



# NATIONAL SCHEDULED CASTE FINANCE AND DEVELOPMENT CORPORATION SCHEMES IN INDIA: AN ANALYSIS OF FUND DISBURSEMENT AND BENEFICIARIES COVERAGE

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## ABSTRACT

*The Constitution of India is very emphatic about improving the oppressed classes of society, particularly the Scheduled Castes. The Government of India has taken initiatives to develop this deprived section of society through their education, economic and social empowerment. Ministry of Social Justice and Empowerment has introduced various schemes and programmes for the upliftment of Scheduled Castes. National Scheduled Caste Finance Development Corporation (NSFDC; 1989) under the Ministry of Social Justice and Empowerment (MSJE) provides loans under different schemes costing upto Rs.30.00 lakh for the projects proposed by Scheduled Caste persons for any income generating activity. This study is focused on examining the status of NSFDC schemes during the 11<sup>th</sup> and 12<sup>th</sup> five-year plan period. The allocation of funds and actual disbursement of NSFDC funds has been compared in the present study. Regression analysis showed that the actual disbursement of funds in the previous year is a significant predictor of allocation of funds in the current year. Further, there was no significant difference between urban and rural beneficiaries. The women beneficiaries were more when compared to men. These findings clearly indicate that the NSFDC schemes fund allocation is based on previous year actual. The consistent increase in beneficiaries' coverage shows that NSFDC works for the economic well-being of the scheduled caste.*

### KEYWORDS:

*NSFDC, Allocation, Actuals, Scheduled Castes, Gender, Rural/ Urban*

**JEL CLASSIFICATION:** D61, H81, I38

## INTRODUCTION

The planners and rulers of India have introduced various welfare schemes for the improvement of weaker classes of society, particularly Scheduled Castes (SC). After 70 years of independence, the SC community is still struggling in education, economic and social development. In order to alleviate poverty and improve empowerment among the SC population, the Government of India has established the National Scheduled Castes Finance and Development Corporation (NSFDC). NSFDC was set up in 1989 as a "Company not for profit" under Section 25 of the Companies Act 1956 (i.e. now Section 8 of the Companies Act, 2013). "The objective of NSFDC is financing, facilitating, and mobilizing funds for income generating activities of SC beneficiaries living below Double the Poverty Line limits (presently Annual Family Income of up to Rs.98,000/- for Rural Areas and up to Rs.1,20,000/- for Urban Areas)".

NSFDC along with State Channelizing Agencies (SCAs), Public Sector Banks (PSBs), Regional Rural Banks (RRBs) and other institutions assist the scheduled caste people by way of loans, entrepreneurship development programmes and providing marketing support through skill training. NSFDC provides Loan up to 90% of the cost of project (except Vocational Educational Training Loan Scheme where NSFDC provides upto 100%), subject to the condition that Channelizing Agencies contribute their share of assistance as per their schemes and also provide the required subsidy besides tying up financial resources from other source, if any. Major schemes operated by NSFDC through its Channelizing Agencies are Credit based schemes and Non-Credit based schemes. The present study aims to analyze the beneficiaries' coverage and fund allocation v<sub>s</sub> actuals of NSFDC schemes.

## REVIEW OF LITERATURE

**HARDICON Limited submitted a report to the Government of Karnataka (2012-2013)<sup>1</sup>**, on “EXTERNAL INSPECTION OF BENEFICIARIES/UNITS FINANCED BY NSFDC (Study of Beneficiaries benefitted in 2010-11 & 2011-12) IN THE STATE OF KARNATAKA”. This performance evaluation study clearly states that nearly around 11,633 Scheduled caste women beneficiaries were extended financial assistance under NSFDC schemes in the State of Karnataka during the period 2010-11 and 2011-12. The major beneficiaries were found in rural areas than urban part of the state. The household income and the overall standard of life of majority of beneficiaries has been marginally improved is the major finding of this study.

\*[www.nsfdc.nic.in](http://www.nsfdc.nic.in).

**Dr. Chikkala Kranthi Kumar (2014)<sup>2</sup>**, has briefed that the Central and State Government of India have initiated many schemes for alleviating the poverty and improving the economic status of Scheduled Castes. The Special Central Assistance (SCA) to Scheduled Castes Sub Plan (SCSP) scheme impact was assessed in two districts of South Indian states - East Godavari of Andhra Pradesh and Nizamabad of Telengana. High level of awareness about SCA to SCSP schemes and outstanding loan repayment performance were the key findings of this study. Further, the funds were utilized by the beneficiaries for income generation.

