CHAPTER VII

HURDLES OF PMRY SCHEME IMPLEMENTATION

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CHAPTER VII

7.1 INTRODUCTION

This Chapter aims to examine the hurdles of Prime Minister's Rozgar Yojana (PMRY) Scheme. The different implementing agencies of Dibrugarh and Tinsukia districts had to face severe problems in implementing the Scheme. The beneficiaries have also to come across different hurdles in the process of selection and getting their loans sanctioned and disbursed. The study also attempts to see the attitudes of implementing agencies who play a key role in providing the loans. For this we not only had discussions with implementing agencies but also try to ascertain the problem faced by the beneficiaries. It is apparent that achievement of the Scheme depends to a large extent on the co-ordination among the implementing agencies and beneficiaries. Specially co-ordination is necessary among the concerned Extension officers/field functionaries, Bank branch Managers and beneficiaries at the field level. Therefore, any communication gap among them is bound to adversely affect the Scheme in proper implementation. During my field visit an effort was made to discuss with the officials of DI&CCs, Branch Managers and finally observed the reaction of the beneficiaries under the Scheme. Some of the difficulties expressed by them during the period of visits are discussed below:
7.2. DIFFICULTIES FACED BY THE DI&CCs’ FUNCTIONARIES.

The difficulties faced by DI&CCs’ functionaries in course of applicants’ motivation, selection, sanction and disbursing the loan are discussed below.

7.2.1 DIFFICULTIES TO MOTIVATE PROSPECTIVE BENEFICIARIES.

The responsibility of DI&CCs under PMRY Scheme is to motivate prospective entrepreneurs for self-employment through PMRY financial assistance. After receiving the target, DI&CC allotted the target to different bank branches as per the service area approach as after discussion with Lead District Manager (LDM). The district level physical target was distributed to each block and town as per population Target allotment is prepared in consultation with a District level Task Force Committee (TFC) as per guidelines of PMRY. Moreover, DI&CCs are the sole authority to co-ordinate between beneficiaries and banks for execution of the Scheme.

7.2.2 DIFFICULTIES DURING APPLICATIONS COLLECTION.

Applications were invited from educated unemployed youths of the respective blocks and towns/ urban areas through advertisement in newspaper or electronic media or official notice. Applications are collected and scrutinized by DI&CC centrally and distributed to concerned field functionaries/ Extension Officers (E.Os) for enquiry as directed by Chairman of TFC/ General Manager of concerned DI&CC. The concerned E.Os submitted the applications to the Chairman after completion of proper enquiries.
7.2.3 PROBLEM FACED DURING BENEFICIARIES SELECTION

Task force Committee was called on to selection of applicants. This is done twice to three times in a financial year to fulfill the target, if applicants usually do not participate in the selection meetings. This created severe problems to the Chairman of TFC in selection of the beneficiaries. The selected loan applications by TFC were sponsored to concerned bank branches as per fixed target.

7.2.4 UNDUE PRESSURE FOR SELECTION OF APPLICANTS

The prompt action on the part of the DI&CC officials depends upon the sincerity of the field functionaries at field level and other concerned officers for implementing the Scheme. Sometimes the General Managers of DI&CC as chairman of TFC under the pressure of political leaders or other organizations select in interviews the ineligible applicants. Sometimes disqualified applicants came to DI&CC office and put undue pressure to select them for getting the loan.

7.2.5 DELAY IN APPLICATIONS SANCTION

The DI&CC generally sponsor the selected applications to respective bank branches by August-October of each financial year. However, the banks Managers do not take any action immediately to process the applications. Almost all Bank branches process the sanction of loan applications from the month of February and March. Generally after getting loan sanctioned by banks, the applicants were intimated by DI&CCs
functionaries for EDP training. This creates problem for the DI&CC to conduct the EDP training in time.

