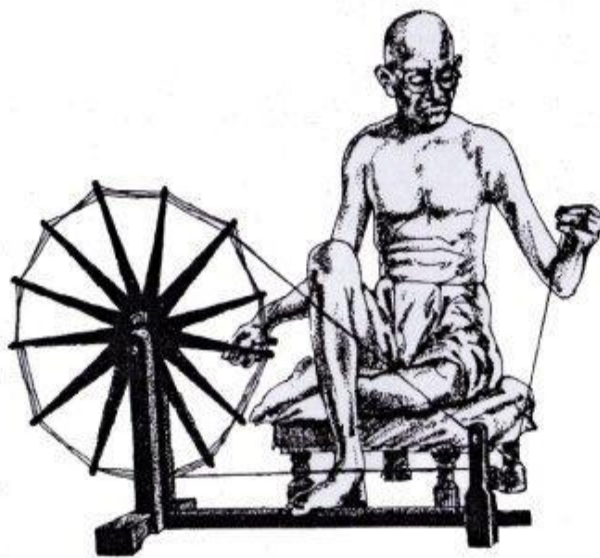


# **Impact Assessment of Mukhya Mantri Swarozgar Yojana**



## **Project Report**



**Atal Bihari Vajpayee Institute of Good Governance & Policy Analysis**

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## Foreword

Atal Bihari Vajpayee Institute of Good Governance and Policy Analysis (AIGGPA) undertakes research on various schemes and policy issues and works in collaboration with concerned Departments to provide strategic inputs and suggestions. The core staff of the Institute co-ordinate and execute the research programmes. The institute conducts extensive brain storming sessions and workshops with subject matter experts in order to validate the findings.

The Khadi Gramodyog Board had asked the institute to undertake third party evaluation of **Mukhyamantri Swarozgar Yojana**. The study was conducted across 15 districts over a span of five months. We are grateful to the staff of Khadi Gramodyog for their prompt responses and inputs throughout the research process. We hope that this report proves to be useful in assessing the implementation and performance of the scheme.

**Padamvir Singh**  
**Director General**

## Executive Summary

An impact assessment of Mukhyamantri Swarozgar Yojana, run by Khadi Gramodyog Department was undertaken by the Centre for Social Sector Development, AIGGPA as per the request from the concerned Department. The scheme has been implemented in all the 51 districts of Madhya Pradesh. The aim of the scheme is to facilitate loan from banks to individuals who want to set up their own enterprise. The beneficiaries will receive help in the form of margin money, interest subsidies, loan guarantee and training.

The study was conducted through interview schedules and dialogues - personal (in the case of beneficiaries) or telephonic (in the case of officials) with the relevant stakeholders in 15 districts of the state. A confidence level of 95% was aimed for and a sample size of 323 beneficiaries was arrived at. The beneficiaries were identified through stratified random sampling method. A detailed questionnaire for the beneficiaries was prepared and validated through a pilot survey in the district of Bhopal.

Open interviews (in selective cases) were also conducted with the officials of the concerned department to get a picture of the implementation of the scheme across the state. A few banks from the districts were selected and structured discussions were conducted with them to get an insight into selection parameters.

The study came up with the following findings.

### General Findings

1. Of the data received from the beneficiaries interviewed, the maximum represented caste seems to be OBC.
2. 18-29 years age group has a representation of 46%. 30-39 years constituted another 45%. The remaining were above 40 years of age.
3. Around 2/3rd of the beneficiaries were males. ST women form merely 3% of the whole sample and OBC women account for 10% of the whole sample.
4. BPL non-BPL demarcation was 50% to be precise. But even amongst non-BPL, majority came under below Rs. two lakh band only.

5. Out of 323 cases, only around half of the applicants got the amount that they wanted. In round 22% cases, the sanctioned amount is Rs.1 lakh less than the desired amount and in another 25% cases, the sanctioned amount was lesser than the desired amount by more than Rs. one lakh.
6. Coming to the educational background of the beneficiaries, half of them met only the minimum prescribed qualification. Post Graduate and above were almost missing from the data.
7. It was found that departmental initiatives bring in more result in creating awareness amongst the population.
8. There wasn't much clarity amongst beneficiaries regarding grievance redressal processes for the scheme.
9. 95% of the beneficiaries said that they did not face any difficulty in applying for the scheme. Of the few others who faced difficulties while applying, no major point emerged as a difficulty. It may be assumed that there are no major difficulties at the level of applications.
10. When the jobless and studies category are combined, one may conclude that only 19 % of people were inducted into some kind of activity through the scheme. And 1/3rd of beneficiaries look at MSY as an option to expand business. This is further substantiated as 72% of beneficiaries were still involved with their previous jobs.
11. When asked if the banks had set any conditions for sanction of loan, 32% responded in the affirmative, which is a serious non- compliance issue. Of the 62 beneficiaries, who divulged details of the conditions set, in 22 cases, security for loans was asked for. In 38 cases a deposit in the bank was asked for.
12. Most of them are hopeful regarding their enterprises.
13. Delay was found in loan disbursement by the banks. At least in 34% of the known cases, the beneficiary had to wait for more than a month to receive the whole loan amount after the sanction of loan. Of the data received, 14 persons have not received any money from the banks till date. 47% have not got the full loan amount and only 47% have received the full amount as per data obtained from the beneficiaries.

14. When asked to single out that factor which caused the prominent delay in the process, 77% of the responses were pointing towards banking processes. Another 15% talked about departmental processes.

15. While zeroing in on the occupations, very few undertake market survey. Decisions most often are arbitrary or experience based.

16. Most of the beneficiaries had set an expected income of around Rs.15000. 3 of the applicants who still have not received money have also started earning. Of those who received the full loan amount the average income is around Rs. 9422. This implies that there is an average lag of over Rs. 5000 in income of the beneficiaries.

20. No significant correlations were seen between gender, education and type of job taken up. Significant correlations were not found between income and the loan desired.

### **Major Recommendations**

In about 1/3rd of the cases, the time taken to disburse the loan was more than 30 days. In order to avoid delay the whole process may be performed online, so that non-compliance issues could be found out easily. Incorporating the scheme into the already existing UTTARA(Universal transparent tracking of applications and response to applications) could be taken up by the Department to bring in more transparency at lesser cost.

Decision of selection of beneficiary is taken at the district level. But they do not have control over the banks. A system for assessing the performance of banks in this regard could be taken up to mark them in terms of customer satisfaction. In an online mechanism, this can be easily done by the Department.

Other recommendations are given in the end of the report.

## 1. Introduction

### 1.1 About the scheme

The *Mukhyamantri Swarozgar Yojana* was flagged off from August 2014. The scheme has been implemented in all the 51 districts of Madhya Pradesh. The aim of the project is to facilitate loans from banks to individuals who want to set up their own enterprise. The beneficiaries will receive help in the form of margin money, interest grants, loan guarantee and training. The Scheme will be run by concerned departments and the Department of Commerce, Industry and Employment will act as the nodal agency. The beneficiary is bound to set up his enterprise within the territory of Madhya Pradesh. The project cost may vary from Twenty thousand to Ten Lakh rupees.

Applications will be processed by a selection committee which will forward it to banks for action. Banks cannot demand any collateral security from the applicant and have to act upon the application within 30 days of receipt. Once the project has been sanctioned, the bank should start disbursing loans within 15 days of sanctioning. The beneficiary has the option of getting himself trained in related skill sets, if he/she chooses to.

The scheme under Khadi Gramodyog Department has 1621 beneficiaries for the year 2015-16 and has disbursed 1180.74 lakhs as on date (October 2016). Narasinhpur district has the largest number of beneficiaries numbering 82 and Ashoknagar district is at the bottom of the list with 13 beneficiaries. The Board supports around 119 industries categorized into 7 groups.

The study analyzes the project on the following facets:

- Awareness
- Ease of application
- Problems with disbursal of loans
- The transparency level of procedures
- Impact on income
- Feedback mechanism

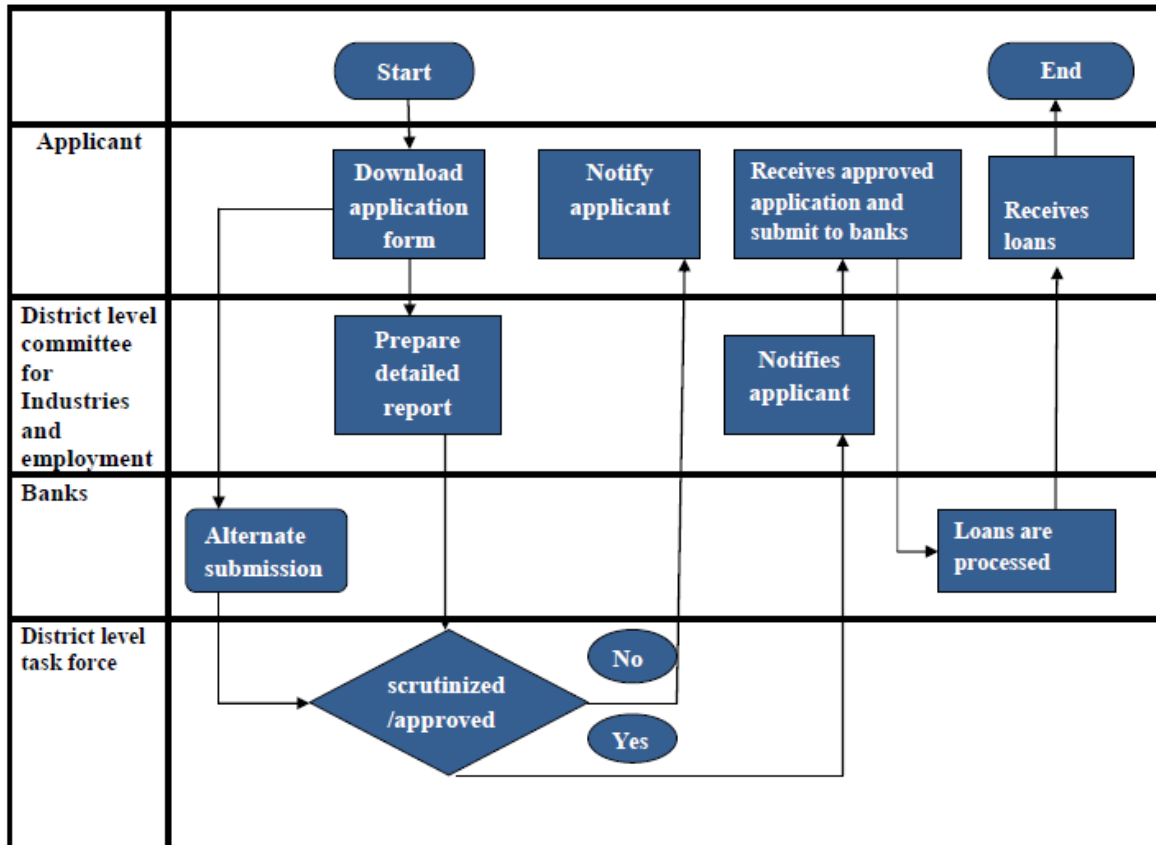
For any individual beneficiary scheme, which requires the co-operation of two or more institutions, a well defined process plan and transparency in procedural flow is essential.



The process flow of the Scheme can be illustrated as below. The word applicant has been changed to Yuva Udyami in the following chart.

**Figure 1**

**Registration Process**



**1.2. Objectives of the study**

An impact study of the *Mukhya Mantri Swarozgar Yojana* will have the following objectives:

- To understand the level of awareness among the targeted section
- To see if it is a viable proposition for income generation
- To find out the difficulty range of application and procedural hassles
- To know about the opportunity cost of the applicant for availing the loan
- To analyze the kinds of projects being sanctioned
- To understand the selection criteria
- To predict the feasibility of such projects
- To find out non-compliance issues

### 1.3. Methodology

The study was conducted through interview schedules and dialogues personal (in the case of beneficiaries) or telephonic (in the case of officials) with the relevant stakeholders. A detailed questionnaire for the beneficiaries was prepared and validated through a pilot survey in the district of Bhopal. Field investigators from the respective districts were selected and oriented for one day in the institute in the presence of officials from the Department.

