CHAPTER-5

SUMMARY, CONCLUSION AND SUGGESTIONS

This chapter presents a summary of the main findings of the study with a view to reach at some specific conclusions. This study is a humble attempt to investigate the impact of the implementation of PSCLDFC in terms of raising incomes, changing employment and assets profile of the beneficiaries.

The scheduled castes in the country are socially depressed, economically dependent, politically marginalized and culturally deprived and starved. During the last five decades (1951-2001) of plan period, the fruits of development were not percolated uniformly for whom they were intended. The scheduled castes, especially the down trodden part of society is deprived of the benefits as this section of society could not get its due share out of the development made under various plan programs. The Centre/State Govt. launched various plans/programmes in different fields for the social, economic & political empowerment of this section of the society. For instance, certain provisions were made in the constitution of India, following which the provision of job reservation at the Centre/State levels was made. It was, however, realized, at the very outset that such measures would benefit only “a few” of them because of their general low literacy and education levels. The solution, therefore, would lay in creating self employment opportunities for them both in rural (where 75.66 per cent of them lived) as well as in urban areas.
With the latter in view “Punjab Scheduled Castes Land Development and Finance Corporation” was envisaged by the Govt. of Punjab in 1970-71 (Under Punjab Act No. 9 of 1970), as a nodal agency for economic development of Scheduled Castes. It was mandated to provide loans either directly or indirectly through Central Govt. agencies, financial institutions etc., for the upliftment of the Scheduled Castes. There are many schemes adopted by “Punjab Scheduled Castes Land Development & Finance Corporation”, one such and first ever to start was “Direct Lending Scheme”. The scheme came into operation during the year 1971-72 with the objective of providing financial assistance to Scheduled Castes, so that they acquire necessary means of production/assets to start self employment ventures. There are 54 such ventures/sub schemes under the “Direct Lending Scheme” e.g. Dairy farming, Karayana business, Cloth business, Shoe-making, Hosiery, Truck/bus, Poultry farming, Goat rearing and Purchase of land etc. Under the terms and conditions of the “Direct Lending Scheme” any Scheduled Caste person residing in Punjab is eligible for financial assistance for different productive purposes.

A vast literature exists on various aspects of scheduled castes like discrimination, untouchability, atrocities and castism. But it is somewhat surprising that there has been little academic interest in exploring the actual operation of the schemes for economic upliftment particularly of scheduled castes and finding out how the targeted beneficiaries viewed these schemes. Centre/ State government introduced many welfare schemes for the upliftment of the weaker section of the society. Resultantly various studies have been conducted to assess the impact of the programs such as IRDP.
But no study has been conducted to evaluate the performance of PSCLDFC, especially with reference to its DLS. A need is, therefore, felt to study the functioning of the DLS of PSCLDFC and access its success and/or failure for the economic upliftment/empowerment of the Scheduled Castes in the Punjab State. The very purpose of the study is to see the relation and difference between the objectives of the DLS of PSCLDFC and actual impact of its implementation.

The study was conducted in the Punjab State. For this study universe consists of all the districts in which “Punjab Scheduled Castes Land Development & Finance Corporation” operated. On the basis of a comparison of loan sanctioned/disbursed by the “PSCLDFC” in all the districts of the Punjab State, for the year (1995-2000) highest percentage of beneficiaries, loan sanctioned/disbursed and scheduled castes population were found in the districts of Jalandhar and Hoshiarpur. Giving due coverage to all the selected schemes, concentration of beneficiaries and scheduled castes population accordingly Jalandhar and Hoshiarpur were selected for the study. The area of the sub-schemes covered under “Direct Lending Scheme” is very vast. It is not possible to do micro level analysis of all the sub-schemes. Hence, for the in-depth analysis the scope of the study, is limited to the major four sub-schemes: Dairy Farming, Karayana Business, Cloth Business and Shoe-Making. The Stratified Sampling technique has been followed for selection of the respondents. The respondents for this study comprised of 300 beneficiaries and 150 non beneficiaries. Further to ascertain the difference in current annual incomes of beneficiaries and non beneficiaries a “Recall period” is taken into consideration. The data collected from primary (collected through a structured
Beneficiary Schedule) and secondary sources was edited, classified and tabulated in the required form. The data so tabulated was analyzed with the help of statistical tools like Frequency Distribution, Percentages, Averages, Cross Table, Paired t-test and Wilcoxon Signed Rank Test. and

Basic objective of the study is to assess whether and to what extent the beneficiaries, post loan:

(a) Annual incomes have increased.

