes (2011-12 to 2015-16)

Among the different schemes for which Government of Karnataka through the Dr. Ambedkar Development Corporation has been advancing financial support for self employment, three are of focus for the present study. These are the Self Employment Programme (henceforth, SEP), Industry Services and Business (henceforth, ISB) and Dairying schemes. Although these schemes have been in vogue since 2008 onwards, for the present our focus is for the years 2011-12 to 2015-16 (thus, five years.). Table 1.1 gives a quick perspective on the manner in which Dr. B R Ambedkar Development Corporation

**Table 1.2 Support Patterns Over the Years for the Schemes**

No.	Scheme	Year	Maximum Unit Cost	Subsidy	Seed Money	Remarks
1	SEP	2011-12	Rs. 100000	50% or Rs. 25000		No subsidy if Loan is under Rs. 15000
		2012-13	Rs. 100000	50% or Rs. 35000		
		2013-14	Rs. 100000	50% or Rs. 35000		
		2014-15	Rs. 100000	50% or Rs. 35000		
		2015-16	Rs. 100000	50% or Rs. 35000		
2	ISB	2011-12	Rs. 50000 to Rs. 7 lakhs		20% or Rs. 1 lakh as Loan	5% by the Beneficiary and 75% Loan
		2012-13	Rs. 100000 to Rs. 7 lakhs		20% or Rs. 1 lakh as Loan	5% by the Beneficiary and 75% Loan
		2013-14	Upwards of Rs. 100000	33% or Rs. 1 lakh	5%	62% as Bank Loan
		2014-15	Rs. 100000 to Rs.6.06 lakhs	33% or Rs. 2 lakhs	5%	62% as Bank Loan
			Rs.6.06 lakhs and above	Rs. 2 lakhs	5%	62% as Bank Loan
		2015-16	Upwards of Rs. 100000	33% or Rs. 2 lakhs	5%	62% as Bank Loan
3	Dairying	2011-12	Rs. 58000 per pair	Rs. 25000 per pair	5%	Rs. 30575 as Loan (Direct)
		2012-13	Rs. 58000 per pair	Rs. 25000 per pair	5%	Rs. 30575 as Loan (Direct)
		2013-14	Rs. 58000 per pair	Rs. 25000 per pair	5%	Rs. 30575 as Loan (Direct)
		2014-15*	Rs. 70000 per pair	Rs. 50000 per pair or 5% (lesser)	5%	45% as Bank Loan
		2015-16*	Rs. 70000 per pair	Rs. 50000 per pair or 5% (lesser)	5%	45% as Bank Loan

**Source:** Annual Reports for the respective Years since 2011-12, and Annual Action Plans for the corresponding years of the Corporation.

\* Actual amount to vary based on milk yield.

(henceforth, the Corporation) has evolved the proportion of financial support in terms of subsidy or direct loan, and the share of loan which it facilitates through the commercial banks or their rural regional banking units.

In collaboration with the National Scheduled Caste Finance and Development Corporation (NSCDC) and similar organisations, but mainly independently, Karnataka's Dr. B R Ambedkar Development Corporation has been offering subsidies, margin money and facilitating loans through commercial banks to the aspiring beneficiaries to start various enterprises and or self employment ventures, but at a small scale.

Both the number of beneficiaries and the money involved have grown in significant proportions, and therefore it was felt an assessment is to be made of the impact of the three schemes upon the lives of the beneficiaries and their community as a whole. This report is a result of such an evaluation that was undertaken in a sample of districts and among a sample of beneficiaries of each of the three schemes, and through the different years since 2011-12 to 2015-16.

## **Chapter II**

### **The Log Frame Matrix**

Theoretically the report aimed at examining if the beneficiaries of the Scheduled Caste, who have been victims of social and economic discrimination for centuries are able to get off the 'Sticky floor' through self employment, and have they been able to smash the Glass Ceiling which acts as a barrier to growth beyond a stage. Relevant literature for this set of theories have been discussed Chapter dedicated for a discussion of the Problem Identification for evaluation research. The goals of the schemes concerned are, in fact, somewhat similar, to empower them economically and socially as also to convert them as role models for others in the community.

As is well known, a logical framework makes an effort to offer an explanation of the basic logical project framework (log frame) used in relation to planning, designing, implementing, monitoring and evaluating any project being implemented. In the current instance, it refers only to the evaluation of a set of schemes, namely SEP, ISB and Dairying by the Corporation. The objective is to be able to identify impact and changes if any as a consequence of implementation of the new schemes of self employment.

**The Log Frame Matrix**

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Assumption</b>
1	Awareness created to face competitive situations and make them self employed	Survive business shocks due to competitions; Not working as a wage labourer or not being Unemployed	Beneficiary Interviews; Verification of Units to be running	Scheme has contributed to the Self Employment status and the Unit to be in operation would mean the person has survived competition
2	Current status of individual beneficiaries and impact on their economic status	Units in Operation, Improved Income as stated	Interviews with beneficiaries	Scheme has enabled a better income
3	Identify bottlenecks experienced by beneficiaries in getting sanction or approval from the Corporation and Banking Institutions	Time taken for applying for a scheme and getting it granted; Subsidy and or loan released on time; no middle men	Interviews with beneficiaries; purusal of application and sanction order, discussions with bank officials	That the Corporation and the Banks will cooperate to share these documents for evaluation
4	Identify the constraints in implementation, and suggest measures for the improvement of the existing schemes	Opposite of the above; market conditions for the services or products; manner of determining of Unit costs and disbursal		
5	Collate suggested measures for improvement of functioning of the schemes			
6	Have the Committees and District Managers of the Corporation been making proper selection of beneficiaries	Rate of successful ventures in operation; repayment behaviour	Respondents, proceedings of the Committee meetings; Banks	Proper scrutinisation of papers, number of and basis of rejection of applications as against the approved ones;



**The Log Frame Matrix (Contd..)**

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Assumption</b>
7	What Skill development trainings have been imparted under SEP/ISB and Dairy? Who imparts the training? Has the training been helpful? If yes, how and to what extent? Alternatively, what kinds of skill gaps exist in taking the maximum benefit of the schemes?	Programmes of skill developments identified and implemented, number of people undergoing them, and the difference in performance of Units by those with or without such programmes	Respondents, District Office Records	A systematic identification of skill sets required are identified for different kinds of work or units undertaken; that the beneficiaries require such a skill development training
8	Can the EDP training programme be made part of the DPR? Should the commercial banks be given the responsibility of the training? If not, why not? Who is suited to offer this training?			
9	Whether the beneficiaries have been Self Employed/ engaged in Industry Service and Business/ Dairying after availing of the benefits? If so, have they continued with the activity? If not, reasons to be furnished? These address the concerns of sustainability.	As at No. 2. Above		
10	Is there any development in the business activity undertaken under these schemes? If so, are they getting better or expected profit from the business? If not, why not?	Size of the Unit, or no. of 'business instruments' at the start and at the time of evaluation	Respondents	Increase in the size, or numbers an indication of expansion of business
11	Has the monthly/annual income of the beneficiaries increased? If so, to what extent? Give details with few examples of increase/decrease in income.	As at No. 2 Above		

**The Log Frame Matrix (Contd..)**

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Assumption</b>
12	Whether the beneficiaries are utilizing the loans for the purpose for which it was sanctioned? If not, what action is taken in case of mis-utilization?	Units applied for, and units started, and their current status	Interviews with respondents, discussions on follow up actions by the Corporation	Started Units as applied for and running them is an indication of success and proper use of loans
13	What is the amount of loan (year wise) taken from banks by the beneficiaries selected for evaluation? Are banks demanding collateral security for sanctioning loans? Whether the loan has been repaid timely and completely? If not, what is the payment percentage and what are the reasons for cases of non-payment?	What are the guidelines and what are in practice both at the Bank and at the Corporation	Office Records, Annual Reports and Auditor's Reports, Interviews	That there shall be a fit between the norms and practice
14	Has the socio-economic condition of the beneficiary families improved? (Evaluator to create indicators for measuring this on perceptions of members and then report on its bases). If not, give details?	Improvements in Education, Family's health status, perceived social status, decline in indebtedness, ability to deal with bureaucracy, decline in wage earning livelihood of family members.	Interviews with beneficiaries	Improvement in these as a positive impact of the schemes
15	Please document 2-3 outstanding examples of success under the schemes which is worthy of emulation and being flagged as case studies. Similarly, are there some examples of failure that result in learning for future?			

**The Log Frame Matrix (Contd..)**

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Assumption</b>
16	Whether the repayment of loan is as prescribed by the Corporation? If not, why? What is the action taken by the Corporation in case of default? Please elaborate.	EMIs paid as per norms; awareness of repayment schedules	Interviews, where possible verification with bank's pass books, interviews with Bank officials	More successful ventures will show a good repayment track records.
17	Whether the beneficiaries are made aware of the repayment schedule of the loan received under the schemes? How is that made? Is it effective communication?	Respondents being able to respond to questions about number of EMIs paid, when was/is it due next, whether any penal interest attracted, etc.	Interviews with respondents.	The Corporation has made efforts to explain the loan repayment requirements, and consequences of non repayment.
18	What is the amount of loan and interest which was waived by government after the loan waiver was announced? What has been the impact of loan waiver for beneficiaries? Is there reliable indication to suggest that this may result in unwarranted or unintended consequences like wilful default?	Year when borrowed, amount outstanding	Records maintained at the Corporation and Banks	
19	What are the constraints of financial flow from the Corporation to beneficiaries? How to further streamline the process?	Time taken for selection of beneficiaries, release of subsidies, approval by banks, and loans issued dates.	Application Forms and Case File of the beneficiary, Correspondence with Banks	That the Corporation and the Banks will cooperate to share these documents for evaluation

**The Log Frame Matrix (Contd..)**

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Assumption</b>
20	Please document district wise as to which scheme is most prominent in the district and most profitable in the district? Is the most prominent scheme the most profitable one too?	District wise Schemes	Reports from the Districts	Scheme selection is not target driven but by the choice of beneficiaries
21	Please identify and document the areas of capacity building requirement for each of the schemes of Corporation.			
22	Should the schemes be continued? If no, why so? If yes, with what modifications/ recommendations?			
	Specific Questions relating to Dairy Scheme			
23	As per Government Order dated 31.12.2013, the milch animals are to be purchased from other States. Has it been followed? If no, from where purchases are made and why the deviation was done?	Place of purchase of animals	Respondents	The Committee and Corporation will monitor the purchase based on which money is released to the vendors
24	Are the milch animals purchased as per regional requirements or not? If not, has the milk yielding capacity gone down? Please elaborate.	Free choice to the beneficiary to buy		Regional requirement is not in conflict with requirement under No. 24 Above

**The Log Frame Matrix (Contd..)**

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Assumption</b>
25	Are there cases where the first milch animal is given and not the second? If yes, why the second not given?	How many animals bought through scheme	Sanction order, Loan application	Proper payment of EMI, Processing of papers both by the bank and the Corporation
26	Are there any instances of milch animals being purchased without covering them under insurance? If yes, how many such instances were found in the samples selected and what action is taken by the departments for this lapse?	Insurance as a prerequisite while releasing money	Application form, loan sanction order, Bank	Three parties - Beneficiary, Corporation and the Bank act in accordance to the norms
27	How many death cases were reported by the beneficiaries? Have all the beneficiaries claimed the insurance amount and purchased another animal? If not, Why not?	Status of the unit	Respondents	Loan repayment in order, Bank and Borrower in good stead
28	Are all the beneficiaries are members of the milk societies? If yes, who helped them to get the member ship? If not, where do they supply milk and at what rate? Please elaborate.	Membership as precondition	Respondents	Beneficiary lives in the vicinity of the route for milk collection

### **Chapter III**

## **Progress Review**

The Evaluation Study was carried out during the six months that had been assigned as time for carrying it out. An initial fact finding fieldwork was undertaken during the first month, prior to submission and approval of the Inception Report of the study. During such field trips, the different locations where the listed schemes were in operation were visited, random discussions were held with Scheduled Caste beneficiaries of the schemes and other entrepreneurs. Following this, a set of different research tools were developed, and tested for their utility and manageability in the different field locations chosen for the study. Such pilot testing were made especially in areas which were not meant to be the sampled locations so as to avoid any wrong signal being given to the rest. A sample frame had been developed, and with substantial inputs from the line department (Dr. B R Ambedkar Development Corporation Ltd., referred to in the report as ‘the Corporation’) a list of beneficiaries chosen as our sample had been prepared. An Inception Report based on this initial and preparatory work was prepared and submitted.

Once the Inception Report was approved, a training programme for three days was held in Bengaluru to introduce to the recruited research assistants, the nature and scope of the evaluation study and on how to administer the research tools for data collection. Those responsible for collection of data from the different secondary data collection sources too were likewise trained as to where and how to identify their data and in the different formats that they may be available. One half the training programme was devoted to train the field researchers in the areas of carrying out in-depth interviews for preparing case studies and to conduct focused group discussions (FGDs). Mock interviews and FGDs were conducted to gain practical experience before undertaking them in the field.

Following this, data collection was undertaken in the different locations. There was, by and large, smooth conduct of fieldwork, although at some sites there were false rumours spread about our purpose for research. It had been campaigned that we were an agency hired by the Corporation to detect misuse of the funds granted, or to identify people who had defaulted on loan repayment and to report on them. We do believe that in some towns as in Kalaburagi, Chamarajanagara, Hassan, and Taluk head quarters such as Yadgir, Sira etc., there had been a deliberate campaign organised against the study. This campaign was, it was reported to us, encouraged by persons who used to function as middlemen between applicants

for various schemes and the Corporation. Demonetisation that took place in the month of November 2016 too affected our study considerably for it had become difficult to make funds available for our staff to be in the field and carry out data collection as scheduled. On account of demonetisation and the subsequent 'Year End' work pressure of the Managers and officials of commercial banks, this study suffered considerably. We could not succeed in holding interviews as designed, with these officials. Many refused to fill up the questionnaires or even our telephone calls by claiming that they cannot share account details, savings or loan account, of their customers as per the norms of Banking Secrecy procedures. Many others were reluctant to speak because the issues we were seeking information did not pertain to their tenure in a branch or work station.

Hon'ble Members of Legislative Assembly, who too were to be interviewed were hard to find, for it had been extremely difficult to match their busy schedule and preoccupation with the Assembly in session. Some wanted us to meet them not in their constituency because when they are visiting the constituency their priority is to meet people's demands rather than attend to us. But, once in Bengaluru, it was impossible to find a continuous time slot to finish an interview. Any interview that we had to re-start after a break of a day or two, in one case, more than a fortnight, rarely evinced the same interest on our evaluation research as it may have at the first hand. In one other case, we were directed by an MLA who is also a Minister, to speak to his Personal Secretary, who in turn pleaded not much knowledge about our evaluation concerns.

In a progress report as this, it is incumbent upon us also to report some hardships faced in accessing the secondary data. For instance, unavailability of the scheme application papers, documents pertaining to selection of beneficiaries, copies of the applications that were rejected or disapproved, loan recovery, etc, not only hampered our inquiry but also rendered our addressing some very important objectives of evaluation or answering some key questions to be entirely dependent on what the respondents could recall and tell us. This, we must admit is a major limitation. It is necessary also hasten to add that all efforts were made to procure these sets of secondary data by the officials at Bengaluru's HQ office of the Corporation, but it seemed as though their efforts were not sufficient.

Primary data gathered from the field – through questionnaires, FGDs, interviews etc., were all coded and fed into a programme of Statistical Package for Social Sciences (SPSS, Version 16.0). Following the evaluation research objectives and questions, various independent and dependent variables were identified or conceptualised and cross tables were

generated. These cross tables provided basis for not only establishing the nature of relationships between the different variables but also the extent to which they were related.

An intensive analysis of the data, tables and of qualitative information was carried out to arrive at meaningful and explanatory inferences. Based on these, and on the suggestions made by various stakeholders, a set of suggestions and recommendations have been made and appended. The following is the draft report of such a process of evaluation. It is our aim to improve upon the report's present form by receiving comments and suggestions from experts and/or the line department. Comments and suggestions are welcome, and we look forward to incorporating them so as to be of some use for the vast majority of those who may benefit from the activities of the Corporation.

## **Chapter IV**

### **Problem Statement**

It would be useful to first familiarise with the Institution, its aims and objectives of the schemes themselves, which in turn shall form the basis of evaluation problem formulation. The Corporation was established in the year 1975. At the time of its establishment it was called (and registered under the Companies Act, 1956) as the Karnataka Scheduled Caste and Scheduled Tribe Development Corporation. In the year 2005, the Corporation was reorganized to cater to the needs of Scheduled Castes and was renamed as Dr. B R Ambedkar Development Corporation Ltd. The primary aim of the Corporation at the time of its establishment was, and continues to be, bringing the Scheduled Castes above the poverty line. Over the years, the Corporation has expanded its objective of supporting to empower even those above poverty line such as entrepreneurs and to tie up with commercial banks for lending support.

Among the different schemes being implemented by the Corporation are to enable rural women below poverty to own agricultural land so as to free them from agrarian poverty (Land Ownership Scheme); Ganga Kalyana Irrigation Scheme for individual farmers; Community Lift Irrigation Scheme; Safai Karmachari Rehabilitation Scheme; Micro-Finance (Small lending) Scheme in addition to many more under the centrally sponsored SCSCP schemes. During the year 2015-16 alone as many as 56749 persons and their households had received benefits under various schemes of the Corporation involving a sum of Rs. 87077.30 lakhs as subsidy and/or loans. The growth of volume of support offered both in numbers and amounts of money has risen to such an extent that it may be seen the cumulative total number of beneficiaries under the three schemes of our focus is more or less what in one year the



Corporation now supports. While this is an impressive growth in numbers, it is necessary also to reflect upon what impact all this have been making upon the individual beneficiaries and their households. It is also necessary to examine how the Corporation is gearing up in terms of human and other physical resources to handle such a vast enhancement of volume of transactions.

As with the other schemes, the main purpose of the three schemes under focus in this report were described by the Chairman, and the Managing Director of the Corporation, as one of economically empowering the members of Scheduled Castes such that they rise above poverty levels or improve their economic standing in society. They were in haste to add that an additional goal of these schemes is also that successful men and women in small businesses and other self employment ventures become role models for the others in their communities locally and across the region.<sup>4</sup> The Corporation firmly believes also in the view that self employment of Scheduled Castes to be an assured means of social and economic mobility, they averred. Quite a large number of beneficiary respondents in this study did acknowledge the inspiration evinced by one or the other beneficiary who had made a success out of the scheme.

Among the other purposes of the schemes is to enable the beneficiaries, especially those below poverty line, to free themselves from the clutches of usurious moneylenders. Singh et al. (2017) drive home a truth that it is not merely indebtedness that is a matter of worry, but the invariable results of sale of assets, and further pushing into debts that concerns policy makers. The country (and Karnataka in particular with more than six major nationalised banks having had their birth in the state) has witnessed spectacular expansion of banking sectors – even penetrating the rural areas. An impressive growth of institutional credit is in evidence. Despite all these, there have been reports of persisting hardships of rural and urban poor and the severity of indebtedness, that too at the hands of moneylenders (see e.g., Sidhu and Rampal 2016). Minor or major setbacks in personal life, be it an accident or a loss of life of a member of a household may lead to a greater dependence on credit and at short notices, consequently increasing the burden of indebtedness (see, e.g., Mishra 2007; Krishna 2010 and 2017). Among the already vulnerable sections of population such as the Scheduled Castes, these tendencies have even more marked effect. It is in the light of this spectacular growth and expanding demand for support from the Corporation, on the one hand, and the concern over the economic and social wellbeing of Scheduled Castes in

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<sup>4</sup> Personal interview in Bangalore, on March 6, 2017.

Karnataka, that it was decided to undertake an evaluation of three of the different schemes of the Corporation. A particular concern is also of are the benefits reaching the deserving and not captured by the elites within the committee. Are all the procedures established to select the beneficiaries being followed? These remain key concerns while carrying forward with a development programme.

Let us consider the norms evolved to select beneficiaries for the three schemes under discussion, the SEP, ISB and Dairying. The following pages gives a detailed description of the process involved, which in a way become later a yardstick for us to make an assessment of what is in practice. Among other documents required are proof of address, copy of their PDS card, a copy of an agreement between the owner of a premises and the beneficiary for rental agreement – if the business is to be in a rented premises, and a detailed project report indicating the costs of material, initial expenses, anticipated business volume and net monthly margin. They are also to indicate if they have had any experience in the area of their enterprise or proof of a formal training programme if any.

Applications are to be received before the last date at the District Manager's office, full in all respects. Procedurally incomplete applications are liable to be rejected. Valid applications are initially processed by the officials at the DM's office, and a consolidated list is then expected to be submitted to the specially constituted committee headed by the MLA. The Committee was reconstituted vide G.O. No. SKE 162 SDC 2015 dated 09.09.2015. Chairperson is the MLA, and the members are Member of Parliament as applicable, Members of the Rajya Sabha in the Parliament, and Vidhana Parishat of the Assembly (Upper House) if a permanent resident of the MLA's constituency; Taluk's EO, AEO of the ZP and PWD (one each); AEE of the Electricity Board; Taluk's Assistant Director (Industries); Tahasildar; Assistant Directors from Agriculture, Horticulture Departments; Forest Officer; and Social Welfare Officer. Taluk's Development officer from Dr. Ambedkar Corporation will be the Member-Secretary.

Ideally the Committee should meet to examine the list prepared by the District Manager's office in respect of the different Taluks/Constituencies, and a list of the successful ones is prepared. The MLA, as Chairperson has to send the list to the District Manager, who in turn verifies the documents submitted. He obtains the approval of the Managing Director at the Corporation's head quarters and proceeds to issue the requisite orders. It is clearly stated that the MLA cannot send recommendation letters, which if sent cannot become the basis of selection. Instead, the proceedings and the selected list is to be sent.

**Table 4.1 Guidelines for Awarding Loans and Subsidies for the Three Schemes**

<b>I</b>	<b>Common</b>	Until 2013-14	Currently in operation (Blank column imply no modifications)	
1	Be a member of SC			
2	Resident of Karnataka for the past 15 Years			
3	Be aged 18 to 60 years			
4	Not an employee of any Government or Semi Government Institution			
5	Person or members of the household not be a beneficiary of any of the schemes by the Corporation			
6	Annual Income limits	Rural /Urban		
7a	For SEP/ISB (Up to Unit cost of Rs. 1 lakh)	Rs. 22000		
7b	For SEP/ISB (Unit cost of above Rs. 1 lakh)	Rs. 40000		
7c	For Unemployed			
8a	No Security if loans are less than Rs. 35000			
8b	Rs. 35001 to 1 lakh- 10% of Unit Cost			
8c	Rs. 1 lakh to 2.5 lakhs -15 % of Unit Cost			
8d	Rs. 2.51 lakh to 5 lakhs - 20% of Unit Cost			
8e	Rs. 5 lakhs to 7 lakhs - 25% of Unit Cost			
8f	Rs. 7 lakhs and above - 50% of Unit Cost			
8g	If no landed property is offered as security, other things that are permitted as FD Deposit, LIC bond, NSS Certificates, or of surety of a government employee is undertaken for deduction from salary of that person towards the loan.			

<b>II</b>	<b>Self Employment Projects</b>			
		Until 2013-14	From 2014-15	
	Through Bank Loan			
A.	SEP - Up to Rs. 1 lakh limit			
1	Max Rs.25000 or 50% of Unit Cost as Subsidy	Max Rs. 35000 or 50% Unit Cost		
2	Balance amount as Loan through Banks			
3	Districts and MLA Constituency Targets			
4	For business activities such as Box shop, Provision Stores, Fancy Stores, Bangle Stores, Pan Shop, Tailoring, Animal Husbandry, Bulls and Cart, etc.			
B.	ISB [Above Rs 1 lakh]			
1	For Industry Service and Business Activities			
2	From Rs. 1 lakh to 7 lakhs			
3	5% Contribution by Applicant, 20% or Max Rs. 1 lakh as Seed Money (as loan) from the Corporation @ 4% interest; and the rest as Bank loan		33% as subsidy if unit cost is less than Rs. 6,06,000.	If above Rs. 6.06 lakhs, Rs.2 lakhs as subsidy. Applicable only to those selected after 2014-15. Bank loan 62% and Beneficiary contribution 5%
4	For Garments and readymade clothes; Lawyer's office; Brick making; Tractor and Tailor; Auto rickshaw; Fertilizer Shop; Goods Vehicle; Passenger Vehicle; Silk Reeling; Beauty Parlour; Poultry; Pig Rearing; Leather Works; DTP Centre; Orchestra; Electrical Shop; Flour Mill etc.			
5	Districts and MLA Constituency Targets			

<b>III</b>	<b>NSCFDC Direct Loan</b>			
1	For select activities as Garments and Readymade Clothes; Lawyer's Office; Brick Making; Tractor and Tailor; Auto rickshaw; Fertilizer Shop; Goods Vehicle; Passenger Vehicle; Silk Reeling; Beauty Parlour; Poultry; Pig Rearing; Leather Works; DTP Centre; Orchestra; Electrical Shop; Flour Mill etc			
2	Direct term Loan for the Applicants			
3	Also for Dairying			
4a	For Units less than Rs. 1 lakh, Max Rs. 25000 or 50% as Subsidy and the rest as Loan			
4b	For Units of upwards of Rs. 1 lakh, 5% Beneficiary contribution; 20% as Loan from the Corporation as Seed Money; balance 75% Loan from NSCFDC			
5	Seed Money lent at 4% interest and for term loan 6%			
6	36 EMI for Loan Units less than Rs. 1 lakh and 60 EMIs for more than Rs. 1 lakh Unit Cost			

<b>IV</b>	<b>Dairying</b>			
1	2011-12 to 2014-15 [Until 31.12.2013]		Effective 01.01.2014	
2a	2 CB Cows / Buffalo (yielding 12 LPD)	Rs. 50000	2 CB or Improved Buffalos (6 LPD)	[2 x 35000] = Rs. 70000
2b	Animal Insurance (3 Years)	Rs. 4500	As above, 8LPD	[2 x 40000] = Rs. 80000
2c	Transportation	Rs. 1000	As above, 10 LPD	[2 x 45000] = Rs. 90000
2d	Fodder and Salt Mix	Rs. 3000	As above, 12 LPD	[2 x 50000] = Rs. 1 lakh
2e	Total	Rs. 58500	Animal Insurance (3 Years)	3000 x 2 = Rs. 6000
			Transportation	1000 x 2 = Rs. 2000
			Fodder and Salt Mix	Rs. 4000
			Total	Rs. 12000 plus Animal Cost as applicable
3	Unit Cost		Unit Cost	As applicable to Cost of Animals
4	Subsidy	50% or Rs. 25000 (Max)	Subsidy	50% or Max Rs. 50000 [includes cost of Insurance, Transport, etc.]
5	Margin Money	5%	Margin Money	5%
6	Bank Loan	45% or Rs. 30575 (Max)	Bank Loan	45%
7	Animals must be recently calved			Animals must be recently calved
8	Must be bought from outside the State			Insurance premium certificate to be submitted

9	Insurance premium certificate to be submitted			Locally suitable breed to be purchased
10	Money for Second Animal and calf to be released after ascertaining the first one with calf is doing well, and the Unit is running well, and the Bank is satisfied with timely payment of instalments.			Money for Second Animal and calf to be released after ascertaining the first one with calf is doing well, and the Unit is running well, and the Bank is satisfied with timely payment of instalments.
11	Repayment in 36 EMIs @ interest of 6%			District Manager, Animal Husbandry Dept, and the Officials of the KMF officials must arrange for requisite training
				Beneficiary must be a Member of the Milk Producers Cooperative Society, and Manager should provide for this
				In case of death, photographs to be produced and proceeds of Insurance should cover the cost of purchase of animals again.
				Purchase Committee consisting of DM, Deputy / Asst Director of Animal Husbandry, District Officer of KMF; Bank Manager or Representative of the Bank concerned; Representative of Insurance firm; Representative of the Beneficiary.
				Repayment in 36 EMI @ interest of 6%

To continue with the other issues to be borne in mind in respect of the schemes: Subsidy is proportionate to the loan given. Second, upon approval of the scheme for a beneficiary, the list is sent to the Bank to make its independent assessment of loan worthiness of the borrower. Upon receiving a positive note, the Corporation sends a confirmation letter along with a cheque for the amount of Subsidy for which an applicant or a group of them is eligible. The stipulation is that within 30 days the subsidy amount along with the loan amount is to be disbursed to the beneficiary and the Corporation is to be accordingly advised. Banks cannot keep the subsidy received for more than 30 days, failing which they are expected to pay an interest of 10 per cent. Banks cannot determine what the purpose of the loan should be, especially if it is a Corporation approved loan.

Before approving a scheme, the Corporation is expected to have verified all documents – including whether or not an applicant is able to provide security for the loan, feasibility of the scheme, Panchayat or Municipality licence to start the business whether in one’s own premises or in a rented premises (other than dairying) and whether or not a person has driving licence and a public transport badge if a vehicle loan is being taken.

<b>Table 4.2 Norms for Unit Costs and Subsidy Components for Different Schemes</b>					
	2011-12	2012-13	2013-14	2014-15	2015-16
<b>SEP</b>					
Unit Cost	Rs. 100000	Rs.100000	Rs.100000	Rs.100000	Rs.100000
Subsidy	50% or Rs. 25,000	50% or Rs. 25,000	50% or Rs.35,000	50% or Rs. 35,000	50% or Rs.35,000
<b>ISB</b>					
Unit Cost	Rs.1 to 7 lakhs	Rs.1 to 7 lakhs	Rs.1 to 7 lakhs	Rs.1 to 7 lakhs	Rs.1 to 7 lakhs
Subsidy	20% or Rs.1 lakh	20% or Rs. 1 lakh	33% or Rs. 1 lakh	33% or Rs. 2 lakhs	33% or Rs.2 lakhs
<b>Dairying</b>					
Unit Cost (2 Animals)	Rs.58500	(Not specified)*	(Not specified)*	Rs.70000 to Rs.100000	Rs.70000 to Rs.100000
Subsidy	Rs.25000			50% or Rs.50000	50% or Rs.50000

Note: \* Assumed to be same as previous year

Thirdly, the Corporation is responsible for recovery of loans when it has directly lent the money. The commercial bank, on the other hand, is responsible for its loan recovery. The District Manager of the Corporation is responsible for field supervision either directly or through the field officers. It is their responsibility to ensure that the scheme is in place, and in accordance of the plan approved by the Corporation. The follow up activities are as much an integral part of the scheme implementation as much as stages upto sanctioning it and facilitating the loan.

In its Annual Action Plans, the Corporation makes a reminder to all stakeholders how important it is to keep the financial standing of the Corporation at healthy levels. It is enunciated (see e.g., AAP, 2012-13: 12-13) that the beneficiary should make the best use of the loan given and subsidy offered. These two in turn will enable the person to make timely repayment of the loans. And to ensure timely repayment, the Corporation lists certain pre-requisites:

- Selection of **eligible** beneficiaries
- Speedy disbursement of loans and subsidy
- Creation of enduring assets and identification of profitable ventures



- Establishing links with Government / Semi-Government or private institutions for **creating a market** base of the products produced and services offered by the beneficiaries.
- Focus on recovery during harvest seasons
- Send reminders about the EMIs falling due

Keep alive the documents especially the promisory note and consideration notes submitted in support of loans from the Corporation.

These guidelines are indeed laudable as good indicators of good governance of support scheme. Some of them may have been formulated when the Corporation made the major lending directly. But they are equally valid and applicable even under the present dispensation involving commercial banks. But the question is: Are these being followed?

The subsequent chapters will address them the issues involved. For the present, however, we shall present two tables depicting the norms and departures in lending as observed among the sample beneficiaries.

However, as we analysed the amounts approved as Unit Costs, we found at least 15 to 20 cases of departures. At least, five of these involved approving Unit Costs in excess of what had been prescribed as Maximum for the corresponding years. Nine others pertained to approving Unit Costs for much less than what was prescribed as Minimum for the specified scheme. Table 4.3 presents the relevant data for the corresponding schemes.

By the very nature of schemes, one may expect Dairying to be more agrarian and rural in character. To that extent, dairying beneficiaries from the Scheduled Castes may be found to be subjected to rural circumstances in which their dependence on persons claiming superior economic and social dominance over them. Consequently, even a reasonably successful self employment venture may not fully free them from situations rendering them vulnerable, in a feudal or semi- feudal agrarian society. Most beneficiaries were not able to recall the exact amount of individual contribution they made towards a Unit cost, nor could they recall exactly the amount of loan with the bank and the loan from the Corporation towards the Seed Money of the Unit. Yet, we could identify at least about 60 to 70 per cent of them receiving one cow or buffalo to start with, and at the conclusion of six months and upon proper repayment of the EMI they would have become eligible for the loan for the second animal. Even if the EMI was a small amount, say as low as Rs. 300 or 600 a month, proper payment presupposes that the priorities for those who start on self employment have to be reordered, and the loans to be serviced. The time taken for reporting proper servicing at the Bank,

applying for the second part, approval by the District Manager and the other authorities will not be as quick as one may expect it to be on paper. Indeed, the one major complaint from the beneficiaries of Dairying was that having waited for a minimum of 3 to six month, run around to get a sanctioned scheme in place, etc., to start all over again at the end of six months of the first cow/buffalo rearing for a second animal was, for them a tall order. There was also another complaint that if the officials whether at the Bank or the Corporation intend to make a personal inspection of the dairying unit, it becomes even more difficult, for to get their time to visit is not always easy.

As one woman in Chamarajanagara's Yelandur town commented: 'Only because someone told me that if I make the payment of instalments on time, I would get my loan for the second animal. I had not saved enough. So, I borrowed Rs. 3500 at 2.5 per cent interest

Name of the Scheme		Year of Scheme Benefited					
	Unit Cost Approved	2011-12	2012-13	2013-14	2014-15	2015-16	Total
SEP	Up to Rs. 25000	31	4	2			37
	Rs. 25,001 to 50,000	66	57	27		4	154
	Rs. 50,001 to 75,000	8	13	7		2	30
	Rs. 75,001 to 100,000	20	26	13	7	8	74
	Rs. 100,001 to 200,000	2	1	1			4
	Total	127	101	50	7	14	299
ISB	Rs. 25,001 to 50,000	5	1			6	
	Rs. 50,001 to 75,000	1				1	
	Rs. 75,001 to 100,000	1				1	
	Rs. 100,001 to 200,000	6	4	3			13
	Rs. 200,001 to 300,000	0	3	1	2		6
	Rs. 300,001 or More	4	7	5	5	4	25
Total	17	14	10	7	4	52	
Dairy	Up to Rs. 25000	51	15				66
	Rs. 25,001 to 50,000	5	8	2	5	5	25
	Rs. 50,001 to 75,000		1				1
	Rs. 75,001 to 100,000		2		2		4
	Total	56	26	2	7	5	96
Total	Total Departures: Below Minimum	7		2			9
	Above Maximum	2	3				5

per month from a money-lending woman (at this stage she pointed out to another woman who too was present in the group! And a serious verbal duel started between the two!)`. We could gather the rest from a bystander, who said that the Bank having accepted the repayment informed her that she may not get the loan for the second animal because there is a loan

waiver a few months earlier. They were unsure if the second animal would be possible at this stage. The woman is said to have sold her cow and calf only in order to repay some of her loans, as also to free herself from other preoccupations so as to be available for wage labour when sought by employers in her village.’ Shifting our focus now on to SEP and ISB schemes, it may be argued that by nature they are for non-farming activities, and is more likely to urban in their base than the village or rural.

Also, levels of poverty induced vulnerability prior to the scheme implementation, especially for the ISB beneficiaries are likely to be different. This is because in the initial years of our study period they had to make a 20 per cent contribution towards Seed Money. This sum available as a loan too was comparatively higher than SEP. Keeping this in mind, let us take a look at the patterns of outcome across the schemes. Let us begin with the ventures in operation – indicating a basic success of the programme for them. It can be seen that Dairying has had a poor record in this respect. Highest in any year is 60 per cent of ventures in ‘Operation’ among dairying beneficiaries. In contrast, SEP and ISB have as high a ‘In operation’ record of 85 and 75 per cent respectively, incidentally during the latest scheme year of 2015-16.

## **Chapter V**

### **Objectives and Issues for Evaluation**

The purpose of the study is to evaluate the extent to which individual SC members have been empowered economically and socially by the three schemes implemented by the Corporation from the financial years 2011-12 to 2015-16. More specifically the objective is to assess,

- A. Awareness created to face competitive situations and make them self employed.
- B. Current status of individual beneficiaries and impact on their economic status.
- C. Identify bottlenecks experienced by beneficiaries in getting sanction or approval from the Corporation and Banking Institutions.
- D. Identify the constraints in implementation, and suggest measures for the improvement of the existing schemes.
- E. Collate suggested measures for improvement of functioning of the schemes.

While the above were the broad objectives of evaluation, this was to be achieved also by finding answers to certain specific questions. Some of them were specifically to dairying programme, while the rest were in common. They are listed below:

1. Have the Committees and District Managers of the Corporation been making proper selection of beneficiaries? In how many cases (percent terms) the selection was found to be faulty? Where, how and why? Are there any indications of the failures to be responsible for the failure (or otherwise) of the schemes?
2. Is selection procedure the adequate (to meet the broad objectives of the Schemes) or are any changes required to achieve the objectives of the schemes?
3. What Skill development trainings have been imparted under SEP/ISB and Dairy? Who imparts the training? Has the training been helpful? If yes, how and to what extent? Alternatively, what kinds of skill gaps exist in taking the maximum benefit of the schemes?
4. Can the EDP training programme be made part of the DPR? Should the commercial banks be given the responsibility of the training? If not, why not? Who is suited to offer this training?
5. Whether the beneficiaries have been Self Employed/ engaged in Industry Service and Business/ Dairying after availing of the benefits? If so, have they continued with the activity? If not, reasons to be furnished? These address the concerns of sustainability.
6. Is there any development in the business activity undertaken under these schemes? If so, are they getting better or expected profit from the business? If not, why not?
7. Has the monthly/annual income of the beneficiaries increased? If so, to what extent? Give details with few examples of increase/decrease in income.
8. Whether the beneficiaries are utilizing the loans for the purpose for which it was sanctioned? If not, what action is taken in case of mis-utilization?
9. What is the amount of loan (year wise) taken from banks by the beneficiaries selected for evaluation? Are banks demanding collateral security for sanctioning loans? Whether the loan has been repaid timely and completely? If not, what is the payment percentage and what are the reasons for cases of non-payment?
10. Has the socio-economic condition of the beneficiary families improved? (Evaluator to create indicators for measuring this on perceptions of members and then report on its bases). If not, give details?
11. Please document 2-3 outstanding examples of success under the schemes which is worthy of emulation and being flagged as case studies. Similarly, are there some examples of failure that result in learning for future?

12. Whether the repayment of loan is as prescribed in by the Corporation? If not, why? What is the action taken by the Corporation in case of default? Please elaborate.
13. Whether the beneficiaries are made aware of the repayment schedule of the loan received under the schemes? How is that made? Is it effective communication?
14. What is the amount of loan and interest which was waived by government after the loan waiver was announced? What has been the impact of loan waiver for beneficiaries? Is there reliable indication to suggest that this may result in unwarranted or unintended consequences like wilful default?
15. What are the constraints of financial flow from the Corporation to beneficiaries? How to further streamline the process?
16. Please document district wise as to which scheme is most prominent in the district and most profitable in the district? Is the most prominent scheme the most profitable one too?
17. Please identify and document the areas of capacity building requirement for each of the schemes of Corporation.
18. Should the schemes be continued? If no, why so? If yes, with what modifications/recommendations?
19. Specific Questions relating to Dairy Scheme
  - a. As per Government Order dated 31.12.2013, the milch animals are to be purchased from other States. Has it been followed? If no, from where purchases are made and why the deviation was done?
  - b. Are the milch animals purchased as per regional requirements or not? If not, has the milk yielding capacity gone down? Please elaborate.
  - c. Are there cases where the first milch animal is given and not the second? If yes, why the second not given?
  - d. Are there any instances of milch animals being purchased without covering them under insurance? If yes, how many such instances were found in the samples selected and what action is taken by the departments for this lapse?
  - e. How many death cases were reported by the beneficiaries? Have all the beneficiaries claimed the insurance amount and purchased another animal? If not, Why not?

f. Are all the beneficiaries are members of the milk societies? If yes, who helped him to get the member ship? If not, where do they supply milk and at what rate? Please elaborate.

## Chapter VI

### Evaluation Design

#### The Scope and Objectives of the Assignment

The scope of the study covers all the 224 Assembly Constituencies of 30 Districts of Karnataka state. The purpose of the study is to evaluate the extent to which individual SC members have been empowered economically and socially by the three schemes implemented by the Corporation from the financial years 2011-12 to 2015-16.

The three related schemes to be evaluated, as stated earlier, are

Self-Employment Programme [SEP],  
Industry Service and Business [ISB] and  
Dairy Scheme.

#### Impact Indicators for Evaluation

As per the Human Development Index, Literacy, Education, Health, Income, Savings, Individual/Household Assets are main indicators for measuring socio-economic development. These indicators reflect the standard of living of a person and his family members. Similarly, it reflects the development status of the state and the nation. ‘Before’ and ‘After’ situations describe the changes in living standards over time after establishment of ventures. In this context, indicators considered for the impact evaluation under three different schemes are as follows:

Economic Impact	Social Impact
Changes in occupation	Changes in Literacy/ Education of Self and family members
Increase in income	Increased awareness, exposure and confidence built up and Development of life skills
Scaling up/expansion of activity/business/industry	Changes in consumption of food, improvement of health and reduction in spending for health.
Increase in Assets	Changes in social status
Reduction of burden from taking loans	
Savings in Bank/ Bank balance	
Easy Access to Bank and low interest loans	
Decrease or avoidance of dependence on private moneylenders	

Analysis of the findings and their discussion follow these indicators, and the table accompanying each gives us a quantitative description of changes or their non-occurrence.

## **Chapter VII**

### **Evaluation Methodology and Sampling**

Given the set of objectives and evaluation questions, as also the scope of the study, it was decided to adopt a multi method design for evaluation. The study combined a sample survey among the beneficiaries, stratified in terms of the years of their becoming a beneficiary, the district from which they hail and in terms of the different scheme. In addition to formal survey, with the use of structured questionnaires, some with open questions and most others with specific options to choose as responses, among the sampled beneficiaries, a randomly chosen control group was also contacted. To assess the manner in which selection of beneficiaries take place for the different schemes, and process of implementation of the schemes, the District Managers of the Corporation in the sampled districts were interviewed, as also with a sample of the bank's Branch Managers were carried out. Since the process of selection of beneficiaries of the schemes is led by the MLAs in the Taluks, it was proposed to contact five MLAs for an in depth interview, but in the end we were able to contact only three MLAs, but we managed a very useful meeting with a former minister of Social Welfare department, Mr. Narayanaswamy. What could not be accomplished for this study was the planned interviews with the Bank Managers— especially field data collection coincided with the demonetisation and its aftermath. No banker, at any rank was available for interviews, although we did manage very useful telephone interviews with about six of them.

#### **Sampling Procedure**

Certain assumptions were made in order to pick a random sample of beneficiaries. First, that the population is fairly homogenous. Secondly, that they are generally poor, and that the specific ventures they started under each of the schemes did not make much difference. Since at that point of time, it was not possible to verify whether the purposes mentioned while applying for a loan was the same as what they undertook as a self-employment or business venture. Third, fresh beneficiaries and the successful beneficiaries from the older years of the schemes were likely to be traced (not moved out to other locations of residence than the address given at the time of applying for the benefit); that there shall be no hurdle to recall information sought from them.

Given these assumptions, it was decided to select one district per year from each of the revenue division in respect of each of the schemes (SEP, ISB and Dairying). As has been stated earlier, over the years the number of beneficiaries in these schemes has increased, but their representation in the different districts is not uniform. Therefore it was decided to select beneficiaries from Year 1 (2011-12) from such a district with highest number of beneficiaries in a given scheme, and Year 2 (2012-13) from a district with second highest number of beneficiaries. Likewise the Year 5 (2015-16) provided the sample from a district with the fifth highest in number of the corresponding scheme.

Further to ensure that there is sufficient representation of those beneficiaries with larger gestation period to demonstrate any change resulting from the schemes, it was decided to choose a scaling down sample for each successive year. In other words, the oldest year (in this case, 2011-12) would have a relatively larger proportion of sample respondents than the succeeding years. As per this principle, the beneficiary representations in the sample were 8, 7, 6, 5, and 4 per cent respectively for 2011-12, to 2015-16 in that order.

Following the principles of sampling described as above, a total of 447 beneficiaries were finally chosen, drawn from four revenue divisions and 25 districts. A control sample of 75 were chosen, to represent the counterfactual data, from among those engaged in similar self employment, dairying or ISB activities chosen in such a way that at least one from each of these was chosen from each of the sample districts.

Districts and the samples as finally chosen for each of the three schemes are presented in Table 7.1. A back-up sample of nearly 3 to 10 persons each from each district (preferably the same development block if available) was kept ready to be used as replacement in the event a chosen sample beneficiary was unavailable or not traceable. At least one case study each of a successful and a failed venture was prepared by engaging in an in depth interview with such persons. These case studies are made use of in the analysis and discussion that follows in the subsequent Chapters as required substantiating a point being made. Likewise, from each district, at least one focused group discussion was held involving a group of beneficiaries, other members of the community, shop keepers and when available, an official from the Corporation.

### **Data Collection**

A team of about 26 persons were engaged for actual data collection from the field, by visiting the beneficiaries whether at their residences or business premises. Prior to undertaking such a field visit to the beneficiary, our investigators first contacted the District



Managers and their field staff to gather requisite documents (case papers, applications, financial statements and release orders issued to the bank, etc.).

**Table 7.1 Sample Respondents Across Schemes and Districts**

Division	District	SEP		ISB		Dairying		Total
		No.	%	No.	%	No.	%	
Bengaluru	Bengaluru (R)			1	14.30	6	85.70	7
	Bengaluru (U)	45	86.50	7	13.50			52
	Kolar	4	21.10	4	21.10	11	57.90	19
	Ramanagara	5	100.00					5
	Shivamogga	27	96.40	1	3.60			28
	Tumakuru	15	62.50	5	20.80	4	16.70	24
Belagavi	Bagalkot	31	91.20	3	8.80			34
	Belagavi	27	79.40	3	8.80	4	11.80	34
	Dharawad	1	25.00			3	75.00	4
	Gadag	2	100.00					2
	Haveri			1	100.00			1
	Uttara Kannada	2	66.70	1	33.30			3
	Vijayapura			4	66.70	2	33.30	6
Mysuru	Chamarajanagara	9	22.00			32	78.00	41
	Chikkamagaluru	2	100.00					2
	Dakshina Kannada					2	100.00	2
	Hassan	30	88.20	4	11.80			34
	Mandya			2	100.00			2
	Mysuru	26	57.80	2	4.40	17	37.80	45
	Udupi			1	100.00			1
Kalaburagi	Ballari	14	77.80	3	16.70	1	5.60	18
	Bidar	1	100.00					1
	Kalaburagi	55	75.30	5	6.80	13	17.80	73
	Raichur			4	80.00	1	20.00	5
	Yadgiri	3	75.00	1	25.00			4

When available, phone numbers of the beneficiaries were obtained to make a prior appointment for interviews with them. The field level officials of the Corporation could not accompany the investigators owing to their own pressure of work. Neither did our investigators insist on their accompanying in order to ensure fair and free expression of opinions by the beneficiaries, and to prevent an impression being created that the evaluation study was actually a loan recovery drive.

### The Three Schemes: SEP, ISB and Dairying

It would be helpful to know a little about the three schemes which form the basis for evaluation as undertaken in this study. More particularly because assessing the process of

beneficiary selection is one of the objectives, it would be helpful to first familiarise with the procedures as designed by the implementing agency, the Corporation.

The three schemes are alike in their economic and social goals, namely to promote self employment among men and women belonging to the Scheduled Castes; to contribute to their income or to raise them and to economically empower them. Indeed one can take up dairying as an activity with the help of the Corporation as a SEP also. As an independent dairying scheme, the offer is usually for two animals, to be purchased in an interval of at least six months. The loan and subsidy for the second animal is made available after the Corporation and the lending bank are satisfied upon verification and finds that the first animal (and the calf) have been purchased and well looked after as also the loan is well serviced by paying the determined EMIs.

When given as a SEP benefit, any sum as may be granted by the Corporation will be provided for the purpose of purchasing a cow or a buffalo. In the earlier years, this sum was given directly to the beneficiary or to the person from whom animals were being bought. In the more recent years, especially since 2013-14, the money meant as cost of purchasing the animal is released through the commercial bank to the vendor. The commercial bank is entrusted with the responsibility of ensuring the cost, veracity of purchase etc, since it is also lending money.

When lent as a Dairying scheme, besides the two instalments with which animals could be bought there is now on paper a procedure prescribed. This is the constitution of a Purchase Committee consisting of the District Manager, the Veterinary officer, Bank's representative and so on, but in practice it is uncertain as to what extent the Committee really meets to process several purchase. There is also a further rule that insists the animals to be bought from outside the state, for which practice we did not come across even one instance in our sample of 96 Dairying beneficiaries.

SEP as a scheme is meant to promote, as the name suggests, self employment among unemployed Scheduled Caste men and women. In respect of employment status of the applicants there are at least two sets of confusions or contradictions. First, the requirement of whether an applicant should be an unemployed or that is not a prerequisite is not consistently pointed out in the guidelines as published in, say, the annual reports or Annual Action Plans of the Corporation. Even if this may be considered as an minor oversight, the second one poses a problem of exclusion. The District Manager has to certify the experience of each applicant in the field in which he or she plans to venture into. It is not clear how a person

could have had such an experience without actually been engaged in it, which then would render a person employed. In any case, the Corporation needs to take a clear stand on the matter and make sure there is consistency in this regard in all its documents and advertisements. For, nearly all the beneficiaries for whom we could access the application files – irrespective of the scheme, had listed one or the other as their occupation at the time of filing their applications. Women applicants had listed ‘housewife’ as their occupation if they did not pursue any other specific activity.

ISB as a scheme too is an extension of self employment programme, but the difference being that under this scheme one is eligible for a larger sum of loan. Initially the sum was anything over Rs. 50000 since the upper limit under SEP was upto that sum. Under ISB one is eligible to receive above Rs. 1,00,000 and up to Rs. 7,00,000. Another difference was that in the initial years, that is upto 2013-14, a person was given a loan of seed money of upto Rs. 1,00,000 lakh by the Corporation while the bank lent the rest after collecting a 5 per cent beneficiary contribution towards the unit cost. Since 2013-14, the beneficiary now receives a subsidy of the stated sum instead of it being a Margin Money loan. Further changes as may have been made in this respect, for all the three schemes are presented in Table 4.1 above.

A few important features that need to be borne in mind in respect of all the schemes and the two key institutions – the Corporation and Commercial Bank that lends the money, are also to be taken note of.

First, let us refer to the selection of beneficiaries. Each year, following the budgetary allocation, an annual plan is prepared proposing the financial and physical targets of each of the different programmes under which members of Scheduled Castes could avail of the benefits. These targets are defined all the way down to the ‘constituency’ level of each of the Taluks in the districts of state. Since the final say of who gets what and how much is dependent on the decision of the elected representative for the Assembly (MLA), the allocations are made in terms of Taluks, although in most cases they coincide with the jurisdictions of the MLA. Should the same Taluk be under two Constituencies, as for instance Anekal taluk falling under more than one constituency, an application is to be recommended by the MLA concerned.

An advertisement is released in the leading state level newspapers as also in the local district or taluk level newspapers in Kannada inviting applications for the different schemes. The advertisement also indicates the set of documents that applicants have to submit along

with their application. Besides those related to their identity, they have to produce a certificate issued by the Banks that they do not have any loans pending against their names or of other members of the household. Likewise, they have to swear an affidavit to aver that they are not beneficiaries of any scheme through the Corporation. Further, a statement has to be made that none in their household is an employee of a public sector undertaking or of the Government.

## Chapter VIII

### Data Collection and Analysis

As explained in the foregoing chapter data was collected from a sample of 18 districts for SEP scheme, 18 districts for ISB and 12 districts for Dairying schemes. Needless to point out that some districts figured in our study only for one or two schemes, while a few others for each of the schemes. Such an overlap or not overlapping was not by design, but by the manner in which schemes were implemented during different years for which evaluation was undertaken.

Table 8.1 A Sample of Analytical Variables Identified

<b>New Combined Schedule Number</b>	Loan Component
<b>Name of the Scheme</b>	Per Cent of Subsidy
<b>Name of the SEP/ISB Venture</b>	Sanctioned Unit Cost
<b>Ventures Sanctioned (Regrouped)</b>	Seed Money
<b>Venture Started (Regrouped)</b>	Subsidy Component
<b>Year of Scheme Benefited</b>	Ability to Guide Others
<b>Current Status of Venture</b>	Guidance Because of Experience
<b>Venture Outcome [Regrouped]</b>	Cause of Inability to Guide
<b>Diff between Grant and Started Regrouped</b>	Bank Account Prior to Scheme
<b>Any Issue with the Bank (for Loan or Subsidy)</b>	Bank and Loan Account
<b>Rural or Urban</b>	Main Occupation Before Scheme
<b>Name of the District</b>	Income Before Scheme
<b>Revenue Division</b>	Main Occupation [Current]
<b>Name of the Beneficiary</b>	Scheme and Current Occupation
<b>Gender of the Beneficiary</b>	Income After Scheme
<b>Age of Beneficiary</b>	Upscaling and Expansion
<b>Education</b>	Investment for Upscaling
<b>Current Annual Income of the Family</b>	How Upscaled or Expanded
<b>Agricultural Land Owned</b>	Reason for Stopping Venture
<b>Where is Shop Premesis Run from</b>	Constraints for Venture Running
<b>Rent for the Shop/Establishment</b>	Dependence on Others in Dealing with Banks/ Offices
<b>Distance to Shop/Establishment</b>	Dependence on Others in Dealing with Moneylenders
<b>How Commute to Shop</b>	

A key analytical variable for the study was whether or not the Units were ‘In Operation,’ ‘Closed’ or had ‘Not Started’ at all. A widely ranging set of other variables, either or as dependent or independent variables, were identified either directly from the responses received or by through inferences from a set of related responses. A sample of different variables we chose, most of which has gone into our data analysis is presented in Table 8.1.