7.2. 6 LACK OF CO-OPERATION

Another problem faced by the DICC is that the Bank branches do not co-operated with DI&CCs for sanctioned and disbursement of loan to the beneficiaries in proper time, which created problem for the DI&CCs. For example, after sponsoring the loan proposals to concerned banks, the bank branches some times return the proposals, which were incomplete with documents. Then the applicants whose proposals were returned to DI&CC communicated by concerned E.Os to submit the necessary documents. Thereafter DI&CC have to re-sponsor these applications again after making necessary correction. Such activity needs a long period to sanction the loan applications before 31st March. Our study shows that there was tremendous problem at DI&CC level to implement the Scheme because of their irregularities. We have also seen that, the time lag between DI&CC and Banks was quite long.

7.2. 7 NON-AVAILABILITY OF FIELD OFFICERS

The non-availability of sufficient bank level field officers also created difficulty in efficiently performing the activities of E.Os assigned by the General Managers/ Chairman of TFC in case of PMRY. Frequent Joint supervisions by concerned Extension officers and the Field officers of bank branches quicken the receipt of the loan by the beneficiaries. But due to shortage of field officers in each and every bank branches, DI&CCs fails to
supervise the activities quickly. Some times bank branches avoided the fixed joint recovery drives with DI&CCs officials due to shortage of field officers.

7.2.8 INSUFFICIENCY OF DEPARTMENTAL FUND

The fact about hurdle of the DI&CCs was insufficiency of departmental funds for proper implementation of the Scheme. Due to that reason, DI&CCs of both the districts under our survey did not properly communicate with the unemployed youths in remote areas either through awareness programmes or through and field investigation.

7.3. DIFFICULTIES FACED BY BANK OFFICIALS

It is not always that DI&CCs only face problem in implementing the PMRY Scheme. The financing banks also confront with problem associated with PMRY loan. The problems faced by Branch Managers in course of disbursing the loans are many. Some of the problems revealed to me during my field visit are discussed below.

7.3.1 ONE-MAN BANK BRANCHES

Most of the bank branches in rural areas were either one-man branch or they have shortage of field officers. Due to that reason the bank branches can not verify the sponsored applications or the feasibility of the schemes. The branch manager has to visit the beneficiaries for spot verification. Most of branch managers could not spare sufficient time to deal with PMRY works in addition to his normal activities. Hence, there is delay in sanctions and disbursement the loan in proper time.
7.3.2 NON-VIABLE PROJECTS

Many loan proposals sponsored by the DI&CCs were not found feasible in a particular locality. And sometimes, loan proposals were found economically not viable in the same service areas. That is why these proposals were to be returned to the DI&CCs for resubmission with viable projects. Therefore, the entire process took long period and ultimately the beneficiaries faced the problem.

7.3.3 DIVERT OF LOAN AMOUNT

Non-income generating units created a great difficulty to the financing banks. It has been observed that, sometimes the beneficiaries had to manage the fixed assets themselves after disbursement of first instalment. They are also to convince the field functionaries of DI&CC and Bank's field officers or branch managers about the utilisation of loan. On the basis of this, banks disburse the working capital portion to these beneficiaries. However some of the beneficiaries make fake purchase of fixed assets, which the bank could not trace out for lack of spot visits. These led to a large number of fake purchases of entire loan amount. The amount disbursed by bank branches to the beneficiaries indirectly diverted into cash and utilised for the purchases non-utilities. Thus the beneficiaries divert of loan and it is not always possible for the bank branches to stop such practice. Subsidy claim is also a time taken process for bank branches as against the full amount of loan disbursed before cut off date from Reserve Bank of India.
7.3.4 NON-REPAYMENT OF LOAN

This is either for lack of income generation from the units or sometime it is willful defaulter. Most of the beneficiaries under the Scheme generally feel that PMRY is a government-sponsored Scheme and the debt liability could easily be avoided. One problem mentioned by the banks' official was that, Government did not arrange joint recovery drive. Due to that reason beneficiaries do not visit the banks for loan repayment.

From the above, it is seen that the implementing agencies of PMRY have been facing a lot of genuine difficulties. Until the appropriate steps from both sides are taken to remove these difficulties the implementation of PMRY Scheme is bound to suffer.