(b) Occupation and status in terms of unemployed/wage earners to self-employed; self-employed to employer etc. has changed.

(c) Residence has gone spatial change in relation to earning livelihood and residence and whether they view it as positive change.

(d) Quantity/quality and composition of their asset holdings has improved.

(e) Consumption profile in terms of durable and non-durable goods has changed-improved.

(f) Savings and investment particularly w.r.t. human capital profile has increased.

(g) Apart from studying the above mentioned socio-economic impact of the scheme, its appraisal also requires to have a look at the targets set, loans granted, loans actually disbursed & time taken etc. to grant/ disbursed loans.

The regularity and adequacy of recovery of loans granted/advanced and policy towards the defaulters also
affects its success because the seriousness with which the repayments are pursued would directly affect the quality of utilization of loan in creating assets and hence affect the income generation stream and other effects.

(h) We therefore propose to also study, albeit only to a limited extent, the administrative functioning of this scheme to have a more comprehensive and holistic view of the scheme's contribution towards promoting welfare of Scheduled Castes.

While comparison of the pre and post loan disbursal economic profile of the beneficiaries, as also a comparison with their counterfactuals who either applied for loan but their applications were rejected or whose loans were cancelled not disbursed etc. would help us appraise the direct lending scheme of PSCLDFC, it is also proposed to list out the inadequacies of the scheme as perceived by the beneficiary/beneficiaries and their suggestions for the improvement in the scheme. The scheme transformed/ reformulated as per suggestions of the beneficiaries & our own suggestions could possibly help modify public policy for empowering Scheduled Castes: an issue which can no longer be postponed.

5.1 SUMMARY OF THE FINDINGS

Main focus of the study as noted above is on assessing the impact of PSCLDFC'S loan on its beneficiaries in terms of increase in income, changes in occupation, composition of their asset holdings, durable and non durable goods etc. The scheme unfortunately has not been able to achieve its declared objectives as is clear from the following.
Out of the 300 beneficiaries, total misutilisation of loans has been observed in 229 beneficiaries i.e. 76.34 per cent. This shows high percentage of misutilisation. Only 64 beneficiaries i.e. 21.33 per cent have utilized their loan properly. Remaining 07 beneficiaries i.e. 2.33 per cent have partially utilised their loan. Out of the 71 beneficiaries who utilized their loans for the purpose it was granted, had created assets. Only 14 beneficiaries at the time of survey had their assets intact. In the case of 57 beneficiaries, business failed for one or the other reason.

A comparison of the quantum of the pre & post loan income generating assets shows non significant change even in case of those whose assets were intact at the time of survey i.e. 14 beneficiaries. This is mainly because of gross under financing of the beneficiaries.

As a necessary outcome of this there has been little change in income of the beneficiaries. A comparison of current average annual income of those who successfully utilised their loans and created assets (i.e. 14 beneficiaries) with the current average annual income of counterfactuals (i.e. 150 non beneficiaries) shows that there is no significant difference. Further a comparison of current average annual income of 14 beneficiaries with 150 agriculture labourer's shows that more or less their income level is the same. The scheme therefore failed to significantly increase the income of the beneficiaries as well as of their family.

There has also been a little increase in durable goods. Further no significant change has been found in the sphere of consumption, domestic & other and educational expenditure of the beneficiaries whose assets were intact.
Out of the 14 beneficiaries whose assets were intact at the time of survey, as many as 9 have been able to change their occupation and perceive it to be a positive change. Remaining 5 beneficiaries extended their exiting occupations. Had the scheme been successful there would have been a welcome change in occupational status of the scheduled castes. Further no spatial change is found with regard to occupation/employment.

The study further reveals that no savings and investments particularly w.r.t. human capital has been made by the beneficiaries.

Inadequate/insufficient/under financing of the scheme is another major draw back of the DLS of PSCLDFC. Field survey reveals that the quantum of loan for the ventures is insufficient and does not match the requirements of a successful venture. Low percentage of loan disbursed as against prescribed limit fixed by the PSCLDFC has been found to be the reason for low assets creation & income generation.

