

Income Level	Pre-Loan (%)	Post-Loan (%)	% Change in beneficiaries
<b>Total</b>	<b>100</b>	<b>100</b>	—

The income distribution shows a clear upward shift following the uptake of the loan, with the proportion of households earning above ₹3 lakh annually rising from 0% to 43%, marking the most significant improvement. In contrast, all lower income brackets experienced declines, with the ₹2.25–3 lakh group dropping from 54% to 24%, and those earning below ₹1.5 lakh reducing from 19% to 11%. These changes suggest that a substantial share of beneficiaries successfully moved into higher income categories after receiving the loan, indicating strong positive impacts on livelihood enhancement, income diversification, and economic mobility. Overall, the data reflects a pronounced upward income transition driven by the loan support.

#### **Average Monthly Income Pre vs Post Loan Uptake (in Rs):**

The household income figures show a clear and significant upward shift after the uptake of the loan. Before availing the loan, most respondents were concentrated in lower- and middle-income categories, with monthly earnings generally ranging between Rs.10,000–Rs. 25,000. After the loan, a noticeable increase in income levels is evident, with many respondents reporting monthly earnings in the range of ₹20,000–₹50,000. This upward movement reflects the strong enabling effect of the credit support given by the NBCFDC loans, which allowed beneficiaries to invest in income-generating activities, upgrade assets, and scale their enterprises.

### **H.2.14 Employment Status**

**Table: H.2.14.1 Employment Status of beneficiaries**

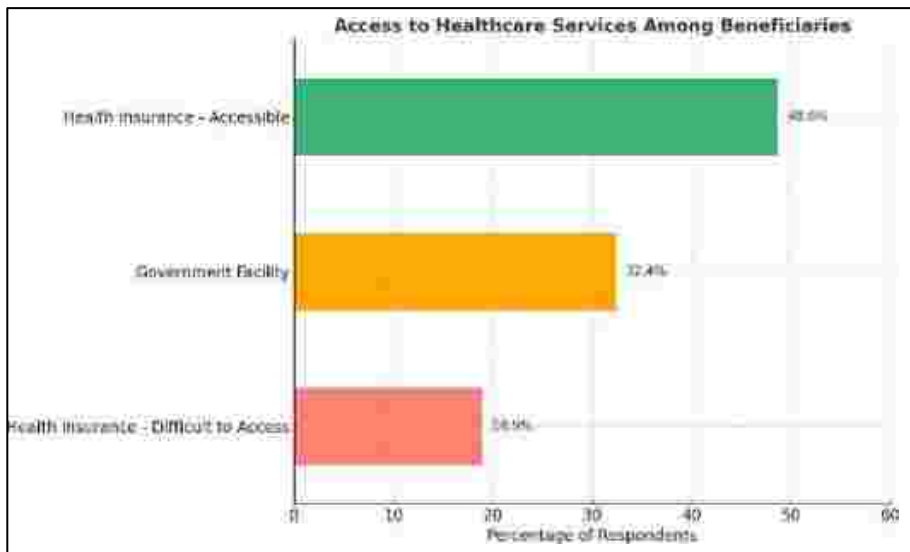
Employment Status	Response	Percentage
Salaried Employee	0	0
Self employed	37	100
Unemployed	0	0
Student	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

The distribution of employment status among the beneficiaries reveals a 100% dominance of self-employment. This indicates that the NBCFDC schemes are primarily reaching individuals who are either running small businesses or are involved in informal economic activities, reflecting the program's alignment with grassroots entrepreneurial needs.

### **H.2.15 Healthcare Access**

Approximately 48.6% of respondents reported having access to some form of health insurance—including Ayushman cards, LIC policies, government insurance schemes, or private insurance—and were able to access services without major barriers.

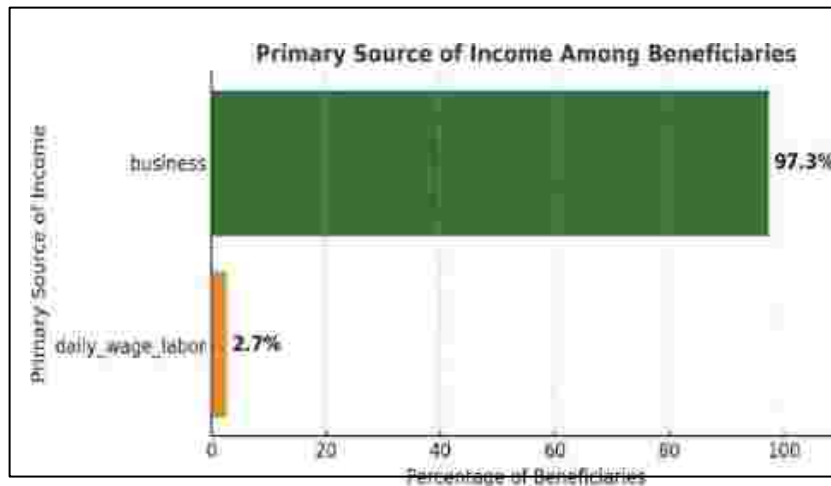
**Figure: H.2.15.1**



However, a notable 18.9% of respondents, despite possessing a health insurance policy, indicated that they faced difficulties in accessing healthcare benefits. This highlights a critical implementation gap, where coverage exists on paper but does not translate into practical, usable access. In addition, 32.4% of the beneficiaries rely on direct government facilities such as government hospitals, dispensaries, or government health cards, without mentioning insurance as a mediator. This underlines the continued dependence on public infrastructure for primary healthcare services.

### H.2.16 Nature of Work before uptake of loans

**Figure: H.2.16.1**



97.3% of respondents report business as their primary source of income. This reflects the scheme's strong alignment with microenterprise and self-employment sectors, affirming its relevance to small traders, shop owners, and service providers who form the backbone of rural and peri-urban economies.

Only 2.7% of beneficiaries reported daily wage labour as their main livelihood, suggesting minimal participation from the most vulnerable labouring classes. This may indicate either challenges in outreach, credit eligibility, or confidence among daily wage earners to engage with structured financial products.

### H.3 Analysis of the Loan Access, Utilization, and Impact Assessment

#### H.3.1 Time taken by the beneficiaries in obtaining loans from the SCA

**Table H.3.1.1**

Month Range	Responses	Percentage
Upto 4 months	23	62.16%
4-6 months	9	24.32%
More than 6 months	4	10.81%
Can't Recall	1	2.7%
<b>Total Response</b>	<b>37</b>	

The analysis of loan application and sanction timelines indicates that a majority of beneficiaries were able to obtain their loans within a short time frame. Out of the 37 recorded responses, 23 beneficiaries (62.16%) received their loans within up to 4 months of application. This highlights a relatively efficient process for most cases, enabling timely access to credit.

A smaller proportion of respondents, 9 beneficiaries (24.32%), reported a waiting period of 4–6 months, while 4 beneficiaries (10.81%) faced delays extending beyond 6 months. Additionally, 1 respondent (2.7%) could not recall the time taken for loan sanction.

Overall, the findings suggest that the scheme has been effective in ensuring prompt disbursement of loans, with nearly two-thirds of beneficiaries securing credit within four months, though some delays are still observed in a minority of cases.

#### H.3.2 Purpose of Uptake of loan

**Table: H.3.2**

Question	Responses					
	Working Capital	% of beneficiaries	New Business	% of beneficiaries	Business expansion	% of beneficiaries
Purpose of uptake of loan	10	27.02%	23	62.16%	4	10.81%

The analysis of the purpose of loan uptake reveals that the majority of beneficiaries, accounting for 62.16 percent, utilized their loans for setting up new businesses, highlighting the scheme's significant role in fostering entrepreneurial activities. About 27.02 percent of respondents used the loan amount to meet working capital needs, reflecting the importance of credit support in sustaining day-to-day operations of existing enterprises. A smaller share, 10.81 percent, reported using the loans for business expansion, indicating that while growth-oriented

utilization exists, it remains less common compared to new business creation and operational support.

### H.3.2.1 Utilization of loans for the intended purpose

100% beneficiaries had used the loan amount for the intended purpose. The activities for which utilization was done is given below:

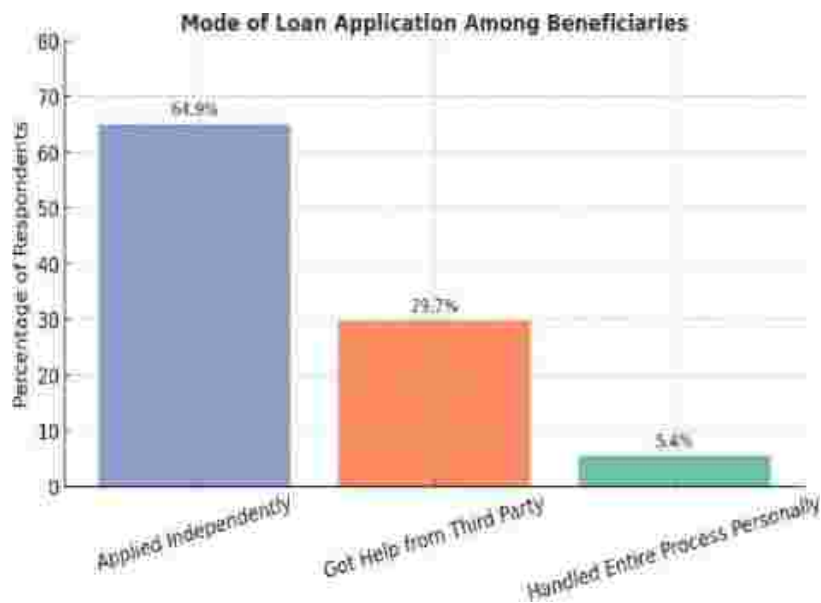
**Table H.3.2.1**

Activity	Responses
Agriculture and Allied	0
Small business	37
Transport sector	0
Service sector	0
Other	0
<b>Total responses</b>	<b>37</b>

## H.4 Awareness of NBCFDC loan schemes, rates of interest & Facilitation of loans taken

The analysis of responses regarding how beneficiaries applied for the loan indicates that a majority (64.9%) reported applying independently, without any external support. This suggests a fairly high level of confidence and awareness among respondents about the loan application process.

**Figure H.4.1**



About 29.7% of respondents indicated that they got help from a third party, such as an individual or external agent, during the application process. This points to the presence of informal intermediaries, which may reflect either a lack of familiarity with the procedures or a need for

assistance in navigating documentation and approvals. A small share, around 5.4%, reported that they handled the entire process personally, reinforcing the finding that a few respondents were not only independent but also fully self-sufficient in dealing with procedural aspects.

Overall, while the majority appear to be capable of managing the process on their own, the data also suggests that nearly one-third of applicants still rely on external support, indicating a potential need to strengthen facilitation services, simplify procedures, or enhance outreach to ensure broader accessibility and ease.

100% of the beneficiaries stated to having filled the forms online through the SCA. The loans for all beneficiaries (100%) were given through bank transfer.

**Table: H.4.1**

Question	Response/ Yes	Response/ Yes in %	Response/ No	Response/ No in %
Do you know the amount of interest rate on your loan	32	86.48%	5	13.51%
Whether assistance received directly in bank account	37	100%	0	0%
Have you missed any installments	11	29.72%	26	70.27%
Do you find the interest rate fair and affordable	25	67.56%	12	32.43%

Based on the responses presented in the table, it is evident that most beneficiaries display a reasonably strong level of financial awareness, though gaps remain in certain areas. About 86.48% of the respondents reported that they are aware of the interest rate on their loan, while only 13.51% admitted to not knowing it, highlighting a good degree of transparency and awareness among borrowers.

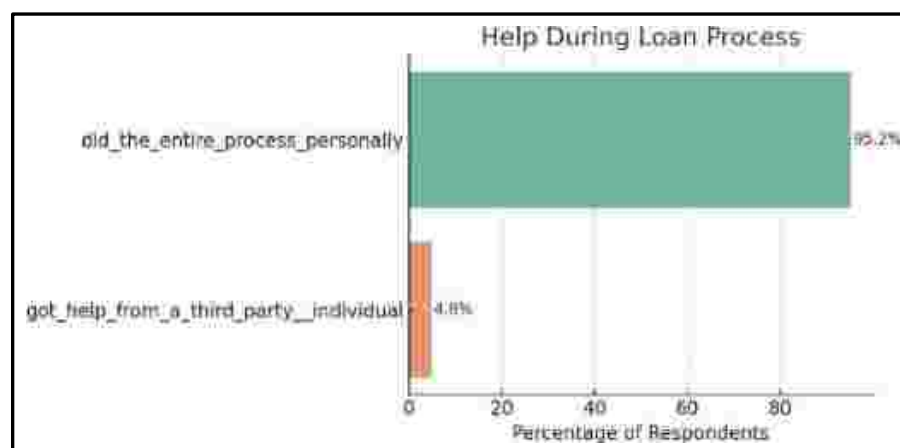
Encouragingly, all beneficiaries (100 %) confirmed that they received assistance directly into their bank accounts, reflecting the effectiveness of the Direct Benefit Transfer (DBT) system in ensuring transparency, efficiency, and elimination of leakages in fund disbursement.

Regarding repayment behaviour, about 29.72% of beneficiaries reported having missed installments, whereas 70.27% managed repayments on time. This reflects a fairly disciplined repayment culture, but also suggests that financial pressures or irregular incomes are causing repayment delays for nearly one-third of the borrowers.

When asked whether they found the interest rates fair and affordable, 67.56% of respondents agreed, while 32.43% expressed dissatisfaction. This shows that although a majority find the terms manageable, a significant minority continues to experience the loan burden as costly.

Overall, the findings suggest that while beneficiaries are well-informed about loan terms and reasonably regular in repayments, challenges persist in terms of direct fund transfers and affordability of interest rates. Strengthening the DBT framework and offering more flexible repayment terms could help address these gaps and ensure greater inclusivity.

**Figure: H.4.2 Beneficiaries who did the applying process independently**



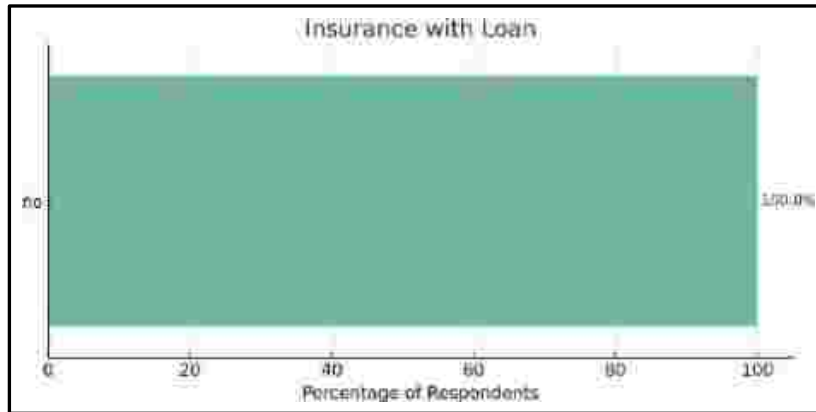
#### **H.4.1 Insurance and Risk Coverage**

During field interactions and FGDs conducted in Haryana, it was observed that beneficiaries generally lacked awareness regarding insurance components linked to their loans. In many cases, a standard deduction—typically amounting to 5% of the sanctioned loan—was made at the time of disbursement by the State Channelizing Agency (SCA). A small portion of this deduction is reportedly allocated toward insurance for the loan or asset created. However, beneficiaries were neither informed about the purpose of this deduction nor made aware that an insurance policy had been initiated on their behalf.

As a result, there was no follow-up or renewal in subsequent years, and no structured mechanism appears to be in place for continued coverage. Only a very limited number of respondents acknowledged having received or opted for insurance coverage at the time of loan disbursement. The majority were either unaware of such provisions or reported that insurance was not explicitly offered to them.

This reflects a missed opportunity in advancing financial protection for economically vulnerable households. The absence of insurance coverage—particularly for physical assets, crops, or livestock financed through the loan—exposes beneficiaries to significant risks. Strengthening communication on insurance components and institutionalizing renewal mechanisms could substantially improve the resilience of these households. Enhancing financial literacy and building institutional protocols around mandatory or optional insurance offerings may be critical steps in bridging this gap.

**Figure: H.4.1.1**



**Table: H.4.1.1 Creation of Assets out of loan assistance provided**

Asset Category	Count	Percentage (%)
Kirana Dukan (Grocery Shop)	20	54
Clothes Business / Boutique	6	16
Tailoring	4	11
Cloud Kitchen	1	3
Handicrafts Business	1	3
Hotel	1	3
Carpentry Tools	1	3
Cyber Café	1	3
Fast Food Business	1	3
<b>Total</b>	<b>37</b>	<b>100</b>

The distribution of assets created shows a strong concentration in small retail and service-oriented microenterprises. Over half of the beneficiaries (54%) used the loan to establish or expand Kirana dukan (grocery shops), reflecting both the high demand and the low-entry barrier nature of this livelihood option. This is followed by clothing and boutique businesses (16%) and tailoring units (11%), indicating a preference for home-based or skill-driven enterprises, particularly among women beneficiaries. A smaller proportion diversified into niche activities such as cloud kitchens, handicrafts, carpentry, cyber cafés, and fast-food outlets; each representing around 3% of the respondents.

## **H.5 Analysis of the Perception-Based Assessment of Loan Experience and Impact through Likert Scale**

To assess beneficiaries' perceptions and experiences, a set of Likert scale questions was included in the survey. Respondents were asked to rate their satisfaction with loan services, the impact of the loan on their social and economic well-being, and changes related to women's

empowerment. Each set of statements was rated on a standard 5-point scale, tailored to the theme.

The findings from the Likert scale analysis have been shown through visualizations in their respective sections given below:

### H.5.1 Satisfaction with Loan Services

The responses on the questions in the Likert scale for this category has been tabled and the observations are given below.

**Table: H.5.1: Likert responses on questions relation to Satisfaction with Loan Services**

Questions	Number of respondents for each rating					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Satisfaction of the loan scheme availed	0	0	0	5	32	0	0	0	13.51%	86.48%
Assistance and guidance provided by Agency	0	0	0	6	31	0	0	0	16.21%	83.78%
Time taken for Loan approval	0	0	0	4	33	0	0	0	10.81%	89.18%
Interest rates	2	0	0	14	21	0	05.40%	0	37.83%	56.75%
Fund disbursement process	0	0	0	2	35	0	0	0	5.40%	94.59%
Amount of loan disbursed	0	0	1	10	26	0	0	2.70%	27.02%	70.27%
Loan Repayment Terms	0	0	0	2	35	0	0	0	5.40%	94.59%
Transparency of Loan Term	0	0	0	6	31	0	0	0	16.21%	83.78%
Employee behaviour during lending process	0	0	0	0	37	0	0	0	0	100%
Guarantee requirement	0	0	0	6	31	0	0	0	16.21%	83.78%

#### a) Satisfaction with the Loan Scheme Availed

A large proportion of beneficiaries (86.48%) expressed satisfaction with the loan scheme, with 13.51% satisfied and 86.48% highly satisfied. Only a negligible proportion reported dissatisfaction or remained neutral. This indicates that the scheme is broadly well-received and meets the expectations of most borrowers.

#### b) Assistance and Guidance Provided by the Agency

About 83.78% of respondents rated the assistance positively, with 16.21% satisfied and 83.78% highly satisfied, suggesting that agencies are playing a supportive role in loan facilitation. However, the remaining respondents rated it neutral or dissatisfied, implying that there is still scope for improving handholding and guidance, particularly for first-time borrowers.

#### c) Time Taken for Loan Approval

About 89.18% of beneficiaries rated the loan approval time positively, with 10.81% satisfied and the remaining highly satisfied, reflecting efficiency in processing. Only a small fraction reported dissatisfaction or neutrality. This is a strong area of performance and indicates streamlined processes.

#### **d) Interest Rates**

While 56.75% of respondents rated the interest rates as highly satisfactory and 37.83% as satisfied, 5.40% expressed dissatisfaction. This suggests that although the rates are broadly acceptable, they remain a point of concern for a minority of borrowers who may find them relatively high compared to other credit sources.

#### **e) Fund Disbursement Process**

With 5.40% satisfied and 94.59% highly satisfied, beneficiaries expressed satisfaction with the disbursement process. This indicates that once approved, funds are reaching beneficiaries without significant hurdles. Very few reported dissatisfaction, showing that the mechanism is functioning smoothly.

#### **f) Amount of Loan Disbursed**

With 2.70% neutral, 27.02% satisfied, and 70.27% highly satisfied, beneficiaries expressed satisfaction with the amount of loan disbursed. The relatively higher neutrality suggests that some beneficiaries may have expected a higher loan amount than what was sanctioned, pointing to a gap between expectations and actual disbursement.

#### **g) Loan Repayment Terms**

A significant majority (86%) rated the repayment terms positively, though 10% expressed dissatisfaction. This suggests that while repayment schedules are broadly acceptable, a minority of borrowers may be finding the terms rigid or burdensome.

#### **Transparency of Loan Terms**

With 16.21% satisfied and 83.78% highly satisfied, beneficiaries rated the transparency of loan terms positively. Transparency thus emerges as a key strength of the scheme, enhancing trust among borrowers.

#### **a) Employee Behaviour during Lending Process**

With 100% highly satisfied, beneficiaries rated employee behaviour positively. This highlights the professionalism and supportive conduct of staff, which plays a critical role in shaping borrower experience.

#### **b) Guarantee Requirements**

With 13.51% satisfied and 86.48% highly satisfied, beneficiaries rated the guarantee requirements positively. This suggests that while the majority are comfortable with the requirements, there may still be concerns for a small section of borrowers.

### **H.5.2 Socio-Economic Standard of Living**

The responses on the questions in the Likert scale for this category has been tabled and the observations are given below.

**Table: H.5.2: Likert responses on questions relating to Socio-Economic Standard of Living**

Question	Number of Responses according to scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Ability to repay debts	0	0	0	4	33	0%	0%	0%	10.81%	98.18%
Asset ownership	1	2	3	8	23	2.70%	5.40%	8.10%	21.62%	62.16%
Clothing standards	0	1	2	5	29	0%	2.70%	5.40%	13.51%	78.37%
Food and Nutritional Standards	0	0	2	11	24	0%	0%	5.40%	29.72%	64.86%
Household Savings	1	3	0	2	31	2.70%	8.10%	0%	5.40%	83.78%
Improved quality of children's education	1	1	10	9	0	5%	5%	48%	43%	0%
Overall living standards	0	2	0	9	26	0%	5.40%	0%	24.32%	70.27%

### **Ability to Repay Debts**

A very strong 67% of beneficiaries felt confident in their ability to repay debts (rated 4), while 29% were neutral and only 5% dissatisfied. No one reported being highly dissatisfied or highly satisfied. This shows good repayment capacity overall, though most responses concentrated in the “satisfied” range rather than “highly satisfied.”

### **Asset Ownership**

With 5.40% dissatisfied, 2.70% somewhat dissatisfied, 8.10% neutral, 21.62% satisfied, and 62.16% highly satisfied, responses on asset ownership were mixed. This suggests that while a majority acknowledge improvement, a notable share still struggles to build assets, pointing to uneven impacts of the loan scheme on asset creation.

- **Clothing Standards**

With 2.70% somewhat dissatisfied, 5.40% neutral, 13.51% satisfied, and 78.37% highly satisfied, beneficiaries reported on clothing standards. This implies moderate improvements in household clothing standards, but not a strong transformative change.

- **Food and Nutritional Standards**

With 5.40% neutral, 29.72% satisfied, and 64.86% highly satisfied, beneficiaries reported on food and nutritional standards. The majority indicate some improvement, but the distribution suggests that while nutrition standards are improving, there is still room for further enhancement.

- **Household Savings**

With 2.70% dissatisfied, 8.10% somewhat dissatisfied, 5.40% satisfied, and 83.78% highly satisfied, beneficiaries reported on household savings. This indicates modest progress in building savings, but improvements appear uneven across households, possibly linked to repayment obligations or income variability.

- **Overall Living Standards**

With 5.40% somewhat dissatisfied, 24.32% satisfied, and 70.27% highly satisfied, beneficiaries reported on household living standards. Beneficiaries largely agree that their living standards have improved, though perceptions remain moderate rather than strongly enthusiastic.

## **H.6 Non-beneficiary Analysis**

The NBCFDC scheme was designed to extend financial assistance to economically weaker sections of society, enabling them to improve their livelihoods through access to affordable credit. While the scheme has successfully reached many intended beneficiaries, survey findings from Haryana indicate that a substantial number of eligible applicants could not avail the loan facility. These individuals, referred to here as *non-beneficiaries*, were well within the prescribed economic categories but remained outside the scope of support due to a range of institutional and procedural constraints.

### **H.6.1 Economic Status**

During the period 2020–2023, the non-beneficiaries reported annual incomes that qualified them under the scheme’s eligibility criteria, with representation across the low (<₹1.5 lakh), mid (₹1.8 lakh), and high (₹2.0 lakh) categories. However, by the time of the 2024 survey, it was evident that their economic condition had not improved significantly. While some respondents did report an increase in income, these increments were generally marginal—largely confined to up to ₹12,000 annually, and in fewer cases, up to ₹18,000 or ₹24,000. In comparison, beneficiaries of the scheme displayed more robust improvements in their economic status, underscoring the enabling role that access to credit played in their upward trajectory.

### **H.6.2 Awareness Levels**

The survey also establishes that awareness of the NBCFDC scheme among non-beneficiaries was widespread. Out of 124 respondents, 57 confirmed clear awareness, while an additional 14 had partial knowledge of the scheme. This indicates that non-participation was not driven by lack of information—most of the applicants were well aware and showed an intent to avail of the facility.

### **Reasons for Non-Beneficiary Status**

The inability of these eligible and aware applicants to access the scheme stemmed from factors beyond their control, including:

- i. Limited fund availability, which prevented all eligible applicants from being supported.
- ii. Lengthy and complex procedures in filing and approval, which discouraged applicants over time.
- iii. Mismatch between applicant expectations and sanctioned amounts, with many seeking higher sums than what was available. When these demands were unmet, several applicants lost interest and did not pursue the scheme further.

The findings suggest that while the NBCFDC scheme has had a positive impact on its beneficiaries, a significant segment of eligible and aware applicants in Haryana remained excluded. Their stagnant income levels, despite eligibility, point to the missed opportunity for economic upliftment. Restricted fund allocations, procedural hurdles, and unmet loan expectations emerged as the key deterrents, often leading to disinterest and eventual withdrawal. Addressing these bottlenecks is essential to ensure that the scheme meets its inclusive objectives and prevents the erosion of trust among potential beneficiaries.

## H.7 Success Stories

As part of the field survey conducted in Haryana, inspiring success stories emerged, highlighting the tangible impact of NBCFDC-supported schemes on the lives of beneficiaries. These narratives reflect how access to credit, skill development, and support mechanisms have enabled individuals from marginalized communities to enhance their livelihoods, establish sustainable enterprises, and achieve socio-economic empowerment. The following case illustrations provide a glimpse into the transformative journeys of select beneficiaries, underscoring the relevance and effectiveness of the schemes at the grassroots level.

### H.7a Kiran ka Kitchen

*Kiran, Female Beneficiary, Gurugram*

Name of SCA	Haryana Backward Classes & Economically Weaker Sections Kalyan Nigam
Name of Scheme	Small Business
Name of Beneficiary	Smt. Kiran
S/W/D of	W/o-Sh. Vikash
Complete Address	Sector- 7, Gurugram, Haryana
Project Details	Tiffin Service
Loan Amount	Rs. 1 Lakh
Date of Disbursement	01.12.2020
Income before & after taking Loan	Rs. 10,000/- & 45,000/-
Contact Number	9818550783



Kiran, a determined woman entrepreneur from Gurugram district, availed a term loan of ₹1,00,000 under the NBCFDC scheme in the year 2020 to strengthen her home-based kitchen service. With a clear vision for growth, she utilized the financial assistance to purchase essential kitchen equipment and expand the operational capacity of her enterprise.

In addition to upgrading infrastructure, Kiran strategically invested in marketing and outreach by registering her service on leading online food delivery platforms such as Swiggy and Zomato. This digital shift enabled her to tap into a broader customer base, resulting in increased visibility and a significant rise in daily orders. The enhanced reach directly translated into a sustained increase in monthly sales and profits.

As her business scaled up, Kiran created employment opportunities by engaging a woman helper, thereby contributing to women's empowerment and livelihood generation within her community. She attributes her improved standard of living, financial independence, and growing confidence to the timely support received through the NBCFDC scheme.

Kiran's journey stands as a testament to how targeted financial assistance, when coupled with entrepreneurial spirit and digital adaptation, can transform small ventures into sustainable income-generating enterprises while promoting inclusive development.

### **H.7b Barber Shop**



Name of SCA	Haryana Backward Classes & Economically Weaker Sections Kalyan Nigam
Name of Scheme	Small Business
Name of Beneficiary	Sh. Suresh Kumar
S/W/D of	S/o-Sh. Ram Kumar
Complete Address	Sector- 7, Gurugram, Haryana
Project Details	Barber Shop
Loan Amount	Rs. 50,000/-
Date of Disbursement	27.9.2021
Income before & after taking Loan	Rs. 15,000/- & 50,000/-
Contact Number	9990827102

Suresh Kumar, a salon owner, availed a loan of ₹50,000 under the NBCFDC scheme to strengthen his business operations. With the loan amount, he purchased an additional service chair and a new range of grooming products for male clients, enabling him to improve both capacity and service quality.

These targeted investments resulted in steady business growth. Suresh now reports a consistent monthly profit of ₹10,000, reflecting a clear improvement in his income levels. The financial gains have also contributed to a better standard of living for his family.

His journey demonstrates how need-based micro-credit can empower small entrepreneurs to expand their services, enhance earnings, and achieve greater economic stability.

### **H.7c Terracotta Work**

#### **Prem Chand, Male Beneficiary, Faridabad**



Name of SCA	Haryana Backward Classes & Economically Weaker Sections Kalyan Nigam
Name of Scheme	Small Business

Name of Beneficiary	Shri Prem Chand
Complete Address	Faridabad
Project Details	Terracotta Work
Loan Amount	Rs. 1,00,000/-
Date of Disbursement	2021
Income before & after taking Loan	Rs. 18,000/- & 50,000/-



Prem Chand, a resident of Faridabad, has been engaged in traditional pot-making for several years, working out of a modest hut near his home. Despite his skill in terracotta work, limited



resources had constrained his ability to grow. However, with the support of a ₹1,00,000 loan availed under the NBCFDC scheme, Prem Chand was able to significantly transform his livelihood.

The loan became a turning point. It allowed him to purchase better-quality clay, upgrade his basic tools, and increase his production capacity. Most importantly, it enabled him to explore new platforms for outreach. He began promoting his handcrafted pottery through online channels and soon started receiving bulk orders from customers in various states. Participation in exhibitions such as the Suraj Kund International Crafts Mela further helped him build recognition and demand.

The financial growth that followed was substantial with Prem Chand reporting an almost threefold increase in his income compared to pre-loan levels. With the enhanced earnings, he diversified his family's livelihood by opening a small home-based confectionery shop, which is now run by his wife. This not only added to their household income but also ensured a stable source of support.

Today, Prem Chand owns a house and a vehicle, and his family enjoys a better standard of living. His story illustrates how a modest loan, when purposefully utilized, can empower even the smallest of traditional occupations to scale and sustain livelihoods meaningfully.

#### H.7d. Neeraj's Journey of Entrepreneurial Transformation

Name of SCA	Haryana Backward Classes & Economically Weaker Sections Kalyan Nigam
Name of Scheme	Small Business
Name of Beneficiary	Sh. Neeraj
S/W/D of	S/o-Sh. Umed
Complete Address	Faridabad, Haryana
Project Details	Garment Manufacturing
Loan Amount	Rs. 1,00,000/-
Year of Disbursement	2022
Income before & after taking Loan	Rs. 22,000/- & 50,000/-



Neeraj, a garment manufacturer based in Faridabad, availed a loan under the NBCFDC lending scheme with the objective of expanding his existing manufacturing operations. Utilizing the sanctioned loan amount strategically, he transitioned his business model by initiating the online sale of garments through digital platforms. This shift to e-commerce significantly enhanced his market outreach, resulting in improved sales performance and increased profit margins.

The growth in revenue enabled Neeraj to further invest in production capacity by procuring five additional garment manufacturing machines. The increased automation and efficiency not only boosted output but also supported timely fulfilment of larger orders. As a result, he was able to scale his operations and generate employment for seven individuals, each drawing a monthly income in the range of ₹15,000 to ₹18,000/- depending on seasonal demand.

Capitalizing on the financial stability achieved through this business transformation, Neeraj successfully diversified his investments and acquired a hotel property in Faridabad, thereby

entering the hospitality sector. His trajectory reflects effective utilization of institutional credit for sustainable enterprise development, job creation, and asset diversification.

Neeraj's case highlights the catalytic role of financial support in enabling small entrepreneurs to modernize operations, adopt digital practices, and contribute meaningfully to local economic growth.

\*\*\*\*\*





# **State Report**

---

# **Himachal Pradesh**





## *State Report- Himachal Pradesh*

### **HP.1 Introduction**

#### **HP.1.1 Background of Himachal Pradesh Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation (SABCCO)**

In Himachal Pradesh, the Himachal Backward Classes Finance and Development Corporation (HBCFDC) serves as the nodal agency for channelizing financial assistance from the National Backward Classes Finance and Development Corporation (NBCFDC) to support socio-economic advancement of backward class communities.

The Corporation has extended support across a variety of schemes, including term loans for income-generating activities that cover up to 85% of project costs (HBCFDC, 2024) and educational loans that enable access to professional and technical education with annual support of up to ₹1.25 lakh, capped at ₹5 lakh for the entire course (HBCFDC, 2024; NBCFDC, 2023). Further, interest-free study loans are offered to economically weaker students, with a cap of ₹10,000 per year (maximum ₹50,000), and microfinance schemes are promoted through Self Help Groups, with loan limits of ₹25,000 per beneficiary, targeting especially women entrepreneurs (International Journal Corner, 2018).

A key intervention under the New Swarnima Scheme specifically aims to empower women from backward classes by financing up to 95% of income-generating projects, thus ensuring low entry barriers for entrepreneurship (Sansad PQARS, 2023; NBCFDC, 2023). Complementing financial assistance, HBCFDC has also undertaken outreach and awareness initiatives through partnerships with NGOs like ASRA, SWDA, SRDA, and ASA, as well as leveraging community radio to enhance visibility and uptake of schemes (HBCFDC, 2024; Sansad PQALS, 2023). As of recent updates, over ₹27.5 crore has been sanctioned under various NBCFDC-linked schemes, reflecting a tangible footprint across the state's backward class communities (HBCFDC, 2024).

In addition to centrally sponsored schemes, the Himachal Pradesh government runs a state-level interest-free education loan program that offers up to ₹75,000 for higher education. Notably, policy level deliberations are underway to enhance the loan ceiling to ₹3 lakh in view of rising educational costs, signaling an intent to deepen financial inclusion in the academic domain (HBCFDC, 2024). Moreover, NBCFDC also supports skill development training to boost employability among the youth from backward classes, further aligning with the government's vision for inclusive and sustainable development (Sansad PQALS, 2023).

#### **H.P.1.2 Disbursement Patterns of NBCFDC Loans in the State for FY 2020-23**

Between FY 2020–21 and 2022–23, the lending operations of the Himachal Backward Classes Finance and Development Corporation (HBCFDC), under the aegis of NBCFDC, have shown a consistent but tapering trend in terms of disbursement volume. As of March 31, 2024, approximately ₹95.15 crore has been disbursed across various schemes to a cumulative 5,524

beneficiaries in Himachal Pradesh. Notably, during FY 2022–23 alone, the disbursement stood at ₹88.63 crore, reflecting a marginal slowdown from the previous fiscal year (NABARD, 2024; HBCFDC, 2024). While the overall trajectory points to steady outreach, this slight dip may signal a plateau in demand or procedural bottlenecks that merit closer policy attention.

A clear preference has emerged for group-based lending, especially through Self-Help Groups (SHGs), which continue to dominate disbursement patterns. This mirrors national-level trends under NBCFDC, where group loans constitute between 88% to 94% of total lending.

In Himachal Pradesh, this approach resonates well with the existing ecosystem of women-led SHGs and collective entrepreneurship models. Schemes such as the Microfinance Scheme—offering loans up to ₹25,000 per beneficiary—are particularly aligned with the state’s socio-economic fabric and have enabled greater financial inclusion among backward-class women and small entrepreneurs (NBCFDC Annual Report, 2021). The marginal decline in disbursement growth during FY 2022–23 may reflect saturation in certain geographies or challenges in expanding outreach beyond existing beneficiary clusters.

To sustain momentum and deepen impact, there is a growing need to revisit awareness strategies, enhance digital access to schemes, and bolster institutional support mechanisms for SHGs and youth-led enterprises. A proactive approach in these areas can help revitalize the lending cycle and ensure broader coverage under the NBCFDC's financial inclusion mandate.

### **HP.1.3 District-Level Performance and Sectoral Trends**

District-level analysis of NBCFDC scheme implementation in Himachal Pradesh reveals significant variation in outreach and uptake across regions. Among the top-performing districts, Kangra, Shimla, and Mandi stand out with consistent disbursement levels and high beneficiary participation. Kangra, in particular, has leveraged its strong Self-Help Group (SHG) network and active NGO engagement to reach a wide base of backward-class individuals, especially women. Shimla has witnessed substantial uptake in the service and retail sectors, while Mandi shows a balanced distribution across agriculture and allied activities. This concentration of activity in relatively better-connected districts reflects the effectiveness of local awareness drives and institutional infrastructure. Conversely, districts such as Lahaul & Spiti and Kinnaur remain at the bottom of the performance chart. The remoteness of these areas, combined with logistical challenges and limited outreach, has constrained the implementation of lending schemes. Despite the potential for income-generating activities, especially in traditional crafts and horticulture, the low penetration of NBCFDC schemes indicates a critical gap in last-mile delivery. This highlights the need for tailored outreach strategies, simplified procedures, and possibly mobile facilitation units to reach these under-served communities.