As pointed out earlier, the data were analysed using SPSS (Version 10), by generating simple cross tables. The analysis and discussion of our findings are presented in Chapter 9 that follows.

## **Chapter IX**

### **Findings and Discussions**

Analysis of data as carried out, and as indicated in the previous chapter, gives us a very interesting set of findings that address the evaluation objectives and questions. For the purposes of discussions that follow, where required we have attempted the discussion separately for the three schemes, and where useful, it has been attempted together. The pattern of findings, by and large, is the same for the three schemes. Only when required or when the findings are likely to be giving an different impression if they are all grouped together, we have attempted to separate the three schemes. As a prelude to the discussion and our conclusions that follow in the following chapter, it is appropriate that we mention here – at the risk of repetition – that our analytical interpretation would have been much more insightful had the secondary sources of data been made available completely and on time.

The findings and their discussion for the purpose of a fruitful policy formulation follows, but they are organised into a few main sub-sections. First, it is to present a profile of the sample respondents, for it is necessary to bear in mind the social and economic details of the persons who have been the beneficiaries and whose actions become the subject of this evaluation. This is followed by a section on Schemes Implementation and their Outcome. Third we have a section on Factors Associated with Scheme’s Outcomes: Success or Otherwise. Several case studies as stand alone material, and referred to in the course of our discussions are appended as Appendices. A few more are drawn upon and the information is spread across as we have developed the presentation of our discussion. Thus the case of a

banker or that of a former MLA runs through the text at different points, while a few case studies come out as standalone entries.

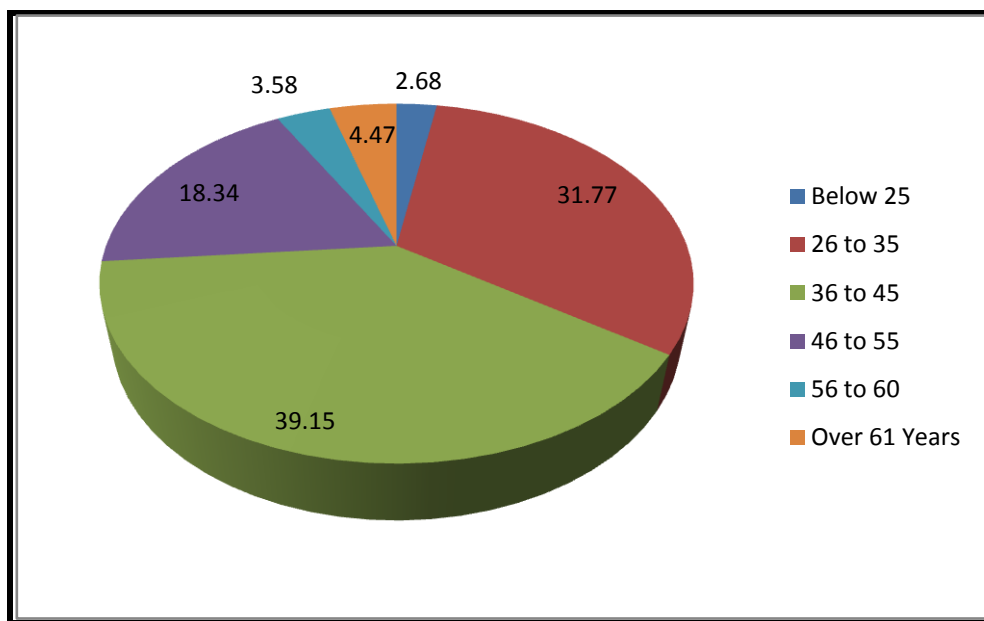
What follows is a presentation of the evaluation’s findings and their discussions.

**Profile of the Sample Beneficiaries**

As may be gleaned from the set of objectives and evaluation questions, the findings of the study has much to be analysed keeping in mind the social and economic background of the beneficiaries. For, it is not unlikely that much of the outcome is dependent also upon the background they possess such as their age, gender identity, education and prior occupational background.

**Age:** We shall begin our description of beneficiaries profile by referring to their age. Data gathered on age has been grouped into six categories, as may be seen in the pie diagram of Figure 9.1. Had it been a line graph, it could have been seen the distribution peaks at the age group of 36 to 45 and then falling as the age increases.

**Figure 9.1 Distribution of Sample Beneficiaries in terms of Age**



In terms of age, there were 12 persons who were below 25 years at the time of interviews. If one considers only the eleven districts that have more than 15 persons as beneficiaries as sample, we find Ballari (61.11 per cent out of 18 persons) followed by Hassan (41.18 per cent out of 34 persons), Shivamogga (39.28 per cent out of 24 persons), Tumakuru (33.33 per cent out of 24 persons), Belagavi (32.65 per cent out of 34 persons) are with a larger share of youthful beneficiaries between 26 and 35 years of age. Kolar, Kalaburagi, Bengaluru (U) and Mysuru follow it.

The next group of age of the beneficiaries as we have classified them is 36 to 45 years. This age set is led by Kolar (47.37 per cent out of 45 persons), Mysuru, Tumakuru, Hassan and Bengaluru (U) with over 40 per cent each.

Our concern with age of beneficiaries is with at least three reasons. First, the enthusiasm and energy with which a self employment opportunity or business activity is pursued is believed generally said to be higher with the more youthful population. In that respect our sample of beneficiaries who are in the age group of 36 to 45 years are the largest with about 39 per cent. They thus bring relatively younger age, much experience and the ability to take independent decisions even within the households in most patriarchal settings.

The next largest age group, that of 46 to 55 years account for nearly 32 per cent of our sample. Even though this group is not too old, data reveals that over 37 per cent of the 82 persons in this age group are actually over 50 years of age. Furthermore, 15 of them are of 55 years or more. In any event, the question remains: is it that appropriate to support economic ventures for persons who are relatively more advanced in age? Would that yield the desired result of successful self employment ventures, and transform their livelihoods? We shall return to answering these questions in sections that follow.

The second purpose with which we looked at age of beneficiaries is in view of the requisite formalities to be eligible for availing of the benefits of the schemes. According to the set of regulations governing this feature, it is stated that only persons in the age group of 18 and 60 years are eligible. Going by the responses given by the beneficiaries pertaining to their age at the time of interviewing them, clearly 20 beneficiaries were ineligible: Two of them had obtained their benefit in the year 2011-12, that is at least five years prior to the time of our interviews. They had reported to be 21 and 23 years of age, which in turn would imply that they were much below the prescribed age of 18 when they were awarded the scheme. Likewise, 18 others had availed of the benefit when they may have already crossed 60 years of age – if not more, when in 2015-16 they were selected to be beneficiaries of the scheme. Table 9.1 presents the data in terms of the districts in which such ‘under’ or ‘over’-aged beneficiaries were encountered.

Having shown such a concern, it is also fair to point out that there is a tendency for persons, especially older ones to round off their age as they speak, or to be exaggerating it upwardly. Yet, it is our view that such a rounding-off or exaggerating is towards a figure

such as 60 or 65, and not 62 or 68. What is worrisome is that four persons were over 65 years of age, and one among them claimed to be 71 years old.

Districts	Under 18	60 to 62	63 to 65	66 to 70	70 or more	Total	% (Column)
Kalaburagi		2			1	3	15
Bengaluru (U)			1			1	5
Bagalkot			3	1		4	20
Chamarajanagara			6			6	30
Bengaluru (R)			1			1	5
Gadag			1			1	5
Mysuru				2		2	10
Tumakuru	1					1	5
Chikkamagaluru	1					1	5
Total	2	2	12	3	1		20
% (Row)	10	10	60	15	5		

The third purpose with which we were concerned with age is about a tendency observed from the data. Many respondents had clearly indicated that ‘it was a son or a husband who had made the elder person to apply’ for the actual person may have been ineligible for the loan for a variety of reasons. One such reason is that the person may have been working in a public sector undertaking or be an employee of a Government department. We found quite a few of the beneficiaries in our sample who had members in the households working as a Hostel cook, hospital assistant, an attender or peon in a government’s department, a school or college teacher. In one case, the husband of a ‘beneficiary’ was an employee of a commercial bank. Such ineligible persons usually resort making use of their awareness and social contacts to be successful in becoming beneficiary of one or the other scheme. As we shall see in the subsequent sections quite a few of them had reported the ‘self-employment’ scheme to be a venture in addition to their regular occupation.

Before moving on to describe other features of profile of beneficiaries, it is appropriate here to conclude by pointing out that this study is not biased against the aged or the older beneficiaries. Indeed, as it will be seen later in our analysis, it is the older beneficiaries who have fared better than the younger ones.



### **Gender Identity**

While drawing our sample, it was intended that there shall be at least a third who shall be made up by women beneficiaries. As it turned out, the random picking of beneficiaries from the frame gave us an impressively large share of women as sample respondents, at 45.6 per cent as against a slightly higher share of men at 54 per cent. However, if we look at the specific schemes under which men and women are beneficiaries, we find that SEP is by and large equally shared between the two. ISB on the other hand has very little representation of women: a mere 15.4 per cent as opposed to an overwhelming predominance of men with 85 per cent. Not only is there a gender bias in this case, but it is coincided with larger amounts involved as lending and subsidy, besides beneficiaries having to contribute a substantial amount as ‘beneficiary contribution’ or margin money. Dairying, in contrast to both ISB and SEP, demonstrates an expected pattern of predominance of women beneficiaries. In fact, one should take a look at the fact that men in this case have a representation of almost a third of the total, giving one an impression that what was traditionally considered women’s activity is being taken up by men. But other insights such as whether men seek scheme benefits in the name of women as pointed out earlier, or men appropriating a scheme provision only to soon close it or never start a dairying venture are issues which we shall discuss in the subsequent chapters of analysis and discussions. District-wise distribution of men and women in the sample and in terms of the three different schemes are presented in Table 9.2

**Table 9.2 Schemes, Districts and Gender Identity of Beneficiaries**

District	SEP			ISB			Dairying			Total		
	Gender		Total	Gender		Total	Gender		Total	Gender		Total
	Male	Female		Male	Female		Male	Female		Male	Female	
<b>Bagalkot</b>	70.97	29.03	31	100		3				73.53	26.47	34
<b>Belagavi</b>	48.15	51.85	27	100		3	50	50	4	52.94	47.06	34
<b>Ballari</b>	57.14	42.86	14	66.67	33.33	3		100	1	55.56	44.44	18
<b>Bengaluru (R)</b>	24.44	75.56	45	100		1	16.67	83.33	6	28.57	71.43	7
<b>Bengaluru (U)</b>				71.43	28.57	7				30.77	69.23	52
<b>Bidar</b>		100	1								100	1
<b>Chamarajanagara</b>	77.78	22.22	9				28.13	71.88	32	39.02	60.98	41
<b>Chikkamagaluru</b>	100		2							100		2
<b>Dakshina Kannada</b>							50	50	2	50	50	2
<b>Dharawad</b>		100	1				33.33	66.67	3	25	75	4
<b>Gadag</b>	100		2							100		2
<b>Hassan</b>	53.33	46.67	30	100		4				58.82	41.18	34
<b>Haveri</b>				100		1				100		1
<b>Kalaburagi</b>	65.45	34.55	55	80	20	5	46.15	53.85	13	63.01	36.99	73

**Table 9.2 Schemes, Districts and Gender Identity of Beneficiaries (Contd...)**

District	SEP			ISB			Dairying			Total		
	Gender		Total [N]	Gender		Total [N]	Gender		Total [N]	Gender		Total [N]
	Male	Female		Male	Female		Male	Female		Male	Female	
<b>Kolar</b>	50	50	4	75	25	4	18.18	81.82	11	36.84	63.16	19
<b>Mandya</b>				100		2				100		2
<b>Mysuru</b>	65.38	34.62	26	50	50	2	35.29	64.71	17	53.33	46.67	45
<b>Raichur</b>				100		4	100		1	100		5
<b>Ramanagara</b>	40	60	5							40	60	5
<b>Shivamogga</b>	74.07	25.93	27	100		1				75	25	28
<b>Tumakuru</b>	53.33	46.67	15	80	20	5	50	50	4	58.33	41.67	24
<b>Udupi</b>				100		1				100		1
<b>Uttara Kannada</b>		100	2	100		1				33.33	66.67	3
<b>Vijayapura</b>				75	25	4		100	2	50	50	6
<b>Yadgiri</b>	66.67	33.33	3	100		1				75	25	4
<b>Total</b>	56.19	43.81	299	84.62	15.38	52	32.29	67.71	96	54.36	45.64	447
	168	131		44	8		31	65		243	204	

## Education

There is little surprise when looking at the educational background of the sample beneficiaries (Table 9.3). Slightly over half of the beneficiaries are educated upto or less than SSLC, the 10 years of formal schooling. A half of this sub-sample have only education till 7<sup>th</sup> standard or less. Almost a quarter of the beneficiaries reported not to have had any education, many of whom were less than 40 or 45 years in age. Although they did not explicitly say this, there seemed to be a tendency for them to claim no education in comparison to what one would like to say as respectably ‘educated’ in a formal sense – which probably could be high school or collegiate education. Many of them were literates and could even sign their names as they did on the questionnaire schedules. We found quite a few and noticeable number of cases (at least about 25) who to us reported to have had as good an education as a Degree or Pre-University level, but while filling up the form for benefits that were submitted to the Corporation, no educational qualification had been mentioned or specifically mentioned as ‘No’. Perhaps it was their impression or the persons helping them file the application had advised that their chance of succeeding in their application was higher if they claimed to not be educated.

Little surprise also if one was to look at the educational level of beneficiaries and the scheme under which they had been in our sample. As women and less educated, there was a predominance of women in the dairying scheme. Indeed dairying as an activity had attracted hardly any with better education than that of Pre-University level. More or less, likewise was the case in respect of SEP too: A majority had claimed to be SSLC or less in their educational levels (56.5 per cent), while only 20 per cent had stated their education to be of PUC or higher.

Education	Name of the Scheme			Total	
	SEP	ISB	Dairy	No.	%
No Schooling	23.41		38.54	107	23.94
Class 7 and Below	27.42	11.54	30.21	117	26.17
SSLC or Below	29.10	42.31	19.79	128	28.64
PUC / ITI	8.36	3.08	6.25	43	9.62
Diploma	0.67			2	0.45
Degree(BA,BSc,BCom, etc)	10.37	17.31	4.17	44	9.84
BE, LLB Etc	0.67	1.92		3	0.67
Post Graduate etc.		3.85	1.04	3	0.67
Total	299	52	96	447	100

Note: Per cent figures in the table are of Column totals.

### **Ventures by three Schemes**

Among the different ventures within SEP Scheme, the largest number was retail / provision stores (62 beneficiaries; 20.7 per cent), followed by animal husbandry (32 beneficiaries; 10.7 per cent). Ventures such as vegetables or fruit vending, saree or garments, tailoring, rope making or footwear shop accounted for 30 per cent of beneficiaries, or 91 persons under SEP scheme. With 52 beneficiaries under ISB scheme, 11 persons (21.15 per cent) accounted for taxi operations; followed by 11.5 per cent for Saree or Garments. Five persons (9.61 per cent) had made use of the scheme for the purpose of computers related occupations.

Among the key features (age, gender, education) of the profile of respondents let us now examine how each of these attributes is related to the specific venture whether as SEP, ISB or Dairying. Let us begin with Dairying.

Dairying is an activity that has been supported by the Corporation at least under two stands. First is through its own programme by facilitating a loan through the commercial banks while also supplementing the venture through a subsidy of their own. This may have been done as part of SEP programme depending upon the Unit cost as approved. The second is as a Direct lending through the National Schedule Caste Development Corporation (NSCDC) where it advances (through the State Corporation) a term loan to the applicants against a seed money which is lent by the State Corporations. The seed money component is usually about 25 to 50 per cent of Unit cost, while NSCDC advances 45 per cent, and the remaining 5 per cent is to be the beneficiary contribution. However since 2013-14, the Direct lending by NSCDC has been stopped, while the state Corporation makes the contribution of subsidy and the balance is met with as a loan through the Commercial banks.

As may be anticipated, a majority of the beneficiaries of Dairying scheme consists of women (69.3 per cent). In terms of age, about 63 per cent are less than 45 years of age. About 17 per cent of the beneficiaries are above the age group of 56 years. As an economic activity, dairying seems to be more popular among the less educated: about 38 per cent have no education while another 30 per cent are with less than 7<sup>th</sup> years of education. Whether women or men, with better education they seem to opt for other means of self employment than dairying. Given the agrarian nature of this occupation, what is true for agriculture in general seem to applicable also for dairying (see Karanth and Ramaswamy 2005).

A closely related SEP or ISB venture is animal husbandry. Grouped under this are sheep and goat rearing activity, besides three instances of retail outlet of Cattle Feed. There have been 32 beneficiaries under this category all of whom have lower levels of education: 27 per cent reported to be with no education, while 25 per cent with less than 7<sup>th</sup> Standard. Only about 10 per cent have any education that is at the PUC or higher levels. As in dairying, here too there is a predominance of women beneficiaries (57 per cent), and a large share of them is in the age group of less than 45 years (65 per cent).

### **Schemes Implementation and their Outcome**

Starting with this Section, through the subsequent ones, we aim at presenting the findings of the evaluation study. The first section of the current chapter deals with a few preliminary findings, in the light of which the subsequent analysis can proceed.

Our answering several of the Evaluation questions listed (see Chapter 5) made it mandatory for an analysis of the application forms submitted by the beneficiaries and of the proceedings of the Beneficiaries Selection Committee. Accessing these was not an easy task, and in the end not completely successful. Application forms of the previous years were most difficult to access because of several reasons.

First, the district offices in almost all the districts are in rented premises and inadequately roomed. In fact, some of them are short spaced that there was hardly any room for storing the office files. Secondly, there had been a major loan waiver during the month of May 2013, and most loan files therefore was perceived to be ‘closed.’ Consequently they all had been wrapped up and kept aside in such a manner that there was no way of reaching them when needed whether for our study or for any other official purpose (Figure 9.2). Secondly, most district offices are run with what many officials described as ‘skeleton staff.’ As such they could not assign the task of tracing the applications required for the study to any of the available staff members who were in any case over burdened with their routine work. Thirdly, there seemed also some hesitation in searching for the files for there was a tendency for them to be incomplete in many respects. This last observation is being made by having looked at such applications that were made available to us. There was no regular pattern with which each of these applications that was made available: some had the detailed project proposal outlining the costs of various elements of a unit, the anticipated business and expected profit, relevant certificates etc.



Figure 9.2 Records without Room: From one of the Districts

Also not traceable were the proceedings of the Selection Committee headed by the MLA. Almost all the District Managers whom we interviewed pointed out, but with a lot of reservations about being open about their views and with a request for anonymity, the Committees hardly ever met to finalise the list. Instead, it was always the MLA who would pick the names and make a list to be passed on to the concerned official from the Corporation. A few officials pointed out that they had also to contend with multiple lists received and at times letters of recommendations sent through the applicants themselves. The other woe repeatedly heard during our interviews with the field officers as also the District Managers was one having to deal with approvals in excess of the targets given for their constituencies: ‘see if you can accommodate somehow,’ is what is advised if limitations are brought to their notice, one District Manager pointed out.

It is usually the field officers who are given the responsibility of procuring the approved list from the MLA. The field officers have a long list of their hardships faced. They have to make repeated visits to the MLA, that too when he or she is in the Constituency’s office locally, and there is no certainty that they could get undisturbed attention towards the task at hand, of getting the approval. As it turns out eventually, it is the close aides of the MLA who call the shots, who may thus push their own favourites in the final list. One official remarked that ‘if only the MLA can spare some time to look at the list and examine the background of the applicants, there is hardly any room for any corrupt practice or opportunity for middlemen to make a quick buck.’ If the MLA is a minister, the hardship is

even more severe, for no ordinary official can hope to have a direct and easy access to him or her.

Would the officials have preferred a limited role for the MLA or elected members? The quick answer, again under an oath of confidentiality, an official in one of the districts pointed out that the procedures have been evolved to ensure an active role for the MLA. ‘Even the MP or MLC who is also a member hardly has a say in the matter, nor does he concern himself with these matters... Not unless the applicant is someone very close (to the MP or MLC) and if (he) is on good terms with the MLA.’

This long account was given only to point out why it was difficult to lay our hands on the applications and other documents. In all we were able to procure copies of Documents of 114 (i.e., 25.50 per cent) of sample beneficiaries (Table 9.4). As observed above, not that all these applications were complete in every respect. Having made these observations a margin of error also has to be admitted: it is possible that the applications were complete or near complete in every respect and that at the time of making them available only portions of them were available.

The first conclusion of the evaluation is that although the Corporation has laid out clear and elaborate rules and procedures for the selection of beneficiaries for the three schemes, it seems as though none of it is being followed as systematically. The selection finally takes place based on the choice of the MLA, and rarely with the involvement of any other designated members of the Committee.

Year of Scheme	Availability of Application		Total
	Yes	No	
2011-12	16	84	200
2012-13	36.88	63.12	141
2013-14	32.26	67.74	62
2014-15	28.57	71.43	21
2015-16	17.39	82.61	23
Total	25.5	74.5	447
	114	333	

As an evaluation report, therefore, it is obligatory that certain observations are made in respect of the above sets of information. First, there is a need to take a fresh look at record maintenance both for the purposes of monitoring the progress of schemes implemented as also for enabling the commercial banks with loans recovery processes. Staff in the



commercial banks on their part point out that the Corporation shows least interest once a cheque for subsidy is released. There seems to be hardly any concern about following up either on the success of the schemes with the beneficiaries or repayment of loans. ‘As far as we are concerned, we are stuck with the NPAs!’ quipped a branch Manager of a commercial bank. She went on to add,

‘Although this happened in a different branch where I was the Manager, such NPAs showed very poorly on my performance chart. I could not get my promotion to higher scale of Manager’s rank, also because of my (loan) Advances record.’

On their part, officials at the District level can hardly be expected to maintain a proper follow up schedule without the documents. Secondly, given the progress being made in e-governance, it is not altogether impossible to convert much of the documentation process to digital form such that valuable data is not lost and follow up becomes easy. Finally it should also be pointed out that availability or unavailability of the application forms and other documents had nothing to do with whether or not the beneficiaries were of older scheme years.

Let us return to the theme of applications. In respect of 11 districts we drew a blank as regards accessing application forms and other documents (Table 9.5). At least two of them were newly carved but certainly before 2011, but yet it was not possible to trace the applications.

Lest an impression is given that much is being made out of applications and other documents being available or not in an evaluation, it should be clarified that the set of evaluation objectives and questions require having to study these documents. In their absence, we have had to depend mainly on those beneficiaries for whom the documents were available and on the responses given by the beneficiaries themselves. Factual information specially involving numerical values or dates generally tend to get blurred because of the recall lapses in all interviews or questionnaires. To that extent some of the information furnished in this study especially about dates, monies, and numbers need to be taken with that admission.

One could reasonably come to terms with papers being lost as the years pass by after implementation of a scheme. If this hypothesis was acceptable one would expect to find papers, nearly all of them, for a more recent year of the scheme implementation. As may be seen even the recent scheme years are no exception when it comes papers not being traced.

<b>Table 9.5 Districts and Availability of Applications</b>			
Districts	Applications Availability		Total
	Yes	No	
Bagalkot	14.71	85.29	34
Belagavi	41.18	58.82	34
Ballari	5.56	94.44	18
Bengaluru (R)	71.43	28.57	7
Bengaluru (U)	26.92	73.08	52
Bidar		100	1
Chamarajanagara		100	41
Chikkamagaluru		100	2
Dakshina Kannada	100		2
Dharawad		100	4
Gadag		100	2
Hassan	29.41	70.59	34
Haveri		100	1
Kalaburagi	17.81	82.19	73
Kolar	10.53	89.47	19
Mandya		100	2
Mysuru	6.67	93.33	45
Raichur	20	80	5
Ramanagara	20	80	5
Shivamogga	89.29	10.71	28
Tumakuru	75	25	24
Udupi		100	1
Uttara Kannada		100	3
Vijayapura		100	6
Yadgiri		100	4
Total	25.5	74.5	447
(No.)	114	333	

In respect of the second comment above, we must hasten to highlight a portion of an interview with the Managing Director of the Corporation on March 23, 2017. Having already heard from us about the poor document maintenance at the Districts level, steps had been initiated to speedily enter the data in prescribed format onto the Computers such that information about the ongoing projects – not merely for the ones we were evaluating, but also

the rest of them are available on demand or at the click of a mouse. But, the biggest challenge, as he pointed out, was meeting the limitations of inadequate staff at all levels.

### **Schemes Outcome in General**

The purposes of the three schemes, as in all the others by Dr. B R Ambedkar Development Corporation, have been to economically empower unemployed men and women of the Scheduled Caste communities. Once the loans are finalised and issued to them, they are expected to start the venture for which they have been chosen as beneficiaries. In a most basic manner, the indicators of a successful outcome of such scheme implementation would be that even after a couple of years, the beneficiary is running the venture with reasonable profits. With a view to understanding the appropriateness of beneficiary selection, let us first take stock of what the beneficiaries were doing prior to becoming a beneficiary. If these schemes are indeed meant for unemployed persons, ideally they ought to be reporting themselves to be unemployed. What did we find among the sample beneficiaries in this regard?

Just seven persons had reported to be unemployed prior to receiving any benefit from the Corporation. This information need not lead one to arrive at a conclusion that there has been a distortion of the rules in granting the schemes to the rest. Many more were engaged in different occupations, but not necessarily as self employed and earning members. For instance, 64 (14.32 per cent) women beneficiaries in the sample had reported to be 'housewives.' Similarly, 121 persons (27.07 per cent) had reported to be 'Labourers' whether in agriculture or in any of the sectors in urban economy.

As has been almost a cultural trait of upbringing and entry into adult-hood in Indian society, most children and young persons remain under the umbrage of parents until they find something on their own as a vocation or employment. Some occupations, such as agriculture, or hereditary occupations of the parents tend to be providing economic shelter also to such children. As such the sense of 'unemployment' even among reasonably well educated persons is slow to wear on them on account of such familial social security to persons.

Given this, the 45 persons (10.07 per cent of beneficiaries), who accounted for agriculture as their occupation at the time of applying for the different schemes, too could be considered as rightly eligible for self employment. In this sense, the precondition of applicants to be 'unemployed' needs to be understood differently.

What is, however, difficult to concede as acceptable is when applicants seek support for 'self employment' schemes when they are actually engaged in the same occupation

already. Thus, for instance, there are almost 58 per cent were already engaged in one or the other occupation, and they have gone ahead and sought loans and subsidy to 'start' these ventures. To the extent they make additional investment to improve or expand their already existing business activities, the Corporation's support could be justified. But, as we shall show in the following sections, this is not always the case. Instead, it seems as though to seek financial support for a venture that is already in existence, or take the subsidy (and not be so much concerned with repayment) without having to work for it.

The different ventures that the beneficiaries procured loans and subsidies numbered over 60, while the prior occupations in which they were engaged was 42 (some of which were regrouped based on similarities in service or products, or the nature of operations.) For the purpose of tabular presentation and simplicity, these 42 occupations were regrouped into 25 occupations, while bringing the rest under a residual category as 'Miscellaneous.' Any such occupation that had a frequency of less than five was all brought under this category. They consisted of Wood work / Carpentry, Music / Sound System / Cable /TV Repair / Electrical Works or Stores, School / College Teacher, Computer Centre / Cyber Cafe / DTP, Canteen/ Bakery/ Catering/ Soft Drinks, Steel Ware / Hardware Shop / Recycling scrap, Lawyer, Coconut/Cashew business, Agarbathi / Candle Making, Photographer, Student, Pig Rearing and Selling, Toy Making, Flower Vending / Decoration, Stationery shop, Workshop, and Chair Wiring and Repairs.

Four beneficiaries engaged in any of these had sought and succeeded in getting the benefit of ISB Scheme, while one college teacher had succeeded in securing support for starting a dairy scheme. The remaining 29 with miscellaneous occupations had benefited from SEP Schemes. Though hidden in the larger statistics, it is worthwhile to highlight some instances which would appear to have violated the norms of selection: one woman reporting to be a housewife had been the wife of a police official. A few others were the wife of a Grama Panchayat member, a school teacher, employees of a commercial bank, Panchayat, etc. In one instance of agriculture as occupation, two brothers had been beneficiaries of ISB to start a flour mill and a taxi service from the same household. As per the norms, one of them would have been ineligible because of the other having been a beneficiary. Five persons had described themselves as engaged in Politics or Social Work.

Distribution of earlier occupations among the beneficiaries of the three schemes are presented in Table 9.6, which data reads per cent earlier occupations in respect of each scheme (SEP, ISB or Dairying). The purpose of such a distribution is merely to comment on

what kinds of prior occupations among beneficiaries opt for SEP or ISB, or Dairying, although in actuality the choice is more a decision of the Corporation and/or the MLA. This observation deserves a little further clarification.

Reflecting well upon the manner of beneficiary selection, the list of prior occupations leads with ‘Labourer’. To the extent they were indeed casual wage labourers, their selection as beneficiaries of one or the other scheme speaks well of the process. However, it cannot be refrained from noting that quite a few such claims were not really convincing enough as we learnt from subsequent FGDs in some locations. For instance, in a discussion with a group of beneficiaries as also those who had tried and failed to be beneficiaries, some men and women were quite vocal about what they claimed to faulty selection: ‘A woman money lender in our area, who runs an ‘interest meter’ claimed she is a wage labourer and got a buffalo loan! Neither did she work as a labourer nor does any buffalo come to her house!’<sup>5</sup> Thus the second largest group of women who described themselves as ‘housewives’ consisted among them some who were most eligible and deserving but also quite a few who certainly did not deserve the benefit. Let us present two cases in contrast, one of a woman who made a good use of the scheme as a self employment deserving housewife, and the other equally well deserved but the changing market conditions did not let her succeed.

Besides those beneficiaries who were engaged as Labourers or as housewives prior to their receiving the benefits of one of the three schemes under evaluation, there were others that too were numerically significant. Among the SEP beneficiaries, it was retail shop owners or provision stores owners (5.02 per cent; or 16 persons.). Including the retail shop owners there are many other occupations in which the beneficiaries were engaged in prior to their getting the benefit of the scheme – such as construction related work, photography, or as an electrician, plumber or carpenter. To the extent such persons were working without adequate technology and capital to be entirely on their own the SEP or ISB was one of the best things that happened to them as one of the case studies above demonstrated. Their engagement in the same field of activity prior to the scheme thus, served, as a practical training in the venture they aimed to start with the scheme benefits, a training programme which could not be systematically given to the new entrepreneurs. But not all fulfilled this description. Instead, quite a few of the beneficiaries made use of the scheme to, on paper

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<sup>5</sup> ‘Interest meter’ or ‘Meter Interest’ is an expression to money lending on a compounded interest rate and is considered to be most exploitative. Often persons engaged in this form lending are accused of being part of a violent crowd (the Finance Mafia), and the rumours are that there is a strong bond between real estate, money lending and local politics.

start a venture in which they were engaged already, or make use of the money to meet other purposes in the name of the ongoing business activity.

Occupations Prior to Schemes	SEP	ISB	Dairy	Total	(No)
Labour	26.76	15.38	34.38	27.07	121
Housewife	14.72	7.69	16.67	14.32	64
Agriculture	5.02	13.46	23.96	10.07	45
Retailer	5.35	5.77		4.25	19
Salesperson / Assistant	4.68	5.77	2.08	4.25	19
Auto driver	4.35	3.85		3.36	15
Footwear Making / Shop	3.34		1.04	2.46	11
Construction Related	1.34	3.85	4.17	2.24	10
Vegetable/ Fruit Shop	2.68	1.92		2.01	9
Electrician/ Plumber/ Carpenter/ Mechanic	2.68	1.92		2.01	9
Tailoring	2.34	1.92		1.79	8
Agriculture and Dairying			8.33	1.79	8
Unemployed	1.67	3.85		1.57	7
Photographer	2.01	1.92		1.57	7
Car Driver	0.33	11.54		1.57	7
Saree Business	1	3.85	1.04	1.34	6
Politics	1.67	1.92		1.34	6
Rope / Basket / Broom Making	2.01			1.34	6
Dairying / Animal Husbandry	2.01			1.34	6
Fish / Chiken/ Meat Business	1.67			1.12	5
Cement or Granite Shop / Brick Making	1	3.85		1.12	5
Xerox shop/ Printing Press	1.34	1.92		1.12	5
Politics / Social Work	1	1.92	1.04	1.12	5
Dairying and Labourer			5.21	1.12	5
Agriculture and Labourers	1.34		1.04	1.12	5
Miscellaneous	9.7	7.69	1.04	7.61	34
Total	299	52	96	447	

To analyse this set of findings from the study, especially whether or not the self employment ventures helped labourers and other skilled wage workers to start on their something on their own, or any negative outcomes, we should first turn to examine the schemes at work and their outcomes. Having introduced these outcomes, let us return to the theme of whether these ventures were any different from the occupations that the beneficiaries were engaged in or different, and if they had any bearing upon the success or failure of the schemes.

### Schemes at Work or Otherwise

As we began our interviews with the sample beneficiaries, we came across three clear outcomes of the scheme. The first was that the self-employment venture for which they had received subsidy and loan had been in operation. The second is the opposite of this, namely, having started the venture for a variety of reasons one may have closed the business or service. The third is something which causes concern from the point of view of selection of beneficiaries, proper follow-up of the Units by the beneficiaries and loan recoveries as also the use to which subsidies are put. This third outcome is what the beneficiaries described as ‘Did not start’ the venture at all. Why do they stop a venture after having started: Loss of business, or absence of profits? Or, is it their limited capability to carry on a business? Was it a faulty selection of a business venture or faulty location, if not improper selection of the beneficiaries themselves? Finally, is it also a result of the manner in which an application is processed and finally the financial support is made available to the beneficiary?

First let us focus a little on a positive outcome of the schemes, namely after having availed of the benefit of a scheme, persons have been running the business venture, whether profitably or with mixed results. 50 per cent of the beneficiaries reported their ventures to be still ‘In Operation’. This proportion, of course, presents us the classic ‘half full or half empty’ situation, but it certainly speaks well to say that nearly half of the beneficiaries are making use of the schemes. As recognised earlier in the context of our describing a sense of positive accomplishment by housewives, here too we find quite a few who have actually not got stuck at the ‘sticky floor’ if not smashing the ‘glass ceiling.’ Moreover, some such successfully self employed persons have an interesting facilitating factor that has enabled them to keep their ventures alive despite several obstacles. A detailed account of such instances can wait but let us also refer to the not so happy outcomes of the scheme.

Scheme	Current Status of Venture			
	In Operation	Closed	Not Started	Total
SEP	52.84	24.41	22.74	299
ISB	59.62	21.15	19.23	52
Dairy	39.58	12.5	47.92	96
Total	50.78	21.48	27.74	447
[No.]	227	96	124	

Our findings suggest each of these as a possible answer cause not merely for ventures ‘Closed’ as an outcome, but also ‘Not Started.’ Before proceeding to examine the reasons for such outcomes, let us first know the extent of their occurrence in respect of different schemes and districts, or among whom such outcomes are more predominant. Table 9.7 gives us an idea of the extent of different outcome in respect of the three major schemes – SEP, ISB and Dairying. Figure 9.3 presents a visual of the distribution of outcome in terms of the scheme years during which the beneficiaries were granted the loans, while Table 9.8 informs us of this outcome in relation to the different districts.

Two not so happy outcomes are when having started a venture of self employment, a person closes it down, or when having received the subsidy and loan through the Bank, the beneficiary does not start any venture at all. These two are listed in the Tables 9.7 and 9.8 (and the rest of our analysis) as ‘Closed’ and ‘Not Started.’ One word in advance about these two especially, as a possible limitation of this set of data. In as many cases as possible, our contacting the beneficiaries was through the field level officials of the Corporation. Even though in small number of instances we had managed to lay our hands on the copies of applications submitted by the beneficiaries at the time of seeking the loans, there had been an impression created that we were visiting them on behalf of the Corporation. No amount of our trying to convince them we were independent evaluators of the schemes and as individuals we were not representing the Corporation or the Government, there had been an impression in the minds of people in general that it was the contrary. So much so, that many had insisted on submitting representations about their grievances under the belief that by sharing it with us, we would be able to deal with their problems effectively than the bonafide officials of the Corporation. Merely this mis-impression did no harm, we believe. But there had also been an impression that we had been visiting the beneficiaries to ‘inspect’ the venture for which they had received loans and/or subsidy, and that we were on a recovery drive. Among the many different responses that they had given to us, to declare that they never could start the venture or having started one they had to close it down were also to avoid any suspected loan or EMI recovery.

Even in respect of such ventures that were then being reported as “in Operation,” our field investigators had either gone to the premises or location when such ventures were in operation or had conducted the interviews at place from which the ventures were in operation. Whereas in respect of those reported as ‘Closed’ or ‘Not Started’ there was no way of ascertaining except when the onlookers or neighbours had offered a contradictory

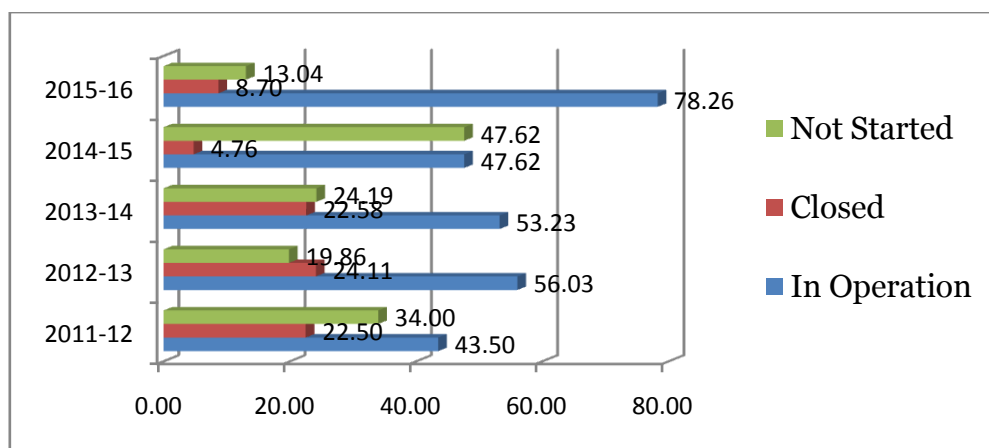


explanation. Much of these efforts to conceal were merely because of the suspicion of us as loan recovery officers. A few of our questions (Number of EMIs paid, and the reasons compelling them not be prompt in repayment) in particular led also to this suspicion as also a few others about how much money had been spent on getting their applications for loans approved, or about profit or loss of the venture.

The purpose of mentioning the tendency to avoid responses or informing a venture to have been closed or not started was only to indicate a possible respondent biases that there may have been. But, this is not applicable to all the respondents uniformly, for many were much more forthcoming, and cooperative to the extent of even sharing their bank's pass books or other details of financial transactions with private money lenders.

Therefore, let us proceed analysing the data pertaining to what they did with the schemes by taking their responses at their face value, and as having been expressions of truths. One direction in which the responses could be analysed is by formulating a hypothesis. The hypothesis is as follows: it is more likely that a venture started much earlier (i.e., an earlier scheme year) to be closed down than the ones started with the scheme support from a more recent year. In respect of 'Not Started' it may not be that simple or straightforward as a hypothesis. But from the point of view of style of implementation and/or monitoring, one may hypothesise that the earlier ones are more likely to have faulted and not started a venture whereas with experience, frequent in-house reviews and growing demand for the benefits through the Corporation, there is more likely that a venture gets started in the more recent years than in the older ones.

Testing this set of hypothesis, we ran a simple correlation cross tabulation using SPSS. Figure 9.3 gives a visual representation of the outcome in terms of the year when the beneficiaries received the subsidy cum loan in response to their applications. The results are presented also in Table 9.8, in which findings are given separately for the three different schemes, also with a view to examine if the difference in the scheme had any impact on closure or in operation status of the venture. Because the risks involved are different and the amount of work involvement varies, the analysis was carried out separately for SEP, ISB and Dairying schemes. But Figure 9.3 presents a visual of the findings for all the schemes together. As is evident from the graph above, ventures under the 2011-12 scheme year have been in operation to the extent of 43 per cent. The share of this outcome in all the successive years is higher, and certainly much higher than those ventures closing down or never having started during the corresponding year.



**Figure 9.3: Scheme Years and Outcomes Compared**

A minor but important qualification has to be made to this observation, namely that the share while being higher each successive year has not risen steadily. Instead, what one gets to witness is an increase from 43.5 per cent to 56.03 per cent between the oldest (2011-12) and the subsequent year (2012-13), which tendency is not maintained for the next two years: the share of ‘in operation’ ventures in 2013-14 and 2014-15 years 53.23 per cent and 47.62 per cent.<sup>6</sup> However, in the most recent year of 2015-16, the share of ‘in operation’ of ventures of self employed beneficiaries is highest –even for all the other years in the sample: 78.26 per cent. **Thus the five year trend follows a pattern broadly to confirm the hypothesis formulated in this regard: The tendency for more recent year ventures to be in operation, notwithstanding the alternating fluctuations in the intervening years.**

The instances of venture closures in different years follow, more or less, the pattern as those ‘in operation.’ One may even observe a modest and steady increase in the occurrence of closing down the ventures as the scheme years are older: From a low of 8.75 per cent in 2015-16, the most recent year, it stood at as high as 22.5 per cent in the oldest year of our sample, 2011-12. *The hypothesis, if read as ‘older the scheme, greater the tendency for closure of the venture’ is thus confirmed by the findings among the sample beneficiaries.*

What is the finding in respect of ‘not started’ as an outcome of the scheme? Studying the Figure 9.4, the overall impression one receives is that from the oldest to the more recent year, the share of those ‘not starting’ anything out of the scheme have declined from one to the next: From 34.0 per cent in 2011-12 to 13.04 per cent in 2015-16. In this limited respect beneficiaries of the more recent years have a greater tendency to start something as a venture

<sup>6</sup> Attention of the reader is drawn to this particular observation, to which we make another reference shortly. Please see Footnote 8.

than not starting anything at all. Will they too, like those other beneficiaries in the other years shut them down is another matter of concern but not for the present discussion. This positive dimension of the outcome is, however, if we chose these two years as our years of bench mark for comparison.

But a relook at the Figure 9.3, specially the bars representing ventures ‘not started’, sends a keen observer a few puzzling signals. Why does it fluctuate from a low share in one year (say, 13.04 per cent in 2015-16) to as high as 47.62 per cent in respect of schemes approved the very preceding year (2014-15)? Indeed, the share being almost half in 2012-13 and 2013-14 (at 19.86 and 24.19 per cent respectively) it had doubled by 2014-15!

There is not sufficient material to argue that this steep fluctuation is a result of the quality of beneficiary selection during an election year, or a year preceding it or succeeding it. Perhaps the newly (re-)elected MLA has a greater zeal to spread the benefits to a large section of persons from his or her constituency, as many of our respondents and participants in FGDs argued, beneficiary selection process is mainly a party-affiliation matter. One middle aged person in an FGD in Ramanagar district had cynically criptic remark to make on the theme: ‘You hang around a leader to become eligible for this scheme, not whether you need it desperately or deserve it.’ In a village in Bagalkot District, another had remarked rather humorously, ‘selection of a beneficiary is more like a ‘*muyyi*’ (a return gift) for support in an election!’ Considering the incidence of not starting a venture after receiving the subsidy and a loan is perhaps an indication of the observations made by a few in the FGDs.

But then, the other two outcomes too should have corroborated this inference if the process was indeed true as argued by quite a few respondents and participants of FGDs. However, we would like to remind our readers that there are some such evidences in respect of the other outcomes too. Please recall our observations in respect of them made earlier.<sup>7</sup>

One more inference could be drawn by looking at the turbulent pattern of share of these outcomes in the middle years. One of the important evaluation questions that this study had posed itself pertained to the state government’s policy implementation during the year 2013-14: What is the amount of loan and interest which was waived by government after the loan waiver was announced? What has been the impact of loan waiver for beneficiaries? Is there reliable indication to suggest that this may result in unwarranted or unintended consequences like wilful default? We shall attempt answering this set of questions more elaborately elsewhere, but in part we may address it in this context.

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<sup>7</sup> Please refer to Footnote 7 a couple of pages earlier.

It is our inference here that the fluctuation we witness in the middle years in respect of not starting a venture or closure of that which had started is indeed a reflection of the policy of loan waiver. On May 13, 2013 the state government had declared waiver of loans that were outstanding as on that day. Whether or not all the loans advanced by the Corporation were also under this policy, this much is certain. We base our observation here on the interviews with Bank officials. The already slack recovery of interests and principal amounts under this scheme had met with further decline because of the confusion created by the loan waiver policy. Only such loans which had been given directly by the state and through cooperatives were to be waived. But the beneficiaries of several of such welfare schemes too stayed away from their lending banks as if the waiver applied to them too. For our present discussion, we need to point out that the knowledge or confusion among many over loan waiver, and anticipation of loan waiver by the rest must have affected their commitment to start a venture even after receiving a loan. In many cases, the compulsion to repay a loan must have prompted them to undertake a venture with all seriousness not only to earn a living through self employment but also the need to make timely repayments of EMIs. But the knowledge of loan waiver must have shook such a commitment, is our inference in this context.

Having attempted a range of interpretations based on Figure 9.3, we should now take a look at whether or not the outcomes varied depending upon the specific scheme. Although there may be nothing intrinsic to these schemes to make it result in one or the other outcome, it would be useful to see if there were differences in the patterns of outcome among them.

By the very nature of scheme, dairying is more agrarian and rural in nature: 82.25 per cent of the dairying beneficiaries are rural in their settlement, while over 50 per cent each of SEP and ISB are urban settlers. The rural character of dairying enterprise and the rural base of those others with SEP or ISB schemes are not fully free from the social and economic circumstances of vulnerabilities peculiar to the Scheduled Castes. Their dependence upon moneyed and upper castes could not have completely disappeared even if they were now with an opportunity to be self employed, thanks to the Corporation's programmes. The main feature of SEP and ISB are that they are more likely to be off-farm economic activities, and to that extent they may be free from rural system of class or caste stratification. The urban orientation of their self employment opportunities may thus free them from the rural system of caste based discrimination, even if in a limited sense. The social class background of ISB beneficiaries too are likely to be slightly better than those of SEP or Dairy beneficiaries since

the sum of advance is much higher (initially more than Rs. 50000, and later upwards of Rs. 2 lakhs), the subsidy itself to be a maximum of Rs. 2 lakhs.

Scheme	Current Status	2011-12	2012-13	2013-14	2014-15	2015-16	Total	% (Column)
SEP	In Operation	32.9	40.5	16.5	2.5	7.6	158	52.84
	Closed	46.6	31.5	19.2	1.4	1.4	73	24.41
	Not Started	60.3	20.6	14.7	2.9	1.5	68	22.74
	Total	42.5	33.8	16.7	2.3	4.7	299	
ISB	In Operation	38.7	16.1	19.4	16.1	9.7	31	59.62
	Closed	27.3	63.6	0	0	9.1	11	21.15
	Not Started	20	20	40	20	0	10	19.23
	Total	32.7	26.9	19.2	13.5	7.7	52	
DAIRYING	In Operation	60.5	26.3	2.6	2.6	7.9	38	39.58
	Closed	66.7	33.3	0	0	0	12	12.5
	Not Started	54.3	26.1	2.2	13	4.3	46	47.92
	Total	58.3	27.1	2.1	7.3	5.2	96	
Grand Total		44.74	31.54	13.87	4.7	5.15		
		200	141	62	21	23	447	

Keeping these in mind let us take a look at the pattern of outcome across the schemes. At the outset, it may be pointed out that dairying has a poor record in respect of keeping the venture in operation. In fact, as compared to SEP and ISB, dairying has the least share of beneficiaries who report their activity to be in operation. The highest share in any year in Dairying is 60 per cent, where as the highest in SEP and ISB are 85 per cent and 75 per cent respectively. Incidentally, the three readings are all for the year 2015-16.

Secondly, it could be concluded that both Dairying and SEP schemes do confirm, at least broadly, our hypothesis stated earlier, but in regard to keeping a venture in operation. They both have an unsteady growth pattern in the middle years while in the first and last year they demonstrate a clear upwardly inclined trend line.

Thirdly, ISB in contrast, does clearly disprove our hypothesis. Both in the oldest of year of the scheme and in the more recent beneficiaries have demonstrated an impressive

share of keeping the ventures in operation. Even during the middle years, the share is impressive with the exception of the second year in our sample (2012-13).

Fourthly, in case of dairying, the share of 'in operation' is much lower than 'not started' and in all the years, with the exception of the latest year (2015-16). In fact, during 2014-15 dairying has witnessed the largest share of 'not started' as compared to all other schemes and years: 85.71 per cent. Only 14.29 per cent of beneficiaries that year have started and keep dairying in operation.

What accounts for this high rate of misuse of loans and subsidy in dairying sector? When asked our respondents the more frequent explanation for not starting a venture or having closed it was that the past couple of years had been severely draught hit. They had found fodder and water a major problem and therefore some had stopped dairying (by selling away the cows or buffalos). Only five of our dairying respondents had reported the animals having died, although they had not claimed any insurance.

Whether or not the Corporation was aware of this widespread negative outcome, perhaps the continued emphasis on dairying during draught years could have been avoided. Even if the beneficiaries may have minimised their plight thanks to the subsidy and loan which they could well have diverted to meet their other needs, the Corporation did not help the recipients of the benefit to create any sustainable resource base. Self employment schemes aimed at the rural poor as sponsored by the Corporation could have been more to support the poor and deserved during a series of draught years.

### **Scheme Outcome in the Districts**

Outcomes of the schemes in terms of the districts as presented in Table 9.9 is merely to indicate how the districts have performed and to invite the Corporation to reflect upon the process of selection of beneficiaries.

Are there some districts in which some additional care is to be taken while choosing the beneficiaries for the schemes? While answering that question is warranted in respect of quite a few districts, (e.g., Chamarajanagar, Ballari, Kalaburagi, Bengaluru (U), Vijayapura, Raichuru, or Mysuru) the onus need not be entirely on the officials of the Corporation as regards the selection of beneficiaries. The responsibility lies equally with the Beneficiary Selection Committees in each of these districts and their Taluks or MLA constituencies. From what accounts have been given above already, much need not be added here except to highlight that the Committee hardly ever meets. The MLA of the constituency takes the decision, and this decision is rarely by considering the merits or otherwise of the applicants.

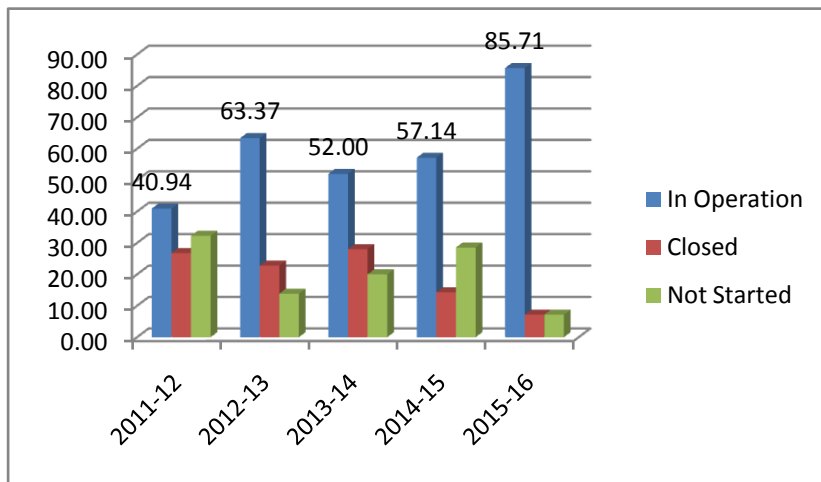


Figure 9.4: SEP Scheme Outcome over the Years

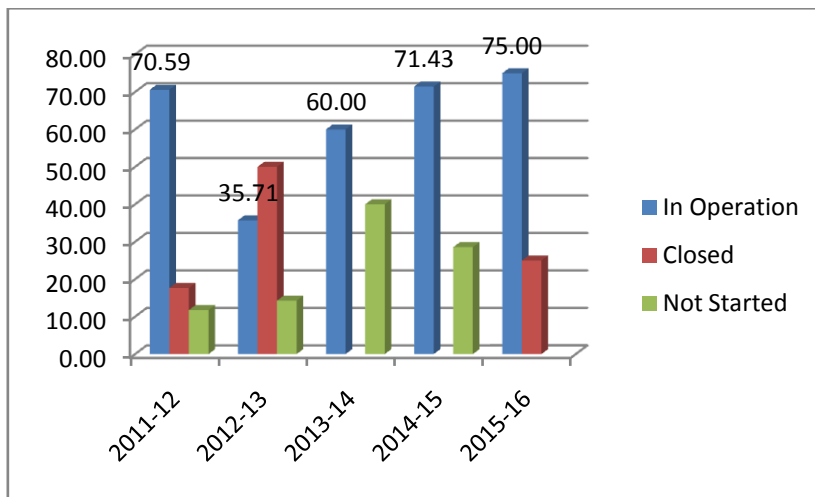


Figure 9.5: ISB Scheme Outcome over the Years

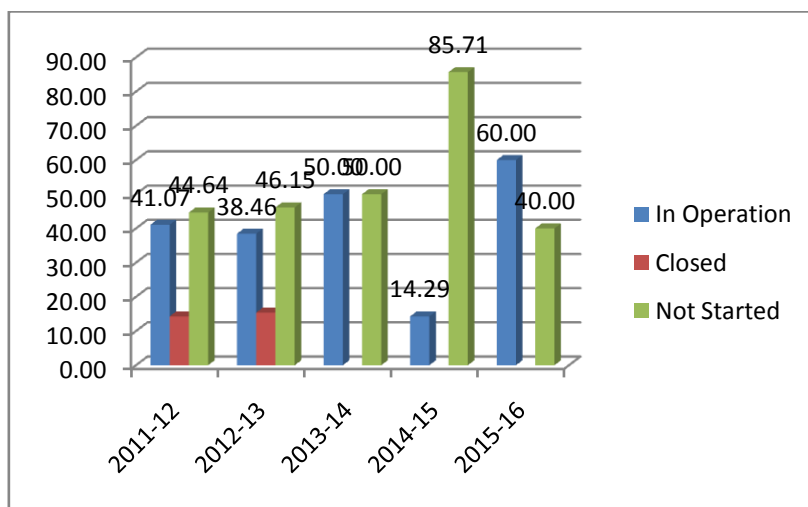


Figure 9.6: Dairying Scheme Outcome over the Years

But this shifting the responsibility upon the Committee is not to overlook the accountability of the Corporation officials, especially at the District and field levels. For, the procedures clearly stipulate that the officials of the Corporation are expected to assess the field situation, study the project report submitted by the applicants, especially documents such as the purported rental agreements, costs of various inputs in establishing the Unit or business ventures, and so on. Practically none of the respondents, as also almost all the participants of FGDs in the towns and villages we heard of any one field officer – whether from the Banks or from Corporation – visiting the beneficiary after the subsidy and/or loan disbursed.