Open interviews (in selective cases) was conducted with the officials of the concerned department to get a picture of the implementation of the scheme across the state. A few banks from the districts were selected after discussions with the implementing officer in the field and structured discussions were conducted with them to get an insight into selection parameters.

#### 1.3.1 Stakeholders

The stakeholders of the project have been identified as below:

1. Applicants
2. Khadi Gramodyog Board
3. Banks

The following aspects were covered at the level of each stake holder

##### *At the level of applicant*

- The role of education and income level in availing the benefits
- Awareness about the scheme
- Ease of application
- Opportunity costs in availing the loan
- Marketing strategies
- Increase in income level

##### *At the level of the officials*

- Total number of applications
- Total amount sanctioned
- Approved number of applications
- Approval procedure

- Grievance Redressal mechanisms
- Feedback options
- Policy level and implementation issues

#### *At the level of banks*

- Time lag between sanction and disbursal
- Under financing aspects
- Selection criteria
- Recovery of loans and bad loans

Apart from the above, such aspects like employability under the scheme; whether it is suitable to be replicated etc. also are assessed using the data received.

#### **1.3.2 Sample size**

Being a recently launched scheme, the numbers of beneficiaries are less. Their distribution is also skewed. Those districts with the largest number of beneficiaries have been identified. A broad categorization of their geographical areas have also been factored in. 25 random beneficiaries from each of the chosen districts (except Guna where the total number of beneficiaries is 23) will be interviewed on the basis of a pre-designed and pre-validated questionnaire. The chosen sample would roughly lead to a confidence level of 95%. The pre-designed questionnaire will be validated by a pilot study in Bhopal.

#### **1.3.3 Pilot study**

10 beneficiaries from any of the districts will be identified for pilot study and the questionnaire will be validated as per the findings.

The sample size have been calculated on the basis of the total number of beneficiaries and their geographical distribution have been maintained. The districts have been chosen from the master list provided by the department.

Data will be collected from the officials in all 51 districts either by mail or by phone to get information on the nature and number of applications, area wise mapping etc. Depending upon the data available, around 20 banks will be identified in the surveyed districts, where there are maximum numbers of sanctions. The sanction criteria and other related aspects will be understood through telephonic/ personal interviews/FGDs with them

## 1.3.4 Districts identified for survey

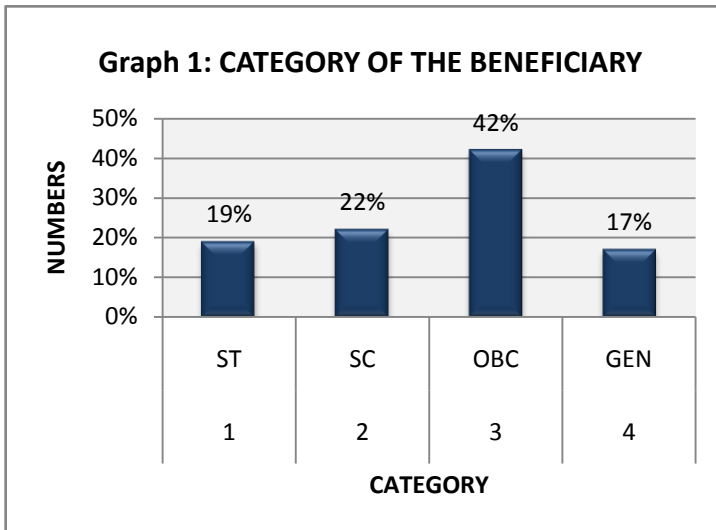
Table 1: Districts for survey

No	District	Division	Sample size	Total number of beneficiaries
1.	Vidisha	Bhopal	25	34
2.	Sehore		20	23
3.	Jhabua	Indore	25	47
4.	Alirajpur		20	39
5.	Mandsaur	Ujjain	25	68
6.	Neemuch		20	70
7.	Guna	Gwalior	20	23
8.	Sheopur		18	20
9.	Narasinhpur	Jabalpur	25	82
10.	Balaghat		20	29
11.	Panna	Sagar	25	66
12.	Satna	Rewa	15	17
13.	Sidhi		20	27
14.	Umariya	Shahdol	25	54
15.	Betul	Hoshangabad	20	23
	<b>Total</b>		<b>318</b>	<b>622</b>

Total sample size including pilot study  $318+10= 328$ . We were able to get across to 323 beneficiaries.

### 1.4. Data Analysis

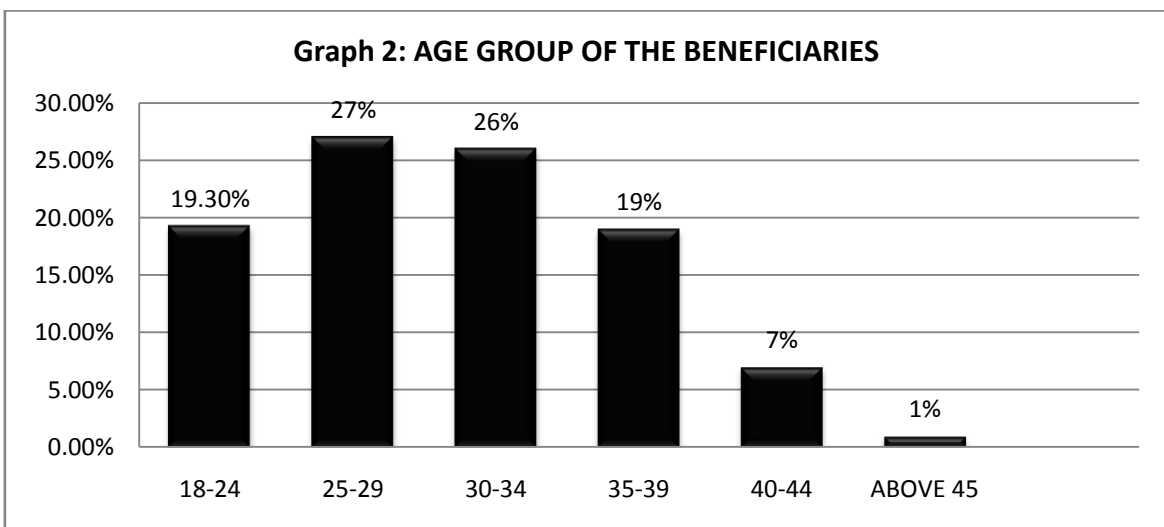
#### 1.4.1 Caste wise classification of beneficiaries



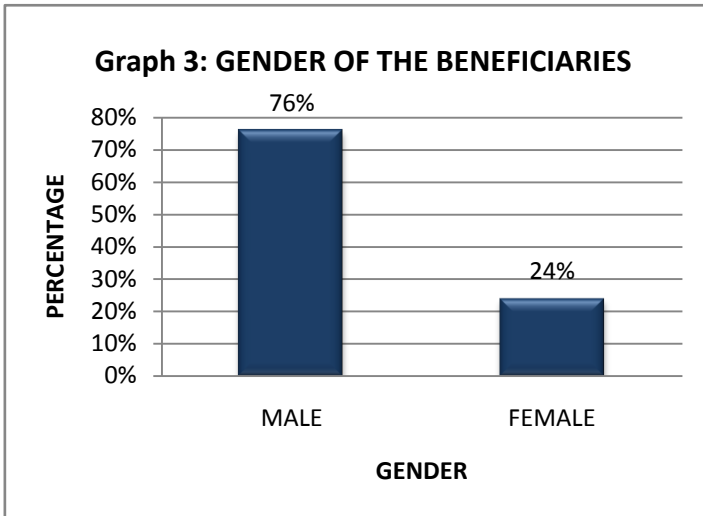
Of the data received from the beneficiaries who were interviewed, OBC beneficiaries consisted of 42%, SCs 22 % and general and ST categories were roughly 17% and 19% respectively. Approximately 6 % had applied in MSY under the physically handicapped category.

#### 1.4.2 Age wise classification of beneficiaries

Graph 2 shows the frequency distribution of beneficiaries according to their age. Out of the 321 valid responses, 25-29 age group top the list with 27% representation. 30-34 age group follow closely by 26%. Least represented group seem to be the above 40 group with 8%. Their respective percentages are given in the graph.

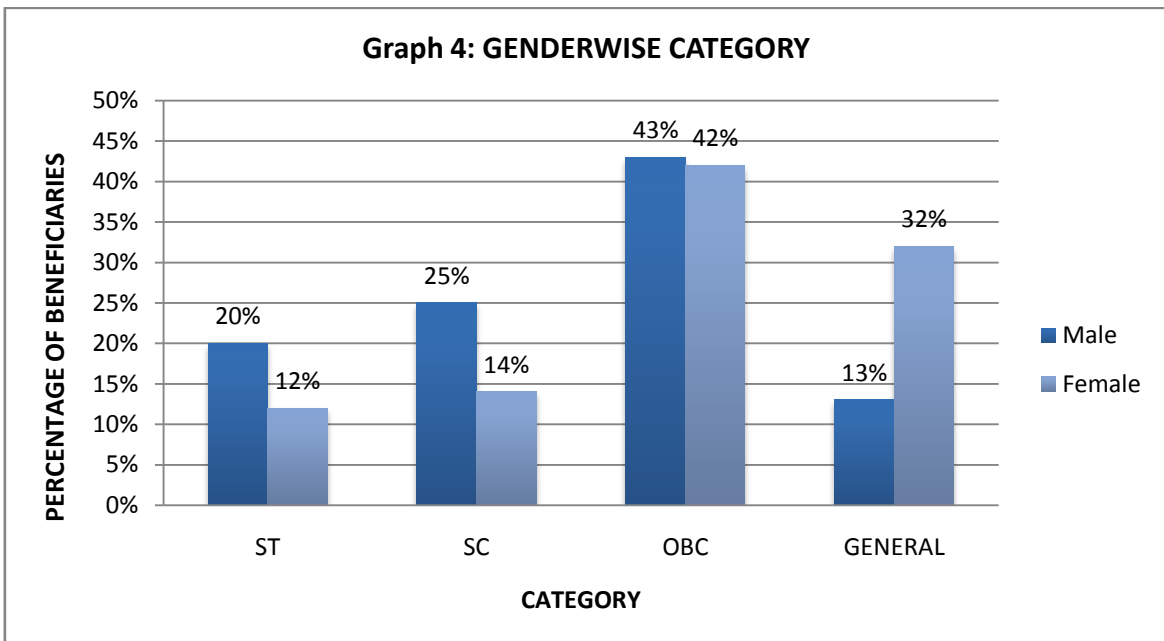


**1.4.3 Gender wise classification of beneficiaries**



Around 76% of the beneficiaries interviewed were males. Of the males, 43 % were OBC, 25% were Scheduled Castes and 20% were STs. ST women form merely 2.8% of the whole sample and OBC women account for 10% of the whole sample. Amongst women, ST women are 12% and SC women form 14%

of the female beneficiaries. The highest represented group amongst females is also OBC with 42%. The 2 graphs (Graphs 3 and 4) depict the gender wise distribution of beneficiaries and their category wise segregation.



An attempt was made to see if the difference in the category wise gender distribution is significant. A chi square test was run and it was found that there is a significant difference in the category wise gender distribution of beneficiaries. The Department may take note of it and strive for a balanced distribution of beneficiaries in terms of category and gender.