### **HP.1.4 Sample Size and District Allocation**

To better understand scheme performance on the ground, field visits were conducted in Kangra and Hamirpur districts. A total of 30 beneficiaries and 24 non-beneficiaries were interviewed using two sets of structured questionnaires. Beneficiaries in both districts expressed overall satisfaction with the loan processes, citing timely disbursement and SHG-based lending as positive features. In Kangra, most respondents credited awareness camps and NGO facilitation

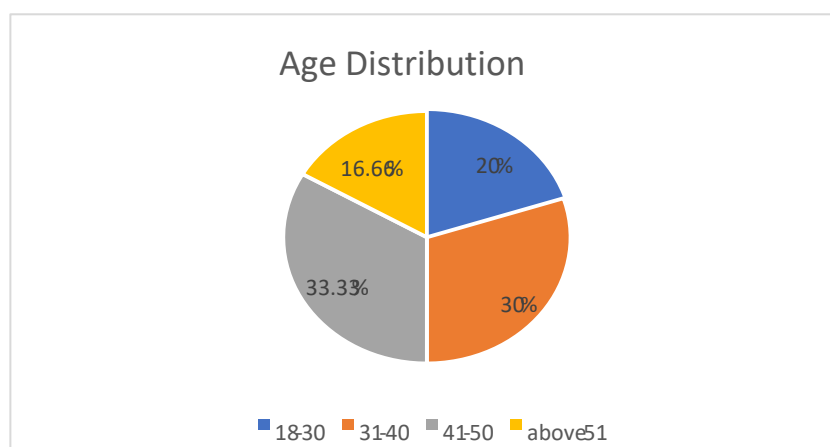
for their successful participation. In Hamirpur, while microfinance schemes helped women initiate small ventures, several non-beneficiaries cited procedural complexity and limited loan amounts as barriers. These district insights serve as a foundation for the more detailed beneficiary response analysis that follows in the subsequent sections of the chapter.

## HP.2 Analysis of the Socio-Economic Parameters

### HP.2.1 Age Group distribution

The age distribution shows a concentration in the working-age population. 20% of the surveyed beneficiaries belong to the age of 18-30 years, 30% belong to the group of 31-40 years, 33.33% belong to the 41-50 years age group and 16.66% were above 51 years.

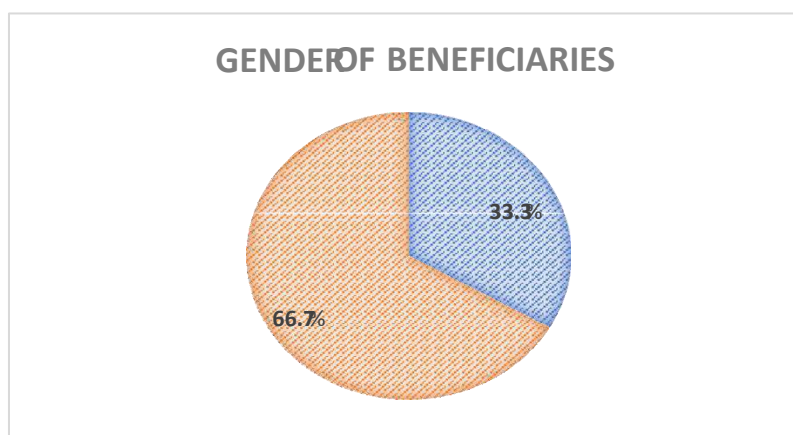
**Figure HP.2.1.1: Age Distribution**



### HP.2.2 Gender

Among the respondents, 33.33% are female and 66.66% are male. This reflects strong participation by women, either through targeted efforts or a higher expressed need. It supports the case for continuing gender-inclusive interventions and ensuring that women's access to opportunities remains a focus.

**Figure HP.2.2.1: Gender of Beneficiaries**



### HP.2.3 Aadhaar Card Ownership

Every single respondent (100%) has an Aadhaar card, confirming full coverage in terms of national identification. This is a crucial enabler for accessing benefits and indicates that identity-linked schemes can be efficiently administered within this group.

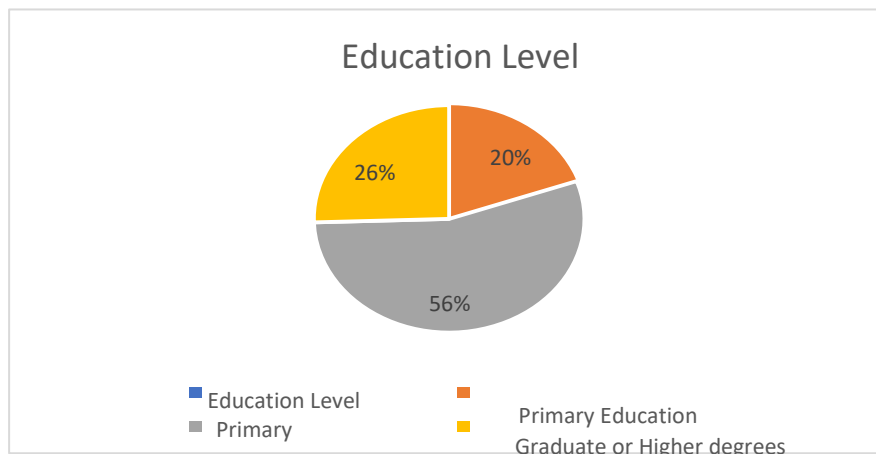
### HP.2.4 Type of Bank Account

All respondents (100%) reported having a normal savings bank account. This is notable, as it shows deep financial inclusion, with no dependence on Jan Dhan or basic accounts. These individuals may already be participating in digital banking or formal lending systems.

### HP.2.5 Education Level

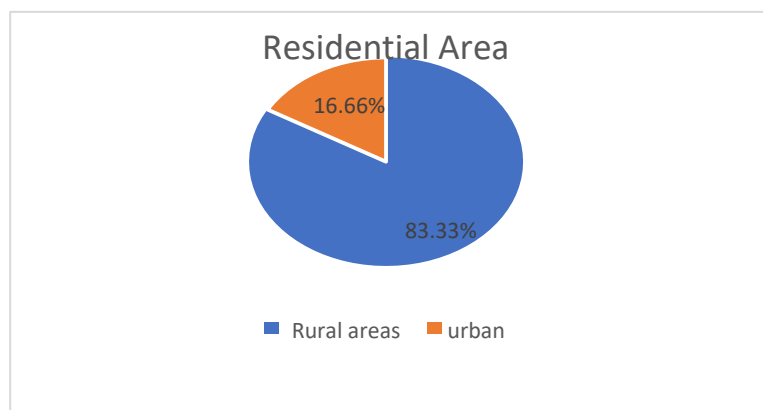
Education among the group is fairly spread out, with 20% having completed only primary education, 56% having secondary education, and 26% possessing graduate or higher degrees. The data highlights a need for educational upliftment, especially for the lower tiers, while also recognizing the potential in more educated respondents for advanced skilling or entrepreneurship.

**Figure HP.2.5.1**



### HP.2.6 Residential Area

**Figure HP.2.6.1**

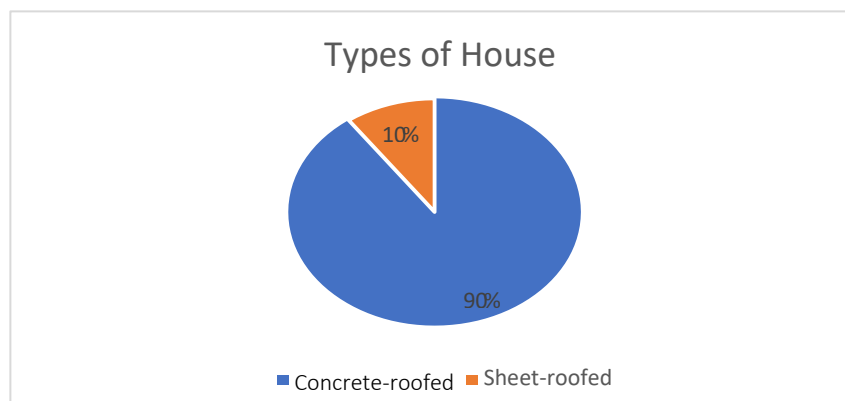


The majority of beneficiaries (83.33%) live in rural areas, and 16.66% in urban. This distribution underscores the rural-centric outreach of the scheme and suggests that most support mechanisms should be optimized for semi-urban and rural deployment.

### HP.2.7 Type of House

Housing data reveals that 90% of respondents live in concrete-roofed houses, while 10% live under sheet-roofed structures. The presence of non-permanent roofing indicates the need for targeted housing improvement support, though the majority appear to have structurally sound dwellings

**Figure HP.2.7.1**

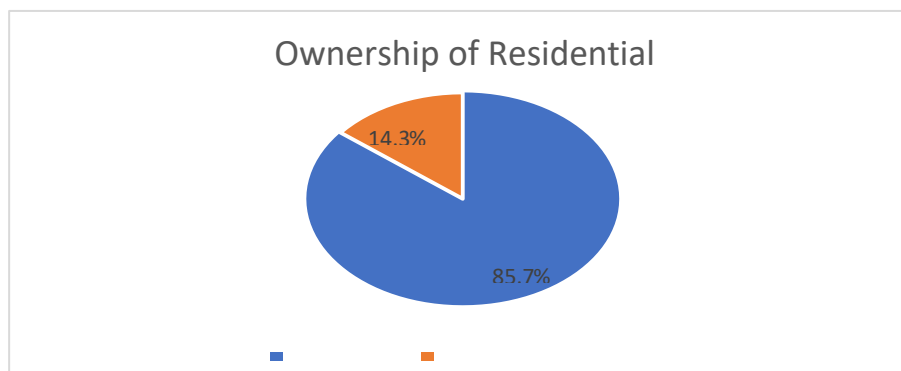


### HP.2.8 Ownership of Residence

When asked about the type of residence, most respondents—85.7%—reported living in their own house, while 14.3% reside in rented accommodations. This high rate of home ownership is encouraging, especially in rural and semi-urban contexts where generational landholding and family housing are more common.

Owning a house often corresponds to economic and social stability, and it may also impact creditworthiness when applying for loans. However, those living in rented homes may be more economically vulnerable or mobile, and thus may require different types of housing or rental support schemes, especially in urban centers.

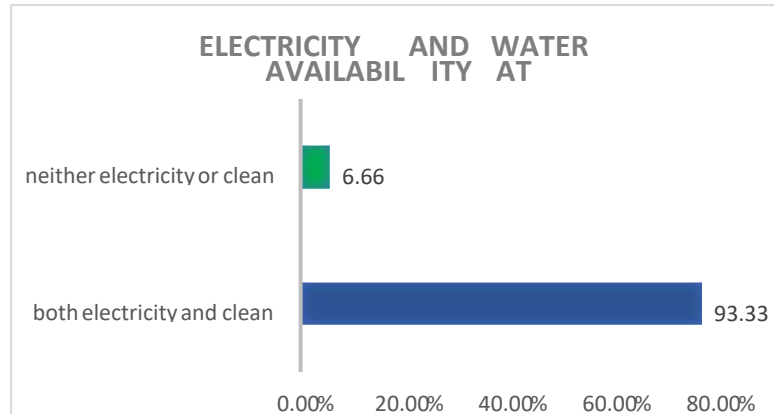
**Figure HP.2.8.1**



### HP.2.9 Electricity and Water Availability at Home

The data reveals a varied picture regarding the availability of basic utilities like electricity and clean water. A plurality of respondents, 93.33%, reported having access to both electricity and clean water—which is a positive sign of basic infrastructure penetration in the region. However, a significant portion, 6.66%, reported neither electricity or clean water.

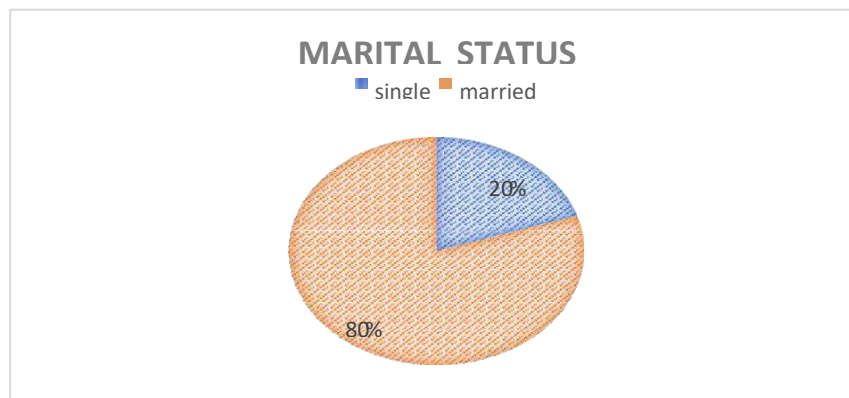
**Figure HP.2.9.1**



### HP.2.10 Marital Status

Most respondents 80% are married, followed by 20% who are single. The large proportion of married individuals suggests that many beneficiaries may have dependent family members, which affects financial planning, housing needs, and access to social benefits.

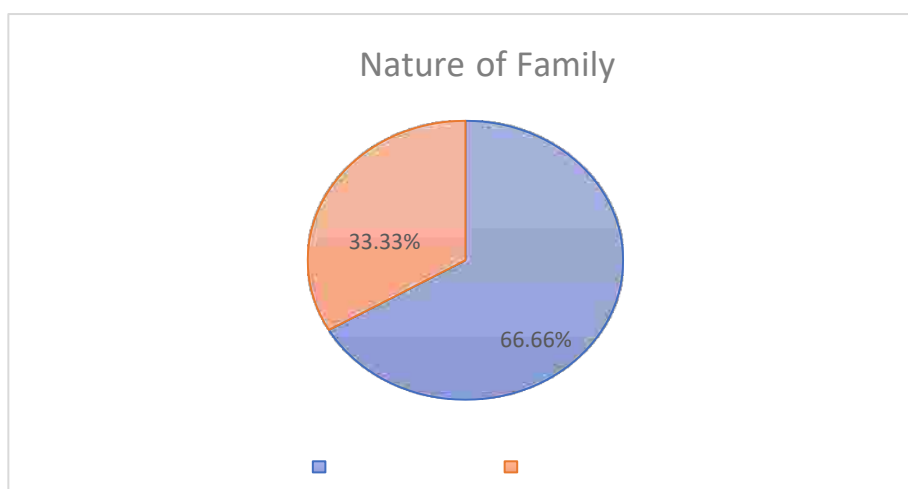
**Figure HP.2.10.1**



### HP.2.11 Nature of Family

A significant 66.66% of respondents live in nuclear families, while 33.33% are part of joint families. Nuclear households may face greater financial vulnerability due to fewer shared income sources, making them more dependent on external financial assistance.

**Figure HP.2.11.1**



**HP.2.12 Annual Family household Income Pre-loan and post-loan**

**Table HP.2.12.1 Annual Family Household Income before uptake of loan**

Income Levels	Response	Percentage
Below 1.5 Lakh	11	37
1.5-2.25 Lakh	7	23
2.25 Lakh -3 Lakh	12	40
<b>Total count</b>	<b>30</b>	<b>100</b>

The income distribution shows that the majority of respondents fall within the middle-income slab of Rs. 2.25–3 lakh annually, accounting for 40% (12 out of 30) of the sample. This indicates that a significant portion of the surveyed households are operating at a moderate income level prior to loan uptake. Additionally, 37% (11 respondents) reported annual incomes below Rs. 1.5 lakh, reflecting a sizable segment of low-income households that are likely to benefit substantially from financial interventions. The remaining 23% (7 respondents) fall within the Rs. 1.5–2.25 lakh category, representing a smaller but notable group with slightly higher income stability.

**Table HP.2.12.2 Annual Family household Income Post loan uptake**

Income Levels	Response	Percentage
Below 1.5 Lakh	7	23
1.5-2.25 Lakh	4	13
2.25 Lakh -3 Lakh	3	10
Above 3 Lakh	16	53
<b>Total count</b>	<b>30</b>	<b>100</b>

The post-loan income distribution shows a significant improvement in household earnings. Families earning below 1.5 lakh reduced from earlier levels to 23%, reflecting a decline in extreme low-income dependence. The share of households in the 1.5–2.25 lakh category also decreased to 13. %, indicating upward mobility. Meanwhile, the proportion of families earning

2.25–3 lakh stood at 10%, showing a stable middle-income group. The most notable change was in the above 3 lakh bracket, which rose sharply to 53%, more than doubling from the pre-loan stage. This shift highlights the positive role of loan uptake in enhancing household income and reducing financial vulnerability.

**Table HP.2.12.3 Change in Income Levels: Pre vs. Post Loan Uptake**

Income Range	Percentage of Beneficiaries Pre-Loan (%)	Percentage of Beneficiaries Post-Loan (%)	Percentage of Change in beneficiaries in each group (%)
Below ₹1.5 lakh	37	23	↓ 14
₹1.5–2.25 lakh	23	13	↓10
₹2.25–3 lakh	40	10	↓30
Above ₹3 lakh	0	53	↑ 53

The income distribution of beneficiaries shows a significant upward shift after loan uptake. Before availing the loan, 100% of respondents were concentrated below the ₹3-lakh annual income level, with the largest share (40%) in the ₹2.25–3 lakh bracket. Post-loan, there is a marked reduction across all lower-income categories: incomes below ₹1.5 lakh decreased by 14 percentage points, the ₹1.5–2.25 lakh group declined by 10 points, and the ₹2.25–3 lakh category dropped sharply by 30 points.

The most notable change is the emergence of a new income category—above ₹3 lakh, which rose from 0% pre-loan to 53% post-loan, indicating that more than half of the beneficiaries entered a significantly higher income bracket after receiving financial support.

#### Average Household Monthly Income Pre vs Post Loan Uptake (in Rs)

The analysis of household income levels reveals a substantial improvement following the uptake of the loan. Before availing the loan, the average monthly income of beneficiaries ranged between Rs. 10,000 - Rs. 15,000, reflecting modest earnings that limited business growth and household financial stability. After receiving the loan, the average monthly income increased significantly to Rs. 20,000– 30,000, indicating a clear enhancement in earning capacity. This represents an approximate 100% increase in income, demonstrating that the financial support effectively enabled beneficiaries to expand their activities, improve productivity, and strengthen their overall economic well-being.

#### HP.2.13 Employment Status

**Table HP.2.13.1**

Employment Status	Response	Percentage
Salaried Employee	4	13%
Self employed	17	57%
Agriculture	6	20%
Unemployed	2	7%
Student	1	3%
<b>Total</b>	<b>30</b>	

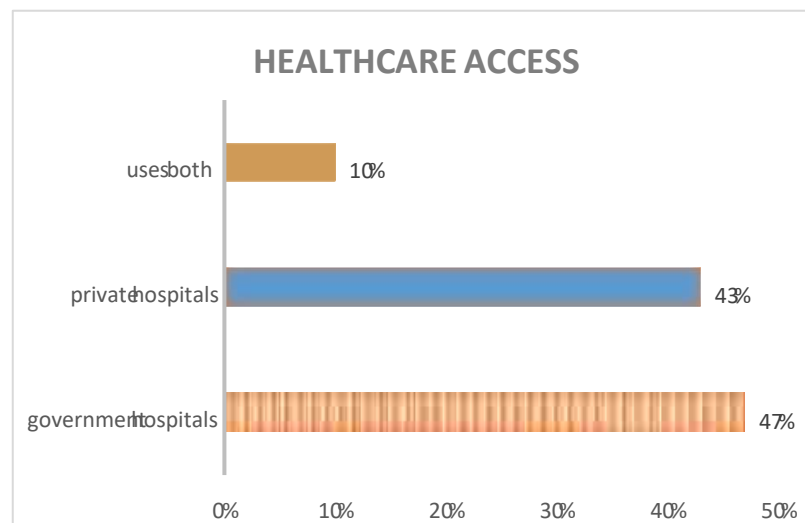
Before availing the loan, the employment profile of respondents in Himachal Pradesh shows a clear dominance of self-employment. A majority, 57 percent, were engaged in some form of self-employment, reflecting the reliance on independent income-generating activities rather than formal jobs. Agriculture accounted for 20 percent, highlighting its continuing role as a source of livelihood in the state, though not the primary one for most households. Only 13 percent reported being salaried employees, which underlines the limited availability or accessibility of formal wage employment opportunities in the region.

Unemployment was reported by 7 percent of respondents, pointing to the challenges of securing work for a section of the population. Students represented just 3 percent, showing that very few in the sample were still pursuing education at the time. Overall, these figures suggest that before accessing financial assistance, people in Himachal Pradesh were largely dependent on self-driven economic activities, with agriculture still significant but salaried employment relatively scarce.

#### **HP.2.14 Healthcare Access**

A majority of beneficiaries (47%) reported availing health services from government hospitals, while 10% stated that they rely on both government and private facilities. In comparison, 43% of the beneficiaries preferred using private hospitals for their healthcare needs.

**Figure HP.2.14.1**



#### **HP.2.15 Nature of Work before uptake of loans**

The nature of work among respondents presents an interesting picture of their livelihood choices. A majority 56.66% report business as their primary source of income. Much like in other rural and semi-urban contexts, these are unlikely to be large-scale enterprises but rather small, family-run ventures such as grocery stalls, tailoring, petty trade, or repair services. This dominance of micro-business activity reflects both the adaptability and entrepreneurial spirit of the beneficiaries. However, it also underscores their vulnerabilities, such as limited access to formal credit, inadequate record-keeping, and dependence on small, localized markets. Strengthening financial literacy, introducing basic bookkeeping practices, and promoting

digital payment adoption could significantly improve their sustainability. Policy interventions to connect these enterprises with Self-Help Groups (SHGs), cooperatives, or digital commerce platforms could enhance income security and market reach.

Agriculture is the second most significant source of income, with 43.33% of respondents depending on it as their main livelihood. Given the cultural and geographic background of Himachal Pradesh, where farming and horticulture have traditionally played a central role in household economies, this proportion highlights the continued importance of agriculture for many families. However, its relatively lower share compared to business suggests either diversification of income sources or structural challenges such as fragmented landholdings, limited irrigation, dependence on seasonal crops, and restricted access to modern farming techniques. Strengthening agricultural productivity through improved irrigation facilities, quality inputs, and training in sustainable practices could help ensure farming remains viable. Further, integrating agriculture with allied activities—such as horticulture, dairy, floriculture, or organic produce linked to niche markets—can significantly enhance rural incomes and livelihood security.

Meanwhile, a smaller segment of respondents derives their primary livelihood from salaried employment. This group, though modest in size, reflects the presence of individuals engaged in government services, private jobs, or other formal positions. Their income security and stability contrast sharply with the risks faced by daily-wage workers or micro-entrepreneurs. However, the limited size of this group highlights the scarcity of formal employment opportunities, particularly in rural and semi-urban areas of Himachal Pradesh. Expanding access to vocational training, higher education, and job placement programs could gradually increase the proportion of salaried employment in the region, thereby strengthening overall livelihood security.

### HP.3 Analysis of the Loan Access, Utilization, and Impact Assessment

#### HP.3.1 Time taken by the beneficiaries in obtaining loans from the SCA

**Table HP.3.1.1**

Month Range	Responses	Percentage
Up to 4 months	17	57
4-6 months	5	16
More than 6 months	3	10
Can't Recall	5	17
<b>Total Response</b>	<b>30</b>	

The table HP.3.1.1 shows the time taken by beneficiaries to obtain loans, where the majority, 57 percent, received their loans within four months, reflecting quicker access for more than half of the respondents. About 17 percent mentioned that it took four to six months, while 10 percent reported waiting for more than six months, pointing towards some delays in the process. Another 17percent could not recall the exact time taken. Overall, the findings indicate

that while most beneficiaries received loans in a reasonable period, a section still experienced longer waiting times or uncertainty.

### HP.3.2 Purpose of Uptake of loan

**Table: H.3.2**

Question	Responses					
Purpose of uptake of loan	Working Capital	% of beneficiaries	New Business	% of beneficiaries	Business expansion	% of beneficiaries
	16	53%	4	13%	10	33%

The table on the purpose of loan uptake shows that the majority of beneficiaries, accounting for 53 percent, used the loan for working capital, highlighting its importance in meeting immediate operational needs. Around 33 percent of respondents reported that they utilized the loan for business expansion, indicating a focus on scaling up existing enterprises. A smaller proportion, 13 percent, used the loan to start new businesses, reflecting comparatively limited uptake for entrepreneurial ventures. Overall, the data suggests that loans were primarily directed towards sustaining and expanding existing activities rather than initiating new ones.

### HP.3.3 Utilization of loans for the intended purpose

100% beneficiaries had used the loan amount for the intended purpose. The activities for which utilization was done is given below:

**Table: HP.3.3**

Activity	Responses
Shuttering	8
Agriculture seeds and equipment's	13
Store expansion	6
Restaurants	3
<b>Total responses</b>	<b>30</b>

The table HP.3.2.1 on the utilization of loans for the intended purpose shows that beneficiaries directed the loan amount toward a variety of activities. The largest share, 13 respondents, used the loan for agriculture-related needs such as seeds and equipment, highlighting the significance of farming in their livelihoods. Eight respondents utilized the funds for shuttering activities, while six beneficiaries invested in store expansion. A smaller group of three respondents reported using the loan to run restaurants. Altogether, all 30 beneficiaries confirmed that the loan was fully utilized for the specific purposes intended, reflecting effective application of funds across diverse income-generating activities.

### HP.4 Awareness of NBCFDC loan schemes, rates of interest & Facilitation of loans taken

A high awareness of NBCFDC loans was observed among the beneficiaries, with 100% reporting that they came to know about the scheme primarily through word of mouth, friends, or relatives. One of the key strengths of the loan application process is the high level of beneficiary autonomy. All beneficiaries (100%) stated that they handled the loan process on their own, without relying on intermediaries or facilitators, which reflects a strong sense of

ownership and independence in accessing financial resources. However, despite this independence, the process of applying for the loan remains tedious and time-consuming because the forms are still required to be filled offline rather than through an easily accessible online system. This absence of a simplified digital platform often discourages people from applying, as they perceive the paperwork to be lengthy and cumbersome. In practice, while beneficiaries technically manage the process themselves, many of them still seek the support of government officials who step in to assist with the offline form-filling and ensure that the applications are submitted correctly. This suggests that although autonomy in loan handling is high, the lack of convenient online services acts as a barrier, placing additional pressure on both beneficiaries and officials to complete the process efficiently.

**Table HP.4.1**

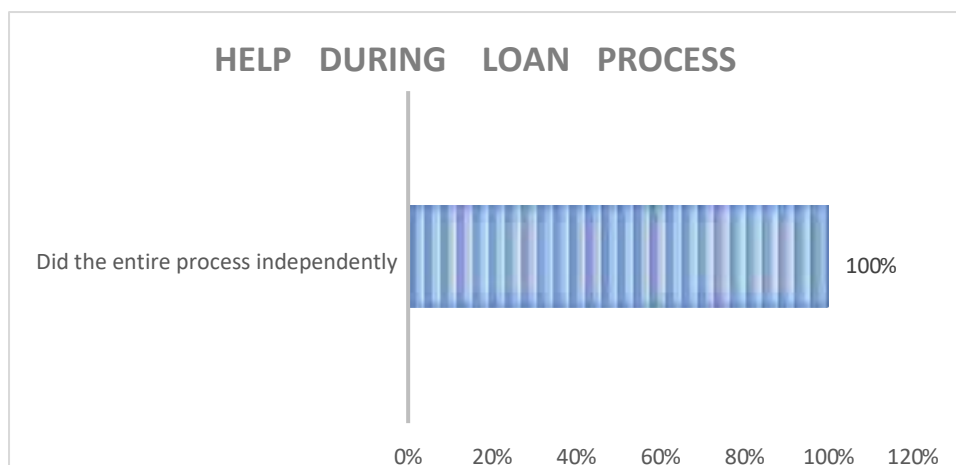
Question	Response/Yes	Response/Yes in %	Response/No	Response/ No in %
Do you know the amount of interest rate on your loan	17	57%	13	43%
Whether assistance received directly in bank account	25	83%	5	17%
Have you missed any installments	7	23%	23	77%
Do you find the inter fair and affordable	28	93%	2	7%

Based on the responses presented in the above table HP.4.1, it is evident that the majority of beneficiaries display a fair level of financial awareness and discipline, though some gaps persist. About 57% of the respondents reported that they are aware of the interest rate on their loan, while 43% admitted to not knowing it. 83% beneficiaries confirmed that they received assistance directly into their bank accounts, reflecting the effectiveness of the Direct Benefit Transfer (DBT) system in ensuring transparency, efficiency, and elimination of leakages in fund disbursement, while 17% responded that they did not get any assistance.

With respect to repayment behaviour, only 23% of the respondents stated that were irregular in filling up their installments, whereas a majority of 77 % reported being regular in their repayments. This points to a generally disciplined repayment culture among beneficiaries, although the small proportion of defaulters suggests that challenges such as irregular income flows or financial stress may still be affecting some households. Furthermore, when asked about the fairness and affordability of the interest rate, 93 % expressed satisfaction, while 7 % felt otherwise. This suggests that although most respondents consider the financial terms reasonable, a sizable minority continues to find the cost of borrowing burdensome.

This independence reflects well on the accessibility and simplicity of the loan process, particularly in rural and semi-urban areas. However, it may also point to a lack of structured support systems or facilitation desks that could further streamline or optimize the application journey, especially for less literate or first- time borrowers. When asked about awareness of other NBCFDC schemes, responses were limited, indicating that despite availing a loan, most beneficiaries were not familiar with the broader bouquet of loan products. This reveals a critical gap in outreach and awareness-generation efforts by implementing agencies.

**Figure HP.4.1 Beneficiaries who did the applying process independently**

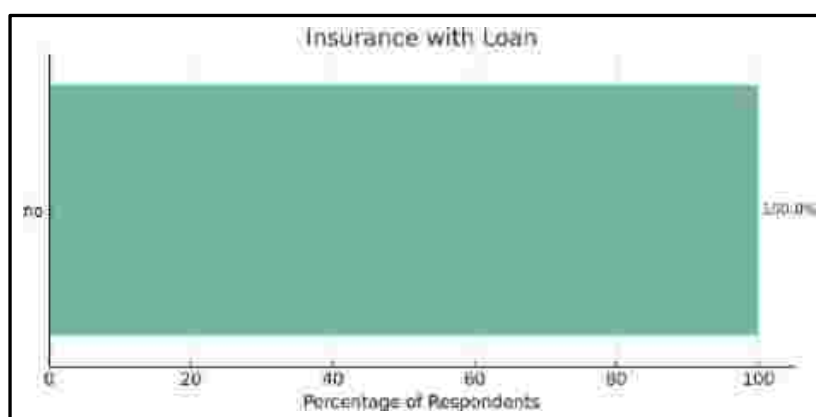


### H.4.1 Insurance and Risk Coverage

Only a small number of beneficiaries reported taking insurance along with the loan. The majority either did not opt for or were not aware/offered insurance as part of the loan package.

This is a missed opportunity in terms of promoting financial protection. In populations that are economically fragile, insurance (especially health and life cover linked to the loan) can prevent households from falling back into poverty due to unforeseen crises. The low penetration of insurance points to an area that requires immediate attention—both from the lending institutions and financial literacy programs.

**Figure HP.4.1.1**



### HP.4.2 Creation of Assets out of loan assistance provided

Out of the 30 beneficiaries interviewed the following assets have been created:

**Table H.4.2.1**

Activity	Number of Assets	Percentage
Shuttering	8	27
Agriculture Seeds &	13	43

Activity	Number of Assets	Percentage
Store Expansion	6	20
Restaurants	3	10
<b>Total</b>	<b>30</b>	<b>100</b>

The analysis of asset creation among the 30 interviewed beneficiaries shows that agriculture-related investments dominate, with 43.3% of respondents creating assets such as seeds and equipment, indicating a strong reliance on agriculture as a primary livelihood activity. Shuttering activities account for 26.7%, reflecting demand for construction-related work and tools. Store expansion, at 20%, highlights that a significant portion of beneficiaries are using financial support to strengthen small retail businesses. Meanwhile, 10% invested in establishing or upgrading restaurants, showing some level of diversification into the food and service sector.

## H.5 Analysis of the Perception-Based Assessment of Loan Experience and Impact through Likert Scale

**Table HP.5.1 Likert responses on questions relation to Satisfaction with Loan Services**

Questions	Number of respondents for each rating					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Satisfaction of the loan scheme availed	0	0	0	12	18	0%	0%	0%	40%	60%
Assistance and guidance provided by Agency	0	0	0	16	14	0%	0%	0%	53.00%	47%
Time taken for Loan approval	0	0	0	18	12	0%	0%	0%	60%	40%
Interest rates	0	4	8	7	11	0%	13%	27%	23%	37%
Fund disbursement process	0	0	0	20	10	0%	0%	0%	67%	33%
Amount of loan disbursed	0	0	6	20	4	0%	0%	20%	67%	13%
Loan Repayment Terms	0	0	5	22	3	0%	0%	17%	73%	10%
Transparency of Loan Terms	0	0	9	14	7	0%	0%	30%	47%	23%
Employee behavior during lending process	0	0	2	10	18	0%	0%	7%	33%	60%
Guarantee requirements	0	6	12	12	0	0%	20%	40%	40%	0%

**Satisfaction with the Loan Scheme:** The overall satisfaction with the loan scheme is very high, as all respondents rated it positively. A significant 60% awarded the highest score, while 40% gave a rating of 4. This suggests that beneficiaries view the scheme as effective and beneficial. The scheme design appears to meet their expectations well

**Assistance and Guidance by Agency:** Most beneficiaries expressed satisfaction with the support provided by the agency. About 53% rated it 4, while 47% rated it 5, indicating good service delivery. The responses highlight the agency's role in enabling borrowers to navigate the process. Overall, guidance is seen as reliable and helpful.

**Interest Rates:** Interest rates drew more mixed reactions compared to other parameters. While 37% were highly satisfied, nearly 40% gave moderate scores of 2 or 3. This indicates that affordability remains a concern for some borrowers. Though acceptable to many, rates may need review to enhance inclusivity.

**Fund Disbursement Process:** Beneficiaries were overwhelmingly satisfied with the disbursement of funds. About 67% rated the process 4, and 33% gave it 5, indicating smooth transactions. This suggests efficiency in fund delivery without significant delays. The process appears reliable and prompt across cases.

**Time Taken for Loan Approval:** The time for loan approval received favorable feedback from respondents. A majority (60%) rated it 4, while 40% gave it 5, reflecting reasonable efficiency. This suggests that delays were minimal and processes were streamlined. Beneficiaries largely felt satisfied with the approval timeline.

**Amount of Loan Disbursed:** Satisfaction with the loan amount was moderately high but not universal. While 67% rated it 4, only 13% gave it 5, and 20% rated it 3. This reflects that some borrowers felt their financial needs were not fully met. Loan size adequacy remains an area for improvement.

**Loan Repayment Terms:** The repayment terms were well-received, with most respondents satisfied. A large 73% rated it 4, while 26% rated it 5, suggesting fair flexibility. Borrowers find the repayment schedules manageable and acceptable. This reflects positively on the scheme’s borrower-friendly design.

**Transparency of Loan Terms:** Transparency was one of the weaker areas highlighted by respondents. Only 23% gave it the top rating, while 30% rated it 3. Although 46% rated it 4, concerns about clarity remain. Beneficiaries expect clearer communication of loan conditions.

**Employee behaviour during Lending Process:** The conduct of employees during the lending process received excellent ratings. About 60% rated it 5, and 33% rated it 4, showing high professionalism. This highlights positive borrower experiences with staff interactions. Good behaviour reinforced trust in the lending institution.

**Table HP.5.2: Likert responses on questions relating to Socio-Economic Standard of Living**

Question	Number of Responses according to scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Ability to repay debts	0	0	3	15	12	0	0	10%	50%	40%
Asset ownership	0	0	7	13	10	0	0	23.33%	43.33%	33.33%
Clothing standards	0	0	2	10	18	0	0	6.66%	33.33%	60%
Food and Nutritional Standards	0	0	2	8	20	0	0	6.66%	26.66%	66.66%
Household Savings	0	4	12	6	8	0	13.33%	40%	20%	26.66%
Overall living standards	0	0	8	10	12	0	0	26.66%	33.33%	40%

**Ability to Repay Debts:**

Most respondents rated high on debt repayment, with 50% choosing 4 and 40% choosing 5. This indicates a strong ability among beneficiaries to meet financial obligations. Very few respondents reported difficulties, reflecting overall financial stability. Thus, debt repayment does not appear to be a major challenge.

**Asset Ownership:**

Asset ownership is moderate to high, with 43.33% rating 4 and 33.33% rating 5. A smaller share (23.33%) placed themselves at 3, suggesting variation in asset possession. While many households own assets, not all are equally well-off. This shows progress but also inequality in ownership levels.

**Clothing Standards:**

The majority of respondents rated their clothing standards positively, with 60% at 5 and 33.33% at 4. Only a very small fraction rated lower, showing widespread satisfaction. Beneficiaries are generally well-clothed, reflecting improved living conditions. Hence, clothing is not perceived as an area of deprivation.

**Food and Nutritional Standards:**

Food security and nutrition stand out as very strong, with 66.66% rating 5 and 26.66% rating 4. Hardly anyone reported dissatisfaction, suggesting that basic food needs are well met. This reflects improved dietary standards among the beneficiaries. Nutrition, therefore, is one of the most positive aspects.

