GOVERNMENT OF PONDICHERRY

A REPORT ON EVALUATION STUDY ON THE WELFARE SCHEMES "IMPLEMENTED BY PONDICHERRY BACKWARD CLASSES AND MINORITIES DEVELOPMENT CORPORATION LIMITED"

DIRECTORATE OF ECONOMICS AND STATISTICS

PONDICHERRY

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FOREWORD

At the outset, I congratulate the Officers and staff of the Directorate of Economics and Statistics, Pondicherry for taking up the task of evaluation study on the welfare schemes implemented by the Government of Pondicherry through various Departments. It is indeed a daunting task to contact the beneficiaries who have availed loan through various departments / banks to augment their living condition in a better way. It is all the more difficult to extract information from the beneficiaries. I wish that more and more welfare schemes are evaluated and monitored in the coming years.

It is needless to emphasize that implementation of welfare schemes should be followed by evaluation and monitoring which will alone reveal the real impact of the schemes and status of the beneficiaries after availing the benefit of the scheme.

I also hope that the implementing departments will look into the study report with at most care and do the needful to help the public in promoting their livelihood. It is worth mentioning here that the schemes implementing departments should co-operate with Directorate of Economics and Statistics in carrying out the evaluation study and offer their suggestions to improve the quality of such study reports.

Date : 22nd August 2004

(M. SATHIYAVATHY)

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PREFACE

The Government of Pondicherry, through various departments, is implementing a good number of welfare schemes for the benefit of the backward classes and minorities belonging to U.T. of Pondicherry. It is needless to say, that such welfare schemes should be under constant monitoring to ensure that the real needy persons are benefited and to study whether their standard of living has gone up after availing the loans issued to them.

As such, under instruction from the Government of Pondicherry two schemes have been taken up for an evaluation study which are being implemented by the Pondicherry Backward Classes and Minorities Development Corporation Limited and the study report is presented in a precise form.

I will be failing in my duty, if I do not appreciate the great efforts taken up by our staff in conducting this study and bringing out a good report.

Fruitful suggestions for the improvement of such reports will be thankfully accepted.

Date : 22nd August 2004

(S. VAITTIANADANE)

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A REPORT ON EVALUATION STUDY ON THE WELFARE SCHEMES "IMPLEMENTED BY PONDICHERRY BACKWARD CLASSES AND MINORITIES DEVELOPMENT CORPORATION LIMITED"

INTRODUCTION

The Directorate of Economics and Statistics, Government of Pondicherry is the nodal agency for all types of collection, compilation and presentation of various Statistical Data such as Agricultural Statistics, Price Statistics, Estimation of State Domestic Product, Index of Industrial Production etc. The Directorate brings out a good number of publications every year, which contain all Statistical Data apart from making the same available in the National Informatics Center's web site.

As per the instructions of the Chief Secretary, Government of Pondicherry, the Directorate of Economics and Statistics had taken up the Welfare schemes viz " Term Loan" and Loan –cum- Subsidy Scheme" for study, implemented by the Pondicherry Backward Classes and Minorities Development Corporation for the benefit of the members of backward classes and Minorities of the Union Territory of Pondicherry.

The Pondicherry Backward classes and Minorities Development Corporation Limited, Pondicherry is a Government of Pondicherry Undertaking. This Corporation was incorporated under the Companies Act, 1956 on 31.3.1999 with the main objective to promote economic and developmental activities for the benefit of the poorer sections of the Backward classes and Minorities of the Union Territory of Pondicherry.

ABOUT THE SCHEMES

1) TERM LOAN

Term loan facilities are extended for a wide range of income generating activities by self employment ventures in the following sectors.

a) Agriculture and Allied Activities

b) Small Business

c) Services and,

d) Transport.

The above scheme is financed subject to the production of suitable securities in the form of guarantor or mortgaging properties. The population whose annual income is below Rs.31, 952/- in rural areas and Rs.42,412/- in urban areas are eligible for availing this loan.

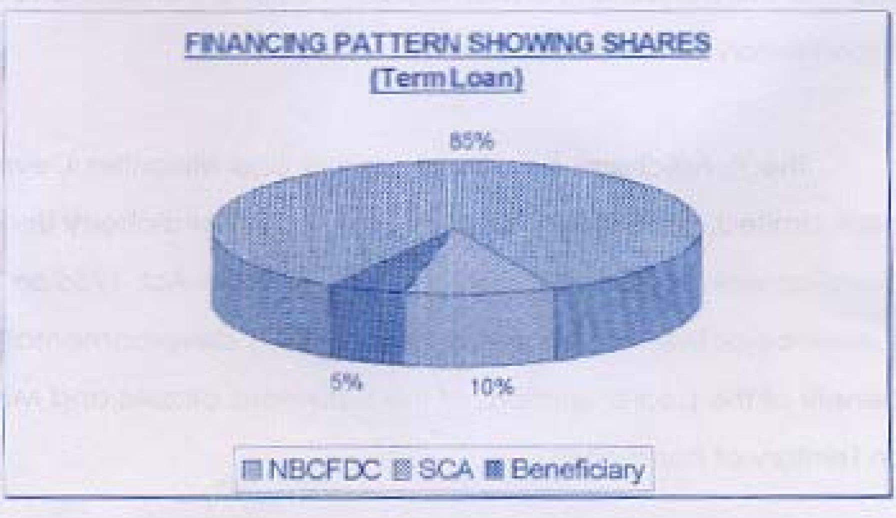
Financing pattern	Term Loan
NBCFDC Share	85%
SCA	10%
Beneficiary's Share	5%