The Cows or Buffalos that were to be bought for the beneficiary by the Committee was ever actually by the Committee, as stipulated. Indeed, looking at the staff positions at the district level, work load involved for each of the Members of the Committee, and the opportunities for all the buyers and sellers of animals to the venue... all these seem to be so unrealistic that they hardly reflect the ground level situation. The purchase committee has been constituted so unrealistically that not only is it easy to get all the members (or even a quorum) together on a pre-designated date, and the animals to be brought to the venue at that time.

In the course of our interviews with the district level officials, especially the District Managers, we learnt that the office is run equally by outsourced staff members – more legal and dignified expression for the erstwhile ‘contract’ workers. Considering the volume of money being transacted, which is on the rise each subsequent year – it should not be impossible for the Corporation to make more permanent arrangement for staffing the offices. It is not merely the quality of beneficiary selection and monitoring the implementation that is getting affected by an under-staffed administration, but also monitoring the recovery of the loans whether lent by the Corporation. As shall be pointed out later, perhaps a more proactive role by the officials of the Corporation may bring a little more concern on the part of Bankers who lend money on the recommendations of the Corporation. Having been critical of some of the districts in the matter concerning self employment schemes not taking off the ground by the beneficiaries – and therefore faulty selection of beneficiaries – it is also necessary to speak well of some districts. The districts have comparatively better results in terms of the ventures being still in operation: Bagalakote, Belagavi, Bengaluru (R), Hassan, Kolar etc.



<b>Table 9.9 Districts and Current Status of Ventures</b>				
<b>Districts</b>	<b>In Operation</b>	<b>Closed</b>	<b>Not Started</b>	<b>Total</b>
Bagalkot	88	9	3	34
Belagavi	68	24	9	34
Ballari	44	44	11	18
Bengaluru (R)	100			7
Bengaluru (U)	40	25	35	52
Bidar	100			1
Chamarajanagara	39	7	54	41
Chikkamagaluru			100	2
Dakshina Kannada	50		50	2
Dharawad	25		75	4
Gadag	100			2
Hassan	71	9	21	34
Haveri	100			1
Kalaburagi	29	32	40	73
Kolar	58	26	16	19
Mandya			100	2
Mysuru	36	27	38	45
Raichur	40		60	5
Ramanagara	80	20		5
Shivamogga	75	25	0	28
Tumakuru	33	29	38	24
Udupi	100			1
Uttara Kannada	100			3
Vijayapura	17	50	33	6
Yadgiri	100			4
Total	51	22	28	447
	227	96	124	

### **What did they Apply for and What did they Start?**

We may now return to the theme of ventures opted for and what was actually started, as part of our discussion of earlier occupations of the beneficiaries. It may be recalled our observations over how unavailability of the applications submitted by the aspirants of the scheme stunted our evaluation in many respects. Similarly, it was not easy for us to compare what the beneficiaries had applied for and what was granted to them or what did they actually start. We have had to depend on the responses given by the beneficiaries to our queries on the matter, rather than also comparing the data with the formal applications submitted.

We found in almost about 30 per cent of the sample cases there have been some distortion between what they had applied for as a venture, and what they actually started. A few general observations must be made in regards to this set of findings.

First, it may be seen from Table 9.10, that we have included the now familiar instances of ‘Not Started’ any venture also under the discussion of cases of distortion. Whether profitably or not, the beneficiaries did make use of the money received for one or the other purpose. The other use may not have always been for a business purpose. Not using the loan and subsidy for an approved purpose, for our analysis, amounts to a diversion from the stated purpose. Not repaying the loan amounts to misuse of the scheme. For the present discussion we may point out, as in Table 9.10, that 30 per cent later closed the ventures having started it in accordance with what had been stated at the time of application. 25 per cent is accounted for by those who did not start. In seven cases, there was a clear departure from what had been stated while seeking the benefit.

Ventures Started	SEP	ISB	Dairy	Total	% (Column)
As Applied	71.38	12.89	15.72	318	71.14
[Of which Later Closed]	32.16	26.83	24	30.19	30.19
Did Not Start	56.52	7.83	35.65	115	25.73
Did Not Start, Issues with Loan	14.29	14.29	71.43	7	1.57
Diverted	85.71	14.29		7	1.57
Total	299	52	96		447

In one case from Bagalakote district, a press person and a photographer sought a SEP scheme to start a provision store, instead was given the loan and subsidy for starting a DTP Centre! He could not start or run that venture and therefore, started a *pan beeda* shop, wanting any member of his household to carry on the business. Having started it, he found that members of his household could not manage it well enough, and so claiming loss of business he closed down the shop. Neither was he ‘poor’ or ‘unemployed’ enough to benefit from the scheme, nor did he want what he was given as a loan. When asked to show the location where the *pan beeda* shop had been in operation when it was started, he gave several excuses, giving us an impression that he was unwilling to show the place. ‘Near the bus stand’ was all that he offered as an explanation about the location of the shop when it had been started.

The reference to this case was more to point out how diversion takes place in the scheme. Although many had not started the ventures, or soon closed, quite a few of them had complained that their choice was something else as a venture, but the sanction was different. The case of press person is a little compounded with double distortion: he applied for something, and was awarded something else; and therefore, he started something else entirely. In many other instance, even though the sanction was for something other than

what a beneficiary had sought, the latter went ahead to start what he or she had originally wanted to start. More frequently, this happened because what had been sought was the same as what he or she was already doing as an occupation: Tailoring, retail shops, fashion stores, rope making, construction related activities such as Centring, brick kilns or a granite show room ... these are some of the examples.

One response category in Table 9.10 needs a special commentary, though for the present it shall be short. For, there is a separate sub-section later dealing with the role of commercial banks that are almost like a partner in the implementation of the three schemes. The response category appearing for the first time in our discussion so far, is labelled 'Not Started, issues with loan.' This refers to a situation when the beneficiary has encountered one or the other problem with the bank, and the loan received is not as per the prescribed or recommended pattern. For instance, a beneficiary may have been sanctioned 50 per cent of the Unit cost as subsidy, and the balance 50 per cent is meant to be a loan from the bank. It is possible that the bank has not advanced any as loan, or if it has, the loan may be much less than what has been approved by the Corporation. Such shorter advance of a loan may occur for a variety of reasons. First, it could be a mistaken impression on the part of the beneficiary. Given the lack of complete understanding of the ways and means of the scheme, he or she may be under the impression that the eligibility is for a sum while what has been advanced is much less. This may be simply put under lack of proper understanding of the scheme or procedures. Secondly, the bank may have advanced part of a loan, in the hope that the second instalment could be lent once the beneficiary proves to be a bankable borrower. In fact, the Dairying loan is staggered in its design itself such that a half of the loan (and the applicable subsidy) is given in the first phase – referred to as the loan for the first animal. At the end of six months or so, the beneficiary has to demonstrate that she/he has made a good use of the loan (by purchasing the said animal) and more importantly for the Bank, the person has been 'servicing' the loan promptly with timely payment of EMIs. At the end of six months, the beneficiary has to get afresh a recommendation from the District Manager's office for release of the second instalment of the loan, that is for the purchase of the Second Cow or Buffalo. Of concern for the present is that not all borrowers are fully familiar with the procedural details, and therefore come to the conclusion also that there is some issues with the loan for them. Quite a few have reported it thus to us about their starting or not starting a venture. There is much more to be observed concerning the loan procurement process, but that will be addressed in a separate sub-section on the role of commercial banks.

### **Self Employment or Re-employment?**

Even as we commence our analysis of the data under this sub-section, it is necessary that certain clarifications are offered to the reader. The purpose of our analysis here is to examine the extent to which there is, or there is not, a separation between one's earlier occupation and following the scheme's implementation. Lest it gives an impression of a repetition of what was discussed by interpreting the foregoing Table 9.10 –in the immediately previous section – the difference is to be pointed out. In the foregoing analysis we had focused on what had been sought by the beneficiaries, if it had been same as what had been sanctioned to them. A separation, it was hinted there, between the two could have been one of the main reasons for the pattern of outcome of the scheme in terms of whether it was in operation, closed or had never been started. The key words in the previous case were what was sought and what was awarded. In contrast, the present discussion which we are embarking upon aims at the occupation of the beneficiaries prior to and after the scheme being awarded to them.

Why should we know if the prior and post-scheme occupations were or are one and the same, or different? We offer at least two sets of answers to this question. First, it is possible that as a beneficiary a person was say – an auto rickshaw driver. He applies and gets a loan to buy an auto rickshaw, which he does. He starts running it himself, or in addition to the one he had hitherto been running on a rental basis, he operates this too. His occupation currently – especially as a consequence of the scheme is both as a driver of a hired auto rickshaw and owner of an auto which he himself may run or one of the members of the family may run. Thus the scheme has contributed not only for self employment, but also as a source of an additional income. In one case, we do know of an instance of a beneficiary of the scheme to buy an auto rickshaw led him soon to also buy a taxi car! This is a good case of up-scaling a venture, which too needs to be noted. But if the person had closed the operations after a couple of months or years of successfully running the auto rickshaw, we have a case of unsustained self employment which too we need to take note of. The second reason why we should know the prior to and after the scheme occupation is because that answers some of the important objectives and evaluation questions of this study. For instance, it is of key concern for us to see if the scheme had made any significant impact upon the lives of the beneficiaries? It is also to see if beneficiary selection was proper or not. Further, it is necessary to examine if the scheme promoted self-employment among the 'labouring,' 'working for a wage / salary' or unemployed Scheduled Caste men and women. It is our

view that by examining these differences in occupation we shall be answering several of the evaluation questions and fulfilling a few of the evaluation objectives. Of course, there shall be many more issues which too we shall address so as to substantiate our inferences.

Scheme and Current Occupation	Current Status of Venture				
	In Operation	Closed	Not Started	Total[N]	%Column
Same as Before	28.67	30.03	41.3	294	65.7
Different	95.70	2.15	2.15	93	20.85
Scheme as Additional Occupation	90.00	10		60	13.45
Total	50.90	21.52	27.58	447	
	227.00	96	124		

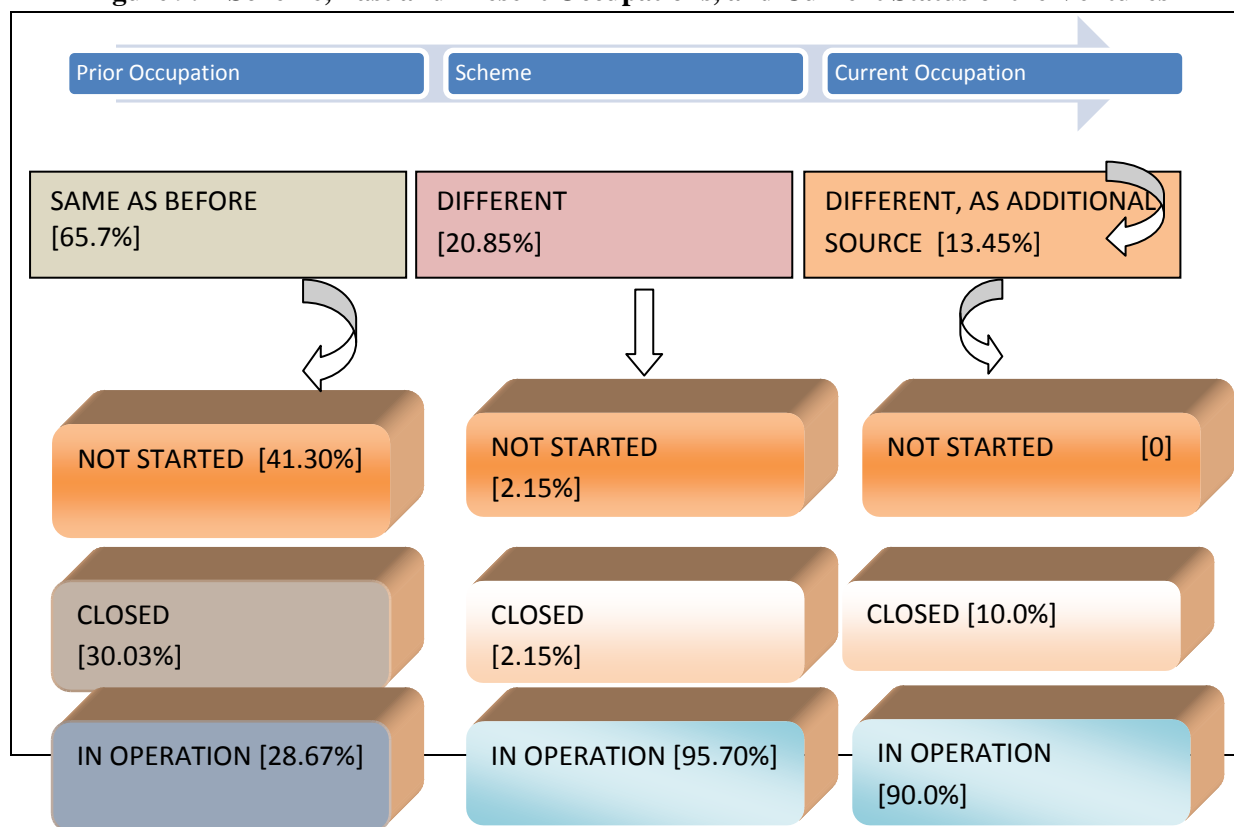
A second clarification that should be offered about the current analysis is that each of the response category or as they are labelled here need to be clearly explained. For one, these labels or categories have been arrived at by the different and multiple responses offered to us for our queries by the beneficiaries. As pointed a while ago, ‘As an additional source of income’ meant that a person has an occupation that is his or her main occupation – which he/she may continue to be engaged in even after the scheme. But the scheme supported him/her with another source of income, be it a dairying programme or flour mill, digital photo studio or a provision store.

In 13.4 per cent of cases of our sample (involving 60 persons), self employment ventures for which the Corporation had offered support, were in addition to the existing sources of income for beneficiaries. Among them almost 90 per cent had their ventures still in operation. Data suggests that ventures are likely to be more successful when they are, in actuality, an additional source of income for the beneficiaries. This proposition is true also for those for whom the scheme contributes to a different occupation than the earlier one. For, in respect of 94 per cent of the beneficiaries whose current occupation (thanks to the scheme) is different from what it was prior to the scheme, their ventures were still in operation, that is, they were successful. Failures have been more predominant when the occupation prior to the scheme is the same as what the scheme gave them: 30 and 41 per cent respectively who reported the ventures to be closed or that they did not start.

To state the findings slightly in a different way, what we observe from the data is that when the scheme is made available for a business or service in which the beneficiary is already engaged in, it is more likely to be reported as ‘closed’ or ‘not started.’ It is in this context we need to offer a further explanation about the set of responses received.

Had there been a substantial scaling up or reinvestment to spruce up an existing business, and it had been making a success, the beneficiaries would have happily reported the venture to be ‘in operation’ as some have reported. Because most beneficiaries have used up the loan and subsidy for ‘other’ purposes too, the tendency is to report ‘Not started’ or ‘closed.’ Basically, reporting thus is also an expression of unwillingness to acknowledge any credit to the scheme. For, how else to explain say, about 20 beneficiaries engaged in dairying, and having received now a loan to buy a cow or buffalo, responding that the outcome of the scheme is that the venture is closed or never started! Prolonged consultations with them reveal that they were unhappy that the loan for the second animal had not been given. However, it is our observation that in more than half the cases supporting for a venture in which the beneficiaries are already engaged has resulted in much less positive outcome than it has for the new comers or for a slightly different venture than the previous one. With a view to drive home this message we present the findings in Figure 9.7, for it is easy to note how the ‘Not Started’ or ‘Closed’ as responses loom large in among those receiving the benefit to ‘start’ a venture which in actuality is already in existence. For, with 79 per cent of the ventures are actually those already in operation, the programme of support which we are evaluating are hardly ‘self employment’ programmes.

**Figure 9.7 Scheme, Past and Present Occupations, and Current Status of the Ventures**



Instead, as the title of this section states, it is more of a ‘re-employment’ programme. Even this would have been a welcome move, had it not been for the high rate of ‘closure’ or ‘not started’ which, as we pointed out, is more due to a reluctance to acknowledge the help owing to pending loans, or absence of any commercially gainful utilisation of the benefits.

It is in this context that we need to reiterate the need for a more rigorous utilisation process to be mentored and monitored, as also to ensure a better loan repayment processes. But let us then proceed to answer why do people not start a venture having shown interest and worked so hard to secure grant of a scheme? To examine this and related questions, let us proceed to the next section.

### **Factors Associated with Scheme’s Outcomes: Success or Otherwise**

As a prelude to our analysis of the factors associated with whether a beneficiary brings out a successful or failure as outcome of the scheme, let us briefly recall the kind of ventures for which subsidy and loans are given. Appendix 12 presents a complete list of the different ventures for which loans were given, or which the beneficiaries actually started. Suffice it to state here that some of the more numerically preponderant ventures were ‘Provision stores,’ ‘Dairying,’ ‘Vegetable / Fruits / Pan shop,’ ‘Sari or Garments shop’ etc. Obviously, these are ventures which require a specified space for running the business. The question we pose is ‘where were the businesses run from?’ Did the place from which a business runs make any difference in bringing about one or the other outcome of the venture? Recall, that as part of the process of applying for support from the Corporation, an applicant has to furnish particulars about how the business is to be run, from a rented place or from one’s own premises. For the purpose of current analysis, we shall exclude the beneficiaries of dairying activity. Ideally, scrutinising an application properly and assessing the project viability would involve having to make an assessment of the business premises. If, for instance, from a village settlement one proposes to start a Cyber Cafe or a DTP Centre, there would be questions of financial viability of such a venture. For, given the residential pattern of Scheduled Castes in Indian villages – a generally secluded location or a Tanda, which tends to be an ‘excluded’ locality from the village’s main settlement area, it is unlikely that such ventures are likely to commercially patronized by all.

The residential house or its size may, often, be too small for successfully running a business venture that too in a ‘colony’ in which most Scheduled Caste persons live. The situation is no significantly different when the residences are in an urban locality. Whether or not such residential localities are always conducive for a small business, is a question one

expects to be assessed in all scrutiny of applications for granting of a scheme for a beneficiary.

Survey among sample beneficiaries revealed that there were at least four different locations in which their business was in operation, or before closure they had run it from such locations. Because dairying and other forms of animal husbandry would have involved part of their houses as either a sheep or goat pens, or sheds, they are not included in this discussion. The first and perhaps the largest were from their own residences (45 per cent) of 315 beneficiaries for whom this data applies. The second was the premises on a rent (24.13 per cent). Third is such ventures that require no shop premises: auto-rickshaws, taxi service, tractor, or concrete mixers. The fourth is such businesses that are carried out on ‘road side’, pavements or push carts: footwear shops, vegetables, meat or chicken selling, flower vending, etc. There may have been a nominal rent paid, unofficially, to civic officials or police persons, but not a formal rent.

Given the large number of those who report their business to be in operation, there is a fair spread of this group across the different types of ‘premises’ listed. The highest proportion of this category are those who run their business ‘on road’ or pavements: 83.33 per cent. This group was followed by those running their business in a premises by paying a rent to the premises: 78.95 per cent. The third category consisted of such businesses that needed no shop premises: 66.47 per cent. The last, and least in order of size of proportion, are those who run their business from their residences. Incidentally, there was just a handful of beneficiaries who did not own a residential house. Therefore, if run from their homes, there was no rent being paid for the business premises. They accounted for 61.54 per cent. These per cent figures refer to the total of each type of businesses in operation. What we thus find is that the tendency for a venture to be successful or to be in operation being higher if the premises is not operated from within ones’ own house or residential premises.

Shop Premises	In Operation	Closed	Not Started	Total	% Column
From Residence	61.54	38.46		143	45.4
Rented	78.95	21.05		76	24.13
No Shop	66.67	33.33		18	5.71
On Road / Pavement	83.33	16.67		12	3.81
Not Started			100	66	20.95
Total	53.97	25.08	20.95	315	
	170	79	66		



We may supplement the above with some additional information. Had the businesses been merely one of manufacturing, or that which may have been not profitable to operate from a rented place in the market place – such as small scale Tailoring unit, Rope or Basket making, Agarbathi or Candle making, etc., one could well anticipate it to be economical to run such ventures from home. Instead, ventures such as Provision stores, Retail shops, Sari and Garment units, DTP Centres etc., can hardly expect to be a commercially successful venture *unless* the residential premises is located in a commercial hub or somewhat proximate to a market place. The ventures on pavement – even if in a small scale – thus seem to be doing much better than those run from homes. Due consideration seem to be given while sanctioning a scheme to a beneficiary by scientifically examining the proposed venue for the venture to be undertaken and would that be likely produce a sustainable business opportunity and good returns. In other words, a minimum ‘market research’ is to be made before approving the application for a loan.

Let us now take a look at the ventures that are clearly unsuccessful, and therefore ‘closed.’ Largely the distribution of beneficiaries under this category confirms the assumptions made in respect of the foregoing type (i.e., ‘in operation’): The ones who have reported to have ‘closed’ their ventures are mainly those who ran their business (before their closure) from the residential premises (38.46 per cent). This group is followed by those who run their business without a shop premises: 33.3 per cent. The incidence of closure of venture is somewhat lower than the first two: among those who run their business from a rented premises (21.05 per cent). The least instances of closure are among those who run them from pavements or on road.

These set of factors associated with success or failure of a venture needs to be borne in mind while scrutinizing applications for loans and subsidy are received. Equally important is to consider whether a venture is suited for carrying on from home or from exclusive premises for them to be successful. A third important consideration is to keep the cost of a Unit within a meaningful range when it has to be started and operated from home or residential premises, or a pavement.

Data pertaining to the Unit cost approved (subsidy + beneficiary contribution + loan) and the location from where the business was running (if started at all) reveal a predominance of the units to be located at the beneficiary’s residence across all groups of Unit cost. For the sake of simplicity of analysis we have here taken only the Unit costs into account, but it is

necessary to examine whether or not a unit ought to be located at the residence for it to be commercially viable.

	From Residence	Rented	No Shop	On Road	Not Started	Total	% Column
Up to Rs. 50,000	48.82	22.35	1.18	5.88	21.76	170	53.97
Rs. 50,001 to 75,000	50	19.23	3.85	0	26.92	26	8.25
Rs. 75,001 to 100,000	47.22	26.39	5.56	2.78	18.06	72	22.86
Rs. 100,001 to 125,000	0	33.33	33.33	0	33.33	6	1.9
Rs. 125,001 to 150,000	33.33	0	33.33	0	33.33	3	0.95
Rs. 150,001 or More	31.58	31.58	21.05	0	15.79	38	12.06
Total	45.4	24.13	5.71	3.81	20.95	315	
	143	76	18	12	66		

Even though data had been gathered about the distance and mode of travel to the business premises, no attempt is made to analyse that data since, following the location as predominantly being from within the house, there is not much distance to travel or a choice over mode of travel. Since Unit cost has been a focus of analysis above, we may take the same issue in relation to the outcome too. The question one may pose while analysing Unit cost and venture outcome is, is there any association between the Unit cost and the outcome of the venture in terms of it being in operation, not started or closed down after starting. Perhaps, when the money involved (especially the loan component is larger) the moral pressure to repay the loan, and the economics of keeping the interests to be paid to be low, there is likely to be a greater commitment to run the business efficiently. In which case, the success rate should be commensurate with larger sums of Unit costs advanced. Or, given the relative lack of prior experience (associated with poverty, social and economic vulnerability) are the beneficiaries unable to handle large investments and therefore their self employment ventures meet a premature end in terms of early closure. Early closure of larger investments could also be owing to their inability to handle the business shocks of loss or competition. In response to our specific question about whether they had faced any competition in the line of business they had chosen, the overwhelming reply had been in the negative. That is, competition was not one of the factors that were perceived as a constraint in running their business. This was the response pattern even in urban locations where similar business establishments often are found adjacent to each other. A few had gone on to elaborate: ‘there is no competition... they do their business, and I do mine.’ This is an explanation in regard to

shocks as a result of competitions which in turn may have pushed some out of business, and therefore closing down the establishment.

Let us then look at the data. For the purposes of clarity, we have taken both the Unit cost and the quantum of subsidy the beneficiaries had received in order to assess if the volume of money involved had any impact on whether a venture was successful or not. Table 9.14 refers to the Unit cost.

Scheme	Unit Cost	Current Status of Venture			Total	% Col
		In Operation	Closed	Not Started		
SEP	Up to Rs. 25000	37.84	27.03	35.14	37	12.37
	Rs. 25,001 to 50,000	53.90	25.32	20.78	154	51.51
	Rs. 50,001 to 75,000	50.00	23.33	26.67	30	10.03
	Rs. 75,001 to 100,000	60.81	20.27	18.92	74	24.75
	Rs. 100,001 to 2 lakhs	25.00	50.00	25.00	4	1.34
	Total	52.84	24.41	22.74	299	100.00
ISB	Rs. 25,001 to 50,000	66.67	16.67	16.67	6	11.54
	Rs. 50,001 to 75,000	100.00			1	1.92
	Rs. 75,001 to 100,000	100.00			1	1.92
	Rs. 100,001 to 2 lakhs	46.15	30.77	23.08	13	25.00
	Rs. 2 to 3 lakhs	33.33	16.67	50.00	6	11.54
	Rs. 300,001 or More	68.00	20.00	12.00	25	48.08
Total	59.62	21.15	19.23	52	100.00	
Dairy	Up to Rs. 25000	36.36	15.15	48.48	66	68.75
	Rs. 25,001 to 50,000	40.00	8.00	52.00	25	26.04
	Rs. 50,001 to 75,000	100.00			1	1.04
	Rs. 75,001 to 100,000	75.00		25.00	4	4.17
	Total	39.58	12.50	47.92	96	100.00
All Schemes	Up to Rs. 25000	36.89	19.42	43.69	103	23.04
	Rs. 25,001 to 50,000	52.43	22.70	24.86	185	41.39
	Rs. 50,001 to 75,000	53.13	21.88	25.00	32	7.16
	Rs. 75,001 to 100,000	62.03	18.99	18.99	79	17.67
	Rs. 100,001 to 2 lakhs	41.18	35.29	23.53	17	3.80
	Rs. 2 to 3 lakhs	33.33	16.67	50.00	6	1.34
Total	Rs. 300,001 or More	68.00	20.00	12.00	25	5.59
		50.78	21.48	27.74	447	
		227	96	124		

When interpreted Table 9.14 gives us some home truths about the amounts of Unit costs approved for different ventures, whether as SEP, ISB or Dairying. The first observation from the data in Table 9.14 that we need to make is that there seems to be a close relationship between the amount of money approved as Unit cost and whether or not the venture remains in operation, or gets closed if not started at all. Even within each scheme – which has upper

limits as applicable— we find the incidences of a venture being in operation is more associated with the Unit cost being higher. Correspondingly we find a decline in the proportion of units that are either closed or not started at all with a decline in the amount of Unit cost disbursed.

This finding of a strong correlation between the Unit cost and the incidence of success of a self employment venture sends out a strong message seeking a review of the quantum of money being approved for establishing self employment ventures among Scheduled Castes. Perhaps, there is now a need to make a scientific assessment of the amount fixed for support within the different schemes. This observation comes based on the discussions with a few MLAs [who are, as stated earlier, the Chairpersons of the selection committees,] and a sample of District Managers of the Corporation.

The usual practice is to take the total number of beneficiaries and amount of money prescribed as target, and divide them up equally for the selected beneficiaries by following the guidelines. But what is not taken into account is the possible variation in actual costs involved for different ventures. Thus, the procedure now seems to be fixing the same amount of money as cost of a Unit say between Provision Store, Fruit Juice Centre or Candle or Bangle Making unit under SEP. Surely, these units vary in their capital inputs, and returns to investment in general and across the different districts. What this evaluation makes as a suggestion is to arrive at scientifically determined levels of Unit cost that will also take into consideration the specific unit to be established than merely addressing the target number of beneficiaries and target amount of money to be disbursed.

### **Quantum of Subsidy and Venture Outcome**

Quantum of subsidy prescribed is a function of the quantum of Unit cost and the upper limit prescribed in terms of per cent of Unit cost, whichever is lower. Behavioural pattern in terms of whether a unit remains in operation, closed or does not get started too is related to the amount of subsidy disbursed. The higher the subsidy, greater the chances of a unit becoming operational and remaining so, is what the data suggests.

Therefore we repeat our observations and recommendations made earlier in respect of Unit cost and venture outcome. In this connection it is appropriate to make a substantial observation and recommendation concerning the manner in which selection of beneficiary and the process of lending take place.

Evaluation of SEP, ISB & Dairy Schemes (2011-12 to 2015-16)

While compiling data pertaining to Unit cost, subsidy and loan component for different self employment ventures we came across what we may describe as ‘arbitrary’ variation in the extent to which each of these was assigned to different individuals, within and across different districts, if not Taluks and/or Constituencies.

Thus, for ventures’ Unit cost of say, Rs. 50,000, the subsidy component is not uniform for all the beneficiaries – even within a year, a constituency or Taluk. One does not get to appreciate the rationale, if any, of the discrepancy and fluctuations in the rate at which subsidies are assigned to the Unit cost

**Table 9.15 Amount of Subsidy and Current Status of Venture**

Name of the Scheme	Subsidy Component	Current Status of Venture			Total	% Col.
		In Operation	Closed	Not Started		
SEP	Up to Rs. 10,000	37.88	22.73	39.39	66	22.07
	Rs. 10,001 to 17,500	51.85	25.93	22.22	27	9.03
	Rs. 17,501 to 25,000	55.81	27.91	16.28	172	57.53
	Rs. 25,001 to 35,000	67.65	8.82	23.53	34	11.37
	Total	158	73	68	299	100.00
ISB	Up to Rs. 10,000	100.00			3	5.77
	Rs. 10,001 to 17,500	33.33	33.33	33.33	3	5.77
	Rs. 17,501 to 25,000	100.00			2	3.85
	Rs. 25,001 to 35,000	33.33	33.33	33.33	3	5.77
	Rs. 35,001 to 50,000	33.33	33.33	33.33	6	11.54
	Rs. 50,001 to 75,000	100.00			3	5.77
	Rs. 75,001 to 100,000	55.56	22.22	22.22	27	51.92
	Rs. 100,001 to 150,000		100.00		1	1.92
Over Rs. 150,000	100.00			4	7.69	
	Total	31	11	10	52	100.00
Dairy	Up to Rs. 10,000	42.86	14.29	42.86	56	58.33
	Rs. 10,001 to 17,500	22.22	14.81	62.96	27	28.13
	Rs. 17,501 to 25,000	60.00		40.00	10	10.42
	Rs. 25,001 to 35,000	66.67		33.33	3	3.13
	Total	38	12	46	96	100.00
All Schemes	Up to Rs. 10,000	41.60	18.40	40.00	125	27.96
	Rs. 10,001 to 17,500	36.84	21.05	42.11	57	12.75
	Rs. 17,501 to 25,000	56.52	26.09	17.39	184	41.16
	Rs. 25,001 to 35,000	65.00	10.00	25.00	40	8.95
	Rs. 35,001 to 50,000	33.33	33.33	33.33	6	1.34
	Rs. 50,001 to 75,000	100.00			3	0.67
	Rs. 75,001 to 100,000	55.56	22.22	22.22	27	6.04
	Rs. 100,001 to 150,000		100.00		1	0.22
	Over Rs.150,000	100.00			4	0.89
		Total	227	96	124	447
		50.78	21.48	27.74		

Unit Cost	Up to 15.0 %	15.1 to 20.0 %	20.01 to 25 %	25.01 to 35.0 %	35.01 to 50 %	Total	% Col.
Up to Rs. 25000		10.68	2.91	1.94	84.47	103	23.04
Rs. 25,001 to 50,000	2.70	8.65	9.73	10.81	68.11	185	41.39
Rs. 50,001 to 75,000	3.13	6.25		56.25	34.38	32	7.16
Rs. 75,001 to 100,000	5.06		55.70	37.97	1.27	79	17.67
Rs. 100,001 to 200,000		29.41	11.76	35.29	23.53	17	3.80
Rs. 200,001 to 300,000		16.67		66.67	16.67	6	1.34
Rs. 300,001 or More		40.00	28.00	32.00		25	5.59
Total	2.24	10.07	16.55	19.69	51.45		447
	10	45	74	88	230		

We found, for instance, some beneficiaries getting as low as 25 per cent of the Unit cost of Rs. one lakh as subsidy during the year 2013-14, while about 9 others received 35 per cent as subsidy in the same year and the same amount of Unit cost. Likewise, during 2011-12, 60 persons had been approved for Rs. 50,000 as the Unit costs. Out of these 60 persons, nearly 42 per cent had received 50 per cent as subsidy, i.e., Rs. 25,000. This indeed is the norm for distribution of subsidy. In variance of this, 9 persons (15%) had received less than 25 per cent of the Unit cost as subsidy; 3 persons had benefited by 5 per cent of the Unit cost. Table 9.17 gives an extent of such a variation in respect on the sum of Rs. 50000 as Unit cost, during one particular year. Similar exercise for each of the years, and for specific sum throws open the arbitrary manner in which subsidies are assigned to the beneficiaries.

Unit Cost(Rs.)	Subsidy (%)	No.	% Beneficiaries
50000	10.00	1	1.67
	30.00	2	3.33
	25.00	3	5.00
	40.00	3	5.00
	25.00	12	20.00
	20.00	14	23.33
	50.00	25	41.67
	Total	60	

Had similar discrimination been carried out involving SCs and others, the action would have amounted to discrimination, and would have even invited legal action against the persons responsible for it. We checked with a few District Managers, especially from such districts where these discrepancies and variations were observed. Since the finding under discussion came to be evident only during the data analysis, it had to be telephone conversations. The officials at first ruled out any such possibility. Upon our presenting them the data as available with us pertaining to their Districts, the phenomenon was attempted to

be blamed on the commercial banks which were handling the loans. We had to hasten to remind them that we were referring to subsidies, cheques for which are issued by the Corporation and that the bank was responsible only towards the advancing of loans. Finally, one official pointed out to a flaw in the scheme. She pointed out that although what we were reporting had happened much before she took charge as an official in that district, the unintended discrimination was usually a result of the pressures from the political leaders especially the MLA as Chairperson. He or she would invariably recommend many more than permissible number of beneficiaries, and therefore officials are usually under compulsion to spread the available funds for subsidy to meet such additional demand for granting the schemes. We cross checked with others on this matter: at least 12 officials outright confirmed the possibility while also saying they become helpless and so are compelled to carry out the 'orders.' An official narrated this: 'If our limitations are pointed out to the leaders, they shout at us. One of them went on to shout "I do not have to learn rules and procedures from you. You give it in writing that you cannot do, and I will know what to do next.'

A former minister for Social Welfare, Mr. Narayanaswamy narrated how he too was often helpless and

... had to speak to officials concerned to examine how best a particular case could be helped. Such requests were merely because a MLA had called up to complain against officials in his district. He was not a SC, and yet he was making a plea on behalf of an applicant who was physically challenged.

When we brought to his notice some of the findings concerning 'smaller the Unit cost, greater the tendency for a failed venture, and of the variation in subsidy rates and Unit costs, he recalled a suggestion that he reportedly made when he was in office as Minister.

'From the beginning I was arguing that the sum we approve as Unit cost is too small for a first time self employing person to overcome, in a short duration, the social and economic backwards of long standing. My argument was that instead of approving 100 units, all of which or a majority of which will end up as a failed projects, we should support 10 or 20 units with larger sums of money. Not only will they succeed, but will become role models for others. Prompt recovery of loans should also help supporting more number of people over the years.'<sup>8</sup>

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<sup>8</sup> Personal Interview with Mr. Narayanaswamy, former MLA representing Anekal constituency and former Minister of Social Welfare, on March 7, 2017 at his residence in Anekal, Bangalore Urban District. We

Another MLA, who spoke only the condition of anonymity, admitted that

‘the circumstance you describe is very much a possibility. Someone will bring a file with the names telling us they have verified the applications, and all supporting documents. A list has been prepared, they say. We will be so preoccupied with so many other pressing problems of our constituency we rarely go through the list carefully. I would look at each of the name, if I was interested in any one or two specific cases. Or else, we ask the officer before us, if he had attended to or taken care of one or the other persons for whom we may have made an assurance. Sometimes, I will remember more because the person on whose behalf I may have spoken may be from a different sub-caste within SCs – not the same as mine. If I forget to check on that person, or if he or she overlooked, tomorrow there will be a *morcha* (a protest march) against me in the Taluk headquarters that I am favouring only my caste beneficiaries, or that I am against that caste or this caste because my opponent is from that caste! When doing development, therefore, we do as little politics as possible.’<sup>9</sup>

In any case, we wish to underscore this set of findings in the evaluation. First, that there is no consistency as to what is the Unit cost approved for schemes within a district and taluk and for the same venture. Secondly, there are widely ranging variations that occur in respect of the proportion of subsidy that is assigned to loans of the same amount and for the same scheme. This we would argue is grossly unjust to less informed and poorer applicants especially from rural background. When we find that such units for which a larger sum was given as subsidy and that the unit is now closed or was never started, the injustice done to the subsidy deprived becomes even more unfair. The Corporation can hardly afford such a discrimination against a section of Scheduled Castes, against which discrimination and to empower whom the Corporation strives.

### **The Role of Commercial Banks: Breakdown of Communication between the partners?**

As the questionnaire schedules were being returned to us at our headquarters and we began scrutinizing them, some responses to a particular question made us to sit up and follow

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are thankful to him for this interview and permission for us to quote his views. He had wanted us in particular mention that he was fully in support of the schemes, and that he is very happy that the Government was carrying out an evaluation of the programmes.

<sup>9</sup> Personal interview with the sitting MLA who has sought to be anonymous and we respect his wishes. Interview held at his residence in Bengaluru on February 2, 2017. He had even mentioned the name of his political opponent, which we consider is not proper to be mentioned in this quote for that would reveal his identity.

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up with the respondents, for not all we needed as clarity was yet available. One of the requests we had made to our respondents was to make suggestions as how best the Corporation could serve the cause of economic empowerment of Scheduled Castes through self employment schemes. There were quite widely ranging sets of responses – some of which have informed us to formulate our own suggestions and recommendations – but one repeated suggestion drew our attention. The words used may have been different but the content was identical: ‘Free this scheme from the clutches of the Commercial Banks!’

At the initial reading of this set of suggestions we tended to consider it as a ranting by borrowers who may now be finding it hard to repay the loan and are tired of the notices sent or recovery drives carried out. We spoke to one Ms. Jaya Rao<sup>10</sup> who had been in charge of processing the loans under what the bankers refer to as ‘Priority Sector Lending.’ She was referring to how persons would visit her branch demanding a clearance certificate or one of ‘no objection’ even as she or he would admit a loan to be outstanding with us in our branch. ‘They would often threaten that they would file a complaint against us for harassment.’ She referred to one person, who had wanted to go to a court of law to disown his elder brother who had borrowed money from the bank and which had now become a ‘NPA’ (a non performing asset’). The younger brother claimed that he has separated from the joint family and has no claims over the property held by his ‘erstwhile’ family. A legal suit is said to have been pending in the local courts demanding a share of the ancestral property, but the elder brother was now claiming that younger one was born to a woman who had actually not married to his father. As such he could not be established that they were legal siblings. In northern Karnataka, one comes across instance of this nature quite often: the son of a ‘keep’ woman or a Devadasi may claim sibling rights with the legal children of a patron father.’ In any case the issue which Ms. Rao was raising was one of the procedural and ground realities about borrowing status and claims and counter claims by the siblings.

But she went on to elaborate her experience in the PSL (priority sector lending) as an employee of a district’s Lead Bank.

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<sup>10</sup> Again, a pseudonym employed here, and the choice of the name too is at her request. She too did not want to make any reference to her bank or to her branch, for she thought she is casting aspersions on her colleagues who may be from the Scheduled Castes. Incidentally, it must be observed here that in all the social science academic research with which the author of this report has been associated in the past, the problem of anonymity was not such a big issue, whether respondents, officials or even politicians. It looked as though this study concerned the Scheduled Castes and an evaluation of a few programmes, a sense of extra precaution seemed be prevalent. ‘I do not want to get into trouble’ seemed to be the general stand of persons we spoke to in this evaluation. As one field officer pointed out, ‘any thing I say may be misconstrued as my attempts to blame my senior officers or the local MLA. I had better watch out what I tell you!’

Many a times, they send lists after lists intimating so and so are all selected as beneficiaries under one or the other scheme, and that they are eligible for so much subsidy. They ask us to send a requisition for subsidy in a prescribed format. We do that, because we have to show our progress on PSL in our monthly review reports. Finally, just as it is our year-end pressures, a week or fortnight prior to the last week of March, we receive loads of allotment letters and cheques. One precondition with which these cheques are issued is that we should process the loan application within 30 days and make the payment. As bankers, we are duty bound to make financial viability of a borrower to repay the money we advance, whether as a PSL or housing loan. Mere because they (she meant the Corporation) give a subsidy of Rs. 1 lakh or 50 thousands does not mean that the person is capable of returning the Rs. 2 lakhs or 5lakhs we lend.

... And then there is the pressure to sanction the loan as soon a notification is made about issuing of the subsidy cheque. If we tell the beneficiary that we cannot process the papers because of the pressure of work during financial year end, they protest. In the bank of one of my previous Managers, there was almost a riot like situation when a group of beneficiaries starting raising slogans against the Manager, staff members.

She now made a reference to an interesting institutional dynamics with which most banks face. This is how she continued, and now joined by the branch Manager of her bank:

‘Sir, we hope you will keep up the promise of not disclosing our identity. You see, there is one problem with commercial banks today. As it is there are caste related problems in our banks, within branch and across branches. Any action we take in regards to loans or depositions of SCs (her words), can become subject of scrutiny by their wing of the Union. Therefore, we do our best to deal with the loans for them without causing any harm. Therefore, many a times, when we become aware that the person is ineligible for a loan, or in our assessment incapable of repayment, or is unable to produce a dependable security for a loan, we simply give them the cash out of the subsidy cheque received. More frequently, it is to buy time that we give away the subsidy. And as it happens, they never come back for the loan!

We asked if she had done that – that of dispensing the subsidy without the accompanying loan. Her response was non-committal, yet an admission of what we had found in our questionnaire schedules or heard of in the group discussions:

‘I cannot say that I follow that route. But I know many of my colleagues who find it safer to follow, and escape the wrath of the beneficiaries. Some of them even threaten to sue us under the Anti Untouchability Act. So we give away the proceeds of the cheque we may have received. Many of them come back to seek the loan component. Not all are suspect borrowers. Some are genuine. So we sometimes decide to give as a loan based on our assessment of what they are capable of as a business or for repayment.’

She had a ready answer to our next question based on the norms of scheme implementation.

Our question was:

‘But, aren’t you violating a basic principle? The subsidy is proportional to what is being lent as a Unit cost’s loan component. You cannot disburse a subsidy cheque of Rs. 1 lakh for a loan of Rs. 75 thousand merely because you do not think that the beneficiary is not worthy of Rs. 2 or 3 lakhs. Should you not inform the Corporation about it?’

Her response, we reproduce, is without any comment:

‘If you work in commercial bank you will know the consequences. One anonymous complaint is sufficient to ruin my next chance for a promotion, or I may be transferred disrupting my family. My husband and my children will find it too much a nuisance. Not only this, you try cutting even one percent of what is a subsidy, and you will know the consequences. They claim it is their money, which the Corporation has given them. Some even proceed to show slips of paper on which expenses are jotted down in procuring that much of subsidy and orders for the loan. Some of them even weep loudly and calling us names. ‘You do what you want with the loan you give, but don’t touch the subsidy’ is their logic.’ There are not less than two other issues connected to what I am saying. We are not always dealing with innocent beneficiaries. For a majority of them, this is a first time. But we are dealing also with expert ‘brokers’ or ‘agents.’ Not all of them are SCs, but asking them not to represent the beneficiary is an open invitation to harassment. Many a times, I go back to my house in the city by catching the last bus from here, and I need to be reassured that nothing will happen to me. That is what my husband keeps telling me!’<sup>11</sup>

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<sup>11</sup> See two case studies, each of which reflects part of the narratives complaining about the role of commercial banks. See Appendix I and II.. However, the same studies also illuminate, in part, the role of middle men or ‘agents.’ What is distinct in these two case studies, notwithstanding the hardships involved in

Whether or not her fears and suspicions are well founded and is free from caste prejudices, many participants in the FGDs expressed a view capturing this feeling: Oft heard remark in the FGDs was that

‘The bankers, by and large, do not like us. They do not like to take part in development taken up by the government. This is not new to us. This dislike towards us began ever since the ‘Loan Melas’ (famous during the 1970s and 1980s) or the so called ‘Pujari Loans’<sup>12</sup> Even now they will be waiting to find reasons why they should not give us a loan than trying to find how we can be helped. They are experts in lending to Tata and Birlas and such rich persons, or to others who can leave the country by tying a blindfold to the government and bankers.’

What is the Corporation doing about this? Is there such a gap between the yardsticks employed in assessing the financial viability of an applicant, or his or her credit-worthiness as assessed by the bankers? Why can’t the officials of the Corporation follow up on subsidy cheques issued, or on loans as an dual process of disbursing subsidy? The responses we got to this set of question hardly require a statistical test or tabular representation. Almost everyone we spoke to – whether with District Managers or the field officers, - what we heard was an echo of what the other may have said: ‘Shortage of hands.’

The Managing Director, and the Chairman of the Corporation too echo this set of views: A field officer in Belagavi district narrated how the ‘top level officials of his Corporation keep telling him and his colleagues in the Review meetings.

In each of periodic review meetings we complain about the increased workload and shortage of staff in our offices. They also tell us that ‘Considering the volume of work that has increased over the years, the Corporation badly requires staff to handle this increased volume. Over the years, the numbers have declined – not being able to recruit even those who have died while in service or filling up the vacancy after their superannuation.’ It is absolutely necessary to understand that we cannot depend entirely on temporarily hired staff in dealing with Crores and Crores of Rupees that are hard earned money of the tax payers.

‘The moment we discuss filling up the vacancies, the question of regularising the already existing temporary or ad hoc workers, and so no one wants to pursue that question,’ he said.

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dealing with the banks is that the ventures they started – even if not the same as what it was meant to be as per the grant – are running smoothly and are making good use of the truncated benefit they received.

<sup>12</sup> Both refer to the campaigns of the inclusive lending programmes by the nationalised commercial banks during the period when Mr. Janardhan Pujari had been the Finance Minister in the Union government.

Before we take the analysis concerning Bank and the Schemes further, two quick points need to be made. First, that consequent to the work load which is said to be ever increasing at the district level and insufficient staff, one important wheel of a loan based development programme is suffering. It is that of loan recovery. Office staff in each of the districts we visited complained of being responsible for multiple taluks and or assembly constituencies and excessively burdened with processing the applications than following up on what has been implemented.

Second, for all the years under evaluation, we find a prominent observation made by the Auditors of the Corporation that there has been an inadequate internal control system: “The Company (meaning the Corporation) did not have an adequate internal control system in respect of loan disbursements, loan recoveries and collections. The system of controls with respect to proper documentation, monitoring utilisation by beneficiaries, maintaining particulars of beneficiaries, subsidiary ledgers and monitoring of collections and recording is inadequate.... As a consequence of the above, the Company does not have a system of monitoring receivables and making proper estimation for Bad and doubtful debts” (41<sup>st</sup> Annual Report and Auditor’s Report: 2015-16, page 83). Similar statements are to be found also in annual reports of the earlier years corresponding to the evaluation period. The lamenting we made about not being able to access the application forms and other papers in the form of a folder for the beneficiaries are not so surprising then, it appears by reading the successive reports of the Annual audits.

As regards the commercial banks are concerned, there seems to be hardly any communication or follow up between the Corporation officials at the district level, even more so at the Taluk levels. Considering the number of cases that we encountered involving problems with the banks about the loans or subsidies by the beneficiaries, it appears as if the hands are washed off once a subsidy cheque is issued.

When asked about this lack of communication between the two key partners in this programme of development, all that one hears is blaming the other. The bank officials blame the Corporation for recommending loans to persons without any consideration over their ability to start and run a venture successfully. Consequently, they complain of being asked to lend to persons who may not repay any money. The Corporation officials, on their part, complain that ‘if they found any of our recommended beneficiaries unsuitable, they ought to inform us immediately.’ A few other officials complained that they never attend our meetings when we invite them.

It is perhaps for this reasons that many of our respondents were seeking disbursal of loans directly by the Corporation. But there is a need for better ‘counselling’ the borrowers in their dealings with the bank by the Corporation and by other civic bodies. If self help groups and Micro Finance Institutions run by women can do this, surely it is not impossible for the others to follow suit. But two key partners in a development programme cannot be impervious of each others, as it seems to be case in respect of the Corporation and the Banks at the district and Taluk levels.

There is an urgent need to (re-)build a communication network between the district level officials of the Corporation and the lead banks that lend money to the selected and recommended beneficiaries. For the present the contact seems to come to a halt once a ‘Subsidy’ cheque is issued favouring one or the other beneficiary. The Corporation rarely gets to know if the beneficiary made any use of it, and whether or not the bank gave the corresponding loan as specified.

### **Banks and Beneficiaries: Issues and Consequences**

What was the experience of the beneficiaries in dealing with the Bank? As the data analysis was in progress we stumbled upon a certain set of information which opened up a new line of thinking. We had been given a list of beneficiaries and the amount of loan, subsidy (and their contribution, if any) were all listed along with the date and number of the cheque towards subsidy component of the scheme. On the part of beneficiaries themselves, there certainly was a ‘no recall’ effect as a result of which we were uncertain of the figures given to us as subsidy or loans. But as we proceeded with our data analysis we began to come across the responses indicating one or the other ‘issues’ with the bank.

In all there were 43 cases reporting one or the other problem with their loans from the Bank. The most dominant one was when the beneficiaries claimed that they had never taken the loan from the bank, while some had qualified by adding that they had got ‘sick and tired’ of running around for it. In one case, the person complained that his papers were sent back to the Corporation and now the bank could do nothing about it since the time for it had lapsed. As far as the Corporation is considered the person has received the Cheque for subsidy, and therefore he is a beneficiary! This incident is from Kalaburagi District, and the name of the beneficiary is Lachmi Bai. The sum involved was a loan of Rs. 40,000 and subsidy of Rs. 5000.<sup>13</sup> The Bank officials point blank refused to talk to us since they were excessively

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<sup>13</sup> Note here too the subsidy is arbitrarily assigned and not in accordance with the norms of fixing either subsidy, or the loan for Dairying!

preoccupied in dealing with customers and their ATMs as an aftermath of the November 8, 2016 ‘*demonetisation*’. When our research investigators explained the matter over phone, an official declined to have known anything about it since it all concerns a period when neither he nor his Manager was in charge.

Keeping in view that ISB involves a slightly better economic and social position in the community, if not politically too, and that SEP beneficiaries are much poorer than the rest, we examined if the problems faced with the banks among different beneficiaries varied. In short, were the poor more at a hardship than the relatively richer among the Scheduled Castes? Table 9.18 brings together data only in respect of those who faced any difficulty (and treat them as a sub-sample) with the commercial banks lending them the money.

Out of a main sample of 447, we came across 43 cases of beneficiaries who reported to have faced one or the other problem with commercial banks, this latter size may appear to be miniscule, of less than 9 per cent. We do believe, given our field experience that the actual size of this category of beneficiaries is much larger than what is reported during canvassing the questionnaires. For instance, at least ten to twenty others had simply declined to make any comment about their banking experience, just as there were a few who had pointed out that they received excellent support from the bank in view of their long and earlier relationship with the lending bank.

<b>Table 9.18 Schemes and Issues with Banks</b>					
	Name of the Scheme				
Issues with the Bank (for Loan or Subsidy)	SEP	ISB	Dairy	Total	% Column
Not taken the Loan	59.26	11.11	29.63	27	62.79
Received Subsidy, but no Loan	44.44	11.11	44.44	9	20.93
Subsidy status not known	100.00			2	4.65
Loan less than sanctioned sum		100.00		3	6.98
Made to Repay Other / Other's loan	50.00	50.00		2	4.65
Total	53.49	18.60	27.91	43	
	23	8	12		

Our conclusion based on the data in Table 9.18 is that there appears to be bias against the poorer than the others in matters of loan processes in commercial banks. For, we find more than 50 per cent of those who have faced problems of one kind or the other are SEP beneficiaries. From the other sources of data that we have – not presented here for the purposes of brevity – we are aware also that a majority of SEP beneficiaries were ‘new customers’ of the banks in the sense that they had opened their savings and loan accounts afresh and in anticipation of the applications made for benefits under schemes. If it is not this

bias, their predominance among the ones facing difficulty must also be a result of their being 'first time banking' beneficiaries.