**Household Savings:**

Savings remain the weakest indicator, with 40% rating 2 and only 26.66% rating 5. Many households struggle to build reserves despite improved living standards. This reflects vulnerability in financial security and limited future preparedness. It highlights the need for interventions promoting savings habits.

**Overall Living Standards:**

The overall living standard is perceived positively, with 40% rating 5 and 33.33% rating 4. A smaller group (26.66%) rated 3, showing that while most are satisfied, some see scope for improvement. Beneficiaries generally view their socio-economic conditions as good. This points to broad but uneven progress.

**H.6 Non-Beneficiaries Analysis of NBCFDC Schemes**

This section presents insights derived from data collected on individuals who applied for, but did not avail loans under NBCFDC schemes. A total of 24 individuals from Himachal Pradesh were recorded in this dataset, across districts such as Kangra, Hamirpur, Solan, and Una.

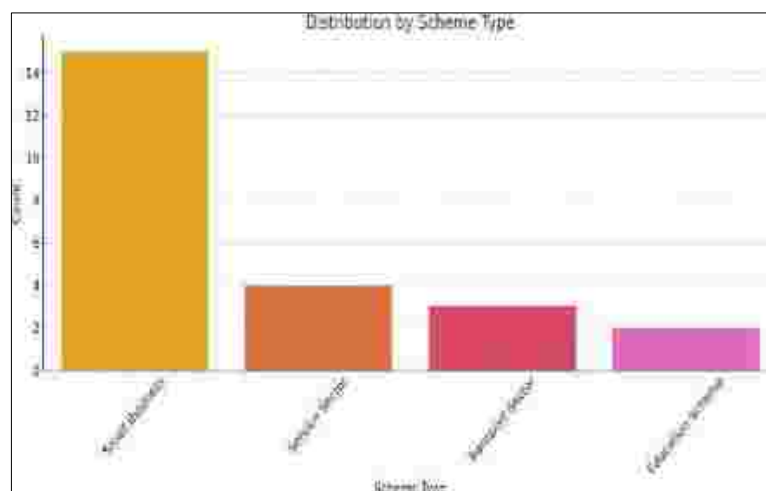
## H.7 Demographic Overview

A significant majority of the non-beneficiaries are male (79%), with only 21% being female. This gender imbalance suggests that either fewer women are applying for loans or they face greater barriers in successfully availing them. One of the key challenges lies in the collateral requirements of HBCFDC, which often include land ownership or fixed deposits. In many cases, women do not possess land or property in their own names, and the expectation of providing an equivalent amount as a fixed deposit places an undue financial burden on them. This structural barrier significantly limits women's access to credit in the state and contributes to their underrepresentation in the loan applicant pool.

Addressing this issue requires targeted policy interventions and support mechanisms that promote gender-inclusive financial access. In terms of age distribution, half (50%) of the applicants were aged between 18–30, indicating that younger individuals are actively seeking entrepreneurial support. Another 25% fell into the 41–50 age group, showing that mid-career individuals are also pursuing small business ventures. The distribution suggests that schemes are attracting a wide spectrum of age groups, although uptake among the elderly remains limited.

### HP.7.1 Loan Schemes and Sectors

Figure: HP.7.1.1



Among the non-beneficiaries **63% (15 out of 24)** applied under Small Business schemes, making it the most popular category.

- The Service Sector and Transport Sector accounted for **4** and **3 applicants**, respectively.
- Only **2 applicants** sought Education Loans, suggesting limited awareness or access among students, despite targeted schemes such as the New Swarnima or Mahila Samridhi Yojana.

This pattern underlines the need for sector-specific outreach, especially for underrepresented categories like education and women-specific financial products.

## HP.7.2 Loan Amounts and Aspirations

The average loan amount requested was ₹3.98 lakh, with amounts ranging from ₹1 lakh to ₹15 lakh. While a majority requested amounts between ₹2–5 lakhs—commonly associated with micro or small businesses—some applicants aimed for large-scale educational or business investments (e.g., ₹15 lakh for an MBA). This reflects both high aspirations and the confidence of applicants in leveraging formal credit for livelihood improvement.

## H.7.3 Reason for Non-Availment

Based on field observations and contextual understanding, several probable reasons may explain this outcome:

**Inability to Meet Collateral Requirements:** Many applicants—especially those from economically weaker or marginalized sections—were unable to provide land documents or fixed deposits, which are commonly required as collateral. This was particularly restrictive for women, who often do not hold property in their names.

- **Documentation Challenges:** The loan process involves submitting various legal and financial documents. Applicants with low literacy or limited bureaucratic exposure may find this overwhelming or inaccessible, leading to withdrawal during the process.
- **Seasonal or Volatile Income:** For those engaged in the transport or service sectors, income is often irregular and dependent on seasonal demand. This uncertainty may discourage applicants from committing to a structured repayment plan, leading to withdrawal or passive discontinuation.
- **Social or Gender Barriers:** Social stigma, family pressure, or gender-based limitations—particularly in rural areas—can hinder an applicant’s ability to proceed confidently with formal credit applications.

These probable barriers suggest a need for more inclusive loan design, simplified documentation processes, and proactive follow-up is essential to improve scheme uptake among the targeted population.

Though these individuals were not loan beneficiaries themselves, some expressed awareness of community members who had received loans. Positive changes were often observed in these cases, including:

- Business establishment
- Improved income
- Job creation
- Enhanced lifestyle

This second-hand visibility of success stories could serve as a powerful motivator for future applicants—if supported with adequate handholding and transparent communication during the application and approval processes.

#### H.7.4 Recommendations

- **Strengthen application support:** Offer dedicated counseling at the pre-application stage to explain documentation, eligibility, and scheme benefits.
- **Improve follow-up mechanisms:** Establish a tracking and support system for those who apply but do not proceed.
- **Enhance outreach to women and youth:** Use community influencers, SHGs, and digital media to promote schemes targeted at these groups.
- **Conduct exit interviews for rejections:** Capture clear reasons for Non-Availment and address those systemically.

\*\*\*\*\*





# **State Report**

---

# **Jammu & Kashmir**





## *State Report: Jammu & Kashmir*

### **JK.1 Background of State Channelizing Agencies (SCAs):**

- i. J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd.
- ii. J&K State Women's Development Corporation (WDC)

The **Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation Ltd.** serves as the State Channelising Agency for promoting the socio-economic and educational development of SCs, STs, OBCs, and other backward communities in the Union Territory. It facilitates concessional loans and bank-linked financial assistance in collaboration with National Level Finance and Development Corporations, with the objective of enhancing self-employment and income-generating opportunities for the target groups.

The **Jammu & Kashmir State Women's Development Corporation (WDC)** functions as the dedicated SCA for women, focusing on economic empowerment through the identification and promotion of women entrepreneurs. WDC conducts awareness programmes, provides soft loans at concessional interest rates, and supports skill development. It also facilitates the formation of Self-Help Groups and Block-Level Societies to promote financial inclusion and sustainable community-based enterprise models led by women.

### **JK.2 Disbursement Patterns of NBCFDC Loans in the State for FY 2020-23**

The NBCFDC lending schemes in Jammu & Kashmir are implemented through two dedicated State Channelising Agencies (SCAs), the J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd. (established in 1996-97) and the J&K State Women's Development Corporation (WDC) (incorporated in 1991 and operational since 1994). These institutions have played a consistent role in advancing the socio-economic development of Scheduled Castes, Scheduled Tribes, Other Backward Classes, and women across the Union Territory.

The implementation of NBCFDC schemes in Jammu & Kashmir has primarily focused on term loan financing, with the majority of disbursements concentrated under a single loan category. Unlike more diversified state portfolios, J&K's implementation largely caters to basic livelihood enhancement rather than a broad spectrum of sectoral interventions. Nonetheless, these initiatives continue to play a vital role in promoting financial inclusion and localized economic empowerment among the most vulnerable segments of the population.

The minimum loan size is approximately ₹1.0 lakh, with most individual beneficiaries receiving a standard upper limit of ₹3 lakhs to ₹5 lakhs (upper limit) across both SCAs. In the case of the J&K Women's Development Corporation, loans of up to ₹5,00,000 are extended to Self Help Groups

(SHGs). This loan size is well-aligned with the needs of small-scale and livelihood-based enterprises. It has primarily supported income-generating activities in the informal sector and traditional occupations, which form the economic backbone of backward class communities in the region.

**Table JK.2.1: Distribution of beneficiaries across the districts of Jammu & Kashmir for the years 2020-23**

Districts	Number of Beneficiaries
Ramban	3
Kupwara	2
Kulgam	1
Budgam	9
Srinagar	9
Sopore	1
Baramulla	2
Shopian	2

**Table JK.2.2: Activities in which beneficiaries have been given the loans for the year 2020-23**

Activity	Number of Beneficiaries
Pashmina embroidery	3
Readymade Garments	2
General Store	7
Cutting & Tailoring	8
Sozni	3
Wood Carving	2
Furniture Fixture	1
Provisional Store	1
Hand Embroidery	2

**The overall analysis of loan disbursement for the two SCAs are given below:**

i) ***Women's Development Corporation:***

The Term Loan Scheme recorded the highest uptake during the period 2020–23, with a total of 398 beneficiary cases. However, out of these, 109 cases have been identified as defaulters indicating the need for strengthened monitoring and post-disbursement support mechanisms. In contrast, no education loans were disbursed under the scheme during the evaluation period, which could point to either lower demand, stricter eligibility, or gaps in awareness and guidance for potential student borrowers. Loans in the Agriculture and Allied sectors have shown fluctuating engagement, suggesting that while rural enterprise financing exists, its consistency is influenced by seasonal, policy, or outreach-related factors.

The loan recovery performance under the Women's Development Corporation demonstrates a commendable trajectory, achieving a recovery rate of 97% during the evaluation period. This reflects the impact of strengthened institutional mechanisms, improved borrower accountability, and a proactive approach to addressing past repayment challenges.

In the initial years, the Corporation had encountered significant difficulties in loan recovery, particularly due to a lack of enforceable guarantees and weak repayment discipline. In response, a stringent policy was introduced mandating that only applicants with a gazette officer as guarantor having at least 15 years of remaining service would be eligible for loan disbursement, regardless of the loan size. This measure served as a strong deterrent against default and ensured a higher level of financial commitment from borrowers.

The growing uptake of loans by women reflects enhanced awareness, community mobilization, and a changing socio-economic environment that is more conducive to female participation in income-generating activities. It also points to the expanding role of women in micro-enterprise development and household financial decision-making. While this progression is encouraging, continued support through gender-sensitive outreach, capacity-building programs, and access to marketing and credit linkages will be essential to sustain and accelerate this momentum.

ii) *J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd.*

The Term Loan Scheme recorded the highest beneficiary uptake, with 99 cases registered during the study period from 2020 to 2023. In contrast, no education loans were disbursed under the scheme during the evaluation period, which could point to either lower demand, stricter eligibility, or gaps in awareness and guidance for potential student borrowers.

The scheme exhibited strong repayment performance, with recovery rates of 96% in both 2020–21 and 2021–22, and 95% in 2022–23. As per the SCA's recovery policy, loans up to ₹5 lakh require a general guarantor. For loans exceeding ₹3 lakh, it is a collateral or government employee is mandated as guarantor. In cases where the loan amount exceeds ₹10 lakh, the guarantor must be a gazette officer with a minimum of 10 years of remaining service.

The disbursement trend under the Term Loan Scheme reveals notable fluctuations over the study period. In 2020–21, a total of 21 cases were disbursed, which saw a significant increase to 73 cases in 2021–22, indicating a positive momentum and effective outreach during that year. However, this was followed by a sharp decline to just 5 cases in 2022–23, pointing towards a possible reversal in scheme uptake.

This downward trend may be attributed to several factors, including reduced awareness about the scheme, lack of sustained community mobilization efforts, procedural challenges, or shifting priorities at the implementation level. The decline underscores the need for renewed efforts in awareness generation, targeted outreach, and facilitation support to ensure the continuity and expansion of scheme benefits to eligible beneficiaries.

### **JK.3 Sample Design and Data Sources**

A sample size of 29 beneficiaries was determined in consultation with NBCFDC for the UT of J&K for the study. All beneficiaries were interviewed through random sampling based on the list of beneficiaries given by the SCA. Beneficiaries were covered across various districts of Kashmir valley covering Srinagar, Budgam, Pulwama, Anantnag, Baramulla, Ganderbal, Sopore and Shopian. The interviews were done through the Kobo tool and a structured closed ended questionnaire. From J&K State Women's Development Corporation (WDC), a total of 16 beneficiaries WERE SURVEYED and from J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd., a total of 13 beneficiaries were surveyed.

#### **JK.3.1 Sample Design Selection of Districts**

The UT of J&K was selected for this evaluative study as per the proposed sampling plan. State Channelizing Agency selected for this evaluation were:

- i. J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd.
- ii. J&K State Women's Development Corporation (WDC)

Therefore, the districts for which consent was received became part of the present study. These districts were selected in consultation with the SCA.

#### **J.K.3.2 Sources of Data**

This was an empirical study intending for an evaluation of the lending schemes already implemented. The list of the beneficiaries for Term Loan schemes of NBCFDC for the period of study (2020-23) was shared by SCA which comprised the name and other details of the beneficiary of the loan schemes. All the willing beneficiaries were contacted through the State Channelising Agency and were verified from the available list of beneficiaries.

The evaluation for various other parameters like the utilization ratio, loan recovery ratio/mechanism, number of defaulters and the mechanism of monitoring done for these loans by the SCAs has been collected through the questionnaires in Kobo toolbox.

Additionally, information has also been gathered from their websites and annual reports.

#### **JK.3.3 Key Impressions and Insights from Field Survey**

Field-level observations in Jammu & Kashmir reveal that the loan disbursement under NBCFDC's schemes is predominantly confined to a single loan category i.e. Small Loan. There has been no diversification into other available loan products, such as Education Loans, Mahila Samridhi Yojana, or Micro-Finance. This uniformity in lending restricts the scheme's potential to address the diverse credit needs of beneficiaries across different sectors. In case of J&K SC/ST/BC Development Corporation, the NBCFDC schemes implemented includes Mahila Samridhi Yojana, Micro Credit Scheme, Education Loan Scheme and Term Loan Scheme. The maximum loan amount disbursed in the UT was ₹3-5 lakh, indicating a relatively modest credit ceiling. While this amount may be adequate for micro-enterprises, it may fall short in supporting the growth

ambitions of small-scale entrepreneurs seeking larger capital infusion. The current disbursement pattern suggests a need to explore and operationalize other lending categories to enhance the scheme's reach and relevance for varied livelihood and enterprise activities in the region.

Another important insight into beneficiary experiences and areas where further support may enhance the effectiveness of the scheme. Many beneficiaries expressed concern over the 8% interest rate, perceiving it as relatively high in the context of their modest incomes and small-scale enterprises. While they were generally aware of their monthly repayment amounts, there was limited understanding of the underlying interest calculations, pointing to the need for strengthened financial literacy initiatives.

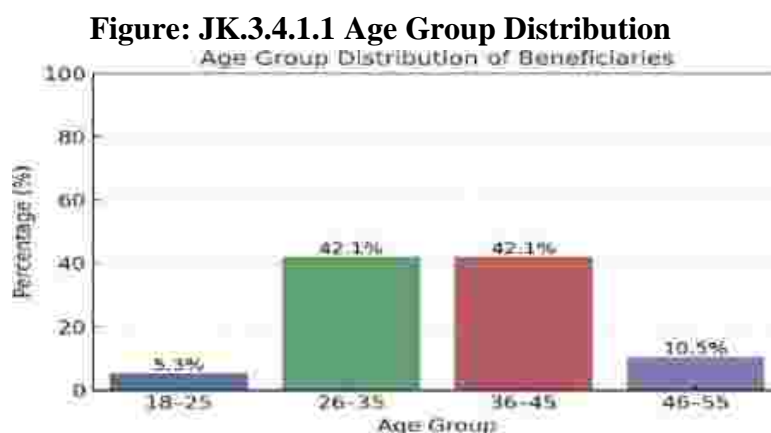
Additionally, it was observed that a number of beneficiaries were unaware of the possibility of availing fresh loans or renewing loans after repayment, suggesting that broader awareness on the full lifecycle of credit access can further empower borrowers and improve the sustainability of their enterprises.

Another significant challenge pertained to the procurement of the Backward Class (BC) certificate, which is a prerequisite for loan processing. Beneficiaries reported that obtaining this certificate is a cumbersome and time-consuming process, often requiring them to leave their shops or livelihood activities, thereby disrupting their income-generating time. Many suggested that verification of social category could be delegated to the SCAs, based on existing government records or prior authentication, to streamline the application process and reduce administrative burdens.

There is little or no formal mechanism in terms of counselling or training sessions at the SCA level in place to inform or educate beneficiaries about the possibility of loan renewal after successful repayment. As a result, many remain unaware that they can reapply for further financial support, limiting their ability to plan for expansion or continuity in their income-generating activities. Establishing a basic training or awareness session at the pre-disbursement stage could bridge this gap and enhance the overall utility of the scheme.

### JK.3.4. Analysis of the Socio-Economic Parameters

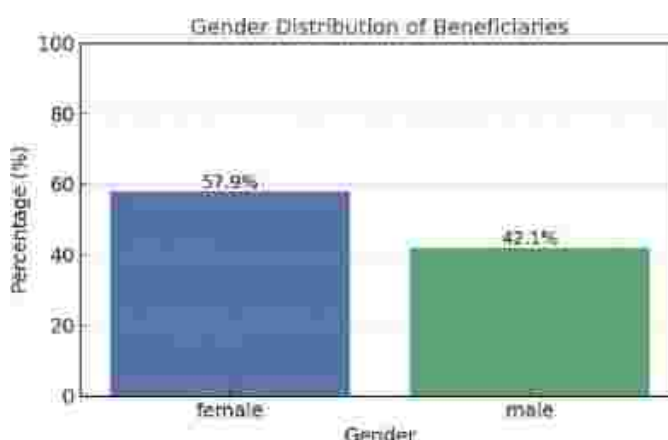
#### JK.3.4.1 Age Group Distribution



The age distribution of beneficiaries highlights a strong concentration in the 26–35 and 36–45 age groups, each accounting for 42.1% of the total. This suggests that the scheme is reaching a core productive demographic individual likely to be actively engaged in livelihood and enterprise activities. Only 5.3% of respondents fall in the 18–25 age bracket, indicating relatively limited access or uptake among younger adults, possibly due to eligibility constraints or lower loan demand. The 46–55 age group constitutes 10.5%, showing some reach among older working-age individuals

### JK.3.4.2 Gender

**Figure: JK.3.4.2.1**



Among the 19 beneficiaries surveyed, 57.9% are female, and 42.1% are male. This indicates a moderate predominance of female participation, suggesting that outreach efforts may be positively resonating with women in the region. The higher representation of women is a promising sign for gender-focused financial inclusion initiatives, especially in traditionally underrepresented geographies such as Jammu & Kashmir.

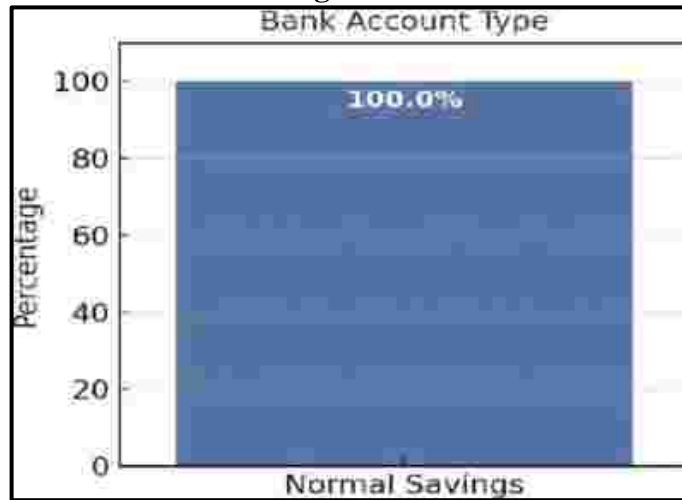
### JK.3.4.3 Aadhaar Card Ownership

Every single respondent (100%) has an Aadhaar card, confirming full coverage in terms of national identification. This is a crucial enabler for accessing benefits and indicates that identity linked schemes can be efficiently administered within this group.

### JK.3.4.4 Type of Bank Account

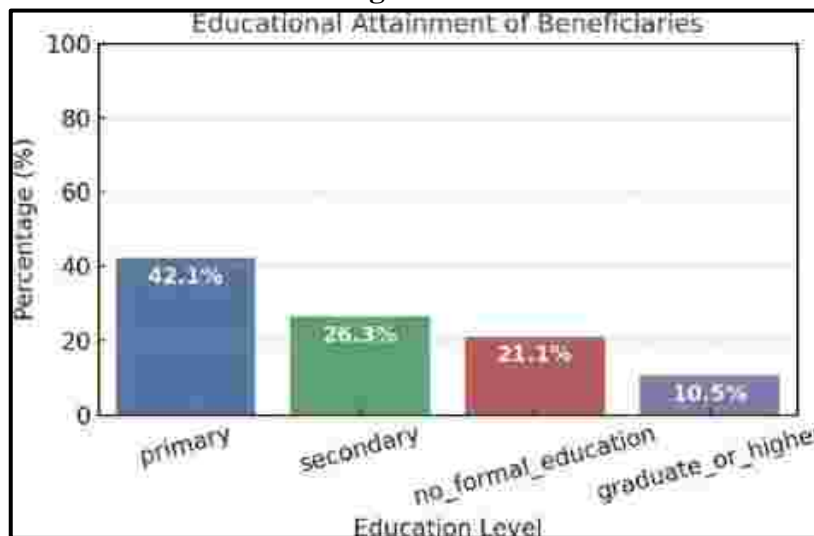
All beneficiaries in the sample (100%) operate a normal savings bank account, indicating complete financial inclusion at a basic banking level. However, the absence of Jan Dhan or specialized accounts suggests that while access exists, the variety of financial products availed remains limited.

**Fig: JK.3.4.4**



**JK.3.4.5 Education Level**

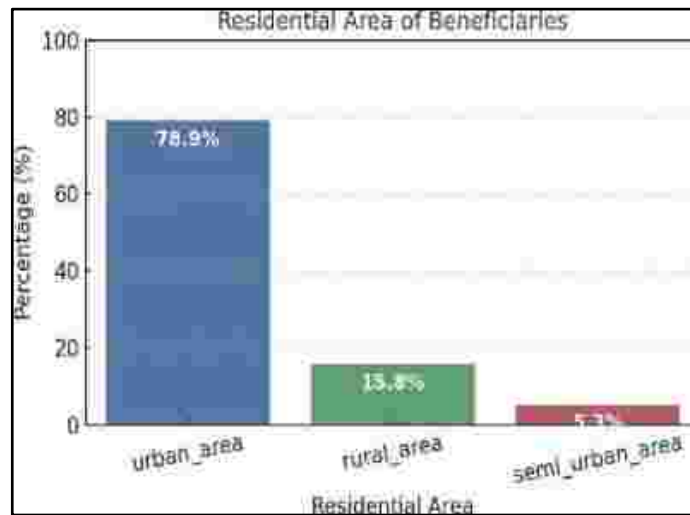
**Fig: JK.3.4.5**



Among the surveyed beneficiaries, 42.1% have attained primary education, making it the most common education level. This is followed by 26.3% with secondary education, and 21.1% who have had no formal education. Only 10.5% of beneficiaries are graduates or have higher education, indicating that the majority belong to lower educational backgrounds. This trend suggests that the scheme is effectively reaching underserved populations who are engaged in livelihood activities.

### JK.3.4.6 Residential Area

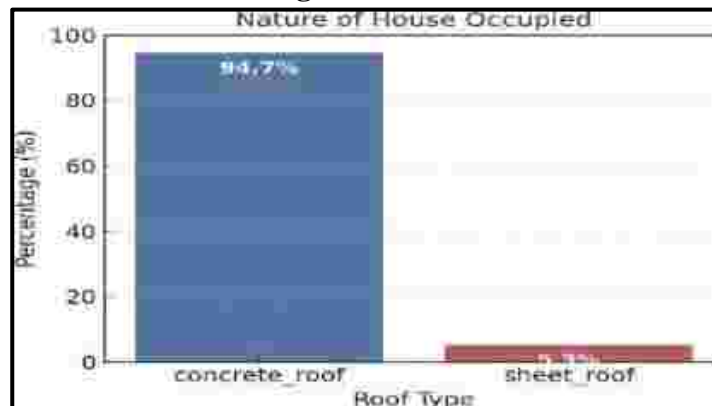
Fig: JK.3.4.6



The data reveals that the scheme's coverage in the current sample is largely urban-centric, with 78.9% of beneficiaries residing in urban areas. Only 15.8% belong to rural areas, and 5.3% reside in semi-urban localities. While this reflects strong implementation in towns and cities, the relatively lower rural representation signals the need to enhance rural outreach, particularly considering the socioeconomic vulnerabilities of backward-class communities in such regions. Strengthening rural mobilization strategies could ensure more equitable access to scheme benefits.

### JK.3.4.7 Type of House

Fig: JK.3.4.7



Among the respondents, 94.7% reside in concrete-roofed houses, while 5.3% live in sheet-roofed structures. This indicates a significant representation of individuals in secure and durable housing conditions, pointing toward a relatively stable socioeconomic base among the beneficiaries.

### JK.3.4.8 Ownership of Residence

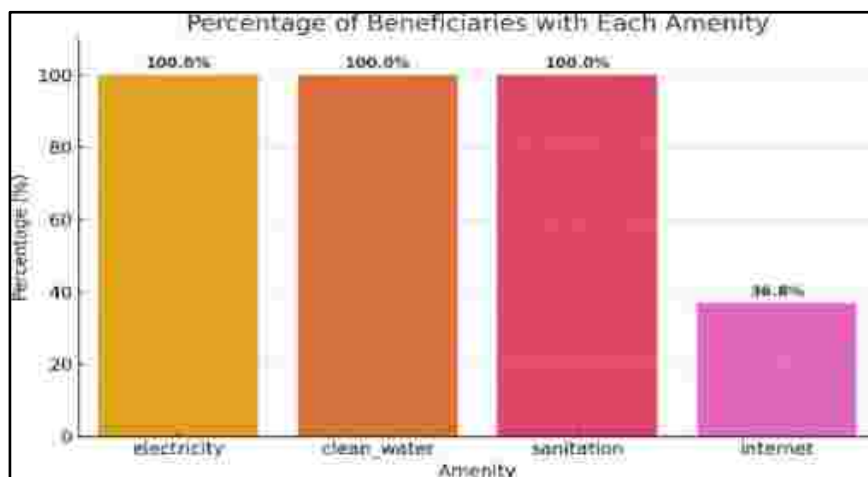
All respondents (100%) reported living in self-owned houses, reflecting strong residential stability and asset ownership among the beneficiaries. This complete absence of tenancy or rental status suggests a socio-economic baseline where housing insecurity is not a major concern within the surveyed population. The data also implies that the target group reached by the NBCFDC schemes in this region possesses foundational housing security, potentially enabling them to leverage loans more productively.

Fig: JK.3.4.8



### JK.3.4.9 Electricity and Water Availability at Home

Fig: JK.3.4.9

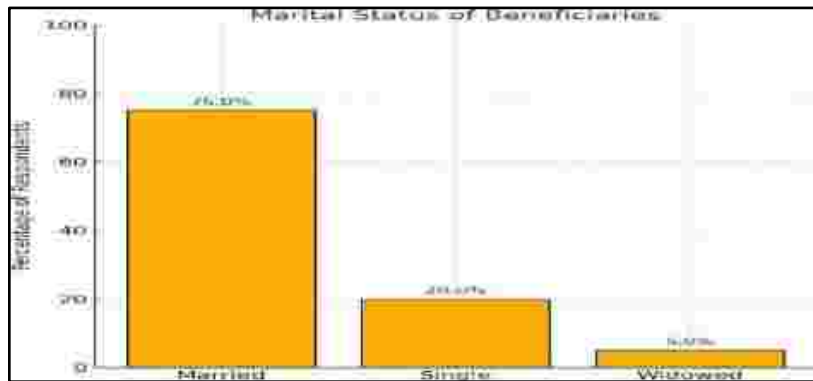


The analysis reveals that all surveyed beneficiaries have access to electricity (100%), clean water (100%), and sanitation (100%), indicating strong basic infrastructure in their households. However, only 36.8% of the respondents reported having access to internet facilities. Importantly, just 36.8% of beneficiaries reported access to all four amenities electricity, clean water, sanitation,

and internet, highlighting a significant digital divide despite otherwise robust physical infrastructure.

#### JK.3.4.10 Marital Status

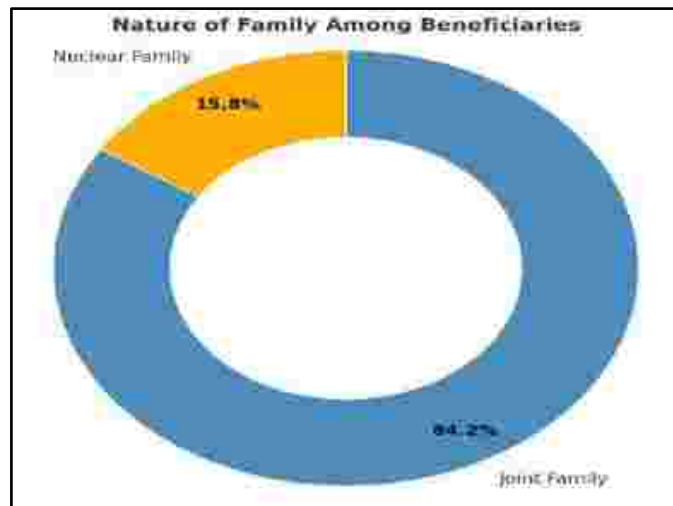
Fig: JK.3.4.10



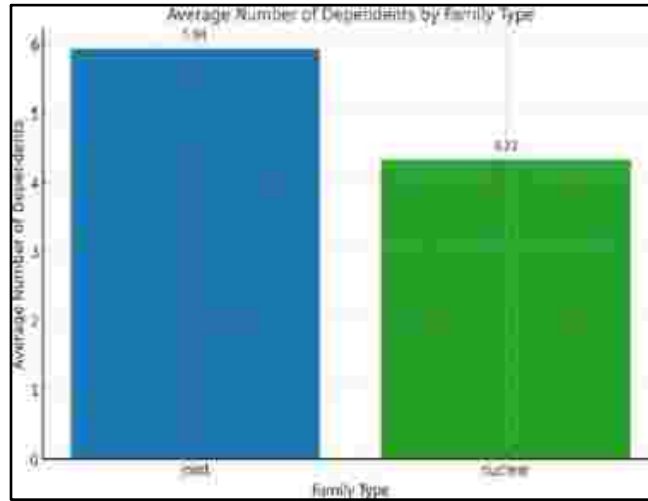
The majority of respondents, around 75% identified as married, indicating that the NBCFDC schemes are primarily reaching family-centered individuals, many of whom are likely the primary earners or jointly responsible for household welfare. A smaller segment, 20%, are single, highlighting the inclusion of independent individuals, possibly young adults or early-stage entrepreneurs. Just 5% of the beneficiaries are widowed, representing a vulnerable demographic that may require more targeted support under the scheme.

#### JK.3.4.11 Nature of Family

Fig. JK.3.4.11.1



**Fig.JK.3.4.11.2**



A significant majority of beneficiaries 84.2% belong to joint families, while only 15.8% reside in nuclear households. This distribution highlights the prevalence of traditional family structures among NBCFDC beneficiaries, suggesting that the scheme predominantly supports extended or cohabiting family units, which may have broader financial dependencies and shared responsibilities. When comparing the number of dependents, joint families have a higher average of 5.94 dependents, whereas nuclear families average 4.33 dependents. This difference, though not extreme, aligns with expected household dynamics joint families typically encompass extended members such as grandparents, siblings, or in-laws, which increases the overall number of dependents. In contrast, nuclear families tend to be more compact, often consisting of just parents and children, thereby reducing the dependency count.

#### **JK.4 Annual Family household Income Pre-loan and Post loan**

**Table JK.4.1: Annual Family Household Income before uptake of loan**

Income Levels	Response	Percentage
Below 1.5 Lakh	10	34
1.5-2.25 Lakh	11	38
2.25 Lakh – 3 Lakh	8	10
Total count	29	100

As Table 3 above, the surveyed households fall within the lower income brackets. About 34% of respondents earn below ₹1.5 lakh annually, indicating a significant dependence on low-income livelihoods. The largest share, 38%, lies in the ₹1.5–2.25 lakh bracket, reflecting modest but slightly better earning capacity. Only 10% of households fall within the ₹2.25–3 lakh range, showing limited representation in higher income categories. Overall, the data suggests that nearly

three-fourths of beneficiaries (72%) earn below ₹2.25 lakh annually, highlighting a predominantly low-income population that stands to benefit substantially from income-enhancing interventions.

**Table JK.4.2: Annual Family household Income Post loan uptake**

Income Levels	Response	Percentage
Below 1.5 Lakh	7	24
1.5-2.25 Lakh	9	31
2.25 Lakh – 3 Lakh	5	17
Above 3 Lakh	8	28
Total count	29	100

**Table JK.4.3: Change in Income Levels: Pre vs. Post Loan Uptake**

Income Range	Percentage of Beneficiaries Pre- Loan (%)	Percentage of Beneficiaries Post- Loan (%)	Percentage of Change in beneficiaries in each group (%)
Below ₹1.5 lakh	34	24	↓ 10
₹1.5–2.25 lakh	38	31	↓ 7
₹2.25–3 lakh	10	17	↑ 7
Above ₹3 lakh	17	28	↑ 11

As is evident from Table JK.5 above, the change in income levels pre vs. post loan uptake is as follows:

- The lowest income group (below ₹1.5 lakh) declined from 34% to 24%, showing that a share of households managed to move upward from this vulnerable category.
- The ₹1.5–2.25 lakh bracket reduced slightly from 38% to 31%, indicating some upward shift of beneficiaries into higher ranges.
- The proportion of households in the ₹2.25–3 lakh category increased from 10% to 17%.
- A significant gain is visible in the above ₹3 lakh group, which rose from 17% to 28%, highlighting that nearly one-third of households now belong to the highest income tier post-loan.

### **JK.5 Average Household Monthly Income Pre vs Post Loan (in Rs)**

The average monthly household income shows a clear upward shift following the uptake of the loan. Prior to accessing the loan, households earned approximately ₹20,000 per month, reflecting limited financial capacity and constrained business operations. After availing the loan, the average monthly income increased substantially to around ₹30,000–₹40,000, indicating a 50% to 100% rise in earnings. This significant improvement suggests that the loan played a crucial role in strengthening income-generating activities by enabling expansion, improving productivity, or stabilizing working capital requirements.

### JK.5.1 Employment Status

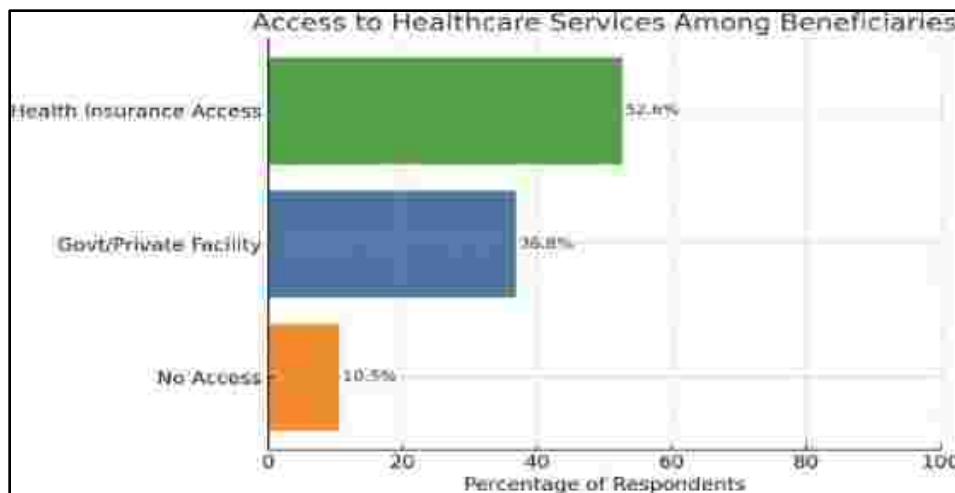
Fig: JK.5.1:



All respondents in the survey identified as self-employed, accounting for 100% of the sample. This underscores the scheme’s strong alignment with entrepreneurial and informal livelihood segments, particularly individuals engaged in small businesses, trades, or services. It also indicates that the financial support provided is directly catering to micro-enterprise activities, which are a cornerstone of economic sustenance for backward class communities.

### JK.5.2 Healthcare Access

Fig: JK.5.2



An additional **36.8%** of respondents reported relying on general government or private healthcare facilities without having formal insurance coverage. While this group may still receive care, the absence of insurance potentially increases their out-of-pocket health expenditure, affecting their financial stability.

However, **10.5%** of the respondents reported having no access to either health insurance or institutional healthcare services, indicating a critical gap in healthcare inclusion. This segment likely comprises the most vulnerable households, and points toward a need for targeted awareness campaigns, simplified registration procedures, and expansion of health coverage.

### **JK. 5.3 Nature of Work**

100% of the respondents report business as their primary source of income. This reflects the scheme’s strong alignment with microenterprise and self-employment sectors, affirming its relevance to small traders, shop owners, artisans, and service providers who form the backbone of local economies. The uniformity in responses also indicates that the NBCFDC schemes are effectively catering to the entrepreneurial aspirations of backward class communities, thereby fostering economic self-reliance and inclusive growth at the grassroots level.