Rate of Interest: -

Loan amount up to Rs.2.00 lakhs - 7% p.a

Above Rs.2.00 lakhs - 10% p.a

Transport loan - 12% p.a



A rebate of 0.5% in the interest is allowed for timely repayment and therepayment period is three to five years depending upon the Project financed.

2) LOAN CUM SUBSIDY SCHEME

The aim of this scheme is to help poorer sections for setting up their own trades in a small way with the help of Nationalised Banks. The extent of subsidy is 33.33% to a maximum of Rs.4000/-. This scheme is operated from the funds released by the Government of Pondicherry.

Eligibility conditions

i) Member of the target group with an annual income of Rs.18,000/- or less

ii) Should be a native /resident of Pondicherry with good aptitude for the trade.

The details of the loans distributed under both the schemes are given below.

Sl. No.	Type of loan	Minimum loan amount	Maximum loan amount	No. of beneficiaries	
				B.C.	Minorities
1.	Term Loan	Rs. 15,000/-	Rs.3,50,000/-	145	3
2.	Loan-cum-subsidy scheme	Rs.8,000/-	Rs.25,000/-	437	39

Term loan was issued to beneficiaries who intend to engage themselves in setting up their own establishments such as hiring out auto, setting up of beauty parlour, own business (General stores, sweet stall etc), setting up of Travels, Tailoring, lending of agricultural implements and on other economic activities. These loans were issued directly by the implementing department after examining the credibility of the beneficiary under the able guidance of the National Backward Classes Finance and Development Corporation Limited, New Delhi and National Minorities, Development and Finance Corporation, New Delhi which are funding the scheme.

As far as Loan-cum Subsidy Scheme is concerned, the beneficiaries are selected at the implementing Department level and thereafter referred to the Nationalised Banks authorised to issue loan to the needy. These loans are issued to the beneficiaries who come forward to set up small establishment to run their liveli hood.

TERM LOAN AND LOAN-CUM SUBSIDY SCHEME

Out of 150 beneficiaries in 2001-2002 in Pondicherry and Karaikal regions 74 persons (49.33%) were selected on sample basis and they were contacted personally and the questionnaire prepared for the purpose was canvassed.

As far as Loan-cum subsidy scheme is concerned, out of 476 persons who were benefited, 154 persons were contacted personally for the study purpose which constitutes 32.35%.

The following table shows the basic results of the study in respect of both the schemes.

Sl. No.	Category	Term loan		Loan cum subsidy scheme	
		P	K	P	K
1.	Total persons benefited	135	15	456	20
2.	Total persons contacted	61	13	130	24
3.	Not traceable	17	-	24	2
4.	Loan not issued	-	-	22	2
5.	No. of persons available for study	44	13	84	20
6.	No. of persons properly utilised the loan	30	12	57	20
7.	No. of persons not properly utilised the loan	14	1	27	-
8.	No. of persons who repaid regularly	15	4	56	6
9.	No. of persons whodid not repay regularly	29	9	28	14
10.	No. of persons who reported that their status improved	30	9	59	16
11.	No. of persons who reported no improvement in their status	14	4	25	4