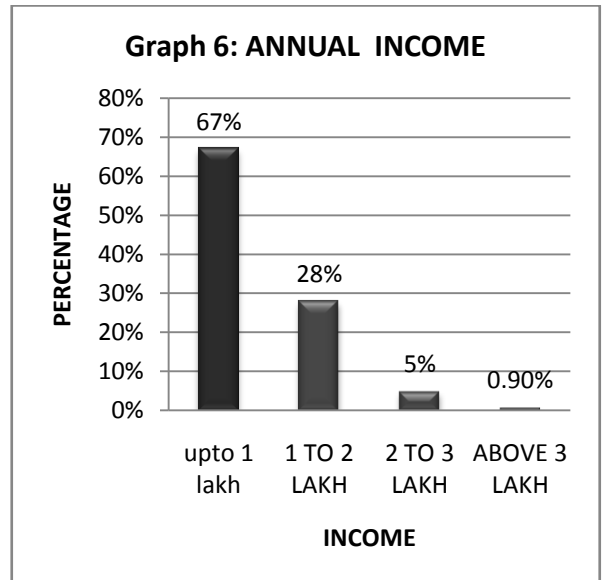
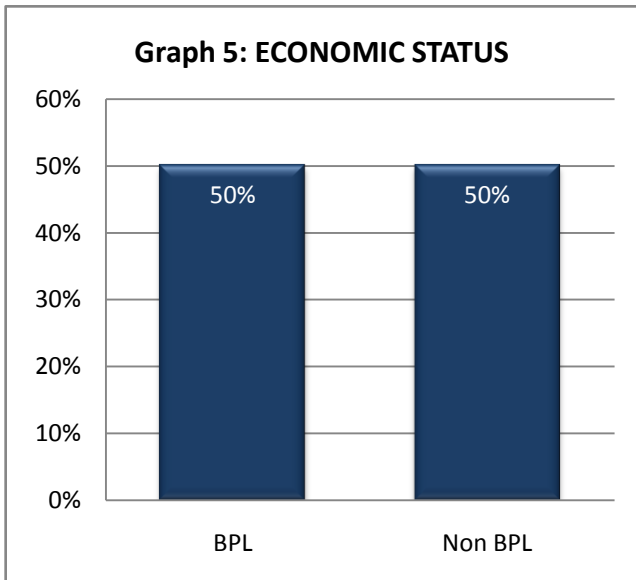
**Table 2: Difference in category wise distribution**

Results						
	SC	ST	OBC	General		Row Totals
Male	60 (54.14) [0.63]	49 (44.22) [0.52]	104 (103.70) [0.00]	31 (41.94) [2.85]		244
Female	11 (16.86) [2.04]	9 (13.78) [1.66]	32 (32.30) [0.00]	24 (13.06) [9.16]		76
<b>Column Totals</b>	71	58	136	55		<b>320 (Grand Total)</b>

The chi-square statistic is 16.8582. The *p*-value is .000756. The result is significant at *p* < .05.

**1.4.4 Economic Status of Beneficiaries**

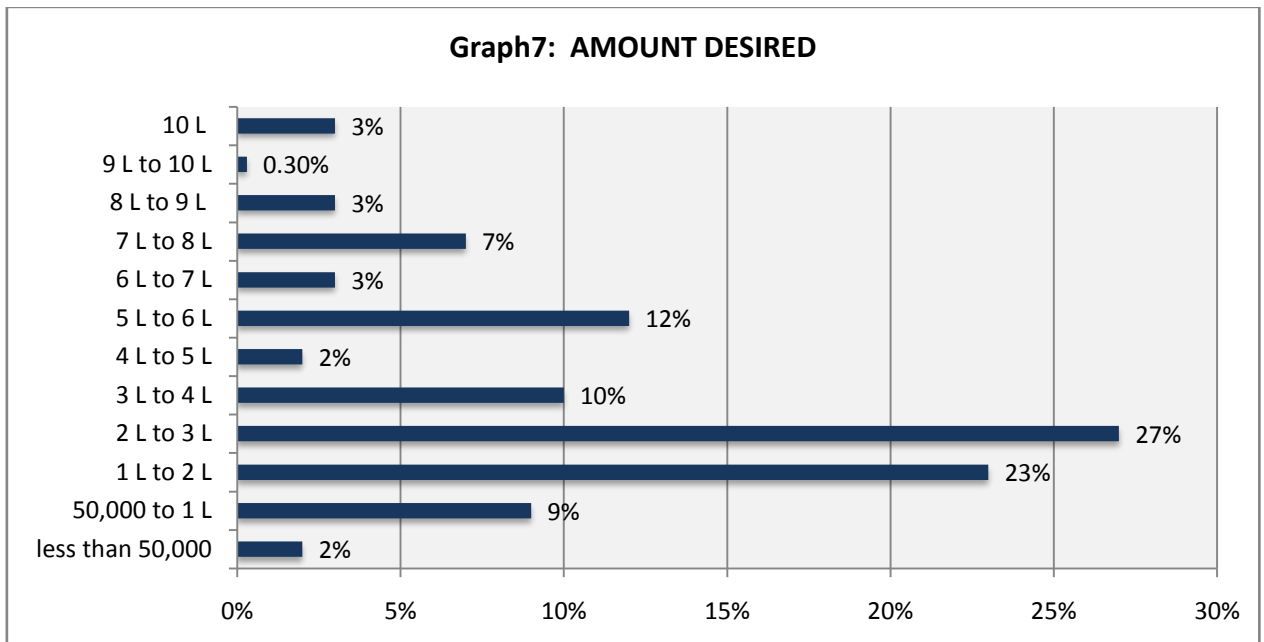
Coming to the economic status of the beneficiaries, BPL non-BPL demarcation was 50% to be precise. Status of 13 respondents were not known. But when probed about the annual income, 67% replied that they came under the below 1,00000 category. Only 6 % admitted to be above 2 lakh band. The details of their economic status are given in Graphs 5 and 6



**1.4.5 Loan amount desired**

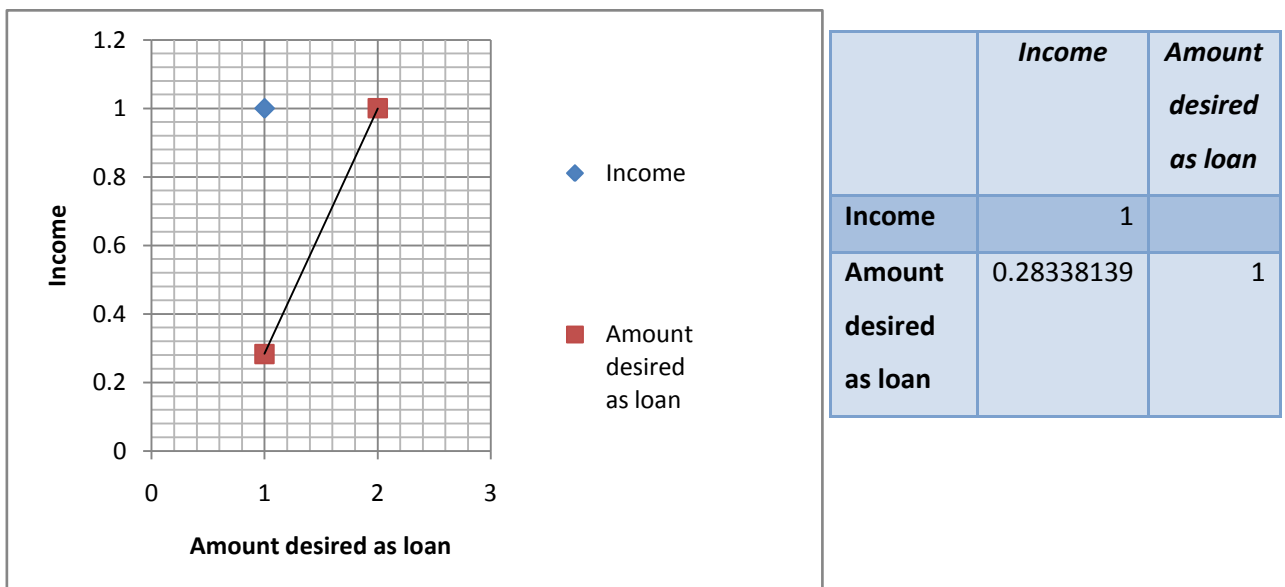
Graph7 shows the amount desired in 316 cases of which data was available. Roughly 25% of the sample wanted a loan of 2-3 lakhs and they from the highest chunk of beneficiaries

and 23% of the sample wanted a loan amount between 1-2 lakhs. Around 27% wanted a loan amount of above 5 lakhs.



An attempt was made to see if there are any correlations between income and the loan amount and the following result was obtained.

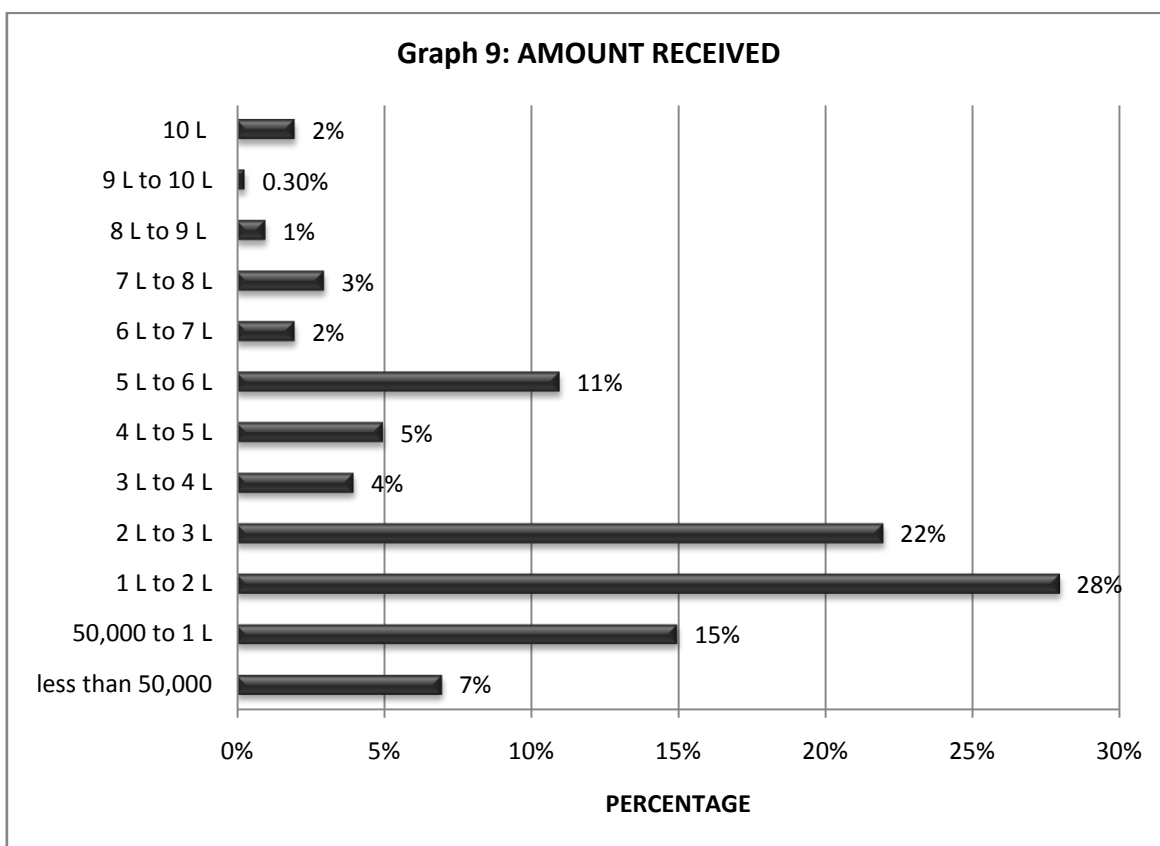
**Graph 8, Table 3**



When the correlation between income and the amount desired was drawn, a correlation coefficient of 0.28 was obtained which shows a negligible positive correlation between the two.



