

Executive Summary

The present study is an Evaluation of the Arivu Education Loan Programme launched by the Karnataka state government. The scheme aims at increasing access, reducing dropout and enhancing employability of the backward class students of category I, II-A, III-A & III-B. The scheme provides education loan to pursue higher education for both CET and non-CET backward class students. It covers all the 30 districts. The scheme is implemented by the D Devaraj Urs Backward Class Development Corporation [DDUBCDC]. The scheme offers a maximum loan of Rs.1.0 lakh per student per year at 2% interest per annum whose family's annual income does not exceed Rs. 3.5 lakh per annum.

The purpose of evaluation as given in the Terms of Reference issued by KEA is to examine the design, structure & process of implementation of the scheme. The objectives of the study are: (i) to assess the programme impact in terms of intended outcomes; (ii) to examine its spread, coverage, timely availability, utilization; (iii) to understand beneficiary and stakeholders' perceptions with respect to programme implementation and impact. The study employs a field survey method of evaluation combined with case study. Data collection methods include questionnaires, documentary analysis, FGDs and IDIs. The sampling design involves multi-stage, stratified covering a sample size of 1130 beneficiaries selected from 12 districts across 4 revenue divisions of the state. The data analysis includes both quantitative and qualitative techniques.

Major Findings:

1. Overall, the state has covered a total of 16,430 BC students under the Arivu Educational loan programme from the year 2011-12 to 2018-19. Considering the total amount spent for the programme target of 15,095 beneficiaries and financial allocation of Rs.10,297.71 lakhs, the efficiency in terms of achievement works out to 108.8 per cent for the former and 83.1 per cent for the latter. Relatively better performance is seen with respect to annual coverage for the years 2013-14 & 2015-16. *In terms of achievement of targets under the CET category, the scheme reveals consistently positive performance.*
2. Consistent shortfall in the coverage of most vulnerable caste groups like Nomadic & Semi-Nomadic, Kumbara, Thigala, Madivala, Savitha, not only suggests the need for re-examining the program design but also revising the state policy norm itself.

3. Across courses in the 12 sample districts from 2011 to 2015, the BE/B.Tech course reveals highest coverage, taking a big leap from the year 2016 onwards to boost the participation of BC students in the most happening professional programme (Engineering) of higher education sector. This is a commendable achievement. Despite limited coverage of PG, Medical and non-CET courses, the consistent growth over the years is a reflection of the increased demand. ***Considering the fact that BC students constitute large chunk of the general degree enrolment in rural areas, there is a need to examine the relevance and up scaling of Arivu loan benefit even to this category of students.***
4. Across BC categories, over the time, the coverage proportion is found to be in alignment with the overall state distribution norms. By default, category IIA emerges as the largest beneficiary of the programme. Across regions, anomalies in coverage of categories in Bengaluru, Mysore districts and Hyderabad Karnataka region, although is explained in the context of demographic composition and spread of the population, yet the fact remains that some of the predominant castes under these categories may not necessarily qualify for the benefit. Therefore, ***the most crucial factor in the final selection of the beneficiaries needs to be based on the vulnerability and risk factors among such caste groups rather than merely going by nominal categories.***
5. The programme is found to cover 4 girls for every six boys. However, the wide gender gap in Kalaburgi, Bidar and Belagavi districts ***indicate the need for increased regional gender focus under the programme.***
6. Overall, a whopping majority (81.7%) of student beneficiaries are seen in the BE course. Across regions, all divisions present the same trend. It is gratifying to note that even backward districts such as Bagalkote and Uttara Kannada reveal more than 90.0 per cent of beneficiaries in the BE programme. ***Higher visibility of BC students in the most happening and glamorous programme such as the BE even in the backward regions is an indication of positive impact of the Arivu programme.***
7. Higher proportion (58.0 %) of the beneficiary households do not own land, suggesting presence of vulnerability and deprivation factors. Landless status is higher in case of Bengaluru (73.0%) and Belagavi (60.0%) divisions. Category IIIB reveals higher proportion of landless beneficiaries. Even in case of those revealing higher proportion (75.0 to 80.0 per cent) of dry land, such as those in Kalaburgi and Mysore regions, may not

necessarily provide immunity from vulnerability due to the fact that dry land in most cases does not ensure productive income.

8. Largest chunk (63.2%) of beneficiaries is found to be studying in private unaided colleges. This may be an obvious trend considering the fact that higher education is predominantly offered by the private sector in the state. Further, the selection and choice of the college type is also determined by the CET rank position of the student. This phenomenon, however, is noteworthy and further the Arivu programme facilitating this trend is even more promising.
9. Barring districts of Kolar and Bellary, in general, beneficiaries are satisfied with respect to mode of loan disbursement, easy accessibility (82.0%), convenience in accessing and submitting on-line application (94%), and timely release of loan (87.3%). ***However, procedural difficulties (44.3%), providing surety, providing affidavit (32.5%) and submitting different documents (28.4%) appear to be major deterrents across most districts.***
10. Arivu loan is being utilized for education purpose alone as reported by an overwhelming majority (94.51%). Apart from the loan mitigating their financial hardships and household burden, it has also helped them to complete their higher education in colleges of their choice without any interruptions and paved way for economic and social mobility. Additionally, ***more than 96.0 per cent of the beneficiaries are in strong agreement about the benefit of Arivu programme in increasing their confidence and comfort levels. While the loan amount is found to be sufficient by and large, a need has been felt for enhancement for medical students considering the heavy expenses incurred by them.***
11. An encouraging feature, suggestive of positive impact of the Arivu programme is the course completion ratio with 46.5 per cent of the beneficiaries, of which highest proportion is in PG courses (82.8%) followed by BE course (46.3%). While the programme is found to reveal absolute positive impact in terms of course completion for category IIA beneficiaries, for category IIIB, it is the other way round. The latter also reveals highest incidence of dropout with 14 out of the total 23 dropouts hailing from this category. Mysore division reveals relatively higher rate of positive impact with respect to course completion ratio.