P - Pondicherry **K - Karaikal**

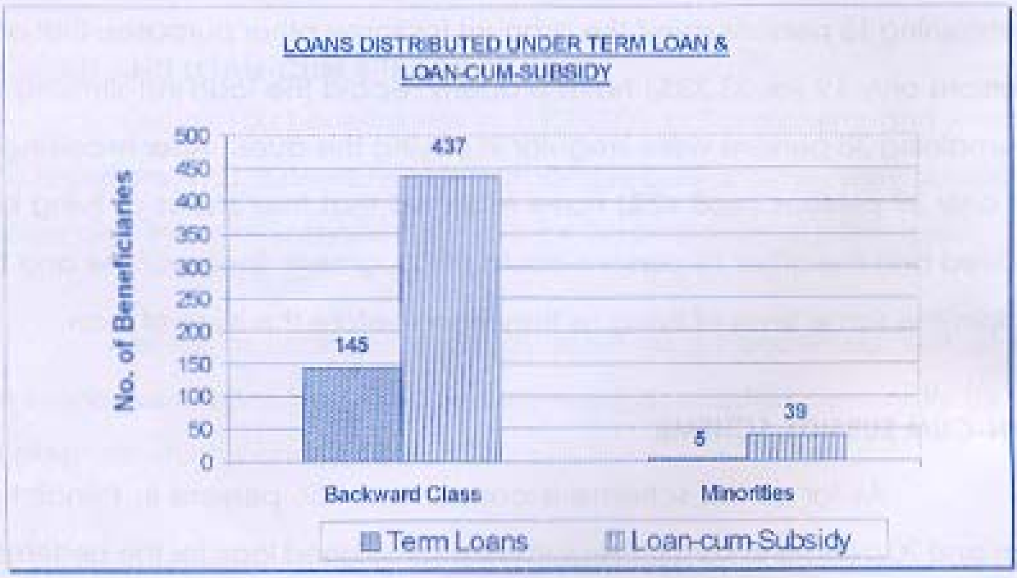
TERM LOAN

Out of 74 persons selected for the study 17 persons could not be contacted as their present addresses are not known. Despite repeated attempts they could not be traced. 42 beneficiaries out of 57 contacted (ie. 73.68%) have properly utilized the loan for the purpose for which it was sanctioned and the remaining 15 persons spent the amount for some other purposes. Out of the 57 persons only 19 (ie. 33.33%) have properly repaid the loan installments and the remaining 38 persons were irregular in paying the dues. After receiving the loan, only 39 persons (ie68.42%) have reported that their status of living have improved and the other 18 persons could not augment their income and they maintain the same level of living as they were before the issue of loan.

LOAN-CUM SUBSIDY SCHEME

As far as this scheme is concerned, 456 persons in Pondicherry region and 20 persons in Karaikal region were sanctioned loan for the betterment of their livelihood during the year 2001-2002. The loans were issued to them through the Nationalised Banks located in the nearby areas of the beneficiaries where they live and propose to establish their business. The funds for issue of such loans were provided by the Government of Pondicherry.

Out of 476 beneficiaries, 154 persons (ie. 32.35%) were selected on sample basis and attempts were made to contact them personally for filling up the questionnaire. But 26 persons were not available for the study for the reason either they had shifted their residences or of improper representation. Out of 128 persons contacted, 24 had stated that they did not receive the loan at all even though they were told that the loan was sanctioned to them. Finally 104 beneficiaries were interviewed and of them only 77 persons (74.04 %) utilized the loan for the purpose for which it was sanctioned. The remaining 27 persons received the loan amount but spent for some other purposes. Out of 104 beneficiaries only 62 persons (59.62%) have started repaying the loan regularly, and 75 beneficiaries (72.12%) expressed satisfaction about present living status after establishing their business. The remaining 29 persons (27.88%) are still trying to meet both the ends and struggling hard to improve their economic status.



Three Statistical Inspectors of the Directorate of Economics and Statistics were drafted for conducting the evaluation study in Pondicherry and Karaikal regions under the supervision of one Deputy Director and the investigators, contacted the selected persons personally and gathered the necessary information.

SUMMARY FINDINGS OF THE STUDY

Apart from the statistical data as furnished above, the following observations are made on the evaluation study:

1. In respect of both the schemes under review, 228 persons were selected for interview and out of them 26 persons (11.45%) were not traceable as their present addresses are not made available. Loan issuing authority should make attempts to trace them through the persons who stood security for them.

2. Under the Loan-cum subsidy scheme 24 persons have reported that they were not re-paid the loan even though the same was sanctioned. On enquiry from them some said that they received only the subsidy and not the full amount of loan. The banks concerned have to verify their records to find out the factual position. This part has to be verified by the banks which issued the loan to the beneficiaries.

3. Only 52.19% of the beneficiaries utilized the loan amount for the purpose for which it was sanctioned and the remaining 47.81% have not used for the purpose for which they obtained the loan. To avoid this practice constant monitoring is essential to ensure that the flow of funds provided is used for the very purpose.

4. As regards repayment, only 35.53% of the beneficiaries are repaying the loan at regular intervals and the remaining 64.47% did not bother about the repayment of loan and very few of them repaid the loan instalments occasionally. Efforts should be made of at the implementing authority level to check the defaulters malpractice and enforce them for the regular repayment on the part of the beneficiaries.

5. It is observed in some cases that the subsidy amount was released not to the quantum of sanction and beneficiaries which seems to be malafide.

6. In the case of some allottees, loan amount was not given and the subsidy amount held up with the bank which is also not correct.

7. It is also felt necessary that each beneficiary has to provide a pass book in respect of the loan sanctioned to him so as to facilitate follow-up action regarding re- payment/recovery.

8. It is impressive to note that those beneficiaries who availed loan for the purchase of auto-rickshaws are very prompt in repaying the loan as they have formed co-operative societies among themselves, which pressurises regular repayment of loan. This is a notable point for further action.

9. It is to be mentioned here that 68.42% of the beneficiaries who availed "Term Loan Scheme" and 72.12% who availed "Loan-Cum subsidy scheme" have stated that their status of living have improved to the best satisfactory level. They have expressed their happiness whole heartedly.

To conclude, it is suggested that deserving beneficiaries shall be identified initially and a monitoring cell should be created by the scheme implementing agency to ensure proper use of the financial assistance and for regular recovery of loan from the deserving beneficiaries.