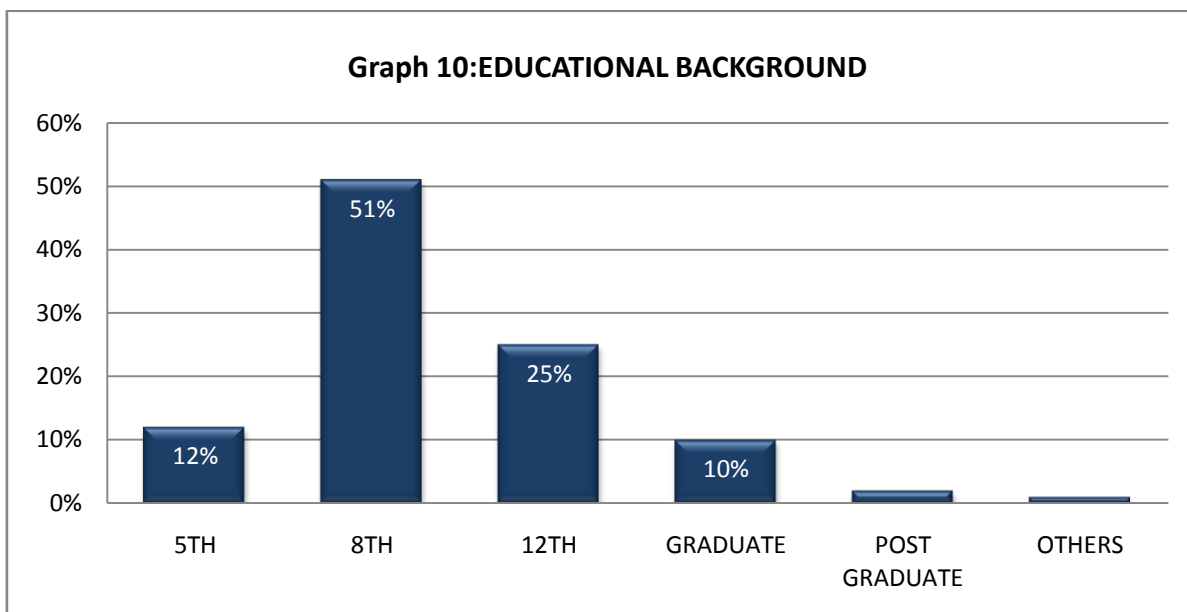
Graph 9 gives the percentage distribution of the amount received by the beneficiaries.



In order to understand the modalities of loan sanctioning, the difference of the desired amount and sanctioned amount was calculated. Out of 323 cases, around 53% of the applicants got the amount that they wanted. In round 22% cases, the sanctioned amount is Rs.1 lakh less than the desired amount and in another 25% cases, the sanctioned amount was lesser than the desired amount by more than Rs. one lakh. It is not clear if the lesser amount of loan affected the plans of the applicant in any way. If it did affect them, then it could be counted as the opportunity cost of the applicant.

**1.4.6 Educational Background of the applicants**

Coming to the educational background of the beneficiaries, 50% of them are only 8th pass and 24% are 12th pass. One may assume from the data that as one goes higher along the educational ladder, preference for such schemes might be lower. This is represented in Graph 10 in the next section.



In order to analyze the kinds of projects that were being sanctioned, the activities taken up by the beneficiaries were mapped and coded and categorized into manufacture, service and business activities. The activities have been categorized into three broad heads as per their nature.

**Manufacture:** Papad making, Condiments, sandal, Bamboo Work, **Furniture**, Garments, Bangle Manufacture, Agarbatti Nirman, Jaggery Making, Brick Manufacturing, Quilt Manufacture, Bags, Leaf Plate.

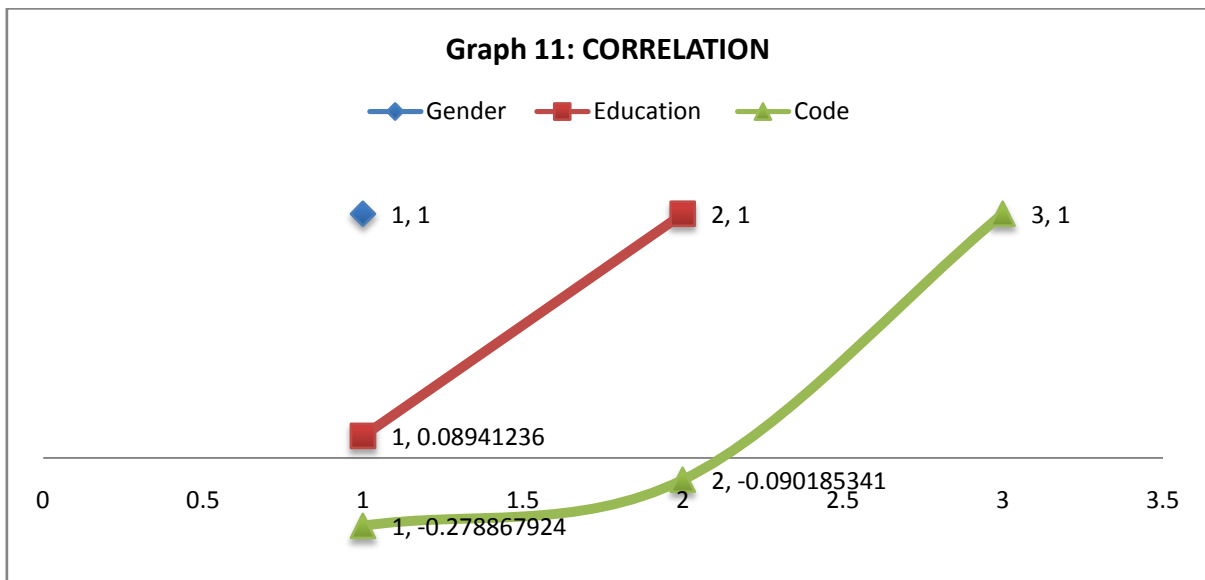
**Service:** Photo Copy, Hotel, Stitching, Beauty Parlour, Computer Work, Rental Services, Mobile Repairing, Tent Services, Tyre Repairing, Garage Services, DJ, Saloon, Photo Framing, Cycle Repairing, Motor Binding, Light Decoration, Videography.

**Business:** Seed Shop, Fabrication, Vegetable Shop, Sweet Shop, Rice Mill, Photo Framing, Centering, Flour Mill, General Store, Dairy, Fertilizer, Processing Units, Farm Equipments, Electrical Equipments.

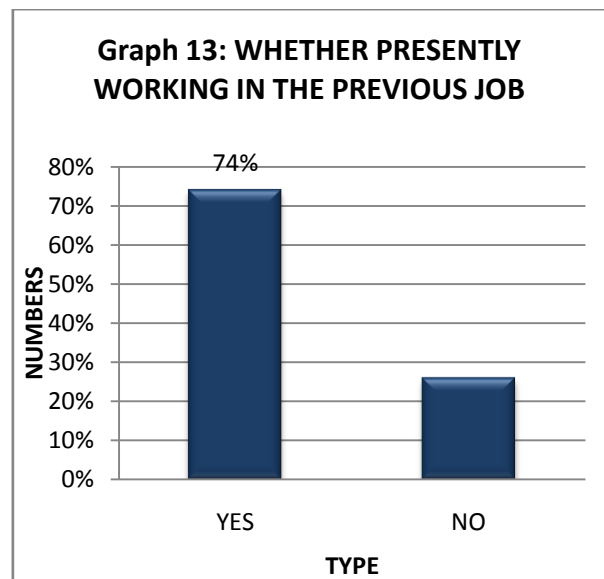
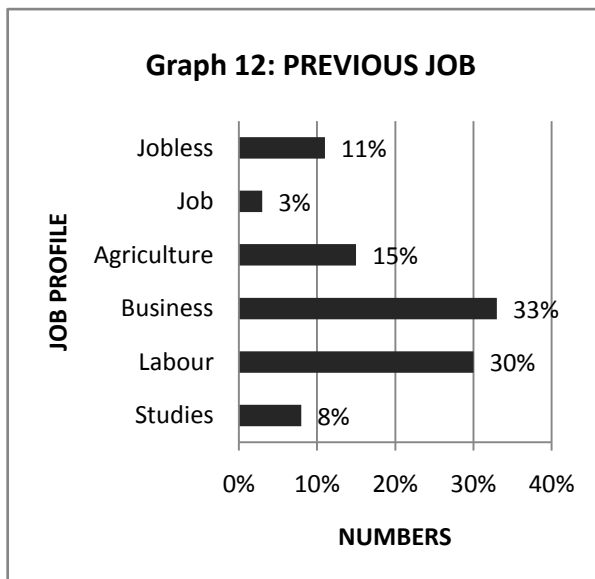
Once the type of activities were categorized, a correlation between gender, education and type of activities was attempted and the following result was achieved.

Table 3

	<i>Gender</i>	<i>Education</i>	<i>Code</i>
<i>Gender</i>	1		
<i>Education</i>	0.089412	1	
<i>Code</i>	-0.27887	-0.09019	1



The results obtained are not significant enough. Nevertheless the correlations obtained with regard to the nature of activity vis a vis gender as well as education show a negative trend.



In order to understand more about the nature of beneficiaries, their previous jobs were looked into and it was found that 11% of the beneficiaries were jobless earlier. 33% of the

beneficiaries were already into some business, 30% were labour class and 8 % of them were into studies. If the jobless and studies categories are combined, one may conclude that only 19% of the people were inducted into some kind of activity through the scheme. About 1/3rd of beneficiaries look at MSY as an option to expand business. This is further substantiated as 74% of beneficiaries were still involved with their previous jobs. Graphs 12 and 13 (given above) substantiate this.