Some of the districts that have had a larger share of those experiencing the problems are Kalaburagi (34.48%), followed by Mysuru (23.26%) and Tumakuru (13.95%). We draw the attention of our readers to two columns in Table 9.19, processes that have been a point of our discussion in the foregoing sections too: 'Received Subsidy, but not the loans', 'Loans advanced are much lower than what was approved', and those without any knowledge of what may have happened to the subsidy component. 27 persons or 62 per cent who claimed not to have taken the loan at all, is an issue that needs deeper examination. During the course of data collection, there had been quite a few more making such comment but they had been mostly in our FGDs and as such did not find their way into the coded data of the sampled beneficiaries.

District	Issues with the Bank (for Loan or Subsidy)					Total	
	Not taken the Loan	Received Subsidy, but no loan	Subsidy status not known	Loan less than sanctioned sum	Made to Repay Other's loan		
Belagavi	100.00					1	2.33
Bengaluru (U)	50.00			50.00		2	4.65
Hassan	50.00		25.00	25.00		4	9.30
Kalaburagi	86.67	13.33				15	34.88
Kolar	33.33			33.33	33.33	3	6.98
Mandya	100.00					2	4.65
Mysuru	50.00	40.00	10.00			10	23.26
Tumakuru	33.33	50.00			16.67	6	13.95
	62.79	20.93	4.65	6.98	4.65	43	
Total	27	9	2	3	2		

What is even more of a matter of concern is that the purpose of an up-front subsidy is to minimise the burden of a loan on the part of a beneficiary. Because he or she is perceived to be unable to meet the additional costs than what one gets as a loan, the Corporation makes a contribution to the venture contemplated upon by the beneficiary. Not as a security to the loan, or translate the unit cost equivalent to what the Bank considers a borrower is worthy of credit.

There is perhaps not much that can be now done to undo the reduction in the quantum of loan sanctioned, except drawing attention of the Corporation also to make use of some scientific method in determining the quantum of loan to be recommended and determining the proportion of subsidy component of a Unit cost. But here is something else that the



Corporation has to undertake on a priority basis: Examine the loan papers for the period under evaluation, especially prior to the 2013 loan waiver so as to determine the extent to which there are FDs created against the waived off loans, if not all the other loans. Perhaps such a review may even open up opportunities for many to revive those that had been closed up or encourage those which had not been started at all. Just to give an idea of the quantum of money involved we reproduce the data below culled out what we know as the sum advanced and sum given as subsidy. Even if only a fraction of the subsidy was converted as FD, the uninformed beneficiaries may get the true benefit of the scheme even at this stage.

Total Units (No.)	447
Total Unit Cost	Rs. 3.70 Crores
Total Loan Amount	Rs. 2.53 Crores
Total Subsidy Disbursed	Rs. 1. 17 Crores

Even if one assumes a 10 per cent of incidence of subsidies converted into FD without awareness of the beneficiaries, perhaps Rs. 11.7 lakhs could be mobilised as savings for productive use by the beneficiaries and/or encourage them to service their loans such that the subsidy is made good use of for self employment. We are referring only to the sample beneficiaries. Perhaps, the Corporation should take the observations much more seriously and audit the current status of their advances or those which they have sponsored as advances.

Let us take one penultimate look at the bank's role or problems perceived by the beneficiaries in relation to whether or not such persons succeeded in their self employment ventures. Note, this analysis too is restricted to only such persons reporting problems. As anticipated, Table 9.20 makes a simple and straight forward revelation: Over three fourths of those experiencing problems with the banks have not ventured to start anything to be self employed, while almost ten per cent tried to run a venture but soon closed them down. About 14 per cent have gone ahead and made an effort to run the ventures. We conclude this section on the role of Commercial bank by posing a few questions, to which answers are clear in our analysis: Is the high incidence of failure as indicted by 'closing' or 'not starting' any venture of self employment a result of lack of proper banking literacy on the part of our sample beneficiaries? Did the loan waiver result in the severing of all banking transactions, at least concerning the schemes, on the part of the beneficiaries? At least, answers in the affirmative is the impression we gathered from our discussions with the bank officials.

The final issue concerning banks and their role in the schemes is to make a few observations concerning the loan repayment behaviour of the beneficiaries. There were at

Difficulties Faced with Bank	Current Status				
	In Operation	Closed	Not Started	Total	
Not taken the Loan		1	26	27	62.79
Received Subsidy, but no Loan	4	1	4	9	20.93
Subsidy Status not known	1	0	1	2	4.65
Loan less than Sanctioned Sum	1	1	1	3	6.98
Made to Repay Other / Other's Loan		1	1	2	4.65
Total	6	4	33	43	
	13.95	9.30	76.74		

least six or seven different questions posed about the repayment pattern (see the Questionnaires for Dairying, SEP and ISB beneficiaries, pages 235 to 270): had they made aware of the terms and conditions of repayment, the possibility of attracting a penal interest, number of instalment repaid, or instalments due and overdue, what was the loan and subsidy component, etc.

Responses to a majority of them were a silence, or to declare they did not know anything. Less than 20 respondents claimed to have actually repaid the loan, while one person is said to have repaid the entire loan within a month and made good of the subsidy. Needless to state that the person had not started the venture at all. This is reported from Yadgir district, and involved the beneficiary by name Kalpana. She had sought the loan to start a Tailoring unit which she already had. Her husband is a lecturer in a college in the district. The only good thing is that the beneficiary (or her husband) repaid the loan in full.

Repayment of the loan was the most challenging set of information that our investigators encountered. It was also for questions on this theme that our investigators were suspected to be visiting the towns and villages on recovery drive.

It is our view that the commercial banks and the Corporation should spend some time together reviewing the progress or otherwise resulting from the loans advanced. Considering the volume of money involved which probably would result as bad debts, it may not be idea to assign this task to an agency to inquire and set things right. The costs involved would be well worth it, besides bringing some credit to the schemes and better involvement on the part of both bankers and District level officials. This post-scheme involvement and partnership is as much a requirement as those prior to implementing the schemes.

### **Further indications of Economic and Social Impact upon Beneficiaries**

Among the many objectives of this evaluation, one concerned the current status of the schemes, nature of impact the schemes made upon their wellbeing (see, Chapter V). Much

was described about the current status as also the economic impact (e.g., Table 9.11 Scheme Status and Current Occupation). In this section, we would like the readers to become familiar with more specific manner in which the impact is visible either positive or negative. One of the major driving forces for any desire to bring about the changes in the social and economic lives of vulnerable groups such as Scheduled Castes is to relieve them from hardship of labour and poor working conditions. Helping them to become self employed must, one may expect, result in the drudgeries of labour. A question we posed to our respondents in the sample of beneficiaries was what impact the scheme made for them in terms of their social and economic wellbeing. These were broken into different specific indicators such as education, health, nutrition of children, whether they became fully or partially self employed, if women in their households enjoyed better living conditions than before, and so on. Unfortunately, not all questions were attempted to be answered by the respondents, for they tended to believe answering one would answer the others too. In any case, let us take a look at how they themselves perceive the social and economic impact to have been.

One important indicator of economic change, as presented in Table 9.21 consists of a variation in income prior to and after the implementation of the scheme for the beneficiary. We had sought to know the income a person had prior to his or her getting the benefit, and to avoid any attitudinally suggestive responses, after several other questions we had sought to know what their current income was – and not specifically in the light of the project implementation. We believe that by asking thus incomes at two different point of time and for the individual beneficiary than the family as a whole, we were avoiding the traps of deliberate attempt to concealing the actual facts. For we suspected that those who had had a failed experience with the scheme – whether closed or not started, there was a likelihood of misleading the investigator by giving false figures as income. Moreover, given the contemporary concern over ‘BPL Family’ status on the part of people in general, our asking for income figures for the family as a whole too would be to match their identity as a BPL card holder than the income as an individual. As we report the findings, we do believe that our assumptions were justified, and to a large extent we were able to get ‘honest’ accounts of their past and current income.

After having gathered two figures of income, we arrived the difference and converted the different in per cent terms. For the sake of analysis and discussion, these were grouped into different levels, keeping in mind the frequencies of different levels. Table 9.21 tells us that a third of the respondents – 33.78 per cent reported no change in their income despite

being beneficiaries of the schemes. As may be surmised, a majority of them had either not started the venture for which they had received the loan and benefit, or had closed it down sooner or later. About six of them had indicated their ventures to be still in operation, but their claim was that they were not making any profits to alter their income levels before and after the venture. These six persons could be grouped with those offering the next set of response, that they were actually experiencing a decline in income from the previous times. The two of them, while running their small businesses (both vegetable shops) were complaining that if they are unable to sell off the stock of vegetables bought from the farmers locally or the market, they go waste and would result in a loss. ‘Had we not been ambitious, perhaps, we could have continued to work as labourers and get our wages...’ remarked one of them in Bagalakote. A well informed onlooker at the field site questioned our ‘wisdom’ in granting a loan for a vegetable shop in a village with hardly six households and almost everyone a farm labourer!

The distribution of respondents who still run their businesses or ventures give a cause for us to be tautological, for almost a majority of them make good profitable income, ranging from 10 per cent increase (about 50 per cent in that category of income increase), while nearly 85per cent each who have accounted for 75 to 100% income, and over 100 per cent income.

Change in Income	Current Status of Venture				
	In Operation	Closed	Not Started	Total	% Col.
No Change in Income	3.97	31.13	64.90	151	33.78
Negative Change (Decline)	40.00	40.00	20.00	5	1.12
10 to 25%	50.00	28.95	21.05	38	8.50
25 to 33.3%	78.13	15.63	6.25	32	7.16
33.34 to 50.00%	70.97	17.74	11.29	62	13.87
50 to 75%	75.76	19.70	4.55	66	14.77
75 to 100%	87.76	10.20	2.04	49	10.96
Over 100%	86.36	4.55	9.09	44	9.84
Total	50.78	21.48	27.74	447	
	227	96	124		

While much of the discussion so far has been focused on failures or shortcomings, it is necessary also to look at what else explains the success as indicated by higher levels of income change. For convenience and easy comparison, we have regrouped the income levels into six categories: Zero Change (no or negative); Very Low (up to 25%); Low (25 to 50%);

Medium (50 to 75%); High (75 to 100%) and Very High (Over 100%). According to this reclassification, we find Dairying to have had the highest negative or zero change. The successive years of drought was accounted for this failure or negative outcome. Indeed, these self employed are to be seen as potentially those who may stop the ventures soon, if they have already not done so.

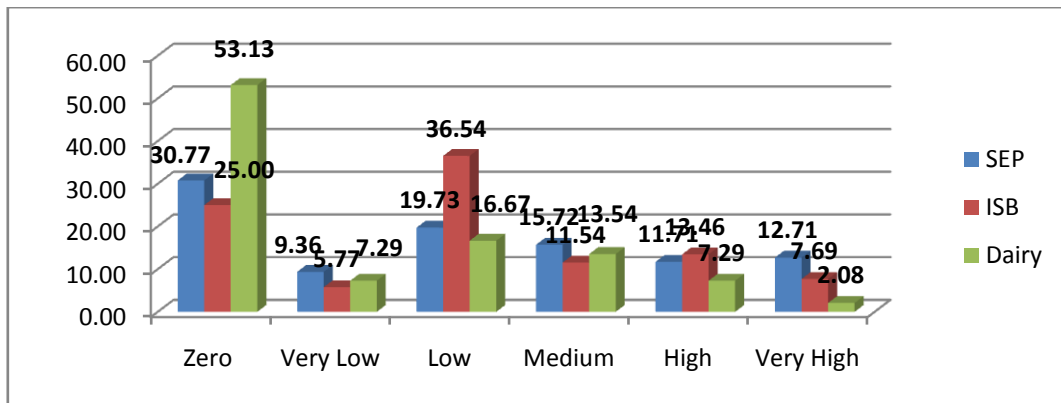
### **Rural Urban Differences**

In respect of those making a better income returns (33.3 to 50% and over 100%), it is the beneficiaries located in urban areas who are more than the ones in the rural areas. In all the rest, it is the rural based self employed beneficiaries who have an edge over the urban. This is perhaps a result of some backing up income sources such as agriculture, or agricultural labour that contributes to a better performance by rural self employed beneficiaries. However, it should also be taken note that a larger share of those who reported no change in income is also from rural areas. SEP and ISB make up the rest with 30.77 and 25.0 per cent reporting 'zero' change. The extreme contrast to this category of change is made up of Very High change in income before and after the scheme. This group consisting of a marginally higher (9.84 per cent) than those with very low change (8.5 per cent) has a larger share of SEP beneficiaries: They account for 12.7 per cent.

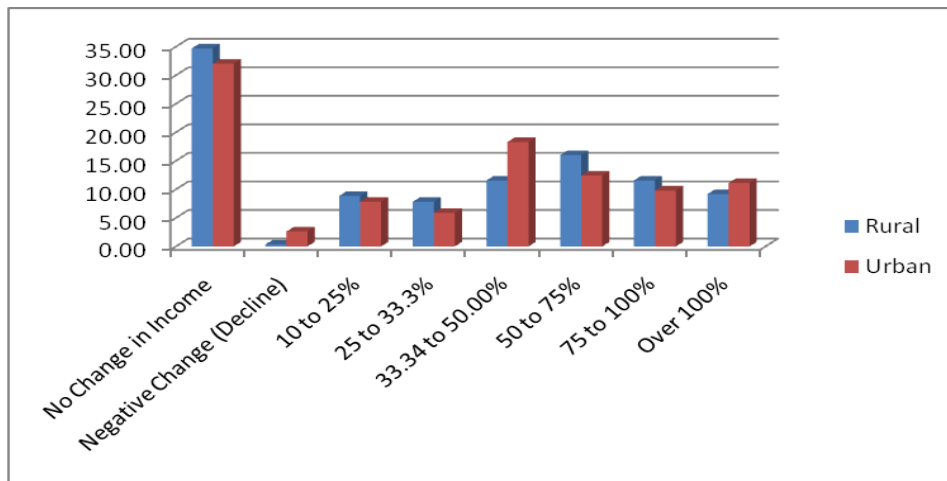
In terms of trends in change in income, SEP beneficiaries seem peak at 'Low Change' having risen from the lowest of change in 'Very Low' category from 9.36 per cent to almost 20 per cent. However, thereafter they show a declining trend with 15.72 per cent at 'Medium' and 11 per cent as High. However, among those with very high change, as pointed out earlier, they top the three groups. Looking at ISB beneficiaries, we notice that they are the least reporting no change. In other words, they do have a higher share of positive change in incomes, although peaking as 'Low' income change (i.e., income change of 25 to 50%) and at 'High' change (i.e., income increase between 75 to 100%) during the two periods. As compared to Dairying and SEP, beneficiaries of ISB seem to be doing better.

Considering that there is not much or major change in the nature of ventures undertaken whether a beneficiary is SEP or ISB, and that the major difference is mainly in terms of what is the minimum amount lent and that there was a beneficiary component of 20 per cent of the Unit cost, it appears that what is determined as Unit Cost for self employment ventures need to be reviewed afresh. It is our view, based on the findings so far that a slightly higher maximum may enable a larger number of beneficiaries to benefit also in terms

of economic returns. Perhaps, that would prevent many from closing down their units even if they were running well but with low returns to their labour and efforts.



**Figure 9.8 Extent of Income Change across SEP, ISB and Dairying Schemes**



**Figure 9.9 Rural Urban differences in Income Change Pattern**

Further, as many of our respondents pointed out while offering suggestions they had insisted...

it is necessary to take into account fluctuations in returns to our efforts, especially as first time self employed persons. The Corporation ought to consider supporting us from time to time (based on our performance and loan repayment patterns) to extend further loan. Closing the doors on us merely because we had once taken the benefit from the Corporation is like expecting that we can swim against any floods even as beginners in swimming in the sea of business!

In another FGD in Chamarajanagara town, a middle aged person made an extension of this argument:

Instead of waiving off the loans benefiting the already default beneficiaries, why not give another loan on a need base and looking at our repayment conduct? At least, that way you are rewarding good fellows than rewarding the bad ones.

As evaluating researchers, it is our view that both the suggestions are to be taken seriously by the Corporation and arrive at a formula to support with 'running capital' to such ventures. Such a 'life line' of support may also enable the successfully running ventures to upscale their businesses, which is as good as converting an SEP into ISB in the second phase. This is, in principle, what is aimed at in Dairying scheme by staggering the financial support in two instalments.

### **Addressing some of specific Evaluation Questions**

Considering that there is a high incidence of no income change, ventures not starting and or closing down soon enough a set of evaluation questions posed at the commencement of the study may now be brought into focus. Although many of these questions have been answered during the course of a discussion of our findings and analysis, we need to specifically refer to some of them, without necessarily repeating the statistical information pertaining to them. Where such data may not have been presented, we shall supplement the following discussion with tables or graphs, as may be suitable or effective. In that direction let us ask and attempt to answer: *Can the EDP training programme be made part of the DPR? Should the commercial banks be given the responsibility of the training? If not, why not? Who is suited to offer this training?*

First it needs to be pointed out that about 5 per cent of beneficiaries, especially those engaged in tailoring, candle or bangle making etc., had undergone specific training programmes organised by either a commercial bank as part of its outreach programmes or other agencies of the state. Venaktarathamma, whose case study appears later in this report did undergo a training in tailoring, and indeed, retrospectively, we see that it is this training that has kept her economically active and somewhat independent. For, had she not possessed any such trained skills, the upturn that occurred in her loan sanctioning process would have rendered her in a much harder state than even before. It is her tailoring starting a tailoring unit that has silenced her critics when she set out to seek financial assistance for self employment.

We had specifically asked beneficiaries, especially those who had either not started or closed down the unit, if an EDP would have helped them in any manner. The pattern of

response does not require any tabular presentation, for almost all were unanimous in expressing the view more or less as one pointed out:

‘It is not that we do not know how to run a business. I have already run (a shop, dairy, workshop, grocery store, etc., as the case may be) ... and I know how the market works... How and when to buy and when to sell at a lower price or make a profit...’

If our business failed, it is because we incurred so much expenses in order to procure this loan... Even if our borrowing was small, our expenses mounted. There was, in the end, very little left to make a good investment.

Some of our business requires a good space in a busy market place. As SCs we find it hard to rent a shop or premises... The Corporations (and or Municipalities) must make facilities for opening our shops even if in box-type (*petty shop*) spaces and at affordable rent. I had to give up my shop merely because another rich SC person did a better bid in the auction for a shop in the Commercial Complex, and could not find a better place at affordable rent.’

However, when spoken to an advocate who had benefited from an ISB scheme to equip his office premises, we received a very useful suggestion:

‘EDP or PDP... or whatever you call it, it would be useful after a person has had some practical experience in running a business. These are people who may never have had an opportunity to run business enterprise before and much of what you teach them as Entrepreneurship, Risk taking behaviour, speculation and profit maximising etc., may not make much sense. It is like asking someone to sniff at a flower when he has a severe cold!’

Having interacted with a widely ranging sets of beneficiaries and in different parts of the state, and having analysed several associated factors co-occurring (if not determining) with venture failures, it is our view that EDP could be offered to those ventures that have taken off and are running. For, it was observed – as several of tables and figures in the foregoing analysis may substantiate, factors associated with failures in their self employment ventures have little to do with whether or not they possess entrepreneurial skills. It is the manner in which their application was processed and sanctioned, the leakages that occur in the capital they receive, the amount of money eventually made available for starting a business, etc. that impact success or failure of the venture.



A second related set of evaluation questions pertained to expansion of business. The questions specifically are: Is there any development in the business activity undertaken under these schemes? If so, are they getting better or expected profit from the business? If not, why not? This set of questions too, as in the case of other questions; we have made substantial references in the foregoing analysis. Some recollection could be made. Readers are invited to recall a set of response which was inferred as ‘Scheme, as an additional source of income.’ (Table 9.11) We had stated at that juncture as under:

‘As an additional source of income’ meant that a person has an occupation that is his or her main occupation – which he/she may continue to be engaged in even after the scheme. But the scheme supported him/ her with another source of income, be it a dairying programme or flour mill, digital photo studio or a provision store.

Thus in about 14 per cent of our sample of beneficiaries, one may view the scheme to have contributed to an expansion of the already existing self employment venture. The good side of this is, indeed, over 90 per cent of such beneficiaries were still running their ventures, with only 10 per cent having closed it. At that stage in our analysis we had also pointed out how there was a reluctance on the part of some to admit if a venture was running due to the fear of a loan recovery process anticipated by virtue of their responses, and / or owing to a hostile attitude towards us as either representatives of the bank or Corporation. But these are points to be considered as an aside.

Further dairying is, in our view, one activity where a properly run venture would facilitate a ‘natural’ expansion over the years. Female calves would be born in due course, and with their coming of age, the number of milch animals in the dairy should be increasing and therefore the dairy to be expanding. On the contrary, as evident in Table 9.22 even out of 31 beneficiaries still running the dairy and with good profit had not expanded beyond one calf. When asked, most of them responded that it was too difficult for them to find other resources (water and fodder) and to find persons to look after the animals. Smaller families, especially when a household consists of just two persons, the tendency is to close down the unit than running it despite the initial profits accruing.

Having turned our discussion towards Dairying, we may now address a few specific questions asked of us to be answered in relation to this scheme.

We need to address a set of specific questions pertaining to the purchase of animals, a norm prescribed to ensure that there is a genuine cross breeding of animals than gene concentration. As per Government Order dated 31.12.2013, the milch animals are to be

purchased from other States. Has it been followed? If no, from where was the purchases made and why the deviation was done?

Family Size	Venture Outcome Pattern						Total
	Did Not Start	Loan Not Given	Profits Consistently	Initial Profits, Closed	Mixed Outcome, Closed	No Profits and Dairy Closed	
One Person	100.00						2
Two Persons	42.86		28.57	28.57			7
Three	52.94		35.29	5.88		5.88	17
Four	50.00	8.82	38.24	2.94			34
Five	16.67	8.33	58.33	8.33		8.33	12
Six or above	50.00	20.83	12.50	8.33	8.33		24
Total	46.88	9.38	32.29	7.29	2.08	2.08	96
	45	9	31	7	2	2	

At the outset, it should be stated that not many of the District Managers and / or the field officers were aware of the Government Order under reference. Instead, some went on to explain to us that although there had been such an order we do not insist on this because of the extra trouble that a buyer and the seller have to go through in running around or in transporting the animals. A few went on to further offer another justification that the farmers would usually prefer buying locally and on the basis of mutual trust and understanding, while in addition to these favourable aspects, buying from another state runs the risk of unfamiliar ecological conditions for the animals. They too cannot be relocated as and how we like, seemed to be the attitude on the part of beneficiaries themselves. We had gathered information from those who had bought the animals pertaining to where did they buy the animal from and at what distance did they have to transport them. Table 9.23 summarises the findings numerically.

Year	Where Bought				Total
	Locally	Within Taluk	Within District	Did Not buy	
2011-12	24.07	20.37	9.26	46.30	54
2012-13	27.59	20.69	6.90	44.83	29
2013-14			100.00		1
2014-15		14.29		85.71	7
2015-16	20.00	40.00		40.00	5
Total	22.92	20.83	8.33	47.92	96
	22	20	8	46	

Out of the 50 beneficiaries who did buy an animal or two under the dairying scheme, not a single person reported buying them from outside of the state, and in none of the years. In fact, a majority (22 per cent) bought locally – meaning within the place of their residence, while marginally lower proportion of them bought within the Taluk to which they belong.

Only 8.33 per cent went outside of their district, and as we could check, these were the villages or towns lying closer to an adjoining district hence the destination beyond their own district. Even the beneficiaries were unaware of the G.O under reference, and when asked if they would have done differently, it was pointed out that such a transaction would not have been convenient. The concern over 'familiar grounds' was much more than strange lands, as they pointed out.

Although the rationale was not clear other than ensuring cross breed nature of cattle, the farmers were not too concerned over the yield being better or lower when it came from a distant land or another state. As one person commented in Belagavi...

There are many risks involved in transporting the animals from one state to another. The vehicles we hire for this purpose will attract extra tax for inter-state permits, and the overhead costs are high. Even if the scheme gives us money towards transportation, it is not adequate to meet the costs. There are huge tolls to be paid on the way, and by the time animals finish their journey, and the new environment for them are all touchy issue. Had it been a pair of bulls, sometimes we even walk them all the way, even if it is a 50 or more kilometres of distance. Cows or buffalos cannot stand so much of stress.

Loan for	Year of Scheme Benefited	Why No Second Animal Bought (Per Cent)					
		No Loan for 2nd	Cannot Manage	Not Started	Took Loan & Not Bought 2nd Animal	Loan Not Given	Total [N]
One	2011-12	45.10	5.88	43.14		5.88	51
	2012-13	24.00	24.00	48.00		4.00	25
	2014-15			100.00			3
	Total	29	9	37		4	79
	36.71	11.39	46.84		5.06		
Two	2011-12		66.67		33.33		3
	2012-13		25.00		75.00		4
	2013-14		100.00				1
	2014-15			75.00	25.00		4
	2015-16			40.00	60.00		5
	Total			4	5	8	17
		23.53	29.41	47.06			
All	2011-12	42.59	9.26	40.74	1.85	5.56	54
	2012-13	20.69	24.14	41.38	10.34	3.45	29
	2013-14		100.00				1
	2014-15			85.71	14.29		7
	2015-16			40.00	60.00		5
Grand Total		30.21	13.54	43.75	8.33	4.17	96
		29	13	42	8	4	

Out of the 96 beneficiaries, 29 persons did not take the loan for a second animal at all. From our earlier discussion we are familiar that many of them did not know there had been a provision for a second one; or they had serviced their loans properly and therefore had rendered themselves ineligible for a loan to buy the second one. But even more pathetic was due to an improper communication and/or lack of information. Those who had borrowed prior to May 13, 2013 stood to have their loans waived that which they owed to the government. Whatever the banks had lent them stood outstanding and under the impression of having no further dues many did not even go towards the bank. Consequently the loan that was still possible to obtain for a loan for second animal could not be approached, nor could they make a fresh application since having earlier received the benefit they would be ineligible. There is a modest 23 per cent of beneficiaries who were eligible for a second animal loan, but had not pursued it since they had felt they could not manage two of them. Of course a few of them had already closed down their dairying unit by then.

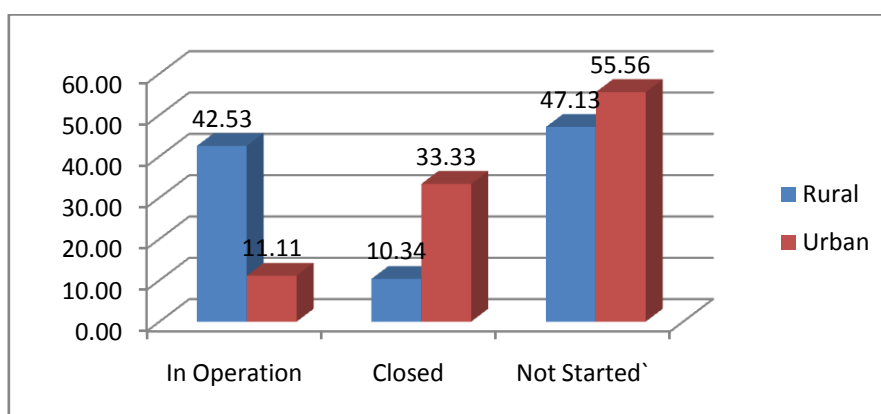
The much described group of those who never started have their dominant presence in dairying too, and having not started the unit itself, their not seeking a second animal was not a possibility. At least 8 persons reported to have taken a loan amounting enough to buy two animals, going by the loan amount mentioned and Unit cost, but having taken the loan they had not either bought the animals nor started any unit.

### **Specific Focus on Dairying**

Hitherto we looked at the three schemes and their impacts together, and where considered as necessary, a separate focus was laid on the different schemes in terms of SEP, ISB and Dairying. Here on, we make an attempt to focus on Dairying as a special case, for certain specific questions were posed in respect of Dairying. Whichever the questions may be, one of the key objective of this evaluation was to assess if the selection of the beneficiaries was appropriate or not. Readers will recall that our findings does not support the view that selection of beneficiaries is not perfect and that there is much more to be desired. Keeping one of the key variables in special focus we may take a look at how the selection of beneficiaries is appropriate or not, from the point of view of the kind of venture fits the locale where they live. Earlier on we made an observation that among the three schemes under evaluation, Dairying is more rural and agrarian in character.

Although it is hardly surprising, we find that Dairying should have been the least of choices while picking beneficiaries under the three schemes for urban applicants. Whether or not the Selection Committee headed by the MLA makes an assessment of rural-urban

habitation of an application to be in more suitable for a scheme or not, data points out that urban habitation of a beneficiary is least suited for Dairying scheme. Merely 11.1 per cent of beneficiaries from urban background has the ability to keep Dairying venture operational, while 33.3 per cent have closed the venture having started it, and over 55 per cent have not even started the venture. While approving the applications for one or the other scheme, the Committee should pay a little more attention about the rural or urban habitation of the applicant prior to approving it for one of the schemes. Whether in the short run or long, urban localities are not ideally suited for Dairying activities considering the need for a separate cattle shed, grazing needs, etc. Urban beneficiaries of Dairying scheme, though small in our sample, have demonstrated this dimension, rather at the cost of the same perhaps to a few needy in rural areas.



**Figure 9.10 Rural Urban Determinant of Success or Failure of Dairying Venture**

### Dairying with One Animal?

As per the design, the scheme of supporting Dairying as one of self employment programmes of the Corporation, it is meant to establish a unit with two milch animals, whether a buffalo or a crossbred cow. While disbursing the Unit cost's loan and subsidy, the Corporation and commercial bank has a procedure. A beneficiary first receives the first half of the loan and subsidy, and at the conclusion of six months, there has to be a demonstration of proper repayment of loan instalments, purchase of animals and running of the dairy successfully. He or she has to then make a representation for the second instalment of the Unit costs to be released. Except for such a representation having to go through the Selection Committee headed by the MLA, the application has to follow all the other steps: Corporation, Bank, District Manager's recommendation and final approval to release the second instalment, and again through the bank. In other words, effectively a beneficiary has to go through all the other processes experienced during the release of the first instalment of loan

and subsidy. It also follows that the probability of that a beneficiary receives and buys the second animal is what statisticians may call ‘conditional probability’ where in the condition is that the first one is successfully and smoothly carried out. If the person was dependent on a ‘middle man’ facilitate the process in the first place, he or she has to now approach the same or a different middle man. Having succeeded in receiving the proceeds of Unit cost the second time, of course, there remains the hurdle that the beneficiary actually carries it forward to keep the second animal too.

We had wanted to know how many of our Dairying beneficiaries had been intending to get the loan for second animal, how many of them actually received and how many of them did in fact put that into effect. Table 9.25 gives us a complete picture of the situation as regards our sample is concerned.

Why No Second Animal Bought						
	No Loan for Second Animal	Cannot Manage	Not Started	Didn't Buy Second Animal	Unaware of Loan	Total
Loan for One or Two Cattle						
One	36.71	11.39	46.84		5.06	79
Two		23.53	29.41	47.06		17
Total	30.21	13.54	43.75	8.33	4.17	96
	29	13	42	8	4	

We learnt from 79 respondents (82.29 per cent) in our sample that the Unit Cost approved for them under the scheme itself had been for the first animal. Whether or not this is only a part or the whole of the grant we are unable to say since we had no access to the relevant files or application forms in all the cases. However, when asked why they had not bought the second animal through the scheme, we learnt from 30 per cent of them that they had no loan for the second animal; while 8 persons had actually been sanctioned a loan for the second animal. Only one person out of the nine who had received a loan for the second animal too had actually bought the animal, but who had responded as saying she could not manage the second one and so sold it in due course.

A few of the FGDs informed us of the reluctance on the part of beneficiaries to go through the ordeal of securing a separate sanction the second time over from the Corporation. Explained one woman:

‘Getting thing in order the first time itself cost us quite a bit in terms of money and time, and of our running around. How can you expect we shall be prepared to do that all over again the second time?’

This view was echoed in nearly all the FGDs that we held, but an additional dimension was that the beneficiaries tended to blame the Commercial Bank more than the Corporation. It was in one such FGDs that we learnt that even among the Dairying beneficiaries, commercial banks had recovered old loans through the subsidy or Unit costs offered under this scheme.

### **Insuring the Animals**

One of the specific questions posed in relation to Dairying pertained to Insurance of the animals. The questions read as under:

Are there any instances of milch animals being purchased without covering them under insurance? If yes, how many such instances were found in the samples selected and what action is taken by the departments for this lapse?

Elsewhere in this report, it has been pointed out how hardly any respondent had knowledge of whether or not the animals were insured. In all three sets of responses emanated from the beneficiaries when asked if the animals had been insured: first, there were 9 out of 96 who had reported “yes, when they were bought.” Which by implication also meant that, if they had continued to keep the animals, they had not renewed the insurance? As part of the Unit cost approved, the money to be disbursed as loan included the cost of insurance for the first three years, which the bank itself took care of. In fact, the reconstituted Purchase Committee included one member to represent the insurance firm. Had the loan been properly serviced, the last instalment of the 30 part repayment of the first animal loan ought to have included the cost of renewal of the insurance too. But, the repayment history of most respondents, including the beneficiaries of the other two schemes, has been so poor that it is unlikely that even if they had kept the animals they would have been on time to renew the insurance. As a Bank Manager had responded, ‘we rarely get to see a beneficiary once he takes the loan and goes away.’

The second set of response we received to our question on insurance was a plain half informed one, for they declared “Not Insured.” There were 22 of them (about 23 per cent). Obviously, they had little knowledge about what all had been included and what were all the different components deducted while advancing the loan to them. Recall, many did not know that part or whole of their subsidy amount too had been kept aside as a ‘Fixed Deposit.’ In this genre of responses, ‘Not Insured’ too become part of lack of information than asserting no insurance taken. This absence of information is also sufficient to explain whether or not they would have taken out an insurance on their own once the loans had been repaid and if all the actions had to be taken by themselves and not by the bank in renewing the insurance.

The third response, concerning whether or not their animals had been insured, was that they had no animals when the survey was carried out: ‘No Animals Now.’ Either they had sold the animals and ‘Closed’ their dairying venture, or they had not bought them at all, they had no animals to be insured. Partly, it also includes the response of ‘Yes, when they were bought’ since the bank may have included that cost and taken out an insurance.

The fourth response is something that has been there for many other questions of ours: ‘Did not Start At All.’ But what we did not hear as a response was that the animals had died and that they did claim insurance money – which ought to have supported them in buying another animal. Had there been any unnatural death of the animals – whether or not insured? In response to this question, only five had answered in the affirmative. Yet, none had claimed any insurance. We probed with each of them as to why they had not followed up with the insurance firm to claim the benefit of insurance coverage and support to buy another. Three of them gave evasive answers, either as we did not how to go about, or as ‘we didn’t think of claiming,’ the two others gave a clue to what may be the real reason for claiming insurance benefit. One pointed out that he didn’t want any thing to do with the bank again, and the other said that he had not been keeping a proper repayment pattern and so did not have the ‘face’ to go to the bank to claim any benefit. Here again we find another of those half or misinformation: had a proper explanation been given to them about insurance procedures, they would have known that the agency to be informed about the death of an animal was not the commercial bank but the Insurance company.



### **Milking without Cooperation?**

The final specific question pertaining to Dairying has to do with the Milk Cooperatives. The norms for lending to establish a Dairying unit includes one by which the applicant has to demonstrate that he or she is a member of a Milk Producers Union and that the Cooperative will procure the milk supplied by the beneficiary when he starts selling them. In fact, none of the applications we had an opportunity to study had even a column seeking to know from the applicant if he or she had been a member of the cooperative. In this sense, the Corporation is not ensuring a formal mechanism by which units under the dairying scheme are supported for sustainability and for loan recovery. For, even as the milk vendor gets his or her money repaid at periodic intervals (weekly, or fortnightly, if not monthly) standard deductions could have been effected towards loan recovery.

Only 12 of the sample beneficiaries had reported to have been member of a milk cooperative. Four among them had no response as to our supplementary question on for how long had they been members; while the rest had become members either just after receiving the loan or a couple of months prior to it. The fact remains that for 84 beneficiaries, these questions made any relevance since they had not been members, or had not bought the animals at all.

This set of findings too suggest how important it is for the Corporation to ensure not only sustainability of the self employment units they support to establish but also to pave way for recovering the loans advanced such that the credibility of the borrowers and of the schemes are upheld with the lending institutions.

The question is, whether a single animal or two, how is it technically possible not to start a unit without buying the animals since the money towards the animals are paid directly to the animal selling person. When we sought to know how this was possible, it was an interesting experience to listen to them. One account is that there shall be a fictitious transaction involving a real person who enacts to have been the seller, receives the claimed proceeds through cheque, and later passes the money on to the beneficiary. Depending upon who the pretentious seller of animal is, there may be some monetary considerations. It can also be that there may be other ways of returning the favours, if this was not already one such means.

There were also others who had simply given up the hopes of ever chasing the veterinary departmental or Corporation's officials for the second instalment of loan, for their first experience itself had been sufficiently tiring.

Insurance of the animals too is another matter on which there is nearly no information. Although the norms of the advancing the loan is such that the Unit cost is built in with premium for three years, none in our sample had any knowledge about it, nor did they have any papers to prove that their animals were insured. About ten of our respondents had reported that their animal had died, as a result of which they had to close down the unit; but there had been no claims made for insurance against death of the animals. Those who had continued with dairying activities for over three years had not renewed the insurance. An onlooker during an interview had pointed out that 'even though he (the respondent) had been telling you that the animal had died, it is because she sold it that she closed down her dairy.'

Another interesting feature of dairying units is that less than 10 per cent of those who are running the dairy were actually members of Milk Producer's Cooperative and were supplying milk to one of its collection units. Nearly all the rest were not members of such a Cooperative, mainly also because their village or location where they lived did not lie on the 'collection route.' Procedurally, it is expected that an application for dairying unit should accompany a certificate from the jurisdictional cooperative that it will offer a membership to the beneficiary and that his or her contribution of milk to the pool would be accepted. None of these seem to be in place, nor did we ever have any of such papers available among such applications that we had access to. Majority of the beneficiaries sold a portion of milk to the local vendors and others privately as '*vartane*', received about Rs. 23 to 24 per litre. If they themselves transported milk to a nearby town, they received Rs. 26 to 28. Eight persons were not selling any milk since the yield had diminished and there had not been enough surplus to sell. Almost all were unanimous in admitting that the income from the venture had enabled many of them to partially or fully withdraw from being wage labourers, or that they could afford school in the nearby town and even send their children in a hired auto rickshaw. It also implies that they could now afford a private school for their children and go to the nearby larger village or town.

There has been a strong sense of empowerment which the beneficiaries who are still running their ventures proudly declare. They are comfortable now to go to a government office, deal with the bureaucracy, minimise their dependence on others to fix things for them or get things done in government offices or the market. So much so, that some declare that

they can now guide others in making applications while they themselves had to depend on other middle men and even pay them a commission.

### What does the Control Group Reveal?

One of the suggestions made to us in carrying out the evaluation of the three schemes in terms of the impact made upon the beneficiaries was to also take a look at a small section of Scheduled Castes in the same localities where the beneficiaries operated as a contrast or a control group. The only contrast was meant to be that they were not beneficiaries of any of the schemes – not merely the three under review. The question in mind was did they fare any better or differently than did the beneficiaries. Accordingly we chose 102 persons under this category. In fact, our original intention was to chose about 75 persons, but as the study progressed it was felt that there shall be no harm by choosing more.

Districts	Occupation											
	Others	Provision Store	Dairying	Labour	Footware Shop	Saree Business	Tailoring	Fruit/Vegetable	Autorickhsa	Fish Business	Driver	Total
Bagalakote	1	9	2	1				1				14
Ballari	1	1										2
Belagavi	1	5	2	1		1		1				11
Bengaluru Rural		1	1									2
Bengaluru Urban	2	7	4	2		1		1	1			18
Chamarajanagara		8	1								1	10
Hassan	1		3		1		1					6
Kalaburagi	1	3	4	1		1	4		1	1		16
Kolar		2	1									3
Mysuru		2		1	1	1	1	1	1			8
Ramanagara		1										1
Shivamogga	1		2	1	1							5
Tumakuru	1		2								1	4
Vijayapura								1		1		2
<b>Total</b>	<b>9</b>	<b>39</b>	<b>22</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>102</b>

Although at the commencement of the study it was intended that the control shall be from among the self employed Scheduled Castes, they could not neatly fit into two of the three categories namely SEP or ISB. Dairying, of course, we could match by selecting such persons belonging to the Scheduled Castes and engaged in Dairying. As regards matching SEP and ISB, what we could do was to choose respondents from among similar self employment ventures of Scheduled Castes just as those of the SEP and ISB beneficiaries. To this we deliberately added a small number of those who were not self employed – but were working as labourers or wage earners. One each from the following fields represented the control group: Concrete Machine, Hardware, Clock Shop, Mobile Shop, Flour Mill, Cyber centre, Photographer, Beauty Parlour, and Agriculture. Repairing clock watches and wrist watches (Time pieces) was one occupation which we had not come across in the sample of beneficiaries. He too, just as the woman repairing the wired chairs in our sample, was facing the threat of his business becoming redundant in due course since he was of the view that ‘people have become dependent on their mobile phones to know the time or to keep an alarm. If only I had got a loan, I would have started a mobile repair and recharging shop, for that may have a better business in the coming days.’ 39 per cent of the group were all running provision stores, their higher representation matching with that of the main sample too. 22 respondents were engaged in Dairying, and as may be expected almost all of them were unhappy that they had not succeeded in securing the benefit of dairying or animal husbandry scheme of the Corporation. In terms of districts, they represented 15 of them, and as stated earlier, they all came from one or the other district from which our sample of beneficiaries had been drawn from (Table 9.26).

While describing the profile of our sample respondents in the foregoing chapters, we had not made a reference to their APL or BPL status. This was primarily because there was one observation to be made, which we preferred to make while describing our respondents from the Control Group. Even though a majority of our sample respondents had claimed to be BPL families, while stating their income – whether annual or monthly income – the stated income did not match what was prescribed as income to be Below Poverty Line. In contrast, there seemed to be a bit more fitments between the stated income and their APL or BPL status. Of course, just as among the Beneficiaries, the control group too could not always produce a copy of their BPL Card (The ‘Green Card’)!

Whether or not the claimed income status and the stated income are indeed a reflection of their real condition, we are inclined to believe that there was a greater tendency among the beneficiary sample respondents to somehow fit their economic status with that of what the schemes expect them to be. Thus, even though at a different point of time in our interviews they stated their income to be independent of what determines poverty levels, while stating their poverty status, they tended to be more ‘below poverty line.’ So much so, as may be seen from Table 9.27, over 32 persons (almost 7 per cent) claimed to be BPL families while their income was stated to be over Rs. 1.5 lakhs. What is interesting, however, is that they were able to show their BPL cards to prove their poverty status.

	Among Sample Beneficiaries			Among Control Group		
	Economic Category of Family			Economic Category of Family		
Current Annual Income of the Family	BPL	APL	Total	BPL	APL	Total
Less than Rs. 50,000	254	0	254	57	0	57
Rs.50000 to 75000	56	0	56	17	0	17
Rs.75000 to 100000	53	0	53	8	0	8
Rs.100000 to 150000	43	0	43	8	0	8
Rs.150000 to 200000	22	3	25	2	9	11
Rs.200000 and Above	10	5	15	1	0	1
Total	438	8	446	93	9	102

(Note: One Sample Beneficiary had no response on income, and so excluded from the Table)

Among the very important features of the Control group is their tendency to carry on with their self employment ventures despite them being older than for or five years. We do not need to make a tabular presentation of this data, for almost all the ventures that were started during the five years of our study focus or those started running prior to it had all been in operation. Of course, there is a tautology in this finding of ours, but that is part of the process of making a comparison with a control group. Given the time at our disposal for carrying out this evaluation, we did could not go in search of those who had started a venture and then stopped it after a while. In any case, making such a comparison was not the sole purpose of this evaluation. Suffice it to state that unlike the sample beneficiaries, self employees among the Control Group seemed to be a bit more robust in keeping their businesses alive despite the hardships faced or losses met with in the course of running a business.

**Table 9.28 Districts and Reasons for Not Succeeding in Applications for the Schemes**

Districts	Reasons for not succeeding							Total
	No attempt made	No political clout	Got cheated	Couldn't submit all papers	Corruption	Do Not Know	No response	
Bagalakote	85.71		7.14		7.14			14
Ballari				50.00	50.00			2
Belagavi	36.36	9.09	9.09	9.09	18.18	18.18		11
Bengaluru Rural	100.00							2
Bengaluru Urban	72.22	11.11	5.56		5.56	5.56		18
Chamarajanagara	50.00	20.00	10.00		10.00	10.00		10
Hasana		33.33			50.00		16.67	6
Kalaburagi	50.00	12.50	18.75	6.25	6.25	6.25		16
Kolar	33.33				66.67			3
Mysuru	50.00	12.50		12.50	12.50	12.50		8
Ramanagara		100.00						1
Shivamogga	100.00							5
Tumakuru	75.00				25.00			4
Vijayapura				50.00	50.00			2
Total	55.88	10.78	6.86	4.90	14.71	5.88	0.98	102
	57	11	7	5	15	6	1	

There were, however, a major grouse among the respondents of the control group. 44 control group respondents had made at least one attempt (in fact, 10 among them claimed to have made more than one attempt) to be beneficiaries of one or the other schemes. What were their reasons for not succeeding? A majority felt that 'it was all politics.' One respondent from Bengaluru Urban, who held a Post Graduate Degree, employed the words 'No Transparency' to describe why he could not succeed. A few others, blamed it on 'Corruption' while refusing to elaborate. In an FGD in Kalaburagi, a few went on to add a comment "Our describing where corruption takes place will only upset many who are present in this group it self." Needless to point out that the FGD proceedings following this comment was not all that smooth or easy for us to handle!

Among the different reasons offered for their unsuccessful attempts, and leaving out those who made no attempts, an important was those who lamented over being cheated. This is when an aspirant trusts a middleman or an official, and fails in the end despite having made all arrangements. This may include, going by what the respondents claim they did, spending some money towards appeasing the middlemen, if corruption is an unpleasant expression to describe it. Kalaburagi topped this category, and we do have reasons believe this to be possible. Among the sample respondents, a majority had applied and pursued their

applications through, what they claimed as an ‘Agent.’ In fact, our search for the relevant application papers, we were directed to approach this mysterious Agent, whom we never could manage to contact despite several attempts. To one of our investigators, he is said to have informed: ‘Meet me, and I will give you whatever information you need about the schemes and benefits!’ A Taluk Panchayat Member called us on behalf of a woman dairying beneficiary who had claimed that she had no knowledge of having received any loan or benefit for that purpose from the Corporation. While processing the data, we needed to seek some further clarifications from her and so, making use of the mobile number provided, we contacted her. She spoke to us giving further information and claiming innocence of having been a beneficiary. We gave her the Cheque number by which the subsidy had been released to her. It looks like she followed up the matter with the TP member referred to above. The TP Member spoke to us at length how the woman was lying and that she had actually borrowed the money. The following day, we received a phone call from a person claiming to be the woman’s husband said that having borrowed the money they did not buy the animals. A little later in the same phone conversation, he changed his version to claim that actually they had sold the animals a few months later after having bought them!

Continuing our discussion of the control group findings, we may now point out to the source of money for first investment in starting the different ventures by them. Our concern here was what do the self employed among Scheduled Castes do for initial investment in the absence of any benefit from the Corporation. From our other research studies, we do know that many do depend also on commercial banks for a loan, though not as a main source. Studies have pointed out immensely that as borrowers of formal and institutional loans the Scheduled Castes and Scheduled Tribes do face a couple of handicaps (lack of awareness of opportunities, lack of guidance, absence of collaterals etc.), some of which we have cited in our chapter on problem identification. Not surprisingly, among the respondents in our Control Group too, there had hardly been many who claimed to have benefited from commercial banks for their self employment ventures.

Dependence on having to borrow for an initial investment while becoming self employed among Scheduled Castes is underscored once again with the data from the Control Group. Only about 35 per cent did not have to borrow money to start their ventures. Though small in numbers, they did make up a substantial proportion too. About 35 per cent of those who did not borrow any money had been engaged as provision store owners. Among those

who had borrowed money, Provision stores and dairying dominated the rest – which is also due to the fact that a majority was made up of these ventures in self employment.

Let us return to the theme of sources for their borrowing the initial capital to start their self employment ventures (Table 9.29). Whether a small sum, as low as Rs. 5000 or 10,000 or as high as over a lakh of rupees, Scheduled Caste self employment does require a loan, it appears from the data. The highest dependence on loans, however, seems to be when the required capital is in the range of Rs. 10,000 to 50,000. Another way of reading the same data is that a majority of self employment ventures of the Scheduled Castes tend to be of lower investments: Only 13 out of 102 respondents had borrowed a sum more than Rs. 50,000 while the rest had an investment of less than Rs. 50,000. Although we are speaking here of borrowed money, it is not unlikely that a matching sum is invested on their own in addition to borrowing. In any case, what the data suggests here is that the need for Scheduled Castes to economically self sufficient by means of self employment does require support from institutional sources such as the Corporation. And the sums required too could be much higher than Rs. 50,000 since a majority have that much as their borrowing in addition to what they may have put in as their own savings as investment.

To go one step forward in this analysis of source of money for their self employment investments, let us now take a look at from where do they raise their loans and at what costs? Table 9.30 tells us of the source in relation to the sum borrowed. As pointed above, hardly any one is dependent on formal institutions such as banks. The exception has been among 4 persons, three of whom had borrowed up to Rs. 50,000 and one above Rs. 2 lakhs from Commercial Banks. All the rest had borrowed from private sources.

Rs, Borrowed	Source of Money to start the venture		Total
	No Borrowing	Borrowed/Loan	
No borrowing	34		34
Upto Rs. 5,000		3	3
Rs. 5001 to Rs. 10000		8	8
Rs. 10001 to Rs. 25000		23	23
Rs. 25001 to Rs. 50000		21	21
Rs. 50001 to Rs. 75000		4	4
Rs. 75001 to 1 lakh		4	4
Rs. 100001 to 1.5 lakhs		1	1
More than Rs. 2 lakhs		4	4
Total	34	68	102

One thing also becomes evident from Table 9.30 that no matter how much is to sum borrowed, the sources are widely spread. In other words, it is not that a particular source, say



a private money lender becomes important if the sum is smaller or bigger just as a friend or a relation is not for big or large sums. They are to be found as sources across all grouped categories of sums borrowed.

Finally an observation is to be made also pertaining to the rates of interest on the money borrowed. In about 19 cases among those borrowed money, no interest was to be paid. Mostly these loans were taken from one's own relations and in about three instances from friends. When it came to levying interests, the rates varied from less than 2 per cent a month to about 4 per cent a month. Some respondents explained that higher the sum borrowed, usually the rate of interest tends to be a little lower among friends and relations, for heavy interests may at times deter a borrower from making regular interest payment. For those lending money privately, receiving monthly interests is the main source of income and profit rather than not lending at all and not receiving any interest.

Rs. Borrowed	Borrowed from whom					
	No Borrowing	Friend	Bank	Finance	Relation	Total
No Borrowing	100.00					34
Upto Rs. 5,000		33.33		33.33	33.33	3
Rs. 5001 to 10000		37.50		25.00	37.50	8
Rs. 10001 to 25000		17.39		52.17	30.43	23
Rs. 25001 to 50000		23.81	14.29	23.81	38.10	21
Rs. 50001 to 75000		50.00		50.00		4
Rs. 75001 to 1 lakh		50.00		25.00	25.00	4
Rs. 100001 to 1.5 lakhs				100.00		1
More than Rs. 2 lakhs		50.00	25.00		25.00	4
Total	33.33	18.63	3.92	23.53	20.59	102
	34	19	4	24	21	

(Note: The term 'finance' has come to acquire the meaning of a private moneylender or a firm engaged in money lending, with or without a formal licence).

Our queries with the respondents from control group pertaining to whether or not they were less or more dependent upon friends and relatives in social and economic aspects of their lives, the responses did not reveal any new insights that were distinct from what the sample beneficiaries revealed. In respect of their ability to deal with commercial bank or government departmental officials, they were a little more critical than many of our sample respondents had been. A few statements in this regard sums up the general response pattern:

'Banks think we are defaulter even before they lend us.'

'If it is a scheme for which we must go to the government departments, we need first to learn the art of dealing with the middlemen, brokers and agents. Unfortunately,

many of them are also our own brothers (meaning, belonging to one or the other Scheduled Castes).

One final word about the control group. In the course of interviews with them a question we asked them was about the repayment pattern to the lenders who had lent money to them, as also about expansion of their business activities. Almost as an unanimous opinion, it was seen that they are far more regular than do the Corporation or Bank officials in recovery process. Every month, or fortnight (depending upon the determined periodicity of interest and loan repayment) the moneylenders would arrive either at their residence or business place for 'collection,' and the money due has to be paid out. There may be excuses permitted one or twice but not as a regular feature of delays or deferment. Borrowers are more afraid of their reputation and creditworthiness for future, a sense which is not so strongly expressed when dealing with formal institutions.

What of business expansion? Here too, there was a popular message available in the data. 'If only the government or the Corporation takes note of our struggles, we too would have expanded our business.' Or as our post-graduate respondent referred to earlier remarked, 'We too have many among us who would like to have 'Start Ups.' But the Corporation meant to serve our needs need to think out of the Box for supporting us.' Coming as this statement did from a young, educated and aspiring entrepreneur, this was a good summing up of a collective aspiration for self employment and smashing the glass ceiling by the Scheduled Caste persons.

### **Do Ventures fare better in some Districts?**

One of the objectives that this evaluation had set for itself was to make a comparative analysis of the different districts so as to be able to highlight the specific ventures that are more likely to be succeeding in them.