It was found that the beneficiaries were not much aware about the schemes of corporation especially about the DLS. The restricted entry to ‘DLS’ has also been lacking due to the lack of access to officialdom & practice of red-tapism and above all, almost negligible presence of formal channels of information dissemination. The beneficiaries mentioned informal channels as their main source of information. Potential/suitable beneficiaries were not even aware of the existence of any such schemes. Communication gap among beneficiaries and corporation officials leads to mushrooming of touts and middlemen who arrange loans for a selected few.
It is further observed that the beneficiaries faced procedural difficulties at different stages/levels for getting loans. The first and the fore-most problem is that there were number of complicated formalities to be completed prior to sanctioning of loan which discouraged many needy people from applying for the loan.

The gap between applying, sanction and disbursement of loan is unnecessarily long. It is also found that various costs involved in taking loan were very high, as much as 10.39 per cent of the average value of the loan sanctioned. As most of the beneficiaries borrow, high cost money from money lenders the effective receipt of loan falls short of the sanctioned which itself was inadequate.

Majority of the beneficiaries in the sample were found to be illiterate. Such persons were easily lured by the middlemen who took the lion's share from their loan amount. With inadequate finance left after paying middlemen, cost the beneficiaries not in a position to create adequate assets.

On the overall basis most of the beneficiaries were found in the age group of 48-58 years. Our survey based on formal meetings with all of them reveals that the aged beneficiaries were in most of the cases not only illiterate but also lethargic and lacked motivation. Field survey further reveals that there are more chances of misutilisation of loan by the aged beneficiaries.

The survey reveals that woman participation is about to nil. Only 2.33 per cent of woman benefited. Out of the women beneficiaries who utilized the loan i.e. 0.66 (2 beneficiaries) for the said purpose none of their assets were intact. Scheduled caste
women being more vulnerable and poor as compared to men need special schemes.

As expected the recovery position has also been observed to be poor. During the survey, it was also observed that one of the reasons for low recovery in the scheme, is non-viability of the ventures (mainly due to under financing) and other family needs of the beneficiaries. In addition to this as mentioned above, beneficiaries are often misguided by the local politicians, that they need not to repay the loan since they are living BPL and so their loan is likely to be waived off. Another reason, found for low recovery, was that beneficiaries, were neither aware about the balance outstanding against their names nor any record was kept by them about the amount of loan, rate of interest, number of installments, penal rate of interest etc. In the absence of any pass books and lack of facility of knowing from the district office of the corporation their ignorance about all such matter gets compounded.

However the failure of the scheme to significantly increasing the income, assets and durable & non durable goods etc. not withstanding, there has been a welcome change in occupational profile of the beneficiaries whose assets were intact at the time of survey/ who utilized the loan in the right earnest.

5.2 CONCLUSION

The Punjab scheduled castes land development and Finance Corporation has taken measures to improve the lot of scheduled castes. The massive sums of money have been allocated for the purpose is an indication of positive intent. However, the impact in
terms of actual, social and economic transformation, is very disappointing. The condition of scheduled castes has not improved. While the progress reports published by the government of Punjab and private agencies on the success of various schemes implemented for the scheduled castes welfare do create a good impression but the ground reality is altogether different.

Overall review of the field survey shows that the “DLS” of “PSCLDFC” has not been proved successful in bringing about any sustained economic changes. The economic status of the beneficiaries is more or less the same. Major reason of the failure of the “DLS” of “PSCLDFC” as evaluated is that the DLS is not implemented/introduced as it was construed.

The impact of overall survey results that there is need of existence of “PSCLDFC” in the state since there is no other institution exclusively meant for SC's. The financial structure of the PSCLDFC should be improved to enable to feed the beneficiaries in the light of the schemes up to the maximum requirements of the ventures. On the other hand the beneficiaries will gain in making their venture a success as and when they are financed fully. The status of the PSCLDFC is an asset for the upliftment of the scheduled caste beneficiaries. Further perusal of the data reveals that to make the schemes a success there is need of overall restructuring/ reorganise from various angles of the “DLS” of “PSCLDFC” keeping in view the interest of the beneficiaries. The need of the hour is also to train/guide the beneficiaries at every step regarding proper utilization of their loan for the productive purpose only.
It is further concluded that the “DLS” of “PSCLDFC” should be continued with the following suggestions. Now it is up to the Govt. whether to close the “DLS” of “PSCLDFC” or to continue it. Discontinuance of the “DLS” would be like throwing the baby with the bath water. Interaction with the beneficiaries indicates that the scheme can still be useful if suitable modifications as discussed are made. However it is advised that the “PSCLDFC” should peep into the deficiencies of the “DLS” and approach the Govt. with certain modifications for the successful implementation of the scheme.