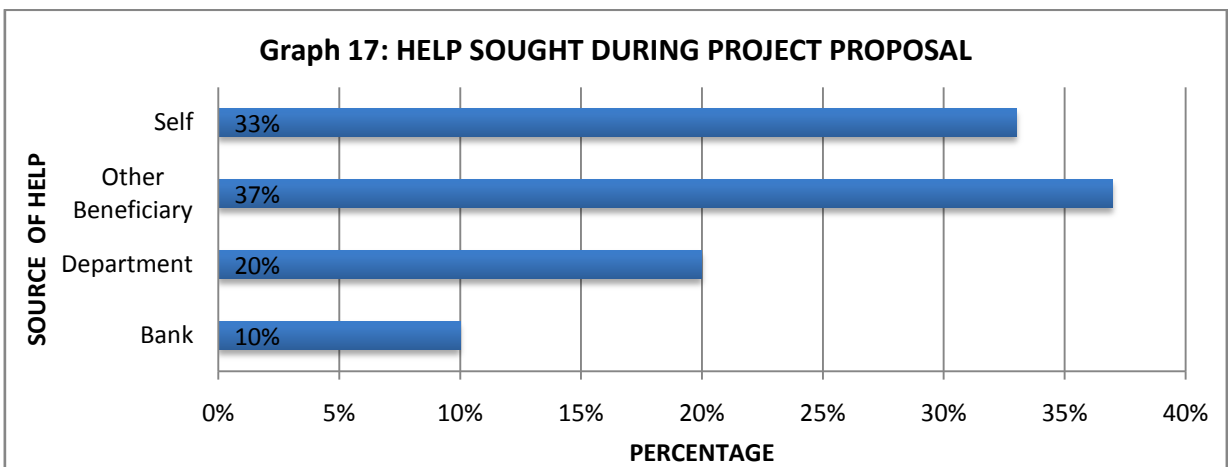
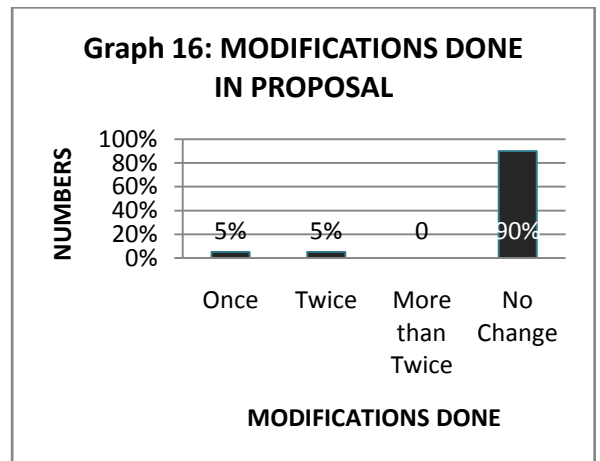
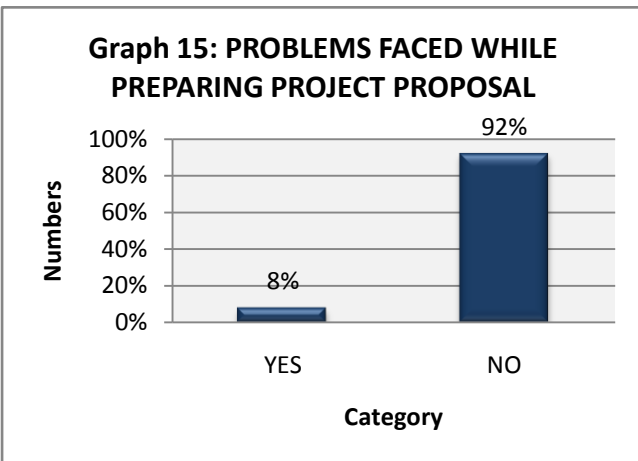
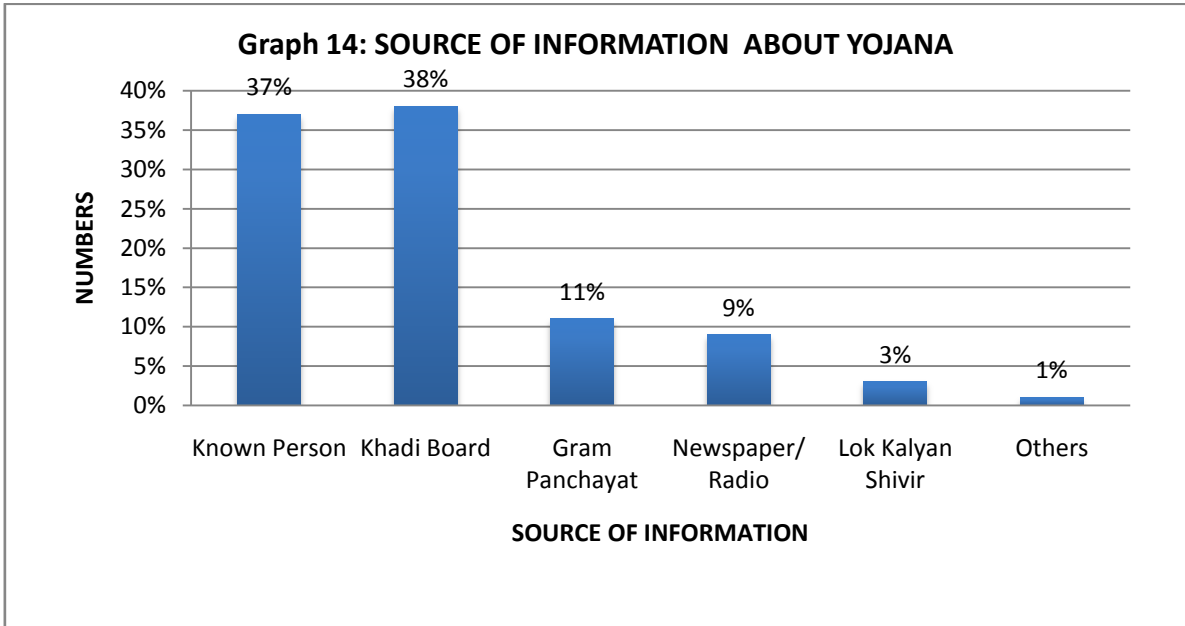
#### **1.4.7 Information about Yojana**

The beneficiaries got information about the Yojana from various sources. 48% of the beneficiaries got to know about the scheme from the Khadi Board, 46 % heard about it from known persons, 14% from the Gram Panchayats and around 15% got the information from mass media and Lok Kalyaan Shivir. It may be concluded here that departmental initiatives bring in more result in creating awareness amongst the population. With regard to obtaining the application form, about 66% of the beneficiaries received the application from the Department. Interestingly, 24% obtained the form online. 7% of the beneficiaries reported to having obtained the form from the market.

#### **1.4.8. Procedural Issues**

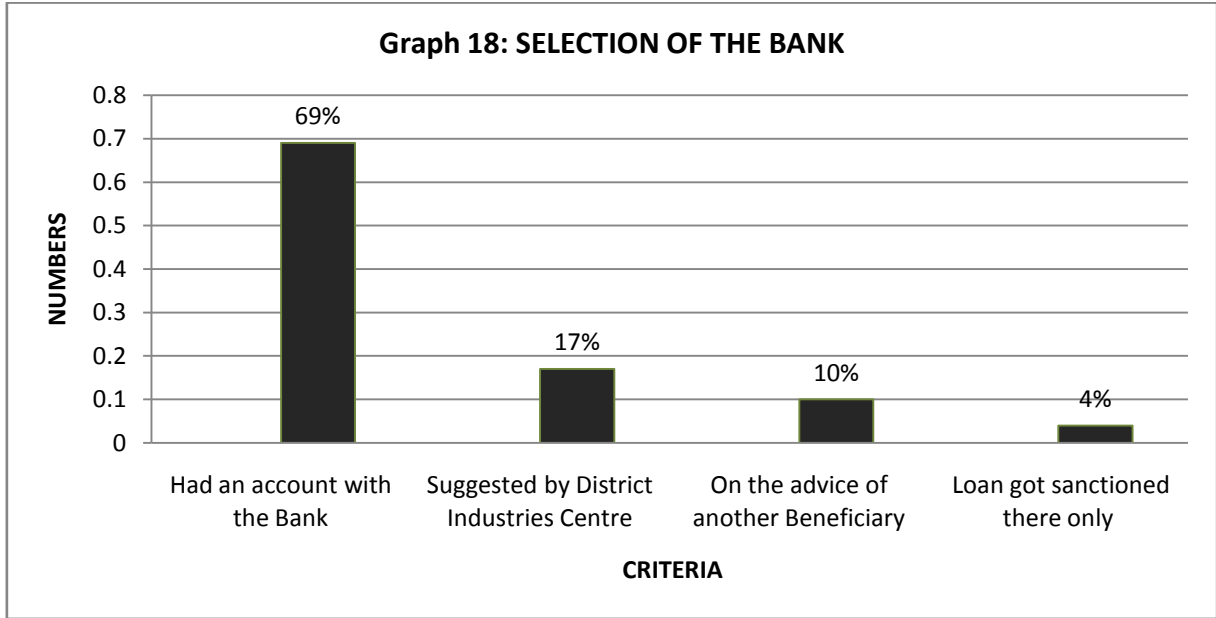
95% of the beneficiaries said that they did not face any difficulty in applying for the scheme. Of the few others, who faced difficulties while applying, no major point emerged as a difficulty. It may be assumed that there are no major difficulties at the level of applications. Graphs 14 and 15 shows the representation of the above data.

The next stage is that of project proposal preparation phase. 90% of the respondents did not face any problem while preparing the detailed project proposal. Of the 294 responses received, 33% claimed to have prepared the proposal themselves. 20% sought the help of the Department and 37% sought help from other beneficiaries. Except for 10% cases, the proposal was accepted without any changes. (Ref: Graph 16)

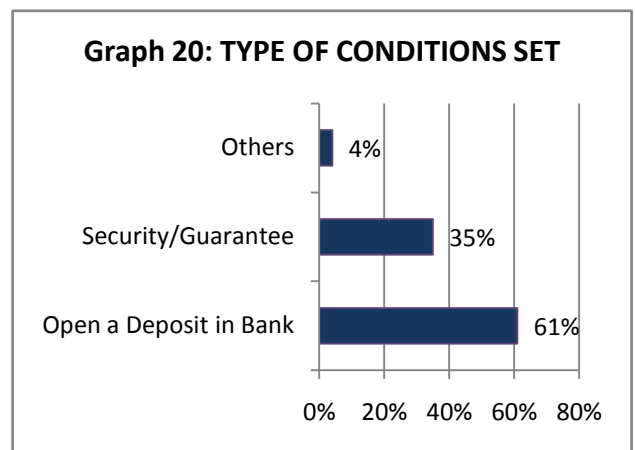
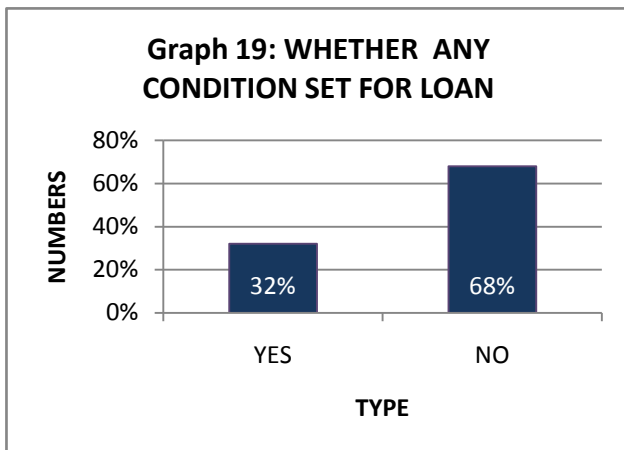


**1.4.9. Selection of Banks**

The next issue was the selection of bank by the beneficiaries. About 69% of the beneficiaries opted for those bank in which they already had accounts. 17% approached those banks which were recommended by the District Industries Centre. (Ref: Graph 18)

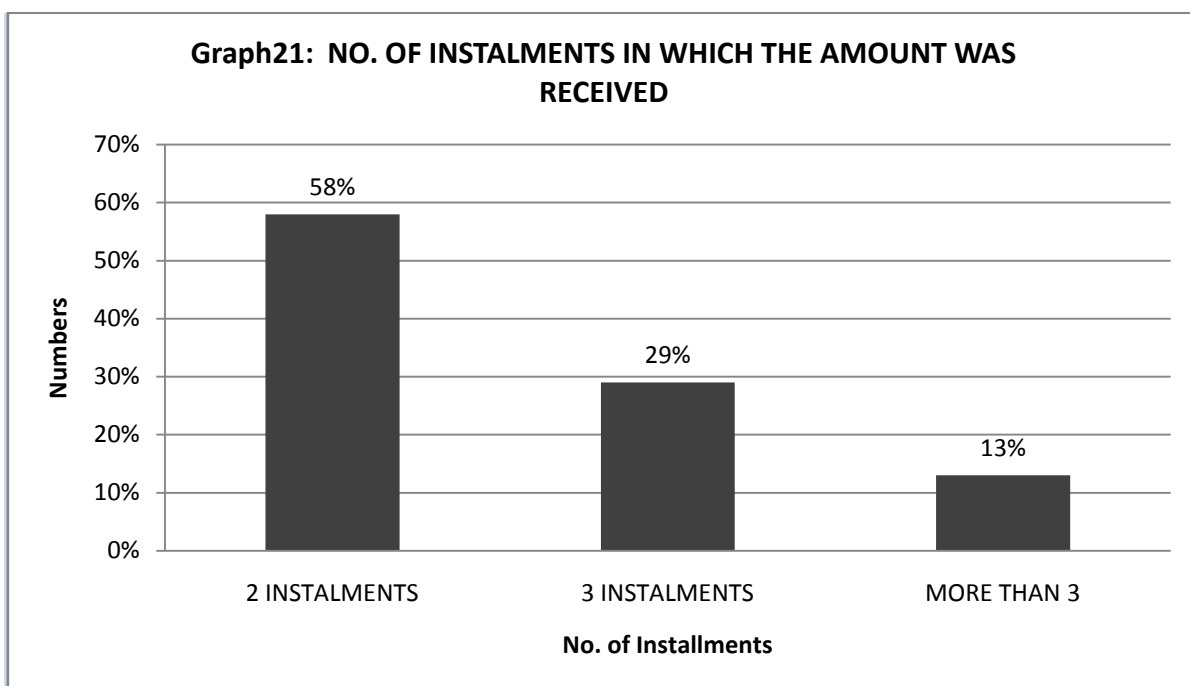


When asked if the banks had set any conditions for sanction of loan, 32% responded in affirmative, which is a serious non-compliance issue. Of the 62 beneficiaries who divulged details of the conditions set, in 35% cases security for loans was asked for. In 61% cases a deposit in the bank was asked for. (Ref: Graph 19 and Graph 20)