With a view to reach this goal, we set out to classify the data gathered in terms of the ventures that were successful (meaning, in operation at the time of sample survey) and those that had failed (made up of those who had closed down the units or never started them in the first place.) It may be recalled that the different ventures were not deliberately and scientifically chosen for the study. Instead the sampling units had been respondents of specific schemes (ISB, SEP or Dairying). As such the distribution of the specific ventures under SEP and ISB had not been under any control; instead their occurrence in the sample had been purely random and a chance factor. Nor had the different ventures been evenly

distributed across the districts. These limitations of the data do not permit us to scientifically state as to which venture is more likely to succeed and which to fail.

More over there are other limiting factors for any generalisations on these lines. For success or failure in any venture may be due also to other factors. We name a few for the sake of clarifying the limitations of such an analysis. A venture may succeed more also due to individual factors of the person who may be running the unit: the number of persons in the household who may work with him or her thereby reducing the costs of labour (if any); age and skills that the person may possess; ability to withstand minor or major business shocks and so on. Secondly, the success or failure of a venture may also depend upon the overhead costs that may there be for running the venture – be it in terms of procuring the goods and material to be sold or used in manufacturing.

Thirdly, some ventures such as operating a bullock cart, repairing wiring for chairs, candle making and selling may also in one place may succeed but is unlikely to be as successful in another. In this context we may mention of a blind woman who has been supported with a loan and subsidy to rewiring the office chairs. There was a time when it was almost a symbol of high social status to make use such plastic wire knitted chairs – whether in offices or in private residences. In the more recent years, hardly any one makes use of these chairs. It is not uncommon to find broken and un-used wired chairs littered in one of the corners of the public office premises. Similarly, candles too are increasingly found to be more expensive; instead those who can afford prefer to make use of a ‘Uninterrupted Power Supply (UPS)’ equipments or inexpensive and Chinese made rechargeable batteries.

Yet with a view to give an idea of what specific ventures have tended to succeed, or which ones have failed, we present in the following pages a list of all the ventures for which the Corporation has supported the beneficiaries. Data is presented separately for different districts in the sample survey.

The first six parts of the Table 9.31 that follows pertain to SEP and ISB together, while the Table 9.32 presents data pertaining to dairying venture.

One general observation that could be made concerning SEP and ISB ventures is that some specific ones (e.g., Tailoring, Beauty Parlour, Vegetable vending etc) have succeeded well in some districts while in a few others they have predominantly failed. But the limitations which we listed are to be borne in mind prior to arriving at any generalisations about the intrinsic value of the venture or of the district contributing to its (or their) success or failure.

**Table 9.31 Performance of Sample Districts in different SEP and ISB Ventures**

District	SEP or ISB Ventures	Successful		Failed		Total
		N	%	N	%	N
<b>Bagalakote</b>	Auto Riksha	1	100			1
	Centering	1	100			1
	Chicken/ Meat/ Fish Shop	1	100			1
	Concrete Mixer	1	100			1
	Electrician	1	100			1
	Groundnuts Processor	1	100			1
	Mobile Store	1	100			1
	Tailoring	2	100			2
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press	2	66.67	1	33.33	3
	Dairy / Cattle Feed / Animal Husbandry	3	100			3
	Footwear Making / Shop	4	100			4
	Retail / Provision Stores	4	100			4
	Rope / Basket/ Toy Making or Plastic Recycling	4	80.00	1	20.00	5
	Vegetable/Fruit Vendor/ Paan Shop	4	66.67	2	33.33	6
<b>Belagavi</b>	Dairy / Cattle Feed / Animal Husbandry	5	55.56	4	44.44	9
	Vegetable/Fruit Vendor/ Paan Shop	2	33.33	4	66.67	6
	Rope / Basket/ Toy Making or Plastic Recycling	2	100			2
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press	2	100			2
	Footwear Making / Shop	2	100			2
	Mobile Store	1	100			1
	Digital Studio / Photography	1	100			1
	Music / Sound System / Cable /TV Repair / Electrical Works or Stores	1	100			1
	Beauty Parlour	1	100			1
	Lawyer	1	100			1
	Bullock Cart	1	100			1
	Bakery /Canteen / Catering/ Soft Drinks			1	100	1
	Cycle Shop			1	100	1
	Steel Ware / Hardware Shop / Recycling scrap			1	100	1
<b>Kolar</b>	Dairy / Cattle Feed / Animal Husbandry	1	100			1
	Fancy Stores / Bangle Stores	1	100			1
	Saree/ Garments Business	1	100			1
	Silk Reeling	1	100			1
	Agarbathi / Candle Making			1	100	1
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press			1	100	1
	Taxi Operator / Driver	1	50.00	1	50.00	2

**Table 9.31 Performance of Sample Districts in different SEP and ISB Ventures(PartII) (Contd)**

District	SEP or ISB Ventures	Successful		Failed		Total
		N	%	N	%	N
<b>Ballari</b>	Dairy / Cattle Feed / Animal Husbandry	1	100			1
	Xerox Shop	1	100			1
	Tractor	1	100			1
	Retail / Provision Stores	2	66.67	1	33.33	3
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press	1	50.00	1	50.00	2
	Saree/ Garments Business	2	40.00	3	60.00	5
	Centering			1	100	1
	Tailoring			1	100	1
	Bricks/ Granite / Cement Business			1	100	1
	Concrete Mixer			1	100	1
<b>Bengaluru (R)</b>	Retail / Provision Stores	1	100			1
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press	1	100			1
	Flower Vending / Decoration	1	100			1
	Bakery /Canteen / Catering/ Soft Drinks			1	100	1
	Provision Store			1	100	1
	Steel Ware / Hardware Shop / Recycling scrap			1	100	1
	Tailoring			1	100	1
	Agarbathi / Candle Making	1	50.00	1	50.00	2
	Concrete Mixer			2	100	2
	Auto Riksha	1	33.33	2	66.67	3
	Vegetable/Fruit Vendor/ Paan Shop	1	33.33	2	66.67	3
	Footwear Making / Shop	3	100			3
	Taxi Operator / Driver	3	100			3
	Saree/ Garments Business	5	71.43	2	28.57	7
Retail / Provision Stores	5	21.74	18	78.26	23	
<b>Bidar</b>	Saree/ Garments Business	1	100			1
<b>Chamarajanagara</b>	Pig Rearing / Trading	1	100			1
	Tailoring	1	100			1
	Vegetable/Fruit Vendor/ Paan Shop	1	100			1
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press	2	100			2
	Retail / Provision Stores	1	25.00	3	75.00	4
<b>Chikkamagaluru</b>	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press			1	100	1
	Saree/ Garments Business			1	100	1
<b>Dharawad</b>	Dairy / Cattle Feed / Animal Husbandry			1	100	1

**Table 9.31 Performance of Sample Districts in Different SEP and ISB Ventures (Part III) (Contd)**

District	SEP or ISB Ventures	Successful		Failed		Total
		N	%	N	%	N
Gadag	Bricks/ Granite / Cement Business	1	100			1
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press	1	100			1
Hassan	Agarbathi / Candle Making	1	100			1
	Centering	1	100			1
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press	1	100			1
	Concrete Mixer	1	100			1
	Digital Studio / Photography	1	100			1
	Flower Vending / Decoration	1	100			1
	Footwear Making / Shop	1	100			1
	Lawyer	1	100			1
	Pig Rearing / Trading	1	100			1
	Tailoring	1	100			1
	Taxi Operator / Driver	1	100			1
	Vegetable/Fruit Vendor/ Paan Shop	1	100			1
	Wood Business	1	100			1
	Bricks/ Granite / Cement Business			1	100	1
	Mobile Store			1	100	1
	Provision Store			1	100	1
	Rice /Cashew/Betel/Coconut Business			1	100	1
	Saree/ Garments Business			1	100	1
	Bakery /Canteen / Catering/ Soft Drinks	2	100			2
	Rope / Basket/ Toy Making or Plastic Recycling	2	100			2
	Retail / Provision Stores	1	25.00	3	75.00	4
	Dairy / Cattle Feed / Animal Husbandry	6	75.00	2	25.00	8
	Haveri	Water Purifier	1	100		
Raichur	Flour Mill / Winnowing Mill	1	100			1
	Taxi Operator / Driver	1	100			1
	Dairy / Cattle Feed / Animal Husbandry			1	100	1
	Footwear Making / Shop			1	100	1
Udupi	Steel Ware / Hardware Shop / Recycling scrap	1	100			1
Uttara Kannada	Rice /Cashew/Betel/Coconut Business	1	100			1
	Taxi Operator / Driver	1	100			1
	Vegetable/Fruit Vendor/ Paan Shop	1	100			1
Vijayapura	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press			1	100	1
	Saree/ Garments Business			1	100	1
	Retail / Provision Stores			2	100	2

District	SEP or ISB Ventures	Successful		Failed		Total
		N	%	N	%	N
Kalaburagi	Beauty Parlour	1	100			1
	Steel Ware / Hardware Shop / Recycling scrap	1	100			1
	Agarbathi / Candle Making			1	100	1
	Bullock Cart			1	100	1
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press			1	100	1
	Electrician			1	100	1
	Fancy Stores / Bangle Stores			1	100	1
	Footwear Making / Shop			1	100	1
	Furniture Shop			1	100	1
	Tent House			1	100	1
	Wood Business			1	100	1
	Auto Workshop	1	50.00	1	50.00	2
	Chicken/ Meat/ Fish Shop	1	50.00	1	50.00	2
	Footwear Making / Shop	1	50.00	1	50.00	2
	Saree/ Garments Business	1	50.00	1	50.00	2
	Tailoring	1	50.00	1	50.00	2
	Taxi Operator / Driver	1	50.00	1	50.00	2
	Vegetable/Fruit Vendor/ Paan Shop	1	50.00	1	50.00	2
	Flour Mill / Winnowing Mill			2	100	2
	Bakery /Canteen / Catering/ Soft Drinks	1	33.33	2	66.67	3
Digital Studio / Photography	1	33.33	2	66.67	3	
Auto Riksha	3	100			3	
Dairy / Cattle Feed / Animal Husbandry	1	11.11	8	88.89	9	
Retail / Provision Stores	3	20.00	12	80.00	15	
Mandya	Dairy / Cattle Feed / Animal Husbandry			1	100	1
	Flour Mill / Winnowing Mill			1	100	1
Yadgiri	Bakery /Canteen / Catering/ Soft Drinks	1	100			1
	Tailoring	1	100			1
	Retail / Provision Stores	2	100			2

**Table 9.31 Performance of Sample Districts in different SEP and ISB Ventures (Part V) (Contd)**

District	SEP or ISB Ventures	Successful		Failed		Total N
		N	%	N	%	
Mysuru	Bricks/ Granite / Cement Business	1	100			1
	Computer and Cyber center/ DTP / Photocopying / Stationery	1	100			1
	Mobile Store	1	100			1
	Pig Rearing / Trading	1	100			1
	Auto Workshop			1	100	1
	Beauty Parlour			1	100	1
	Bullock Cart			1	100	1
	Electrician			1	100	1
	Fancy Stores / Bangle Stores / Candle Making			1	100	1
	Footwear Making / Shop			1	100	1
	Vegetable/Fruit vendor/ Paan Shop			1	100	1
	Wood Business			1	100	1
	Tailoring	1	50.00	1	50.00	2
	Music / Sound System / Cable /TV Repair / Electrical Works or Stores	2	100			2
	Auto Riksha	1	33.33	2	66.67	3
	Dairy / Cattle Feed / Animal Husbandry	1	33.33	2	66.67	3
Retail / Provision Stores	2	66.67	1	33.33	3	
Saree/ Garments Business			3	100	3	
Ramanagara	Toy Making	1	100			1
	Xerox Shop	1	100			1
	Tailoring			1	100	1
	Dairy / Cattle Feed / Animal Husbandry	2	100			2
Shivamogga	Centering	1	100			1
	Chicken/ Meat/ Fish Shop	1	100			1
	Rope / Basket/ Toy Making or Plastic Recycling	1	100			1
	Wood Business	1	100			1
	Flour Mill / Winnowing Mill			1	100	1
	Saree/ Garments Business	1	50.00	1	50.00	2
	Digital Studio / Photography	2	100			2
	Fish Business	2	100			2
	Tailoring	2	100			2
	Bricks/ Granite / Cement Business			2	100	2
	Retail / Provision Stores	2	66.67	1	33.33	3
	Rice /Cashew/Betel/Coconut/ business	2	66.67	1	33.33	3
	Music / Sound System / Cable /TV Repair / Electrical Works or Stores	3	100			3
Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press	3	75.00	1	25.00	4	



**Table 9.31 Performance of Sample Districts in different SEP and ISB Ventures (Part VI) (Contd)**

District	SEP or ISB Ventures	Successful		Failed		Total
			%	N	%	N
Tumakuru	Bakery /Canteen / Catering/ Soft Drinks	1	100			1
	Chicken/ Meat/ Fish Shop	1	100			1
	Computer and Cyber center/ DTP / Photocopying / Stationery Shop/ Printing Press	1	100			1
	Flour Mill / Winnowing Mill	1	100			1
	Wiring works / Meter Repair	1	100			1
	Beauty Parlour			1	100	1
	Bed Business			1	100	1
	Bullock Cart			1	100	1
	Chair Wiring and Repairs			1	100	1
	Mobile Store			1	100	1
	Provision Store			1	100	1
	Taxi Operator / Driver			1	100	1
	Dairy / Cattle Feed / Animal Husbandry	1	50.00	1	50.00	2
	Retail / Provision Stores	1	50.00	1	50.00	2
	Rice /Cashew/Betel/Coconut Business			2	100	2
Wood Business			2	100	2	
<b>Total Sample Districts and All Ventures</b>		<b>189</b>	<b>53.85</b>	<b>162</b>	<b>46.15</b>	<b>351</b>

**Table 9.32 Performance of Sample Districts in Dairying Ventures**

District	Venture Outcome [Regrouped]				Total
	Successful		Failed		
	N	%	N	%	
Belagavi	4	100.00			4
Bengaluru (R)	6	100.00			6
Kolar	6	54.55	5	45.45	11
Dakshina Kannada	1	50.00	1	50.00	2
Vijayapura	1	50.00	1	50.00	2
Dharawad	1	33.33	2	66.67	3
Chamarajanagara	10	31.25	22	68.75	32
Mysuru	5	29.41	12	70.59	17
Tumakuru	1	25.00	3	75.00	4
Kalaburagi	3	23.08	10	76.92	13
Ballari			1	100.00	1
Raichur			1	100.00	1
<b>Total</b>	<b>38</b>	<b>39.58</b>	<b>58</b>	<b>60.42</b>	<b>96</b>

### **Helping Oneself and Helping Others: Social and Economic Dimensions of Impact**

One of the key concerns of this evaluation was to assess also the extent to which beneficiaries are empowered socially and economically, and in their abilities to deal with competition, market and bureaucracy. This section brings forth some evidence on some such dimensions of scheme's impact upon them.

With low levels of education, half a dozen different supportive documents to be procured and submitted, a detailed project report to be submitted in support of the applications for the different schemes a majority of the beneficiaries had to depend on others for preparation and submission of application forms. As informed to us, nearly 65 per cent of beneficiaries had sought the help of others – other educated members of the household; friends; or agents who spend most of their time in facilitating application form writing and submission. Whether or not an application form is complete in all respects is not under consideration for the present, but that most applicants need help is an important issue. Application process cannot be further simplified since there are a good many issues on which the applicant has to substantiate his or her claim for a loan and subsidy. These have all to be furnished by the applicant: a certificate to prove that he or she has not benefited from any of the schemes from the Corporation; that he or she is a BPL person; a document to prove a rental agreement with a premises owner; a certificate of licence from the local authority to run the proposed business activity (where required); and so on.

Even well educated and qualified persons find it hard to procure all the documents and follow procedures – besides of course submitting them all on time for the application to be processed and considered favourably. On top of all these, there is the need to get the MLA to approve the applicant to be granted the loan and subsidy. When all these have been accomplished, there is still the need to deal with the officials of the commercial bank who too need their set of documentation to be submitted successfully.

One of the objectives of the schemes is also to empower the beneficiaries with skills and self confidence to deal with bureaucracy consisting of officials of the Corporation and other departments as also with the officials of the commercial banks. One clear indication of this accomplishment is to assess the perception of beneficiaries if they are able to guide others who in successive years may make an attempt to procure a loan for themselves. We asked a set of questions to the beneficiaries if they were now able to guide others in seeking support from the Corporation for these (SEP, ISB or Dairying) or any other schemes. The

responses are analysed both from the point of the schemes to which they themselves had been beneficiaries of, and in terms of the outcome of their ventures (In Operation, Closed, or Not Started). Table 9.33 presents the findings from the former point of view, and Table 9.34 of the latter view.

Schemes	Ability to Guide Others			
	Yes	No	Others in House Can	Total
SEP	52.84	46.82	0.33	299
ISB	92.31	7.69		52
Dairy	45.83	52.08	2.08	96
Total	55.93	43.40	0.67	447
	250	194	3	

Irrespective of the scheme with which they were associated or what the outcome of the ventures had been, 43 per cent of the beneficiaries were unable to guide others in applying for the schemes. More than half of the beneficiaries in the sample had expressed that they are able to guide others (56 per cent).

Beneficiaries of ISB Scheme did, by a majority, express that they were able to guide others in making an application for a grant with the Corporation, much more in numbers than the SEP or Dairy beneficiaries. As may be recalled from analysis of the profile of the ISB beneficiaries, they are much more educated, urban located and therefore claim to have the ability to guide others. This is not the case with SEP and Dairying beneficiaries, who therefore feel unable to guide others. However, when asked why they felt they were unable to guide others, those who had expressed their inability to guide responded by pointing out the following: “We ourselves have taken the help of others”(nearly 70 per cent); “it is not easy to deal with officials in the Departments/ Corporation” (about 40 per cent); and many others who simply claimed “do not have any knowledge in these matters”.

As may be anticipated, those who were successful in running their self employment ventures (‘In Operation’) were more prone to express that they are able to guide others (about 67 per cent). The ones who had either closed their ventures (51 per cent) or had not started the ventures (58 per cent) had expressed clearly that they were unable to guide others. However, what is of interest is that even those who had failed (in terms of closing down the ventures or not having started them in the first place) too had claimed that they were able to guide others. What is to be noted here, and perhaps with a little caution, is that to the extent closing or never starting a venture is a result of an intent to defraud the Corporation or the Commercial

Banks, then their guiding others could be a risk. For one doesn't know whether they would guide the others with a good intent or contrary to it

Venture Outcome	Ability to Guide Others			Total
	Yes	No	Others in House Can	
In Operation	66.96	31.72	1.32	227
Closed	48.96	51.04		96
Not Started	41.13	58.87		124
Total	55.93	43.40	0.67	447
	250	194	3	

### Social and Economic Impact

Earlier an attempt was made to point out to the economic consequences of the beneficiaries undertaking the ventures, in terms of the extent to which their income had improved. There are a few other indicators of impact which we had identified, but most of them as perceived by the beneficiaries themselves. One of our first concerns was whether or not they are able to deal with commercial banks independently – in terms of making deposits, servicing their loans, withdrawal of money from their savings accounts etc. In other words, had they become independent in dealing with the Commercial banks as an indication of a positive impact of the scheme? If so, would they describe the extent to which they had succeeded in this respect?

Table 9.35 gives us the pattern of distribution of responses to our queries pertaining to their ability to deal with the commercial banks. Four responses were offered to the respondents to pick as a possible answer to our question pertaining to improvements in their dealing with commercial banks. 56 beneficiaries accounting for 12.53 per cent of the sample claimed to have experienced a 'drastic improvement.' A slightly moderate improvement ('Somewhat Improved') was the response by about 42.73 per cent, which was the more

Scheme	Dependence on Others in Dealing with Banks/ Offices				Total [N]
	Drastic Improvement	Somewhat Improved	No Effect	Difficulties Continue	
SEP	14.38	42.14	41.14	2.34	227
ISB	13.46	65.38	17.31	3.85	96
Dairy	6.25	32.29	56.25	5.21	124
Total	12.53	42.73	41.61	3.13	447
[N]	56	191	186	14	

frequent response. Almost a same proportion responded by pointing out that there had been no effect in this respect owing to the schemes. 'No effect' was more dominant among the dairying beneficiaries, followed by the SEP beneficiaries. ISB beneficiaries, who had dealt with a much larger sums of money as loans and subsidy, had 65.38 per cent reporting 'Somewhat Improved'.

Beneficiaries were asked to state if there had been any positive effect upon nine different issues in their lives as a consequence of the schemes of which they had been beneficiaries.

These issues were:

- Did the scheme make any impact upon education of their children or children in their households?
- Was there any impact upon women's status in the family; upon health of members of the household, their social and economic status in general; on employment and whether or not they had experienced a decline in the need for having to work as wage labourers; their business skills and abilities to deal with bureaucracy in general.

Their responses, presented as in Table 9.36, is in relation to the outcome of the scheme venture as 'in Operation'; 'Closed' or 'Not Started.' As may be seen from the Table, there are quite a few findings that should bring a sense of accomplishment. First, on an average two-thirds of the respondents did credit the schemes to have had a positive effect on many of the issues listed. Second, if there are some with lower levels of positive impact, it is also because the issue may not have been quite relevant to them. For example, many such beneficiaries who had no children of educable age had responded as 'Not Applicable' and therefore,

Venture's Status	Per Cent Impact on									Total [N]
	Education	Women	Health	Dealing with Bureaucracy	Economic Status	Social Status	Business Skills	Employment	Wage Labour	
In Operation	80.18	82.82	85.90	72.25	96.48	96.48	96.04	96.04	63.00	227
Closed	62.50	56.25	48.96	63.54	48.96	48.96	40.63	32.29	19.79	96
Not Started	36.29	33.06	45.16	25.81	20.16	20.16	21.77	4.03	2.42	124
Total	64.21	63.31	66.67	57.49	65.10	65.10	63.53	56.82	36.91	447
[N]	287	283	298	257	291	291	284	254	165	

Note: Figures are extracts and as applicable to respective issue. Totals, therefore, do not add up to 100 in per cent terms.

the proportion of those reporting positive impact would have got reduced to that extent. Likewise, a very small proportion of those reporting positive effect in bringing down the need to work as wage labourers (36.91 per cent) is also because in a substantial number of cases the households had no incidence of wage labour either prior to or after the scheme. For example, Table 9.37 shows that in nearly 17 per cent of cases the household members had not worked as wage labourers prior to or after the scheme, where as in about 46 per cent of cases the situation in respect of wage labour earning, there had been no decline or increase. But, it is understood that in 83 per cent of households there had been incidence of at least one person working as a wage labourer. In respect of other issues listed please refer to the independent tables in Appendix XIII

<b>Table 9.37 Scheme Outcome and Impact on Working as Wage Labourers</b>				
	Difference in HH Labour Incidence			
Venture Outcome	None Worked then or now	Wage Labour Decreased	Wage Labour Same	Total
In Operation	13.66	63	23.35	227
Closed	21.88	19.79	58.33	96
Not Started	18.55	2.42	79.03	124
<b>Total</b>	<b>16.78</b>	<b>36.91</b>	<b>46.31</b>	
	75	165	207	447

Returning to Table 9.36, we find that there has been reporting of positive effect also by those who have either not started the units or closing them down having started earlier. When asked, the respondents had pointed out that whether or not they could succeed in respect of the ventures, there had been positive effect of the money in meeting some of the needs in their lives, such as sending their children to schools or affording collegiate education of their children. Likewise many had reported to have stopped working as wage labourers or have mobilised funds enough to repay a loan and therefore did not have to work extra hard now to earn that money. May be the ventures were not running or were not started, but at least in these respects the schemes had helped them.

### **Bankers' Perspective**

As part of the different stakeholders whom we contacted for this evaluation, the officials of the commercial banks too were one group. In all we were able to contact 28 officials, drawn from 13 different banks across 24 districts. Seven of the officials were holding the office as 'Senior Managers', 19 as 'Managers' and 2 were Assistant Managers.

Eight out of the officials have been in the branch for at least a year, 10 persons were for up to 2 years, while 6 among them were nearing 3 years of experience in the same branch. In other words, at least about 10 bank officials had experience of dealing with the Corporation's beneficiaries for two streams. Yet, a majority of them had very little information on hand or clear idea about the advances made, or recoveries, etc.

Given the fact that our interviewing them coincided with their becoming engrossed with the aftermath of the now famed 'Demonetisation' (withdrawal of Rs. 500 and Rs. 1000 notes, effective November 8, 2016), it was extremely difficult to get free time with these officials. Later on they became even busier with the customary 'Year End' accounting processes. Consequently, our interviews remained – by and large – partially responded. Most of our queries pertaining to the extent of loans advanced, recoveries, NPAs etc., remained unanswered. Following are a few of the details of information obtained from the officials.

1. Nearly all respondents were of the view that the selection of beneficiaries to the different schemes need to be streamlined, and proper care to be given to exclude those who seek the benefits only with the view to 'cheat' the Corporation.
2. Upfront subsidy disbursal is said to be doing much of the damage, for many beneficiaries do not see the complementarity between subsidy and loan in establishing the units for which they are being given the assistance (About 40 per cent of the Managers think thus).
3. It would be better if the Corporation takes the complete responsibility of giving both subsidy and loan from their own corpus than making Banks to lend to ventures that become NPAs. [View expressed in different words and sentences but the idea was same – almost about 75 per cent officials.]
4. The biggest challenge to a banker is to deal with the selected beneficiaries who expect that the moment their selection is announced, the loan should be issued to them. Often there is unruly behaviour combined with protests if there is any delay. [View expressed in different words and sentences but the idea was same – almost about 68 per cent officials.]
5. While almost officials were able to recall the extent of total lending by their branches, none was able to offer us the number or extent of lending under the different programmes of the Corporation.

6. As at No. 5 above, there was hardly any readily available information pertaining to the rate of recovery, conversion of the lending into NPAs or recovery actions initiated for non-repayment. Just about three officials were able to speak specifically about one or the other beneficiary who had been regular in repayment or had made complete repayment.
7. Concerning the release of subsidy amount, almost all respondents were of the view that it should be released as a 'back end' support than as a 'up front' support. There appeared little appreciation of the fact that subsidy offered by the Corporation is more as a measure to minimise the burden of loan and payment of interest, and not as an incentive to start a venture or to make prompt repayment of the loan.
8. About 15 bank officials did acknowledge the practice of carving out a Fixed Deposit out of the subsidy meant for starting a venture, but were unable to speak about the number of such instances or amount of money.
9. Conversion of subsidy is to ensure that the beneficiaries retain their contacts with the Bank; once they receive the loan –which is usually larger than the amount of subsidy – there is a tendency for the beneficiary-borrowers never to return to the bank. In many cases, they are not to be traced at the addresses given and which the bank officials may have physically verified.
10. Even though the Corporation expects that there shall be no insistence of a collateral for loans below a certain sum, the banks will have to follow its own guidelines in this regard, a few officials pointed out in response to our question pertaining to waiving the need to furnish collateral.
11. Seventeen of the Managers affirmed that they do attend meetings convened by the District officials about lending policies; but none reported any meeting attended if convened by the MLAs to decide the beneficiaries. Some confessed that they did not know they too are members of the Committee, while most were of the view that none is consulted to select the beneficiaries.
12. When invited to offer suggestions to improve the selection of beneficiaries and/or to get better bank and Corporation relations, the following were offered:
  - Better selection of beneficiaries and proper assessment of their intention to make good use of the subsidy and loan (8 Officials)
  - Training and skill imparting in the trades or artefacts making for which loans are given. (3 Officials)



- Corporation should continue to keeping track of beneficiaries even after releasing the subsidy (5 Officials)
- 9 officials had no response to our request for suggestions.

### **District Manager's Perspectives**

As was anticipated, there was considerable hesitation to give responses to our questionnaire since it meant also taking note of their names and contact particulars. Despite our efforts to convince them of our ethical concern of ensuring to keep their identity, there had been a persistent fear of their opinions to be traced back to them.

In all 25 District Managers were interviewed, from that many districts. Ten of the District Managers (henceforth, DMs) had served in that capacity at the offices where interviews were carried out for up to 1 year. Six others had served for up to 2 years, while four DMs had served for 3 or up to 3 years. Five persons had been in the same location for over 4 years.

Although we have not attempted any analysis of the relationship of their caste identity and the district's performance, it was learnt that there had been 8 DMs who were SCs and one ST. Three of the DMs declined to identify themselves with any caste.

Following are some of the patterns of responses to the different queries made of the DMs pertaining to the different schemes and the beneficiaries. Three of the DMs were not forthcoming in offering responses to a large number of our queries. Either they said 'I don't know' or 'Cannot Say'! It is sad that either they were not confident of what would happen to them if they gave their views, or were so afraid of the outcome of the study that they chose to remain silent.

1. Seventeen of the DMs thought all the three schemes were equally popular among the potential beneficiaries. A few of them went on to clarify that 'They are happy as long as they get benefit of one or the other scheme.' To a few we asked if there had been any instance of a beneficiary refusing to take advantage of what was offered merely because he or she had sought the benefit of a specific scheme which had not been granted. None offered an affirmative response. Instead, we were informed by a few DMs that at least about 40 to 60 per cent of applicants who fail to be successful make a subsequent attempt. About 20 to 30 per cent appear to give up making efforts out of frustration over not being successful despite repeat attempts of two or three times.

According to one DM, it is usually such applicants who may not have spent money to pay middlemen that give up sooner if they fail to get in the first or second attempt.

2. With the exception of two DMs almost all denied the existence of any hurdles of middlemen or brokers at work in their districts. Instead, at least about eight DMs were of the view that the ‘henchmen’ of the elected representatives played a key role in pushing an application or having it approved by the MLA. ‘Not all applicants will have direct contact with the MLA, and in a majority of the cases, he goes by what his strong supporters will say as to who should be selected.’ There were also a few cases cited involving the MLA directly speaking to the DM in favour of an applicant merely because there may have been a severe distress in the family: death of a husband; a daughter being deserted by the husband and so on.
3. Most MLAs take much too long time in approving the list of selected beneficiaries. Rarely do the DMs get an opportunity to speak on behalf of one or the other beneficiary who may have been left out despite earlier attempts to having been a failure.
4. Rarely are formalities followed of convening the meeting of Beneficiary Selection Committees, or scrutinising the application and the project proposals. There are instances of the MLA calling up to seek rectification of allocation of a scheme to a beneficiary of his or her choice. That is, if an applicant is granted SEP while he may have sought an ISB grant, the MLA may call up and ask it to be corrected.
5. With the exception of one DM, who had no opinion, the rest think that Advertisement in the Newspaper and word of mouth act as the most crucial means of spreading the message about the different schemes.
6. Only four DMs were unable to give all the pertinent information about the requirements to be eligible for the different schemes; their inability seemed more out of lack of time to respond than not knowing the facts. Thus, it is our finding that nearly all the DMs had the requisite information required for eligibility to be successful beneficiaries; and had the information too about the number of applicants, successful ones for the different years. This was possible, we believe, because they had consulted the required reports and documents about the different schemes implemented.
7. But, it should be highlighted that only 7 DMs made an attempt to explain the number of those who had been successful (mainly as an estimation in per cent terms; but

nowhere reflecting what our findings had been in this respect). Thirteen DMs admitted not to be aware of the numbers, while 5 others chose to remain silent on the topic.

8. Did they think that the quality of selection of beneficiaries varied across the three schemes under evaluation – SEP, ISB and Dairying? According to all the DMs, there existed no difference in this respect.
9. As a follow up, we asked if they thought the selection of beneficiaries was satisfactory. They were given an option of picking any one of the responses: Yes, No, or Needs Improvement. The results were that 13 (52%) DMs were of the view that the selection as of now or hitherto was satisfactory. 11 DMs felt that there was room for improvement, while one chose not to respond to our query (Table 9.38). Since administratively they are responsible for the implementation, it is quite natural to expect that their performance in terms of selection was good; although in actuality it is the MLA who does the selection of beneficiary.

Yet in a majority of the districts, the DMs' perception matches with our findings with the sample beneficiaries in the respective districts. Given the appropriate and objective assessment – to the extent they reflect ground realities, it is necessary to recognise the potential of these findings: To consult the views of the DMs to seek their field experiences in designing and implementing the programmes. This message emerges strongly from our correlating the data from the field with those opinions of the DMs.

If there is a gross mismatch between the DM's perception and field reality, it is to be found in the districts of Chmarajanagara, Kalaburagi, Mysuru, Tumakuru, and Raichuru. In contrast, there are some districts in which our data suggest a better scenario while the DMs themselves perceive the situation to be much less as successful: Perhaps, they have some insights which we have not been able to perceive? These districts are Bengaluru Rural and Urban Districts, Hassan, Shivamogga, Udupi, Uttara Kannada and Yadgiri.

10. The above observation and recommendation finds further justification when we examine their opinion in respect of the extent of 'agency' (an expression meant to capture the extent of independence or autonomy) in selection of beneficiaries and or implementation of the different schemes. Almost all the DMs felt they have very little role, for everything is decided either by the 'Head Quarters' or the 'MLA'.

District	DM's Opinion	Current Status of Venture			Total
		In Operation	Closed	Not Started	
Bagalkote	Good	30	3	1	34
Belagavi	No response	23	8	3	34
Bellary	Needs Improvement	8	8	2	18
Bengaluru (R)	Needs Improvement	7	0	0	7
Bengaluru (U)	Needs Improvement	21	13	18	52
Bidar	Good	1	0	0	1
Chamrajnagara	Good	16	3	22	41
Chikkamangaluru	Needs Improvement	0	0	2	2
Dakshina Kannada	Good	1	0	1	2
Dharwad	Needs Improvement	1	0	3	4
Gadag	Good	2	0	0	2
Hassan	Needs Improvement	24	3	7	34
Haveri	Good	1	0	0	1
Kalaburagi	Good	21	23	29	73
Kolar	Good	11	5	3	19
Mandya	Good	0	0	2	2
Mysuru	Good	16	12	17	45
Raichuru	Good	2	0	3	5
Ramanagara	Good	4	1	0	5
Shivamogga	Needs Improvement	21	7	0	28
Tumakuru	Needs Improvement	8	7	9	24
Udupi	Needs Improvement	1	0	0	1
Uttara Kannada	Needs Improvement	3	0	0	3
Vijayapura	Needs Improvement	1	3	2	6
Yadgiri	Good	4	0	0	4
Total		227	96	124	447

11. Given the above, what suggestions would they offer for the programme design and implementation? The following gives an account of the different responses, although it must be stated that 17 out of 25 chose to remain silent with no suggestions being made! Are they making a suggestion through their silence on this question here? We are inclined to believe in the affirmative, for they are the ones who were very proximate in their perceptions and the ground realities as reflected in Table 9.38 above. Further, they feel there is little room for a voice of their own in the process of project design or implementation. Perhaps, it is more out of their helplessness that they do not come forth with any suggestion, we would argue. In any case, they feel that the final selection is made by the elected representative and they have little role in the matter. Yet, to complete the picture we should take stock of the suggestions made by the small section of DMs in the sample districts. The words or expressions

employed by the respondents are classified in such a way as to capture the spirit of the point made by them or the idea suggested. At least one Manager gave more than one suggestion.

- Preference should be given to economically poorer among the SCs, and efforts to prevent ‘elite capture’ of a programme meant to help the poor (4 DMs.)
- Speed up the final selection / MLAs should minimise the time taken to select beneficiaries (8 DMs)
- Change the process of selection of beneficiaries / Depoliticise beneficiary selection (6 DMs)

12. Does the specific caste of an applicant play a role in getting selected as a beneficiary?

Even as we posed this question, we were aware of the sensitive nature of it as, willy-nilly, it would reflect upon the MLA’s own caste and that of the beneficiaries. So as to make this question less politically incorrect, we asked ‘what accounts for an applicant not to succeed in getting selected?’ nine DMs played it safe by remaining silent; 6 thought it to be due to ‘politics’ playing a role, while 3 others combined politics with caste of the applicant as a factor in preventing from being successful. 5 and 2 DMs were much more pragmatic when they pointed out ‘inadequate supply to meet the demand’; and ‘applicants did not meet the MLA!’

13. What do the DMs think of Bank’s role in the implementation of the schemes? Ten DMs chose to remain silent, while the remaining 15 had some very interesting perspectives, many of which have figured in our discussions in the foregoing sections:

- Bank’s procedures are often not favourable to the very poor (6 DMs)
- Our selection should also take note of whether or not they will pass the test with the Banks (5 DMs).
- 80% per cent (or more) are very helpful and cooperative (2 DMs)

14. In regard to many more questions, there may have been a sense of monotony or fatigue, the pattern of response was highly uneven and rate of ‘no response’ began to rise. The questions were about why the ventures were closed or not started at all, why there had been such a low repayment, why there was distortion in investment from what had been sanctioned for to what had been invested in, etc.

15. We asked DMs about what had been the biggest challenge in their work. In responding to this even some of those consistently ‘no response’ DMs too chose to express their opinion: to handle the political pressure and abusive reactions from the

applicants either for the delays or for non-selection. What would improve things for them: many requested not to quote them, but more or less unanimous opinion was to have little more space for the department in selection of beneficiaries as also urgent filling up of the vacant posts in their offices.

It was evident that most were over worked with multitude of schemes, paper work, field work, and implementation.

What can be then summed up as the outcome of the Schemes of Self Employment, ISB and Dairying? Let us bring the different findings together in the final and concluding chapter as also present a set of suggestions and recommendations.

## **Chapter X**

### **Reflections and Conclusions**

State of Karnataka has been in the forefront of promoting self employment and entrepreneurship among members of Scheduled Castes. During the 1980s and 1990s, the Karnataka State Finance Corporation had initiated several programmes of lending to the willing entrepreneurs, while the state government's other institutions such as the then SC and ST Development Corporation was advancing the subsidy and or the seed money required for such ventures. In collaboration with the National Scheduled Caste Finance and Development Corporation (NSCDC) and similar organisations, but mainly independently, Karnataka's Dr. B R Ambedkar Development Corporation Ltd. (henceforth, The Corporation) has been offering subsidies, margin money and facilitating loans through commercial banks to the aspiring beneficiaries to start various enterprises and or self employment ventures, but at a small scale.

Among several of schemes by the Corporation, three are of focus for the present study: Self Employment Programme (henceforth, SEP), Industry, Services and Business (henceforth, ISB) and Dairying schemes. These schemes have been in vogue since 2008 onwards; for the present our focus is for the years 2011-12 to 2015-16. Both the number of beneficiaries and the money involved have grown in significant proportions, and therefore it was felt an assessment is to be made of the impact of the three schemes upon the lives of the beneficiaries and their community as a whole. This report is a result of such an evaluation that was undertaken in a sample of districts and among a sample of beneficiaries of each of the three schemes, and through the different years.

As with the other schemes, the main purpose of the three schemes under focus in this report is one of economically empowering the members of Scheduled Castes such that they rise above poverty levels or improve their economic standing in society. An additional goal of these schemes is also that successful men and women in small businesses and other self employment ventures become role models for the others in their communities locally and across the region. Among the other purposes of the schemes is to enable the beneficiaries, especially those below poverty line, to free themselves from the clutches of usurious moneylenders.

### **Evaluation Objectives and Methodology**

The purpose of the study is to evaluate the extent to which individual SC members have been empowered economically and socially by the three schemes implemented by the Corporation from the financial years 2011-12 to 2015-16. More specifically the objective is to assess:

- A. Awareness created to face competitive situations and make them self employed.
- B. Current status of individual beneficiaries and impact on their economic status.
- C. Identify bottlenecks experienced by beneficiaries in getting sanction or approval from the Corporation and Banking Institutions.
- D. Identify the constraints in implementation, and suggest measures for the improvement of the existing schemes.
- E. Collate suggested measures for improvement of functioning of the schemes.

While the above were the broad objectives of evaluation, this was to be achieved also by finding answers to certain specific questions. Some of them were specifically to dairying programme, while the rest were in common. They are listed below:

1. Have the Committees and District Managers of the Corporation been making proper selection of beneficiaries? In how many cases (percent terms) the selection was found to be faulty? Where, how and why? Are there any indications of the failures to be responsible for the failure (or otherwise) of the schemes?
2. Is selection procedure the adequate (to meet the broad objectives of the Schemes) or are any changes required to achieve the objectives of the schemes?
3. What Skill development trainings have been imparted under SEP/ISB and Dairy? Who imparts the training? Has the training been helpful? If yes, how and to what extent? Alternatively, what kinds of skill gaps exist in taking the maximum benefit of the schemes?

4. Can the EDP training programme be made part of the DPR? Should the commercial banks be given the responsibility of the training? If not, why not? Who is suited to offer this training?
5. Whether the beneficiaries have been Self Employed/ engaged in Industry Service and Business/ Dairying after availing of the benefits? If so, have they continued with the activity? If not, reasons to be furnished? These address the concerns of sustainability.
6. Is there any development in the business activity undertaken under these schemes? If so, are they getting better or expected profit from the business? If not, why not?
7. Has the monthly/annual income of the beneficiaries increased? If so, to what extent? Give details with few examples of increase/decrease in income.
8. Whether the beneficiaries are utilizing the loans for the purpose for which it was sanctioned? If not, what action is taken in case of mis-utilization?
9. What is the amount of loan (year wise) taken from banks by the beneficiaries selected for evaluation? Are banks demanding collateral security for sanctioning loans? Whether the loan has been repaid timely and completely? If not, what is the payment percentage and what are the reasons for cases of non-payment?
10. Has the socio-economic condition of the beneficiary families improved? (Evaluator to create indicators for measuring this on perceptions of members and then report on its bases). If not, give details?
11. Please document 2-3 outstanding examples of success under the schemes which is worthy of emulation and being flagged as case studies. Similarly, are there some examples of failure that result in learning for future?
12. Whether the repayment of loan is as prescribed in by the Corporation? If not, why? What is the action taken by the Corporation in case of default? Please elaborate.
13. Whether the beneficiaries are made aware of the repayment schedule of the loan received under the schemes? How is that made? Is it effective communication?
14. What is the amount of loan and interest which was waived by government after the loan waiver was announced? What has been the impact of loan waiver for beneficiaries? Is there reliable indication to suggest that this may result in unwarranted or unintended consequences like wilful default?
15. What are the constraints of financial flow from the Corporation to beneficiaries? How to further streamline the process?



16. Please document district wise as to which scheme is most prominent in the district and most profitable in the district? Is the most prominent scheme the most profitable one too?
17. Please identify and document the areas of capacity building requirement for each of the schemes of Corporation.
18. Should the schemes be continued? If no, why so? If yes, with what modifications/recommendations?
19. Specific Questions relating to Dairy Scheme
  - a. As per Government Order dated 31.12.2013, the milch animals are to be purchased from other States. Has it been followed? If no, from where purchases are made and why the deviation was done?
  - b. Are the milch animals purchased as per regional requirements or not? If not, has the milk yielding capacity gone down? Please elaborate.
  - c. Are there cases where the first milch animal is given and not the second? If yes, why the second not given?
  - d. Are there any instances of milch animals being purchased without covering them under insurance? If yes, how many such instances were found in the samples selected and what action is taken by the departments for this lapse?
  - e. How many death cases were reported by the beneficiaries? Have all the beneficiaries claimed the insurance amount and purchased another animal? If not, Why not?
  - f. Are all the beneficiaries are members of the milk societies? If yes, who helped him to get the member ship? If not, where do they supply milk and at what rate? Please elaborate.

As per the Human Development Index, Literacy, Education, Health, Income, Savings, Individual/Household Assets are main indicators for measuring socio-economic development. These indicators reflect the standard of living of a person and his family members. Similarly, it reflects the development status of the state and the nation. 'Before' and 'After' situations describe the changes in living standards over time after establishment of ventures. In this context, indicators considered for the impact evaluation under three different schemes are as follows:

Economic Impact	Social Impact
Changes in occupation	Changes in Literacy/ Education of Self and family members
Increase in income	Increased awareness, exposure and confidence built up and Development of life skills
Scaling up/expansion of activity/business/industry	Changes in consumption of food, improvement of health and reduction in spending for health.
Increase in Assets	Changes in social status
Reduction of burden from taking loans	
Savings in Bank/ Bank balance	
Easy Access to Bank and low interest loans	
Decrease or avoidance of dependence on private moneylenders	

Analysis of the findings and their discussion follow these indicators, and the table accompanying each gives us a quantitative description of changes or their non-occurrence..

### **Evaluation Methodology and Sampling**

Given the set of objectives and evaluation questions, as also the scope of the study, it was decided to adopt a multi method design for evaluation. The study combined a sample survey among the beneficiaries, stratified in terms of the years of their becoming a beneficiary, the district from which they hail and in terms of the different schemes. In addition to formal survey, with the use of structured questionnaires, some with open questions and most others with specific options to choose as responses, among the sampled beneficiaries, a randomly chosen control group was also contacted. To assess the manner in which selection of beneficiaries takes place for the different schemes, and the process of implementation of schemes, District Managers of the Corporation in the sampled districts were interviewed, as also interviews of sample of commercial bank's staff were carried out. Since the process of selection of beneficiaries of the schemes is led by the MLAs in the Taluks, it was proposed to contact five MLAs for an in depth interview, but in the end we were able to contact only three MLAs, but we managed a very useful meeting with a former minister of Social Welfare Department, Mr. Narayanaswamy. What could not be accomplished was the planned interviews with the Bank Managers for this study – especially field data collection coincided with the demonetisation and its after math. No banker, at any rank was available for interviews, although we did manage a very useful telephone interviews with about six of them.

### **Sampling Procedure**

Certain assumptions were made in order to pick a random sample of beneficiaries. First, that the population is fairly homogenous. Secondly, that they are generally poor, and that the specific ventures they started under each of the schemes did not make much

difference. Since at that point of time, it was not possible to verify whether the purposes mentioned while applying for a loan was the same as what they undertook as a self-employment or business venture. Third, fresh beneficiaries and the successful beneficiaries from the older years of the schemes were likely to be traced (not moved out to other locations of residence than the address given at the time of applying for the benefit); that there shall be no hurdle to recall information sought from them.

Given these assumptions, it was decided to select one district per year from each of the revenue division in respect of each of the schemes (SEP, ISB and Dairying). As has been stated earlier, over the years the number of beneficiaries in these schemes has increased, but their representation in the different districts is not uniform. Therefore it was decided to select beneficiaries from Year 1 (2011-12) from such a district with highest number of beneficiaries in a given scheme, and year 2 (2012-13) from a district with second highest number of beneficiaries. Likewise the year 5 year (2015-16) provided the sample from a district with the fifth highest in numbers of the corresponding scheme.

Further to ensure that there is sufficient representation of those beneficiaries with larger gestation period to demonstrate any change resulting from the schemes, it was decided to choose a scaling down sample for each successive year. In other words, the oldest year (in this case, 2011-12) would have a relatively larger proportion of sample respondents than the succeeding years. As per this principle, the beneficiary representations in the sample were 8, 7, 6, 5, and 4 per cent respectively for 2011-12, to 2015-16 in that order.

### **A Profile of the Sample Beneficiaries**

Distribution of sample beneficiaries peaks at the age group of 36 to 45, and so it may be said to be more of a younger aged beneficiaries. However, if small in numbers we find quite a few beneficiaries who are much advanced in age – even beyond the permitted age. Going by the responses given by the beneficiaries pertaining to their age at the time of interviewing them, clearly 20 beneficiaries were ineligible. The question therefore remains: is it that appropriate to support economic ventures for persons who are relatively more advanced in age? Would that yield the desired result of successful self employment ventures, and transform their livelihoods?

Further, many respondents had clearly indicated that ‘it was a son or a husband who had to made the elder person to apply’ for the actual person may have been ineligible for the loan for a variety of reasons. One such reason is that the person may have been working in a public sector undertaking or be an employee of a Government department. Many members

of beneficiary households were working as hostel cook, hospital assistant, an attender or peon in a government's department, a school or college teacher, policeman, bank's employee, etc. Selection of beneficiaries from such families is in violation of the norms prescribed. As may be anticipated, a majority of the beneficiaries of Dairying scheme consists of women (69.3 per cent).

There is little surprise when looking at the educational background of the sample beneficiaries. Slightly over half of the beneficiaries are educated up to or less than SSLC - the 10 years of formal schooling. A half of this sub-sample have only education till 7<sup>th</sup> standard or less. Almost a quarter of the beneficiaries reported not to have had any education, many of whom were less than 40 or 45 years in age. Although they did not explicitly say this, there seemed to be a tendency for them to claim no education in comparison to what one would like to say as respectably 'educated' in a formal sense – which probably could be high school or collegiate education.

### **Schemes Implementation and their Outcome**

Our answering several of the Evaluation questions listed above made it mandatory for us to analyse the application forms submitted by the beneficiaries and of the proceedings of the Beneficiary Selection Committee. Accessing these was not an easy task, and in the end not completely successful. The district offices in almost all the districts are in rented premises and inadequately roomed. Most district offices are run with what many officials described as 'skeleton staff.' As such they could not assign the task of tracing the applications required for the study to any of the available staff members who were in any case over burdened with their routine work. Thirdly, there seemed also some hesitation in searching for the files for there was a tendency for them to be incomplete in many respects. This last observation is being made by having looked at such applications that were made available to us. Also not traceable was the proceedings of the Selection Committee headed by the MLA.

*The first conclusion of the evaluation is that although the Corporation has laid out clear and elaborate rules and procedures for the selection of beneficiaries for the three schemes, it seems as though none of it is being followed systematically. The selection finally takes place based on the choice of the MLA, and rarely with the involvement of any other designated members of the Committee.*

As an evaluation report, therefore, it is obligatory that certain observations are made in respect of the above sets of information. First, there is a need to take a fresh look at record

maintenance both for the purposes of monitoring the progress of schemes implemented as also for enabling the commercial banks with loans recovery processes. Staff in the commercial banks on their part point out that the Corporation shows least interest once a cheque for subsidy is released. There seems to be hardly any concern about following up either on the success of the schemes with the beneficiaries or repayment of loans. Secondly, given the progress being made in e-governance, it is not altogether impossible to convert much of the documentation process to digital form such that valuable data is not lost and follow up becomes easy.

Lest an impression is given that much is being made out of applications and other documents being available or not in an evaluation, it should be clarified that the set of evaluation objectives and questions require having to study these documents. In their absence, we have had to depend mainly on those beneficiaries for whom the documents were available and on the responses given by the beneficiaries themselves. Factual information specially involving numerical values or dates generally tend to get blurred because of the recall lapses in all interviews or questionnaires.

### **Self Employment or Re-employment?**

It is difficult to concede as acceptable is when applicants seek support for 'self employment' schemes when they are actually engaged in the same occupation already. Thus, for instance, there are 58 per cent were already engaged in one or the other occupation, and they have gone ahead and sought loans and subsidy to 'start' these ventures. To the extent they make additional investment to improve or expand their already existing business activities, the Corporation's support could be justified.

Reflecting well upon the manner of beneficiary selection, the list leads with prior occupation as 'Labourers'. To the extent they were indeed casual wage labourers, their selection as beneficiaries of one or the other scheme speaks well of the process. However, it cannot be refrained from noting that quite a few such claims were not really convincing enough as we learnt from subsequent FGDs in some locations.

### **Schemes at Work or Otherwise**

Two not so happy outcomes are when having started a venture of self employment, a person closes it down, or when having received the subsidy and loan through the Bank, the beneficiary does not start any venture at all.

In terms of the years when the scheme was implemented and whether or not a venture continued to be in operation, we found **the tendency for more recent year ventures to be in operation, notwithstanding the fluctuations in the intervening years. The hypothesis, if read as ‘older the scheme, greater the tendency for closure of the venture’ is thus confirmed by the findings among the sample beneficiaries.** The challenge, therefore, is one of maintaining business sustainability in new-self employed persons among the Scheduled Castes.

As compared to SEP and ISB, dairying has the least share of beneficiaries who report their activity to be in operation. The highest share in any year in Dairying is 60 per cent, where as the highest in SEP and ISB are 85 per cent and 75 per cent respectively. Incidentally, the three readings are all for the year 2015-16.

What accounts for a high rate of misuse of loans and subsidy in dairying sector? When asked our respondents the more frequent explanation for not starting a venture or having closed it was that the past couple of years had been severely draught hit. They had found fodder and water a major problem and therefore some had stopped dairying (by selling away the cows or buffalos). Only five of our dairying respondents had reported the animals having died, although they had not claimed any insurance. Whether or not the Corporation was aware of this widespread negative outcome, perhaps the continued emphasis on dairying during draught years could have been avoided.

We found in almost about 30 per cent of the sample cases there to have been some distortion between what they had applied for as a venture, and what they actually started. **Data suggests also that ventures are likely to be more successful when they are, in actuality, an additional source of income for the beneficiaries. Not so successful, if they are the only means of income. This proposition is true also for those for whom the scheme contributes to a different occupation than the earlier one. For, in respect of 94 per cent of the beneficiaries whose current occupation (thanks to the scheme) is different from what it was prior to the scheme, their ventures were still in operation, that is, they were successful. Failures have been more predominant when the occupation prior to the scheme is the same as what the scheme gave them: 30 and 41 per cent respectively who reported the ventures to be closed or that they did not start.**

There is a tendency for a venture to be successful or to be in operation being higher if they are not operated from within ones’ own house or residential premises. Ventures such as provision stores, retail shops, sari and garment units, DTP Centres etc., can hardly expect to

be a commercially successful venture *unless* the residential premises is located in a commercial hub or somewhat proximate to a market place. The ventures on pavement – even if in a small scale – thus seem to be doing much better than those run from homes.

Due consideration seem to be given while sanctioning a scheme to a beneficiary by scientifically examining the proposed venue for the venture to be undertaken and would that be likely produce a sustainable business opportunity and good returns. In other words, a minimum ‘market research’ is to be made before approving the application for a loan.

This evaluation has found **a close relationship between the amount of money approved as Unit cost and whether or not the venture remains in operation, or gets closed if not starting at all.** Even within each scheme – which has upper limits as applicable to the scheme – we find the incidences of a venture being in operation when the Unit cost being higher. Correspondingly we find a decline in the proportion of units that are either closed or not started at all with a decline in the amount of Unit Cost disbursed.

This finding of a strong correlation between the Unit Cost and the incidence of success of a self employment venture sends out a strong message seeking a review of the quantum of money being approved for establishing self employment ventures among Scheduled Castes. Perhaps, there is now a need to make a scientific assessment of the amount fixed for support within the different schemes. Further in respect of Subsidy and loan components also we came across what we may describe as ‘arbitrary’ variation in the extent to which each of these was assigned to different individuals, within and across different districts, if not Taluks and/or Constituencies.