## **JK.6. Analysis of the Loan Access, Utilization, and Impact Assessment**

**Table: JK.6.1: Time taken by the beneficiaries in obtaining loans from the SCA**

Month Range	Responses	Percentage
Up to 4 months	23	79%
4-6 months	2	7%
More than 6 months	3	10%
Can’t Recall	1	3%
Total Response	29	

The analysis of loan application and sanction timelines indicates that the majority of beneficiaries received their loans within a relatively short duration. Out of the 29 recorded responses, 23 beneficiaries (79%) had their loans sanctioned within up to 4 months of application. This demonstrates a fairly efficient process for most cases, ensuring timely access to financial support.

A smaller proportion of beneficiaries, 2 respondents (7%), experienced a sanction delay ranging between 4–6 months, while 3 respondents (10%) reported waiting for more than 6 months. Additionally, 1 respondent (3%) could not recall the exact time taken for loan sanction.

Overall, the findings reveal that the scheme has largely been effective in ensuring quicker sanction of loans, with nearly four-fifths of the beneficiaries accessing credit within a period of four months.

### **JK.6.1 Purpose of Uptake of Loan**

**Table JK.6.1.1: Purpose of Uptake of Loan**

Purpose of Loan	Number of Beneficiaries	Percentage (%)
Working capital	27	93%
Purchase of raw materials	29	100%
Purchase of tools/machinery	18	62%

Purpose of Loan	Number of Beneficiaries	Percentage (%)
Business expansion	13	45%
<b>Total respondents</b>	<b>29</b>	<b>100%</b>

The loan utilization pattern reveals that beneficiaries primarily relied on credit to sustain and strengthen their business operations. A significant **93% (27 out of 29)** used the loan for **working capital**, indicating that ensuring adequate cash flow and meeting day-to-day operational needs are critical for their enterprises. Notably, **100% of the respondents** used the loan for **purchasing raw materials**, underscoring that input procurement is the most essential and unavoidable expense for these businesses. Additionally, **62% (18 beneficiaries)** invested in **tools and machinery**, demonstrating that many respondents are using financial support to enhance capacity, upgrade equipment, and improve productivity. Furthermore, **45% (13 respondents)** utilized the credit for **business expansion**, reflecting that a considerable proportion of beneficiaries are leveraging the loan to scale up operations and diversify their activities.

### JK. 6.2 Loan Uptake & Disbursal

The analysis of sector-wise loan utilization across three financial years—2020–21, 2021–22, and 2022–23— based on data provided by the Women’s Development Corporation, reflects a strong preference for loans utilized under the **small business category**. While the NBCFDC schemes are designed to support a range of economic activities, including agriculture, services, and allied sectors, the reported data indicates that a significant proportion of beneficiaries primarily accessed credit for small business-related purposes.

In terms of loan disbursal, all beneficiaries reported having received the full amount they had applied for. For the reference period, the sanctioned and disbursed amount was uniformly ₹3 lakh. This suggests consistency in disbursement practices, with no reported discrepancies between the applied and received amounts.

### JK.6.3 Utilization of loans for the intended purpose

100% beneficiaries had used the loan amount for the intended purpose. The activities for which utilization was done is given below:

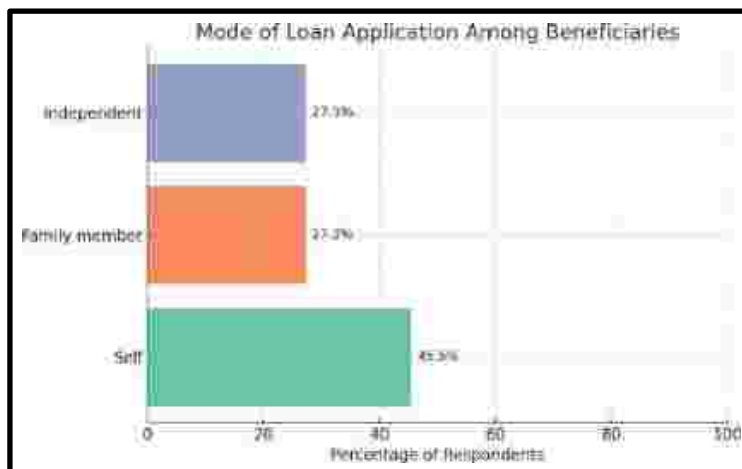
**Table JK.6.3.1 Utilization of loans for the intended purpose**

Activity	Responses
Cutting & Tailoring	8
Furniture Fixture	1
General Store	7
Hand Embroidery	2

Activity	Responses
Pashmina embroidery	3
Provisional Store	1
Readymade Garments	2
Sozni	3
Total responses	29
Wood Carving	2

### JK.7 Awareness of NBCFDC loan schemes, rates of interest & Facilitation of loans taken

Fig: JK.7



The mode of loan application among beneficiaries presents a diverse pattern. A majority of respondents (45.5%) reported that they applied for the loan by themselves without any external support. This suggests a fairly high level of confidence and awareness among respondents about the loan application process. Meanwhile, 27.3% of the beneficiaries indicated that a family member applied on their behalf. This suggests that for a significant share of beneficiaries—possibly those with lower literacy or limited digital access—family support plays an essential role in navigating formal processes.

Additionally, 27.3% applied independently but not as "self," implying the use of support structures other than immediate family, such as friends or local facilitators.

Table: JK.7.1

Question	Response/Yes	Response/Yes in %	Response/No	Response/No in %
Do you know the amount of interest rate on your loan	29	100%	0	0
Whether assistance received directly in bank account	29	100%		

Question	Response/Yes	Response/Yes in %	Response/No	Response/No in %
Have you missed any instalments	0	0	29	100%
Do you find the interest rate fair and affordable	27	93%	2	7%

Based on the responses presented in Table JK.9 above, it is evident that the beneficiaries demonstrate strong financial awareness and positive repayment behaviour, though certain systemic gaps are also visible. All respondents (100%) reported that they are aware of the interest rate on their loan, which reflects a commendable level of financial literacy among beneficiaries. This suggests that the borrowers are well-informed about the financial terms of assistance provided.

With respect to repayment behaviour, all respondents (100%) reported that they had not missed any installments. This underscores a strong culture of financial discipline among beneficiaries, suggesting stable repayment capacity and commitment to fulfilling obligations. Moreover, when asked about the fairness and affordability of the interest rate, 93% expressed satisfaction, with only 7% reporting dissatisfaction. This highlights that the loan terms are widely perceived as reasonable and manageable, thereby reducing the risk of repayment stress.

#### **JK.7.1 Creation of Assets out of loan assistance provided**

Out of the 29 beneficiaries interviewed the following assets have been created:

**Table JK.7.1.1**

Activity	Responses
Pashmina embroidery	3
Readymade Garments	2
General Store	7
Cutting & Tailoring	8
Sozni	3
Wood Carving	2
Furniture Fixture	1
Provisional Store	1
Hand Embroidery	2
Total responses	29

As seen from Table 11, the majority of beneficiaries reported creation of assets in tailoring-related activities, with 8 respondents (cutting and tailoring) and 7 respondents (general stores) accounting for the largest share. This indicates that loan assistance has primarily supported small-scale retail and garment-related enterprises.

In addition, 3 beneficiaries each invested in pashmina embroidery and sozni work, while 2 respondents each created assets in wood carving and hand embroidery, showing the role of loans in sustaining traditional craft-based livelihoods. A smaller proportion of beneficiaries reported starting readymade garment shops (2), furniture fixture units (1), and provisional stores (1), reflecting diversification into other micro-business activities.

Overall, the findings suggest that loan assistance has enabled beneficiaries to strengthen their economic activities, particularly in tailoring, retail, and handicrafts, while also supporting a mix of other small enterprises.

### **JK.7.2 Post- Loan Outcomes**

The post-loan outcomes observed among beneficiaries present a diverse but generally encouraging picture of economic progress. A considerable number of respondents reported having made profits through the enterprises supported by NBCFDC loans.

While exact values vary, most estimates suggest monthly or seasonal profits ranging between ₹5,000 to ₹15,000. In qualitative terms, beneficiaries conveyed satisfaction with business growth, and some even referred to expansion such as increasing shop size or acquiring another retail shop. These patterns suggest that the loans have translated into tangible income generation, particularly for those operating in small trade.

Higher-end profit cases such as those earning ₹25,000 to ₹32,000 monthly highlight the potential for substantial economic upliftment when beneficiaries are able to effectively utilize the loan, access markets, and scale operations. These instances point to successful integration of financial support with entrepreneurial initiative and local demand.

Although employment generation was limited, a few respondents reported creating local employment, especially in tailoring and handicraft. While these examples are exceptions rather than the norm, they reflect the potential for enterprise-based job creation when business viability improves.

In terms of new investments, several respondents reported acquiring consumer durables or business-related assets such as TVs, refrigerators, raw materials, etc. While the number of such instances was modest, they indicate that a section of beneficiaries is beginning to re-invest their surplus or channel it into asset-building.

Savings behaviour was found to be relatively strong, with the majority of respondents indicating they save regularly.

### **JK.7.3 Analysis of the Perception-Based Assessment of Loan Experience and Impact through Likert Scale**

To assess beneficiaries' perceptions and experiences, a set of Likert scale questions was included in the survey. Respondents were asked to rate their satisfaction with loan services, the impact of

the loan on their social and economic well-being, and changes related to women’s empowerment. Each set of statements was rated on a standard 5-point scale, tailored to the theme.

The findings from the Likert scale analysis have been shown through visualizations in their respective sections given below:

### 7.3.1 Satisfaction with Loan Services

The responses on the questions in the Likert scale for this category have been tabled and the observations are given below:

**Table JK.7.3.1.1: Likert responses on questions related to Satisfaction with Loan Services**

Questions	Number of responses for each scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Satisfaction of the loan scheme availed	0	0	5	16	8	0%	0%	17%	55%	28%
Assistance and guidance	0	0	4	21	4	0%	0%	14%	72%	14%
Time taken for Loan approval	0	0	3	13	13	0%	0%	10%	45%	45%
Interest Rates	0	4	10	15	0	0%	14%	34%	52%	0%
Fund Disbursement Process	0	0	3	19	7	0%	0%	10%	65%	24%
Amount of loan disbursed	0	0	3	16	10	0%	0%	10%	55%	34%
Loan Repayment Terms	0	0	6	20	3	0%	0%	21%	69%	10%
Transparency of Loan Terms	0	0	5	16	8	0%	0%	17%	55%	28%
Employee Behaviour	0	0	4	10	15	0%	0%	14%	34%	52%
Guarantee Requirements	0	2	5	14	8	0%	7%	17%	48%	28%

#### Analysis:

- Satisfaction with the Loan Scheme Availed

A majority of beneficiaries (83%) expressed satisfaction with the loan scheme, with 55% being satisfied and 28% highly satisfied. Only 17% were neutral, indicating that the loan scheme is generally well- received and meets the expectations of most borrowers.

- Assistance and Guidance Provided by the Agency

The assistance provided by the agency was rated positively by 86% of respondents, with 72% feeling satisfied and 14% highly satisfied. However, 14% rated it as neutral, suggesting there is still some room to enhance guidance, particularly for first-time borrowers or those requiring more support during the loan process. This parameter received particularly high ratings, with 86% of respondents selecting level 4 or 5. The data indicates that beneficiaries felt adequately supported

and well-informed throughout the process, underscoring the effectiveness of field staff or institutional guidance mechanisms.

- **Time Taken for Loan Approval**

90% of respondents were satisfied with the time taken for loan approval, with 45% rating it as “4” and 45% as “5.” Only 10% reported neutrality, indicating that the loan approval process is generally perceived as efficient.

- **Interest Rates**

However, the parameter Interest rates reflected more mixed perception compared to other parameters. Only 52% of respondents rated this factor at level 4, while 48% rated it 3 or below, indicating a perception of moderate concern or perceived burden.

- **Fund Disbursement Process**

A significant majority (89%) of respondents were satisfied with the fund disbursement process, with 65% being “4” and 24% “5.” This indicates that once loans are approved, the disbursement process is smooth and efficient, with minimal issues reported.

- **Amount of Loan Disbursed**

High satisfaction was also reported for the quantum of loans received, with 89% of respondents rating this aspect positively. This suggests that the loan amounts aligned well with beneficiary expectations and requirements.

- **Loan Repayment Terms**

The repayment terms were rated positively by 79% of beneficiaries, with 69% satisfied and 10% highly satisfied. However, 21% were neutral, indicating that while the majority find the repayment terms acceptable, some may feel they are too rigid or challenging.

- **Transparency of Loan Terms**

Transparency received a positive response from 83% of beneficiaries, with 55% rating it as “4” and 28% as “5.” Only 17% were neutral, suggesting that the loan terms are generally perceived as clear and transparent, contributing to borrower trust in the process.

- **Employee Behaviour During Lending Process**

Employee behaviour received the highest positive feedback, with 86% of beneficiaries reporting satisfaction, 34% “4” and 52% “5.” This demonstrates the professionalism and helpfulness of the staff, which plays a crucial role in ensuring a positive borrower experience.

- **Guarantee Requirements**

Satisfaction with guarantee requirements was 76%, with 48% rating it as “4” and 28% as “5.” However, 17% rated it as neutral, indicating that guarantee requirements may be a barrier or concern for a segment of borrowers, potentially limiting access for some beneficiaries.

- **Socio-Economic Standard of Living**

The responses on the questions in the Likert scale for this category has been tabled and the observations are given below.

**Table JK.7.3.1.2: Likert responses on questions relating to Socio-Economic Standard of Living**

Questions	Number of responses for each scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Food and Nutritional Standards	0	2	7	20	0	0%	7%	24%	69%	0%
Clothing standards	0	3	6	9	11	0%	10%	21%	31%	38%
Asset ownership	3	3	6	9	8	10%	10%	21%	31%	28%
Household Savings	1	0	12	14	2	3%	0%	41%	48%	7%
Overall living standards	1	1	4	21	2	3%	3%	14%	72%	7%
Ability to repay debts	2	0	2	20	5	7%	0%	7%	69%	17%

**Analysis:**

The feedback provided through Likert-scale responses reveals strong positive perceptions regarding the impact of NBCFDC-supported loans on various aspects of socio-economic well-being.

- **Food and Nutritional Standards**

Food and Nutritional Standards received the most mixed feedback, with no respondent assigning the highest rating of 5, and the majority (20 respondents) rating it at level 4. While this reflects some improvement in food adequacy, the absence of top-tier satisfaction and the presence of lower-end ratings (including 2 at level 2 and 7 at level 3) indicate limited or incremental changes in dietary quality or nutritional security.

- **Clothing Standards**

Around 69% of beneficiaries expressed satisfaction with clothing standards, while 21% were neutral and 10% dissatisfied. This suggests an overall improvement, though a notable section may still feel their clothing-related needs are only partially met, pointing to modest but not comprehensive upliftment in this area.

- **Asset Ownership**

Asset ownership showed mixed responses: 59% expressed satisfaction, 21% were neutral, and 20% dissatisfied. This highlights that while over half have been able to improve or acquire assets, a significant minority have not seen much improvement, reflecting limited capacity for asset-building among some households.

- **Household Savings**

Household savings showed concentrated responses at level 3 (12 respondents), suggesting that while some beneficiaries may be saving, a majority are still financially constrained or prioritizing immediate consumption. This indicates that while some beneficiaries have improved their savings post-loan, many remain at a subsistence level, unable to generate consistent surplus income.

- **Overall Living Standards**

An overwhelming majority (79%) of respondents expressed satisfaction with overall living standards, with 72% satisfied and 7% highly satisfied. Only 14% were neutral and 6% dissatisfied. This suggests that loan access has had a broadly positive effect on the quality of life.

- **Ability to Repay Debts**

Most respondents (86%) felt confident in their ability to repay debts, with 69% satisfied and 17% highly satisfied. Only 14% were dissatisfied or neutral. This indicates improved repayment capacity, reflecting the role of loans in strengthening income-generating capacity.

## **J.K 8. Non-Beneficiary Analysis**

A sample size of 13 non-beneficiaries was to be determined as per the NBCFDC for the UT of J&K for the study. With respect to non-beneficiaries, the intended sample could not be realized as no identified cases of rejected applicants or eligible individuals who were denied loans were available through the implementing agency. This limitation has been duly noted, and its implications for comparative analysis are acknowledged within the scope of the study.

## **J.K. 9 Key discussion points with the SCA**

### **a) Scheme Implementation**

- The Women's Development Corporation has been associated with NBCFDC since 1996, indicating over three decades of experience in social sector lending. It manages multiple schemes like Micro Credit Scheme (MCS), Education Loan Scheme and Term Loan Scheme each targeting different segments, including women, students, micro-entrepreneurs, and traditional artisans. This diverse portfolio demonstrates a comprehensive developmental intent.
- Beneficiary selection is conducted through an open application process. Awareness generation is primarily field-driven, utilizing grassroots functionaries and initiatives such as awareness camps organized across various districts, with a particular focus on reaching individuals from backward classes.

## b) Loan Disbursement and Monitoring for both SCAs

- i. J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd.
  - ii. J&K State Women's Development Corporation (WDC)
- Loan disbursements are made via Direct Benefit Transfer (DBT) reinforcing transparency. Pre- loan counselling is actively conducted, covering financial literacy, business planning, and repayment orientation, reflecting a commitment to responsible financing.
  - The application system is offline and the online system is under process and the SCAs are yet to adopt the online system. While the transition to an online system is reportedly underway, it has not yet been implemented. The State Channelizing Agency (SCA) is in the process of adopting digital systems.
  - Loan recovery is primarily undertaken through direct, on-the-ground engagement by field officers, who personally visit beneficiaries to collect repayments. In cases of default, formal notices are issued to the guarantors in accordance with the loan agreement terms. Simultaneously, beneficiaries are individually counselled and advised to clear their outstanding dues. This hands- on approach reflects a proactive effort to maintain recovery rates, though it also highlights the labour-intensive nature of the current system.
  - Disbursement timelines typically range from 1 to 3 months, which, while reasonable, could be further improved through automation and process standardization.
  - **For the J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd.**, the average loan size ranges between ₹2 lakh and ₹3 lakh, aligning well with the financial needs of micro and small enterprises. Risk mitigation measures are structured around guarantor requirements: for loan amounts of ₹5 lakh, a government employee serves as the guarantor; for loans below ₹5 lakh, a gazetted officer with a minimum of 10 years of remaining service is mandated. This approach balances accessibility with prudent risk management.
  - **In the case of the J&K State Women's Development Corporation (WDC)**, the average loan size similarly ranges between ₹2 lakh and ₹3 lakh, effectively catering to women-led micro and small enterprises. Additionally, loan amounts between ₹2.5 lakh and ₹5 lakh have been extended to Self Help Groups engaged in small-scale and traditional businesses, supporting collective entrepreneurship. Risk management under WDC is comparatively stringent, with a gazetted officer required as guarantor for all loan amounts, mandated to have a minimum of 15 years of remaining service. This consistent guarantor policy underscores a cautious and structured framework aimed at ensuring effective loan recovery.
  - Recovery rates in case of the **J&K State Women's Development Corporation (WDC)** have consistently improved over the past three years which is 97% highlighting strengthened

monitoring and borrower responsibility. Disaggregated data shows that term loans for traditional businesses saw peak demand (136 loans in 2022–23), while education loans saw no uptake, perhaps due to stringent criteria or poor linkage with career support systems.

- Similarly, the recovery performance of the **J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd** has been consistently strong, with recovery rates standing at 96% in both 2020–21 and 2021–22, and marginally declining to 95% in 2022–23. This reflects a robust repayment culture and effective loan monitoring mechanisms, despite the observed decline in fresh loan uptake during the same period.
- Women entrepreneurs serve as a powerful reflection of gender-focused initiatives, embodying the effectiveness of institutional support mechanisms designed to promote women’s empowerment. Their active participation and success highlight the critical role of targeted policies and programs that facilitate access to finance, skill development, and market opportunities, thereby fostering greater economic independence and leadership among women.

## **J.K. 10. Impact Assessment of NBCFDC Lending Schemes in Haryana: A Parameter-Based Synthesis in a Nutshell**

### **1. Economic Upliftment and Financial Stability**

The NBCFDC-supported lending schemes have demonstrated a substantial role in fostering economic resilience among beneficiaries in Haryana. A dominant 100% of respondents are engaged in self-employment, with business activities cited as the primary income source indicating deep alignment between the scheme’s intent and actual economic practice.

The income data reveals that the majority of borrowers fall within the modest-income range, with the largest concentration (approximately 55%) earning between ₹15,000 and ₹40,000. This demographic alignment underscores the scheme’s focus on financially active individuals who maintain modest but stable earnings. Such income levels likely influence financial behaviours observed in the evaluation: household savings remain strong, supported by 100% of respondents rating their savings capacity at the highest level. While asset acquisition shows positive signs of improvement, it remains uneven, indicating that despite increased financial security, the ability to invest in assets varies across income groups within the borrower base.

### **2. Loan Utilization Efficiency and Repayment Behaviour**

Loan utilization among beneficiaries predominantly focused on core business needs, reflecting a strong alignment with productive activities. A significant majority of respondents used the loan for purchase of raw materials and tools/machinery, with 17 out of 19 respondents (approximately 89%) allocating funds to raw materials and 12 out of 19 (about 63%) for tools and machinery. Working capital for day-to-day business operations was another common use, with 18 respondents (95%) indicating this as a primary application of the loan.

Other uses such as business expansion (including additional space) were selected by 9 respondents (47%), demonstrating that nearly half the beneficiaries are investing in scaling their operations. However, investments in marketing and promotion, training or skill development, repayment of old debts, and other uses were not reported, suggesting a focused approach on immediate operational requirements rather than ancillary activities.

However, utilization monitoring remains a gap, as no post-disbursement verification was conducted. Despite this, repayment trends are improving. This suggests improving borrower discipline and possibly better loan sizing or pre-loan orientation practices.

### **3. Entrepreneurial Outcomes and Business Sustainability**

Post-loan profit levels among beneficiaries reflect modest yet meaningful financial gains, with most respondents reporting profits in the range of ₹5,000 to ₹15,000. This indicates that the loan has had a positive impact on business operations, enabling increased income and turnover within micro and small enterprise settings. Notably, a few respondents reported significantly higher profits with outliers reaching up to ₹25,000 and ₹32,000, suggesting that, in some cases, the financial support has facilitated substantial business growth. These higher returns, though less common, highlight the potential of the loan scheme to create scalable income opportunities when effectively utilized. Overall, the data points to improved profitability for the majority, reinforcing the value of continued access to financial and operational support for small entrepreneurs.

### **4. Social Impact and Empowerment**

Social impact indicators suggest upward mobility and quality-of-life improvements where approximately 79% of respondents rated their overall living standards at level 4 or 5, indicating a strong perception of improved household well-being following the loan support. The majority of respondents reported improvements in basic living conditions, with approximately 79% rating clothing standards and 68% rating food and nutritional standards at level 4 or above. While clothing adequacy reflects stronger gains, the more moderate scores in nutritional standards suggest room for further support in enhancing food security across households and enhanced ability to repay the loan.

### **5. Institutional Accessibility and Implementation Efficiency**

Institutional mechanisms in J&K currently operate through a single-channel system, with applications accepted exclusively via offline mode. Approximately 72.7% of respondents applied independently, either in their own name or without relying on a family member reflecting basic procedural clarity. Loan disbursement through DBT mechanism and field-based structured feedback from beneficiaries after loan disbursement enhance transparency and outreach in the various districts of J&K.

## **JK. 11. Recommendations/Suggestions from SCAs**

- During interactions with the J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd., the SCA raised concerns regarding delays in the release of funds, which adversely impact the timely implementation and continuity of loan disbursement activities. Additionally, the Corporation highlighted the lack of adequate logistical and administrative support, which hampers effective outreach, beneficiary mobilization, and follow-up mechanisms. These operational constraints underscore the need for improved coordination, timely fund flow, and institutional strengthening to enhance the overall efficiency and responsiveness of the scheme at the ground level.
- The SCAs also emphasized the need to enhance the capacity and market orientation of beneficiaries by providing training through structured exposure visits. These could include participation in fairs, handicraft melas, and other market-linked platforms where beneficiaries can set up stalls, showcase their products, and gain first-hand experience of demand patterns and customer engagement. Such initiatives are essential for strengthening entrepreneurial skills, expanding market linkages, and ensuring the long-term sustainability of income-generating activities supported under the scheme.
- The SCA expressed concern over the recent increase in interest rates, noting that the number of loan applications has declined significantly since the rates were revised. They recommended reverting to the earlier, lower simple interest rate structure, which was more attractive and affordable for economically weaker beneficiaries. According to the SCA, maintaining a low and consistent interest rate is crucial to sustaining application inflow and ensuring that the scheme remains accessible to the intended target groups.
- A key recommendation is to streamline the caste certificate verification process, which remains a major hurdle for beneficiaries. The requirement to obtain or renew certificates often forces individuals to leave their businesses and spend hours in long queues, leading to loss of productive time and discouraging participation. It is therefore recommended that SCAs be entrusted with the verification of caste credentials, leveraging their local knowledge and records to reduce delays and improve accessibility.
- During discussions with the SCAs on the low uptake under the Education Loan Scheme, it was highlighted that the existing income eligibility criteria act as a major limiting factor. Many eligible students are excluded due to the low-income ceiling. It is therefore recommended that the income slab be revised and enhanced up to ₹30 lakh, to widen the coverage and ensure that deserving candidates from middle-income households can also avail the scheme benefits.
- The SCA requested the release of Grant-in-Aid (G.I.A) to support office automation and strengthen recovery mechanisms. This support is intended to enhance operational efficiency.

- The J&K SC/ST/BC Corporation also recommended the institution of regular monitoring mechanisms and capacity-building initiatives. It expressed the need for periodic training of SCA officials to enhance their operational effectiveness, ensure better implementation of the scheme, and improve beneficiary outreach and recovery performance.

### **J.K 12. Case Illustrations of Socio-Economic Upliftment**

As part of the field survey conducted across the UT of J&K, inspiring success stories emerged, highlighting the tangible impact of NBCFDC-supported schemes on the lives of beneficiaries. These narratives reflect how access to credit, skill development, and support mechanisms have enabled individuals from marginalized communities to enhance their livelihoods, establish sustainable enterprises, and achieve socio-economic empowerment. The following case illustrations provide a glimpse into the transformative journeys of select beneficiaries, underscoring the relevance and effectiveness of the schemes at the grassroots level.

#### **a. Al- Mubarak Pharmaceutical Distributors**

##### **Mubarak Gul, Male Beneficiary, Budgam District**

Name of SCA	J&K SC/ST/BC Corporation
Name of Scheme	Small Business
Name of Beneficiary	Sri Mubarak Gul
S/W/D of	S/o-Sh. Ab. Aziz Hajam
Complete Address	Parinewas Hajam Mohalla, Distt. Budgam
Project Details	Medical Agency
Loan Amount	Rs.3 Lakh
Date of Disbursement	23-06-2021
Income before & after taking Loan	16,000/- & 40,000/- per month
Contact Number	8899664456





Mubarak Gul, a resident of Budgam district in Jammu & Kashmir, exemplifies the transformative potential of NBCFDC's lending support. In 2021, he availed a term loan of ₹3 lakh under the NBCFDC scheme from the J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd. to establish a small medical pharmacy. With the financial assistance, he procured essential stock, medical supplies, and operational resources to launch his venture.

Through dedicated effort and prudent management, Mubarak not only achieved sustained profitability but also reinvested his earnings strategically. In 2024, he purchased a retail shop to expand his business and ventured into wholesale supply of pharmaceutical products. His enterprise has since grown into a stable source of livelihood, not only for himself but also for others, currently employing seven staff members on a regular monthly salary.

Beyond business growth, Mubarak's success has significantly uplifted his socio-economic status. He has invested in a small piece of land, symbolizing long-term asset creation and financial security. His journey reflects the empowering impact of timely financial support and entrepreneurial determination, and stands as a compelling example of how NBCFDC's schemes are fostering inclusive development in Jammu & Kashmir.

#### **b. Digital Expansion and Business Growth through NBCFDC Support**

1.	Name of SCA	J&K SC/ST/BC Corporation
2.	Name of Scheme	Small Business
3.	Name of Beneficiary	Sri Saquib Mehraj Teli
4.	S/W/D of	S/o-Sh. Mehraj Teli
5.	Complete Address	Saderbal Hazratbal, Srinagar
6.	Project Details	Provisional Store
7.	Loan Amount	Rs.3 Lakh
8.	Date of Disbursement	28-01-2022
9.	Income before & after taking Loan	15,000/- & 30,000/- per month
10.	Contact Number	9682583108

*Saquib Mehraj Teli, Male Beneficiary, Hazratbal, Srinagar district*





Saquib Mehraj, a resident of Srinagar district in Jammu & Kashmir, availed a loan of ₹3 lakh in 2021 from the J&K Scheduled Castes, Scheduled Tribes, and Backward Classes Development Corporation Ltd under the NBCFDC scheme to enhance his business operations. Utilizing the financial assistance, he expanded and diversified his inventory while transitioning to a digital platform for stock management and sales.

This modernization led to substantial business growth, with Saquib reporting a 40% increase in annual turnover. Encouraged by the success, he reinvested in his enterprise by purchasing an additional retail shop, thereby expanding his commercial footprint in the region.

His journey underscores the transformative impact of inclusive financial support, demonstrating how targeted lending through the Corporation can empower backward class entrepreneurs to embrace digital tools, grow sustainably, and contribute meaningfully to local economic development.

1.	Name of SCA	J&K Women's Development Corporation
2.	Name of Scheme	Small Business
3.	Name of Beneficiary	Smt. Shabnam
4.	S/W/D of	W/o-Sh. Mohd Yaqoob Najar
5.	Complete Address	Safa Kadal, Srinagar
6.	Project Details	Pashmina Spinning/Shawl Emb
7.	Loan Amount	Rs. 2 Lakh
8.	Date of Disbursement	27.10.2020
9.	Income before & after taking Loan	6,000/- & 15,000/-
10.	Contact Number	9682583108

c. From Home to Market: Sustaining Tradition through Sozni Work

*Shabnam, Female beneficiary, Srinagar district*



Shabnam Yaqoob, a resident of Srinagar district in Jammu & Kashmir, availed a loan of ₹2 lakh in 2020 from the J&K Women's Development Corporation under the NBCFDC scheme to support her home-based livelihood. Engaged in *tosha* work, she practices the traditional *sozni* hand embroidery on shawls, a craft that not only reflects the rich cultural heritage of the region but also serves as an important income source for many women.

With the financial support, Shabnam was able to purchase raw materials and secure working capital, enabling her to continue her embroidery work more efficiently. Her handcrafted shawls are marketed by her husband, and together they now earn a steady monthly profit of around ₹10,000. Importantly, Shabnam has extended opportunities to 4–5 other local women by engaging them on a per-piece basis, with payments based on the intricacy and volume of the designs.

She shared that her economic condition and overall standard of living have improved significantly since receiving the loan. Encouraged by this progress, Shabnam is now planning to apply for a higher loan amount to further enhance her production capacity and income. Her story illustrates the empowering impact of home-based economic activities supported through targeted financial inclusion initiatives.

\*\*\*\*\*





**State Report**

---

**Karnataka**





## *State Report -Karnataka*

### **KR. 1 Background of Union Bank of India**

Union Bank of India was established in 1919, with its headquarters in Mumbai, Maharashtra, and was inaugurated by Mahatma Gandhi. Over the years, it has grown into one of the largest public sector banks in India, offering a wide range of banking and financial services aimed at promoting inclusive growth and economic development across the country. A landmark development occurred on 1st April 2020, when Union Bank of India amalgamated with Andhra Bank and Corporation Bank, significantly expanding its customer base, operational capacity, and reach.

Union Bank of India operates on a national scale with a strong presence in both urban and rural areas across India, providing services in every major state and union territory. The bank's primary focus areas include retail banking, agricultural financing, MSME lending, digital banking, and financial inclusion. It plays an instrumental role in implementing flagship Government of India schemes such as PMJDY (Pradhan Mantri Jan Dhan Yojana), PMAY, Mudra Yojana, and Direct Benefit Transfers (DBT).

In Karnataka, Union Bank of India holds a special place, particularly after the merger with Corporation Bank, which was headquartered in Mangaluru. The bank has a significant footprint across the state, including deep outreach in districts such as Bengaluru, Mysuru, Mandya, Chitradurga, and Tumakuru. It supports a wide spectrum of the population through services such as agricultural loans, SHG financing, Kisan Credit Cards (KCC), and loans to cottage and village industries, thereby contributing to rural development and employment generation.

Apart from its core banking services, Union Bank of India actively supports state and central government departments by facilitating salary disbursements, pension payments, scholarships, and social welfare transfers. The bank also plays a key role in disbursing funds under schemes like MGNREGA and PM-Kisan, in collaboration with local administrative bodies. Its contribution to state-led development initiatives is bolstered by its customer-friendly services and commitment to expanding digital and doorstep banking.

Union Bank of India emphasizes financial empowerment through micro-credit programs, especially for Self Help Groups (SHGs) and Joint Liability Groups (JLGs), with special focus on women-led enterprises. It also provides overdraft facilities under the Jan Dhan Yojana and encourages the opening of zero-balance savings accounts to promote financial accessibility for all. With over a century of trusted banking and a strong foundation built on integrity, inclusion, and innovation, Union Bank of India continues to be a key player in the country's banking ecosystem. In Karnataka and across India, it remains deeply committed to driving financial inclusion, improving livelihoods, and supporting socio-economic progress.

## KR.2 Disbursement Patterns of NBCFDC Loans in the State for FY 2020-23

### KR.2.1 Sample Population

A sample size of **30 beneficiaries** and **19 non-beneficiaries** was collected in consultation and as per terms of reference given by NBCFDC for the state of Karnataka as per the sampling plan for the study. Beneficiaries were interviewed through **random sampling** from the list of beneficiaries given by the SCA. Beneficiaries were covered from districts of **Kolar** and **Belagavi**. The interviews were done through the Kobo tool and a structured closed ended questionnaire.

### KR.2.2 Sample Design & Selection of Districts

The state of Karnataka was selected for this evaluative study as per the proposed sampling plan. State Channelizing Agency selected for this evaluation was Union Bank of India. Therefore, the districts for which consent was received became part of the present study. The districts (**Kolar & Belgavi**) were selected in consultation with Union Bank of India.

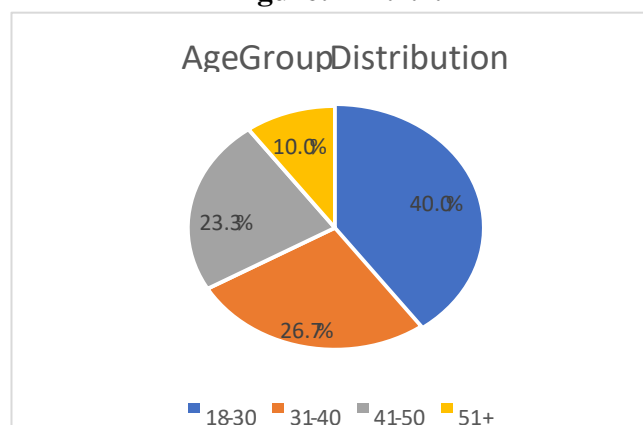
### KR.2.3 Sources of Data

This was an empirical study intending for an evaluation of the lending schemes already implemented. The list of the beneficiaries for the various re-financed loan schemes under Term Loan and Micro- Finance loans of NBCFDC for the period of study (2021-23) was shared by Union Bank of India which comprised the name and other details of the beneficiary of the loan schemes. All the willing beneficiaries were contacted through the State Channelizing Agency and were verified from the available list of beneficiaries. The evaluation for various other parameters like the utilization ratio, loan recovery ratio/mechanism, number of defaulters and the mechanism of monitoring done for these loans by the SCAs has been collected through the questionnaires canvassed to the State Channelizing Agency. Additionally, information has also been gathered from their website and annual reports.

### KR.2.4 Analysis of the Socio-Economic Parameters

#### KR.2.4.1 Age Group Distribution

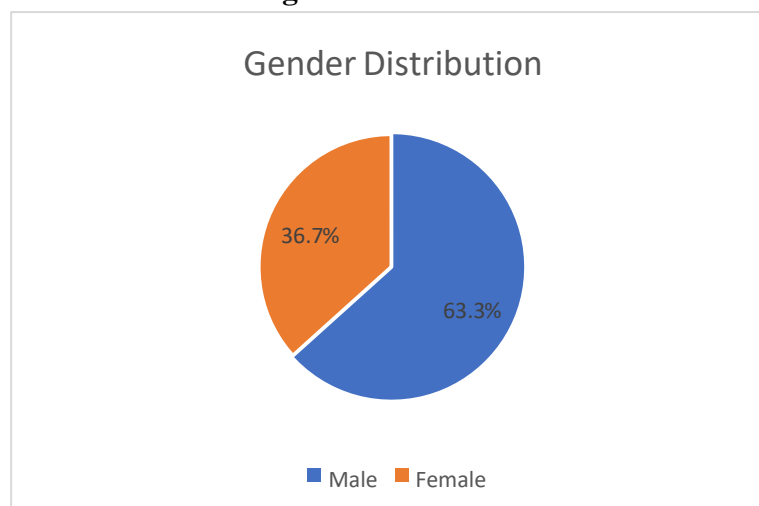
Figure: KR.2.4.1



The age distribution shows a concentration in the working-age population. Most individuals belong to the 18–30 age group (40.0%), followed by those in the 31–40 category (26.7%). A smaller representation is seen in the 41–50 bracket (23.3%) and the 51+ bracket (10.0%). This age structure reflects the scheme’s outreach toward economically productive cohorts. The predominance of younger beneficiaries (18–30: 40.0%) suggests early-stage engagement that can have long- term developmental impacts. The solid presence of the 31–40 group (26.7%) indicates support to mid- career households, while the relatively limited share of 51+ (10.0%) may reflect lower application rates or narrower eligibility/interest among older adults.