7.4. DIFFICULTIES FACED BY THE PMRY BENEFICIARIES

The effectiveness of PMRY Scheme on the sample beneficiaries from the research sample areas in both the districts has been mentioned in the earlier chapters. The difficulties faced by the beneficiaries, while acquiring assistance under the programme and other associated problems faced by the beneficiaries have been discussed below. These problems or hurdles range from it lack of procedural knowledge about the project, Selection period, multiplicity of procedures, inadequacy of loan amount, burden of repayment of loan etc.
7.4.1. PROBLEM FACED DURING SELECTION & SANCTION PERIOD

One of the main problems faced by the beneficiaries which was reported during the field visits almost all the surveyed areas was that they had to face formidable hurdles in getting the loan sanctioned. 41 percent beneficiaries have confessed that they have faced problem from DI&CCs officials at the stage of selection. Another section of the beneficiaries (18 percent) had to rely upon middlemen or political leaders to get loan selection. 20 percent of the beneficiaries stated that they had faced problems from the Banks officials for loan sanction and disbursed. Moreover, they had to visit frequently the concerned offices to meet the officials. Even they also had to go to concerned Bank branch after sponsored the applications for sanctioned the loan. For this reason they had to spend much time, energy and money.

The beneficiaries were also confronted with problems like procedural difficulties request the PMRY loan. Almost 78 percent of the beneficiaries admitted that they had to rely on forum of DI&CC officials since they lack of knowledge on formalities.

7.4.2. INADEQUATE OF PMRY LOAN AMOUNT

As data reveals that the required loan amount by the sample beneficiaries in all sectors was Rs.4.85 crores as per project cost but the loan disbursed was Rs.4.05 crores. Hence, the shortage of fund was 16.51 percent. Due to shortage of fund some beneficiaries had to manage the amount of shortage from other sources as additional investment in their units.
26 percent of the beneficiaries are found to have resorted to other sources for invest in their projects.

7.4.3. FORMALITIES

All the beneficiaries stated that they have to overcome many formalities from the date of application till the loan received from banks. The beneficiaries felt that the concerned agencies could have relieved them from many of the official formalities. The beneficiaries felt discouraged by such avoidable formalities.

7.4.4. LOW QUALITY OF LIVESTOCKS AND INADQUATE SERVICE FACILITIES

In some cases of business sector, 23 percent beneficiaries under the Scheme received the loan for Agriculture, Fishery and Veterinary department related units. In case of veterinary units, 10 percent beneficiaries were faced the problem of non-availability of good quality livestock near by for which beneficiary purchased the low quality of livestock which obviously result in poor output and resultant poor repayment capacity. Another problem faced by the beneficiaries was lack of proper veterinary services as a major problem for livestock rearing. Such services were not available in the interior areas of Sadiya sub-division and Tingkhang block areas. Due to this reason many beneficiaries who had to suffer loss in their units making them unable to repay the loan instalments.
About 11 percent of total beneficiaries were agricultural related beneficiaries, they also faced the similar problem specially in case of Tea nursery and Tea plantation units. Such units were highest in Tingkhang block (6 percent). Due to this reason many beneficiaries under such schemes had to suffer loss their units and unable to repay the loan instalments in time. In case of Fishery units the beneficiaries were faced same problem. A number of beneficiaries complained that no officials of Fishery department visited their units’ guidance.

7.4.5. BURDEN OF LOAN REPAYMENT.

About 80 percent of the beneficiaries reported that they have not been able to repay the due amount of loan in time. Generally loan repayment is burden to them who do not earn sufficient income from the units. Several reasons have been identified for burden of bank loan in time. 35 percent of the beneficiaries did not feel to repay the loan. More than 11 percent beneficiaries who failed to repay the due instalments had utilised the earnings for domestic purposes. About 23 percent beneficiaries did not repay the loan for losses of their ventures and 15 percent beneficiaries were to unable due to less income. But beneficiaries having capacity to repayment their dues also find the loan repayment a burden due to lack of their moral obligation to repay loan.