What this evaluation makes as a suggestion is to arrive at scientifically determined levels of Unit Cost that will also take into consideration the specific unit to be established than merely addressing the target number of beneficiaries and target amount of money to be disbursed.

There is an urgent need to (re-)build a communication network between the district level officials of the Corporation and the lead banks that lend money to the selected and recommended beneficiaries. For the present the contact seems to come to a halt once a ‘Subsidy’ cheque is issued favouring one or the other beneficiary. The Corporation rarely gets to know if the beneficiary made any use of it, and whether or not the bank gave the corresponding loan as specified. A substantial number of beneficiaries had listed the following as issues with the commercial banks, and it is not certain if the Corporation was able to resolve them: ‘Received Subsidy, but not the loans’, ‘Loans advanced are much lower

than what was approved’, and ‘Do not know what happened to my subsidy amount’. There are enough bases to suggest that there a bias against the poorer than the others in matters of loan processes in commercial banks in all the districts and concerning each of the three schemes. Over three fourths of those experiencing problems with the banks have not ventured start anything to be self employed, while almost ten per cent tried to run a venture but soon closed them down.

The Corporation has to undertake on an a priority basis: Examine the loan papers currently for the period under evaluation, especially prior to the 2013 loan waiver so as to determine the extent to which there are FDs created against the waived off loans, if not all the other loans. Perhaps such a review may even open up opportunities for many to revive those that had been closed up, or encourage those that had not been started at all. Just to give an idea of the quantum of money involved we reproduce the data below culled out what we know as the sum advanced and sum given as Subsidy. Even if only a fraction of the subsidy was converted as FD, the uninformed beneficiaries may get the true benefit of the scheme even at this stage.

Total Units (No.)	447
Total Unit Cost	Rs. 3.70 Crores
Total Loan Amount	Rs. 2.53 Crores
Total Subsidy Disbursed	Rs. 1. 17 Crores

A third of the respondents – 33.78 per cent, reported no change in their income despite being beneficiaries of the schemes. As may be surmised, a majority of them had either not started the venture for which they had received the loan and benefit, or had closed it down sooner or later. The rest, a majority, make good and profitable income, ranging from 10 per cent increase (about 50 per cent in that category of income increase), while nearly 85per cent each who have accounted for 75 to 100% income, and over 100 per cent income.

Beneficiaries make a suggestion: The Corporation ought to consider supporting us from time to time (based on our performance and loan repayment patterns) extend further loans and support. Closing the doors on us merely because we had once taken the benefit from the Corporation is like expecting that we can swim against any floods even as beginners in swimming in the sea of business!

Having interacted with a widely ranging sets of beneficiaries and in different parts of the state, , and having analysed several associated factors co-occurring (if not determining) with venture failures, it is our view that EDP could be offered to those ventures that have



taken off and are running. For, it was observed – as several of tables and graphs in the foregoing analysis may substantiate, factors associated with failures in their self employment ventures have little to do with whether or not they entrepreneurship skills. It is the manner in which their application was processed and sanctioned, the leakages that occur in the capital they receive, the amount of money eventually made available for starting a business, etc. that impacts the success or failure of the venture.

Up-scaling and Expansion: Only in about 14 per cent of our sample of beneficiaries, one may view the scheme to have contributed to an expansion of the already existing self employment venture. The good side of this is, indeed, over 90 per cent of such beneficiaries were still running their ventures, with only 10 per cent having closed it. Dairying is one activity in which a properly run venture would facilitate a ‘natural’ expansion over the years. Female calves would be born in due course, and with their coming of age, the number of milch animals in the dairy should be increasing and therefore the dairy to be expanding. On the contrary, even out of 31 among 96 beneficiaries still running the dairy and with good profit had not expanded beyond one calf. When asked, most of them responded that it was too difficult for them to find other resources (water and fodder) and to find persons to look after the animals. Smaller families, especially when a household consists of just two persons, the tendency is to close down the unit than running it despite the initial profits accruing.

The specific G.O expecting beneficiaries to buy cattle from outside the state is an order on paper, and not followed even in case of our sample. Likewise, the study not did come across any insurance claims to have been made against the death of a cow of buffalo. A majority of the beneficiaries was unaware whether or not there had been any insurance taken out. Even if the commercial banks had included this cost into the EMIs to be paid, the beneficiary has no knowledge of it.

Only 29 of the 96 dairying beneficiaries had not taken the loan for a second milch animal. Among the rest who had availed of the loan for two animals – it is not certain that all of them had actually made use of the loan for the second animal. There is a widespread practice of ‘fictitious’ purchase of animals from the fictitious sellers. This occurrence is despite the requirement that there should be a committee to monitor the process of purchasing the animals, which too seem to be more on paper than in practice.

Another interesting feature of dairying units is that less than 10 per cent of those who are running the dairy were actually members of a Milk Producer’s Cooperative and was supplying milk to one its collection units.

In conclusion, there is an urgent need for close monitoring of the loans made to the beneficiaries and a periodic follow up of the self employment ventures. For this to happen, there is a need first to tighten the method of selection of beneficiaries who are genuinely interested in self employment rather than merely as a political patronage as seems to be the popular perception of the schemes, and an urgent look at staffing the District offices.

## **Chapter XI**

### **Recommendations**

Based on the findings and their analysis of the field situation, data from sample respondents, a few individuals and groups in the FGDs, and in our own view the following recommendations are being made.

#### **I. Selection of Beneficiaries**

1. Instead of precluding previous beneficiaries of the Corporation from becoming eligible for fresh loans/schemes, relax the norm to a period of three to five years after which they can be considered as eligible for fresh loans or schemes.
2. Minimise the time taken for selection of beneficiaries, and limit it to three months. Avoid the last minute rush of sanctioning the subsidy and loans to fulfil the annual target, and avoid the year-end rush at the commercial banks.
3. As in the other development projects, widely publicise in public domain the name and purpose of the selected beneficiaries each year such that the process of selection and information over who are the beneficiaries.
4. Scrutinise the applications more systematically and scientifically, and the process of documentation to be complete in every respect. Project proposals to be made mandatory with proof of requisite skills or expertise (if any), market potentials, extent of competition likely to be, and what the incremental income is likely to be, etc.
5. If schemes are meant to support the un-employed and create self employment among them, select beneficiaries who are actually unemployed. This may require some reconsideration of age of the potential beneficiaries, while relaxing it for women beneficiaries (who may have been housewives). There is a need to re-examine the current policy of giving a complete control over the selection of beneficiaries to the MLAs. It is this evaluation's recommendation that there is an urgent need to 'depoliticize' selection of beneficiaries by constituting a more realistic selection committee consisting of members of who are more equal than hierarchical in power

and positions. In this regard we suggest to delink the allocation of grants and targets based on Constituencies; instead restrict it to administrative divisions as Development Blocks or Taluks

6. Create a running pool of registered applicants, the list to be carried forward to the subsequent years. Select and approve the programmes based on seniority of application, eligibility (based on Dr. Ambedkar Corporation's guidelines and the partnering Commercial Bank's appraisal) for each year, but keeping in mind the other requirements such as a scientific calculation of capital requirements for different ventures. The practice of dividing up the annual targets into beneficiaries and schemes irrespective of what the requirement for a successful venture could be, as hitherto to be stopped. Findings of the Karnataka State's Socio Economic Survey and findings of the District Development Reports should also be taken into account to determine specific self employment ventures that could be supported annually. In short, the selection of beneficiaries should also respond to the district's social development requirements.

## **II. Corporation's Relations with Commercial Banks and their Respective Role**

7. Engage in a high-level 'Path Finding Dialogue' first to create a new (and free from prejudices) Lending for Development. Inclusive Banking should not be resulting in 'Inequality in Banking.' In this regard the Corporation could open a separate window to facilitate Banking Relations of the beneficiaries and the commercial bank. Mere listing of conditions and minimum requirements is of no value unless there is an administratively accountable system of monitoring. Thus, there is an urgent need to
  - a. Ensure that the subsidy granted remains a component of the unit cost and not as a security against the loan
  - b. Ensure that the subsidy determined is not independent of what the commercial bank determines as loan eligibility of a borrower.
  - c. Ensure that prior to release of subsidy Cheque, the commercial bank has committed itself for an amount of loan as approved. Current practice of first releasing subsidy amount, often not matched by a loan being approved or loan amount being varied, has been leading to misuse of subsidy.
  - d. Commercial Banks and the Representatives of the Corporation to jointly engage in loan recovery process.

- e. **Involve the MLA (and other members of the Beneficiary Selection Committees) in loan recovery process as also the progress made or not made by the beneficiaries of the different schemes. This should pave way for a minimum accountability towards the beneficiary selection and in monitoring. To the extent an MLA takes the decision for selection of a beneficiary, he or she should be involved in loan recovery process also. Failed ventures (premature closure of Units, or their not starting at all) should be accounted for or cleared before a new list is approved; and recovery to be made from out of the MLA Constituency Development Grants.**

### III. Other General Recommendations

8. Arrive at a more efficient Human Resources Management plan, so as to minimise dependence of ad-hoc or temporarily employed staff members to administer and manage the ever expanding activities of the Corporation.
9. The Number of Field Officers etc. need to be proportionate to the volume of schemes in progress and underway, as also the number of Taluks or similar administrative divisions. The over burdening of existing staff members with excess and time bound work is not only adversely affecting the quality of selection of beneficiaries but also the process of monitoring and recovery activities.
10. As soon as a list of beneficiaries has been finalised (and notified) convene a meeting of all the stakeholders [beneficiaries, district officials, bank representatives, etc.] to properly in simple language explain the procedures required in each subsequent step: loan subsidy disbursal, papers and forms they should sign and *not sign*, elementary Banking procedures, and repayment structures. For the time being, it is taken for granted that all these information is made known the beneficiaries and therefore the beneficiaries have become victims of lack of transparency, corruption and of middlemen or development brokers.
11. Take a fresh look at the amount of money determined for different Unit Costs (not merely in terms of schemes as SEP, ISB or Dairying) **and the corresponding subsidy to be disbursed.** There is a need to ensure that such Unit Costs and the corresponding subsidies are determined based on regional variations in cost of doing business, cost of raw materials (if any), minimum wages as determined for different occupations or trades, etc.

12. Now that Aadhaar and PAN Numbers are becoming part of identities, ensure proper synchronising and interlinking of loans, bank accounts and mobile numbers.
13. As in MGNREGA's work-done approval procedure, introduce a GPS enabled photography of scheme proposal (venue for business prior to sanction, after the loan has been given and the scheme started) as an initial and periodic follow up procedure. The field officer to be made responsible and accountable for non-reporting of the progress or premature stoppage of the self employment ventures.
14. On a war-footing, the Corporation should engage in a loan recovery process, clearing up the confusion over 'un-informed' Fixed Deposits, settlement of loans that have been waived off and balance to be notified (if any) to the beneficiaries.

#### **IV. Specific Recommendations Concerning Dairying Schemes**

15. Ensure that the beneficiary has a valid membership in the jurisdictional Milk Producers Cooperative and a demand is made for the milk to be supplied. Should there be a default, the Cooperative Union to bring it to the notice of either the Bank or the Corporation such that the cause of it addressed: if death of an animal, insurance issues are followed up; if unit closure or not started, etc., to be followed up with appropriate actions.
16. Payment for milk supplied to be linked up through the banks in such a way that as and when the EMI, Insurance premium etc. fall due, they are recovered automatically.
17. Ensure that proper and healthy living space is provided for the animals to be procured and fodder availability either in the open or stall feeding.
18. Take a fresh look at the carrying capacity of dairying activities in applicant households, locations where they are to be sanctioned, and whether or not the Unit is within affordable distance of a Milk Collection route.

## APPENDICES

### Appendix I

#### Case Study No. 1: Benefited, but without empowerment?

##### The Case of Venkatarathnamma [Kolar]

Venkatarathnamma is about 35 years of age. She is born to a woman, who like herself, too has been deserted by a husband. Unlike the mother, Venkatarathnamma (henceforth, Rathna) narrowly escaped from becoming a single mother. The mother left with the responsibility of bringing up two girl children and all by herself, secured a contractual employment as a Cook in a hostel in Kolar. When young Rathna finished her education, as Pre-University student, the mother decided to get her married off so as to minimise her responsibilities. Mother's younger brother had become a single person in a village in Andhra Pradesh across the border some 30 km away. His wife had then eloped with another man and therefore he was in need of a woman to cook and look after him. Rathna's mother thought this an easy means of accomplishing a daughter's wedding without much money to be spent, and whether or not the bride approved of the match, a marriage took place. Rathna could not survive more than a year or so with her husband in the Andhra Pradesh village and decided to return to her mother. All this was about 4 years ago (2013-14?), when she began the urge to be self employed and economically independent.

The Mother learnt of a couple of programmes of support being offered by Dr. Ambedkar Corporation at her own workplace. Rathna, by then, had spent about Rs. 500 a month to acquire the skills of becoming a tailor. Following this skilling, and with a few other women she began working as a tailor in garments manufacturing unit. Matrimonially deserted Rathna thus became a full time 'Garments Worker' but she found the distance to the workplace and the hardship at workplace hard to manage. The information that her mother brought home about the opportunity to be self-employed came in at the right time, and she was introduced to a person by the name of Rangaraj.<sup>14</sup> Rangaraj had gained a reputation for successfully enabling people to benefit from various schemes by the government aimed at the poor and needy.

As may be anticipated, there was much hesitation on her part to reveal the rest of her experience in procuring the benefit from the Corporation. Rangaraj, it was informed to us, had sufficient experience in enabling prospective beneficiaries to receive the grants be it a

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<sup>14</sup> Name changed, more with a view to protect the interests of Rathna who made an explicit request to conceal the identities of other individuals involved.

housing scheme, or a programme of sinking a deep well, including the different schemes of Dr. Ambedkar Development Corporation. Indeed, a casual visit to the offices of the Corporation, whether in Kolar or elsewhere, one may come across several such individuals who claimed to be doing ‘Social Work’ by enabling aspirant beneficiaries to receive the intended grant or benefits of the schemes. Some of them may indeed be genuinely doing such social work, by helping the poor and less informed prospective beneficiaries. Many of them are also, as informed to us by those frequenting the Corporation’s office premises or the respondents of our survey, active ‘leaders’ making up the support base of other prominent leaders – Taluk Panchayats, Zilla Panchayats, MLAs present or past, and so on. It is also not uncommon to find a sitting TP or ZP member to go to the offices of the Corporation to make a case in support of a beneficiary.

A visit to the offices of the Corporation at Kolar (true also of many of other districts) will reveal why one needs the ‘help’ of specialists such as Rangaraj. Help of this kind is needed even more for women aspirants of the schemes (Figures A 1.1 and A 1.2).



**Figure A 1.1: Inside the Office Premises of Corporation at Kolar: Room for Women Applicants?<sup>15</sup>**



**Figure A 1.2: Lending a Helping Hand or Doing Business of Filing an Application?**

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<sup>15</sup> Photography credits shared between Mr.S. Adiga and Professor G K Karanth.

Rangaraj undertook to help Rathna to get the ‘grant’ by first helping her fill up the prescribed form, arranging for the necessary documentation and by offering to speak to the sanctioning authorities. Did she know who the authorities were? Her reply was feeble and humble too: ‘We are too small to know who they are. I was told that the SC/ST Development Corporation [the former name of the Corporation, and as it continues to be referred to by a majority even to this date] gives money to start ones own business. I applied. Rangaraj did all the paper work. I spent some money for running around – bus and auto charges, ‘xeroxing’ [i.e., photocopying] the certificates and a few other expenses to move the papers.’

‘How much?’, we asked. What initially was admitted to be ‘about Rs. 500’ ended up, during the first round of our discussions’ to be ‘almost Rs. 10 -12,000.’ It appeared Rangaraj came back to her again and again, seeking money on the grounds ‘it has to be given to one or the ‘other officer.’

Did she know to which of the schemes she was applying or what was the expected sanction of loan?

‘No, I had told Rangaraj that I would like to start a Garments factory if a grant is given.’ After a couple of months [she does not remember how many months after submitting the application] she was told that her application has been successful and that she would get a subsidy of Rs. 1,00,000 and a loan of Rs. 1,75,000 towards purchase and establishment of a Garments making unit. How did she know this was the sum granted? Did she see the papers or the sanction order? We asked this question specifically because as per the intimation received by us from the District Manager about beneficiaries (so as to enable us to draw our sample as we had commenced the study a few months ago), she had been granted a unit cost of Rs. 4,00,000 of which Rs. 1,00,000 was the subsidy. The remaining was meant to be a loan for her from the Commercial Bank, which in this case was Karnataka Bank, Kolar. The subsidy was disbursed by means of a Cheque bearing Number 186374 and it was issued to her on 05.03.2014. The grant was under ISB scheme.

Later it was learnt, by way of a letter received from the Bank in Kolar, that she had been disbursed a loan of Rs. 2.25 lakhs – the entire sum given to the vendor of machines and clothes. There are several instances of a beneficiary being given away the subsidy but the loan is not necessarily given for a range of reasons. The commercial bank may find the beneficiary to be ineligible for a loan (because of an earlier loan with them or any other commercial bank), or may not be assessed favourably as being with a repayment capacity, or for any other reasons of the banking official unwilling to take the risk. In any case, we were



unable to ascertain the exact amount which Rathna received as a loan from the Bank, although she produced the relevant pages of the Bank's passbook. We could track a total of about Rs. 1,65,000 as transactions effecting payments to the firm supplying her clothes, readymade garments, and sewing machines (3 in number as she claimed). She was not fully aware of how much she drew or spent by way of money drawn from the Bank, although she collected the entire amount of money meant to be subsidy from which she is said to have bought machines, clothes, a simple ritual for the formal commencement of her shop. A small room, measuring perhaps 8ft by 10ft, not too far from her mother's house then was contracted for rent from where she began her 'Garments' Unit.



**Figure A 1.3: Rathna asking us 'What to do about the Subsidy?'**



**Figure A 1. 4: Rathna posing with the dresses to be altered or repaired in her shop**

When she had heard of the loan having been sanctioned for starting a garment manufacturing unit, she had already imagined of hiring about 3 or 4 young girls who too may have been in need of a steady income and or having gone through the difficult times the way she had. But she could not find suitable premises, for the rents were too high and she did not have the courage to start one in the busy market area of the town. Rather, she preferred to be

close to her own house both for her own security and that of the belongings in her new commercial venture. But, it was nearly impossible to accommodate all the machines and material, some of which she had already bought from Bengaluru's Chikkapet, renowned for the merchandise.

Consequently, within months she discovered that the business was not in keeping with her expectations. All the while she had not bothered to ascertain how much was the loan she had received from the Bank, and what happened to the money other than what she had used up as subsidy to buy the machines and garments. Her customers, poor and mostly wage labourers, in whose locality she had been living and in which she had started her ambitious venture, began to buy clothes without paying in cash. Instead, much business had been on 'to be paid later' basis, and consequently not only there had been much unsold material but also sold material for which she never received the costs – let alone any profit.

With hardly any business, she sold three of the sewing machines, including two which were meant to be capable of what she called 'fashion stitching' (Zig Zag, and electricity operated machines). During our visit to her shop, what we found were rolls of used clothes for which she was being asked to fix a tear or put a stitch, and/or fixing the sleeves to women's ready-made dresses bought elsewhere. On a good day, her business was around Rs. 400, while the rent for the premises was Rs. 7000 a month besides a caution deposit of Rs. 25,000. With that kind of an income, it was hard for Rathna to keep a proper schedule of repayment of the loan. About two months ago, she is reported to have made a deposit of Rs. 5000 towards the loan in the bank. She thinks she is over due in instalment payments by about 10 or 15 months, each instalment being around Rs. 5000.

Does she now know how much Rangaraj may have received as his 'fees' for helping her in securing the loan and granting of her application favourably? Not being able to make a correct guess, she asked us: 'Would it be about Rs. 35,000?' In return we asked her if she could find out what was the amount of money outstanding with the bank that she owed the Bank. Her response was on expected lines. Some one from the bank told her that it would be safe for her to make payments of a couple of instalments. She asked us 'How do I save up Rs. 5000 a month, after paying the rent, electricity, take care of rent for my house and meet our living expenses? That too, in the face of 'customers from this locality who do not hesitate to hit you if you ask them for payment of wages of the stitching work I do for their dresses?'

We wanted to know if we could meet Rangaraj? Rathna called his mobile phone over six or seven times, when finally a woman from his house responded by saying he has gone out somewhere leaving his phone behind at home. Our own guess was that may be he was one among those filling up the application forms and trying to submit at the office of Dr. Ambedkar Development Corporation. Rathna did not know where he lived, for a few months ago he was reported to have moved from his old house to a newly constructed house elsewhere.

As we were concluding our discussions with Rathna, she gratefully acknowledged how this scheme had helped her to keep herself economically active, even if she did not get as much returns as she expected. At least, it had not pushed her back to a husband with whom she did not want to live, nor be completely dependent on her aged mother. She feels happy that she is not dependent on any others, even if it was not as comfortably as she would have wanted. A festival brings good business, and even if 4 out of 10 customers make a proper payment for the services rendered, she claims, she has had a good business.

Upon arrival at the Corporation's district office, we tried to trace her application and other relevant documents. We were greeted by a small 'record room' as seen in Figure A1.4. If only the office space in the Corporation was a little more gender-friendly, and if only she had the access to information required, perhaps the sum of Rs. 400,000 spent on her economic and social wellbeing would have had a better mileage, and Rathna's life transformed with a lot more to write about.

## **Appendix II**

### **Case Study No. 2: Couldn't Drive a Dream ...**

#### **Settled for a Mobile Phone Shop - The Case of Narayanaswamy**

Having been in his village, following his SSLC education, Naryanaswamy had moved into Mulabagilu in Kolar District. The small town Mulabagilu is also the headquarters of the Taluk. He had married a couple of years earlier and wanted to start a non-agricultural occupation. SSLC as a qualification was not sufficient for him to land an employment of his dreams. In the town he had found a temporary accommodation with his sister's family. Her husband had been an advocate practicing in Mulabagilu, Kolar. Through his friends help, Narayanaswamy had learnt to drive a taxi car, and on such days when they were unable to go on work themselves, he was asked to step in as a substitute driver for a fare. As it happens among most fresh drivers, Narayanaswamy too did not have a valid driving licence, that too

one that enables him to drive a passenger vehicle. Driving a passenger vehicle requires a special driving licence which among other skills, also need a certificate in First Aid services.

The advocate Brother-in-Law asked Narayanaswamy one day as year 2014 was progressing, if he would like to be driving his own taxi car. Narayanaswamy immediately jumped at the idea and gave his consent. The brother-in-law explained to him that the Dr. B R Ambedkar Development Corporation Ltd., advances young men a capital and support with a loan to start many self employment schemes and that he could put in a word on his behalf to get one granted for him too. A few days later, Narayanaswamy accompanied his brother-in-law to the offices of the Corporation in Kolar to file an application. He was asked to bring with him several other documents such as his SSLC certificate, Below Poverty Status certificate, an extract of the page showing his name in the PDS certificate, etc. At the offices of the Corporation, he discovered that his brother-in-law was quite a popular person for there had been several other similar applicants waiting for him. Having entered the requisite information about himself and other details in the prescribed form, Narayanaswamy was asked to sign the relevant papers. Together with the application forms of many others which were collected, the brother-in-law went in to one of cabins of an official at work in the Corporation, submitted the applications and got out. Because particulars of the bank account had not been submitted, he was taken to a nearby branch of a commercial bank, Canara Bank, where a new account was opened in his name. Copies of several papers proving his identity served the purpose well.

A couple of months later, the brother-in-law informed Narayanaswamy that his application had been approved and he would receive a loan of Rs. 4,00,000 had been sanctioned. He had to sign again several papers. The brother-in-law was too busy in helping others in setting their papers right for their loans with the Corporation and the Banks, and so Narayanaswamy began to hang around at the Corporation to follow up on his application. He was asked to submit many other papers – which he could not then understand as a detailed project proposal indicating the costs, likely expenses, and the expected profit by running a taxi car. He was asked also to procure an invoice for a Tata Indica Car from the local showroom of the company.

When all this was going on, he received a call from an official in the Commercial Bank to meet him. He was explained that his subsidy cheque of Rs. 1,00,000 too has been received by the bank and that in order to receive the corresponding loan, he had to settle some dues which his brother-in-law owed the bank. Innocently, Narayanaswamy asked the official

why he should be paying up the dues which his brother-in-law had owed. The Bank official explained that for any loan over a certain amount, there is a need for a collateral security to be furnished. Since Narayanaswamy does not have any land that is legally his own (the agricultural land of about 2 acres back in his village is in his father's name), and because he has no other persons to show as a collateral security he can have only his brother-in-law. But the brother-in-law owed the bank some money. He was told that unless a part of the loan that had become now over-due is not settled, it would not be possible to clear the loan papers. The Bank had limited time at their disposal because the loan had to be settled within a short duration failing which it would be given some others.

Narayanaswamy cross checked the matters with his brother-in-law and received a regretful confirmation. Some investments made had not been bringing the returns on time, but soon he would get that, the brother-in-law was confident. Therefore, Narayanaswamy was asked to raise Rs. 50,000 somehow to step in and pay the bank on behalf of the brother-in-law; the latter would soon return the sum to Narayanaswamy.

Simple economic rationality combined with family obligations prompted to look for a loan in his small circle of friends. Economic rationality because, for the sake of not paying Rs. 50,000 he would miss out on an opportunity of getting a loan of Rs. 3 lakhs and a subsidy of Rs. 1 lakh to buy a taxi car of his dreams. Family obligations, because after all it was his sister's husband for whose sake he would be borrowing the money. Moreover, it was this sister and her husband who had been supporting him now to get this loan from the Corporation. Strengthened by these sets of rationale, Narayanaswamy set out to raise the Rs. 50,000 as a 'hand loan' from his friends. Some of his friends had begun to appreciate the prospects of Narayanaswamy as a soon to be self employed person, and so advanced the sum required but on the usual market rate of interest, of 3 per cent a month. For loans of shorter duration and relatively smaller amount, the rate of interest is around 3 to 5 per cent a month. If it is any higher, there is a fear of non repayment of either the loan or the interests, we were told.

A week after Narayanaswamy deposited the sum of Rs. 50,000, his brother-in-law asked him to go to the Bank to find out what the problem was, for he had heard from the Manager that there was some new issue bothering them in processing his loan application. He too would soon reach there, by the time Narayanaswamy arrived there.

The Bankers had now made a discovery! Narayanaswamy did not possess a valid driving licence, and so he could not be advanced a loan to buy a taxi car. At this point of our

narrative, we ask a few questions. Was this a late realisation? Had they not seen the application till then, and noticed this lapse prior to noticing that the collateral owed them the money? How did the Corporation process an application without the proof of required eligibility for a loan? Would they have processed an application for furnishing office or clinic and approved it had it been from a person claiming to be medical doctor or a legal practitioner without valid certificates proving their qualifications?

Soon after the news went out about the likelihood of cancellation of the ‘grant’ Narayanaswamy had received, his creditworthiness also seemed to have decline. The friends who lent him Rs. 50,000 wanted the sum back for they had other needs with that money. Brother-in-law came up with an alternative suggestion. He would speak to Bank persons to lend a sum of Rs. 50,000 to Narayanaswamy for starting any other venture. He may thus repay the friends who lent him the money. The subsidy of Rs. 1,00,000 could be used up to start some other venture that is feasible for Narayanaswamy. The bank staff seemed to have found this a ‘workable proposition’ since in any case the Corporation did not seem to have any follow up after having sent the cheque for subsidy.

Narayanaswamy thus was given a subsidy of Rs. One lakh for a loan of Rs. 50,000! He did not mean to cheat the Corporation or his friends who helped in the need at the hour. Nor did he misuse the subsidy, for he found a small shack of a place under the staircase of commercial building in Mulabagilu town – a street that houses almost 20 to 25 mobile phone shops! A rent of Rs. 1200 was agreed upon. It was here that he settled for another dream of starting a mobile phone shop. He now employs two young boys from his village – who too live with him in his small rented house in the town – to work as helpers in the Mobile phone store. He or they do not have any training to repair the instruments, but they know where to get it done if a customer needs that service. But they can fix many other things: put a plastic or glass cover on the screen of the phone; take out a damaged sim card from the instrument; change the settings or help adjusting many other functions of the phone. Their main business comes from customers who want their phones ‘recharged’ their talk time or data plans. Narayanaswamy has a running account with different service providers – for which he has to keep a ‘plus balance’ account with them by making an advanced payment. At the end of a day, each day, a collector comes to recover the costs of recharges made. For every 100 rupees of recharge, he gets about 1.5 per cent as his returns. Should a less educated person key in a wrong number while recharging his phone, not infrequently, he has to pay for it while the customer may feign ignorance if not pick up a fight!

Did he ever go back to the Corporation to complain about the approved loan not being given to him? Narayanaswamy was advised against that because he had been told that upon hearing this the Corporation may withdraw even the smaller loan of Rs. 50,000! He wasn't aware that in this message too he had been misled: Chances were that he would have asked to refund the subsidy of Rs. 1 lakh. But that knowledge for him would not have been advantageous to many others who had played a role in this case: the banker, and the brother-in-law, in particular.

As part of our data collection, our field investigators tried to speak to the bankers. They declined on the grounds that they were very busy owing to demonetisation and its aftermath. Other attempts on our parts too failed to take us any forward in this regard. When officials of KEA learnt of this and out of a concern for the failed beneficiary, matter was followed up with the Corporation officials at Kolar, a 'prompt' reply was received even as we were finalising our evaluation report. The official letter said that the applicant did not possess the requisite driving licence and therefore a loan was given to him for a sum of Rs. 50,000 which loan too had become a 'NPA.'

As we were concluding our gathering particulars for this case study, we asked him three last questions, over a cup of coffee at a roadside cafe. Did he give up his dream of driving his own taxi car? He replied:

'I did get a driving licence soon enough, but it was too late by then. The Corporation will not give me another scheme since I have already benefited once from them. They give only one loan to one person. But someday, I will buy my car and drive it. I am sure.'

Our second question was to ask if he would pose for a photograph for our case study? Even as he began responding we realised our mistaken use of the expression 'Case.' He was quick to request not to file a 'case' for that would put not only him into trouble, but more importantly, his sister's family in trouble.

'After all he is my sister's husband, and I do not want him to get into trouble. What will happen to my sister? In a family and among relations giving and taking, and helping each other is a common thing. Sometimes it may succeed well and sometime it may not. Sooner or later, he will return the money I paid for his loan with the bank. Did he not bring me from my village to live with him and help me start off in life? Even if he is now making a living out of being a social worker helping people get

loans and schemes and stopped being a lawyer, he is a good man. Many people are grateful to him for the work he has done.

Our last question was ‘will the Corporation ever be free of middlemen who make quick money out of the schemes and grants that poor people get?’ For a person of 32 years of age, his response consisted of profound wisdom: ‘Won’t sugar attract ants?’ We departed without taking a picture of him in front of the shop, but as we were moving out of the market street where his shop was located we took a quick photograph from our mobile phone.



**Figure A 2.1: Self Employed One Way or the Other  
- Narayanaswamy’s Mobile Phone Shop**

To our readers a few pointers. Why is this a case study? Here is a case of an ISB beneficiary becoming a SEP beneficiary. This is also a case of:

- A subsidy of Rs. One lakh for a loan Rs. 50,000
- The commercial bank deciding what the loan should be for in the case of the Corporation’s beneficiary
- Unaccountability of the Bank to the Beneficiary Selection Committee
- Why should not the MLA as Chairperson of the Committee know about these developments
- Absence of communication between the Bank and the Corporation, and follow-up by the latter
- Middlemen riding the schemes away

It is also a case of adverse situation converted into a positive outcome in that there is now a Mobile phone shop instead of there being nothing.



## Appendix III

### Case Study No. 3: ‘Scheme for Self Employment’... and, a Good One too!

#### Suresh and His Musical Band Set

Suresha Bairu Vajantri aged about 32 years, could not complete his SSLC successfully. Not knowing what to do for a living, he started hanging out with a group of other young boys who could play musical instruments. For Suresh this was nothing new since he was born to a family in which men played wind instruments during weddings and funerals, though not as hereditary musicians in the old social order. This was in his village Honaga about 12 km from Belagavi city which is also the district headquarters. Gradually a couple among the group started hiring themselves out as daily wage labourers playing one or the other musical instruments with a group of professional musicians, referred to locally as ‘Music Band Company.’ In the year 2010 and around then they were being paid Rs. 350 a day, with of course sumptuous meals that would be part of a wedding ceremony or any procession accompanied by music playing.

For a year or so, Suresha hung around such friends so as to familiarise himself with the ‘field’ and eventually qualified to play a clarinet. Playing this is at a higher hierarchy than, let us say, a drum or chimbals. He too, of course started on a daily wage of Rs. 300. Soon he learnt the other instruments too, such that should there be a drop out of a specialist he is available readily and to assure work in as many days as possible in a wedding season.

Availability of work was not certain for each day throughout the year. Belagavi was not starved of similar Music Band Company, and so there was a competition in the background for assignments. One of the additional work, often carried out in an ‘Honorary Capacity’ was to be around prominent wedding halls or ‘Kalyana Mandiras’ to wait for parents who book the hall for a forthcoming wedding. Just at that time, be in good books also of the clerk who makes the booking, and get an ‘order’ for an assignment. The clerk, of course, has to be compensated for his suggesting the Music Company in which Suresh was employed than any other. This ‘compensation’ ranged from Rs. 500 to a 1000 depending on the number of days for which the company was being hired and the fee they may themselves receive from the patrons.

The Company owner, referred to respectfully as ‘Master’ (a few less educated fellow musicians referred to them as Mestri’) had a set of ready-made ‘Dress’ which each player had

adorn irrespective of whether or not it fitted one well enough. Only the more successful workers, and concerned about elegance of personal appearance would save enough to get a pair stitched, for usually the well dressed musicians attracted the attention of others who may tip them and more. In addition to the wages received, the players also received '*bhakshees*' (reward) for playing popular tunes and background music for the group of men and women who may dance during the 'Baarat' (the arrival of the Groom). A generous guest may tip them as high Rs. 1000 while some people are 'tight fisted and give only a hundred,' according to Suresh. They are sometime also in for a bit of good luck if hired for a film shooting, or a political rally and so on, although the payment may not always be as agreed upon in both the cases.

After a year of working thus as a daily wage worker, one day he found his way to a local minister who suggested to him to apply for a scheme in the Corporation, if he was eligible as a SC member. In fact the minister is said to have asked all the members of the Band to explore the possibility of obtaining the benefit through the SEP or ISB schemes. Suresh was a little more proactive, and the very next day went to the Corporation to find out what it was all about. He did take the help of a well educated friend to learn all the requirements to be successful in application, and after having submitted one, he is said to have gone to meet the Minister, Mr. Satish Jharkiholi. After the usual wait and returns, he finally managed to speak to the Minister, who did recall the invitation to apply having been made by him. He was happy to see the positive response to a suggestion made by him, and assured his help if he did deserve and meet all the requirements.

After a wait of nearly three or four months, and frequent visits to the Corporation, he learnt he had been selected. He was quick to follow every step. Since his application had been for a ISB unit, he had been awarded, the Unit cost approved had been Rs. 1 lakh of which the subsidy component was Rs. 25,000 and 5 per cent as his contribution. The rest was (Rs. 70,000) was a loan from a commercial bank. This was during the year 2011-12, and by the time he got the loan sanctioned, received the money, it was already the month of May 2012. As an employee he had already committed for many 'dates' during the then ongoing wedding season. By August 2012, he had been ready to call himself as a self employed person. At first, the previous master for whom he worked was not very happy since that person had been one more person to compete with, but he is said to have blessed him well and said 'One day I too had started off like you did, but I had no scheme to support me. You have a good start, and do well.'

As a young player in the field now, he could start modestly without investing money in too many flashy things. He started attracting good business also because the dresses for his players were all new, the instruments were fresh and above all he had direct links with many clerks in the wedding hall. Today, he works in 'collaboration' also with a couple of flower decorators, suppliers of vessels and furniture (Tent House Company) persons and Catering Companies. 'We help each other; they recommend me to a patron, and I reciprocate them. 'But there are times when some of us without work for a long stretch while one or two of them may be overworking. It is because not all occasions require auspicious music as ours,' he said.

Given his success, he began to now to, what we may refer to as, expand. He added a few more musical instruments, an electronic key player, and more importantly, bought a transportation vehicle such that it now became easier for him to move from place to place. He was no longer confined to Belagavi city alone, but could go to villages at a distance too. Costs of transportation were now built into the assignment, which rose from Rs. 15,000 to RS. 25,000 or more a day. 'We are well looked after, sometimes with as much importance as one of wedding parties, if we are hired to play outstations. It is also a matter of honor for them to bring a good Music Company to play, and there are times we play for hours together till the dancing guests stop out of sheer tiredness.' Some people tip us generously, while in some places the hiring party insists on paying less on the grounds that the guests will tip well!'

With the flourishing income from the Music band Company, Suresh bought a house in Belagavi for over Rs. 2,50,000. 'I had never dreamt that some day, I would own a house in Belagavi,' beamed with joy.

My parents worked all their lives to build a small house in the village, I think they gave everything they had to bring me up and my brothers and sisters. As soon as I bought my house - even though a small one and not in a very fashionable area, - not only my status got transformed in my village but also that of my parents. My father and mother, who both worked as wage labourers stopped working for wages. They have a small plot of land, and I bought a second hand tractor. Now they cultivate that little piece of land on their own, and when not in use, hire the tractor out for a rent.' When I now go to my village, I am being referred to as 'Dhani' or as master! Even persons from the main village (*Kote*, or the fort) mostly from the landowning upper castes, I get treated with a respect which I had not experienced in my childhood.

Dr. Ambedkar Corporation contributed to this, and I am grateful.

‘Are you now a role model to others? Do they look you up as something they too want to be?’ Prior to citing his response, we must hasten to add that this hour long sitting with him for an interview to build up this case study, he had received more than half a dozen phone calls asking if he was free for such and such a date, or could he arrange for any others. He said to us,

to remain in this business you should be like a *Ravana* in the war field. If one head has fallen, the other one should rise. Today, I have a group of men playing instruments, and if demand comes for two or three events on the same day, I am able to manage to hire persons or split my regular group to perform in all. Only thing is that I should find a respectable light set and vehicle to transport them. Once the word goes around I am not easy to get, my down fall begins, he said as sign of his trade.

In response to our question on being a role model, he was being very modest:

I do not know about becoming a role model (*‘Maadari’*) for others. I know one thing. If many other SCs can transform their lives like I did, we will see a different society altogether. But, my advice is, when some gives you a helping hand, make good use of it than for uses that it ought not to be. That is why I have made it a point to help at least about three or four other young *Dalit* boys to benefit from the Coporation’s schemes. But I am ashamed to say, a few of them did not make proper use of the schemes and they are now back to where they started. One of them works for me too as a wage labourer.

It seems not written on his forehead! He said pointing out his hand at another person listening to our interview. He has repaid all but Rs. 18,000 of the loan he had received. He was aware too that the loan waiver did not apply to him, because his loan was not with the Corporation (and therefore Government), but with the bank. He was happy he was in good stead with the bankers, and he could loan for buying the house and to buy the tractor. What is his next plan, we asked. He was hopeful to start a full-fledged Tent House (to hire out Shamiyana, and furniture etc, for weddings and mass gatherings).

As we took leave of him, we had to ask him one question about selection of beneficiaries. Should the MLA have a role in it or should others take the charge? He showed his palm at us and pointed to the fingers in them.

‘Not all fingers are of the same size and shape; so also with the politicians. But for one MLA who actually told many of us to make use of a scheme, I would have been

playing music for others for a wage. Now I play as I choose, thanks to Jharkiholi. But I have heard that selection is not always correct and proper. We should have a good balance of good officers and MLA in the Committee. Only then we will have a good scheme.’



**Figure A 3.1: Playing the Sound of Success**

We cannot say how realistic it was as a suggestion, but coming as it did from a successfully self employed beneficiary, we noted down this statement too before taking leave of him, and with sincere thanks. When we set out to take a couple of pictures, he gave us one himself which he uses as publicity material. A nice impression it too made on us, as we believe it will upon our readers.

## **Appendix IV**

### **Case Study No. 4: District as a Case: Mysuru**

Each district presents a spectrum of different outcomes of the three schemes, while in some (as perhaps in Kalaburagi) one gets to witness a predominance of one pattern. In any evaluation of a development scheme, as in Indian states, one of the main concerns is the apprehension about the misuse of the scheme rather than an expectation of sustained positive outcome transforming the livelihood opportunities of the beneficiaries. In the district of Mysuru, we find a good mix of the outcomes of the three schemes. Given a sample of beneficiaries (17 of Dairy schemes; 26 of SEP and two of ISB Schemes), we get to encounter a wide range of outcomes. From among the 17 of Dairy beneficiaries there had been eleven cases of ‘not starting’ the venture for which the scheme had been sanctioned by the Corporation. Four among these intended beneficiaries could not start dairying because the

Banking institutions responsible to disburse the loan had failed to do so. Indeed, in many other cases with other outcomes, the Banks had advanced a much less sum than what had been approved as a loan for the beneficiaries because from the point of the Banks either the beneficiaries had not met their standards of ‘repayment capacity’ or had not followed up the subsequent tranches of lending. Nor did all the beneficiaries know the procedures well enough to be eligible for the subsequent tranches (instalments, as in the case of loan for the second animal). In a few other cases, the subsidy amount released directly to the Bank by the Corporation had been converted as a ‘Fixed Deposit’ which served for the Banking institutions as a ‘security’ against the loans – which as one former Manager of a Bank explained was usually perceived as ‘likely to be a NPA!’<sup>16</sup>

If bank lending pattern was unfavourable for some to start dairying venture, in as many as seven other cases, there seemed to have been conditions that never enabled to start dairying. For some, the venture was not a ‘start up’ right from the beginning because they did not have the required background – personal or infrastructural. It is highly unlikely that given the pattern of housing and the nature of growth of urban centres – be they small towns or large cities, they are conducive to animal husbandry: supply of fodder, space for housing the animal(s), or a person willing to dedicate time and labour for caring of animals in a non-agrarian environment. Yet, assisting poor and rarely skilled in any other craft of life, lending money for dairying seems to have been an easy option. Indeed, at least two of the sampled beneficiaries under SEP scheme have been lent money for the purpose of dairying and both are from an urban setting in which the required background is hardly available. Consequently, many beneficiaries soon end up selling away their prize cows or buffaloes which they would have bought through dairying scheme. Instead of making timely or eventual payment of loan repayments as per the prescribed instalments, the new dairying entrepreneur rarely goes back to the Bank to claim a second subsidised loan for the second cow or buffalo. In the process, neither is the loan repaid nor the beneficiary ever successfully recovers the subsidy that may have been held back by the bank as ‘Deposit.’ And, as regards the statistics is concerned, many of such beneficiaries report their venture as having been ‘Closed.’ Closed venture could well have been also because of economic failure of the venture: i.e., inability to make a profit out of it, be it a dairying or the range of other purposes

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<sup>16</sup> NPA – Non Performing Assets. The successful performance of a Banker is assessed by a higher rate of lending but with minimum NPA. Proper ‘maintenance’ of loan accounts by the customers of a commercial bank determine, among other things, the career graph of every banker.

for which money is advanced as a loan and portion as subsidy. In the instance of Dairying scheme, we had two instances of ‘closing’ down the venture – even after having started off initially and in one case, with sufficient profitability. Interestingly, not many among the the sampled dairying beneficiaries in this study – that is including the other districts too – did report ‘death’ of animals as a cause for closure of their ventures. Instead, there had been cases of closing down the dairying venture on account of serious illness of the animals, or a severe draught and resultant loss during the past three or four years, resulting in declining milk yield and the venture not being successful enough.

**Case Table A 4.1: Scheme outcome in Mysuru District**

Outcome Pattern	No.	%
Failed Because:		
Not Started	21	46.67
Closed	10	22.22
Success:		
In operation	14	31.11
<b>Total</b>	<b>45</b>	<b>100</b>

In the case of SEP and ISB, the instances of closure were 8 in number, and another 10 intended beneficiaries had ‘not started’ the ventures at all. Thus out of a total sample of 45 SEP, ISB and Dairying beneficiaries in Mysuru district, we found the following outcome pattern.

Going by the statistical presentation of the findings in one District, in this case Mysuru, the scheme outcome is rather disheartening. For, in less than a third of the sampled beneficiaries, the scheme has been successful in the sense that various ventures were in operation. In respect of about 69 per cent of the cases, the schemes had failed by either not having started or having closed down after starting them.

However, the various processes involved in the resultant outcome as classified above have different experiences to tell, and each of them has an implication or two for the policy making and implementation purposes. These processes are reflected upon and analysed in the different chapters of this report as also in the case studies presented. At the district level as a case, we may point out that many of those that have ‘not started’ include at least 25 per cent which were meant for one or the other purpose, say ‘Provision Stores’ or ‘Dairying.’ The beneficiary, at the time of applying for the benefit, may have actually not opted for provision store. He or she may have even left blank the column in which one had to specify the purpose for which the grant was being sought within each of the schemes under evaluation. Additionally, the applicant is expected not only to indicate the specific choice,

but also present a detailed project proposal outlining the anticipated returns, project costs, and the like. Applications that we were able to access – not without much hardship – revealed upon a review that rarely an application was complete in every respect. A detailed analysis of the application process is the focus of another chapter in this report, while for the present it may suffice to point out that an easy option has been to mechanically approve for a certain number of a particular purpose. Such purposes could be ‘provision stores’, ‘purchase of cows’ or for ‘animal husbandry’ and so on. Examination of a list of beneficiaries and schemes each year for different districts, one finds the listing as though there had been a target of allocation for each specific purpose. Whether or not an applicant had the ‘capability’ or the requisite economic environment for a venture, the sanction often appears to be made in what may be described as mechanically.

Therefore even as we arrive at a conclusion that in the Case district of Mysuru, the success rate is merely 31 per cent, we need to bear in mind the processes that contribute to such a meagre proportion of success in ambitious development schemes as SEP, ISB or Dairying.

Yet another important process, subsumed under the category of failures (reflected by ventures ‘not started’ or ‘closed’ down) is an interesting one and worth analysing. Even though the Corporation hands out financial assistance to the intended beneficiaries, there is nothing so sacrosanct about the purpose. To illustrate the point let us take a case of, say, the benefit of support to start a Juice and Soft drinks unit to Raju in Mysuru. His expertise had been to operate an auto rickshaw. At the time of applying for the grant, in 2011-12 he had been pursuing a livelihood as a driver of an auto rickshaw owned by someone else. He used to get a varying income of Rs. 250 to 500 a day, depending upon the number of fares he could run in a day, and after paying off the daily ‘rent’ for running the vehicle to owner. The owner too ran it for a few hours each day that was more suitable to him and more profitable as well. Raju had for long planned to buy an auto rickshaw and had in fact found a used vehicle at a price he could afford. Of course, he needed the capital for buying it, or a loan that he could service affordably. No commercial bank was forthcoming in lending the requisite capital to Raju nor did any of the schemes of Dr. Ambedkar Corporation could meet his needs by supporting the purchase of a used vehicle. He therefore indicated the purpose of starting a Fruit Juice and Soft Drinks business for purposes of self employment. Even though he had not specified the exact amount needed, nor given a detailed project proposal other than mentioning ‘soft drinks shop’ as a venture while filling out the application form, he was



sanctioned Rs. 80,000 as unit cost. Rs. 25,000<sup>17</sup> was meant to be the subsidy component while Rs. 55,000 was meant to be the loan to be advanced by the identified branch of a commercial bank.

Thus, as far as the Corporation is concerned and inferring from a mechanical yard stick of measuring success or failure, the support offered to Raju is a 'failure.' Yet the ingenuous manner in which he made use of the support is also to be taken note of as one of hidden features of the scheme in question. There had been no restrictions on what he bought and how he equipped the proposed *Fruit Juice and Soft Drinks* unit. He procured the requisite invoices for these purposes and managed – not without much running around – to receive the money from the Bank, including the subsidy component. Even as the final approval and release of the loan was underway he had managed to take a loan from a private money lender to the tune of Rs. 1,25,000 towards purchase of a used Auto Rickshaw. Once the bank loan and subsidy reached his hands, he managed to partially repay the loan made privately and start another venture – one of owning and running an auto rickshaw. While a routine evaluation would classify his case as one of 'failure' or distortion, we need to record here the success that was made possible through this apparent failure.

This type of apparent success – as described above – may not be a predominant feature of all failure cases whether in Mysuru district or in others evaluated in this study. But, as indicated above, they do make up about a quarter of such failed cases. We have, thus, a Jayamma or Siddaraju who could not make use of the loan and subsidy for the purposes with which they had been given to them. Jayamma and many others like her even acknowledged that the support came in handy for them by preventing them from falling further in to debt trap while enabling a daughter getting married or children educated in what one of them called 'respectable' schools.

Of course, we should not over look also the instances in which soon after taking the loan disappearing from the scene, or taking the loans by giving a false address. In one instance, the beneficiary even deserted his wife in the village and moved away to Bengaluru with whatever loan he received. The deserted wife and her daughter were unaware of any

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<sup>17</sup> Incidentally, out of the 31 approvals made for SEP in Mysore Taluk during 2011-12 one finds a pattern of disbursement of subsidy component: One instance of Rs. 5000, five instances of Rs. 10,000 and the remaining 25 instances of Rs.25,000 as subsidy component for the approved schemes. A separate mention here made with a view to bring out the curious feature of scheme approval and the quantum of loan and subsidy: should the subsidy be a reflection of the risks involved in a given venture or the other factors that favour an application to be approved by the Selection Committee. In our view, a business or self employment ventures are attended by the same set and extent of risks involved, and therefore, a higher component of subsidy ought to be the provision for such riskier undertakings than the others that are much less in risk attendance.

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loan or subsidy about which our research investigators were referring to. There were also a few others who claimed to be unemployed or social workers, but had been recipients of scheme benefits to the tune of Rs. 500,000 (of which Rs. 100,000 was the subsidy component) to start a granite or cement business. Neither the unit had been started nor the loan repaid.

As we conclude this brief case presentation of a District, two other dimensions need to be mentioned. First of them concerns the fact that most schemes selected as sample in Mysuru district were those implemented during 2011-12. One needs to recall that the State Government waived all loans – especially those that the state had advanced to the beneficiaries – as on May 13, 2013. This meant that all beneficiaries – whether in the sample or not – stood to gain by this loan waiver other conditions having been fulfilled.<sup>18</sup> What was revealing in the light of this loan waiver context is that not one beneficiary made a reference to this fact when we were seeking information about the unpaid balance of a loan, or their repayment pattern. Whether deliberate or out of ignorance, none had gone back to the bank to seek clarification on the matter. In some cases – though not from the sample in Mysuru District, a few beneficiaries had even gone back to the bank to make payment of EMIs.

Secondly, in nearly all the cases of processing the loans, the commercial banks had held back the subsidy component as though it was a caution deposit. In a majority of cases as discussed in the main report, the subsidy was not released or converted as Fixed Deposits. Whether a loan component repaid in full or waived, the beneficiary is rarely aware of the fate of the Deposit. Perhaps, there is an urgent need to coordinate this dimension of the schemes under evaluation. This observation pertains not merely to the sample beneficiaries in Mysuru, but all beneficiaries and in all the districts.

## **Appendix V**

### **Case Study No. 5: Success, but Trouble without Fish:**

#### **Hanuma Nayaka Family**

Aged 55, Hanuma Nayak died. The family did not want to speak much about the cause of his death. Hanuma Nayak had been a resident of Maruthinagar(Sira Town) in SiraTaluk, Tumkur District, working as an agricultural labourer. This was in the year 1998, when he had been of about 38, when his two sons were in the ages of 16 and 18 years and a

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<sup>18</sup> One such condition being that the upper limit of what had been borrowed, and whether or not the loan was being serviced, etc. I need some inputs here from our Banking friend.

daughter of 19 year. Having got the daughter married, he had found earnings as a wage labourer was not enough to repay the loans incurred for the wedding and to run a family of two growing up children. Earlier he had made use of the benefit of free schooling and hostel facility for his sons, admitting them in a school in the town of Chitradurga, the district headquarters. From their first year in high school they had been residents of the government run hostel for Scheduled Castes. Hanuma Nayak being a Lambani, his children were eligible for the benefit. Burden of loan and lack of sufficient income drove Hanuma Nayak to the nearby town of Sira in search of a new livelihood.

After an initial struggle, Hanumna Nayak (henceforth, respectfully referred to Hanuma) started catching fish from small ponds and tanks nearby and sell them in the market street of Sira town. Soon, the tanks ceased yielding any fish and so he began buying them from retailers passing through the town, from the coastal parts of Karnataka or elsewhere. Loaded in a truck or a goods van, vendors procure fish in large quantities from the fishing towns in the coast. These vehicles pass through different towns and villages, selling fish in turn to other retailers. The prices varied depending on the variety of fish bought, their freshness, and distances travelled. Hanuma used to buy fish worth about Rs. 200 or 300 a day to be sold. His take home earnings at the end of a Sunday would be about Rs. 200, if all the fish he had bought was sold. Business was good on Sundays, and perhaps one or two other days in a week, but not throughout the week. If on a Sunday a Hindu festival occurred, the previous one or two days and a day or two after the festival would be no business days.

By 2013, Hanuma had learnt of the schemes made available through Dr. B R Ambedkar Development Corporation. One of the customers who frequented his road-side shop gave him the suggestion. Initially, he had been wary of any loans dealings with the formal lending institutions since he was told that part of the loan would be given through a commercial bank. 'I cannot go about seeking a collateral', had been remark when he had discussed the issue at home with his wife. A few weeks later his customer brought a newspaper cutting and told him that the last date was fast approaching and he should make an effort. The customer, on his part, would put in a word with a friend working then in the Corporation offices in Tumakuru.