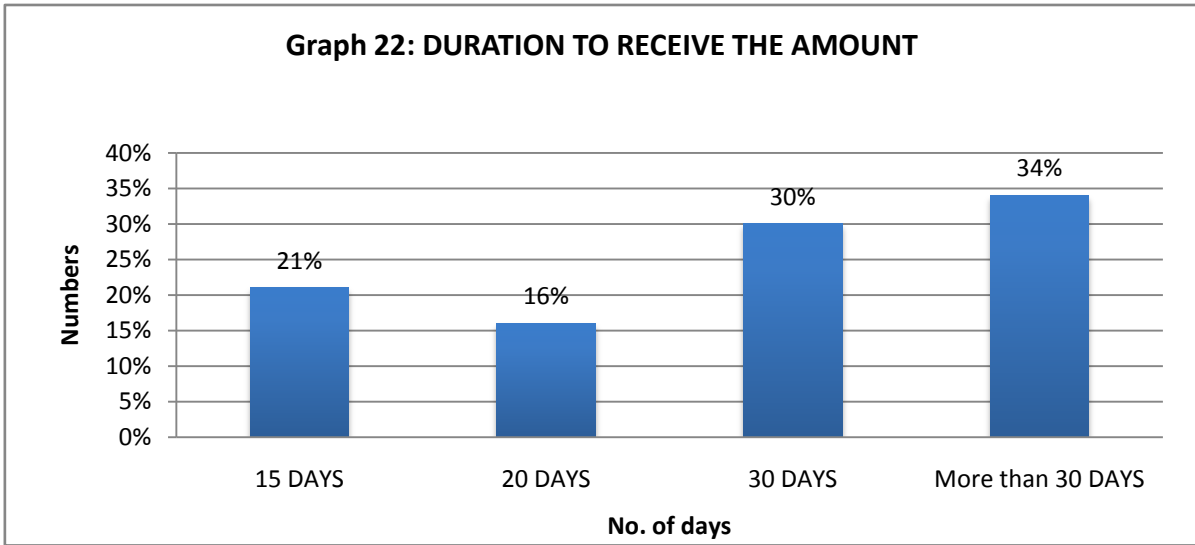


#### 1.4.10 Problems/ Issues in receiving the loan amount

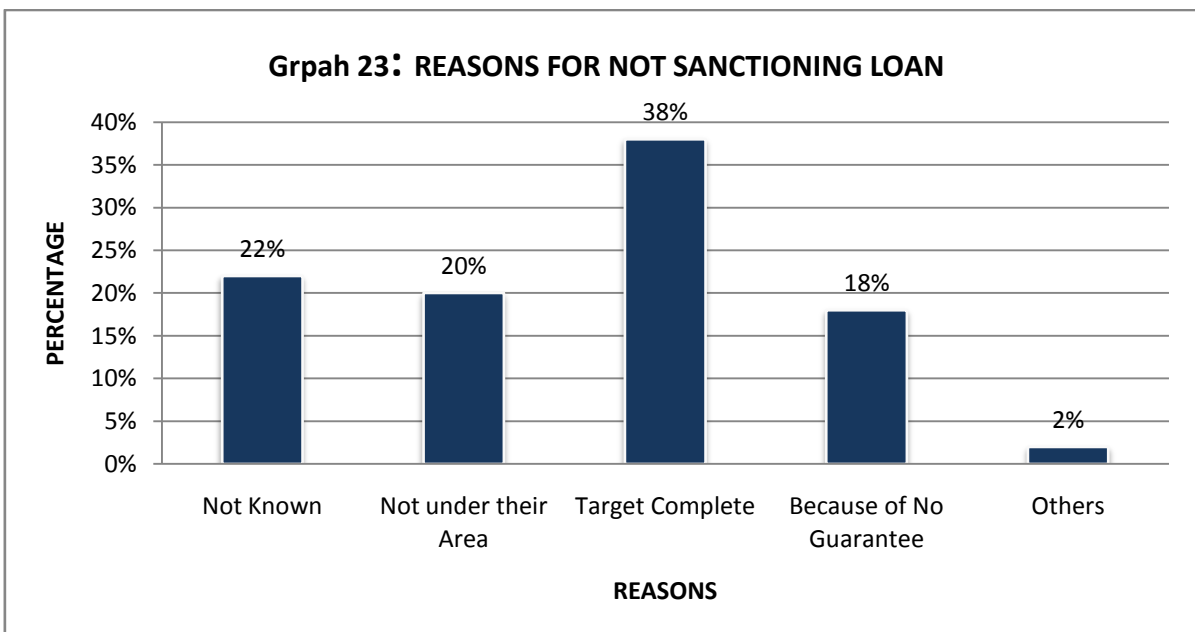
Regarding the loan disbursement details, information was available only for 223 respondents. 58% of the beneficiaries got the amount in 2 instalments, 29% in 3 instalments and about 13% of people got the money in more than 3 instalments. (Ref: Graph 21)



Details of the loan amount received by the beneficiaries were known only in 173 cases. It is not clear as to whether no amount was received by the remaining beneficiaries or the beneficiaries were not able to interpret the question correctly. The amount of loan sanctioned by the bank and the amount that the beneficiaries had received on the date of administering the interview schedule was also looked into. At least in 34% of the known cases, the beneficiary had to wait for more than a month to receive the whole amount after the sanction of loan. This is against the guideline of the scheme. This needs to be corroborated with their project plan to see if instalments are a part of the project implementation design. Of the data received, 14 persons have not received any money from the banks till date. 47% have not got the full amount and only 47% have received the full amount as per the data obtained from the beneficiaries. (Ref: Graph 22)

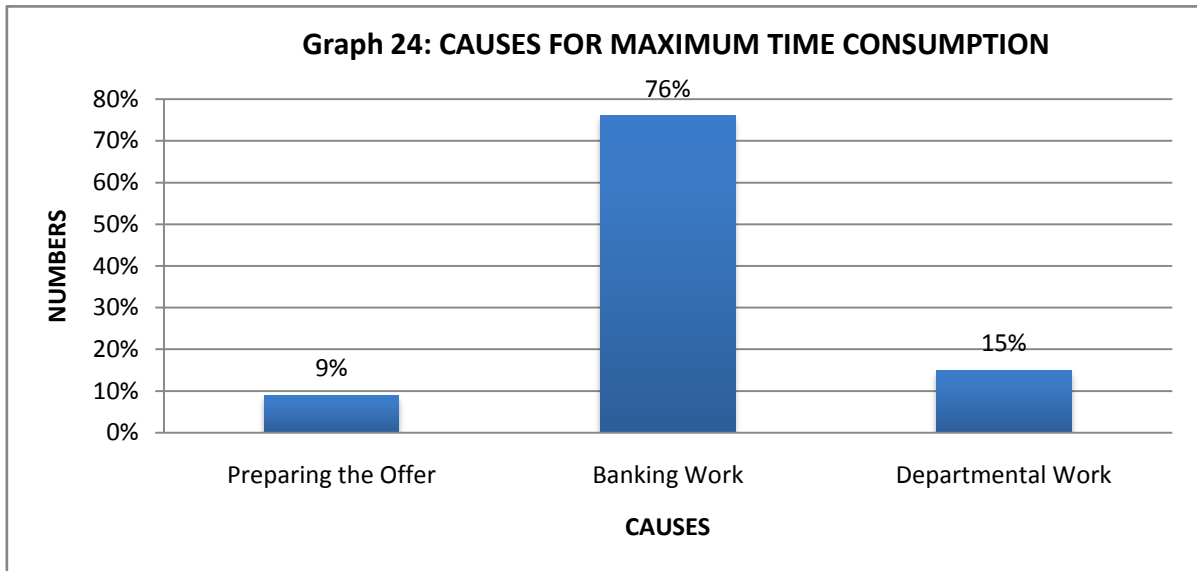


An overwhelming 86% of beneficiaries did not contact any other bank to avail the loan. It is interesting to note here that 69% of the beneficiaries opted for those banks where they already had accounts. Of the 14% who had approached other banks, where their applications were rejected, an enquiry was made into the reasons for rejection. It is interesting to note here that 18% of the loan applications were rejected because the applicant could not produce any guarantee. This is clearly against the guideline of the scheme. Graph 23 shows the various causes of rejection as communicated by the banks to the beneficiaries.



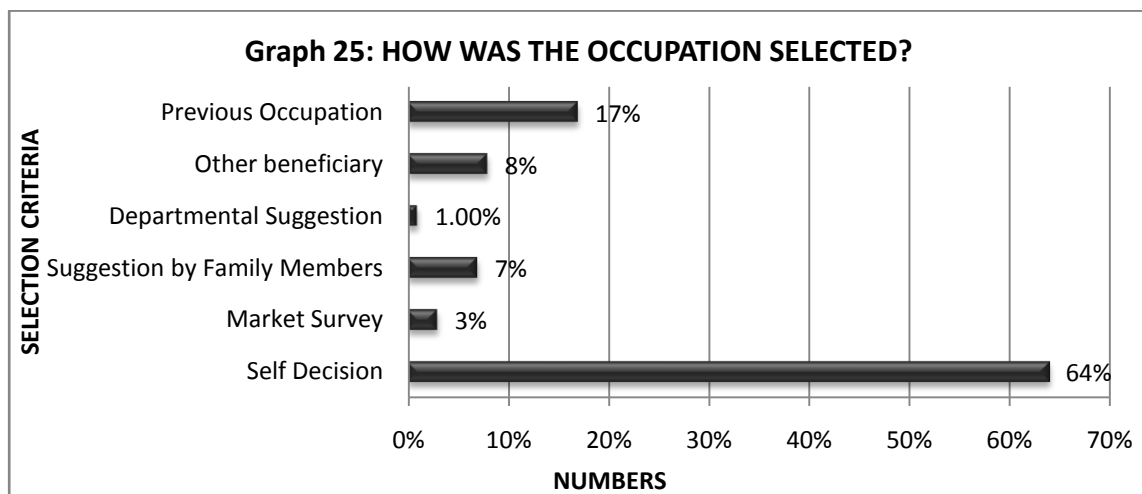


When asked to single out that factor which caused the prominent delay in the process, 77% of the respondents pointed towards banking processes. Another 15% talked about departmental processes. (Ref: Graph 24)



**1.4.11. Selection of Occupation**

Shifting the focus from procedural attributes, to those aspects where the feasibility of such schemes could be assessed, certain questions were posed to the beneficiaries. 64% of the beneficiaries replied that they zeroed in on the occupation by themselves without any market survey. Only a miniscule percentage of 3.4 beneficiaries thought of doing a market survey. 17% of beneficiaries had graduated from their previous profession. Of the 77 female respondents, 48 of them admitted to having taken the decision by themselves.



Coming to their skill set for the occupation chosen, 93% did not ask for any training help. The rest replied that they received training in their respective trades.

#### 1.4.12. Expected Income vs. Present Income

Most of the beneficiaries had set an expected income of around Rs.15000. 3 of the applicants who still have not received money have also started earning. Of those who received the full loan amount, the average income is around Rs. 9422. This implies that there is an average lag of over Rs. 5000 in income of the beneficiaries. The average expected income by beneficiaries from their respective trades, their present income and the differences are given in the table below.