**P. Tamilselvan (2014)<sup>3</sup>** revealed that more than ten schemes for the benefit of Scheduled Castes and Scheduled Tribes has been implemented by Tamil Nadu Adi Dravidar Housing & Development Corporation Limited (TAHDCO) from 2001-2002 to 2010-2011. TAHDCO beneficiaries have perceived the positive impact on seven predominant factors such as occupation, education, income, bank linkage, social contact, political interaction and cultural changes and no impact on other three factors such as spending pattern, saving habit and asset building. TAHDCO schemes have created a moderate impact over the beneficiaries' socioeconomic developmental activities. But the overall empowerment is only at an initial stage. The urban SC/STs beneficiaries are very less than the rural. This study suggested that awareness campaign is necessary for the urban SC/STs beneficiaries.

**Ashutosh Bhardwaj (2016)<sup>4</sup>**, has pointed out that a sum of Rs.80,310/- crore has been allotted for 26 states in 2012-2013, out of this only Rs.61,480 crore was spent as per Government records. However, the SC National Commission audit has found only Rs.9,920 crore or just 12% of the total allocation was spent on SC specific schemes and the rest of the amount was diverted to other schemes. The expenditure on SC-specific schemes is just a small fraction of the total allocation to 'Scheduled Caste Sub Plan' across the nation. To conclude this, almost all the Indian state governments have failed to honour their budgetary commitments towards SC community. This clearly indicates that, there is a discrepancy between fund allocation and actuals of National Scheduled Caste Schemes.

**Nidhi Sharma (2017)<sup>5</sup>** reviewed that the centre plans to recast social sector schemes to improve their efficiency. G.L.K. Rao, Secretary, Ministry of Social Justice and Empowerment answered to Economic Times that “We are studying various schemes to examine their efficacy. This would help to understand why certain problems are still plaguing us”. The

Government has taken steps to find out whether the money spent in the right direction or not. Based on this article, though the Government announces many schemes for the targeted SC communities, the impact assessment of the benefits of the schemes is very meager. Hence, the stock-taking exercise is mandatory at regular intervals and efficacy evaluation study is also needed for these schemes.

## STATEMENT OF THE PROBLEM

The Ministry of Social Justice and Empowerment, Government of India has been launched various schemes and programmes under NSFDC, but an impact assessment of the benefits of these schemes is very little. It is imperative to know the basis of fund allocation and disbursement of NSFDC schemes for performance evaluation. To the best of our knowledge, this is the first study to focus on the fund disbursement status of various NSFDC schemes during the 11<sup>th</sup> and 12<sup>th</sup> five-year plan period. In addition, this study is also assessing the coverage of urban/rural and men/women beneficiaries of NSFDC schemes.

## OBJECTIVES OF THE STUDY

1. To evaluate the growth of NSFDC schemes in India.
2. To identify the relationship between allocation in the current year and actuals in the previous year.
3. To examine the beneficiaries coverage in terms of rural/urban and gender difference.

## HYPOTHESES OF THE STUDY

1.  $H_{01}$ : There is no significant relationship between allocation of NSFDC funds in the current year and actuals of NSFDC funds in the previous year.
2.  $H_{02}$ : There is no significant difference in the rural/urban wise coverage of NSFDC beneficiaries.
3.  $H_{03}$ : There is no significant difference between men and women beneficiaries.

## METHODOLOGY

The present study makes an extensive use of secondary data collected from the NSFDC website. This study covers a period of 10 years from 2007-2008 to 2016-2017. The secondary data used in this study include disbursement of NSFDC funds, notional allocation versus actual during 11<sup>th</sup> and 12<sup>th</sup> five-year plan. Further, rural/urban and men/women-wise coverages of NSFDC beneficiaries were also used in this study. The collected data have been analyzed with the suitable statistical tools such as Mean, Standard Deviation, Coefficient of variation, Compound Annual Growth Rate (CAGR), Linear Regression Analysis and Independent t-test were used.

## ANALYSIS AND INTERPRETATION

The role of NSFDC schemes in India is assessed with fund allocation, fund actuals and number of beneficiaries. From the table 1, it is seen that the total NSFDC schemes fund allocation was Rs.222829 lakh. A total amount of Rs.237745.1 lakh was provided as loan assistance to 562345 beneficiaries during the 11<sup>th</sup> and 12<sup>th</sup> five year plan. The average fund allocation and actuals during the period was found to be Rs.22282.9 lakh and Rs.23774.51 lakh with a standard deviation of Rs.9609.21 lakh and Rs.11149.23 lakh respectively. The maximum number of beneficiaries during 11<sup>th</sup> and 12<sup>th</sup> Five year plan period was 58983 (2009-2010) and 82105 (2016-2017) respectively. On an average, 56234 beneficiaries covered under this scheme during the study period with a CAGR of 7%.