Hanuma Nayak's submission of an application form for the grant of a SEP scheme(2013-14) was triggered by the fact that his married daughter and the son-in-law too were then living under his care in the Sira. The daughter having come for a child birth to her mother's house had decided to live in Sira, while the son-in-law was helping Hanuma in

running the fish vending shop. By this time he had found a stall in a back street of the town's main bus station, and business had improved sufficiently. Not only the town's residents were buying fish from him, but also a few commuters from neighbouring towns and villages passing through Sira's bus station.

The son-in-law visited the offices in Tumakuru town one day, and on his return came with the required information and a set of application forms. 'You apply for the scheme or not, I will submit one,' he informed Hanuma. With the help of the customer, the forms were filled up and, finally, two sets of applications were submitted. To their good fortune, both the applications were approved, and a Unit cost of Rs. 50,000 was sanctioned of which 50 per cent was meant to be a loan and the other half as subsidy.

This much of information was given to us by Devaraj, Hanuma's 35 odd year old son who now runs the fish vending unit. Having finished his studies up to PUC in Chitradurga, the son had returned to Sira and had been working with the father. Although the business transaction on a normal day may involve about Rs. 5000 to 7,000 of turn over – as it appeared to us on a Friday – Devaraj was afraid that we had gone there to recover the loan that may have remained unpaid. By the time he joined his father in business, there had been a steady growth in business, especially a few restaurants being chief patrons for him. His brother-in-law, who too had taken a loan from the Corporation had decided to return with the family to his natal village. 'No, he did not start any unit here nor is he running one in the village. I keep getting the notices from the bank served on him to repay the loan,' Devaraj had replied when asked if the brother-in-law too had been successful in running the business. In fact, Devaraj was not sure of the purpose for which the loan sanctioned in his sister's name. Devaraj clarified that his 'brother-in-law, being a person from elsewhere, could not produce all the documents. So the loan was taken in my sister's name.'

How helpful was the scheme to Devaraj? Was it tough for him to inherit all the loans that his father had incurred and died?

We never enquired with our father how much money he owed to different people. But following his death, none came asking for any repayment. My mother too has no knowledge. We have not received any notices from the Bank also. So I assume that there were no borrowings to be repaid. Bank's notices had been delivered to our address, issued in the name of my sister, but not for us.

We could not believe entirely what had been informed about his father's loan with the bank to have been repaid. For, in the course of our discussions with Devaraj, there had been a

reference to the Bank and Bank had 'retained the subsidy amount with them as a guarantee for the loan given, and that much of the money has now gone as repayment of the loan. We don't know what the subsidy was or how much money was retained with them. Someone told me that the subsidy money could be still with the Bank.

When we sought further information about the bank and if there had been a passbook or scheme related document with him, he became cautious of what he was telling us: 'No, No, we don't even know which bank it is or how much the loan was.'

We learnt of the reasons behind Devaraj's cautious attitude towards us soon enough. Having learnt about the start of the business, the scheme and the like, we asked how the competition in his business was, for we had noticed there were three or four other similar fish vending shops adjoining his shop. First, let us reflect on his response about the business and then move on to the reason for his being cautious.

business is good, but one cannot rest with contentment for we will never know when it will turn out to be a bad day. The biggest challenge is to know beforehand how much fish is to be bought. Thinking that the business was good yesterday, if I bought more today, I may end up with a large quantity of unsold fish, which has no buyers as they get staler.... Our business is dependent on how good a guess we can make... guessing whether our customers would prefer fish today and not chicken or meat! And, when we know for certain that the business would be good today, say a Sunday, or public holiday, the wholesaler will refuse to sell more to us even if I am willing to pay a little higher. He will say, 'there are others like who too buy from us and they will stop buying from us when we go next to him having skipped to supply to them today.'

BToday I may have made a profit of about Rs. 400 or 500, but all that will be wiped out if I do not sell all the fish I buy in the coming two or three business days. The biggest challenge is to keep enough money ready at hand when the van (carrying the crates of fish) comes. They don't carry out any credit sale to us, not a rupee. There are days when I go to a local moneylender to lend me Rs. 7000 or 10,000 just for a day at 3 per cent Interest. This short term loan has to be repaid overnight! I borrow this money because, without it I cannot buy a new stock. This problem occur when I may not have bought or sold any fish for a day or two, and the savings may have gone to meet one or other expenses... Our business is like being dependent on the worms for the fish hook. If you don't have ready cash you get no fish!



**Figure A 5.1 : Devaraj at his Fish Shop**

Over the past 5-6 years there have been a growing competition. The last two shops in the row of shops here are new ones that came up in the past 2- 3 years. New entrants to this business, but they are doing well. They have good capital back up, for one shop owner's brother works in Bangalore and gives good support. They have a house that is their own, and so at least they save Rs. 2000 or more on rents. We end paying Rs. 1000 as rent to this place, and Rs. 3000 as rent to our house.

Is any among the neighbouring shop a beneficiary of similar scheme from the Corporation, we asked. It was then that we learn of the caution exercised and changing the tracks in his narratives.

The one next door is a SC, and all the others are from other castes. They will not be eligible for any loan from the Ambedkar Corporation. The next door person is in fact my brother. We divided up the shop a few months ago, following our father's death last year. My mother lives with me, and my brother lives with his children and wife in a different house. We had some disputes in the family and so we decided to go our own ways.

Perhaps it is because of separation of the family into two units following the dispute that the topic of bank loan, subsidy etc. were all now being avoided, for the brother could over hear what was being discussed. Perhaps the process of division in the family possessions, the bank loan and subsidy had not been a subject, and therefore unwillingness to open up a fresh dispute.

Why is this a case study and a case of what? We wish to underscore a few points here. This is a case of success story and with or without an intention, the Corporation serving the purpose of providing income security to a Scheduled Caste household. Had the father

Hanuma Nayak died without a shop as this, the family would have been in a different kind of straits: The loans made earlier, sister's wedding, support to sister and brother-in-law, business in a central location of a small town... and so on. Devaraj was proud also to mention at least two times that his children now in class 4 and 6 (a son and a daughter respectively) go to an English medium convent, and not a government school as he himself when young. 'I spend about Rs. 15,000 each for their school fees; and another five to ten thousand for their dress, uniform, books, and auto rickshaw.' We may point out here also a additional point about how much it is a matter of pride to be able to afford a private vehicle whether provided by the school or hired on their own in which children are ferried from house to school. He was proud also to highlight the fact that his wife who does not have to work as a wage labourer like many other women in his neighbourhood:

'It is now up to her to work for a wage, if she wants. But I don't ask her to go to work and bring any money. She comes here on Sundays to help me with business, and my mother looks after the children that day. On the other days, my mother comes to sit in the shop and help me with work.'

This is also a case where it is already the second generation which is carrying forward a unit supported by the Corporation, even though the number of years is only 3 or 4 since receiving the benefit. Devaraj plans now to make a bid for the Municipality's shopping premises in the coming years when an auction takes place. 'You need not have only the guts to bid but also the support of the local leaders. I hope the ward representative will support me and keep up the assurance he has given me on the matter.' Devaraj hopes to save about Rs. 250 to 500 on rent and a much better place. He was quick to add, 'if I were to take this same place for rent now, it would not be less than Rs. 5000 to 7000 a month, for this is a central location. I would have to give an advance of Rs. 2 or 3 lakhs.'

This is also a case of absence of proper communication on the part of the commercial bank involved in the setting up of the Unit. What was the subsidy? Why has there been now an attempt to recover the loan? Why was the subsidy retained as if it was 'back end' subsidy? These and many related questions are some which the Corporation has to account for had there been adequate follow up on their part with the ventures established by their beneficiaries.

Finally, this is also a case of a success story. It may not be as glamorous as many other success stories. But it is a success story in which the venture is still in operation despite stiff competition, not a smooth running venture with good and assured supply of material to

be sold, and above all a venture that is surviving despite an utterly unpredictable business prospect. ‘Today is not like what yesterday was,’ tells Devaraj, ‘but we have managed to live without being on the streets (as beggars), thanks to the Corporation.’

My biggest worry, however, is to ensure enough fish to sell tomorrow when there is likely to be a good demand. If I had a slightly better place from which to run my business, I would install a refrigerator and keep my fish fresh. I need capital for both, but that I cannot get easily. I was told that the Corporation will not give any more loans to us. I am afraid of going to the Bank for I do not know what will be my fate with the loan that my father took for this Unit. Private money lenders are too expensive and the risks are very high.

As we conclude this case of Hanuma Nayak’s son Devaraj, the message that needs to be underscored is the need to create awareness about servicing the loans properly, and the need to take a fresh look at the policy of closing the doors to past beneficiaries. May be there is something that could be thought of to support the sustainability of the schemes and ventures which the Corporation has contributed to being established.

## Appendix VI

### **Case Study No. 6: Successful Combination of Different Means: The Case of Asha and Kumaraswamy**

Asha, aged about 30 years, is married to Kumaraswamy. They live in a joint family consisting of Kumaraswamy’s father (over 55 years), mother (about 52 years), brother aged 28 and yet to be married. Asha has two children; a boy aged 7 years and a girl of 5 years. Asha has studied upto Pre University, and even as she was finishing her studies, she was sought in marriage as a bride for Kumaraswamy. It is over eight years since they are married. Kumaraswamy (32) is a graduate in Arts and has taken to agriculture as an occupation. They live in Hiriyur, a small town in T. Narasipura taluk in Mysuru district. As far as our records are concerned, Asha is the beneficiary, but the key spokesperson was her husband Kumaraswamy.

What then is so special about Asha as a case study? Even as we finished an FGD in T. Narasipura consisting of beneficiaries of SEP and Dairying, we asked a few participants for a good case of successful dairying venture. Many said Kumaraswamy would be a good case. We looked up our sample list, and list of beneficiaries in the District for this name but with no success: there had been no Kumaraswamy listed as a beneficiary of the scheme in



any of the years. The participants in FGD had been certain that he was a beneficiary and a good resource person on all the schemes of the Corporation. We then decided to pick this person as a case for Control Group and proceeded to the address given to us by the participants. Upon arrival in Hiriur we had a pleasant surprise waiting for us, for Kumaraswamy was the husband of one of the beneficiaries in our sample for Dairying. And, we must admit, the dairying venture has been reported to be in operation and successfully too.

In preparation for our revisit to Hiriur to undertake a case study of Asha, we had carefully studied the questionnaire schedule. As per the schedule, she live in a nuclear family consisting of her husband, and two children. Upon our visit, we learnt that actually she and her husband lives in a joint family consisting of persons as listed. At the time of our first interviewing her, she had informed us that the household had not been a recipient of any other benefit from the Corporation or from any other government department. Whether it was out of her ignorance or as a deliberate act of concealing information, we cannot tell; but the fact is that this is one household that has blatantly violated all norms of grants to be disbursed by the Corporation. Asha was a beneficiary of the Dairying scheme during the year 2013-14, meaning during the data collection (January 2017) she was running the dairying venture successfully for the third year. Had we not been privy to many other information about their ‘success’ her case would have been perhaps a ‘cover page story!’ in which a woman from Scheduled Caste Background runs a dairying scheme successfully and making the best use of the scheme implemented by the Corporation. Successful to that extent it still is. But what marks it as a special case is that the household is a multiple beneficiary of multiple schemes and from multiple sources.

Asha had found it curious that ever since she became a member of this household upon her marriage, each year she was asked to sign a couple of papers – applications for one grant or the other. She was not the only one thus applying for grants: other members too were submitting applications. Kumaraswamy - who became the chief informant when we returned to Hiriur for making this a case study – informed that he had been submitting application for a scheme ever since he became active politically as a strong supporter of a MLA. He had been a keen activist engaged in electioneering campaigns and subsequently as a ‘hanger on’ of the local leaders who were all staunch supporters of the MLA. For the past four years now he had been a prominent minister too, until his recent and untimely death. When the widow of the former MLA contested for election to the vacant seat, Kumaraswamy

had been once again an active campaign manager. What becomes evident is that Kumaraswamy had the right political backing, and he made good use of this to benefit from the different schemes.



**Figure A 6.1: Asha and Kumaraswamy with their Cows**

When Asha's application met with success in 2013-14, he was happy but unhappy also. For in each previous years he had been assured something good, but eventually it was 'just a dairying scheme' grant. He was hoping that one of his other two applications would succeed, for in his brother's name was for a ISB scheme's buying of a Taxi car (Tata Indica), or a land grant scheme for himself. But this did not happen, instead an ordinary dairying grant was made available, involving a loan of Rs. 25,000 and subsidy of Rs. 25,000.

It took some time for the loan to be made available to Asha (but in the narrative of Kumaraswamy, it was always him and himself. Asha was just a figurehead.) In order to get the loan amount released, he had to produce proof of having bought the cow (with the calf), and receipt for having paid the money. He asked us an intelligent set of questions at this juncture: 'How do you expect all poor people to first buy the cow and then get the loan? Are you not pushing us further in to debts? Or, encouraging us to cheat?' These questions posed by a 'successful' beneficiary certainly are pointers to the Corporation about the sequence of things to be attended to in securing a loan for a project.

Fortunately we did have a cow and a calf in our house already. So I managed to get the cow's ears punched with a hole. I paid Rs. 1000 to the veterinary doctor for his trouble of coming to our house and doing the necessary certification. I had to spend another Rs. 250 for the photographer too. When the loan was released by the bank, I spent the money on building a cow shed, buying fodder etc.

The loan helped us a good deal. With two young children in the house, having a milking cow was very good. Our children thus had plenty of milk, curds, butter and

ghee to grow with. In little quantities we sold milk too to our neighbours, thereby adding extra income.

Following the birth of the last child and her going to ‘convent’ (school, English medium) my wife Asha had started working in a garments factory. She did work for a year, but now she has stopped going to work outside the house. We have enough at home now to take care of, and so she busies herself with that work.

Does she go accompanying the cows when they are released for grazing? He replied, and with a sense of pride: ‘No, No... My father and sometimes mother takes care of that work.’ We are busy right now giving finishing touches to a new house that I am building.



**Figure A 6.2 : Asha with her husband, children and mother-in-law**

At this stage we asked if he would like to attribute his ability to build a new house, to dairying venture either in part or in full? He took a little while in coming to the point...’You may say that, but the house is a grant from the Government under Indira Awas Yojana., also during the same year as dairying. He was happy to take us to the spot and point out to the building under construction. It looked also to have been stopped from being finished for quite some time now. He was quick to supplement, that the corresponding money has not materialised and so he is going slow. He had received about Rs. 25,000 as wages for



**Figure A 6.3: Asha and Kumaraswamy’s House under Construction  
– Indira Awas Yojana**

construction work under the MGNREGA. Of course, he had assigned the responsibility of finishing the work to a friend who engages himself as an MGNREGA contractor. When we asked for how this arrangement worked, he said that

‘It is all a private arrangement. It is like my assigning the work to a contractor, and he builds the house for me for a rate. Only in this case, I can show that two persons from our house have worked as wage labourers and claim wages. That much of money is reduced in the fee payable to the contractor.’

In the course of this information being given he admitted also that he had been a beneficiary of a grant to build a cattle shed by the village Panchayat. On paper, the beneficiary was his younger brother. Obviously, his claim that with the loan amount having been received from the Corporation was used for constructing the cattle shed was not true, after all.

He has not been supplying milk to the local milk dairy lately because both the cows he has are with the calves. The litter is expected sometime by the month of September 2017. He is hopeful the calves are females such that his dairying enterprise flourished. Asha, his wife, chipped in to add, the cows have been very helpful also for our farming activities. We now have at least a cart load of manure once two or three months. She does not buy any special cattle feed from the market, but has enough fodder from their six acres of landholding.

Kumaraswamy was too happy to speak about his ability to help others. On the way out of the area where he lived, he pointed out to two other families both of which, he claimed had benefited from dairying schemes. ‘But, useless fellows, they both sold off the animals within a month or two of getting them. Lazy fellows!’, he fumed. We asked if he had undertaken to help many others.

‘When the MLA was alive, I have helped many people to get many different schemes: housing, borewell, bullock cart, and many more. If deserving people come to me, I like to help them. But there are some who make no good use of good help. What to do?’

It was as he was speaking of his good-Samaritanism that another benefit came out of his bag! He pointed out to a power tiller that had been parked in the shade of a house of a person known to him and spoke of his struggles to get the machine sanctioned.

‘I had to spend over Rs. 10,000 as bribe to an officer in the Department of Agriculture to have this granted to me. The Government gave a subsidy of Rs. 1 lakh, I had to deposit Rs. 68,000. I use it now to till my own fields and hire it out also to others. My younger brother does all the work. The tiller too brings a good income for the family, sir,’ he admitted.



**Figure A 6.4: Kumaraswamy purchased the Tiller**

As we were preparing to take leave of him, we complimented him on his success, for unlike many others he was not misusing the benefits he received from the state. That he was recipient of more than one benefit is besides the point, for here is an entrepreneur making proper use of the programmes offered to SCs by the state government. In response to our complimenting him, he sighed and wished that the Corporation would release the second instalment of the loan for dairying.

I was aware that if you repay properly, the Corporation recommends the release of second cow loan after six months. I had managed to make proper payment of the instalments, every month. In fact, I have repaid the complete loan now. The second loan was announced a year ago (2016) but it has not been released. The bank says they have not heard from the Corporation. I am waiting...

I am waiting also for a day when at least one of us will become successful in getting the grant for buying a Tata Indica. I want to see my younger brother as a successful travels operator. That is why every year we both apply for a taxi loan, but the Corporation has not been approving. I will try this year also, and will seek the help of the new MLA.

We did not know whether to tell him that he is ineligible since he has already received a benefit, and that he should let others too benefit from the schemes. But that would have dampened his spirits. We merely wished him good luck and took leave.

**Appendix VII**

**Ventures by Sample Beneficiaries in different Districts**

**Table A 7.1 Districts and SEP / ISB / Dairying Ventures among the Sample Beneficiaries (Part I)**

Name of the SEP	Name of the District																Total		
	Bagalkote	Belagavi	Ballari	Bengaluru (U)	Bidar	Chamarajanagara	Chikkamagaluru	Dharawad	Gadag	Hassan	Kalaburagi	Kolar	Mysore	Ramanagara	Shivamogga	Tumakuru		UttaraKannada	Yadgiri
Wood Business										1	1		1		1	2			6
Bed business																1			1
Flour Mill / Winnowing Mill											2				1	1			4
Dairy / Cattle Feed / Animal Husbandry	3	8	1				1		8	9	1	3	2		2				38
Retail / Provision Stores	4		3	23		4			4	15		3		3	2			2	63
Vegetable/Fruit vendor/ Paan Shop	6	6		3		1			1	2		1					1		21
Rice /Cashew/Betel/Coconut/ business									1					3	2	1			7
Provision store				1					1							1			3
Mobile store	1								1			1				1			4
Cantering	1		1						1						1				4
Rope / Basket/ Toy Making or Plastic Recycling	5	2							2						1				1
Tailoring	2		1	1		1			1	2		2	1	2				1	14
Chicken/ Meat/ Fish Shop	1									2				1	1				5
Saree/ Garments Business			4	5	1		1		1	2		2		2					18
Digital Studio / Photography		1							1	2				2					6
Fish Business														2					2
Computer and Cyber centre/ DTP / Photocopying / Stationery Shop/ Printing Press	2	2	1	1		2	1		1	1	1		1		4				17
Music / Sound System / Cable /TV Repair												2			3				5

**Table A 7.1 Districts and SEP / ISB / Dairying Ventures among the Sample Beneficiaries (Part I) (Contd..)**

Name of the SEP	Bagalkote	Belagavi	Ballari	Bengaluru (U)	Bidar	Chamaraja nagara	Chikkamagaluru	Dharawad	Gadag	Hassan	Kalaburagi	Kolar	Mysore	Ramanagaa	Shivamoga	Tumakuru	Uttara Kannada	Yadgiri	Total
Bricks/ Granite / Cement Business			1						1						1				3
Xerox Shop			1											1					2
Pig Rearing / trading						1				1			1						3
Auto Riksha				1							2		3						6
Bakery /Canteen / Catering/ Soft Drinks		1		1						2	3								7
Beauty Parlour		1											1						2
Cycle Shop		1																	1
Footwear Making / Shop	4			3						1	2		1						11
Lawyer		1																	1
Auto Workshop											2		1						3
Electrician	1										1		1						3
Concrete Mixer			1	2															3
Furniture Shop											1								1
Footwear Making / Shop		2									1								3
Agarbathi / Candle Making				2						1	1	1							5
Bullock Cart		1									1		1			1			4
Steel Ware / Hardware Shop / Recycling scrap		1		1							1								3
Tent House											1								1
Fancy Stores / Bangle Stores / Making											1	1	1						3
Toy Making														1					1
Flower Vending / Decoration				1						1									2
Silk Reeling												1							1
Chair Wiring and Repairs																1			1
Groundnuts Processor	1																		1
	31	27	14	45	1	9	2	1	2	3	55	4	26	5	27	15	2	3	299

**Table A 7.2 Districts and SEP / ISB / Dairying Ventures among the Sample Beneficiaries (Part II)**

Name of the ISB Venture	Name of the District																		
	Bagalkot	Belagavi	Ballari	Bengaluru	Bengaluru	Hasan	Haveri	Kalaburagi	Kolar	Mandya	Mysuru	Raichur	Shivamogga	Tumakur	Udupi	Uttara	Vijayapura	Yadgiri	Total
Flour Mill / Winnowing Mill										1		1							2
Dairy / Cattle Feed / Animal Husbandry		1								1		1							3
Retail / Provision Stores				1													2		3
Wiring works / Meter Repair														1					1
Mobile store		1																	1
Saree/ Garments Business			1		2				1		1						1		6
Digital Studio / Photography								1											1
Computer and Cyber centre/ DTP / Photocopying / Stationery Shop/ Printing Press	1		1						1					1			1		5
Music / Sound System / Cable /TV Repair / Electrical Works or Stores		1																	1
Bricks/ Granite / Cement Business						1					1		1						3
Auto Riksha	1				2			1											4
Bakery /Canteen / Catering/ Soft Drinks														1				1	2
Beauty Parlour								1						1					2
Footwear Making / Shop												1							1
Lawyer						1													1
Taxi Operator / Driver					3	1		2	2			1		1		1			11
Concrete Mixer	1					1													2
Steel Ware / Hardware Shop / Recycling scrap															1				1
Tractor			1																1
Water purifier							1												1
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>7</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>52</b>



**Table A 7.3 Districts and SEP / ISB / Dairying Ventures among the Sample Beneficiaries (Part III)**

Districts	Dairying
Belagavi	4
Ballari	1
Bengaluru (R)	6
Chamarajanagara	32
Dakshina Kannada	2
Dharawad	3
Kalaburagi	13
Kolar	11
Mysuru	17
Raichur	1
Tumakuru	4
Vijayapura	2
Total	96

**Appendix VIII**

**Helping Oneself and Helping Others –  
Dimensions of Social and Economic Impact of the Schemes**

<b>Table A 8.1 Scheme Outcome and Children's Education</b>				
Current Status of Venture	Impact on Children's Education			Total
	Yes	No	NA/No children	
In Operation	80.18	10.57	9.25	227
Closed	62.50	33.33	4.17	96
Not Started	36.29	58.87	4.84	123
Total	64.21	28.86	6.94	447
	287	129	31	

<b>Table A 8.2 Scheme Outcome and Impact on Women' Status</b>				
Current Status of Venture	Impact on Women			Total
	Yes	NA/No Women	No Impact	
In Operation	82.82	2.64	14.54	227
Closed	56.25		43.75	96
Not Started	33.06		66.94	123
Total	63.31	1.34	35.35	447
	283	6	158	

<b>Table A 8.3 Outcome and Impact on Family Health</b>			
Current Status of Venture	Impact on Health		Total
	Yes	No Impact	
In Operation	85.90	14.10	227
Closed	48.96	51.04	96
Not Started	45.16	54.84	124
Total	66.67	33.33	447
	298	149	

<b>Table A 8.4 Outcome and Impact on Family Economic Status</b>			
Current Status of Venture	Impact on Economic Status		Total
	Yes	No Impact	
In Operation	96.48	3.52	227
Closed	48.96	51.04	96
Not Started	20.16	79.84	124
Total	65.10	34.90	447
	291	156	

<b>Table A 8.5 Impact on Ability to Deal with Bureaucracy</b>			
Current Status of Venture	Impact on Ability to Deal with Bureaucracy		Total
	Yes	No Impact	
In Operation	72.25	27.75	227
Closed	63.54	36.46	96
Not Started	25.81	74.19	124
Total	57.49	42.51	447
	257	190	

<b>Table A 8.6 Impact on Social Status</b>			
Current Status of Venture	Impact on Social Status		Total
	Yes	No Impact	
In Operation	96.48	3.52	227
Closed	48.96	51.04	96
Not Started	20.16	79.84	124
Total	65.10	34.90	447
	291	156	

	Impact on Business Skills		
Current Status of Venture	Yes	No Impact	Total
In Operation	96.04	3.96	227
Closed	40.63	59.38	96
Not Started	21.77	78.23	124
Total	63.53	36.47	447
	284	163	

	Impact on Employment of HH Members		Total
Current Status of Venture	Yes	No Impact	
In Operation	96.04	3.96	227
Closed	32.29	67.71	96
Not Started	4.03	95.97	124
Total	56.82	43.18	447
	254	193	

	Difference in HH Labour Incidence			
Venture's Status	None Worked then or now	Wage Labour Decreased	Wage labour Same	Total
In Operation	13.66	63.00	23.35	227
Closed	21.88	19.79	58.33	96
Not Started	18.55	2.42	79.03	124
Total	16.78	36.91	46.31	
	75	165	207	447

	After Scheme: Self employed			Total
Current Status of Venture	Yes	No	Partially	
In Operation	40.53		59.47	227
Closed	12.50	20.83	66.67	96
Not Started	10.48	12.90	76.61	124
Total	26.17	8.05	65.77	
	117	36	294	447

## Appendix IX

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## Appendix X

**Terms of Reference for the Evaluation of Self Employment Programme, Industry Service & Business and Dairy Scheme implemented from 2010-11 to 2014-15 by the Dr. B.R. Ambedkar Development Corporation Limited, Karnataka.**

### **1. Study Title:**

The title of the study is “*Evaluation of Self Employment Programme (SEP), Industry Service & Business (ISB) and Dairy Scheme implemented from 2010-11 to 2014-15 by Dr. B.R. Ambedkar Development Corporation Limited, Karnataka*”

### **2. Department implementing the scheme:**

The scheme being evaluated is implemented by the Dr. B.R. Ambedkar Development Corporation Limited, Bengaluru.

### **3. Background Information:**

The population of Scheduled Castes (SC) in Karnataka is 17.15% of the total population. The percentage population of SCs in the Country is 16.6% as per 2011 census. The people belonging to SC are disadvantaged by (a) belonging to the lowest category in caste in hierarchy, and, (b) most of them not possessing land of their own or having very small and unfertile lands. The literacy levels of these people (66%) is significantly less than that of the State average (74.04%) due to their poor economic conditions. Due to lower literacy levels, majority of the SCs remain unemployed. Therefore, for economic upliftment of SCs in State, Government is implementing several development schemes. Self Employment Programme (SEP), Industry Service & Business (ISB) and Dairy Schemes are three of such development programmes implemented by the Dr.B.R.Ambedkar Development Corporation Ltd. These schemes were started in the financial years from 2007 to 2010.

### **4. Purpose of the Schemes:**

The purpose of the schemes are to :

- a. To improve economic and social conditions of SCs.
- b. To impart the skills to deal with organizations helping for financial assistance.

**5. Objectives of the schemes are :**

- (a) To support SCs financially for industry, service, business and dairy activity.
- (b) To prevent the SCs from going to money lenders to seek financial help at exorbitant interest rates.
- (c) Confidence building among SCs to face competitive situations.
- (d) To prevent migration of SC population.

**6. Scope & Objectives of the Study**

The scope of the study is all the 224 Assembly Constituencies of 30 Districts of Karnataka. The study will evaluate the extent to which individual SCs members have been empowered economically and socially by these schemes. Further, whether the benefit of the scheme has prevented the beneficiaries from going to money lenders to borrow loan at higher interest rates or not, will be verified. Analysis of individual beneficiaries will be done to arrive at conclusion on the following points-

- a) Current status of individual beneficiaries and impact on economic status of individuals.
- b) Awareness created to face competitive situations and make them self employed.
- c) To identify the constraints in implementation and to suggest measures for the improvement of the existing scheme.
- d) To collate suggested measures for improvement of functioning of the scheme,
- e) Bottle necks experienced by beneficiaries in getting sanction from the corporation and banking transactions.

**7. Selection of Beneficiaries :**

The selection of beneficiaries is done by a committee headed by the Hon'ble Legislator of the Constituency concerned and sent to District Manager of the Corporation. The District Manager in turn sends it to the Managing Director of the Corporation for sanction of benefits of the scheme.

Eligibility Criteria of SC beneficiaries is that their annual income should not exceed Rs. 81000 in rural areas and Rs. 1.03 lakh in urban areas. The age limit is between 18 to 55 years. The repayment of loan is in 36 quarterly installments for the

quarter ending (30<sup>th</sup> September, 31<sup>st</sup> December and 31<sup>st</sup> March of each year). 6 days time is given after the due date of each quarter to recover the loan by the corporation. After this period, an additional 5% penal interest is levied on the defaulting members. For further details the following GOs and Circulars may be referred to, namely-

- a. Circular No. Dr.B.R.Ambedkar Development Corporation/ Micro Credit Scheme/Micro credit/2007-08, dated: 22.09.2007.
- b. GO No. SWD 221 BCA 2008 dated: 02.01.2009
- c. Addendum to GO No. SWD 221 BCA 2008 dated: 02.01.2009
- d. No. SWD/253/BCA/2009, dated: 09.11.2009
- e. GO No. SWD/36/BCA/2012, dated: 12.04.2012
- f. GO No. SWD 88 co-ord 2013, dated: 04.09.2013.
- g. Circular No. Dr.B.R.A.D.C/ / /2014-15, dated: 20.06.2014.
- h. GO No. SWD 138 SDC 2012 dated: 03.10.2012
- i. GO No. SWD 91 SDC 2014 dated: 20.06.2014
- j. OM No. Dr. B.R.Ambedkar Development Corporation/SEP-ISB/Su/2014-15, dated: 28.06.2014.
- k. GO No. AHF 108 KMF 2009 dated: 19.10.2010
- l. GO No. SWD 53 SDC 2011 dated: 9.08.2011
- m. GO No. SWD 174 SDC 2013 dated: 31.12.2013

#### **8. Monitoring Arrangements:**

- (a) **State Level:** The Secretary to Government of Karnataka, Social Welfare Department reviews the financial and physical progress of the scheme every month along with heads of line departments, PD & FD.
- (b) **District Level:** The Chief Executive Officer of the district Zilla Panchayat reviews the progress every month along with districts officers of Social Welfare Department.
- (c) **Taluk Level:** The nodal officers of the taluk along with taluk executive officer review the progress with Taluk Social Welfare Officers.



**9. Progress Achieved**

A. Details of physical and financial progress from 2010-11 to 2014-15 for SEP is as follows.

Sl.no	Year	Beneficiaries		Financial Progress (Rs. lakhs)		
		Annual Target	Achivement	Subsidy	Bank Loan	Total
1	2010-11	7500	6725	597.02	159845	2195.47
2	2011-12	6235	5980	1494.66	1494.66	2989.32
3	2012-13	11100	7392	1504.73	2565.91	4070.64
4	2013-14	6722	8108	2520.01	5270.20	7790.21
5	2014-15	2722	1691	547.45	915.95	1463.60

The District wise details of beneficiaries assisted is given in Annexure to the ToR.

B. Details of physical and financial progress from 2010-11 to 2014-15 for ISB is as follows.

Sl.no	Year	Beneficiaries		Financial Progress (Rs. lakhs)			
		Annual Target	Achivement	Subsidy	Margin Money	Total	Bank Loan
1	2010-11	860	845	30.75	366.90	1510.52	1908.17
2	2011-12	950	669	382.94	-	1269.22	1652.16
3	2012-13	3315	1116	750.00	175.68	2484.24	3409.92
4	2013-14	2000	2001	2001.00	-	6003.00	800.4
5	2014-15	418	257	389.78	-	943.85	1333.63

The District wise details of beneficiaries assisted is given in Annexure to the ToR.

C. Details of physical and financial progress from 2010-11 to 2014-15 for Dairy is as follows.

Sl.no	Year	Beneficiaries		Financial Progress (Rs. lakhs)			
		Annual Target	Achivement	Subsidy	Margin Money	Total	Bank Loan
1	2010-11	2600	1605	112.13	75.09	200.11	387.33
2	2011-12	960	1605	112.13	75.09	200.11	387.33
3	2012-13	3000	1699	175.47	32.48	237.36	445.31
4	2013-14	4680	200	23.12	0.99	28.89	53.00
5	2014-15	3256	952	245.77	-	319.97	565.74

The District wise details of beneficiaries assisted is given in Annexure to the ToR.

**10. Objectives of the study:**

The study will evaluate the extent of individual women who are empowered economically through Sthree-shakthi self help groups. It will also be tested whether the benefit of the scheme has prevented the beneficiaries (within groups) from going to

money lenders to borrow loan at high interest rates. Analysis of SHGs/Individual beneficiaries will be done to arrive at conclusion on the following points.

- a) Current status of individual beneficiaries and impact on economic status of individuals.
- b) Awareness created to face competitive situations and make them self employed.
- c) To identify the constraints in implementation and to suggest measures for the improvement of the existing scheme.
- d) To collate suggested measures for empowerment of SCs for improvement of the scheme.

**11. A. Evaluation Questions relating to all the Schemes (Inclusive and not Exhaustive):**

- 1) Whether the Committee and District Managers of the Corporation are making proper selection of beneficiaries or not? In how many cases (percent wise) the selection was found to be faulty? Where and how?
- 2) What Skill development trainings have been imparted under SEP/ISB and Dairy and who is imparting the training? Whether the training has been helpful? If yes, how and to what extent?
- 3) Can the EDP training programme be made part of the DPR and banks to be given the responsibility of the training? If not, why not?
- 4) Whether the beneficiaries have been Self Employed/ doing Industry Service and Business/Dairying after availing the benefit? If so, have they continued with the activity? If not, reasons to be furnished?
- 5) Is there any development in the business activity undertaken under these schemes? If so, are they getting better profit from the business? If not, why not?
- 6) Has the monthly/annual income of the beneficiaries increased? If so, to what extent? Give details with few examples of increase/decrease in income.
- 7) Whether the beneficiaries are utilizing the loans for the purpose for which it was sanctioned? If not, what action is taken in case of misutilization?
- 8) What is the amount of loan (year wise) taken from banks by the beneficiaries selected for evaluation? Are banks demanding collateral security for sanctioning loans? Whether the loan has been repaid timely and completely? If not, what is the payment percentage and what are the reasons for cases of non-payment?

- 9) Has the economic condition of the beneficiary families improved? (Evaluator to create indicators for measuring this on perceptions of members and then report on its bases). If not, give details?
- 10) Please document 2-3 outstanding examples of success under the schemes which is worthy of emulation and being flagged as case studies. Similarly, are there some examples of failure that result in learning for future?
- 11) Whether the repayment of loan is as prescribed in by the corporation? If not, why? What is the action taken by the corporation in case of default? Please elaborate.
- 12) Whether the beneficiaries are made aware of the repayment schedule of the loan received under the schemes? How is that made? Is it effective communication?
- 13) What is the amount of loan and interest which was waived by government after the loan waiver was announced? What has been the impact of loan waiver for beneficiaries? Is there reliable indication to suggest that this may result in unwarranted or unintended consequences like wilful default?
- 14) What are the constraints of financial flow from the corporation to beneficiaries? How to further streamline the process?
- 15) Please document district wise as to which scheme is most prominent in the district and most profitable in the district? Is the most prominent scheme the most profitable one too?
- 16) Please identify and document the areas of capacity building requirement for each of the schemes of corporation.
- 17) Should the schemes be continued? If no, why so? If yes, with what modifications/recommendations?

**A. Specific Questions relating to Dairy Scheme only**

- 18) Whether the milch animal supplied is purchased as per regional requirement or not? If not, has the milk yielding capacity gone done? Please elaborate.
- 19) Are there any instances of milch animals being purchased without covering them under insurance? If yes, how many such instances were found in the samples selected and what action is taken by the departments for this lapse?
- 20) Are there cases where the first milch animal is given and not the second? If yes, why the second not given?

- 21) Are all the beneficiaries members of the milk societies? If yes, who helped him to get the membership? If not, where do they supply milk and at what rate? Please elaborate.
- 22) As per Government Order dated 31.12.2013, the milch animals are to be purchased from other States. Has it been followed? If no, from where purchases are made and why the deviation was done?
- 23) How many death cases were reported by the beneficiaries? Have all the beneficiaries claimed the insurance amount and purchased another animal? If not, Why not?

**12. Qualification of Consultant:**

Consultants should have and provide details of evaluation team members having technical qualifications/capability as below-

- i. Social scientist/Masters in Social Work.
- ii. Retired Banker.
- iii. Statistician.
- iv. Person competent to evaluate small scale industry and business.
- v. Person competent to evaluate dairy scheme.

**And in such numbers that the evaluation is completed within the scheduled time prescribed by the ToR.**

**Consultants not having these number and kind of personnel will not be considered as competent for evaluation**

**13 Deliverables time Schedule:**

The Managing Director, Dr B.R Ambedkar Development Corporation will provide year wise and district wise targets and achievement details. The Managing Director, Dr B.R Ambedkar Development Corporation will issue necessary instructions to the District Managers of the Corporation to co-operate and facilitate for collection of the necessary data/FGDs to be held during the course of study. It is expected to complete the study in 6 months time excluding the time taken for approval. The evaluating agency is expected to adhere to the following timelines and deliverables.

- |                            |  |
|----------------------------|--|
| 1. Work plan submission    | : One month after signing the agreement.       |
| 2. Field Data Collection   | : Three months from date of work plan approval |
| 3. Draft report submission | : One month after Field Data Collection        |
| 4. Final report submission | : One month after Draft report submission      |
| 5. Total duration          | : 6 Months                                     |

**14 Agency for Evaluation:**

The evaluating agency should be finalized as over provision of the Karnataka Transparency in Public Procurement Act and Rules, but without compromising on the quality.

**15. Evaluation and Sampling Methodology:**

As a control the SC beneficiaries self employed or engaged in industry, service, business and dairying may be selected and their performance compared with the beneficiaries who availed the Government help.

The number of beneficiaries in each of the three schemes being evaluated is given district wise for the years 2010-11 to 2014-15 in *Annexure-1*. The evaluation study has to be for each type of benefit in each category (scheme), hence the method of individual personal interviews will be followed. For eliciting/soliciting the views of other stake holders viz. officers of the Corporation, district officers, local leaders etc., small group interviews and discussions can be resorted to.

The fact that the statistical population of beneficiaries is fairly homogenous can be understood from the fact that the beneficiaries belong to the same caste group and are generally poor. There may be variations within them, which will vary from area to area. The second point for sampling is that fresh beneficiaries are likely to be more explicit and enthusiastic in their expression of their views about the scheme or providing information about it

In view of these, it is decided to select one district per year per revenue division to be the sample for each scheme. For 2014-15, the district within the division will be the one with highest beneficiary count in the division, for 2013-14 it will be with the second highest beneficiary number, for 2012-13 the district with the third highest beneficiary number, for 2011-12 the one with fourth highest beneficiary numbers and for 2010-11 the district with least number of beneficiaries. In these years, the sample beneficiary numbers will be 10%, 8%, 6% 4% and 2% of the total (population of beneficiaries in the district selected) respectively. Based upon this, the sample drawn for the evaluation is as follows-

**A. For Dairy Beneficiaries**

Sl. No	Revenue Division	District	Beneficiaries in the year				
			2010-11	2011-12	2012-13	2013-14	2014-15
1	Bengaluru	Bengaluru Urban	0	0	4	0	0
		Bengaluru Rural	2	0	0	0	0
		Davanagere	0	3	0	0	10
		Kolar	0	0	0	3	0
		<b>Sub Total</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>10</b>
2	Belgaum	Vijayapura	0	0	0	0	11
		Haveri	0	2	2	0	0
		Uttar Kannada	2	0	0	0	0
		<b>Sub Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>11</b>
3	Kalaburagi	Ballari	0	2	0	0	0
		Bidar	0	0	0	2	0
		Raichur	0	0	3	0	3
		Yadgir	2	0	0	0	0
		<b>Sub Total</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>
4	Mysuru	Hassan	0	2	0	2	0
		Mandya	0	0	13	0	0
		Mysuru	0	0	0	0	17
		Udupi	2	0	0	0	0
		<b>Sub Total</b>	<b>2</b>	<b>2</b>	<b>13</b>	<b>2</b>	<b>17</b>
<b>Grand Total</b>			<b>8</b>	<b>9</b>	<b>22</b>	<b>7</b>	<b>41</b>

**A. For Self Employment Programme**

Sl. No	Revenue Division	District	Beneficiaries in the year				
			2010-11	2011-12	2012-13	2013-14	2014-15
1	Bengaluru	Bengaluru Urban	0	0	0	0	13
		Davanagere	0	10	0	0	0
		Kolar	0	0	22	38	0
		Ramnagaram	3	0	0	0	0
		<b>Sub Total</b>	<b>3</b>	<b>10</b>	<b>22</b>	<b>38</b>	<b>13</b>
2	Belgaum	Vijayapura	0	0	17	28	13
		Haveri	0	5	0	0	0
		Uttar Kannada	2	0	0	0	0
		<b>Sub Total</b>	<b>2</b>	<b>5</b>	<b>17</b>	<b>28</b>	<b>13</b>
3	Kalaburagi	Ballari	0	0	0	0	21
		Bidar	3	9	0	0	0
		Koppal	0	0	13	0	0
		Raichur	0	0	0	34	0
		<b>Sub Total</b>	<b>3</b>	<b>9</b>	<b>13</b>	<b>34</b>	<b>21</b>
4	Mysuru	Chamarajanagar	0	7	0	0	0
		Chickamagalur	0	0	0	20	0
		Mandya	0	0	19	0	12
		Kodagu	2	0	0	0	0
		<b>Sub Total</b>	<b>2</b>	<b>7</b>	<b>19</b>	<b>20</b>	<b>12</b>
<b>Grand Total</b>			<b>10</b>	<b>31</b>	<b>71</b>	<b>120</b>	<b>59</b>

**B. For Industry Service, & Business**

Sl. No	Revenue Division	District	Beneficiaries in the year				
			2010-11	2011-12	2012-13	2013-14	2014-15
1		Chitradurga	2	2	0	0	0
	Bengaluru	Kolar	0	0	4	0	2
		Tumakuruu	0	0	0	9	0
	<b>Sub Total</b>		<b>2</b>	<b>2</b>	<b>4</b>	<b>9</b>	<b>2</b>
2		Bagalkot	0	0	2	0	
		Vijayapura	0	0	0	7	
		Dharwad	0	2	0	0	0
	Belgaum	Uttar Kannada	2	0	0	0	0
	<b>Sub Total</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>7</b>	<b>2</b>
3		Ballari	0	0	0	8	3
		Bidar	0	2	0	0	0
	Kalaburagi	Yadgir	2	0	0	0	0
		Yadgir	2	0	0	0	0
	<b>Sub Total</b>		<b>2</b>	<b>2</b>	<b>3</b>	<b>8</b>	<b>3</b>
4		Chamarajanagar	0	0	2	0	0
		Hassan	0	0	0	7	0
		Mandya	0	2	0	0	0
	Mysuru	Mysuru	0	0	0	0	3
		Udupi	2	0	0	0	0
	<b>Sub Total</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>7</b>	<b>3</b>
<b>Grand Total</b>			<b>8</b>	<b>8</b>	<b>11</b>	<b>31</b>	<b>10</b>

At least 10% of the beneficiaries in the sample should be women or those belonging to BPL strata or both. Exception may be made when the population does not have none in each category.

As a counterfactual, some SC persons in the district who are self-employed or engaged in industry, service, business and dairying may be selected and their performance compared with the beneficiaries who availed the Government help

**16. Qualities Expected from the Evaluation Report:**

The following are the points, only inclusive and not exhaustive, which need to be mandatorily followed in the preparation of evaluation report:-

- a) By the very look of the evaluation report it should be evident that the study is that of Dr B.R Ambedkar Development Corporation of the Government of Karnataka and Karnataka Evaluation Authority (KEA) which has been done by the consultant. It should not intend to convey that the study was

initiative and work of the Consultant, merely financed by the Karnataka State Women Development Corporation.

- b) The Terms of Reference (ToR) of the study should from the first Appendix or Addenda of the report.
- c) The results should first correspond to the ToR. In the results chapter, each question of the ToR should be answered, and if possible, put up in a match the pair's kind of table, or equivalent. It is only after all questions framed in the ToR that is answered, that results over and above these be detailed.
- d) In the matter of recommendations, the number of recommendations is measure of the quality of evaluation. Evaluation has to be done with a purpose to be practicable to implement the recommendations. The practicable recommendations should not be lost in the population maze of general recommendations. It is desirable to make recommendations in the report as follows:

**(1) Short Term practicable recommendations**

These may not be more than five in number. These should be such that it can be acted upon without major policy changes.

**(2) Long Term practicable recommendations**

There may not be more than ten in number. These should be such that can be implemented in the next four to five financial years, or with sizeable expenditure, or both but does not involve policy changes.

**(3) Recommendations requiring change in/of policy:**

These are those which will need lot of time, resources and procedure to implement or those which intend to drastically modify the scheme.

**17. Cost and schedule of Budget release:**

Output based budget release will be as follows-

- a. the first installment of Consultation fee amounting to 30% of the total fee shall be payable as advance to the Consultant after the approval of the inception report, but only on execution of a bank guarantee of a scheduled nationalized bank valid for a period of at least 12 months from the date of issuance of advance.



- b. The Second Installment of Consultation fee amounting to 50% of the total fee shall be payable to the Consultant after the draft report.
- c. The Second Installment of Consultation fee amounting to 20% of the total fee shall be payable to the Consultant after the receipt of the hard and soft copies of the final report in such format and number as prescribed in the agreement, along with all original documents containing primary and secondary data, processed data outputs, study report and soft copies of all literature used to the final report.
- Tax will be deducted from each payment as per rates in force. In addition, the Consultant/evaluating agency is expected to pay statutory taxes at their end.

**18. Contact person for further details:**

Shri M.C.Sreeramaiah,MD, Karnataka Dr.B.R Ambedkar Development Corporation Ltd, , Bengaluru. Ph no.22868870 E-mail. [mdadcl2011@gmail.com](mailto:mdadcl2011@gmail.com) and Sri.Shivaji Digge, General Manager, Industry and Training Mobile.no. 9448145762, Email Id- [diggesb.36@gmail.com](mailto:diggesb.36@gmail.com) will be the contact persons for giving information and details for this study.

**The entire process of evaluation shall be subject to and conform to the letter and spirit of the contents of the Government of order no. PD/8/EVN(2)/2011 dated 11<sup>th</sup> July 2011 and orders made there under.**

**The Terms of Reference were approved by the Technical Committee of KEA in its 21<sup>st</sup> Meeting held on 29<sup>th</sup> September 2015.**

**Sd/-**

Chief evaluation Officer

Karnataka evaluation Authority

**Appendix XI**

**Questionnaire Schedules of SEP, ISB & Dairy Schemes, Control Group, Bank Managers and District Managers of the Corporation**

**A 11.1 Interview Schedule for Sampled Beneficiaries under SEP**

*General Classificatory Information:*

**Reference Number in the Beneficiary Sample List:**

District:		Taluk		Schedule No.	
-----------	--	-------	--	--------------	--

Investigator's Given Serial Number	
------------------------------------	--

1. Type of SEP Venture		2. Current Status	Running	<input type="checkbox"/>
			Closed	<input type="checkbox"/>
3. Year of Scheme		4. Year of Start		
5. Nodal Official		6. Investigator		
7. Master Schedule No.				

**Personal Information**

1. Name of the Beneficiary \_\_\_\_\_
2. Name of Respondent: (If same as at 1, leave blank): \_\_\_\_\_
3. Address and Village/Town's Name \_\_\_\_\_
4. Mobile Number of Beneficiary: \_\_\_\_\_
5. Occupation (Before the Scheme) -----
6. Occupation (After the Scheme) -----
7. Caste: \_\_\_\_\_ Sub-Caste (If any) \_\_\_\_\_
8. Mother Tongue: \_\_\_\_\_ Place of Birth \_\_\_\_\_
9. Type of Household: Nuclear  Joint Family  Extended Family  Any Other
10. Size of the Household of the Beneficiary: \_\_\_\_\_
11. Family Particulars

No.	Relation	M/F	Age	Marital Status	Education	Occupation	Monthly Income`
1.	<u>Self</u>						
2.							
3.							

12. Is/Was any one a member of a) GP b) TP c) ZP d) Any other body \_\_\_\_\_
13. Current Annual Income of the Family: Rs. \_\_\_\_\_
14. Family Type: BPL  APL  Any Other   
Specify: \_\_\_\_\_  
Please ask to show the PDS Card, if any

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15. Ownership of Assets						Of which bought since the Scheme	
1	Land (Acre)	Dry	Irrigated			Total	If Yes, insert <input checked="" type="checkbox"/>
2	House		Tile roof			1	
			RCC			2	
			Sheet / Grass roof			3	
			Any Other			4	
	House with		Single All in all Room			0	
			1 BHK			1	
			2 BHK			2	
			3 BHK or More			3	
			4 any Other			4	
	House Site Measuring (ft)		20 by 20 or less			1	
			20 by 30			2	
			30 by 40			3	
			30 by 50 or More			4	
3	Shop/Commercial Establishment		No Shop			1	
			Part of the House			2	
			Road – side or pavement			3	
			Box or Petty shop			4	
			In a commercial building			5	
			Dairying/ Animals			6	
			Any Other [Specify]				
			Not Applicable			0	
			If dairying, Separate Cattle Shed				
			Yes	1	No	2	NA
4	Vacant Site		20 by 20 or less			1	
			20 by 30			2	
			30 by 40			3	
			30 by 50 or More			4	
			No Site/ Not Applicable			0	
5	Vehicles		If yes, Write Numbers. None=Blank				
			Cart			1	
			Bicycle			2	
			Scooter/ Motorbike			3	
			Car			4	
			Taxi / Tempo /			5	
			Truck			6	
			Tractor			7	
			Any Other			0	
6	Cattle (, , , etc.)		None(0) = Yes, total no.				
	Cows		Actual No,			1	
	Buffaloes		Actual No			2	
	Sheep & Goat		Actual No			3	
	Pigs		Actual No			4	
	Poultry		Actual No			5	
7	Rental Income if any (Monthly)		Source			Rs.[Actual]	

16. If no own house, what is the rent paid for the residence, per month: Rs. \_\_\_\_\_

17. If do not own shop premises, where is the SEP run from?

From within the Residence  Rented Premises  Any Other (Specify)

What is the rent for the shop premises?Rs. \_\_\_\_\_ p. m.

18. Distance from the SEP to Place of Residence: \_\_\_\_\_ Kms. Not applicable

19. How do you commute from place of residence and the place of work (Shop / business place)?

By foot	1
By public transport	2
Two Wheeler	3
Car	4
No Travel	5
Any Other [Please specify]	6

20. Did you or any members of the household receive **any other** Benefit from the **Government** since **2011-12**? Yes  No

If "Yes", Please list the benefit

No.	Benefit	Dept.	Year	Approx. Amount (Rs.)	Current State
1					
2					

21. Did you or any members of the household receive any benefit from Dr B.R. Ambedkar Dev. Corporation (SC Corporation)?

Yes  No

If "Yes", Please list the benefit

No.	Benefit	Year	Approximate Amount Rs.	Current State
1	SEP /BIS/ Dairy			
2				

22. Have you received Sanction Order Letter for SEP? Yes  No

If "No", why? \_\_\_\_\_

23. What business or activity did you start with the Scheme? \_\_\_\_\_

24. Why did you choose this as an economic activity? \_\_\_\_\_

Had this business already, and needed support:	1
Had earlier experience, now support for investment	2
MLA / Officials suggested this	3
Did not know what else to do	4
Thought this was the only business for which support is given	5
Had seen others doing well	6
Members of the family suggested this	7
Highest Subsidy possible	8
Any Other:	9

25. How did you come to know about scheme?

a. Relative / Friend	<input checked="" type="checkbox"/>
b. Village elder	<input type="checkbox"/>
c. GP Member	<input type="checkbox"/>
d. TP Member	<input type="checkbox"/>
e. ZP Member	<input type="checkbox"/>

f. MLA,	<input checked="" type="checkbox"/>
g. Govt. Officer	<input type="checkbox"/>
h. Advertisement	<input type="checkbox"/>
i. Others[specify]	<input type="checkbox"/>

26. Who helped you in getting this scheme granted?  
 27. How much was the grant? Rs. \_\_\_\_\_  
 Margin Money Rs. \_\_\_\_\_ Subsidy Rs. \_\_\_\_\_ Loan Rs. \_\_\_\_\_ .  
 28. Are you aware of the loan repayment schedule?  Yes /  No  
 29. When will you become eligible for Subsidy? \_\_\_\_\_ / Do not Know / Already Received  
 How much subsidy will / did you get? \_\_\_\_\_ / Do not know  
 30. Name of the Bank and Branch: \_\_\_\_\_  
 Distance to Bank from Place of Residence \_\_\_\_\_  
 31. How much was your own initial investment? \_\_\_\_\_ Source \_\_\_\_\_  
 If your initial investment was a loan, have you repaid? Yes  No   
 Balance \_\_\_\_\_  
 32. Please fill up the table for loan repayment pattern:

	No. Of Instalments paid	Amount paid	Outstanding Instalments	Any Delayed Payments	How much Penal Interest paid if any.	Year of Loss / <input type="checkbox"/> Gain / <input type="checkbox"/> No Loss-No Gain <input type="checkbox"/>
2011-12						
2012-13						
2013-14						
2014-15						
2015-16						

Note: Please verify with the passbook, and if possible make copies of the relevant portions. [Please note the number of instalments that had been paid with delay]

33. Explanations for delayed payment or non-repayment of the instalments:  
 34. Who prepared the application and plan for business proposal?  
 Self  Other members of the Family  Friends  Agent   
 Dr. BRAD Corporation Official  Others (Specify)   
 A. Costs involved for Application writing and submission: Rs. \_\_\_\_\_  
 B. What was the waiting period for the scheme sanctioning and orders received

One Month or less	<b>1</b>
Up to 3 Months	<b>2</b>
4 to 6 Months	<b>3</b>
7 to 9 Months	<b>4</b>
10 to 12 Months	<b>5</b>
More than a year	<b>6</b>
Don't Remember	<b>0</b>

- C. How many attempts did you make for this (Including other schemes) of the Dr. BRAD Corporation?