12. Overall, the programme seems to impact boys and girls almost equally in terms of course completion ratio. However, when regional dimension is added, different patterns seem to emerge. Kolar and Kodagu districts reveal far higher positive impact on female students than male students.
13. With respect to programme's impact on employment, a higher proportion of beneficiaries is found to be unemployed (58.1%) as compared to employed (41.5%). Category IIA reveals highest level of unemployment (60.0 per cent). The trend appears obvious as this category receives highest coverage (54%) under the programme. Across courses, barring the general degree and the medical programme, which have very small samples, unemployment rate is higher among PG beneficiaries (66%) followed by BE graduates (57%). Further, as revealed by the regression analysis, the programme is found to significantly influence employment of beneficiaries in Bengaluru division, male beneficiaries, and of those in government colleges. ***Quite significantly, loan repayment behaviour is found to increase with employment status.***
14. Highest proportion of beneficiaries are holding engineering jobs as engineering graduates happen to constitute a major chunk in the study sample, and most of them (56.84%) are working in Bengaluru and within Karnataka (35.9%).
15. The monthly earnings of the highest proportion (48%) of the employed beneficiaries fall between 15k to 25k. The wage structure seems to vary across districts.
16. The annual expenditure reported by the student beneficiaries is found to vary in the range of Rs.1.0 lakh to over Rs.4.0 lakh across districts. So also there is variation between CET and non-CET students. Overall a CET beneficiary will be required to meet a gap of Rs.38,929.85 per annum during the study period. This gap is found to vary from a low of Rs.25K a high of Rs.97k plus. Quite interestingly, Shivamogga district reveals lesser expenditure incurred as against the loan availed in the year.
17. Only 101 out of 549 eligible beneficiaries have repaid the loan, which works out to 18.4 per cent. Across districts, Hassan and Bellary reveal relatively better performance. It is very poor in Bengaluru Urban district (1.49 %). Across categories, loan repayment is much better in the case of category III B beneficiaries, 30 percent of them are repaying the loan. Low level of repayment is seen both in case of category I and category IIA, the latter being

largest beneficiaries of Arivu programme. Those taking loan from other sources is quite negligible.

Recommendations

1. Considering the greater utility value and higher benefit accrued to backward class students, ***it is recommended that the ARIVU programme may be continued further. It is also recommended that the programme may further be extended to backward class students in general degree programmes of higher education.***
2. As the coverage and targeting under specific BC communities such as Nomadic & Semi-Nomadic, Savitha, Kumbara, Thigala, Uppara reveal huge shortfalls, ***the State needs to seriously examine the way programme has been designed to reach out to these most vulnerable households, particularly the first generation families.***
3. Considering low visibility of girls in the Arivu programme, ***it is strongly recommended that the programme may consider giving priority to girls to the extent of 30.0 per cent, particularly in backward regions.***
4. As the programme is seen to favour beneficiaries largely from urban and semi-urban regional backgrounds, ***it is recommended to enhance target coverage for rural beneficiaries so as to bring them on par with their urban counterparts.***
5. While it is necessary to re-examine the rationale and mechanism for fixing targets and allocations to improve overall reach and coverage, ***district specific strategies may be employed for fair and unbiased selection of beneficiaries.***
6. There is need for benchmarking data systems and to develop proper baseline datasets to track the progress and impact of any given programme over the time. Such a system would enable the governments to justify public resource investments as well as achieving various developmental goals. In the light of this, ***it is recommended that the DDUDBC may consider establishing a statistical unit in collaboration with the education department for not only generating statistical database, but also for proper monitoring and assessment of various education programmes.***
7. In the light of beneficiaries reporting about difficulties experienced in providing surety, affidavits and several documents, it is necessary for the department to streamline and

simplify some of these procedures so as to make it convenient and friendlier. Therefore, *it is recommended that the present system of providing surety/witnesses may be replaced with alternative authentic proof system provided by beneficiary' own family.*

8. In view of the higher expenditure incurred by the beneficiaries in certain courses, *it is recommended that the present loan amount may be enhanced to 2.0 lakh per annum for medical education courses.*
9. The incidence of large scale non-payment of loan among beneficiaries is a serious issue. While unemployment appears to be the key factor for default, there are also instances of non-repayment even among the employed beneficiaries. Considering the fact that some students face financial constraints and have genuine reasons for loan repayment, *it is recommended that the waiting period for loan recovery may be extended for one year from the date of completion to enable those seeking employment. Alternatively, the department may consider decreasing interest rate to enable loan recovery from those who experience serious constraints. On the other hand, for those already employed, some serious disciplinary actions may be invoked for loan recovery.*
10. It is noticed that the department has a weak monitoring system to review and take stock of the programme. *It is therefore strongly recommended that the department has to step up its district level monitoring of the programme in terms of tracking the loan beneficiary and upkeep of the record through the use of digital software systems.*
11. *Loan in the first semester / year can be given to the college. But from the second year onwards, it can be given at the time of paying college fees.* Students can pay the loan amount to college as fees. This will reduce the burden on students' parents of mobilizing the fees amount.
12. The DDUBCD Corporation is required to step up its information dissemination strategy in backward districts like Bagalkot, Belgaum, Bellary, Mysore and Uttara Kannada. Similarly awareness strategies about the Arivu scheme and the administrative support system may be strengthened for better reach and coverage of beneficiaries in such backward districts.
13. Further research, preferably case studies may be initiated to understand and identify region specific variables impacting education among backward class students.