**Table 4: Average of Present vs. Expected Income**

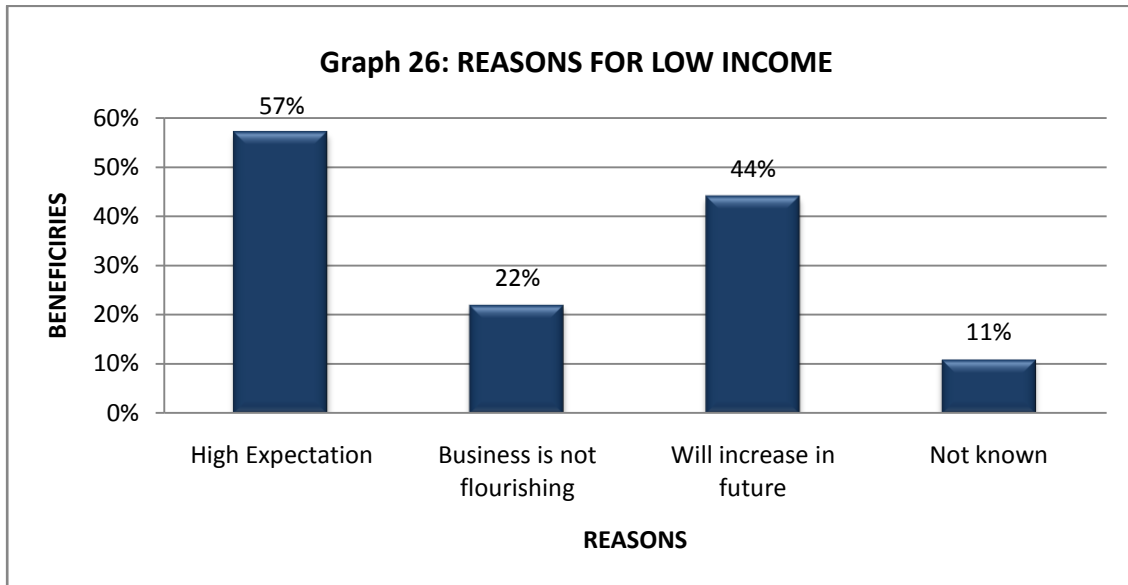
	<b>Expected income</b>	<b>Present income</b>
<b>Average</b>	15636.21795	9411
<b>Median</b>	10000	7000
<b>Mode</b>	10000	5000
<b>Standard Deviation</b>	19709.82917	10446

An attempt was made to see the present income with the loan amount. No significant patterns emerged. There seems to be a miniscule correlation between the two which is to the positive side.

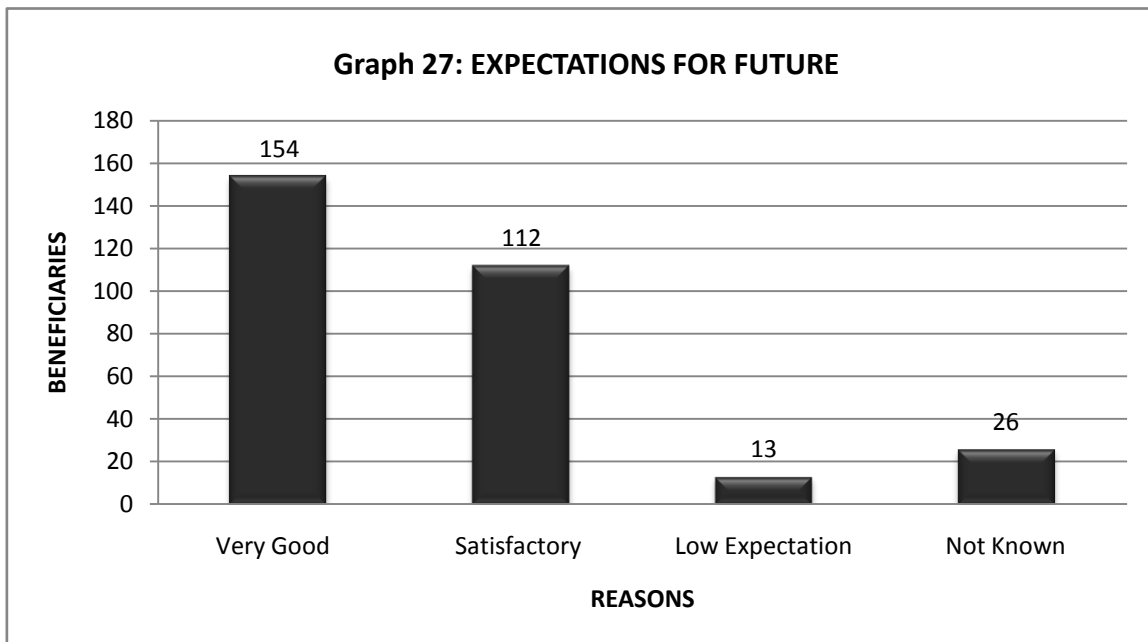
**Table 5: Correlation between Loan amount and present income**

	Loan amount	Present income
Loan amount	1	
Present income	0.313781714	1

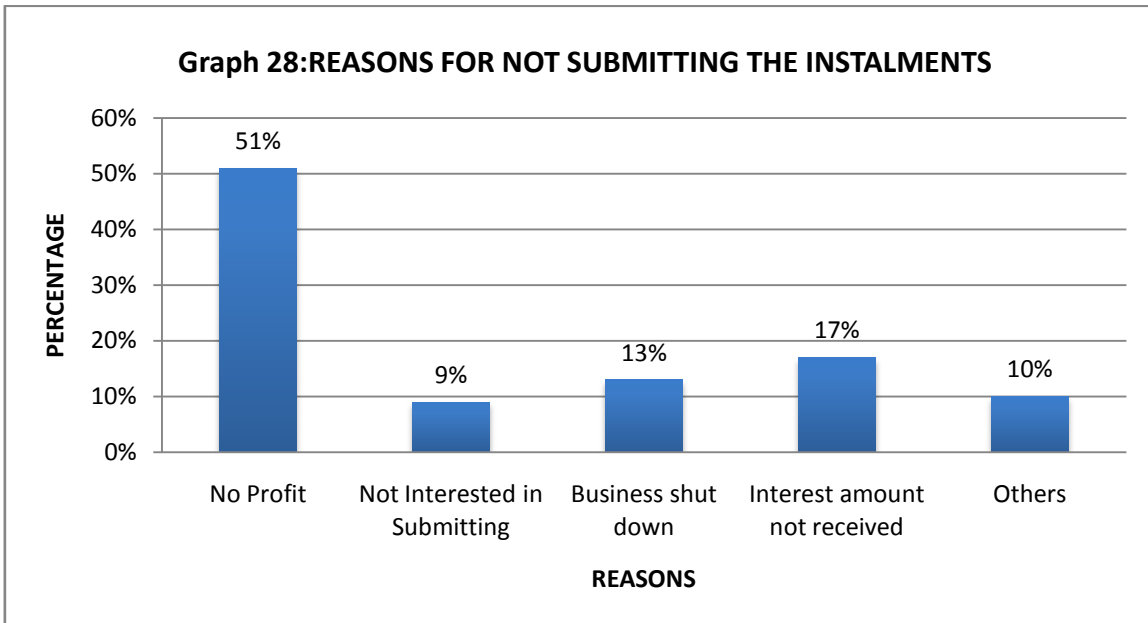
When asked about the reason for low income compared to expected income, 44% of the beneficiaries felt that it would increase over time. 22% felt that business was not progressing well. 24% felt that they had pitched high expectations.



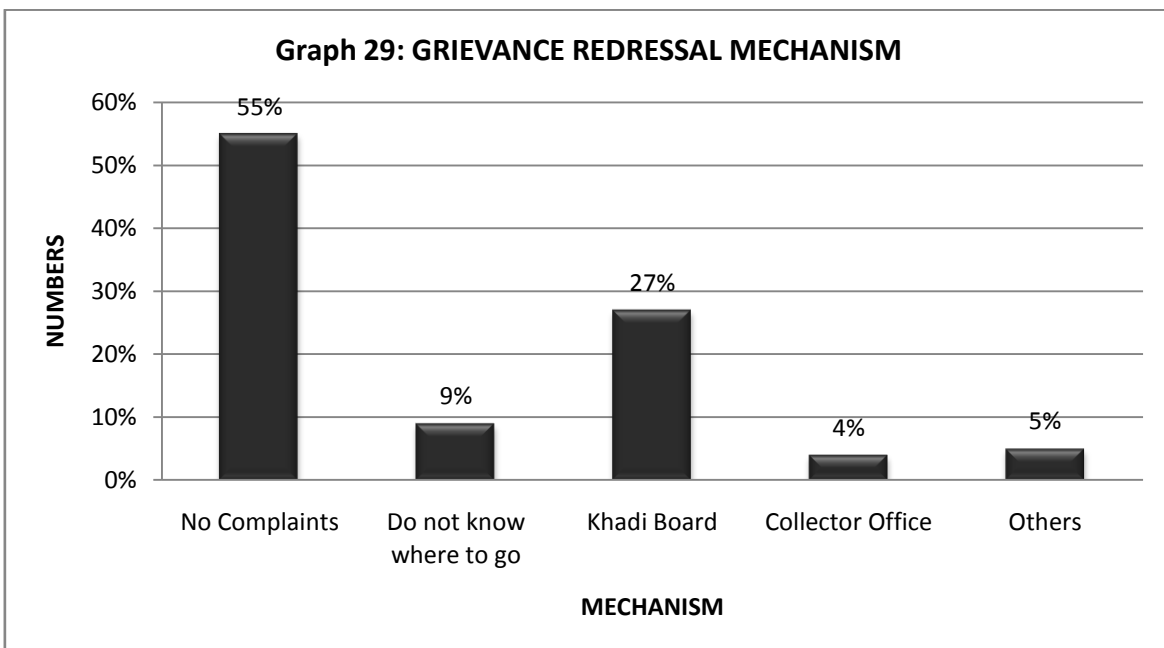
Regarding the future prospects of the scheme, 51 % hope that the business will pick up in future. Another 37% also feel that they will be able to make satisfactory progress.



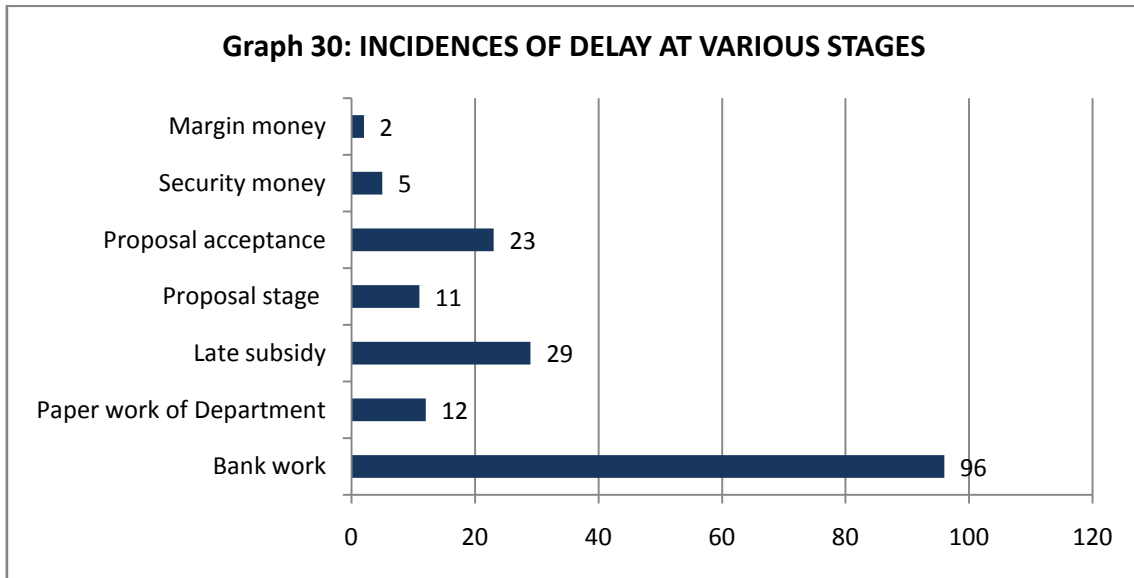
Graduating to the matter of loan repayment, 86% have started repaying the loan and 74% beneficiaries have paid more than 4 instalments. Of those who have admitted to defaulting from loan repayment, the following reasons were cited.



