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 Increase in income Scaling up/expansion of activity/business/industry Increase in Assets 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	Changes in Literacy/ Education of Self and family members Increased awareness, exposure and confidence built up and Development of life skills Changes in consumption of food, improvement of health and reduction in spending for health. Changes in social status

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 7th 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 verntures 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 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. 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).