This chapter also attempts to pinpoint the suggestions emerging from the foregoing analysis for improving the “Direct Lending Scheme” of “The Punjab Scheduled Castes Land Development and Finance Corporation”. The conducted survey reveals that the PSCLDFC is regular in attendance but yet poor in performance.

5.3 SUGGESTIONS

• The quantum of loan for the ventures is insufficient and does not match the requirements of a successful venture. It is suggested that loan amount should be increased and advanced as per the needs of beneficiaries keeping in view the viability of the project. The assistance under ‘DLS’ should be increased to cover the entire cost of project/venture, so that the beneficiaries need not to misutilise or borrow from the other sources. The beneficiaries desired that the entire assistance should be provided to them in a single installment. This would help in running the activity/venture in a better manner. Additional funding after operation for working capital
requirements (if any) should also be provided whenever necessary. This could also help in generating income at the earliest. It is suggested that keeping in view the set of the venture the PSCLDFC should finance fully in the light of their prescribed ventures. It is further suggested that the PSCLDFC should select less number of beneficiaries and advance loans as per the limit fixed for different ventures. It will assist the beneficiary to make the venture a success.

- In order to improve the scheme it should be made mandatory that district manager of the corporation should visit the place of beneficiary before giving loan. It is further suggested that merely financing the beneficiaries is not sufficient; there must be a watch & ward to ascertain the proper utilisation of the finance for the specified venture. Timely guidance required at any stage to the beneficiary must be provided to enable to make the venture a success. Proper verification of the assets must be regularly conducted to restrain the beneficiary for misutilisation of the loan. On the other hand the beneficiaries, too, are responsible to make the venture a success and should be motivated accordingly.

- The beneficiaries are weak not only in economic terms but also in respect of skills and abilities needed for the maintenance of the assets to be provided under the scheme. Careful planning & intensive training regarding the venture should equip beneficiaries to enable them to capitalize on the employment opportunities thrown up by the new economic situation. They need a continuous support and guidance to ensure the
minimum expected incremental income from the asset. The beneficiaries consist of people who have limited experience in using money for productive purposes. It is suggested that beneficiaries should be imparted pre-disbursement and post disbursement counselling for proper operation and maintenance of their assets.

- There is need to minimize the gap between applying, sanction and disbursement of loan. It is suggested that there should be a set procedure to sanction loan in a time bound manner. The competent authority should also review the pending cases from time to time.

- Procedure starting from the loan application to loan disbursal should be simplified as far as possible so that beneficiaries are required to spend minimum time, energy and money for obtaining the loan. Further suggested that check on corruption and bribe is essential to curb for easy availability of loan.

- Costs involved in getting loan are high. It is suggested that steps should be initiated to reduce such costs.

- Proper identification of prospective/eligible beneficiaries and adequate finance for the purpose constitute the kingpin in the entire gamut for successful functioning of the scheme. It is suggested that proper identification of 'below poverty line; (beneficiaries) scheduled castes families is long over due. It should be thrashed out in meetings of panchayat members and list of eligible beneficiaries be displayed at the panchayat ghar itself to maintain the transparency. The Punjab
scheduled castes land development and Finance Corporation should follow the set norms for selecting the beneficiaries. The interest of beneficiaries, may also be watched before the loans, are sanctioned. The intention and the credentials of the key persons behind the venture should be ascertained before embracing on such project. Due identification should be undertaken that the genuine beneficiaries are selected for the schemes.

- Generating awareness among scheduled castes about the different schemes, procedures, conditions/requirements for moving the application etc. is very essential. To popularize the schemes and to select genuine beneficiaries, it is suggested that information campaign should be initiated in each district regarding "PSCLDFC" its objectives and loaning schemes. Officials of each district should hold camps there to inform the village leaders including village officials like Panchayat, Patwari, school teachers, doctors, activists and the target group about the various schemes. Field officers should also visit those areas/villages which had not even single beneficiary, so that benefit of the scheme should spread evenly throughout the state. The door to door survey by the corporation will help in breaking in chain of the middlemen. This action, vanishing the middlemen, facilitates the beneficiary in getting the full amount of loan sanctioned by the corporation which earlier was usually grabbed by the middlemen. Field survey further reveals that even panchs and sarpanchs, at present were not aware about this. It is suggested that there is need of special efforts to create
awareness among the potential beneficiaries about the schemes. It is further suggested that well printed brochures, which explain different schemes, the procedures, conditions, requirements for moving the application may be made available with every Panchayat.