7.4.6. LACK OF MONITORING OF THE SCHEME

Being a nodal agency, DI&CCs should monitor the implementation of the Scheme at district level for each sector. The
implementation of PMRY Schemes and their monitoring are to carry on continuously at block levels. This is done by physical verification of the units. Utilisation Certificate for proper investment of loan is one of the most important documents for joint verification of units. The officials of implementing agencies should verify every unit of beneficiary but they reveals do so. Therefore it is difficult for DI&CC and Banks officials to see that the beneficiaries have properly utilised amount disbursed.

7.4.7. LACK OF TECHNICAL KNOWLEDGE:

It is generally seen that the most of the beneficiaries do not have adequate technical knowledge of the units they have taken up. This important aspect was not given the proper importance at the time of selection of the projects under the Scheme. About 5 percent beneficiaries reported that they did not have basic knowledge of the units. Therefore they faced difficulties in arranging raw materials or purchasing for their units and as a result they continuing faced problem of managing their units.

A number of beneficiaries during the present study revealed that 8 percent of the beneficiaries applied for the loans only for the subsidy norms. Some of the beneficiaries were found to be economically not sound even after loan for which they could not run the units to increase additional income.

7.4.8. DIVERSION OF LOAN AMOUNT

It was known from the beneficiaries that in a very few cases, About 8 percent beneficiaries who failed to repay their loan instalments as
they diverted the loan amount to other areas and also diverted their working capital meet household consumption expenditure and purchased of non-economic areas.

7.4.9. HIGH RATE OF INTEREST AND SHORT GESTATION PERIOD

Another difficulty faced by some beneficiaries for higher rate of interest of loan amount and short term moratorium period. Due to this reason loan installments were high and they could not repay the loan regularly. About 4 percent beneficiaries reported that high rate of interest and about 3 percent beneficiaries stated shortage gestation period as reasons for non-repayment of loan instalments.

7.4.10. TIME LAGS FOR COMPLETION OF FORMALITIES

It is generally seen that a considerable time is lost in completing the formalities by the DI&CC and Bank branches. For example it took more than seven months from receipt of applications and sponsoring to bank branches. Further there is gap of at least six months in between loan sanction and disbursement of the loan. About 16 percent beneficiaries reported that they faced difficulties at DI&CC level and more than 89 percent beneficiaries reported that they had faced difficulties at bank level for completion of the formalities by the DI&CC and Bank branches. Such delay naturally disheartens the beneficiaries.

7.4.11. LACK OF TRANSPORTATION FACILITIES

About 30 percent beneficiaries reported that they had suffered from inadequate transportation facilities for visiting the DI&CCs and Bank
branches. The beneficiaries from Tingkhang block were faced this problem severely as compared to other blocks of Dibrugarh district. In Tinsukia district, highest 39 percent beneficiaries of the Sadiya sub-division had faced this same problem. There are no sufficient transportation facilities. Banks are generally located at a distance of 5 to 15 KM from the beneficiaries’ residence. It is observed that, some of the beneficiaries in Sadiya and Tingkhang block areas who do not have a bicycle and suffer from this problem.

7.4.12. EDP TRAINING FOR PMRY BENEFICIARIES

Many of beneficiaries were not interested in take up Entrepreneur Development Programme (EDP) training. Some of the beneficiaries generally prefer to avoid such standard of training conducted either by DI&CC officials or by NGOs are considered to be quite tough. All the 485 beneficiaries completed training programme successfully before availing the loan. Most of the beneficiaries of the samples had attained training from rural areas even they faced financial hardship to meet the transportation cost during training period. Sometimes beneficiaries faced tremendous problem for getting the sanction letter from concerned Banks in time. In view of these better experiences many beneficiaries did not spontaneously forward to complete the training programme. According to the available data from field investigation the sample beneficiaries faced different problem as stated above.