First	<b>1</b>
Second	<b>2</b>
Third	<b>3</b>
Four or More	<b>4</b>
Cannot Remember	<b>0</b>

D. Please record the date of submission of the application: \_\_\_\_\_ Date of Loan issued \_\_\_\_\_

E. Would you be able to guide another applicant to prepare a plan and apply for the scheme?

Yes  No

If yes, is it because you now have the experience in dealing with this matter?

(Elaborate)

If no, why?

35. As part of the scheme what support did you receive?

Benefits Received ( Mark <input type="checkbox"/> ) or Write [Yes/No] or Mention details							
Training		Days		Residential		Up and Down	NA
Financial Support for Training		Yes/No	Rs. /Day		Any other support		
Willingness to pay training cost			Yes/No				
Training Contents				Usefulness	Fully/Partially/Can't say		
If any Additional Training Needed							
Details of Other Support received: (If yes, please mark <input type="checkbox"/> )							
Help in dealing with Bank		Bank Loan`					
Handholding for Marketing		Place of Marketing					

36. Did you have a Bank Account prior to your getting the scheme? Yes / No

If yes, was it in the same Branch as the Scheme's bank in which you have now a loan

When the Scheme's loan was sanctioned, how was it given to you? (Tick a cell or fill Details)

	Method of Fund Release	Paid through Bank		Paid Directly		Paid through other means [mention]	
	Amount Paid by you	Rs.	Purpose for which you Spent				
	What were your other expenses in order to get the loan sanctioned				Explain giving details		

37. Who recommended your application?

Did you know the MLA or members of the Committee? Yes 1 No 2

If yes, whom do you know?

38. Would you recall the total amount of Borrowings [**by the family as a whole**] from different sources that you may have had prior to your getting the loan through this scheme:

Amount(Rs.)	From whom	When borrowed	Purpose of borrowing	Interest / PM	Collateral	Current Balance

39. Please give the following information pertaining to your main employment and income:

Main Occupation	Before	Year wise Profit (+) / Loss (-)					After
Income (Monthly)		2011-12	2012-13	2013-14	2014-15	2015-16	
Is the Venture Profitable?	Yes/No/ Mixed						
Income (Annual)							
Have you scaled up and expanded your venture since the completion of first six months?				Amount Spent`			
Explain the scaling up or expansion made:							

	If the venture not continued, After how many months of the Scheme did you stop the venture? Venture running <input type="checkbox"/> Stopped after ___ Months						
	Reasons for stopping						
	Under what circumstance would you restart? <input type="checkbox"/> Not Applicable because it is running or it was not stopped						
	Please explain how the Dr. B R A Corporation could have helped you in continuing the Venture? <input type="checkbox"/> Not Applicable because it is running or it was not stopped						
	Constraints in running the venture, if any						

Have any changes taken place in your household after start of business venture? Please explain							
Purchase of Assets`	Land	Site	Building	Four Wheeler	Two Wheeler	Mobile	Household Items

40. Would you say that there is any change in the manner in which you are dependent on others for loans now?

Source	Dependence (For each row, tick any one cell)				
	Drastic Reduction	Somewhat Reduced	Has remained same	Increased	No Effect
Banks / Institutions					
Private Money lenders / Finance persons					
SHGs / Chit funds					
Friends and Relations					
Others					

41. What is the total outstanding loan by the family at present?

No.	Source	Amount	Interest	Purpose	When borrowed	Balance
1						
2						

42. Would you say that the amount of money in Savings (whether in Banks or elsewhere) is now [after the grant of the scheme] higher or lower? Higher  Lower  Same / No difference

If the response is 1 or 2, please give reasons

If no difference, please explain why?

43. Would you say that the scheme has contributed to any of the following? If yes, Please elaborate how, or explain if No

a) **Children's Education** Yes  No  NA (No children)  No impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%  NA/No Impact

How / why?

b) **Women's Status** Yes  No  NA (No Women)  No impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%  NA/No Impact

How / why?

c) **Health of the Members of family** Yes  No  NA (No health issues)  NA/No Impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%  NA/No Impact

How / why?



d) **Economic Status** Yes  No  NA/No Impact   
By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
100%   
NA/No Impact   
How / why

e) **Ability to deal with Bureaucracy** Yes  No  NA (No Dealings)   
By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
100%   
NA/No Impact   
How / why?

f) **Social Status of the members of the family:**  
By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
100%  NA/No Impact   
How /Why?

g) **Business skills**  
By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
100%   
NA/No Impact   
How / Why

h) **Employment to the members of household**  
By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
100%   
How / Why?

Has any one stopped working as a wage labourer after the scheme? Give particulars:

Before Scheme: No. Of days per month / Monthly / Wages or Salary: \_\_\_\_\_

After the scheme: No. Of days per month / Monthly / Wages or Salary: \_\_\_\_\_

Become self employed now? Yes  No  Partially  Venture failed  Any other

44. Do you feel that this Scheme is good and should it be continued to benefit others like you? Yes  No  Cannot Say  Yes, with some changes:

If No (2) above, please explain why. Or if 4 above, please explain what changes.

45. The Government wants to know how to improve the scheme. Based on your experience, please give your suggestions:

46. Would you think the scheme would work better if the policy is changed in the following respects?

	Means for Improvement	No Effect	Most Effective	To some Extent	Cannot Say
	Free option for Enterprises				
	Proper training				
	Greater Gestation for Repayment				
	Longer duration for Repayment				
	Training in Business Matters				
	Simplified Selection Process				
	Any Other				

47. Please record explanations for the choice made for each of the factors above

A.

B.

48. Which of these do you possess?

Ration Card	Aadhar Card	Own House	Monthly Pension [name]

49. Observations if any and Recommendations of the Enumerator

Signature of the Respondent with Date

Signature of the Enumerator with Date

### A 11.2 Interview Schedule for Sampled Beneficiaries under ISB

The contents of this Schedule A 11.2 are same as the contents of SEP Schedule A 11.1 given above

### A 11.3 Interview Schedule for Sampled Beneficiaries under Dairy

The contents of this Schedule A 11.3 up to Sl. No. 15 are same as the contents of SEP Schedule A11.1 given above. The balance questions are given below.

16. Has the family engaged earlier in Milk Dairying activity (prior to the scheme?)  
 Yes  No, Started Afresh  Having stopped earlier, started after the Scheme
17. Was a cattle-shed built afresh after the Scheme?  
 Yes  No, Using the earlier one  Expanded the old  No Separate Cattle Shed
18. If no own house, what is the rent paid for the residence, per month:
19. What is the source of water for Dairying purposes?  
 Own Well / Borewell  Public System in the house  Public system outside the house  (specify Distance \_\_\_\_\_) Any other (Specify and mention distance)

20. Did you or any members of the household receive **any other** Benefit from the **Government** since 2011-12? Yes  No  \_\_\_\_\_  
If "Yes", Please list the benefit

No.	Benefit	Dept.	Year	Approximate Amount	Current State
1					
2					

21. Have you received Sanction Order Letter for Dairy Scheme? Yes  No   
If "No", why? \_\_\_\_\_

22. How many milch animals were procured through scheme:

Milching Local Breed Cows		Milching Cross Breed Cows		Milching Buffalos	
Nos	From Where	Nos	From Where	Nos	From Where
Distance _____		Distance _____		Distance _____	
How Transported _____		How Transported _____		How Transported _____	

23. If Purchased from within the state – give reasons

24. Was there any preference for the choice of breed of cattle:

Our choice  Choice made by the officials  Any Other \_\_\_\_\_

25. Was a second animal given?  Yes  No If not, why?

26. What was the length of time before milk yielding began after purchase of animals through scheme?

First Animal		Second Animal	
Was milking when bought	1	Was milking when bought	1
After 3 Months	2	After 3 Months	2
After 6 Months	3	After 6 Months	3
After 9 Months	4	After 9 Months	4
More than a Year	5	More than a Year	5
		Not Applicable	6

27. Have the animals given birth to any calves?

Yes  No  Not Applicable (No animals at present)

If yes, how many so far? \_\_\_\_\_

28. Have the animals been insured? If so, give particulars

Insured  Not Insured

Insured for Rs. \_\_\_\_\_ Premium \_\_\_\_\_ Since year \_\_\_\_\_

If no Insurance, please explain why?

29. Currently Insured Yes  No  NA

If currently not insured, give reasons

30. Name of the Insurance Agency \_\_\_\_\_

31. Who helped you in insuring the animals

Bank  Dr. B R A D Corporation  Veterinary Department

Any Other (Specify) \_\_\_\_\_ Not Applicable

32. How did you come to know about scheme?

Relative / Friend	1
Village elder	2
GP Member	3
TP Member	4
ZP Member	5
MLA,	6
Govt. Officer	7
Advertisement	8
Others[specify]	9

33. Who helped you in getting this scheme granted?

34. How much was the grant? Rs.

\_\_\_\_\_ Subsidy  
Rs. \_\_\_\_\_ Loan \_\_\_\_\_  
Margin Money \_\_\_\_\_.

35. Name of the Bank and Branch:

\_\_\_\_\_  
Distance to Bank from Place of  
Residence \_\_\_\_\_

36. How much was your own initial  
investment? \_\_\_\_\_ Source

\_\_\_\_\_  
If your initial investment was a  
loan, have you repaid? Yes  No   
Balance \_\_\_\_\_

37. Please fill up the table for loan repayment pattern:

	No. Of Instalments	Amount paid	Outstanding Instalments	Any Delayed Payments	How much Penal Interest paid if any.	Year of Loss / <input type="checkbox"/> Gain / <input type="checkbox"/> NoL / <input type="checkbox"/> Loss-No Gain
2011-12						
2012-13						
2013-14						
2014-15						
2015-16						

Please verify with the passbook, and if possible make copies of the relevant portions. [Please note the number of instalments that had been paid with delay]

38. Explanations for delayed payment or non-repayment of the instalments

39. Who prepared the application and plan for business proposal?

Self  Other members of the Family  Friends  Agent   
Others (Specify)

Costs involved for Application writing and submission: Rs. \_\_\_\_\_

F. What was the waiting period for the scheme sanctioning and orders received

One Month or less	<b>1</b>
Up to 3 Months	<b>2</b>
4 to 6 Months	<b>3</b>
7 to 9 Months	<b>4</b>
10 to 12 Months	<b>5</b>
More than a year	<b>6</b>
Don't Remember	<b>0</b>

G. How many attempts did you make to get this scheme sanctioned

First	<b>1</b>
Second	<b>2</b>
Third	<b>3</b>
Four or More	<b>4</b>
Cannot Remember	<b>0</b>

H. Please record the date of submission of the application: \_\_\_\_\_ Date of Loan issued

I. Would you be able to guide another applicant to prepare a plan and apply for the scheme?

Yes  No

If yes, is it because you now have the experience in dealing with this matter?

(Elaborate)

If no, why?

40. Please indicate the number of cows and buffaloes that the family had **prior** to the scheme:

Cows: \_\_\_\_\_ Jersey Cows: \_\_\_\_\_ Buffaloes: \_\_\_\_\_

41. Have you found any difficulty with the choice of the breed of animals given to you? Yes

1 No 2

If yes, please explain the difficulties

42. Are you satisfied with the choice of breed of animals?

43. Do you think that the animals have adapted to your surroundings well?

Very Well Not Bad Not well

44. Describe any major illness, if any, for the animals of the scheme

45. Were there any instances of unnatural death of the animals? Please explain if yes.

46. What is the insurance amount you got in the event of death of animals?

Insurance Amount

No Death  No Insurance  No animals now

Insurance Not Claimed/ Given 4

Please explain why not claimed or given: \_\_\_\_\_

47. If insurance claimed, did you buy new animals? Give details

No Death 0 No Insurance 9 No Insurance Claimed 1

No animals bought again 99 Please give reasons for not buying again.

48. Are you a member of the Milk Producing Cooperative Society?

Yes  No  If yes, since when? \_\_\_\_\_

If no, please give reasons for not becoming a member:

49. How far is the Dairy / Collection point? \_\_\_\_\_ Distance in Kms.

NA: Not a member  No Dairy / No Collection Point

50. Yield [per day] from the Scheme animals

Normal yield \_\_\_\_\_ Ltrs

Peak Yield \_\_\_\_\_ Ltrs

51. Total Yield from all Animals (Scheme and Own)

52. Feeding of animals: Please mark

1	Cows	Stall	Open	Both
2	Jersey			
3	Buffaloes			
4	Others			

If open grazing: In ones own land

Common

arrangements with others

NA (No open Grazing)

Any Other (Specify) \_\_\_\_\_

53. Average expenditure on Cattle Fodder from the Market \_\_\_\_\_ (per month)

No expenses / Not buying on Cattle fodder

Not Applicable (No animals at present)

54. If buying Fodder **Grass**, average expenditure per month \_\_\_\_\_

Not buying / Not feeding

Grow own fodder

55. Did you at any time stop dairying after the scheme was granted?

No Yes, temporarily Yes, permanently

If yes (2 and 3), please give reasons:

Do you propose to start again? When and how?

56. Have you up-scaled your dairying activities?

No Yes

If yes, to what extent?

If no, why?

57. Please give particulars about the supply of milk to different parties

a. Private Supply

Cattle	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Cows						
Jersey						
Buffaloes						
Others						

b. Dairy Cooperative

Cattle	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Cows						
Jersey						
Buffaloes						
Others						

c. Family Consumption

Cattle	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Cows						
Jersey						
Buffaloes						
Others						

58. What is the current price for per ltr. Milk you get?

Cattle	Dairy	Private - Local	Private - Outside
Cow			
Jersey			
Buffaloes			
Others			

59. Disposal of Manure:

Self Use	Sell	Both	Not Applicable

If any manure is sold, give particulars:

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How many Cart loads in a year? \_\_\_\_\_ Average Price per cart load

60. What proportion of family income is made up of Dairying Activities

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
%						

[If there was no dairying activity during any year/s write NA]

61. Did you have a Bank Account prior to your getting the scheme? Yes / No

If yes, was it in the same Branch as the Scheme's bank in which you have now a loan

When the Scheme's loan was sanctioned, how was it given to you? (Tick a cell or fill Details)

Method of Fund Release	Paid through Bank	Paid Directly	Paid through other means [mention]
Amount Paid by you	Rs.	Purpose for which you Spent	
What were your other expenses in order to get the loan sanctioned			Explain giving details

62. Who recommended your application?

Did you know the MLA or members of the Committee?

63. Would you recall the total amount of Borrowings [by the family as a whole] from different sources that you may have had prior to your getting the loan through this scheme:

Amount	From whom	When borrowed	Purpose of borrowing	Interest / PM	Collateral	Current Balance

64. Please give the following information pertaining to your main employment and income:

Main Occupation	Before	After				
Income (Monthly)						
Total Investment `		Investment from Own Source ` Working Capital `				
Is the Venture Profitable?	Yes/No/ Mixed	Year wise Profit (+) / Loss (-)				
		2011-12	2012-13	2013-14	2014-15	2015-16
Income (Annual)						

65. Are you aware of the loan repayment schedule? Yes / No

66. When will you become eligible for Subsidy? \_\_\_\_\_ / Do not Know

How much subsidy will you get? \_\_\_\_\_ / Do not know

67. Would you say that there is any change in the manner in which you are dependent on others for loans now?



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Source	Dependence (For each row, tick any one cell)				
	Full Reduction	Somewhat Reduced	Remained same	Increased	No Effect
Banks / Institutions					
Money lenders / Finance					
SHGs / Chit funds					
Friends and Relations					
Others					

68. What is the total outstanding loan by the family at present?

No.	Source	Amount	Interest	Purpose	When borrowed	Balance
1						
2						

69. Would you say that the amount of money in Savings (whether in Banks or elsewhere) is now [after the grant of the scheme] higher or lower? Higher  Lower  Same / No difference

If the response is 1 or 2, please give reasons

If no difference, please explain why?

70. Would you say that the scheme has contributed to any of the following? If yes, Please elaborate how, or explain if No

i) **Children's Education** Yes  No  NA (No children)  No impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%  NA/No Impact

How / why?

j) **Women's Status** Yes  No  NA (No Women)  No impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%  NA/No Impact

How / why? [Please get a few examples of this]

k) **Health of the Members of family** Yes  No  NA (No health issues)  NA/No Impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%

NA/No Impact

How / why?

l) **Economic Status** Yes  No  NA/No Impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%

NA/No Impact

How / why?

m) **Ability to deal with Bureaucracy** Yes  No  NA (No Dealings)

By what per cent? Up to about 25%  1 Up to About 50 Per cent  2 About 75%  3  
100%  4

NA/No Impact  5

How / why?

n) ***Social Status of the members of the family:***

By what per cent? Up to about 25%  1 Up to About 50 Per cent  2 About 75%  3

100%  4 NA/No Impact  5

How /Why?

o) ***Business skills***

By what per cent? Up to about 25%  1 Up to About 50 Per cent  2 About 75%  3  
100%  4

NA/No Impact  5

How / Why

p) ***Employment to the members of household***

By what per cent? Up to about 25%  1 Up to About 50 Per cent  2 About 75%  3

100%  4

How / Why?

Has any one stopped working as a wage labourer after the scheme? Give particulars:

Before Scheme: No. Of days per month / Monthly / Wages or Salary: \_\_\_\_\_

After the scheme: No. Of days per month / Monthly / Wages or Salary: \_\_\_\_\_

Become self employed now? Yes  1 No  2 Partially  3 Venture failed  4 Any other  5

71. Do you feel that this Scheme is good and should it be continued to benefit others like you? Yes  1 No  2 Cannot Say  3 Yes, with some changes:  4

If No (2) above, please explain why. Or if 4 above, please explain what changes.

72. The Government wants to know how to improve the scheme. Based on your experience, please give your suggestions:

73. Observations if any and Recommendations of the Enumerator

Signature of the Respondent

Signature of the Enumerator

Date:

Date:

**A 11.4 Interview Schedule for Control Group under SEP and ISB**

**General Classificatory Information:**

**Reference Number in the Beneficiary Sample List:**

District:		Taluk		Schedule No.	
-----------	--	-------	--	--------------	--

Investigator's Given Serial Number	
------------------------------------	--

1. Type of SEP Venture		2. Current Status	Running	<input type="checkbox"/>
			Closed	<input type="checkbox"/>
3. Year of Start		4. Closed Since		
5. Nodal Official		6. Investigator		
7. Master Schedule No.				

**Personal Information**

1. Name of the Respondent
2. Address and Village/Town's Name
3. Mobile Number:
4. Occupation (Current) -----
5. Caste: \_\_\_\_\_ Sub-Caste (If any) \_\_\_\_\_
6. Mother Tongue: \_\_\_\_\_ Place of Birth \_\_\_\_\_
7. Type of Household: Nuclear  Joint Family  Extended Family  Any Other
8. Size of the Household of the Respondent:
9. Family Particulars

No.	Relation	M/F	Age	Marital Status	Education	Occupation	Monthly Income`
1.	<u>Self</u>						
2.							

10. Current Annual Income of the Family: Rs. \_\_\_\_\_

11. Family Type: BPL  APL  Any Other  Specify: \_\_\_\_\_

Please ask to show the PDS Card, if any

12. Ownership of Assets

1	Land	Dry		Irrigated		Total
2	House			Tile roof		1
				RCC		2
				Sheet / Grass roof		3
				Any Other		4
	House with			Single All in all Room		1
				1 BHK		2
				2 BHK		3
				3 BHK or More		4

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		Any Other	5		
	House Site Measuring (ft)	20 by 20 or less	1		
		20 by 30	2		
		30 by 40	3		
		30 by 50 or More	4		
3	Shop/Commercial Establishment	No Shop	1		
		Part of the House	2		
		Road – side or pavement	3		
		Box or Petty shop	4		
		In a commercial building	5		
		Dairying	6		
		Any Other [Specify]			
		Not Applicable	0		
		If dairying, Separate Cattle Shed			
		Yes	1	No	2
				NA	0
4	Vacant Site (ft)	20 by 20 or less	1		
		20 by 30	2		
		30 by 40	3		
		30 by 50 or More	4		
		No Site/ Not Applicable	0		
5	Vehicles	If yes, Write Numbers. None=Blank			
		Cart	1		
		Bicycle	2		
		Scooter/ Motorbike	3		
		Car	4		
		Taxi / Tempo /	5		
		Truck	6		
		Tractor	7		
		Any Other	0		
6	Cattle (, , , , etc.)	None(0) =total no.			
	Cows	Actual No	1		
	Buffaloes	Actual No	2		
	Sheep & Goat	Actual No	3		
	Pigs	Actual No	4		
	Poultry	Actual No	5		
7	Rental Income if any (Monthly)	Source	Rs.[Actual]		

13. If no own house, what is the rent paid for the residence, per month:

14. If do not own shop premises, where is the SEP / ISB run from?

15. From within the Residence  Rented Premises  Any Other (Specify)

16. What is the rent for the shop premises? Rs. \_\_\_\_\_ p m.

17. Distance from the SEP to Place of Residence: \_\_\_\_\_ Kms. Not applicable

18. How do you commute from place of residence and the place of work (Shop / business place)?

19. By foot  By public transport  Two Wheeler  Car  No Travel   
 Any Other [Please specify]

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20. Did you or any members of the household receive any other Benefit from the Government since 2011-12? Yes  No

21. If “Yes”, Please list the benefit

No.	Benefit	Dept.	Year	Approximate Amount	Current State
1					
2					

22. Please give particulars of attempts made to obtain any of the three schemes from the Dr. B R A D Corporation earlier:

No Attempts Made

Made at One effort  Year \_\_\_\_\_ Reason for Failure \_\_\_\_\_

23. For your enterprise (Shop, business, dairy, etc.) how have you raised money as loan?

Amount	From whom	When borrowed	Purpose of borrowing	Interest / PM	Collateral	Current Balance

24. Please give the following information pertaining to your main employment and income

Main Occupation						
Income (Monthly)						
Total Investment `		Investment from Own Source `			Borrowed	
Is the Venture Profitable?	Yes/No/ Mixed	Year wise Profit (+) / Loss (-)				
		2011-12	2012-13	2013-14	2014-15	2015-16
Income (Annual)						
Have you scaled up and expanded your venture since the completion of first six months?				Amount Spent`		
Explain the scaling up or expansion made:						

25. If you have stopped running business (temporarily or permanently) after 2010-11, please explain the reasons.

If you want to revive the business, what support would you need and from whom?

26. Would you say that there is any change in the manner in which you are dependent on others for loans now after starting your business/enterprise?

Source	Dependence (For each row, tick any one cell)				
	Drastic Reduction	Somewhat Reduced	Has remained same	Increased	No Effect
Banks / Institutions					
Private Money lenders / Finance persons					

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SHGs / Chit funds					
Friends and Relations					
Others					

27. What is the total outstanding loan by the family at present?

No.	Source	Amount	When borrowed	Interest	Purpose	Balance
1						
2						

28. Which of the following do you possess?

Which of these do you possess	Ration Card	Aadhar Card	Own House	Help to construct house	Monthly Pension [name]
					(Elaborate)

29. Would you say that the amount of money in Savings (whether in Banks or elsewhere) is higher or lower with your business since the past five years?

Higher  Lower  Same / No difference

If the response is 1 or 2, please give reasons

If no difference, please explain why?

30. Would you say your business or Dairy has contributed to any of the following? If yes, Please elaborate how, or explain if No

a) **Children's Education** Yes  No  NA (No children)  No impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%

100%  NA/No Impact

How / why?

b) **Women's Status** Yes  No  NA (No Women)  No impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%

100%  NA/No Impact

How / why?

c) **Health of the Members of family** Yes  No  NA (No health issues)  NA/No Impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%

100%

NA/No Impact

How / why?

d) **Economic Status** Yes  No  NA/No Impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%

100%

NA/No Impact

How / why?

- e) **Ability to deal with Bureaucracy** Yes  No  NA (No Dealings)   
 By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
 100%   
 NA/No Impact   
 How / why?

- f) **Social Status of the members of the family:**  
 By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
 100%  NA/No Impact   
 How /Why?

- g) **Business skills**  
 By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
 100%   
 NA/No Impact   
 How / Why

- h) **Employment to the members of household**  
 By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
 100%   
 How / Why?

Has any one stopped working as a wage labourer since the past five years? Give particulars:

Before Scheme: No. Of days per month / Monthly / Wages or Salary: \_\_\_\_\_

After the scheme: No. Of days per month / Monthly / Wages or Salary: \_\_\_\_\_

Become self employed now? Yes  No  Partially  Venture failed  Any other

31. Observations if any and Recommendations of the Enumerator

Signature of the Respondent

Signature of the Enumerator

### A 11.5 Interview Schedule for Control Group under Dairy Scheme

The contents of this Schedule A 11.5 up to Sl. No. 12 are same as the contents of SEP Control Group Schedule A 11.4 given above. The balance questions are given below.

13. If no own house, what is the rent paid for the residence, per month:

14. If “Yes”, Please list the benefit

No.	Benefit	Dept.	Year	Approximate Amount	Current State
1					
2					
3					
4					

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15 Please give particulars of attempts made to obtain any of the three schemes from the Dr. B R A D Corporation earlier:

No Attempts Made  1

Made at One effort  2 Year \_\_\_\_\_ Reason for Failure:

16 For your Dairying activity how have you raised money as loan?

Amount	From whom	When borrowed	Purpose of borrowing	Interest / PM	Collateral	Current Balance

17 Please give the following information pertaining to your main employment and income

Main Occupation					
Total Investment `		Investment from Own Source `		Borrowed	
Is the Dairying Venture Profitable?	Yes/N o/ Mixed	Year wise Profit (+) / Loss (-)			
		2011-12	2012-13	2013-14	2014-15
Income (Annual)					

Have you scaled up and expanded your venture since the completion of first six months?	Yes / No	Amount Spent `	Rs.
--	----------	----------------	-----

Number of Cattle under Dairying

	2011-12	2012-13	2013-14	2014-15	2015-16
Cows					
Jersey					
Buffaloes					
Any Other					

18 If you have stopped running Dairying (temporarily or permanently) after 2011-12, please explain the reasons.

If you want to revive the business, what support would you need and from whom?

19 Would you say that there is any change in the manner in which you are dependent on others for loans now after starting your starting milk dairying?

Source	Dependence (For each row, tick any one cell)				
	Drastic Reduction	Somewhat Reduced	Has remained same	Increased	No Effect
Banks / Institutions					
Private / Finance person					
SHGs / Chit funds					
Friends and Relations					
Others					



20 What is the total outstanding loan by the family at present?

No.	Source	Amount	When borrowed	Interest	Purpose	Balance
1						
2						

21 Which of the following do you possess?

Which of these do you possess	Ration Card	Aadhar Card	Own House	Monthly Pension [name]

22 Would you say that the amount of money in Savings (whether in Banks or elsewhere) is higher or lower with your business since the past five years?

Higher  Lower  Same / No difference

If the response is 1 or 2, please give reasons

If no difference, please explain why?

23 Would you say your business or Dairy has contributed to any of the following? If yes, Please elaborate how, or explain if No

a) **Children's Education** Yes  No  NA (No children)  No impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%  NA/No Impact

How / why?

b) **Women's Status** Yes  No  NA (No Women)  No impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%  NA/No Impact

How / why?

c) **Health of the Members of family** Yes  No  NA (No health issues)  NA/No

Impact  By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%

NA/No Impact  How / why?

d) **Economic Status** Yes  No  NA/No Impact

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%

NA/No Impact

How / why?

e) **Ability to deal with Bureaucracy** Yes  No  NA (No Dealings)

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%

NA/No Impact

How / why?

**f) Social Status of the members of the family:**

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%   
 NA/No Impact   
 How /Why?

**g) Business skills**

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%  100%   
 NA/No Impact   
 How / Why

**h) Employment to the members of household**

By what per cent? Up to about 25%  Up to About 50 Per cent  About 75%   
 100%   
 How / Why?

Has any one stopped working as a wage labourer since the past five years? Give particulars:

Before Scheme: No. Of days per month / Monthly / Wages or Salary: \_\_\_\_\_

After the scheme: No. Of days per month / Monthly / Wages or Salary: \_\_\_\_\_

Become self employed now? Yes  No  Partially  Venture failed  Any other

24 Observations if any and Recommendations of the Enumerator

Name and Signature of the Respondent  
Date:

Name and Signature of the Enumerator  
Date:

**A 11.6 Interview Schedule for Sampled Bank Officers**

Name of the Bank and Branch	
District and Taluk	
Is this a Lead Bank for the Corporation / District	

**Section A – General Information**

1. Name of the Bank Official
2. Designation
3. Bank and Branch Address
4. Contact Mobile Number

**Section B –Scheme of Evaluation and Impact Related**

5. For how long have you been in this Branch

Less than a Year	1
One Year to Two years	2
Three Years or more	3
Holding Additional Charge	4

6. For how long have you been in charge of this section

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Less than a Year	1
One Year to Two years	2
Three Years or more	3
Holding Additional Charge	4

7. Would you be able to inform how many advances are made from your branch under:

	2011-12	2012-13	2013-14	2014-15	2015-16
SEP					
ISB					
Dairy					

8. In your view, which of the loan accounts perform better in your branch?

	2011-12	2012-13	2013-14	2014-15	2015-16
SEP					
ISB					
Dairy					

Why does this perform better?

Why does the other not perform well?

What proportion of the advances has become inoperative / default?

	2011-12	2012-13	2013-14	2014-15	2015-16
SEP					
ISB					
Dairy					

9. By looking at the repayment pattern, can you make any suggestion about the scheme:

In fixing the Repayment Schedule

In determining the quantum of Subsidy

In dispersing the Subsidy amount

In the matter of Collateral

In the matter of Selection of the beneficiary

In regard to recovery drive

10. Have you or any representative of the Bank attended the meetings conducted by the District level officials of the Board?

11. How do you get to know of the decisions taken regarding the schemes?

12. Usually how long does it take to process and approve a loan application under the different schemes?

	SEP	ISB	Dairy
Less than a fortnight			
Up to a month			
Up to a Month			
More than a Month			

13. Please explain the procedures followed prior to sanctioning a loan under the scheme.

	Average time taken (Days or Weeks)
Verify sanction order	
Verify identity of the beneficiary	
Site inspection	
Viability Assessment	
Collect Margin Money	
Disbursal of the Loan	

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14. If there is a delay on the borrower / beneficiary's side, at which stage is it? Why do you think that happens?
15. If there is a delay on the Bank's side, at what stage is it? Why does it happen?
16. If the Dr. Ambedkar Corporation wants to improve the performance of the advances, what suggestions would you offer?
17. As a Banker, what major problems do you face in dealing with these advances? Please offer some suggestions as to how they can be avoided?
18. Are there instances in which as a Banker you are unable to process an approved scheme? Under what circumstances such a thing happen?
19. Could you please recall the number of instances in which any approved beneficiary could not be given the advance?
20. How often do you face interference from local leaders or political personalities about the advances under the schemes?
 

No interferences	1
Quite Frequently	2
21. From the beneficiary borrowers, what is the most difficult thing you face as a Banker?
22. The Corporation wants to empower Beneficiaries in dealing with bank and government offices. What suggestions do you have for making this possible?
23. Do you think that the advances made under this scheme are misused? If so, what is your impression about the extent?

	10 %	10 to 25%	25 to 50%	50 to 75%	Almost all
SEP					
ISB					
Dairy					

24. What suggestions do you have to minimise this type of misuse of the advances?
25. Please let us know of the loan waivers as Applicable to your Branch?

Schemes	2011-12		2012-13		2013-14		2014-15		2015-16	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
SEP`										
ISB`										
Dairy`										

26. Has the bank received the corresponding amount of loans waived from the department concerned?
27. Do you feel these Schemes to be continued? If so, why? If not, why not? What are your suggestions for improvement of the Scheme/s?

Date:		Name	Siganture
Place:			
Name and Signature of Respondent			
Name and Signature of Enumerator			

**A 11.7 Interview Schedule for District Managers of the Corporation and Officers at State HQ**

District:		Taluk		Schedule No.	
Nodal Official		Investigator		Master Schedule No.	

**Personal Information**

1. Name of the Official
2. Designation
3. Location
4. Mobile Number
5. In the post since: (Years) \_\_\_\_\_
6. Previous Posting, if any any: \_\_\_\_\_ at \_\_\_\_\_
7. Caste: \_\_\_\_\_ Sub-Caste (If any) \_\_\_\_\_

**Section B –Scheme of Evaluation and Impact Related**

8. Would you please identify which of the three schemes is more popular in the State/ district?

SEP	1
ISB	2
Dairy	3
All of them	4
Don't know	5

9. Please tell why you think the one you mentioned is more popular.
10. Please tell why the others are nor popular?
11. Do you think that the announcement made in the newspapers about the schemes is effective?

Yes	1
No	2
Try other Media	3
Pamphlets and Hoardings Enough	4
No Need for any Advertisement	4
Cannot Say	5

12. Based on the documents available in your office, please furnish the following information

Applications Received	2011-12	2012-13	2013-14	2014-15	2015-16
SEP					
ISB					
Dairy					
Received benefits	2011-12	2012-13	2013-14	2014-15	2015-16
SEP					
ISB					
Dairy					
Defaults in Repaying	2011-12	2012-13	2013-14	2014-15	2015-16
SEP					
ISB					

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Dairy					
Failures/Closures	2011-12	2012-13	2013-14	2014-15	2015-16
SEP					
ISB					
Dairy					

13. Do you think that the procedures for Selection of beneficiaries are satisfactory?

SEP	Yes	No	Needs improvement
ISB	Yes	No	Needs improvement
Dairy	Yes	No	Needs improvement

14. If you were required to make any three major changes to the existing procedures for selection of beneficiary, what suggestions would you offer?

A.

B.

15. Do all members of the selection committee attend the meetings scheduled? Please explain.

16. Who among the members of the Committee should play an improved role, and how?

17. In your view, do you think opinions of all members are taken into account while conducting the meetings?

18. Are there enough opportunities for officials from the District to give their feedback from the field level to the higher officials or members of the selection committee or during reviews?

19. Are there adequate opportunities for monitoring the implementation of the schemes?

20. Our observation so far has been that the selection of beneficiaries is based more on political loyalties than economic necessities. Would you agree?

21. If we look at the nature of applications that are not successful, what factors would be the most common for their rejection?

22. How often to you receive complaints about their applications being unsuccessful?

23. What seems to be the main reasons for an application to be rejected?

No.	Reasons	Per Cent Cases		
		SEP	ISB	DAIRY
1	Applications after the Last Date			
2	Income Criterion			
3	Caste Criterion			
4	Beneficiary of other schemes			
5	Bank's disapproval			
6	Improper documentation			
7	Unavailability of the Proposal			
8	Bogus application			
9	Inability to pay Margin money			
10	Inability to prove identity			
11	Not unemployed			
11	Any Other			

24. Please comment on the cooperation received from the Bank officials in dealing with the recommended cases.

25. Based on your observations, who usually prepares the business plans?

No.	Business Proposals (DPRs) / Applications filled by	Per Cent Cases		
		SEP	ISB	Dairy
1	Applicants or members of their family			
2	Friends and Relatives			
3	Middlemen / Agents			
4	Officials of the Board			
5	Any Others			

26. Is there any handholding (Guidance and help) given to the beneficiaries at different stages?

No.	Reasons	Handholding Help		
		If Yes, please tick and if No, X		
	At the stage of	SEP	ISB	DAIRY
1	Application			
2	Bank Procedures			
3	Running the business			
4	Marketing			
5	Loan repayment			
6	Account Closure			
7	Any Other			

27. Do you think the beneficiaries are now empowered sufficiently to be able to

1. Ability to deal with Bureaucracy Yes  No  Cannot say

If Yes, by what Per Cent has this improved?

Up to about 25%	1
Up to About 50%	2
About 75%	3
100%	4
NA / No Improvement	5

If No improvement, please give explanation:

2. Improvement in their Economic Status Yes  No  NA/No Impact

Up to about 25%	1
Up to About 50%	2
About 75%	3
100%	4
NA / No Improvement	5

If No improvement, please give explanation:

3. Improvement in the Social Status of the members of the family

Yes  No  NA  No impact

Up to about 25%	1
Up to About 50%	2
About 75%	3
100%	4
NA / No Improvement	5

If No improvement, please give explanation:

4. Improvement in their business skills

Yes  No  NA  No impact

Up to about 25%	1
Up to About 50%	2
About 75%	3
100%	4
NA / No Improvement	5

If No improvement, please give explanation

5. Improvement in respect of Employment to the members of household

Yes  No  NA  No impact

Up to about 25%	1
Up to About 50%	2
About 75%	3
100%	4
NA / No Improvement	5

If No improvement, please explanation

6. Improvement in respect of Health of the Members of family

Yes  No  NA  No impact

Up to about 25%	1
Up to About 50%	2
About 75%	3
100%	4
NA / No Improvement	5

If No improvement, please explanation

7. Improvement in respect of Women's Status

Yes  No  NA  No impact

Up to about 25%	1
Up to About 50%	2
About 75%	3
100%	4
NA / No Improvement	5

If No improvement, please give explanation

8. Improvement in respect of Children's Education

Yes  No  NA  No impact

Up to about 25%	1
Up to About 50%	2
About 75%	3
100%	4
NA / No Improvement	5

If No improvement, please give explanation

28. How many beneficiaries may use the scheme money for other purposes?

Up to about 25%	1
Up to About 50%	2
About 75%	3
100%	4



NA / No Improvement | 5

29. Why is there such incidence of misuse of the scheme despite the monitoring that your department or the Bank does?
30. Why is there incidence of non-repayment of the loans?
31. How do you explain non-traceability of the beneficiaries?
32. Do you have any suggestions for improving recovery?
33. Do you have any suggestions for avoiding the non-traceability of the beneficiaries?
34. What suggestions do you have for identifying eligible and genuine beneficiaries?
35. Please give particulars of the Loan Waiver in your District for the schemes:

B9	Year wise loan waived under each Scheme in your district`	2011-12	2012-13	2013-14	2014-15	2015-16
B9a	SEP`					
B9b	ISB`					
B9c	Dairy`					

36. Please list some of the constraints for financial flow from the Corporation to the Beneficiaries. Please also list some suggestions to solve the problems.

B10	Are there any constraints of financial flow from the Corporation to beneficiaries? If yes, what are those?	
	Constraints	Solutions

37. Which business in the two schemes are more profitable. Please explain why they are profitable in your district?

SEP	Business	Reasons for Profitability
1		
2		
ISB	Business	Reasons for Profitability
1		
2		

38. How important are the training programmes for the different schemes.

Training is a waste	1
Training is most important	2
For specific target groups, it is needed	3
It must be made compulsory	4
Any other (Specify)	

39. Which are the trades / Businesses for which training is most important

1	
2	
3	

40. Please give particulars of training programmes conducted in your district during the different years.

In the 2<sup>nd</sup> column please enter the name of the training programme, and in the year columns, enter the number of training programmes, and within brackets, the number of participants. Eg., Name of the training programme could be “Financial book keeping” and in 2011-12, if the programmes were 2, with 12 participants, the entry could be made as 2 (12).

SEP		2011-12	2012-13	2013-14	2014-15	2015-16
1						
2						
ISB						
1						
2						
Dairy						
1						
2						

41. Please list the agencies or individuals who undertake training programmes to be given.

42. What are the problems faced in purchasing milch animals from across the borders or outside the state?

43. Why do farmers follow different procedures in dairy scheme than what is prescribed by the scheme?

44. What are the problems concerning insurance of the animals, especially after the first year?

45. What have been the insurance claims during the last five year

	2011-12	2012-13	2013-14	2014-15	2015-16
Number of claims					
Amount of Money					
Number of cases of death of animals without valid insurance					

46. Any other comments and suggestions:

Date:		Name	Signature
Place:			
Name and Signature of Respondent			
Name and Signature of Enumerator			

## **Appendix XII**

### **A further note describing Methods and Methodologies used**

All particulars about Evaluation Design and its contents, including methods and tools employed for data collection and analysis have been dealt with as exhaustively as needed in the relevant Chapter (See Chapter VII. Pp. 47 to 52.) There is nothing further to add to it, except also to state that final design of the evaluation and the tools employed were all as suggested by the Technical Committee monitoring the Evaluation Study. What was employed was in accordance with the approved design, and tools and techniques. They are available in page Nos. 218 to 250.

## **Appendix XIII**

### **Persons Contacted**

1. Mr. M.S Basavaraju, Chairman, Dr. B R Ambedkar Development Corporation Ltd.
2. Mr. Srinivasulu, Managing Director, Dr. B R Ambedkar Development Corporation Ltd.
3. Mr. M Ganeshappa, General Manager, Dr. B R Ambedkar Development Corporation Ltd.
4. Mr. K Krishna Raj, Assistant General Manager, Dr. B R Ambedkar Development Corporation Ltd.
5. Mr. A. Narayanaswamy, Former Minister, Social Welfare, GOK
6. Mr. H G Balakrishna, MLA, Magadi
7. Mr. K Sudhakar, MLA, Chikkaballapur
8. Four other sitting MLAs who have requested anonymity
9. Mr. S Sudhindra Rao, Bank Manager
10. Dr. Venkataiah Appagere- Retired Bank Official
11. 28 Bank Managers and 25 District Managers of the Corporation.

### **Short Biography of the Principal Investigator**

Dr. G K Karanth is a Professor of Sociology. He has teaching and research experience of over thirty years and of administering academic institutions for over five years. He obtained his Ph. D from the Jawaharlal Nehru University (1980-85; New Delhi) under the guidance of two of India's most eminent social scientists: Padma Bhushan Professor (Late) M N Srinivas. and Padma Bhushan Professor T K Oommen.

Since 1995, he was a Professor of Sociology in the Centre for Study of Social Change and Development, at the Institute for Social and Economic Change (ISEC), Bengaluru.

He served as the Director of one of ICSSR's research institutions, i.e., the Centre for Multi-Disciplinary Development Research (CMDR) in Dharwad, Karnataka. He has held charge also as Director of Institute for Social and Economic Change, Bengaluru, during 2006-07 and intermittently since 2009 till his superannuation in 2014..

He was nominated by the Indian Council of Cultural Relations (ICCR) to be the coveted India Chair Professorship at the Department of Sociology, University of Lund (Sweden), [September 2011 to June 2012]. He has been awarded the coveted ICSSR National Professorship (2014-16), and has been conferred the coveted Erasmus Mundus Mobility Professor by the European Commission's programme of Interdisciplinary Bridges for Indo-European Studies (2015) at the University of Aarhus, Denmark.

He has over 30 years of teaching and research experience in nationally and internationally renowned institutions and publications in equally well known national and international refereed journals. He is author of over 7 books, and has contributed to several edited volumes by eminent scholars and series editors. At least four of his works have been translated into French, Swedish, Russian and Persian languages and many are prescribed reading materials in respected Universities and College curriculum. As a Special Officer, he was responsible to establish Sir M Visvesvaraya Karnataka Construction Workers Academy in Bengaluru, during 2015-16 under the aegis of the Department of Labour, Government of Karnataka, now under the Karnataka Department of Skill Development

**Matrix of Evaluation Questions and Answers**

<b>Evaluation Questions</b>				
	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Findings</b>
1	Awareness created to face competitive situations and make them self employed	Survive business shocks due to competitions; Not working as a wage labourer or not being Unemployed	Beneficiary Interviews; Verification of Units to be running	About 27% did not even start the ventures having received the loans. 22 % closed down the units, while only about 50% are running the units. Creation of self employment applicable only to about 50%. Sustainability at risk.
2	Current status of individual beneficiaries and impact on their economic status	Units in Operation, Improved Income as stated	Interviews with beneficiaries	Scheme has enabled a better income to about 55% beneficiaries by over 25% of their pre-scheme income.
3	Identify bottlenecks experienced by beneficiaries in getting sanction or approval from the Corporation and Banking Institutions	Time taken for applying for a scheme and getting it granted; Subsidy and or loan released on time; no middle men	Interviews with beneficiaries; perusal of application and sanction order, discussions with bank officials	At every stage bottlenecks. About 45 persons did tell us of their hardships faced, while there are at least other 50 persons who too faced similar experiences.
4	Identify the constraints in implementation, and suggest measures for the improvement of the existing schemes	Opposite of the above; market conditions for the services or products; manner of determining of Unit costs and disbursal		Hardest challenge is to handle persons who have no intentions of starting any ventures. Loan follow up is hardly in place. Consider arriving at a scientific manner of determining unit cost and proportion of subsidy.
5	Collate suggested measures for improvement of functioning of the schemes			Please see Chapter XI (Pp162 -165)
6	Have the Committees and District Managers of the Corporation been making proper selection of beneficiaries	Rate of successful ventures in operation; repayment behaviour	Respondents, proceedings of the Committee meetings; banks	Does not appear to be so. Committee as such never meets. The MLA made selection is not always as per the norms nor are they proper or deserving cases.

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Findings</b>
7	What Skill development trainings have been imparted under SEP/ISB and Dairy? Who imparts the training? Has the training been helpful? If yes, how and to what extent? Alternatively, what kinds of skill gaps exist in taking the maximum benefit of the schemes?	Programmes of skill developments identified and implemented, number of people undergoing them, and the difference in performance of Units by those with or without such programmes	Respondents, District Office Records	A systematic identification of skill sets required is yet to be identified for different kinds of work or units undertaken. Training programmes if any are only independent of the scheme implementation and not as part of them.
8	Can the EDP training programme be made part of the DPR? Should the commercial banks be given the responsibility of the training? If not, why not? Who is suited to offer this training?			Not likely to be very effective. Perhaps, to be made mandatory once the SEPs take off the ground by when the beneficiaries would have had some practical experience. Instead, an urgent need to educate the procedures involved after beneficiary selection till the start of a venture is needed to be introduced, and all FAQs answered properly.
9	Whether the beneficiaries have been Self Employed/ engaged in Industry Service and Business/ Dairying after availing of the benefits? If so, have they continued with the activity? If not, reasons to be furnished? These address the concerns of sustainability.	As at No. 1 Above. The schemes operate under the assumption that once a subsidy and loan given, each beneficiary is fit enough to run the business, and that there are no ups and downs. This assumption is proved to be wrong when we look at the data. See for a quick round up of this set of information the case studies appended to this study report.		
10	Is there any development in the business activity undertaken under these schemes? If so, are they getting better or expected profit from the business? If not, why not?	Size of the Unit, or no. of 'business instruments' at the start and at the time of evaluation		Applicable only to those who are running the Units even after a couple of years. Expansion if any is by exception than as a pattern. Loan processing and the final amount of money that reaches the beneficiaries is often inadequate to start well, consequently expansion becomes only if the Units survive.

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Findings</b>
11	Has the monthly/annual income of the beneficiaries increased? If so, to what extent? Give details with few examples of increase/decrease in income.	As at No. 2 above. Please see Table 9.21		
12	Whether the beneficiaries are utilizing the loans for the purpose for which it was sanctioned? If not, what action is taken in case of mis-utilization?	Units applied for, and units started, and their current status	Interviews with respondents, discussions on follow up actions by the Corporation	Not all have started Units as applied for and running them is an indication of success and proper use of loans. Only about 45% make use of it properly, but many have closed the Units soon after. Question of how nearly 27% fail to start a unit speaks for implementation and monitoring process.
13	What is the amount of loan (year wise) taken from banks by the beneficiaries selected for evaluation? Are banks demanding collateral security for sanctioning loans? Whether the loan has been repaid timely and completely? If not, what is the payment percentage and what are the reasons for cases of non-payment?	What are the guidelines and what are in practice both at the Bank and at the Corporation	Office Records, Annual Reports and Auditor's Reports, Interviews	Insistence of collateral for loans above a certain sum is in force, affecting nearly all borrowing over Rs. 35000 or 50000. Bank officials do not hold them accountable for the norms of what the Corporation seeks. Loan repayment process has been chaotic and unless the Corporation join hands with the Banks in loan recovery, the schemes will not be enthusiastically welcome by the Banks for their lending.
14	Has the socio-economic condition of the beneficiary families improved? (Evaluator to create indicators for measuring this on perceptions of members and then report on its bases). If not, give details?	Improvements in Education, Family's health status, perceived social status, decline in indebtedness, ability to deal with bureaucracy, decline in wage earning livelihood of family members.		Only in respect of about 40 per cent. But not many (not even 10%) account for material success such as addition to their assets to be a result of the schemes. Fear of loan recovery refrains them from accounting credit for the schemes. However, there is a good deal more to be achieved in respect of bringing about economic and social transformation. See Tables 9. 21 and 9.33 to 9. 37 in this respect.
15	Please document 2-3 outstanding examples of success under the schemes which is worthy of emulation and being flagged as case studies. Similarly, are there some examples of failure that result in learning for future?			Provided

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Findings</b>
16	Whether the repayment of loan is as prescribed in by the Corporation? If not, why? What is the action taken by the Corporation in case of default? Please elaborate.	EMIs paid as per norms; awareness of repayment schedules	Interviews, where possible verification with bank's passbooks	More successful ventures will show a good repayment track records, but complete repayment even after the expiry of time permitted is more by an exception. Corporation has rarely acted on this issue. See the Annual Audit Reports of the Corporation for successive years on this issue.
17	Whether the beneficiaries are made aware of the repayment schedule of the loan received under the schemes? How is that made? Is it effective communication?	Respondents being able to respond to questions about number of EMIs paid, when was/is it due next, whether any penal interest attracted, etc.	Interviews with respondents.	The Corporation has made efforts to explain the loan repayment requirements, and consequences of non repayment. But, it seems to have had little effect on the borrowers.
18	What is the amount of loan and interest which was waived by government after the loan waiver was announced? What has been the impact of loan waiver for beneficiaries? Is there reliable indication to suggest that this may result in unwarranted or unintended consequences like wilful default?	Year when borrowed, amount outstanding	Records maintained at the Corporation and Banks	Frequent loan waivers (at least 2 during the study years) have affected the repayment behaviour of borrowers. Even though the waiver is not applicable to all the borrowers, there has been a large number of unpaid loans and most accounts have been termed by the banks as NPAs.
19	What are the constraints of financial flow from the Corporation to beneficiaries? How to further streamline the process?	Time taken for selection of beneficiaries, release of subsidies, approval by banks, and loans issued dates.	Application Forms and Case File of the beneficiary, Correspondence with Banks	Both the Banks and Corporation are to be blamed for the constraints. Even though the subsidy amount is to be disbursed within 30 days of its release, it rarely happens so. The banks are not always obliged to honor the recommendations made by the Corporation. Many of the Units fail as a result of this mismatch between the actions of the two.



	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Findings</b>
20	Please document district wise as to which scheme is most prominent in the district and most profitable in the district? Is the most prominent scheme the most profitable one too?	District wise Schemes	Reports from the Districts	Scheme selection is target driven rather than by the choice of beneficiaries. See Table A 7.1 in Annexure VII.
21	Please identify and document the areas of capacity building requirement for each of the schemes of Corporation.			First and foremost capacity to be built is to deal with the Corporation independently than through brokers and agents. Secondly, the Banking literacy is to be made mandatory before they venture out into any employment. For the rest, please see Chapter XI for recommendations.
22	Should the schemes be continued? If no, why so? If yes, with what modifications/ recommendations?			Yes, but by maintaining a scientific balance between what should be Unit cost and subsidy. These ought to vary not merely by virtue of what the Units are, but also the financial status of individuals.
	Specific Questions relating to Dairy Scheme			
23	As per Government Order dated 31.12.2013, the milch animals are to be purchased from other States. Has it been followed? If no, from where purchases are made and why the deviation was done?	Place of purchase of animals	Respondents	The Committee and Corporation does not monitor the purchase based on which money ought to be released to the vendors. Not even a single case of following the G. O under reference was found in the evaluation study.
24	Are the milch animals purchased as per regional requirements or not? If not, has the milk yielding capacity gone down? Please elaborate.			Regional requirement is in conflict with requirement under No. 23 above. Most people reported to have bought species and types that suit their local conditions.
25	Are there cases where the first milch animal is given and not the second? If yes, why the second not given?			In a majority of cases, the second animal was not bought, owing to the problems faced in procuring the first loan itself. Further, repayment pattern has not been satisfactory enough to make them eligible for the second.

	<b>Objective</b>	<b>Indicator</b>	<b>Data Source</b>	<b>Findings</b>
26	Are there any instances of milch animals being purchased without covering them under insurance? If yes, how many such instances were found in the samples selected and what action is taken by the departments for this lapse?	Insurance as a prerequisite while releasing money	Application form, loan sanction order, Bank	Even if animals were bought with adequate insurance coverage, not many were aware of the fact. Renewal has been even worse, if the Units were still in operation. See Tables 9.24 and 9.25 (pages 115 and 118).
27	How many death cases were reported by the beneficiaries? Have all the beneficiaries claimed the insurance amount and purchased another animal? If not, Why not?	Status of the Unit	Respondents	Less than 10 out of about 100 dairying or SEP dairying beneficiaries reported of death of animals. But, they claimed not to have followed up on the insurance. Because insurance has been through the Banks, claiming compensation depends on whether or not their repayment behaviour has been good enough to make them enthusiastic to go to the banks.
28	Are all the beneficiaries are members of the milk societies? If yes, who helped him to get the membership? If not, where do they supply milk and at what rate? Please elaborate.	Membership as precondition	Respondents	More as an expectation this was found. A majority supplied milk to private buyers, even slightly at a lower rate of returns.