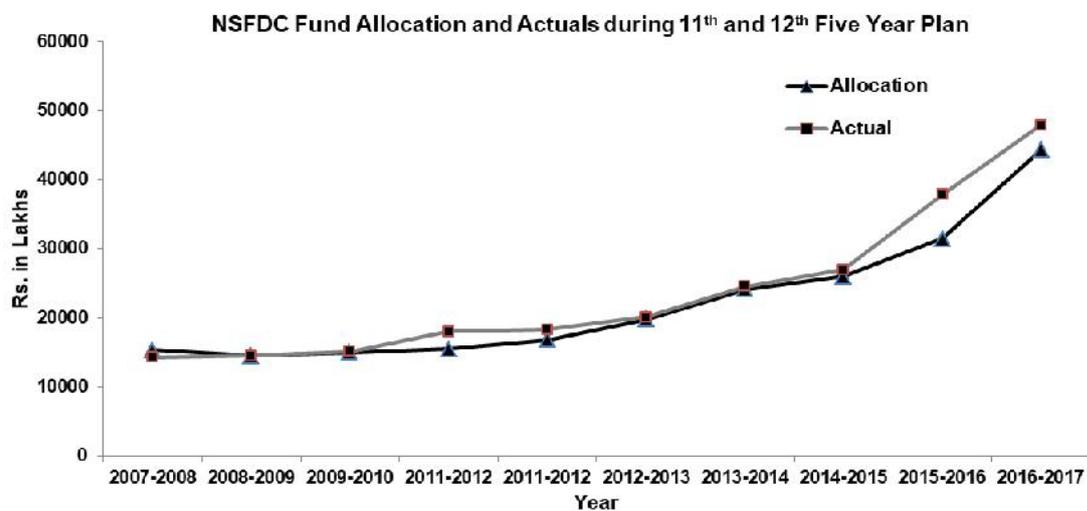
**Table 1. Trend analysis of NSFDC Fund Allocation, Actuals and Beneficiaries during 11<sup>th</sup> and 12<sup>th</sup> Five Year Plan**

Year	Allocation (Rs. in Lakhs)	Actuals (Rs. in Lakhs)	Beneficiaries (in Nos)
2007-2008	15329	14317.02	44366
2008-2009	14500	14533.41	37568
2009-2010	15000	15119.18	58983
2010-2011	15500	18009.37	47728
2011-2012	16800	18277.37	43772
2012-2013	19800	20155.26	50048
2013-2014	24100	24514.42	54975
2014-2015	26000	27026.62	70885
2015-2016	31500	37894.47	71915
2016-2017	44300	47897.95	82105
<b>Total</b>	<b>222829</b>	<b>237745.1</b>	<b>562345</b>
<b>Mean</b>	<b>22282.9</b>	<b>23774.51</b>	<b>56234.5</b>
<b>SD</b>	<b>9609.21</b>	<b>11149.23</b>	<b>14507.41</b>
<b>CV (%)</b>	<b>43.12</b>	<b>46.90</b>	<b>25.80</b>
<b>CAGR (%)</b>	<b>13</b>	<b>14</b>	<b>7</b>

(Source: <http://www.nsfdc.nic.in>)

It is inferred from the above table that there is an oscillation in the coverage of NSFDC beneficiaries during 11<sup>th</sup>

five-year plan. However, the number of beneficiaries consistently increased during the 12<sup>th</sup> five-year plan.



**Fig. 1. NSFDC Fund Allocation and Actuals during 11<sup>th</sup> and 12<sup>th</sup> Five Year Plan**

The above figure shows the growth of Fund allocation and actuals from 2007-2008 to 2016-2017.

### **PREDICTION OF FUND ALLOCATION**

Linear Regression Analysis is used to predict the relationship between current year allocation and previous year actuals.

$H_0$ : There is no significant relationship between allocation of NSFDC funds in the current year and actuals of NSFDC funds in the previous year.

**Table 2. Regression Analysis Predicting Allocation of Funds**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-3774.914	1422.566		-2.654	.033
Actuals of Previous Year	1.272	.064	.991	19.941	.000

$R^2=.983$ ;  $F=397.66$ ,  $p<.000$

a. Dependent Variable: Fund Allocation

b. Predictors: (Constant), Actuals of Previous Year

It is inferred from the table above, the  $R^2$  value .983 indicates that 98.3% of the variance in the dependent variable allocation is explained by the previous year actuals. The p-value of 0.000 is less than the table value at 95% level of significance. Hence, the null hypothesis is rejected and concluded that actual fund disbursement in the previous year is a significant predictor ( $p<.000$ ) of allocation of funds in a current year. If the previous year allocated fund is fully disbursed, then the current year fund allocation will be more.

### DIFFERENCE BETWEEN RURAL AND URBAN BENEFICIARIES

The Independent t-test is used to compare the means between two independent groups, rural and urban beneficiaries.

$H_{02}$ : There is no significant difference between rural and urban-wise coverage of NSFDC beneficiaries.