- Care should also be taken to select the suitable beneficiaries instead of aged persons. Young men should be selected for the successful functioning of the schemes, because youngsters are more energetic and motivated.

- To enhance the woman participation in the schemes 15 percent of the beneficiaries at least should be the woman beneficiaries. Woman oriented schemes should be introduced. Further suggested that there is need of adequate representation of gender and gender equality.

- Need is also felt regarding co-ordination between Head Office and District Office to become a continuous exercise to ensure rational selection of beneficiaries, speedy sanction of loans, proper utilization of funds and assured recovery of loans. It is suggested that some suitable procedure should be evolved to ensure constant interactions between the beneficiaries and the authorities.

- The survival of the PSCLDFC mainly depends upon the recovery of advanced loans from the beneficiaries. It is suggested that PSCLDFC must issue pass books containing detailed information, date of disbursement of the loan, amount of loan, rate of interest, rate of penal intent, periodicity of
installments, number of installments to be paid, amount paid, amount over due and outstanding. Pass books should be introduced and completed by the corporation officials at every stage. To improve the repayment of loan subsequent follow up visits by the officials must be made regular feature besides issuing notices. Further suggested that to give fillip to recoveries, recovery cells should be opened in district offices for vigorously pursuing the defaulting beneficiaries. A foolproof method for the recovery should be introduced which may avoid recovery through litigation.

- There is also a need to concentrate on the sustainability question of the schemes. The schemes should not only generate adequate income in short-run but also be creating adequate surpluses for the future investments. The surplus generated by the economic activities directly decides the sustainability of the activities/scheme.

- It is also observed that enlisted 54 schemes of DLS are the same in existence since the inception of the PSCLDFC. It is suggested that new schemes should be introduced keeping in view the existing scenario.

- One of the most significant observations relating to the problem of implementation of the schemes is that not a single scheme relating to the upliftment of scheduled castes was based on any proposal made or invited from below, (scheduled castes) community participation is nil. It is suggested that schemes should be evolved from ground level through consultation with local level activists & scheduled caste people
keeping in mind their needs/requirements. Plans, developmental schemes should be formulated by involving the potential beneficiaries and the schemes should not be thrust upon, ignoring the particularities of the developmental needs of the scheduled castes.

- It is well recognized that economic upliftment of scheduled castes in Punjab or anywhere else for that matter, is not possible only by formulating schemes for income generation, making financial allocations for them and spending the money so allocated but also monitoring and evaluation of the schemes is also an important step. Monitoring the schemes provides information about the benefits actually accruing to its beneficiaries as well as the achievements of its physical and financial targets. At the Head office and District office level this should be done through physical verification of the assets monitored on the basis of telegraphic report, monthly key indicator reports, annual progress reports and annual income generation reports. However, nothing, has been done in this regard. None of the sampled beneficiaries were reported to have been given the monitoring card. The data reveals that another major reason for selling of the assisted assets by beneficiaries is perhaps due to lack of supervision and proper follow-up. It appears that programme planners and implementing authorities never got in touch with the problems of the beneficiaries. The data further reveals that sampled beneficiaries are of the opinion that no official approached and listened them about their problems after extending them assistance. To make the schemes really effective for improving
the level of living of the scheduled caste beneficiaries there is thus an urgent need to strictly implement the monitoring of the schemes and evaluating its success from time to time.

- Keeping in view the interest of the beneficiaries it is suggested that schemes should be economically viable, productive, long life and in accordance with the needs of beneficiaries. Market survey should be done by involving experts/consultants in assessing the viability of the scheme. The aim should be to assist the beneficiaries in a meaningful way to help them stand on their feet and to enable them to become productive partners in the total development process. This will make the people self-sufficient, self-reliant and self-dependent.

Successful implementation of the scheme requires adequate funds, appropriate policy framework, formulation of suitable plan schemes and effective delivery machinery.