#### KR.2.4.2 Gender

**Figure: KR.2.4.2**



Among the respondents, **63.3% are male** and **36.7% are female**. This indicates a **male-majority participation**, suggesting either greater access or uptake by men. It highlights the need to **strengthen outreach and facilitation for women**, ensure gender-inclusive program design, and monitor barriers that may limit women’s participation and access to opportunities.

#### KR.2.4.3 Aadhaar Card Ownership

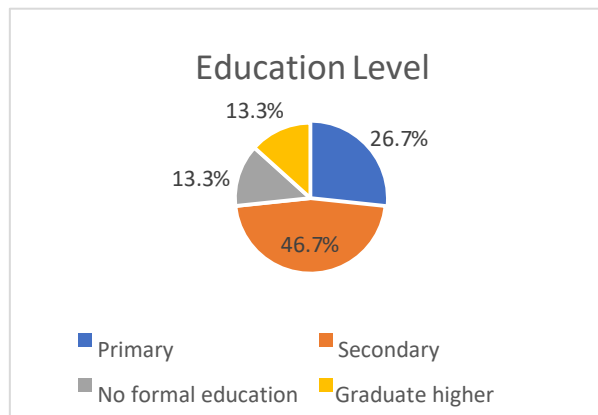
Every single respondent (**100%**) has an **Aadhaar card**, confirming full coverage in terms of national identification. This is a crucial enabler for accessing benefits and indicates that identity-linked schemes can be efficiently administered within this group.

#### KR.2.4.4 Type of Bank Account

All respondents (**100%**) reported having a **normal savings bank account**. This is notable, as it shows deep financial inclusion, with no dependence on Jan Dhan or basic accounts. These individuals may already be participating in digital banking or formal lending systems.

#### KR.2.4.5 Education Level

**Figure KR.2.4.5**



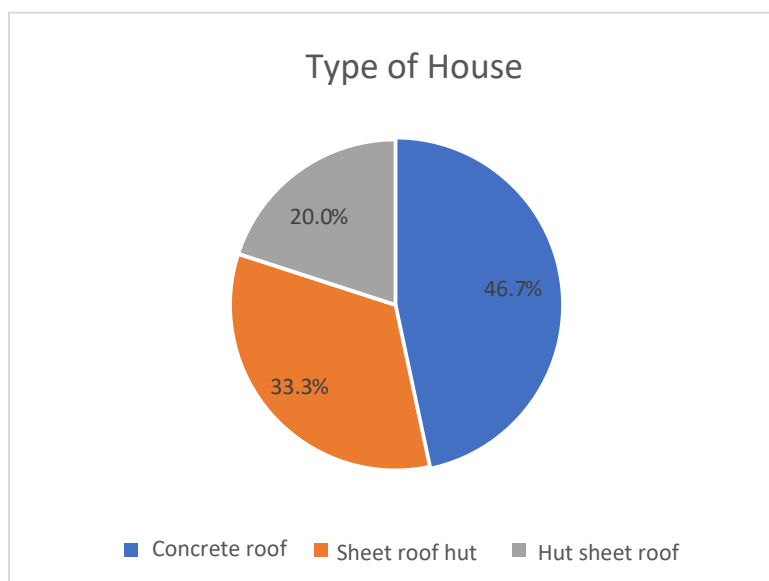
Education among the group is concentrated at the secondary level (46.7%), followed by primary education (26.7%). A smaller share reports no formal schooling (13.3%) and an equal 13.3% hold graduate or higher degrees. The pattern points to a dual need: foundational literacy/bridge support for those with no formal education and primary only, and targeted employability or entrepreneurship skilling for the large secondary cohort, while leveraging the graduate segment for advanced roles and leadership opportunities.

#### KR.2.4.6 Residential Area

All beneficiaries are from rural areas (100%). This confirms a fully rural-centric outreach, implying that program design, delivery, and support mechanisms should be optimized entirely for rural deployment including field-based facilitation, last-mile access, and rural livelihood linkages.

#### KR.2.4.7 Type of House

**Figure KR.2.4.7**



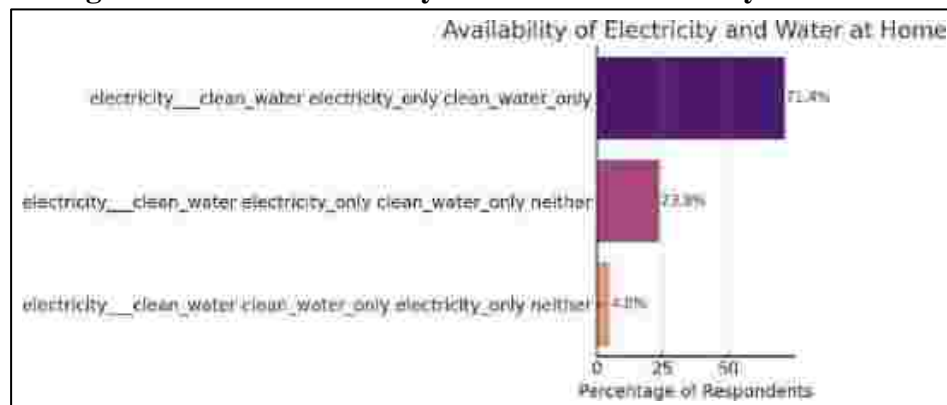
Housing data show that 46.7% of respondents live in concrete-roofed houses, while the remaining 53.3% reside in sheet-roof structures (33.3% sheet-roof huts and 20.0% huts with sheet roofs). The sizeable share under non-permanent roofing points to a need for targeted housing-improvement support, even as nearly half already have structurally stronger dwellings.

#### KR.2.4.8 Ownership of Residence

All beneficiaries (100%) reported living in their own house. This complete home-ownership is encouraging—especially in rural contexts where generational landholding and family housing are common—and signals greater economic and social stability, which can also strengthen creditworthiness during loan assessments. With no respondents in rented accommodation, housing or rental support schemes are less immediately relevant for this cohort; instead, any assistance can focus on upgrading existing dwellings (e.g., roofing, sanitation, water, energy efficiency) to improve quality and resilience.

#### KR.2.4.9 Electricity and Water Availability at Home

Figure KR.2.4.9: Electricity and Water Availability at Home



The data reveals a varied picture regarding the availability of basic utilities like **electricity and clean water**. A plurality of respondents, **42.9%**, reported having access to **both electricity and clean water**—which is a positive sign of basic infrastructure penetration in the region. However, a significant portion, **23.8%**, reported having access to **only electricity**, and another **19.0%** reported access to **only clean water**. Alarming, **14.3%** of the respondents stated that they had **neither electricity nor clean water** in their homes.

This distribution indicates a clear infrastructure divide. While nearly half of the households enjoy adequate utility services, a substantial minority still live in precarious conditions. The lack of either electricity or clean water—particularly when both are absent—represents a severe barrier to quality of life, health, education, and economic productivity.

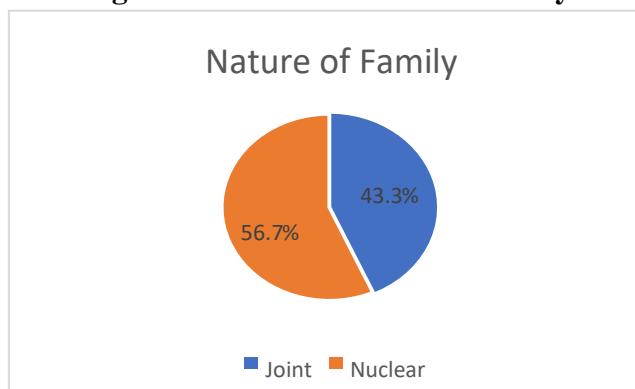
#### KR 2.4.10 Marital Status

All beneficiaries (100%) are married. This uniform marital status suggests most households likely include dependent family members, which has implications for financial planning, housing needs, and eligibility/use of social benefits. Program design can therefore prioritize

family-centered support—e.g., income security, health coverage, education assistance, and savings/insurance products tailored for households.

### KR 2.4.11 Nature of Family

**Figure KR.2.4.11: Nature of Family**



A significant 56.7% of respondents live in nuclear families, while 43.3% are part of joint families. Nuclear households may face greater financial vulnerability due to fewer shared income sources and risk pooling, making them more dependent on external financial assistance and targeted livelihood support.

### KR 2.4.12 Annual Family household Income pre-loan and post-loan

**Table KR.2.4.12.1: Annual Family Household Income before uptake of loan**

Income Levels	Response	Percentage
Below	7	23%
1.5- 2.25	14	47%
2.25	9	30%
<b>Total count</b>	<b>30</b>	<b>100%</b>

As shown in the table above, the annual household income of beneficiaries spans below ₹1.5 lakh to above ₹3 lakh, with a clear concentration in the lower income brackets. Nearly 23% report incomes below ₹1.5 lakh, and 47% lie in the ₹1.5–2.25 lakh range. A further 30% earn ₹2.25–3 lakh. This distribution underscores the predominance of low-income households among beneficiaries and highlights the importance of concessional credit and income-enhancement support.

Table 4 shows a visible upward shift in income levels following financial assistance from NBCFDC. only 13.3% of households report earning an annual household income below **₹1.5 lakh**, **40%** between **₹1.5–2.25 lakh**, **40%** reached **₹2.25–3 lakh**, and **10%** exceeded **₹3 lakh**. This distribution indicates that half of households are in the middle bracket, a significant proportion has moved into higher income tiers.

**Table KR.2.4.12.2: Annual Family household Income Post loan uptake**

Income Levels	Response	Percentage
Below 1.5 Lakh	4	13.3%
1.5-2.25 Lakh	12	40.0%
2.25 Lakh -3 Lakh	12	40.0%
Above 3 Lakh	3	10.0%
<b>Total count</b>	<b>30</b>	<b>100%</b>

**Table KR.2.4.12.3: Change in Income Levels: Pre vs. Post Loan Uptake**

Income Level	Before (%)	After (%)	Change (%)
Below 1.5 Lakh	23%	13%	<b>-9.7%</b>
1.5–2.25 Lakh	47%	40%	<b>-7%</b>
2.25–3 Lakh	30%	40%	<b>10%</b>
Above 3 Lakh	0%	10%	<b>10%</b>

The income distribution shows a clear upward shift after loan uptake. The proportion of households in the lowest income slab (below ₹1.5 lakh) reduced from **23% to 13.3%**, reflecting a **9.7% improvement**. Similarly, the ₹1.5–2.25 lakh group decreased by **7%**, indicating upward movement out of lower-income brackets. The most significant gains are seen in higher income groups. The ₹2.25–3 lakh category increased from **30% to 40%**, while the **above ₹3 lakh** slab—previously at zero—now accounts for **10%** of beneficiaries. This shows that a share of respondents moved into higher income levels.

Overall, the changes indicate **strong upward mobility**, with reductions in lower-income groups and increases in middle and higher-income categories, demonstrating a positive income impact associated with the loan.

#### **KR 2.4.13 Average Monthly Household Income pre vs post loan uptake (in Rs)**

The average monthly income of beneficiaries shows a strong improvement after availing the loan. Before the loan, the average income stood at **₹15,320**, reflecting a modest earning level. Following the loan, the average monthly income increased to **₹24,156**, indicating an uplift of **₹8,836** per month. This represents a significant income growth of **approximately 58%**.

#### **KR 2.4.14 Employment Status**

**Table KR.2.4.14**

Employment Status	Response	Percentage
Salaried Employee due to business failure	8	26.7%
self employed	12	40.0%
Unemployed	10	33.3%
<b>Total</b>	<b>30</b>	<b>100</b>

The employment profile of the beneficiaries reveals a mixed but precarious labor landscape. **Self-employment (40.0%)** is the single largest category, pointing to a sizable reliance on informal, own- account work small retail, services, and micro-enterprises typical of rural and semi-urban economies. This signals adaptive behavior where formal jobs are scarce, but it also exposes households to income volatility in the absence of stable demand, market linkages, and affordable working capital.

A substantial **33.3% are unemployed**, underscoring a clear jobs deficit and the need for immediate **livelihood activation** short, demand-linked skilling; wage-employment facilitation; and bridge finance for micro-enterprise start-ups. Without such support, this group risks sliding into chronic vulnerability despite access to credit.

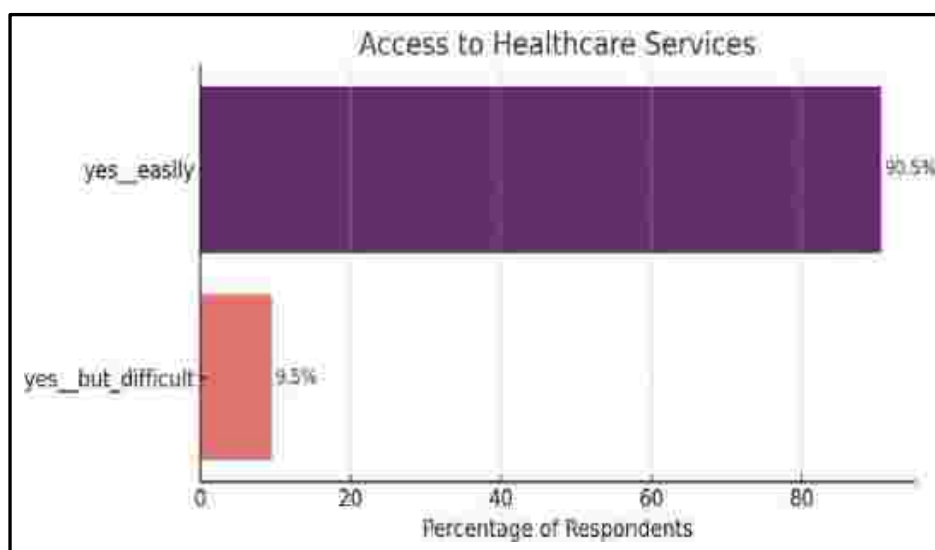
Only **26.7% are salaried employees**, a minority likely engaged in stable, formal or semi-formal roles.

Their limited share highlights the scarcity of formal sector opportunities locally and reinforces the importance of **entrepreneurship support, market access, and social protection** measures (insurance, savings, shock-absorbing credit) to strengthen economic resilience for the majority outside salaried work.

#### KR 2.4.15 Healthcare Access

Access to healthcare appears robust, with **90.5%** reporting **easy access**, while **9.5%** face some difficulty. Although generally positive, the remaining gap could be addressed through. Improved last- mile delivery of medical services, particularly in rural and remote areas.

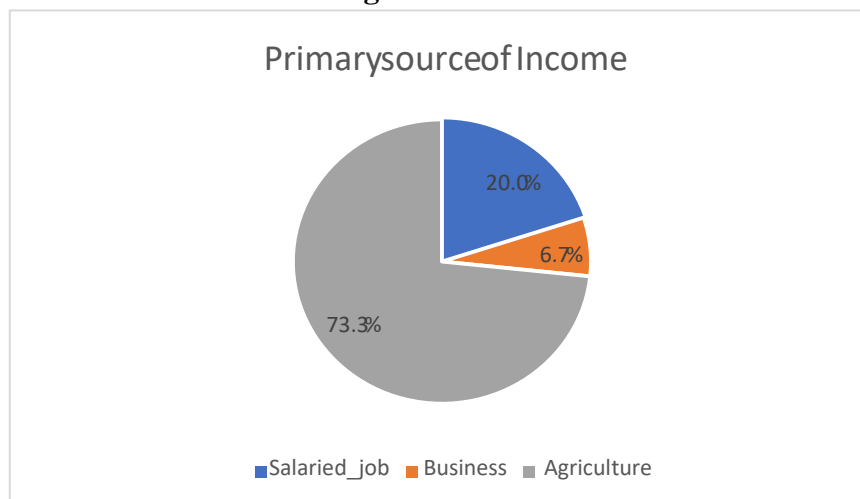
**Figure KR.2.4.15: Healthcare Access**



### KR 2.4.16 Nature of Work before uptake of loans

The distribution of primary income sources among respondents highlights a strong dependence on agriculture. A clear majority—**73.3%**—report agriculture as their main livelihood. This predominance reflects the agrarian nature of the community and underscores the reliance on farming for household sustenance. However, such dependence may also leave households vulnerable to seasonal fluctuations, climate variability, and low yields due to limited access to modern farming techniques. Strengthening agricultural infrastructure, improving irrigation, and facilitating access to markets could help stabilize and enhance agricultural incomes.

**Figure KR.2.4.16**



Alongside agriculture, **20.0%** of respondents derive their income from salaried employment. This segment represents a smaller but more stable source of livelihood, likely tied to formal sector jobs or government employment. Their presence in the dataset indicates limited but important opportunities for formal wage-based income, which could be further expanded through skill development and vocational training initiatives.

A smaller share—**6.7%**—report business as their primary source of income. These are likely to be small-scale, local enterprises such as shops, tailoring services, or petty trade. While this reflects entrepreneurial activity and adaptability, challenges such as limited access to credit, restricted market exposure, and inadequate digital or financial literacy may constrain growth. Policy measures aimed at fostering micro-enterprises, linking them with cooperative societies, and promoting digital payments could significantly enhance the sustainability of these ventures.

Overall, the predominance of agriculture highlights the need for targeted policy interventions to diversify income sources, reduce vulnerability, and promote more resilient livelihoods among the respondents.

## KR 2.5 Analysis of the Loan Access, Utilization, and Impact Assessment

### KR 2.5.1 Time taken by the beneficiaries in obtaining loans from the SCA

**Table KR.2.5.1:**

Month Range	Responses	Percentage
Up to 4 months	15	50%
4-6 months	10	33%
More than 6 months	4	13%
Can't Recall	1	3%
<b>Total Response</b>	<b>30</b>	<b>100%</b>

The sanction timeline appears reasonably prompt for most applicants. Out of 30 responses, 15 beneficiaries (50%) reported receiving their loans within up to 4 months of application, indicating that half of all cases were processed in a relatively short window.

A further 10 respondents (33%) obtained sanctions between 4–6 months, taking the share of loans sanctioned within six months to 83%. Delays beyond this were less common: 4 respondents (13%) waited more than 6 months for sanction. Additionally, 1 respondent (3%) could not recall the exact duration.

Overall, these findings suggest the process is largely efficient, with four in five applicants securing loan sanctions within six months, and one in two within four months, while a smaller subset experience extended waits beyond six months.

### KR 2.5.2 Purpose of Uptake of loan

**Table KR.2.5.2**

Question	Responses					
	Working Capital	% of beneficiaries	New Business	% of beneficiaries	Business expansion	% of beneficiaries
Purpose of uptake of loan	15	50%	5	17%	10	33%

The primary reason for taking the loan was to meet working capital needs, reported by 50% of the beneficiaries, indicating that most respondents relied on the loan to support day-to-day business operations and maintain cash flow. Another 33% used the loan for business expansion, reflecting a significant interest in growing existing enterprises. A smaller share, 17%, utilised the loan to start a new business, suggesting that while entrepreneurship is present, the dominant need remains sustaining and strengthening ongoing business activities.

### KR 2.5.3 Utilization of loans for the intended purpose

100% beneficiaries had used the loan amount for the intended purpose. The activities for which utilization was done is given below:

**Table KR.2.5.3**

Activity	Responses
Homestay	6
Restaurant	11
Hotel and lodging	4
Cyber café	5
Cardamom Plantation	4
<b>Total responses</b>	<b>30</b>

#### **KR 2.5.4 Awareness of NBCFDC loan schemes, rates of interest & Facilitation of loans taken**

A high awareness of the NBCFDC loans were seen amongst the beneficiaries. 100% reported to know about the NBCFDC loans through word of mouth, friends or relative. 100% of the beneficiaries stated to having filled the forms online through the SCA. The loans for all beneficiaries (100%) were given through bank transfer.

**Table KR.2.5.4**

Question	Response/Yes	Response/Yes in %	Response/No	Response/No in %
Do you know the amount of interest rate on your loan	25	83%	5	17%
Whether assistance received directly in bank account	22	73%	8	27%
Have you missed any installments	23	77%	7	23%
Do you find the internet fair and affordable	12	40%	18	60%

Based on the responses presented in the above table, it is evident that the majority of beneficiaries display a fair level of financial awareness and discipline, though some gaps persist. About 83% of the respondents reported that they are aware of the interest rate on their loan, while 17 % admitted to not knowing it.

Encouragingly, all beneficiaries (100 %) confirmed that they received assistance directly into their bank accounts, reflecting the effectiveness of the Direct Benefit Transfer (DBT) system in ensuring transparency, efficiency, and elimination of leakages in fund disbursement.

With respect to repayment behaviour, only 23 % of the respondents stated that were irregular in filling up their installments, whereas a majority of 77 % reported being regular in their repayments. This points to a generally disciplined repayment culture among beneficiaries, although the small proportion of defaulters suggests that challenges such as irregular income flows or financial stress may still be affecting some households. Furthermore, when asked about the fairness and affordability of the interest rate, 40 % expressed satisfaction, while 60 % felt otherwise. This suggests that although most respondents consider the financial terms reasonable, a sizable minority continues to find the cost of borrowing burdensome. This

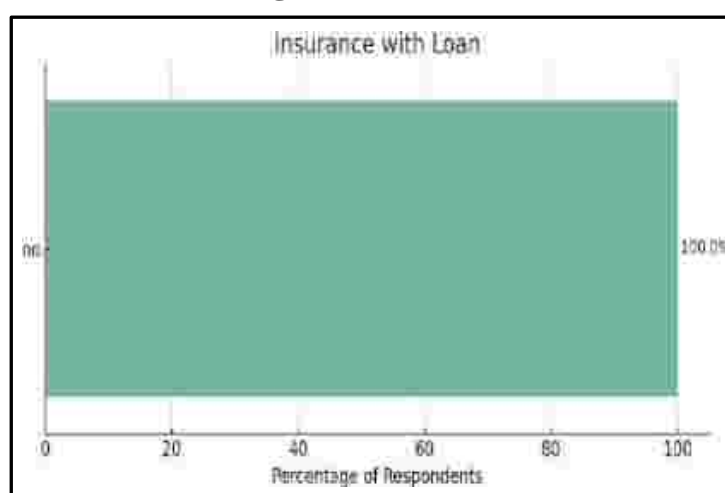
independence reflects well on the accessibility and simplicity of the loan process, particularly in rural and semi-urban areas. However, it may also point to a lack of structured support systems or facilitation desks that could further streamline or optimize the application journey, especially for less literate or first-time borrowers.

When asked about awareness of other NBCFDC schemes, responses were limited, indicating that despite availing a loan, most beneficiaries were not familiar with the broader bouquet of loan products. This reveals a critical gap in outreach and awareness-generation efforts by implementing agencies.

### **KR 2.5.5 Insurance and Risk Coverage**

Only a small number of beneficiaries reported taking insurance along with the loan. The majority either did not opt for or were not aware/offered insurance as part of the loan package. This is a missed opportunity in terms of promoting financial protection. In populations that are economically fragile, insurance (especially health and life cover linked to the loan) can prevent households from falling back into poverty due to unforeseen crises. The low penetration of insurance points to an area that requires immediate attention—both from the lending institutions and financial literacy programs.

**Figure: KR.2.5.5**



### **KR 2.5.6 Creation of Assets out of loan assistance provided**

Out of the 30 beneficiaries interviewed the following assets have been created:

**Table KR.2.5.6**

Activity	Number of assets created by interviewed beneficiaries
Agriculture and allied activity	22
Small business	8
<b>Total responses</b>	<b>30</b>

## KR 2.6 Analysis of the Perception-Based Assessment of Loan Experience and Impact through Likert Scale

To assess beneficiaries’ perceptions and experiences, a set of Likert scale questions was included in the survey. Respondents were asked to rate their satisfaction with loan services, the impact of the loan on their social and economic well-being, and changes related to women’s empowerment. Each set of statements was rated on a standard 5-point scale, tailored to the theme. The findings from the Likert scale analysis have been shown through visualizations in their respective sections given below:

### KR 2.6.1 Satisfaction with Loan Services

The responses on the questions in the Likert scale for this category has been tabled and the observations are given below.

**Table KR.2.6.1**

Questions	Number of respondents for each rating					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Satisfaction of the loan scheme availed	1	0	3	14	12	3%	0%	10%	47%	40%
Assistance and guidance provided by Agency	1	0	4	14	11	3%	0%	13%	47%	37%
Time taken for Loan approval	1	0	2	15	12	3%	0%	7%	50%	40%
Interest rates	0	0	5	15	10	0%	0%	17%	50%	33%
Fund disbursement process	0	0	3	15	12	0%	0%	10%	50%	40%
Amount of loan disbursed	2	0	5	14	9	7%	0%	17%	47%	30%
Loan Repayment Terms	1	5	0	14	10	3%	17%	0%	47%	33%
Transparency of Loan Terms	2	0	3	13	12	7%	0%	10%	43%	40%
Employee behavior during lending process	2	0	1	15	13	7%	0%	3%	50%	43%
Guarantee requirements	0	0	4	14	12	0%	0%	13%	47%	40%

### Analysis

- **Satisfaction with the Loan Scheme Availed**

A very large share (**87%**) expressed satisfaction with the scheme (**47%** satisfied; **40%** highly satisfied). **10%** were neutral and only **3%** dissatisfied. Overall, the scheme is well-received and meets most borrowers’ expectations.

- **Assistance and Guidance Provided by the Agency**

About **84%** rated agency support positively (**47%** satisfied; **37%** highly satisfied), **13%** were neutral, and **3%** dissatisfied—suggesting strong handholding with some room to strengthen pre-sanction guidance for the neutral group.

- **Time Taken for Loan Approval**

Loan approval time received **90%** positive ratings (**50%** satisfied; **40%** highly satisfied), with **7%** neutral and **3%** dissatisfied. This points to efficient, streamlined processing.

- **Interest Rates**

**83%** were satisfied with interest rates (**50%** satisfied; **33%** highly satisfied), **17%** were neutral, and **0%** dissatisfied. Rates are broadly acceptable, though a notable neutral segment indicates lingering cost concerns.

- **Fund Disbursement Process**

Nearly **90%** expressed satisfaction with disbursement (**50%** satisfied; **40%** highly satisfied); **10%** were neutral and **0%** dissatisfied. Once approved, funds appear to reach beneficiaries with minimal hurdles.

- **Amount of Loan Disbursed**

Satisfaction stood at **77%** (**47%** satisfied; **30%** highly satisfied), while **17%** were neutral and **7%** dissatisfied. The higher neutrality suggests some beneficiaries expected larger sanctions than received.

- **Loan Repayment Terms**

A solid **80%** rated repayment terms positively (**47%** satisfied; **33%** highly satisfied). However, **20%** reported dissatisfaction (3% very dissatisfied; 17% dissatisfied) and **0%** were neutral, indicating that terms may feel rigid for a minority.

- **Transparency of Loan Terms**

**83%** found the terms transparent (**43%** satisfied; **40%** highly satisfied); **10%** were neutral and **7%** dissatisfied. Transparency is a clear strength, though a small group still seeks clearer communication.

- **Employee Behavior During Lending Process**

This parameter scored the highest positivity: **93%** satisfied (**50%** satisfied; **43%** highly satisfied). Only **3%** were neutral and **7%** dissatisfied, underscoring professional and supportive staff conduct.

- **Guarantee Requirements**

While **87%** were satisfied (**47%** satisfied; **40%** highly satisfied) and **13%** were neutral, **0%** reported dissatisfaction. The neutral share suggests a need for early, clear communication on guarantor/collateral norms to remove uncertainty.

## **KR 2.6.2 Socio-Economic Standard of Living**

The responses on the questions in the Likert scale for this category have been tabled and the observations are given below.

**Table KR 2.6.2: Likert responses on questions relating to Socio-Economic Standard of Living**

Question	Number of Responses according to scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Ability to repay debts	0	2	6	18	4	0%	7%	20%	60%	13%
Access to healthcare facilities	0	2	11	13	4	0%	7%	37%	43%	13%
Asset ownership	0	5	7	15	3	0%	17%	23%	50%	10%
Clothing standards	0	4	8	16	2	0%	13%	27%	53%	7%
Equal participation in decision making	0	0	10	15	5	0%	0%	33%	50%	17%
Food and Nutritional Standards	0	0	8	17	5	0%	0%	27%	57%	17%
Household Savings	0	3	8	15	4	0%	10%	27%	50%	13%
Improved quality of Children’s education	1	2	10	13	4	3%	7%	33%	43%	13%
Overall living standards	0	4	8	15	3	0%	13%	27%	50%	10%
Respect and Recognition in the community	2	5	13	8	2	7%	17%	43%	27%	7%

**Analysis:**

- **Ability to Repay Debts**

A very strong 73% of beneficiaries felt confident about repayment (60% satisfied; 13% highly satisfied). 20% were neutral, and only 7% dissatisfied. This indicates good repayment capacity overall, with most responses clustered in the “satisfied” band.

- **Access to Healthcare Facilities**

Around 56% rated healthcare access positively (43% satisfied; 13% highly satisfied), while 37% were neutral and 7% dissatisfied. Access has improved for a majority, but a sizable neutral segment suggests uneven availability or affordability.

- **Asset Ownership**

Responses were mixed: 60% satisfied (50% satisfied; 10% highly satisfied), 23% neutral, and 17% dissatisfied. Over half see gains, yet a notable minority still struggles to build assets, pointing to uneven impacts on asset creation.

- **Clothing Standards**

60% reported improvement (53% satisfied; 7% highly satisfied), 27% were neutral, and 13% dissatisfied. This implies moderate improvements in household clothing standards but not a transformative change for all.

- **Equal Participation in Decision-Making**

High positivity: 67% satisfied (50% satisfied; 17% highly satisfied) and 33% neutral, with 0% dissatisfied. This suggests loans may be indirectly empowering beneficiaries in household/economic decisions, though gains are largely incremental.

- **Food and Nutritional Standards**

One of the strongest areas: 74% satisfied (57% satisfied; 17% highly satisfied), 27% neutral, 0% dissatisfied. Most households perceive tangible improvement in diet and nutrition.

- **Household Savings**

Satisfaction stands at 63% (50% satisfied; 13% highly satisfied), with 27% neutral and 10% dissatisfied. Savings are improving for many, but progress is uneven—likely reflecting income volatility and repayment obligations.

- **Improved Quality of Children’s Education**

56% were satisfied (43% satisfied; 13% highly satisfied), 33% neutral, and 10% dissatisfied. The scheme may support education indirectly, but large, clearly perceived quality gains are not universal.

- **Overall Living Standards**

A solid 60% satisfied (50% satisfied; 10% highly satisfied), 27% neutral, and 13% dissatisfied. Beneficiaries generally agree that living standards have improved, though sentiments remain moderate.

- **Respect and Recognition in the Community**

About 34% reported satisfaction (27% satisfied; 7% highly satisfied), 43% were neutral, and 24% dissatisfied. Social standing shows only modest improvement and remains an area where more visible, community-level outcomes may be needed.

### **KR 3. Analysis of non-beneficiaries**

#### **Profile of Non-Beneficiaries under NBCFDC Scheme in Karnataka**

The NBCFDC scheme in Karnataka has supported a substantial number of beneficiaries, but survey data also reveals the presence of eligible applicants who could not avail loan support and hence remained non-beneficiaries. Their exclusion reflects a mix of systemic limitations and procedural barriers.

#### **KR 3.1 Economic Status**

Non-beneficiaries in Karnataka were distributed across the low (<₹1.5 lakh), mid (₹1.8 lakh), and high (₹2.0 lakh) income categories, with the majority falling in the low and mid segments. Their income levels during 2020–2023 met the eligibility criteria, yet by 2024, their economic progress was negligible. Most reported only minor increments of up to ₹12,000 annually, with very few indicating increases of ₹18,000 or ₹24,000. On the other hand, beneficiaries of the

scheme recorded higher levels of income growth, showing how access to loans translated into better financial outcomes.

### **KR 3.2 Awareness Levels**

Awareness of the NBCFDC scheme among non-beneficiaries in Karnataka was relatively high compared to smaller states. Out of 119 respondents, 55 stated they were aware of the scheme, while 13 were unsure, and 51 reported no awareness. This indicates that although outreach had a moderate level of success, nearly half of the respondents either lacked complete information or remained unaware, restricting their participation.

### **KR 3.3 Reasons for Non-Beneficiary Status**

The factors contributing to the non-beneficiary status of eligible applicants in Karnataka included:

- Delays in fund release and disbursement, which led to applicants losing interest or being forced to postpone their plans.
- Inadequate follow-up and communication from implementing agencies, leaving many applicants uncertain about the status of their applications.
- Mismatch between loan demand and sanctioned amounts, as some applicants sought larger loans than the scheme could provide.
- Cumbersome paperwork requirements that discouraged individuals with limited time, resources, or literacy levels from completing the application process.

The Karnataka case shows that while awareness levels were reasonably strong, funding bottlenecks, communication gaps, and procedural complexities reduced the scheme's overall reach. Non-beneficiaries, despite being eligible, reported stagnant or very limited improvements in income compared to beneficiaries who saw more tangible gains. Addressing issues of timely fund allocation, transparent communication, and simplified procedures would be key to ensuring that more eligible individuals in Karnataka can effectively benefit from the NBCFDC scheme.

## **KR 4 Success Story**

Loan Schemes – Gokak District, Karnataka

### **Success Story - Shantavva Duradundi**

*Shantavva Duradundi, a 52-year-old woman from a rural village in Gokak District, Karnataka, belongs to a socially and economically backward community. Her family's income was irregular, and managing household expenses was a constant struggle. With limited education and no formal job opportunities, she relied on seasonal agricultural labor and small farming activities to sustain her family. However, she always harbored a dream of becoming self-reliant and supporting her son's education.*



Loan Sanction and Institutional Support In the financial year 2021–2022, Shantavva learned about the livelihood loan scheme offered by the National Backward Classes Finance and Development Corporation (NBCFDC). The scheme was introduced to her through an awareness program conducted by the Union Bank of India, which played a key role in identifying and assisting eligible rural beneficiaries. With the help of bank officials, she submitted a simple project proposal to start a dairy farming enterprise. After due verification and guidance, she was sanctioned a loan of ₹1,00,000, aimed at setting up a sustainable livelihood and enhancing family income.

### **Utilization of Loan and Enterprise Development**

Shantavva used the loan amount prudently. She purchased two high-yielding buffaloes, built a small cattle shelter, and bought initial stock of cattle feed and veterinary supplies. Her husband supported her daily in tasks such as cattle care, fodder collection, and milk distribution, which helped in smoothly managing operations without hiring labor. She began selling milk directly to households and small shops in and around the village. Within a few months, the venture started generating income, helping the family move from financial uncertainty to regular earnings.

### **Diversification and Income Generation**

Recognizing the need for additional income streams, Shantavva diversified her activities. She continued cultivating vegetables on her small landholding and on weekly markets, she sold surplus vegetables grown organically in her backyard, further adding to her income. These combined efforts helped her generate a monthly income of ₹5,000–6,000, depending on the season. Her mindset and hard work ensured the family had a consistent flow of income even during off-peak periods. Supporting Her Son's Graduation One of Shantavva's proudest achievements was being able to fund her son's higher education during his graduation years. Her income from dairy and agriculture ensured timely payment of college fees, travel, and study materials. She often mentions that helping her son complete his degree without debt or disruption is one of the greatest returns on her investment.

### **Socio-Economic Impact**

Shantavva's household saw visible changes: improved nutrition, a cleaner home environment, better clothes, and a sense of dignity in the community. She managed to repay her loan in regular installments, proving her financial discipline and reliability. Her confidence grew, and she even started saving small amounts monthly for emergencies and future. Her story showcases how rural women, when given the right opportunity and support, can not only manage but successfully lead income-generating enterprises that transform their family's future.

### **Appreciation and Community Inspiration**

Shantavva acknowledges the vital role of NBCFDC and Union Bank of India in her success. The bank staff assisted her in understanding the scheme, documentation, and post-disbursement guidance. Her journey has inspired several other women in the village, especially those hesitant to step into entrepreneurship. Today, she participates in community meetings

and self-help group (SHG) discussions, sharing her experience and encouraging others to take advantage of government schemes. She believes that with hard work and proper guidance, rural women can become agents of change in their families and communities.

### **Success Story 2 - Shri Vittal Yallappa Murkibhvi**

*Shri Vittal Yallappa Murkibhvi, a dynamic and enterprising youth from Maladinni village in Gokak District, Karnataka, stands as a testament to the transformative power of financial inclusion and targeted livelihood interventions. With the support of the National Backward Classes Finance and Development Corporation (NBCFDC) and the facilitation by Union Bank of India, he has successfully transitioned from economic vulnerability to a position of sustainable self-reliance.*



### **Initial Conditions and Intervention**

Belonging to a financially modest family, Shri Murkibhvi harbored the ambition of becoming self-employed but was constrained by limited capital and access to credit. Upon learning about the NBCFDC-sponsored livelihood scheme through outreach efforts by Union Bank of India, he proactively approached the local branch. After due diligence and submission of a viable project proposal, he was sanctioned a loan of Rs.

1,30,000/- for establishing a dairy enterprise.

### **Utilization of Loan and Enterprise Development**

The sanctioned loan amount was strategically utilized for the procurement of high-yielding milch cows, construction of a basic cattle shelter, and provisioning of quality feed and veterinary care. Within a few operational cycles, his dairy unit began generating a consistent stream of income. In the first few months alone, he realized a net profit of Rs. 30,000/-, which significantly enhanced household economic security and allowed for reinvestment.

### **Diversification and Expansion into Digital Services**

Demonstrating entrepreneurial foresight, he utilized the surplus generated from dairy activities to establish a Common Service Centre (CSC) in his village. The center now provides critical e-governance and digital utility services to the local population, including document services, Aadhaar updates, digital payments, and government scheme facilitation. The venture not only ensures a secondary stream of income but has also created employment for another rural youth.