**Table 3. Number of NSFDC Beneficiaries from Rural and Urban during 11<sup>th</sup> and 12<sup>th</sup> Five Year Plan**

S. No.	Year	Rural Beneficiaries (in Nos)	Urban Beneficiaries (in Nos)	Total Beneficiaries (in Nos)
1	2007-2008	26394	17972	44366
2	2008-2009	21881	15687	37568
3	2009-2010	33271	25712	58983
4	2010-2011	26923	20805	47728
5	2011-2012	25613	18159	43772
6	2012-2013	27720	22328	50048
7	2013-2014	28972	26003	54975
8	2014-2015	40239	30646	70885
9	2015-2016	39793	32122	71915
10	2016-2017	42968	39137	82105

(Source: <http://www.nsfdc.nic.in>)

**Table 4. Test of Significance of Mean difference between Rural and Urban Beneficiaries**

	Groups	N	Mean	SD	SEM	T	Sig.
Domicile	Rural	10	31377.40	7261.21	2296.20	1.99	.062
	Urban	10	24857.10	7389.37	2336.72		

It is inferred from the table above, the p-value of 0.062 is more than the table value at 95% level of significance. Hence, the null hypothesis is accepted and it is concluded that there is no significant difference between the number of rural and urban beneficiaries covered under the NSFDC schemes [  $t(18)=1.99$ ,  $p<.062$ ].

### GENDER DIFFERENCE IN NSFDC BENEFICIARIES

The Independent t-test is used to analyze the gender difference in NSFDC beneficiaries.

$H_{03}$ : There is no significant difference between men and women beneficiaries.

**Table 5. Number of Men and Women NSFDC Beneficiaries**

Sl. No.	Year	Men Beneficiaries (in Nos)	Women Beneficiaries (in Nos)	Total Beneficiaries (in Nos)
1	2007-2008	22895	21471	44366
2	2008-2009	18156	19412	37568
3	2009-2010	16100	42883	58983
4	2010-2011	19695	28033	47728
5	2011-2012	14790	28982	43772
6	2012-2013	15496	34552	50048
7	2013-2014	15152	39823	54975
8	2014-2015	19702	51183	70885
9	2015-2016	18728	53187	71915
10	2016-2017	20104	62001	82105

(Source: <http://www.nsfdc.nic.in>)

**Table 6. Test of Significance of Mean difference between Men and Women Beneficiaries**

	Gender	N	Mean	SD	SEM	t	Sig.
Beneficiaries	Men	10	18081.80	2644.50	836.26	4.39	.001
	Women	10	38152.70	14215.38	4495.30		

It is inferred from the table above, the p-value of 0.001 is less than the table value at 95% level of significance. Hence, the null hypothesis is rejected and concluded that there is a significant difference between the number of men and women beneficiaries covered under the NSFDC schemes [ $t(18)=4.39, p<.001$ ]. Women beneficiaries are found to be more ( $M=38152.70, SD=14215.38$ ) when compared to men ( $M=18081.80, SD=2644.50$ ). In order to enhance the women empowerment, the Mahila Samridhi Yojana, Mahila Kisan Yojana and Nari Arthik Sashaktikaran Yojana schemes have been initiated by the Government of India. This could be the probable reason for the significant increase in NSFDC women beneficiaries than men.

### SUGGESTIONS

- The Government of India should reorient its policies and programmes to provide social justice and empowerment to the depressed section of the society.
- The government should create awareness through media, bank agencies, educational institutions and self-help groups for increasing the maximum number of beneficiaries.
- This study also suggests to give due consideration to men beneficiaries.
- State-wise impact assessment study for NSFDC schemes should be conducted at regular intervals in the entire country. Based on that they can know their efficacy and beneficiaries status.

### CONCLUSION

The central and state governments of India have initiated various plans and schemes for the amelioration of the Scheduled Castes. One of the initiatives has been the NSFDC, provides financial support for the socioeconomic development of Scheduled Castes living below the double poverty line. NSFDC is working in an efficient, responsive and collaborative manner with state channelizing agencies and other development partners. An analytical study was conducted on fund disbursement and beneficiaries' coverage of NSFDC schemes in India. This study examined the status

of NSFDC schemes during the 11<sup>th</sup> and 12<sup>th</sup> five-year plan period. The allocation of funds and actual disbursement of NSFDC funds have been compared. The actual disbursement of funds in the previous year is a significant predictor of allocation of funds in the current year. Further, there was no significant difference between urban and rural beneficiaries. But more women beneficiaries were covered than men during this study period. From this study, it is clear that the number of beneficiaries is consistently increasing and covered from both rural and urban parts of India. Thus, the implementation of NSFDC schemes helps the scheduled caste population with financial assistance.

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