Successful implementation of any scheme requires a vibrant interface of the stakeholders. When asked about the grievance redressal mechanism for complaints regarding the scheme 55% of the respondents did not have any complaints. 9 % did not know where to go and 27% had approached the board with complaints.

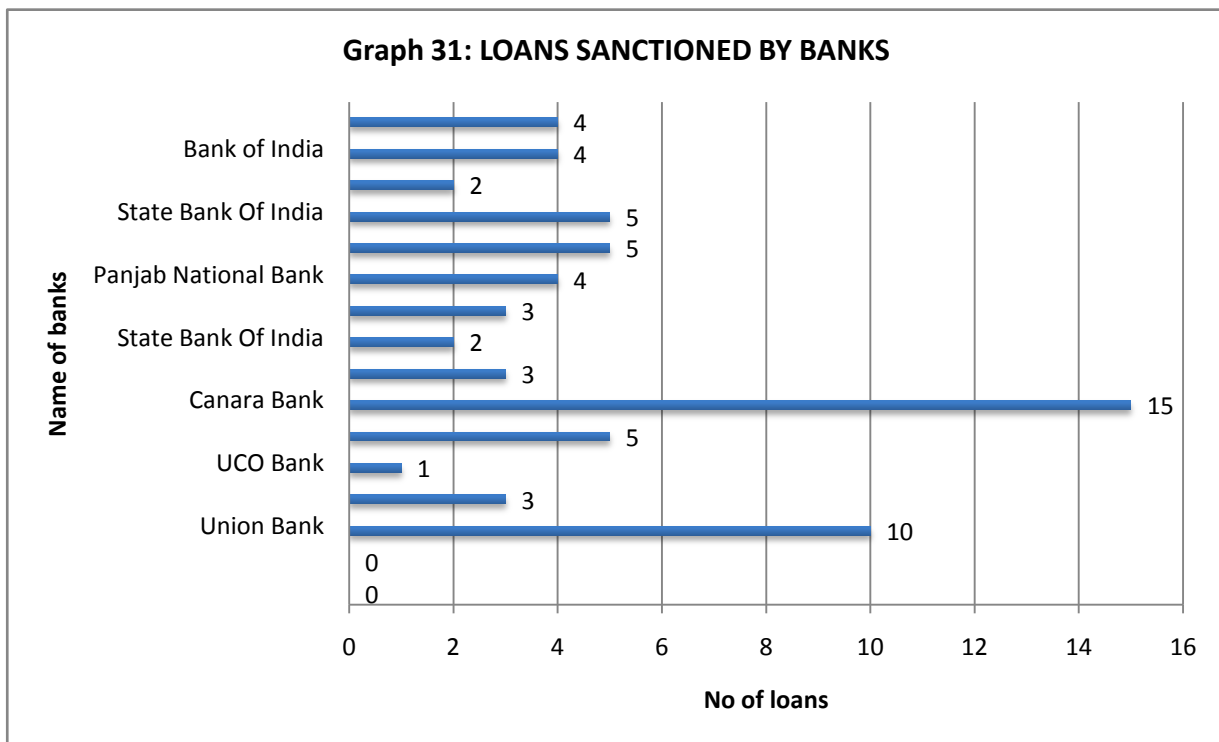


A frequency analysis of the time taken at various stages was run to identify the delays and it was found that maximum number of beneficiaries complained of delay in bank processes. Graph 30 shows the frequency of incidences as reported by the beneficiaries.



**1.4.13. Perspective of the Banks**

A total of 14 banks were interviewed. All of them had received targets for sanctioning loans. The details of the banks are given below along with the number of loans they had sanctioned. Canara Bank seems to have sanctioned the maximum number of loans.



9 out of 14 banks said that margin money was received on time. 12 out of 14 said that they select beneficiary as per their eligibility. So it is not clear whether they have a uniform protocol for selection. Merit can be subjective. Regarding the interest grant, 9/14 banks said that they receive it on time. 4 of them replied to have experienced delays in certain times. Again 9 of the banks admitted to taking extra interest from beneficiaries in the event of non-receipt of interest grant. This is also a violation of the guideline of the scheme.

## 2. Consolidated Findings

In this section an attempt has been made to map the findings against the set objectives. The findings relevant to the objective have been mapped against it. The following table lists the objectives along with the corresponding findings.

**Table 8: Consolidated Findings**

Objective	Findings
<p><b>1. To understand the level of awareness among the targeted section</b></p>	<ul style="list-style-type: none"> <li>• 48% of the beneficiaries got to know about the scheme from the Khadi Board, 46 % heard about it from known persons, 14% from the Gram Panchayats and around 15% got the information from mass media and Lok Kalyaan Shivir. It may be concluded here that departmental initiatives bring in more result in creating awareness amongst the population.</li> <li>• When asked about the grievance redressal mechanism for complaints regarding the scheme 55% of the respondents did not have any complaints. 9 % did not go where to go and 27% had approached the board with complaints.</li> </ul>

**2. To see if it is a viable proposition for income generation**

- Roughly 25% of the sample wanted a loan of Rs.2-3 lakhs and they form the highest chunk of beneficiaries and 23% of the sample wanted a loan amount between Rs.1-2 lakhs. Around 27% wanted a loan amount of above 5 lakhs.
- Out of 323 cases, around 53% of the applicants got the amount that they wanted. In round 22% cases the sanctioned amount is 1 lakh rupees less than the desired amount and in another 25% cases, the sanctioned amount was lesser than the desired amount by more than one lakh rupees.
- Coming to the economic status of the beneficiaries, BPL non-BPL demarcation was 50% to be precise.
- 11% of the beneficiaries were jobless before. 33% of the beneficiaries were already into some business, 30% were labour class and approximately 8% of them were into studies. If the jobless and studies category is combined, one may assume that 19% of people were inducted into some kind of activity through the scheme. And 1/3rd of beneficiaries look at MSY as an option to expand business. This is further substantiated as 72% of beneficiaries were still involved with their previous jobs.

<p><b>3. To find out the difficulty range of application and procedural hassles</b></p>	<ul style="list-style-type: none"> <li>95% of the beneficiaries said that they did not face any difficulty in applying for the scheme. Of the few others who faced difficulties while applying, no major point emerged as a difficulty.</li> </ul>
<p><b>4. To know about the opportunity cost of the applicant for availing the loan</b></p>	<ul style="list-style-type: none"> <li>When asked if the banks had set any conditions for sanction of loan, 32% responded in the affirmative which is a serious non-compliance issue. Of the 62 beneficiaries who divulged details of the conditions set, in 22 cases, security for loans was asked for. In 38 cases a deposit in the bank was asked for.</li> </ul>
<p><b>5. To analyze the kinds of projects being sanctioned</b></p>	<ul style="list-style-type: none"> <li>45 types of activities, were identified from the sample and tailoring, centering work, hotel and tent services seem to be the most sought after activities.</li> <li>A rough categorization of the activities were taken up and it was found that only 16% took up some kind of manufacturing, 49% took up services and 34% were doing business.</li> </ul>
<p><b>6. To understand the selection criteria</b></p>	<ul style="list-style-type: none"> <li>The bankers said that the selection was based on examination of documents and finding out the most eligible candidate. This process lacks transparency.</li> </ul>
<p><b>7. To predict the feasibility of such projects</b></p>	<ul style="list-style-type: none"> <li>When asked about the future prospects of the scheme, 51 % hope that the business will pick up in future. Another 37% also feel that</li> </ul>



	<p>they will be able to make satisfactory progress.</p> <ul style="list-style-type: none"> <li>• Most of the beneficiaries had set an expected income of around Rs.15000. 3 of the applicants who still have not received money have also started earning. Of those who received the full loan amount, the average income is around Rs. 9422. (The high standard deviation also need to be factored in here). This implies that there is an average lag of over Rs. 5000 in income of the beneficiaries.</li> </ul>
<p><b>8. To find out non-compliance issues</b></p>	<ul style="list-style-type: none"> <li>• In about 1/3rd of the cases, conditions were set by the banks for sanctioning of loan which is a serious non-compliance issue. The conditions included security for loans and deposit in banks.</li> <li>• At least in 34% of the known cases, the beneficiary had to wait for more than a month to receive the whole amount after the sanction of loan. Of the data received, 14 persons have not received any money from the banks till date. 47% have not got the full amount and only 47% have received the full amount as per the data obtained from the beneficiaries.</li> </ul>

### 3. Recommendations

After a comprehensive study about the various implementation aspects of the scheme, the following recommendations are suggested.

- There are many procedures involving a whole set of documents. A manual of instructions issued by the department can help beneficiaries to expedite procedures from their end.
- In about 1/3rd of the cases, the time taken to sanction loan was more than 30 days. To avoid delay, the whole process may be performed online, so that non-compliance issues could be found out easily. Incorporating the scheme into the already existing UTTARA(Universal transparent tracking of applications and response to applications) could be taken up by the Department to bring in more transparency at lesser cost.
- Decision of selection of beneficiary is taken at the district level. But they do not have control over the banks. A system for assessing the performance of banks in this regard could be taken up to mark them in terms of customer satisfaction. In an online mechanism, this can be easily done by the Department.
- An inquiry into the present cash deposit ratio of the banks and priority sector lending may be looked into. Integrating the scheme with the same may bring in more results.
- A centralized cash holding system could be done away with to give more teeth to the district administration.
- When it comes to individual beneficiary schemes, the government could think of a digital repository of information about potential beneficiaries. The concerned department could take up all details of the beneficiaries suo moto and free the beneficiary from the opportunity costs incurred during application.
- More than 50% of the beneficiaries are above 30 years of age. Preference can be given to youth. Moreover 33% of the beneficiaries are also into some kind of business. This issue also needs consideration.

- ▶ In 32% of the cases studied, conditions were set to sanction the loan to the beneficiary. This is a serious non-compliance issue and requires attention and action.
- ▶ While selecting the occupation, proper market survey was missing in majority of cases and this could be one of the reason for lesser income than expectation. Banks and Department can play an important role in this regard.
- ▶ In 50% of the cases, loan amount was less than what was desired. This issue also requires attention by banks as well as the concerned authorities.

## Annexure

Table for coding nature of work

S.No.	Kind of work	Code	Nature	code
1	Papad	1	Manufacture	1
2	Photo Copy	2	Service	2
3	Hotel	3	Service	2
4	Stitching	4	Service	2
5	Condiments Manufacture	5	Manufacture	1
6	Chappal Manufacture	6	Manufacture	1
7	Beauty Parlour	7	Service	2
8	Computer Work	8	Service	2
9	Rental Services	9	Service	2
10	Mobile Repairing	10	Service	2
11	Tent Services	11	Service	2
12	Tyre Repairing	12	Service	2
13	Seed Shop	13	Business	3
14	Fabrication	14	Business	3
15	Vegetable Shop	15	Business	3
16	Sweet Shop	16	Business	3
17	Rice Mill	17	Business	3
18	Bamboo Work	18	Manufacture	1
19	<b>Furniture</b>	19	Manufacture	1
20	General Store	20	Business	3
21	Garage Services	21	Services	2
22	Garments	22	Manufacture	1
23	DJ	23	Service	2
24	Bangle Manufacture	24	Manufacture	1
25	Saloon	25	Service	2
26	Photo Framing	26	Business	3
27	Cycle Repairing	27	Service	2
28	Agarbatti Nirman	28	Manufacture	1
29	Quilt Manufacture	29	Manufacture	1
30	Bag Manufacture	30	Manufacture	1
31	Machinery	31		
32	Centering	32	Business	3
33	Flour Mill	33	Business	3
34	Repairing Work	34	Service	2
35	Jaggery Making	35	Manufacture	1
36	Motor Binding	36	Service	2
37	Light Decoration	37	Service	2
38	Diary	38	Business	3

39	Videography	39	Service	2
40	Fertilizer	40	Business	3
41	Processing Units	41	Business	3
42	Farm Equipments	42	Business	3
43	Electrical Equipments	43	Business	3
44	Brick Manufacturing	44	Manufacturing	1
45	Dona Pathal	45	Manufacturing	3