### **Socio-Economic Impact**

His dual enterprise model dairy farming and digital service delivery has led to a marked improvement in his family's socio-economic indicators, including income stability, savings, and asset creation. His regular and timely loan repayments reflect strong financial discipline,

while his success story has served as a motivational case for youth in the community to pursue self-employment avenues.

### **Community Leadership and Institutional Appreciation**

Recognizing the catalytic role played by institutional stakeholders, he has expressed profound appreciation for the NBCFDC scheme, the State Corporation's implementation support, and particularly the Union Bank of India, whose officials provided timely assistance in documentation, disbursement, and ongoing guidance. His role as a local advocate for NBCFDC schemes has further enhanced awareness and uptake among eligible beneficiaries in the region.

### **Success Story 3 - Shri Anand Reddy**

*Shri Anand Reddy, a 42-year-old enterprising individual from Gownpalli village in Karnataka, comes from a modest background. Living in a joint family setup with six dependents, Anand had long nurtured the ambition of becoming financially independent. Despite the constraints of limited formal education and modest income levels (₹25,000 per month), he was determined to start a sustainable livelihood venture. The idea of self-employment appealed to him, especially given the challenges of rural unemployment and dependency on irregular income sources.*



### **Opportunity through NBCFDC - Access to Finance**

Anand's journey toward entrepreneurship took a positive turn when he learned about the National Backward Classes Finance and Development Corporation (NBCFDC) and its Refinance Scheme through awareness efforts at government offices. Recognizing this as a once-in-a-lifetime opportunity, he swiftly applied for a loan of ₹1,00,000. After successful verification and approval, the loan was disbursed by September 2021, without any delays or involvement of intermediaries. Notably, he did not have to pay any unauthorized charges, and the loan terms were explained clearly and transparently by the bank officials.

### **Utilization of Loan - Setting Up a Dairy Enterprise**

The sanctioned amount was strategically invested in establishing a small dairy farm. Anand utilized the funds to purchase high-yielding milch cows, construct a basic yet functional cattle shelter, and procure essential inputs like cattle feed and veterinary services. He also invested in a vehicle for transportation, ensuring smooth delivery of milk to nearby markets. These well-planned investments enabled him to quickly operationalize the unit and ensure regular income flow. His prior knowledge of livestock management, along with timely financial support, played a key role in the smooth setup and functioning of the farm.

### **Impact -From Stability to Growth and Employment Generation**

Within a few months, Anand's dairy unit began generating consistent revenue. He earned a net profit of ₹1,00,000, which not only strengthened his household's financial foundation but also allowed him to reinvest in the business. As the scale of operations grew, so did the need for manpower. Anand responded by creating employment opportunities for 6 rural youth, each receiving a monthly salary of ₹10,000. In a region where jobs are scarce, this step had a significant social and economic impact. His dairy venture is now a model of rural livelihood success in Gownpalli village.

### **Financial Discipline -Responsible Borrowing and Repayment**

Anand's financial journey is also marked by his commendable discipline in loan management. He repaid the loan in full, with zero outstanding installments, and is now debt-free. He also saves regularly from both dairy and agricultural incomes, ensuring long-term stability for his family. He expressed satisfaction with the interest rate, repayment terms, and customer service of the lending institution, which he believes played a major role in his positive experience.

### **Looking Ahead -Plans for Expansion**

Encouraged by the success of his current venture and the positive experience with NBCFDC's scheme, Anand Reddy now plans to expand his dairy farm. He is considering applying for a second loan under the same or a related scheme, aiming to increase the number of cattle, modernize the infrastructure, and perhaps enter value-added production like curd or ghee. His entrepreneurial mindset and willingness to scale responsibly show strong potential for further growth.

### **A Role Model for Rural Entrepreneurs**

Shri Anand Reddy's journey reflects the transformative power of inclusive financing and the role of institutions like NBCFDC in empowering backward-class communities. His story is not just one of individual success but a testament to how well-structured government schemes, when implemented transparently and efficiently, can uplift entire communities. Today, Anand is not only a successful entrepreneur but also a motivator and role model for many young people in his village who now believe that with determination and the right support, self-employment is both achievable and rewarding.

\*\*\*\*\*





# State Report

---

## Kerala





## *State Level Analysis Report – Kerala*

### **K.1 Background**

Kerala initiated the People's Planning Campaign in 1996 after the passage of the 73rd and 74th amendments to the Constitution in 1994. Since then, decentralization has helped to overcome backwardness in both physical and human development in Kerala. It's been a crucial tool in shaping public policy. The centre played a significant role by providing funds through agencies like the National Backward Classes Finance & Development Corporation (NBCFDC), which offers financial assistance to backward communities via State Channelizing Agencies (SCAs). In Kerala, NBCFDC schemes are implemented through three key SCAs:

**K.1.1 Kerala State Backward Classes Development Corporation (KSBCDC):** KSBCDC was established in 1995 as a government-owned entity registered under the Companies Act, 1956, with a mandate to promote the economic and social upliftment of eligible members from backward and minority communities in Kerala. KSBCDC's mission is centred on achieving "Freedom from Poverty and Backwardness" for these targeted communities. Through various initiatives and programs, KSBCDC aims to empower and support the socio-economic development of these communities, fostering inclusivity and equality in the state.

**K.1.2 Kerala State Women's Development Corporation (KSWDC):** KSWDC is a government owned entity dedicated to promoting the socio-economic empowerment of women in Kerala. With a mission to uplift and support women's development, KSWDC offers various initiatives, schemes, and programs aimed at enhancing their economic, social, and educational status. Through its efforts, KSWDC strives to create a more inclusive and equitable society where women can thrive and reach their full potential.

**K.1.3 The Kerala State Co-operative Federation for Fisheries Development Ltd. (MATSYAFED):** MATSYAFED is a state-level apex body that works towards the socio-economic development of fishermen communities in Kerala. Established in 1984 to uplift the fishing sector, MATSYAFED focuses on improving the livelihoods of fishers through various initiatives, including fishery development programs, welfare schemes, and marketing support. With its mission to promote sustainable fisheries development, MATSYAFED plays a crucial role in enhancing the well-being of fishers and their families, while contributing to the state's economy.

These agencies ensure targeted delivery of loans to OBC, DNT, women, and fishing communities, fostering entrepreneurship and financial inclusion.

### **K.2 Sample Population**

A sample size of 493 beneficiaries and 493 non-beneficiaries was determined in consultation and as per the terms of reference given by NBCFDC for the state of Kerala, as per the sampling

plan for the study. The study, initiated in May 2025, covers 7 districts with a focus on beneficiary impact, loan utilization, institutional efficiency, and social empowerment.

### **K.3 Sample Design & Selection of Districts**

The state of Kerala was selected for this evaluative study as per the proposed sampling plan. As there were three SCAs selected for this evaluation, the sample selection was done in consultation with these three SCAs. Based on the available literature and initial data screening, and consultation with the SCAs, the following 7 districts have been selected as ideal for data collection: Thiruvananthapuram, Pathanamthitta, Alappuzha, Kottayam, Wayanad, Kannur, Malappuram.

The selection is based on relatively even geographical distribution. While the first two districts are in the south, Alappuzha and Kottayam fall in the middle, and the last three are towards the north of Kerala. Moreover, Thiruvananthapuram, Alappuzha, Kannur, and Malappuram are coastal districts.

Beneficiaries were interviewed using the list provided by the SCA. The interviews were conducted through the Kobo Toolbox app using a structured, closed-ended questionnaire. Ten FGDs were conducted with beneficiaries of the micro-finance and individual term loan schemes redefined by the bank.

### **K.4 Sources of Data**

This is an empirical study intended for an evaluation of the lending schemes already implemented. The list of the beneficiaries for the various loan schemes under NBCFDC for the period of study (2020-23) was shared by all three SCAs which comprised the name and details such as the loan schemes, amount taken by each beneficiary, the purpose of the loan, repayment status and the satisfaction level of the loan processing by the SCAs. The beneficiaries were contacted through the SCAs and were verified through field visits and in-depth interviews. Additionally, information has also been gathered from their website and annual reports.

### **K.5 Key Impressions and Insights from Field Survey**

The evaluation of NBCFDC lending schemes in Kerala through the three State Channelizing Agencies (KSBCDC, KSWDC, and Matsyafed) revealed significant insights into scheme implementation and beneficiary experiences.

#### **K.5.1 Comparative Performance and Operational Models of SCAs**

**The evaluation revealed distinct operational strengths and areas for improvement among the three SCAs:**

**KSBCDC's Exemplary Performance:** KSBCDC demonstrated excellent performance, characterized by an organized system of operation. Its well-functioning offices across all Taluks effectively implement various schemes. Throughout the survey, KSBCDC stood out in

terms of efficient loan disbursement, customer service, and high repayment rates. But the field monitoring systems to ensure utilization and impact assessment still need improvement.

KSWDC demonstrated good overall performance, particularly in its efforts toward women's empowerment. However, gaps were observed in field-level monitoring and beneficiary engagement, primarily due to insufficient staffing for comprehensive follow-up. While KSWDC has been largely successful in ensuring repayment, there is limited focus on monitoring the actual utilization of loans, tracking income improvement, and assessing the long-term impact on beneficiaries' livelihoods. Strengthening these areas would enhance the effectiveness of loan implementation and ensure that the intended developmental outcomes are fully realized.

**MATSYAFED's Unique Context and Challenges:** MATSYAFED stands apart due to the distinct characteristics of its target population. Although MATSYAFED has the largest number of beneficiaries, most of its beneficiaries are from the coastal population and are fishers. They often differ from other communities in terms of awareness levels, educational background, basic needs, savings, and capabilities. This unique demographic suggests that a tailored approach may be necessary to effectively address their specific needs and improve their life and livelihoods.

### **K.5.2 Loan Categorization and Ground-Level Ambiguity**

A significant observation was the discrepancy between NBCFDC's formal loan categorizations and the actual disbursement and classification practices at the ground level: Unlike the clear categorizations outlined by NBCFDC, the actual disbursement and classification of loans at the ground level often diverge, creating ambiguity in tracking and evaluation.

Many recipients, particularly in rural areas, are not familiar with NBCFDC's official schemes. Instead, they identify loans based on local terminologies used by the SCAs (e.g., an officially categorized "small business loan" might be referred to as a "general purpose loan" or "self-employment loan" at the disbursement level). This confusion underscores the need for better alignment between policy frameworks and grassroots implementation.

The majority of NBCFDC loans in all three SCAs are distributed under microfinance. These MF loans are primarily given to Kudumbashree's Community Development Societies (CDS), which are then given to Self-Help Groups (SHGs). The final beneficiary is the individuals of these SHGs. These loans, typically amounting to ₹1 lakh or less per individual, are widely utilized for small scale income generation activities such as tailoring, dairy and poultry farming, grocery shops, and artisan work. Due to the collective responsibility inherent in SHGs, there are better repayments, as high as 90-95%. However, the fund utilization may require close monitoring.

Beyond microfinance, the second most common category is self-employment loans, categorized under general term loans by the SCAs. These individual loans, ranging from ₹2-5 lakh, support small businesses in retail, hotels, beauty parlours, stationery stores, and other shops, dairy farms, transport, and fisheries. However, the lack of clear sub-categorization (such

as small business loans and transport sector loans) creates challenges in assessing sector-specific impacts.

**Table K.5.2.1: Table showing schematic representation of samples**

Name of SCA	Agriculture and Allied Activities	Small Business	Transport and Service Sector	Education Loan	New Swarnima	Micro-Finance	Mahila Samriddhi	NBC MFI	Sample
Kerala	17	8	11	4	28	200	129	98	493

### **K.5.3 Challenges in Loan Utilization and Diversion of Funds**

Various interviews revealed that, (particularly in some cases), loans meant for small business purposes may not always be used for the intended purpose. Field observations indicate that some beneficiaries divert a portion of these loans for urgent household needs rather than business investments. This practice can lead to occasional repayment stress, particularly in sectors vulnerable to external shocks, such as fishing during monsoon seasons.

Initially, beneficiaries often undertake small businesses, such as dairy or poultry rearing and local selling ventures. However, in later stages, these are often given up or abandoned for various reasons, including:

- Medical emergencies in the family.
- Risks due to climate change and monsoon floods.
- Financial blockages.

Notably, better utilization was consistently observed for Micro-Finance loans provided to individuals or groups, suggesting that their smaller scale and collective accountability may contribute to more focused use of funds.

### **K.5.4 Limited Uptake and Eligibility Barriers for Specific Schemes**

The survey found that education loans and the New Swarnima scheme for women entrepreneurs have limited uptake. This is primarily due to the income limit, which stipulates eligibility for up to ₹3 lakhs under NBCFDC, whereas other minority schemes (e.g., NMDFC) allow up to ₹8 lakhs. The New Swarnima scheme, in particular, is often merged with other women-centric loan programs under KSWDC, which further blurs its distinct identity as per NBCFDC guidelines and potentially impacts its specific targeting.

### **K.5.5 Operational Challenges in Data Consistency and Monitoring**

Operational challenges also emerged during the evaluation, particularly concerning data consistency and monitoring. While KSWDC's MITRA software enables efficient tracking of loans, MATSYAFED's reliance on manual records in coastal regions significantly slowed down verification processes, highlighting disparities in technological adoption and its impact on operational efficiency.

### **K.5.6 Role of Community-Based Structures**

Despite these challenges, the role of community-based structures like Kudumbashree SHGs in ensuring repayment discipline and proper loan utilization stands out as a key success factor. As one SHG leader in Thiruvananthapuram noted, "The group accountability system ensures everyone repays on time—it's not just about the loan but about maintaining our collective credibility." This collective responsibility fosters a strong sense of ownership and mutual support within the groups.

To enhance clarity and impact, the study recommends standardizing loan classifications across SCAs, improving pre-disbursement beneficiary education on scheme specifics, and expanding digital monitoring systems to ensure consistency with NBCFDC's reporting frameworks. These steps would not only streamline evaluation processes but also empower beneficiaries with a clearer understanding of the financial products they access.

## **K.6 Analysis of the Socio-Economic Parameters.**

### **K.6.1 Demographic Profile of Beneficiaries**

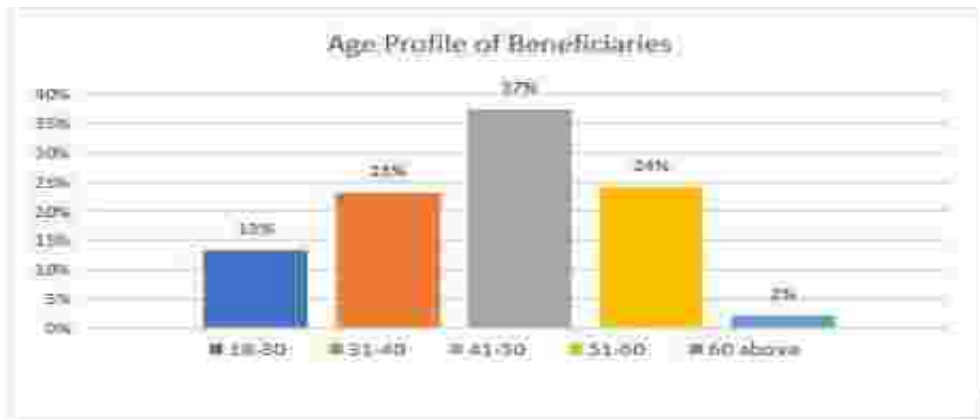
A brief overview of beneficiaries helps in establishing the context of the implementation of the loans. It will build the need and set the parameters of impact for the schemes. Demographic profile in this evaluative study comprised indicators as age, gender, education, marital status, and major family profession of the sampled beneficiaries for the re-financed schemes under evaluation.

#### **K.6.1.1 Age Profile**

The age distribution analysis reveals distinct patterns in program participation across different age groups. The survey shows that the largest group of beneficiaries falls within the 41- 50 age bracket, representing a significant portion of respondents. This concentration in middle-aged demographics indicates that the scheme primarily serves individuals in their most economically active years, typically managing substantial household responsibilities and actively seeking financial support for livelihood enhancement or entrepreneurial ventures.

The 31-40 age group also shows considerable representation, while younger beneficiaries (18-30) comprise a smaller proportion of the total sample. The 51+ age group maintains meaningful participation, suggesting that older adults continue to engage with the scheme for sustaining income-generating activities or supporting family needs.

**Figure: K.6.1.1**

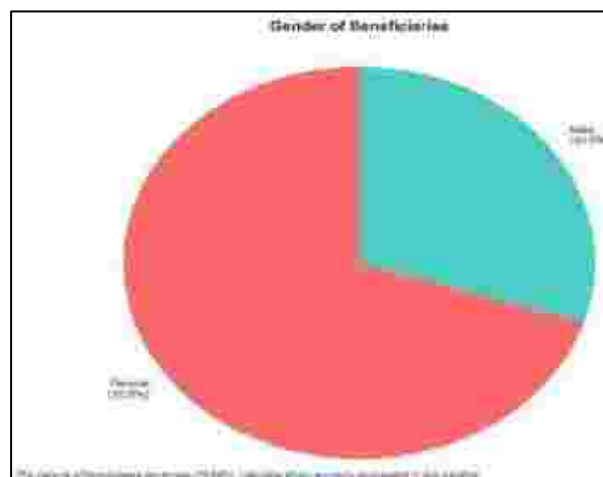


### K.6.1.2 Gender of Beneficiaries

The gender analysis demonstrates a female-dominant pattern, with approximately 70% of beneficiaries being women. This female majority aligns with the program's emphasis on women's empowerment and financial inclusion objectives. This trend is particularly encouraging for programs that aim to promote gender equality and women's empowerment, especially in the context of financial inclusion and livelihood development. The higher proportion of female beneficiaries likely reflects the influence of community networks, self-help groups (SHGs), and targeted outreach efforts that resonate effectively with women in rural and semi-urban areas.

Male participation, while substantial at around 30%, indicates that the scheme maintains broad appeal across gender lines while successfully prioritizing women's economic agency and independence.

Figure: K.6.1.2



### K.6.1.3 Aadhaar Card Ownership

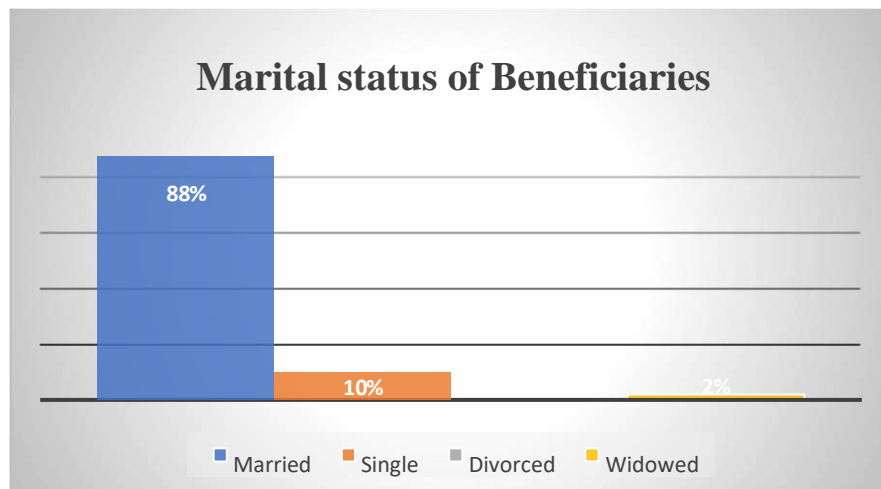
Every single respondent (**100%**) has an **Aadhaar card**, confirming full coverage in terms of national identification. This is a crucial enabler for accessing benefits and indicates that identity-linked schemes can be efficiently administered within this group.

### K.6.1.4 Marital Status

The marital status distribution shows an overwhelming majority of married beneficiaries (88%), highlighting that the scheme predominantly serves individuals with established family responsibilities. This pattern indicates that financial needs associated with managing households, supporting children, elderly dependents, or joint family structures serve as significant motivators for seeking institutional credit.

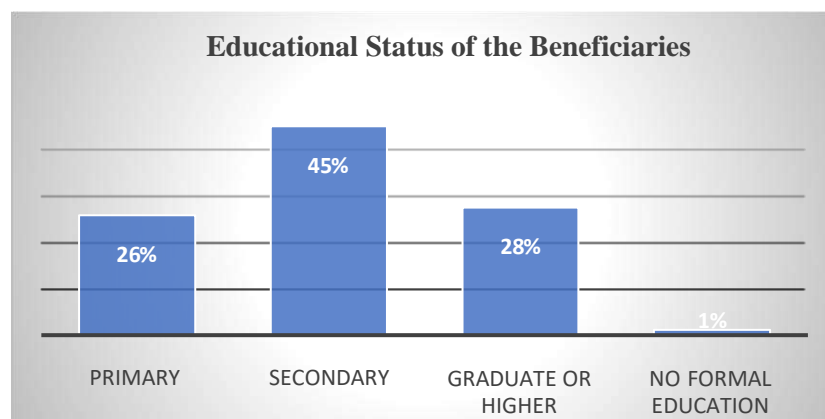
Single (10%), divorced (1%), or separated individuals represent minimal portions of the beneficiary base, while widowed beneficiaries comprise approximately 2% of the sample.

**Figure K.6.1.4**



### K.6.1.5 Educational Qualification

**Figure: K.6.1.5**



The beneficiary group reflects a wide educational spectrum, with 26% having primary education or below, 45% with secondary education, and 28% holding graduate or higher qualifications. Only 1% reported no formal education. This distribution highlights the scheme's strong inclusivity, effectively reaching both semi-literate individuals often excluded from

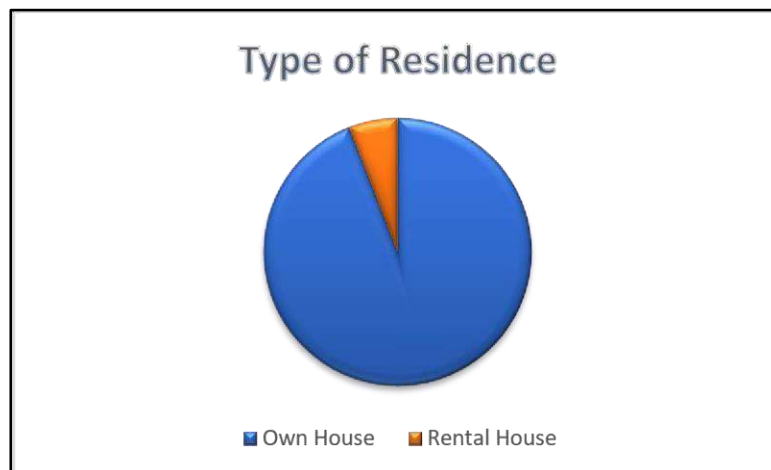
formal finance and more educated borrowers seeking capital for enterprise development. The profile affirms that the scheme caters to diverse literacy levels, enhancing financial access across social and educational strata.

#### **K.6.1.6 Types of Accommodation & Residential Area**

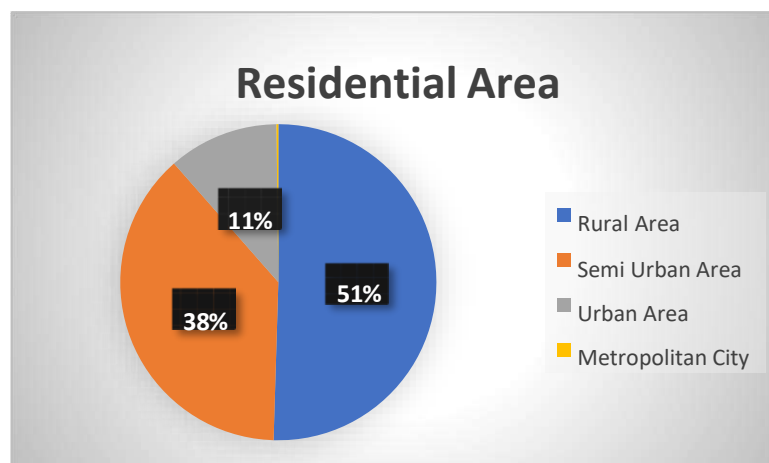
A great majority of the respondents in the survey reported living in their own houses (94%), with the remaining 6% residing in rental accommodations.

The geographic distribution analysis of the residential area shows: A substantial proportion of respondents (51%) live in rural areas, affirming the scheme's deep roots in rural outreach and its support for communities where traditional banking and credit systems often have limited reach. Semi-urban (38%) and urban areas (11%) also show significant representation, while the metropolitan footprint remains minimal. These findings affirm the program's rural orientation, likely designed to address financial exclusion and employment challenges in less developed regions.

**Figure: K.6.1.6.1**



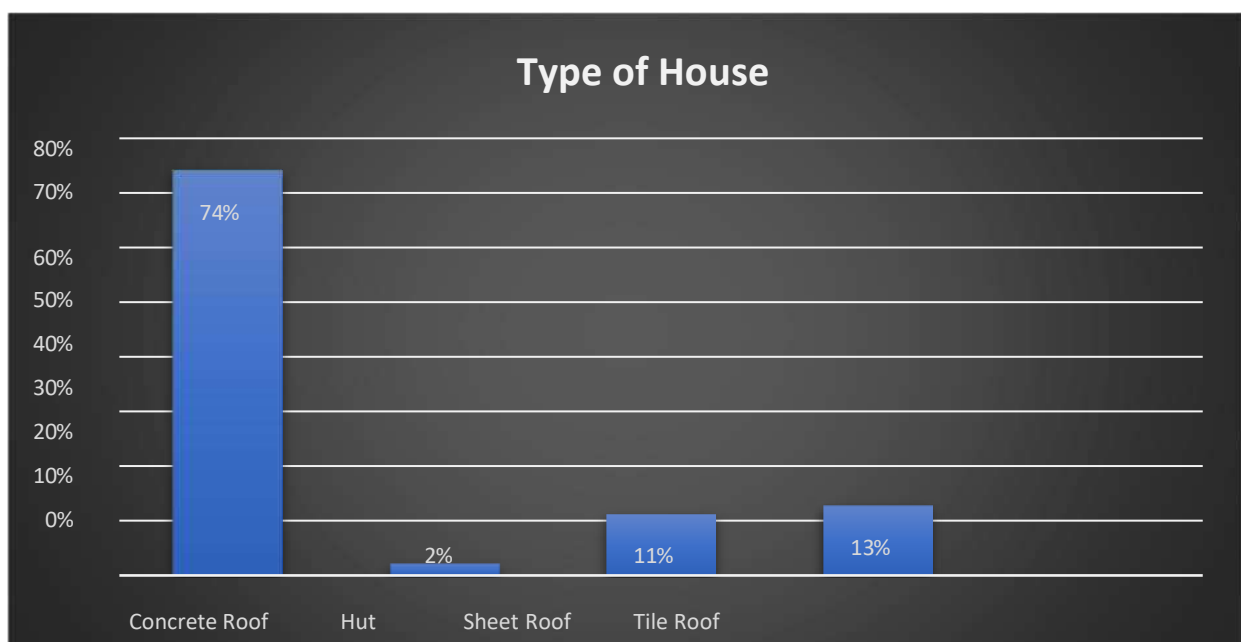
**Figure: K.6.1.6.2**



### K.6.1.7 Type of House

The quality of housing among beneficiaries is diverse but predominantly modest. The quality of housing among beneficiaries is varied, with a strong presence of concrete-roofed houses. A significant majority (74%) of beneficiaries reside in concrete-roofed houses, indicating a relatively higher level of structural stability. Sheet-roofed (13%) and tile-roofed (11%) houses also represent notable segments, while hut-type dwellings (2%) are less common. This distribution suggests that while the scheme caters to various housing conditions, it reaches a broad spectrum of economic backgrounds.

**Figure: K.6.1.7**



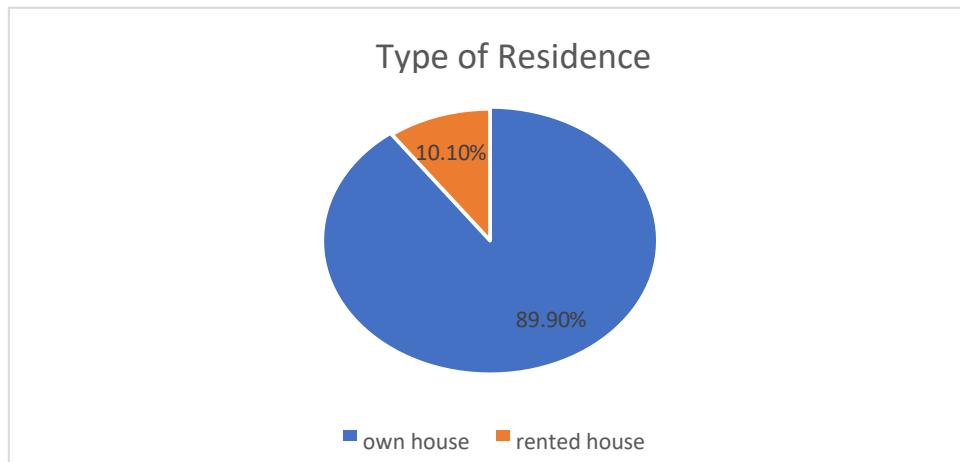
In Kerala, the majority of the households have access to all the amenities like clean water and electricity, while only a small portion of them have reported having access to electricity only. Access to clean water is faced by beneficiaries from the coastal areas' wetlands. This highlights a serious deprivation of basic infrastructure for a significant segment of beneficiaries, underscoring the need for integrated development programs.

### K.6.1.8 Ownership of Residence

When asked about the type of residence, most respondents—89.9%—reported living in their own house, while 10.1% reside in rented accommodations. This high rate of home ownership reflects strong economic stability and secure housing conditions in the region.

Owning a house often corresponds to financial and social security and may positively influence creditworthiness when applying for loans. Meanwhile, those living in rented homes—though a smaller proportion—may be more economically mobile or vulnerable and could benefit from targeted rental support schemes, particularly in urban and high-demand areas.

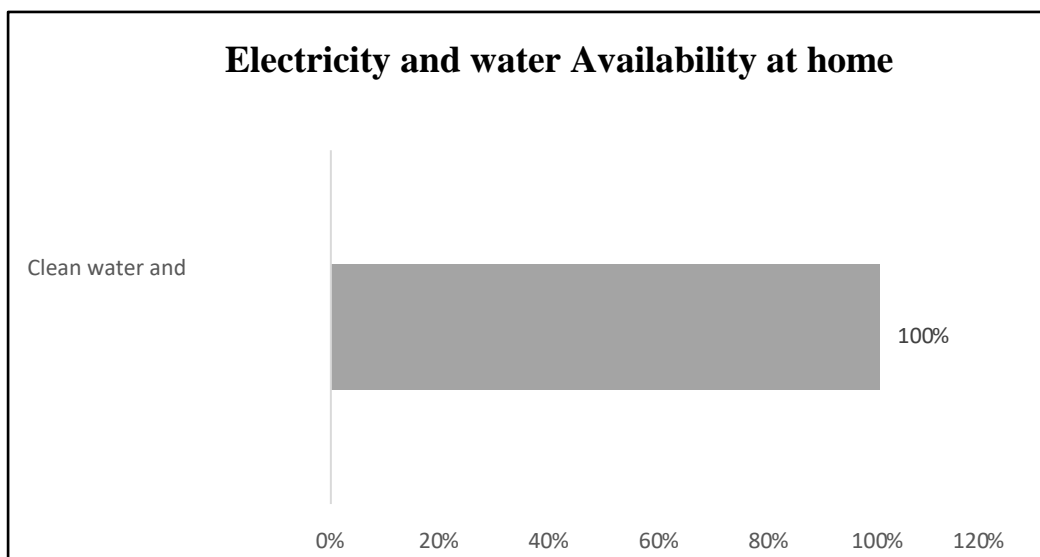
**Figure: K.6.1.8**



### **K.6.1.9 Electricity and Water Availability at Home**

The data reveals a highly positive picture regarding the availability of basic utilities in Kerala. All respondents (100%) reported having access to both electricity and clean water, reflecting near universal coverage of essential infrastructure in the region. This outcome highlights the success of public service delivery and sustained investments in basic amenities. The universal access to utilities not only improves quality of life but also strengthens outcomes in health, education, and economic productivity, ensuring that households are not constrained by fundamental infrastructure gaps.

**Figure: K.6.1.9**

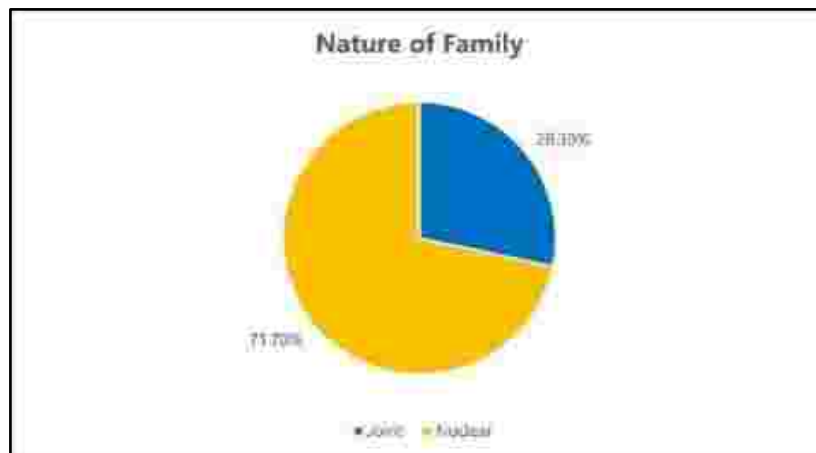


### **K.6.1.10 Nature of Family**

A substantial majority (71.70%) of respondents belong to nuclear families, reflecting a common trend in both rural and semi-urban areas. Joint family systems also account for a significant portion (28.30%). The predominance of nuclear families might influence the types

of loan products demanded, often leaning towards individual income generation and small business support.

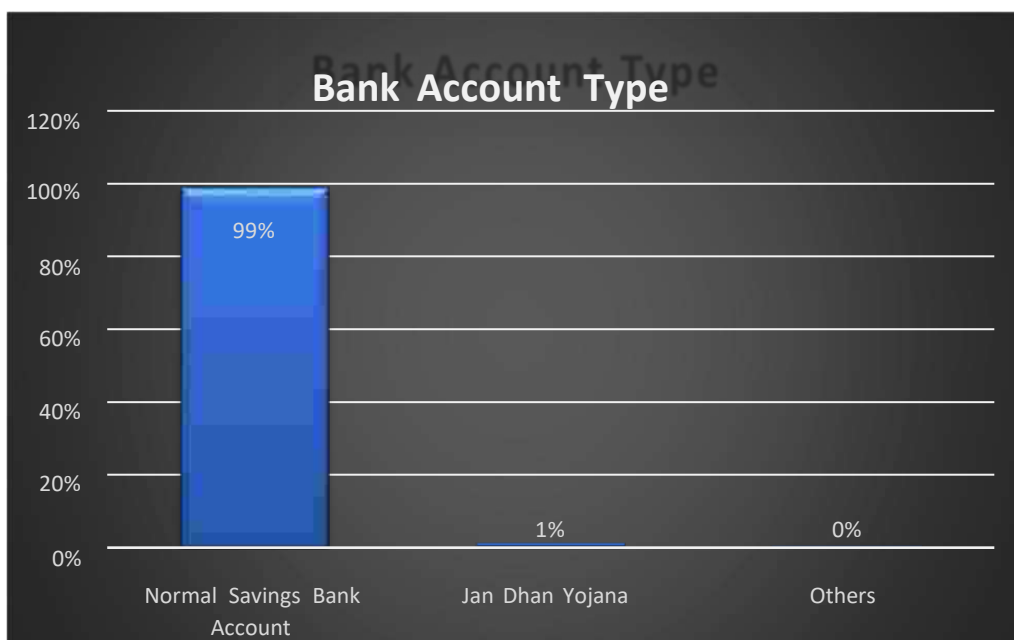
**Figure: K.6.1.10**



#### **K.6.1.11 Bank Account Status**

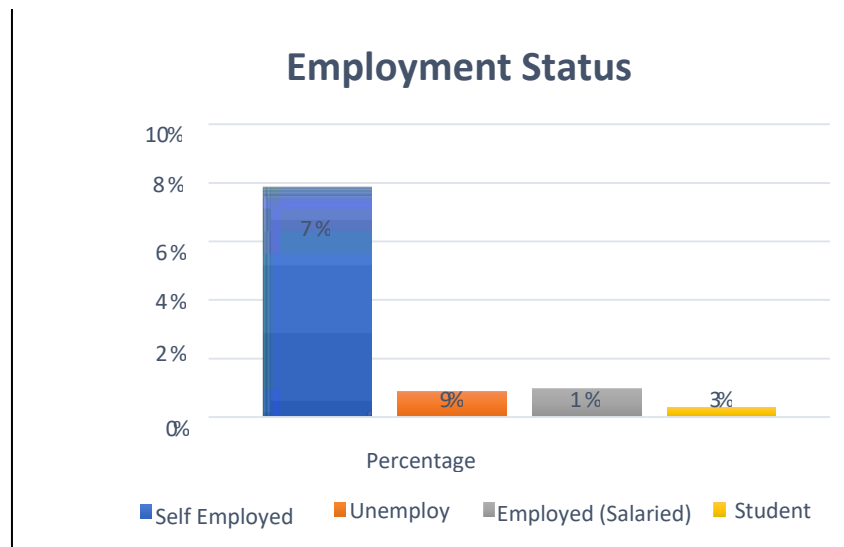
An overwhelming 99% of beneficiaries reported having normal savings bank accounts, indicating strong integration with mainstream banking services. The very low percentage of Jan Dhan Yojana accounts, 1%, is noteworthy, as these accounts are specifically designed for financial inclusion among low-income households, suggesting a potential missed linkage.

**Figure: K.6.1.11**



### K.6.1.12 Employment Status

Figure: K.6.1.12



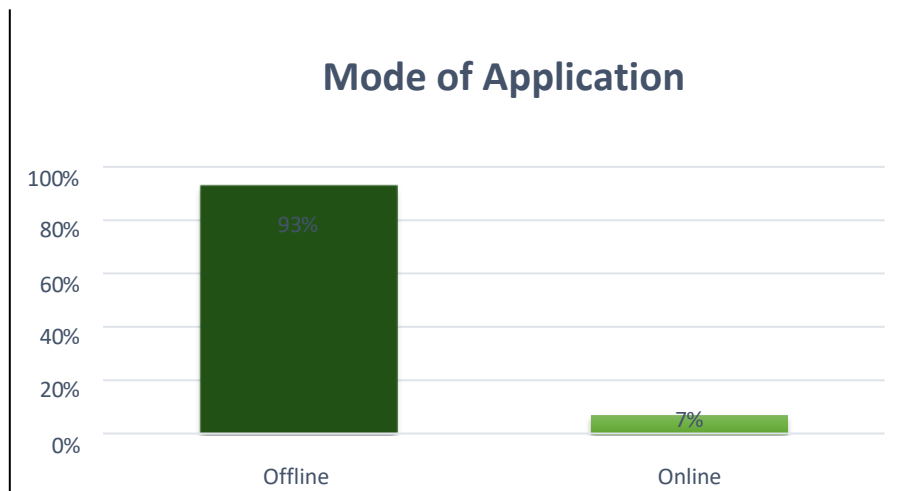
A significant majority (78%) of beneficiaries identify as self-employed, reflecting the scheme's success in supporting micro-enterprises and livelihood generation. A smaller but notable proportion (9%) is unemployed, indicating that the scheme also targets those without regular income, aiming to activate their economic participation.

The income profile of beneficiaries reveals that business activities account for the majority (51%) of primary income sources, indicating a strong entrepreneurial base among loan recipients. This is followed by daily wage labour (20%), salaried employment (15%), and agriculture (14%). The dominance of business suggests that NBCFDC loans are effectively enabling self-employment and microenterprise development. At the same time, the significant share of daily wage earners and agricultural workers highlights the scheme's role in supporting livelihood enhancement among vulnerable and informal sector populations.

### K.6.1.13 Mode of Loan Application

The majority of beneficiaries (93%) applied for loans through offline methods, with only 7% using online platforms. This reflects a continued reliance on physical institutions and community-level facilitators, likely due to limited digital literacy, poor internet access, or low trust in online systems, especially in rural areas. The data highlights the need to strengthen digital awareness and hybrid service delivery to improve accessibility.

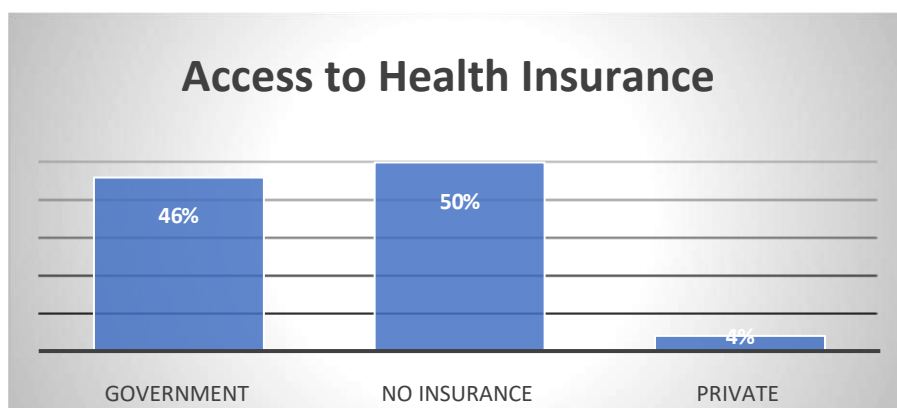
**Figure: K.6.1.13**



**K.6.1.14 Access to Healthcare**

The data reveals significant gaps in healthcare security among beneficiaries. Half of the respondents (50%) reported having no form of health insurance coverage, exposing them to potential financial vulnerability in case of medical emergencies. 46% rely solely on government healthcare services, like Ayushman Bharat, Karunya Arogya Suraksha Padhathi (KASP), underscoring the importance of public health infrastructure for this group. Only 4% reported access to private healthcare, reflecting limited affordability for private services. This highlights the economic fragility of the beneficiary group, with many depending on government facilities while lacking insurance coverage for unforeseen medical expenses. Integrating financial assistance with awareness and facilitation of health insurance enrolment could provide greater financial protection and resilience for these households.

**Figure: K.6.1.14**



**K.6.1.15 Annual Family Household Income Pre vs Post Loan Uptake**

**Table K.6.1.15(a): Annual Family Household Income before uptake of loan**

Income Levels	Response	Percentage
Below 1.5 Lakh	265	54%
1.5-2.25 Lakh	118	24%
2.25 Lakh -3 Lakh	110	22%
Total count	493	100%

**Table K.6.1.15 (b): Annual Family household Income Post loan uptake**

Income Levels	Response	Percentage
Below 1.5 Lakh	243	49%
1.5-2.25 Lakh	50	10%
2.25 Lakh -3 Lakh	90	18%
Above 3 Lakh	110	22%
Total count	493	100%

**Table K.6.1.15(c): Change in Income Levels: Pre vs. Post Loan Uptake**

Income Level	Before (%)	After (%)	Change (%)
Below 1.5 Lakh	54%	49%	-5%
1.5-2.25 Lakh	24%	10%	-14%
2.25-3 Lakh	22%	18%	-4%
Above 3 Lakh	0%	22%	22%
<b>Total</b>	<b>100%</b>	<b>100%</b>	—

**Income-Level Analysis (Before vs After)**

The income distribution shows a clear upward shift. In the earlier period, 54% of respondents were in the below ₹1.5 lakh category, which has now reduced to 49%, indicating that a segment of low-income households has moved upward. The ₹1.5–2.25 lakh group shows a sharp decline from 24% to 10%, suggesting that many respondents did not remain in this middle-lower bracket but transitioned further upward into higher income groups.

The ₹2.25–3 lakh category decreased slightly from 22% to 18%, while the most significant improvement is visible in the above ₹3 lakh category, which increased to 22%, a segment that did not exist in the earlier table. This indicates clear upward mobility among respondents, with a section moving into higher-income categories over time.

A significant upward shift is observed, with 22% of beneficiaries newly entering the ‘Above 3 Lakh’ category, which previously had 0% representation. The largest decline is in the ₹1.5–2.25 lakh group (–14%), indicating that many who were earlier in lower brackets have moved to higher income levels. The Below 1.5 lakh category reduces by 5%, showing moderate upward mobility. Overall, the data reflects a strong positive movement, with beneficiaries transitioning into higher income groups over time.

### Average Monthly Household Income Pre vs Post loan uptake (in Rs)

Before taking the loan, the average monthly household income was ₹15,000, reflecting a financially constrained baseline with limited capacity for savings, investment, or expansion of economic activities. After availing the loan, the average monthly income increased to ₹25,000, marking an absolute rise of ₹10,000 and a 66.7% increase from the pre-loan level.

#### K.6.1.16 Employment Status

**Table K.6.1.16: Employment Status of beneficiaries**

Employment Status	Response	Percentage
Salaried Employee	52	11%
Self employed	409	83%
Student	17	3%
Unemployed	15	3%
<b>Total</b>	<b>493</b>	

### K.7 Analysis of the Loan Access, Utilization, and Impact Assessment

#### K.7.1 Time taken by the beneficiaries in obtaining loans from the SCA

**Table K.7.1**

Month Range	Responses	Percentage
Up to 4 months	267	54%
4-6 months	131	27%
More than 6 months	76	15%
Can't Recall	19	4%
<b>Total Response</b>	<b>493</b>	

#### K.7.2 Purpose of Uptake of loan

**Table K.7.2**

Purpose of uptake of loan	Responses and Percentage
Working Capital	325
% beneficiaries	66%
New Business	47
% beneficiaries	12%
Business expansion	121
% beneficiaries	25%

As can be noted from the table above, the loan uptake is primarily driven by the need for **working capital**, with **66%** of beneficiaries reporting this as their main purpose. This indicates

that most respondents rely on the loan to manage day-to-day business operations, maintain cash flow, and meet short-term financial requirements.

Around **25%** of beneficiaries availed the loan for **business expansion**, reflecting a significant group aiming to scale up their existing enterprises, invest in additional assets, or increase production capacity. Meanwhile, **12%** used the loan to start a **new business**, showing that a smaller but notable share leveraged the credit facility for entrepreneurial entry or livelihood diversification.

### K.7.3 Utilization of loans for the intended purpose

100% beneficiaries had used the loan amount for the intended purpose. The activities for which utilization was done is given below:

**Table K.7.3**

Activity	Number of assets created by interviewed beneficiaries
Agriculture / Farming	19
Grocery / Retail	14
Dairy / Livestock	11
Tailoring / Stitching	12
Hospitality / Food	14
Miscellaneous businesses	423
<b>Total responses</b>	<b>493</b>

### K.7.4 Awareness of NBCFDC loan schemes, rates of interest & Facilitation of loans taken

A high awareness of the NBCFDC loans was observed among the beneficiaries. 100% reported knowing about the NBCFDC loans through word of mouth, friends, or relatives.

A key aspect of the loan application process in Kerala was the involvement of intermediaries. Only **39%** of respondents claimed to have handled the loan process independently, while the remaining **61%** reported taking help from a third party.

100% of the beneficiaries stated to having filled the forms online through the SCA. The loans for all beneficiaries (100%) were given through bank transfer.

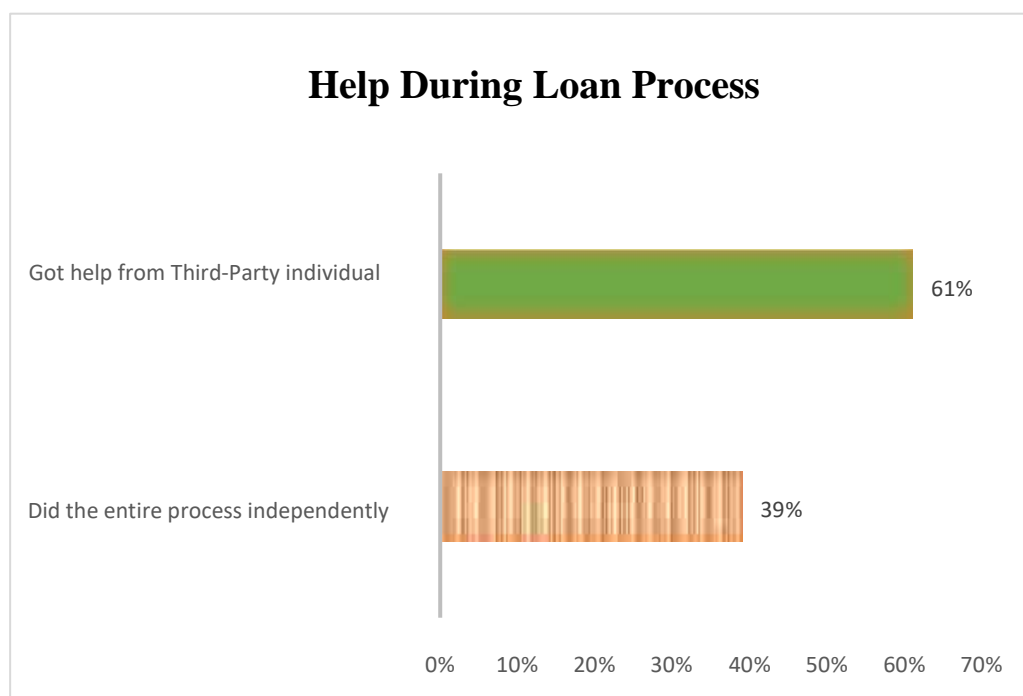
**Table K.7.4**

Question	Response / Yes	Response/ Yes in %	Response/ No	Response/ No in %
Do you know the amount of interest rate on your loan	300	61%	193	39%
Whether assistance received directly in bank account	362	73%	131	27%
Have you missed any Installments	10	2%	483	98%
Do you find the interest fair and affordable	400	81%	94	19%

The responses indicate strong awareness and generally positive repayment behaviour among beneficiaries. A majority (**61%**) reported knowing the interest rate on their loan, though a sizeable **39%** still lack clarity, suggesting scope for improved communication at the time of loan sanction. Most respondents (**73%**) confirmed that they received assistance directly in their bank accounts, reflecting streamlined and transparent disbursement practices.

Repayment behaviour appears highly disciplined, with **98%** reporting that they have not missed any instalments, demonstrating strong loan repayment culture and financial responsibility among beneficiaries. Finally, **81%** stated that the interest rate was fair and affordable, while **19%** did not find it affordable, indicating that although the majority find the terms reasonable, a small segment may be experiencing repayment strain due to interest burden.

**Figure K.7.4**

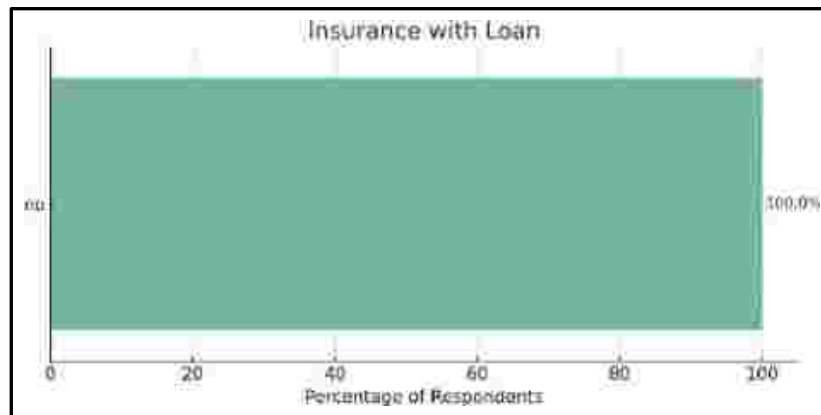


### **K.7.5 Insurance and Risk Coverage**

Only a small number of beneficiaries reported taking insurance along with the loan. The majority either did not opt for or were not aware/offered insurance as part of the loan package.

This is a missed opportunity in terms of promoting financial protection. In populations that are economically fragile, insurance (especially health and life cover linked to the loan) can prevent households from falling back into poverty due to unforeseen crises. The low penetration of insurance points to an area that requires immediate attention—both from the lending institutions and financial literacy programs.

**Figure K.7.5**



### **K.7.6 Creation of Assets out of loan assistance provided**

Out of the 493 beneficiaries interviewed the following assets have been created:

**Table K.7.6**

<b>Activity</b>	<b>Number of assets created by interviewed beneficiaries</b>	<b>Percentage</b>
Agriculture / Farming	10	2%
Grocery / Retail	5	1%
Dairy / Livestock	9	2%
Tailoring / Stitching	5	1%
Hospitality / Food	10	2%
miscellaneous businesses	454	92%
<b>Total responses</b>	<b>493</b>	<b>100%</b>

## **K.8 Analysis of the Perception-Based Assessment of Loan Experience and Impact through Likert Scale**

To assess beneficiaries' perceptions and experiences, a set of Likert scale questions was included in the survey. Respondents were asked to rate their satisfaction with loan services, the impact of the loan on their social and economic well-being, and changes related to women's empowerment. Each set of statements was rated on a standard 5-point scale, tailored to the theme.

The findings from the Likert scale analysis have been shown through visualizations in their respective sections, given below:

### **K.8.1 Satisfaction with Loan Services**

The responses on the questions in the Likert scale for this category has been tabled and the observations are given below.

**Table K.8.1: Likert responses on questions relation to Satisfaction with Loan Services**

Parameter	1 (No.)	2 (No.)	3 (No.)	4 (No.)	5 (No.)	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)
Satisfaction of the loan scheme availed	10	5	30	168	280	2%	1%	6%	34%	57%
Assistance & guidance provided by the agency	5	5	44	197	242	1%	1%	9%	40%	49%
Time taken for loan approval	44	20	59	168	202	9%	4%	12%	34%	40%
Interest rates	25	0	69	237	162	5%	0%	14%	48%	33%
Fund disbursement process	25	0	0	237	188	5%	0%	0%	48%	38%
Amount of loan disbursed	25	0	49	237	162	5%	0%	10%	48%	33%
Loan repayment terms	25	25	0	281	142	5%	5%	0%	57%	29%
Transparency of loan terms	25	0	25	237	212	5%	0%	5%	48%	43%
Employee behaviour during lending process	25	0	0	237	237	5%	0%	0%	48%	48%
Guarantee requirements	25	0	94	212	162	5%	0%	19%	43%	33%

**Analysis:** The feedback from beneficiaries reflects consistently high satisfaction across all parameters related to the loan process. For most indicators—such as overall satisfaction, assistance from the agency, fund disbursement, repayment terms, transparency, and staff behaviour—over 80% of respondents selected ratings 4 or 5, indicating strong approval. Dissatisfaction levels remain extremely low, generally between 0–5%, showing minimal negative experiences. Neutral responses vary slightly across parameters but stay within moderate levels, suggesting that only a small share of beneficiaries experienced mixed outcomes. The strongest satisfaction levels appear in staff behaviour, transparency of loan terms, and fund disbursement processes, each showing nearly half of respondents giving the highest rating (5). Overall, the results demonstrate a highly positive beneficiary experience with both the loan process and the implementing agencies.

### K.8.2 Socio-Economic Standard of Living

The responses on the questions in the Likert scale for this category have been tabled and the observations are given below.

**Table K.8.2: Likert responses on questions relating to Socio-Economic Standard of Living**

Parameter	1 (No.)	2 (No.)	3 (No.)	4 (No.)	5 (No.)	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)
Ability to repay debts	5	25	89	201	173	1%	5%	18%	41%	35%
Asset ownership	25	30	108	187	143	5%	6%	22%	38%	29%
Clothing standards	5	25	118	212	133	1%	5%	24%	42%	27%
Food & nutritional standards	5	10	89	221	168	1%	2%	18%	46%	34%

Parameter	1 (No.)	2 (No.)	3 (No.)	4 (No.)	5 (No.)	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)
Household savings	20	30	128	192	123	4%	6%	26%	39%	25%
Overall living standards	5	25	99	226	138	1%	5%	20%	46%	28%

**Analysis:** The responses indicate overall positive improvements in beneficiaries' socioeconomic conditions across all parameters. For most indicators—such as ability to repay debts, clothing standards, food and nutrition, household savings, and overall living standards—more than 70% of respondents rated their experience at the higher end of the scale (4 or 5). This reflects strong perceived progress after accessing the loan. Neutral responses were moderate, especially for asset ownership and savings, suggesting that while gains are visible, some households continue to face constraints in building assets and accumulating savings. Dissatisfaction levels remain extremely low across all parameters (1–5%), indicating that the vast majority experienced meaningful improvements in their economic well-being and daily living conditions. Overall, the data demonstrates a clear pattern of positive socioeconomic enhancement among beneficiaries following the loan intervention.

## K.9 Analysis of the non-beneficiary survey

**K.9.1** Total of 510 non-beneficiaries were covered from Kerala. The parameter-wise analysis is given below:

**Table K.9.1: Parameter wise non-beneficiary analysis**

Parameter	Percentage Distribution
<b>Gender</b>	Male: <b>53%</b> ; Female: <b>47%</b>
<b>Highest level of education</b>	Secondary: <b>47%</b> ; Graduate or higher: <b>37%</b> ; Primary: <b>16%</b>
<b>Current residence</b>	Urban: <b>47%</b> ; Rural: <b>32%</b> ; Semi-urban: <b>21%</b>
<b>Nature of house occupied</b>	Concrete roof: <b>68%</b> ; Sheet roof: <b>32%</b>
<b>Amenities available at home</b>	Electricity + Piped Water + Sanitation: <b>74%</b> ; Electricity + Piped Water + Sanitation + Internet: <b>26%</b>
<b>Marital status</b>	Married: <b>53%</b> ; Single: <b>42%</b> ; Widowed: <b>5%</b>
<b>Nature of family</b>	Nuclear: <b>74%</b> ; Joint: <b>26%</b>
<b>Number of dependents</b>	No data
<b>Annual household income (2020–2023)</b>	Below 1.5 Lakh: <b>79%</b> ; Above 3 Lakh: <b>11%</b> ; 1.5–2.25 Lakh: <b>5%</b> ; 2.25–3 Lakh: <b>5%</b>
<b>Current annual household income</b>	Below 1.5 Lakh: <b>58%</b> ; 1.5–2.25 Lakh: <b>21%</b> ; Above 3 Lakh: <b>16%</b> ; 2.25–3 Lakh: <b>5%</b>
<b>Current employment status</b>	Unemployed: <b>47%</b> ; Self-employed: <b>37%</b> ; Salaried: <b>16%</b>
<b>Current economic status</b>	Above BPL: <b>58%</b> ; BPL: <b>42%</b>
<b>Primary source of income</b>	Business: <b>63%</b> ; Salaried job: <b>16%</b> ; Agriculture: <b>11%</b> ; Daily wage labour: <b>11%</b>

The non-beneficiary group shows a balanced demographic profile with 53% males and 47% females, and moderate educational attainment dominated by secondary (47%) and graduate-level education (37%). Nearly half reside in urban areas (47%), while 32% are in rural

locations. Housing conditions are stable, with 68% living in concrete-roof houses, and 74% having access to electricity, piped water, and sanitation.

Income patterns indicate persistent vulnerability. During 2020–2023, 79% had annual household incomes below ₹1.5 lakh, which has now reduced to 58%, showing slight upward movement but still representing a financially constrained population. Employment remains a challenge, with 47% unemployed and only 16% in salaried work, while most rely on business activities (63%). Economic status continues to be split, with 42% still under BPL. Overall, although there is marginal improvement in income distribution, the non-beneficiary group continues to face employment and income instability.

### **K.9.2 Average Monthly Household Income**

The income distribution shows, the average monthly income of non-beneficiaries is approximately **Rs. 13,800**, reflecting continued economic instability despite marginal upward movement for a small segment.

### **K.9.3 Reasons for Lack of Access to NBCFDC Loans among Non-Beneficiaries**

Non-beneficiaries reported several concrete barriers that prevented them from accessing NBCFDC loans despite being aware of general government credit schemes. A key issue was the lack of specific awareness about NBCFDC products—most respondents only knew of loan options through peers, SHGs, Kudumbashree groups, or occasional bank notices. NBCFDC schemes were rarely highlighted separately during loan melas or community meetings, resulting in poor brand visibility, especially in northern districts where respondents had never heard of NBCFDC at all.

A second major barrier was documentation and procedural challenges. Many applicants were unable to proceed because they lacked updated land deeds, individual property titles, or income proof—requirements difficult to meet for informal workers. Others missed counselling or verification sessions, while joint family structures often pushed household income above the ₹3 lakh eligibility ceiling, leading to automatic disqualification.

Respondents also highlighted interest rate disparities as a critical deterrent. While NBCFDC loans were offered at around 8%, comparable schemes from other agencies—such as NMDFC’s 3% loan for minority communities—created a sense of unfairness and confusion among applicants belonging to OBC categories. This differential treatment, despite similar economic conditions, discouraged many from pursuing NBCFDC loans. Additionally, respondents noted that when NBCFDC interest rates were lower (around 6%), uptake was higher; the recent increase has reduced willingness to apply.

Finally, the mismatch between loan size needs and income-based eligibility restrictions further limited access. Several non-beneficiaries required larger loans for expanding businesses, purchasing machinery or vehicles, or financing higher education in private institutions. However, NBCFDC’s income cap of ₹3 lakh prevented those with slightly higher earnings—even if they had the repayment capacity—from qualifying. This includes artisans and lower-

rank government employees who fall just above the income threshold but still face financial constraints. The combination of limited scheme awareness, documentation difficulties, perceived interest rate injustice, and restrictive eligibility norms collectively contributed to the exclusion of many potential applicants.

## **K.10 Key discussion points with the SCA**

### **1. Long-standing engagement with NBCFDC schemes**

All three SCAs—KSBCDC, KSWDC, and MATSYAFED—have been associated with NBCFDC since 1995 and implement a similar basket of schemes, including MSY, Micro Credit Schemes, Education Loans, and Term Loans. Their long operational history has enabled them to build institutional familiarity with NBCFDC products and processes.

### **2. Open beneficiary selection supported by regular outreach**

All SCAs follow an open application system and undertake awareness programmes. KSBCDC and KSWDC use district-level camps, media advertisements, Kudumbashree networks, and entrepreneurship programmes to reach applicants, while MATSYAFED relies primarily on cooperative society meetings and community motivators to disseminate information.

### **3. Uniform pre-loan counselling and direct-transfer disbursement**

Each SCA provides pre-loan counselling that covers financial literacy, repayment norms, and basic business planning. Loan disbursement occurs through direct transfers to beneficiaries' bank accounts. KSBCDC and KSWDC complete disbursements within one to three months, while MATSYAFED takes longer due to its multi-layered verification from society to district to head office.

### **4. Offline application processes despite digital monitoring systems**

All SCAs continue to accept loan applications offline. KSBCDC uses an online system for backend tracking, KSWDC manages its schemes through the MITRA platform with real-time monitoring features, while MATSYAFED maintains decentralized manual records at society and district levels, with limited use of digital tools.

### **5. Differences in average loan size based on beneficiary profiles**

Loan sizes vary across SCAs due to the nature of their target groups. KSBCDC typically disburses loans in the range of ₹2–3 lakh, KSWDC offers loans of ₹1–2 lakh, and MATSYAFED's loans average around ₹40,000, reflecting the smaller capital needs of fisher households and the limited collateral they can provide.

### **6. Collateral-related constraints limiting loan access**

KSBCDC and KSWDC require collateral for loans above ₹1 lakh, and MATSYAFED follows similar criteria. Many potential beneficiaries have low-value or non-transferable assets such as coastal or agricultural land, making them unable to meet collateral norms. This restricts access to higher loan amounts and often confines applicants to small-scale microfinance options.

## **7. Strong recovery performance with structural differences**

KSBCDC and KSWDC maintain consistently high recovery rates, generally above 90%, due to structured recovery mechanisms, field visits, and pre-disbursement counselling.

MATSYAFED's repayment rates, though lower (86–89%), are considered satisfactory given the vulnerability of the fishing community, and fisherwomen's SHGs reportedly show better repayment discipline.

## **8. Absence of dedicated staff for NBCFDC scheme monitoring**

None of the SCAs have exclusive staff assigned for monitoring NBCFDC schemes. This creates constraints in systematic follow-up, field verification, and reporting, and affects the overall efficiency of scheme implementation.

## **9. Significant women-focused footprint with high education loan completion**

Women form a substantial proportion of beneficiaries across all SCAs—44% in KSBCDC, 100% in KSWDC, and 92% in MATSYAFED. All SCAs report above 80% completion rates for education loans. However, none provide structured job placement support, and only KSBCDC and KSWDC conduct gender sensitization programmes.

## **10. Varied monitoring models: centralized vs. decentralized**

KSBCDC and KSWDC follow centralized digital monitoring practices, enabling streamlined tracking and administrative oversight. In contrast, MATSYAFED operates through its cooperative societies, where loan files, ledgers, and repayment records are maintained manually, which creates inconsistencies in reporting and monitoring.

## **11. Inadequate fund allocation and procedural delays from NBCFDC**

All SCAs reported that NBCFDC allocations fall significantly short of loan demand in Kerala, particularly given the high proportion of OBC households. Fund release is also delayed due to requirements linked to the PM-SURAJ portal, leading many applicants to withdraw applications or shift to private financial institutions.

## **12. Interest rate concerns affecting scheme attractiveness**

SCAs consistently reported that the increase in NBCFDC interest rates from 6% to 8% has reduced demand for these loans. This is especially significant when other national agencies offer lower rates—for example, NMDFC's 3% loans for minority communities—making NBCFDC loans comparatively less attractive even for similar income groups.

## **13. Operational challenges affecting outreach and efficiency**

SCAs face staffing shortages, inadequate field mobility, and lack of standardized reporting systems. In agencies like MATSYAFED, complex hierarchical structures—from society to cluster to district—further slowdown screening, approval, and monitoring processes.

#### **14. High demand but procedural constraints in the fisheries sector**

MATSYAFED highlighted that fisher households primarily seek smaller but frequent loans and often struggle with documentation. Coastal rehabilitation rules prevent the use of land as collateral, further limiting access to larger loans. Demand for loans consistently exceeds the funds available through NBCFDC.

#### **K.11 Photographs of focus group discussions and field visits and data collection during the study**

**FGDs conducted in different districts:**







**Field visits and in-depth interviews with beneficiaries:**



**Field visits and in-depth interviews with beneficiaries:**









**Interviews with state channelizing agency officials**





**Interviews with state channelizing agency officials**





\*\*\*\*\*





**State Report**

---

**Maharashtra**





## *State Report -Maharashtra*

### **M.1. Background of Union Bank of India, Maharashtra**

Union Bank of India is one of the leading public sector banks of the country. The Bank is a listed entity, and the Government of India holds 74.76 percent in Bank's total paid-up capital. The Bank, having its headquarters in Mumbai (India), was registered on November 11, 1919 as a limited company. On 1st April 2020, Andhra Bank and Corporation Bank were amalgamated into Union Bank of India. Today, it has a network of 8600+ domestic branches, 8900+ ATMs, 73,500+ employees and 23,000+ BC Points. The Bank's total business as of 31st March 2025 stood at Rs. 22,92,644 crores, comprising Rs. 13,09,750 crores of deposits and Rs. 9,82,894 crores of advances. The Bank also has 2 branches overseas at Dubai International Financial Centre (UAE) & Sydney (Australia); 1 banking subsidiary at London (UK); 1 banking joint venture in Malaysia; 4 para-banking subsidiaries (domestic); 2 joint ventures and 1 associate -Andhra Pradesh Grameen Bank. Union Bank of India is the first large public sector bank in the country to have implemented 100% core banking solution. The Bank has received several awards and recognition for its prowess in technology, digital banking, financial inclusion, MSME and development of human resources.

The registered and corporate headquarters of Union Bank of India is in the prestigious Nariman Point area of Mumbai, the commercial capital of India.

#### **M.1.1. Disbursement of Loans under NBCFDC Loans in the State for FY 2020-23**

The state-level agency currently re-finance loans mainly for Term loans under mainly Agriculture and allied loans and small business sector. Maharashtra being a pre-dominantly agrarian state, the bank has found that their pool of beneficiaries has come from the same sector as well.

The distribution of loans under NBCFDC schemes in Maharashtra over the three financial years— 2020–21, 2022–23, and 2023–24—presents a mixed but overall progressive trend. In 2020–21, a total of 130 units were supported across various districts. However, a complete absence of disbursements is observed in 2022–23, indicating a year-long gap in implementation. The scheme saw a significant revival in 2023–24 with support extended to 146 units, marking a 12.3% increase compared to 2020–21. This resurgence suggests renewed administrative push, enhanced outreach, or greater demand for credit in the post-gap period.

Certain districts have demonstrated consistent engagement with the scheme. These include Ahmadnagar, Amravati, Dhule, Jalgaon, Jalna, Nagpur, Nandurbar, Pune, and Sangli—all of which reported loan disbursals in both 2020–21 and 2023–24. Among these, Nagpur stands out as the top- performing district in 2023–24 with 42 units assisted, a significant jump from just 9 units in 2020– 21. Other districts such as Jalgaon (28 units), Nandurbar (17 units), and Dhule (16 units) have also shown commendable performance during this period.

The data also points to the emergence of new beneficiary districts in 2023–24. Districts like Aurangabad, Kolhapur, Raigad, Ratnagiri, Sindhudurg, Wardha, and Yavatmal did not feature in earlier years but reported new loan disbursements in the latest cycle. This suggests improved scheme penetration and possibly expanded awareness or outreach initiatives by the implementing agencies in these areas.

On the other hand, a few districts such as Akola, Buldhana, Latur, Nasik, Parbhani, Satara, and Solapur, which had received support in 2020–21, were inactive in 2023–24. This drop-off may be attributed to completed project cycles, a reduction in applications, or procedural delays.

Overall, the trends indicate that while 2022–23 experienced a halt in loan activity, the scheme has since regained momentum. The increased coverage and entry of new districts in 2023–24 reflect a positive trajectory in the implementation of the NBCFDC schemes across Maharashtra.

## **M.2. Sample Design and Data Sources**

### **M.2.1. Sample Population**

A sample size of 18 beneficiaries in consultation and as per terms of reference given by NBCFDC for the state of Maharashtra as per the sampling plan for the study. Beneficiaries were interviewed through random sampling from the list of beneficiaries given by the Channel Partner (CP). Beneficiaries were covered from districts of Pune and Ahmednagar. The interviews were done through the Kobo tool and a structured closed ended questionnaire.

### **M.2.2. Sample Design Selection of Districts**

The state of Maharashtra was selected for this evaluative study as per the proposed sampling plan. State Channelizing Agency selected for this evaluation was Union Bank of India, Maharashtra. Therefore, the districts for which consent was received became part of the present study. These districts were selected in consultation with the CP.

### **M.2.3. Sources of Data**

This was an empirical study intending for an evaluation of the lending schemes already implemented. The list of the beneficiaries for Term Loan schemes of NBCFDC for the period of study (2020-23) was shared by CP which comprised the name and other details of the beneficiary of the loan schemes. All the willing beneficiaries were contacted through the CP and were verified from the available list of beneficiaries.

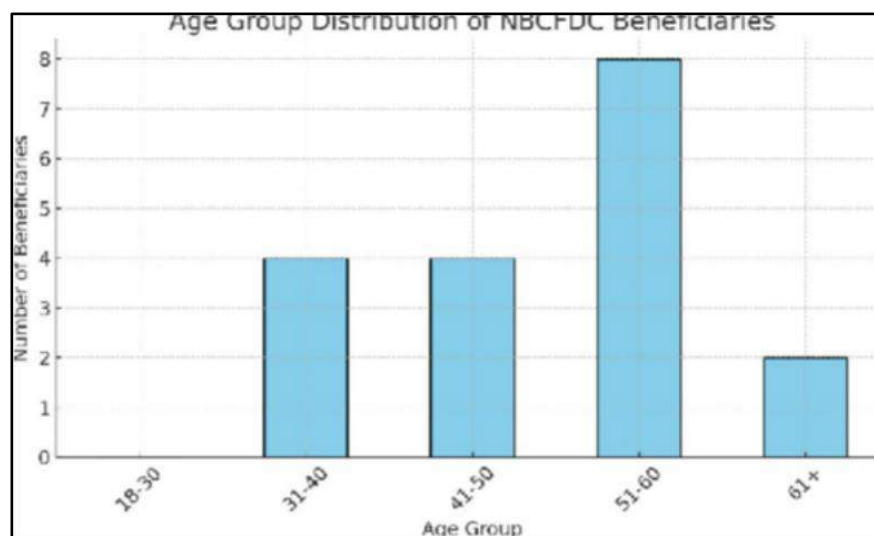
The evaluation for various other parameters like the utilization ratio, loan recovery ratio/mechanism, number of defaulters and the mechanism of monitoring done for these loans by the CP has been collected through the questionnaires in Kobo toolbox. Additionally, information has also been gathered from their websites and annual reports.

## M.3. Analysis of the Socio-Economic Parameters

### M.3.1. Age Group Distribution

The age distribution of NBCFDC beneficiaries provides insights into the demographic most actively engaging with the schemes. As shown in the figure above, the largest share of beneficiaries (44%) falls within the 51–60 age group, indicating that mid-to-late career individuals are the primary participants in these loan schemes. This could be attributed to increased financial responsibility, experience in managing enterprises, or greater awareness of credit programs among this age group.

Fig.M.3.1



Both the 31–40 and 41–50 age brackets have equal representation, with 4 beneficiaries each (22% respectively), suggesting a fair level of engagement from early and mid-career adults. Interestingly, there are no beneficiaries recorded in the 18–30 age group, highlighting a significant gap in youth participation. This could stem from factors such as lack of awareness, hesitation to take on formal credit at an early age, or perceived complexity in loan processes.

The 61+ age group, with 2 beneficiaries (11%), also reflects limited participation—likely due to reduced entrepreneurial activity or retirement-stage disengagement.

#### Key Implications:

- Targeted youth outreach is essential to expand the scheme’s reach and nurture early-stage entrepreneurship.
- Scheme communication and eligibility processes might need to be tailored to younger applicants with less formal experience.
- Elderly applicants may benefit from simplified processes or schemes aligned with senior economic needs (e.g., healthcare, home-based businesses).

### **M.3.2. Gender**

The majority of respondents are male (11 out of 18), with 7 female respondents. Among females, all are linked with Jan Dhan Yojana accounts, a government-initiated zero-balance scheme primarily targeting financially excluded populations. This trend underscores the importance of Jan Dhan accounts in expanding banking access to women, who often lack formal financial instruments such as savings or fixed deposits. However, none of the women hold normal savings accounts, which could indicate limited financial literacy, lower asset ownership, or lack of income stability. This structural limitation restricts their eligibility for schemes like NBCFDC loans, which may require documentation or savings proof.

### **M.3.3. Aadhaar Card Ownership**

Every single respondent (100%) has an Aadhaar card, confirming full coverage in terms of national identification. This is a crucial enabler for accessing benefits and indicates that identity-linked schemes can be efficiently administered within this group.

### **M.3.4. Type of Bank Account**

Of the 18 respondents, only 3 males hold normal savings bank accounts, all of whom have low or no formal education. The remaining 15 individuals are Jan Dhan account holders. While Jan Dhan accounts improve basic banking access, they may not be adequate for credit-readiness, especially when it comes to fulfilling collateral or KYC norms for formal loan schemes.

This reflects a disconnect between financial inclusion and credit empowerment—having a bank account does not automatically translate to being loan-eligible under NBCFDC programs.

### **M.3.5. Education Level**

The educational profile of respondents reveals that the majority have attained only primary or secondary education, with a smaller fraction lacking formal education altogether. Notably, none of the respondents reported graduate-level qualifications. This pattern highlights a critical barrier to loan accessibility—individuals with limited education often struggle to navigate the complexities of formal loan procedures, comprehend financial documentation, or make informed decisions about borrowing. Such limitations are particularly concerning in the context of NBCFDC's objectives, which aim to uplift marginalized groups through credit-based entrepreneurship. Without adequate educational support or simplified processes, these individuals remain excluded from meaningful financial participation.

### **M.3.6. Implications for NBCFDC Program Objectives**

NBCFDC's overarching goal is to enable sustainable livelihoods for economically and socially disadvantaged communities through inclusive financial products. However, the data suggest a significant disconnect between basic financial inclusion and actual credit readiness. While schemes like Jan Dhan Yojana have helped bring the unbanked into the formal system, they have not necessarily translated into improved credit access or loan eligibility. Women,

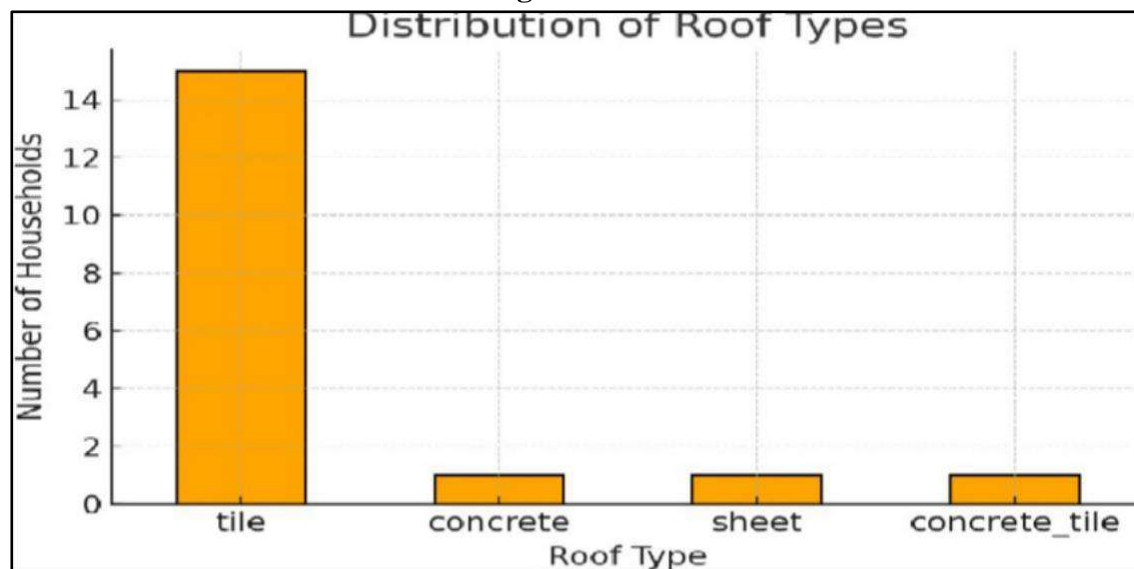
in particular, are entering the banking system but remain underprepared to leverage its full benefits due to a lack of education, collateral, or procedural support. This emphasizes the urgent need for targeted financial literacy programs, simplified loan disbursement mechanisms, and greater institutional handholding—especially for women and those with low education levels. Tailoring the NBCFDC schemes to these realities is crucial to ensuring that the intended benefits reach the most vulnerable segments effectively.

### M.3.7. Residential Area and Type of House

All beneficiaries (100%) in the sample reside in rural areas, highlighting the scheme’s strong focus on reaching rural populations. The absence of respondents from semi-urban, or urban, regions indicates that the program is primarily engaging communities in rural settings, where access to financial assistance and livelihood support is often more critical.

### M.3.8. Type of House

Fig: M.3.8



All 18 respondents reside in rural areas and live in their own houses, suggesting a baseline level of asset ownership. However, the type of roofing material varies. As illustrated in the graph below, the majority live in houses with tile roofs, which typically indicates modest construction. A small number of households reported concrete or sheet roofing, reflecting relatively better structural quality in only a few cases.

### M.3.9. Ownership of Residence

All respondents (100%) reported living in self-owned houses, reflecting strong residential stability and asset ownership among the beneficiaries. This complete absence of tenancy or rental status suggests a socio-economic baseline where housing insecurity is not a major concern within the surveyed population. The data also implies that the target group reached

by the NBCFDC schemes in this region possesses foundational housing security, potentially enabling them to leverage loans more productively.

### **M.3.10. Electricity and Water Availability at Home**

In terms of amenities, every household has access to electricity, clean water and sanitation facilities. This demonstrates the success of rural electrification and sanitation programs in reaching these communities. All respondents are married, reflecting household-level economic responsibility. This demographic profile is important for targeting welfare and credit schemes since married individuals often act as heads of households and are more likely to pursue livelihood enhancement opportunities.

Overall, the findings suggest that while respondents own basic housing and have access to electricity and clean water, the quality of construction and financial capacity for house improvement may still be limited. These indicators are vital for designing interventions under NBCFDC that are sensitive to ground realities—such as promoting loans for home improvement or tailoring collateral-free schemes for those with informal housing structures.

### **M.3.11. Marital Status**

All respondents (100%) reported being married, with no representation from unmarried or widowed categories. This indicates that the beneficiary group predominantly consists of individuals who may have dependent family members. Consequently, their financial needs, housing requirements, and access to social welfare benefits are likely influenced by family responsibilities.

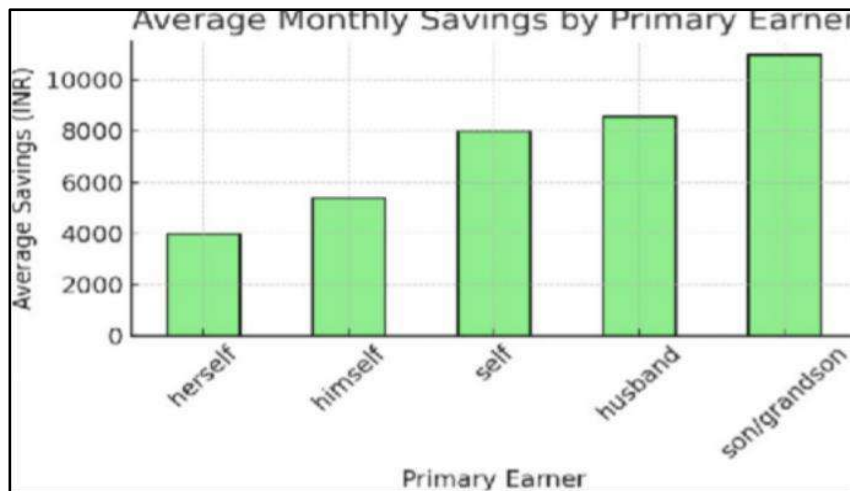
### **M.3.12. Nature of Family**

A large majority of respondents (**95%**) **belong to joint families**, while only a **small proportion (5%) live in nuclear households**. This prevalence of joint households suggests that most beneficiaries may benefit from pooled family resources, shared responsibilities, and mutual support, potentially reducing their financial vulnerability. In contrast, the small number of nuclear families could face greater economic and social pressures, as they rely on fewer income sources and limited family support.

### **M.3.13. Economic Structure and Financial Behavior of Respondents**

This section explores the financial dynamics of households surveyed, focusing on family composition, income-expenditure balance, and primary income earners. All respondents are self-employed, with agriculture as their sole income source.

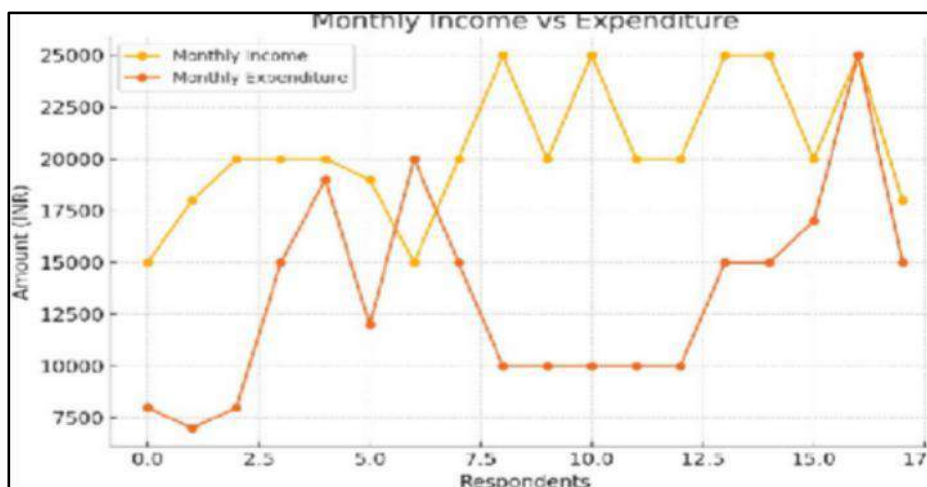
**Fig: M.3.13.1**



Despite modest incomes—ranging from Rs 15,000 to Rs 25,000—most households manage to maintain positive monthly savings. Savings patterns vary based on the primary earner in the household.

Households where women (herself/self) are listed as earners report comparable or better financial discipline. This could indicate more cautious spending behavior in such units. The figure below shows the average savings by type of primary earner.

**Fig: M.3.13.2**



Income and expenditure trends are tightly linked, with some households reporting very narrow margins. One-third of the families spend 70–100% of their income, pointing to financial vulnerability. Others, particularly with multiple earners or higher income slabs, show greater savings. The chart below illustrates income and expenditure for each respondent, underlining their monthly budget constraints.

This data shows that the households demonstrate economic resilience within a limited framework. NBCFDC schemes aiming at such communities must account for the high dependency ratio and ensure that lending products support seasonal cash flow gaps. The

uniform presence of agriculture also calls for agro-linked schemes with flexible repayment cycles and bundled training or marketing support.

### M.3.14. Annual Family household Income Pre-loan and Post-loan

**Table M.3.14.1: Annual Family Household Income before uptake of loan**

Income Levels	Response	Percentage
Below 1.5 Lakh	9	50
1.5-2.25 Lakh	6	33
2.25 Lakh -3 Lakh	3	17
Above 3 Lakh	0	0
<b>Total count</b>	<b>18</b>	<b>100</b>

As shown in Table 3 above, before uptake of the loans provided by NBCFDC, the annual family household income of the beneficiaries in Maharashtra largely fell in the lower ranges, between below Rs 1.5 lakh and Rs 3 lakh. Half of the households (50%) reported an annual income below Rs 1.5 lakh, making it the most common category pre-loan. Another 33% reported earnings between Rs 1.5–2.25 lakh, while only 17% fell in the Rs 2.25–3 lakh range. No beneficiaries were represented in the above Rs 3 lakh income group, reflecting a concentration in lower income brackets.

Table 4 highlights a substantial upward shift in income levels following loan assistance. None of the households remained in the lowest bracket (below Rs 1.5 lakh). Instead, a majority 78% of beneficiaries moved into the Rs 2.25–3 lakh income group, while 22% reported an annual income between Rs 1.5–2.25 lakh. Notably, there was still no representation in the above Rs 3 lakh category, but the overall movement reflects a decisive reduction in income vulnerability.

**Table M.3.14.2: Annual Family household Income Post-loan uptake**

Income Levels	Response	Percentage
Below 1.5 Lakh	0	0
1.5-2.25 Lakh	4	22
2.25 Lakh -3 Lakh	14	78
Above 3 Lakh	0	0
<b>Total count</b>	<b>18</b>	<b>100</b>

**Table M.3.14.3: Change in Income Levels: Pre vs. Post- Loan Uptake**

Income Range	Percentage of Beneficiaries Pre-Loan (%)	Percentage of Post-Beneficiaries Loan (%)	Percentage of Change in beneficiaries in each group (%)
Below 1.5 lakhs	50	0	↓ 50
1.5–2.25 lakhs	33	22	↓ 11
2.25–3 lakhs	17	78	↑ 61

Income Range	Percentage of Beneficiaries Pre-Loan (%)	Percentage of Post-Beneficiaries Loan (%)	Percentage of Change in beneficiaries in each group (%)
Above 3 lakhs	0	0	0

As is evident from the table 5 above, the change in income levels pre vs. post loan uptake is given below:

- The lowest income group (below Rs 1.5 lakh) dropped sharply from 50% to 0%, showing that all households successfully moved out of this vulnerable category.
- The Rs 1.5–2.25 lakh bracket reduced slightly, from 33% to 22% (↓ 11%), as many households transitioned to higher income levels.
- The Rs 2.25–3 lakh category experienced the most significant rise, jumping from 17% pre-loan to 78% post-loan (↑ 61%).
- There was no upward movement into the above Rs 3 lakh group, though the overall shift indicates clear progress into more secure income brackets.

#### **Average Monthly Income Pre vs Post Loan Uptake (in Rs)**

The average household monthly income shows a strong improvement following the loan uptake. Before receiving the loan, households earned around **Rs 15,000** per month on average. After the loan, this increased to **Rs 25,000**, reflecting an absolute rise of **Rs 10,000**, or a **66% increase** in income.

#### **M.3.15. Employment Status**

All respondents in the Maharashtra survey identified as self-employed, accounting for 100% of the sample. This highlights a complete reliance on entrepreneurial and informal livelihood activities such as small businesses, local trades, and service-based work. The data clearly indicates that the financial assistance extended under the scheme is directly supporting micro-enterprises, which form the backbone of income generation for backward class communities in the state. By channeling resources into self-driven economic activities, the scheme is effectively reinforcing grassroots livelihoods and addressing the lack of formal employment opportunities in the region.

#### **M.3.16. Nature of Work**

100% of the respondents reported agriculture as their primary source of income. This underscores the scheme's strong relevance to the agricultural and allied sectors, highlighting its alignment with the livelihoods of small farmers, cultivators, and farm-based workers who form a significant part of rural economies. The uniformity in responses indicates that NBCFDC schemes are effectively supporting beneficiaries engaged in agriculture, promoting self-reliance and enhancing economic stability among backward class communities. By channeling financial assistance toward farm-based income activities, the scheme contributes to inclusive growth and strengthens grassroots livelihoods in the agricultural sector.

## M.4. Analysis of the Loan Access, Utilization, and Impact Assessment

### M.4.1. Time taken by the beneficiaries in obtaining loans from the CP

**Table M.4.1: Time taken by the beneficiaries in obtaining loans from the CP**

Month Range	Responses	Percentage
Upto 4 months	18	100%
4-6 months	0	0
More than 6 months	0	0
Can't Recall	0	0
<b>Total Response</b>	<b>18</b>	<b>100%</b>

The analysis of loan application and sanction timelines indicates that all beneficiaries received their loans within a short duration. Out of the 18 recorded responses, 100% of beneficiaries had their loans sanctioned within up to 4 months of application. This reflects a highly efficient process, ensuring prompt access to financial support for all respondents.

No beneficiary reported experiencing delays in the sanctioning process, whether in the range of 4–6 months or beyond 6 months, and none were unable to recall the time taken.

Overall, the findings reveal that the scheme has been fully effective in ensuring timely sanction of loans, with every beneficiary accessing credit within a period of four months.

### M.4.2. Purpose of Uptake of loan

**Table M.4.2: Responses related to purpose of uptake of loan**

Question	Responses and % of beneficiaries					
	Working Capital	% of beneficiary	New Business	% of beneficiary	Business expansion	% of beneficiary
	2	11%	10	56%	5	28%

As shown in Table 4.2.1 above, a large proportion of respondents, accounting for 89%, reported that they had taken loans to set up a new business. This indicates that the scheme is playing a strong role in fostering entrepreneurial activities and enabling beneficiaries to initiate fresh income-generating ventures.

Meanwhile, 44% of the respondents stated that the loan was used for business expansion, suggesting that the financial support is also facilitating growth and diversification of existing enterprises. Additionally, 28% of beneficiaries reported availing loans to meet their working capital needs, highlighting that credit continues to serve as a crucial support mechanism for sustaining day-to-day operations and managing liquidity requirements.

### M.4.3. Utilization of Loan

100% beneficiaries utilized the loan undertaken for the intended purpose.

#### M.4.4. Creation of Assets

The following assets were created after undertaking the loan:

**Table M.4.4: Responses related to creation of assets**

Creation of Assets	Response	Beneficiary
Working Capital	5	28%
New Business	16	89%
Business expansion	8	44%

#### M.5. Analysis of NBCFDC Loan Applications

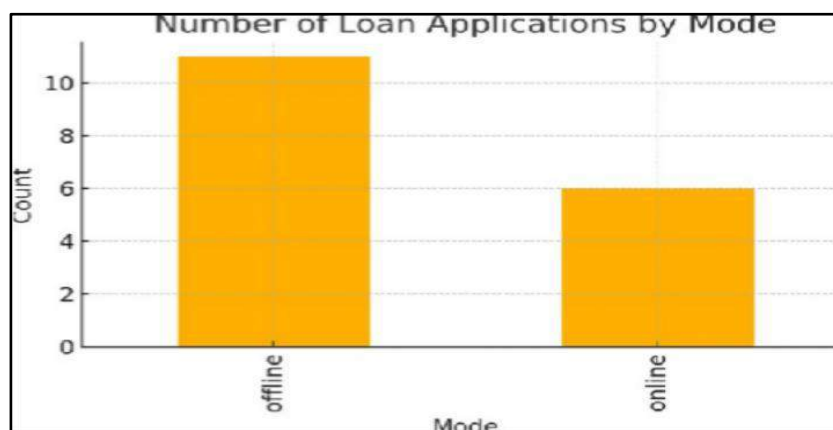
This analysis examines the pattern of loan applications under NBCFDC with a focus on the mode of application (online vs. offline) and the corresponding loan disbursements. Data has been extracted from beneficiary responses and analyzed in terms of frequency and financial magnitude.

##### M.5.1. Mode of Loan Application

The chart below presents the distribution of loan applications by mode, clearly indicating that offline applications dominate the sample, with nearly twice as many applications submitted offline compared to online. This trend highlights several systemic and socio-economic challenges. Firstly, it reflects the limited progress in the digitization of Channel Partner, many of which may still lack adequate infrastructure or trained personnel to support digital applications.

Secondly, it underscores the constraints faced by beneficiaries themselves, particularly those from rural or marginalized backgrounds who may have limited digital literacy, inadequate access to smartphones or the internet, or low levels of formal education. As a result, many beneficiaries find the offline process—where they can receive face-to-face assistance—more accessible and reliable. Consequently, the offline mode remains the preferred choice for a majority of applicants, despite the government's push toward digital inclusion.

**Figure: M.5.1**



Despite fewer online applications, the total loan amount disbursed through the online mode is not significantly lower compared to offline applications. This indicates that while offline remains the dominant method, online applicants tend to receive comparatively higher loan amounts per individual. It may reflect a growing confidence in digital channels among a certain section of beneficiaries who are more aware or digitally literate.

The analysis highlights key operational trends and challenges. Offline preference points to gaps in digital access and literacy, especially in rural areas. To improve outreach and efficiency, there is a pressing need to strengthen the digital capacity of CP and run awareness campaigns. Moreover, inconsistencies in data entry, such as malformed dates, must be addressed to maintain transparency and improve monitoring for better policy outcomes.

### **M.5.2. Post-Loan Utilization and Impact Analysis**

A majority of beneficiaries (17 out of 18) reported utilizing the loan, primarily for purchase of raw materials and machinery. This highlights a positive trend towards productive use of the funds for income-generating activities. Working capital needs were also cited by a few, while almost no one used it for training, marketing, or debt repayment. This indicates a focus on operational continuity over capacity building.

**Table M.5.2: Awareness of NBCFDC loan schemes, rates of interest, & Facilitation of loans taken**

<b>Question</b>	<b>Response/ Yes</b>	<b>Response/ Yes in %</b>	<b>Response/No</b>	<b>Response/ No in %</b>
Do you know the amount of interest rate on your loan?	6	33%	11	61%
Whether assistance received directly in bank account	18	100%	0	0%
Have you missed any installments?	0	0%	18	100%
Do you find the interest rate fair and affordable?	18	100%	0	0%

As shown in Table M.5.2 above, awareness of the interest rate on loans among beneficiaries is relatively low. Only 33% of respondents reported knowing the exact rate of interest charged, while a significant 61% admitted to being unaware of it. This points to a gap in financial literacy and highlights the need for better dissemination of loan-related information to ensure informed decision-making by beneficiaries.

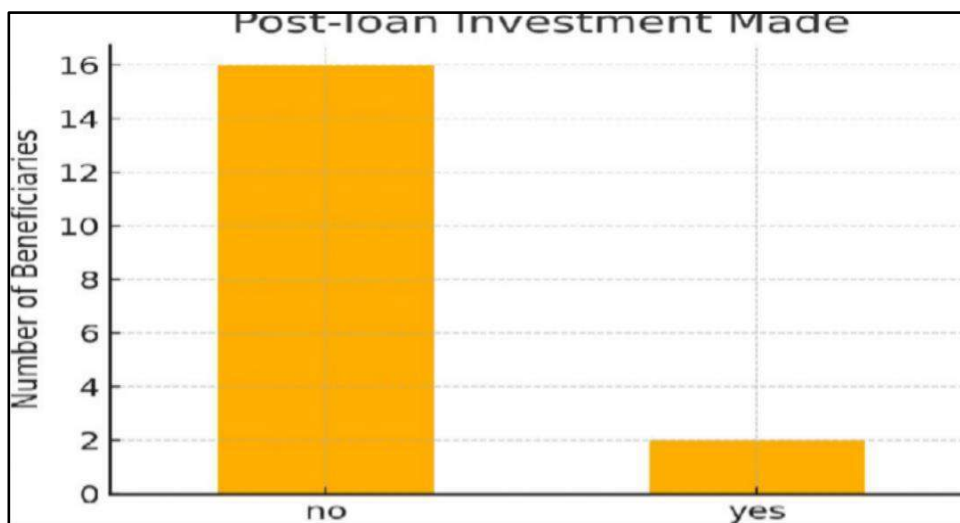
On the operational side, the scheme demonstrates efficiency and transparency. All respondents (100%) confirmed that the loan assistance was directly credited to their bank accounts, reflecting streamlined disbursement practices. Encouragingly, none of the beneficiaries reported missing any loan installments, indicating regular repayment behavior. Moreover, all respondents (100%) found the interest rate to be fair and affordable, suggesting that the financial terms of the scheme are well-aligned with the repayment capacities of the target group.

Overall, the findings highlight a positive picture in terms of affordability, repayment, and transparency, though the lack of awareness regarding loan interest rates remains an area requiring greater attention.

### M.5.3. Investment and Income Generation

Despite widespread utilization, only a small number of beneficiaries made further investments post- loan. This may point towards cautious financial behavior or limited profitability. On average, the reported monthly profit post-loan was around Rs 7,972, with a few exceptions reporting substantial gains (e.g., Rs 50,000). This suggests that while some ventures flourished, most showed only modest income increases, possibly due to market constraints or limited scale.

Fig: M.5.3



### M.5.4. Financial Behavior and Savings

Fig: M.5.4



A majority of beneficiaries reported saving money regularly, which is a positive indicator of financial discipline. However, around one-fourth still do not engage in regular savings, highlighting the need for parallel financial literacy or support services. Encouraging savings behavior can ensure long-term financial resilience among loan recipients.

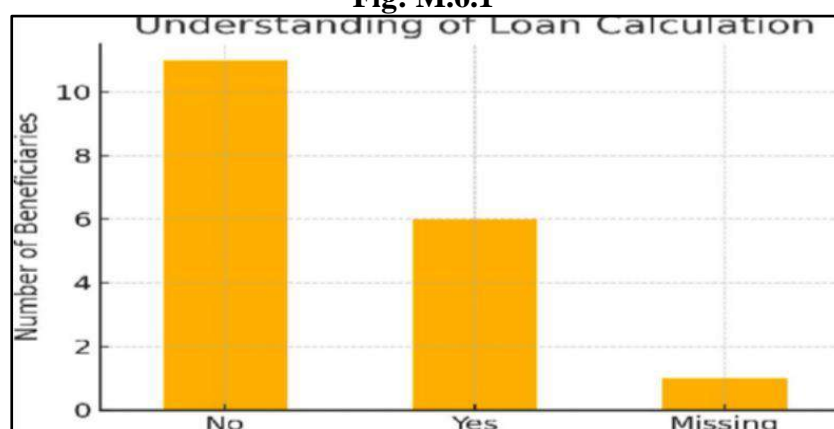
Thus, the analysis indicates that the NBCFDC loans are being largely utilized for productive purposes. However, the limited reinvestment and varied profitability suggest a need for ongoing support, market linkages, and monitoring. Furthermore, targeted efforts toward improving financial literacy, especially regarding investment and saving habits, can enhance the long-term impact of such schemes.

## M.6. Loan Repayment and Service Experience Analysis

### M.6.1. Repayment Status and Understanding

**100% beneficiaries are regular in their loan repayment**, demonstrating a strong commitment to fulfilling financial obligations. However, a small number show irregular repayment patterns, often citing reasons such as temporary income gaps or unexpected expenses. Loan understanding is an area of concern. A considerable portion of respondents reported not understanding how their loan amount, interest, or installment calculations were made. This suggests a gap in financial literacy or communication from the lending institution. Addressing this can empower beneficiaries to manage loans more confidently.

Fig: M.6.1



### M.6.2. Interest Rate Perception and Experience

Interestingly, all respondents considered the interest rates to be reasonable. This reflects positively on the fairness and transparency of the scheme's financial terms. No cases of perceived overcharging or dissatisfaction with rates were reported.

### M.6.3. Counselling and Institutional Support

Nearly all beneficiaries attended counselling sessions organized by the banks, and most reported that the loan structure and procedures were clearly explained. This institutional support likely contributes to the high levels of loan compliance observed. Furthermore, there

were no reported instances of delays or additional charges, indicating operational efficiency and ethical standards in disbursement.

Thus, the analysis points to a generally positive experience among beneficiaries, with high repayment regularity, satisfaction with interest rates, and effective counselling support. However, improving financial literacy through simplified communication or follow-up sessions could further enhance the scheme's impact and foster greater financial independence.

## **M.7. Analysis of the Perception-Based Assessment of Loan Experience and Impact through Likert Scale**

### **M.7.1. Overview**

This section presents a comprehensive analysis of beneficiary satisfaction based on a structured Likert scale survey, where responses were recorded on a scale from 1 (least satisfied) to 5 (most satisfied). The objective was to assess multiple dimensions of the NBCFDC loan scheme—from the quality of institutional support to its broader economic and social impacts on beneficiaries' lives. The survey captured feedback across various service delivery touchpoints such as the quality of guidance received, ease and transparency in processing, timelines for loan disbursement, sufficiency of loan amounts, and changes in personal or household economic standards post-intervention. Through this analysis, key strengths, gaps, and potential areas for enhancement within the scheme can be identified, providing valuable insights for policymakers and implementing agencies.

### **M.7.2. Key Insights**

The analysis reveals that beneficiaries are generally satisfied with the conduct of lending institutions and their representatives. The two most highly rated aspects are 'Employee Behavior during the Lending Process' and 'Transparency of Loan Terms', both achieving average ratings above 4.5. This suggests a high degree of professionalism, courteousness, and clarity provided by lending personnel. Such satisfaction likely stems from respectful interactions, thorough explanation of procedures, and transparency in how interest rates and repayment terms were conveyed to borrowers. These high ratings reflect institutional strength and a well-functioning interface between beneficiaries and the scheme administrators.

'Satisfaction with Loan Services' and 'Assistance and Guidance provided by the Agency' also scored highly. This further reinforces the perception that frontline support mechanisms are functioning effectively, offering beneficiaries meaningful help during the loan application and disbursement phases. Beneficiaries seem to appreciate the procedural handholding and administrative support offered by implementing agencies or CPstaff.

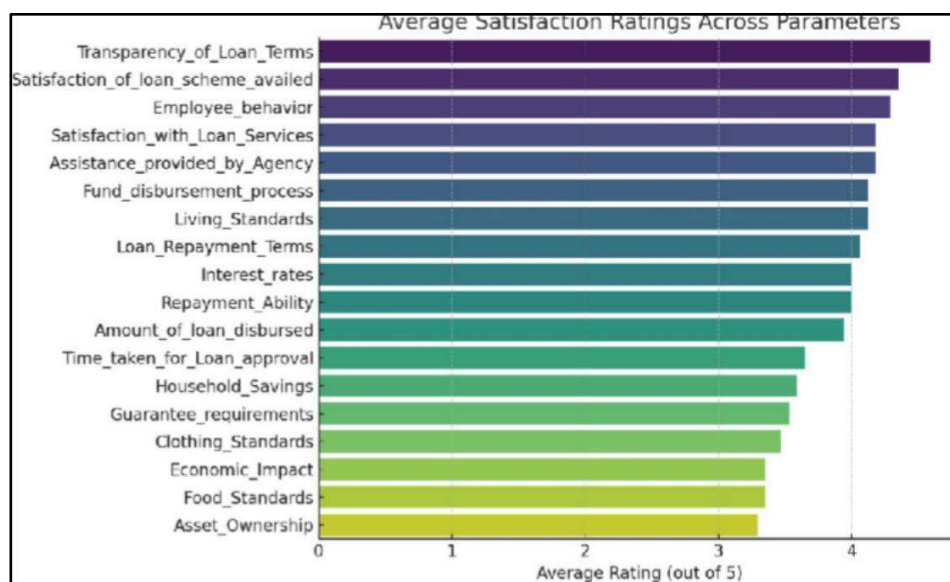
In contrast, 'Clothing Standards', 'Household Savings', and 'Ability to Repay Debts' were rated moderately, generally hovering around the mid-range of the scale. These dimensions, which reflect downstream socio-economic benefits of the loan, suggest that while the loan helped in stabilizing livelihoods, it may not have led to substantial improvements in living standards or long-term financial security for all. These moderate scores may also indicate that

beneficiaries are still in the early stages of realizing tangible improvements or are constrained by broader economic challenges.

The lowest-rated parameters— ‘Amount of Loan Disbursed’ and ‘Time Taken for Loan Approval’— highlight critical operational challenges. Several beneficiaries expressed dissatisfaction regarding the adequacy of the sanctioned loan amount, indicating a possible mismatch between financial need and the support provided. Similarly, delays in loan processing and disbursement may have hampered the timely execution of livelihood activities, especially in sectors like agriculture where seasonality is crucial. These issues point to the need for greater flexibility, responsiveness, and alignment of the loan process with on-ground realities and sector-specific timelines.

Overall, while the scheme demonstrates strong institutional delivery and frontline engagement, its transformative potential could be significantly enhanced by addressing administrative delays and ensuring better alignment between loan disbursements and the actual credit needs of beneficiaries.

**Fig: M.7.2**



Overall, the satisfaction levels suggest a broadly positive experience with notable strengths in communication and staff behavior. However, addressing fund adequacy and approval time could enhance beneficiary confidence and scheme effectiveness.

The responses on the questions in the **Likert scale** for this category have been tabled and the observations are given below.

**Table M.7.2: Likert responses on questions relation to Satisfaction with Loan Services**

Questions	Number of respondents for each rating					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Satisfaction of the loan scheme availed	0	1	4	5	8	0%	6%	22%	28%	44%
Assistance and guidance provided by Agency	0	0	1	10	7	0%	0%	6%	55%	39%
Time taken for Loan approval	0	0	2	10	6	0%	0%	11%	55%	33%
Interest rates	0	0	9	8	1	0%	0%	50%	44%	6%
Fund disbursement process	0	0	2	13	3	0%	0%	11%	72%	17%
Amount of loan disbursed	0	0	3	9	6	0%	0%	17%	50%	33%
Loan Repayment Terms	0	0	4	12	2	0%	0%	22%	67%	11%
Transparency of Loan Terms	0	0	4	11	3	0%	0%	22%	61%	17%
Employee behavior during lending process	0	0	1	5	12	0%	0%	5%	28%	67%
Guarantee requirements	0	0	2	8	8	0%	0%	11%	44%	44%

**Analysis:**

- **Satisfaction with the Loan Scheme Availed**

A large proportion of beneficiaries (72%) expressed satisfaction with the loan scheme, with 28% satisfied and 44% highly satisfied. Around 22% remained neutral, and 6% reported dissatisfaction. This indicates that the scheme is broadly meeting the expectations of most borrowers, though a small section remains unconvinced.

- **Assistance and Guidance Provided by the Agency**

About 94% of respondents rated the assistance positively, suggesting that agencies are providing effective support in loan facilitation. Only 6% were neutral, indicating minor scope for improvement in handholding, especially for first-time applicants.

- **Time Taken for Loan Approval**

Loan approval time received positive ratings from 88% of beneficiaries, reflecting efficiency in processing. A small fraction (11%) remained neutral, with no outright dissatisfaction, indicating generally streamlined procedures.

- **Interest Rates**

While 50% of respondents were neutral regarding interest rates, 44% were satisfied and 6% highly satisfied. This suggests that although most borrowers find rates acceptable, half remain uncertain, indicating potential concerns about affordability or clarity.

- **Fund Disbursement Process:**

Nearly 89% of beneficiaries expressed satisfaction with the disbursement process, with 72% satisfied and 17% highly satisfied. Only 11% were neutral, suggesting that funds are generally reaching beneficiaries efficiently.

- **Amount of Loan Disbursed:** Satisfaction stood at 83%, with 50% satisfied and 33% highly satisfied. A notable 17% were neutral, indicating that some beneficiaries may have expected higher loan amounts than those sanctioned.

- **Loan Repayment Terms:** A majority (78%) rated the repayment terms positively, with 67% satisfied and 11% highly satisfied. About 22% were neutral, suggesting that while repayment schedules are largely acceptable, a small section may find them somewhat restrictive.

- **Transparency of Loan Terms:** Transparency received strong feedback, with 78% of beneficiaries satisfied (61% satisfied, 17% highly satisfied) and 22% neutral. This indicates that loan terms are generally clear and understandable, enhancing borrower confidence.

- **Employee Behavior during Lending Process:** Employee behavior emerged as a key strength, with 95% of beneficiaries satisfied (28% satisfied, 67% highly satisfied). Only 5% were neutral, highlighting professionalism and supportive conduct of staff throughout the process.

- **Guarantee Requirements:** Satisfaction levels stood at 88%, equally split between satisfied and highly satisfied (44% each). About 11% remained neutral. While most beneficiaries found guarantee requirements acceptable, this remains a consideration for a minority of borrowers who may perceive it as a hurdle.

### M.7.3. Socio-Economic Standard of Living

The responses on the questions in the Likert scale for this category have been tabled and the observations are given below.

**Table M.7.3: Likert responses on questions relating to Socio-Economic Standard of Living**

Question	Number of Responses according to scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Ability to repay debts	0	0	3	10	5	0%	0%	17%	55%	28%
Access to healthcare facilities	0	0	3	9	6	0%	0%	17%	50%	33%
Asset ownership	0	0	7	11	0	0%	0%	39%	61%	0%
Clothing standards	0	1	12	5	0	0%	5%	67%	28%	0%
Equal participation in decision making	0	3	6	5	4	0%	17%	33%	28%	22%
Food and Nutritional Standards	0	0	8	9	1	0%	0%	44%	50%	5%
Household Savings	0	2	10	6	0	0%	11%	55%	33%	0%

Question	Number of Responses according to scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Improved quality of children's education	0	2	3	8	5	0%	11%	17%	44%	28%
Overall living standards	0	1	7	9	1	0%	5%	39%	50%	5%
Respect and Recognition in the community	0	3	5	8	2	0%	17%	28%	44%	11%

### Analysis:

**Ability to Repay Debts:** A majority of beneficiaries (83%) felt confident in their ability to repay debts, with 55% satisfied and 28% highly satisfied. About 17% remained neutral, while no one reported dissatisfaction. This indicates good repayment capacity overall, with most responses concentrated in the “satisfied” range.

**Access to Healthcare Facilities:** Half of the respondents rated healthcare access positively (50% satisfied, 33% highly satisfied), while 17% were neutral. This suggests that beneficiaries generally perceive some improvement in access to healthcare, though there is still room for enhancement in service reach and quality.

**Asset Ownership:** A strong 61% were satisfied with asset ownership, with 39% neutral. No respondents reported dissatisfaction or being highly satisfied, indicating moderate improvements in household asset accumulation, though the impact remains uneven.

**Clothing Standards:** Some section of beneficiaries (28%) was satisfied with clothing standards, and 67% were neutral. Very few expressed dissatisfactions, and none reported being highly satisfied, suggesting incremental improvements rather than transformative change.

**Equal Participation in Decision-Making:** Responses were mixed: 28% satisfied and 22% highly satisfied, while 33% were neutral and 17% slightly dissatisfied. This indicates that loans may be supporting greater involvement in household decisions for some beneficiaries, but benefits are not uniform.

**Food and Nutritional Standards:** Half of the respondents were satisfied (50%) and 5% highly satisfied, with 44% neutral. This indicates moderate improvements in nutrition standards, with only a small portion perceiving substantial gains.

**Household Savings:** Satisfaction stood at 33%, with 55% neutral and 11% dissatisfied. This suggests that while some progress in savings is evident, improvements remain uneven and may be constrained by repayment obligations or income variability.

**Improved Quality of Children's Education:** A total of 72% of respondents were positive (44% satisfied, 28% highly satisfied), 17% neutral, and 11% dissatisfied. This indicates that the scheme may be supporting educational improvements for children, though gains are uneven across households.

**Overall Living Standards:** Half of the beneficiaries were satisfied (50%) and 5% highly satisfied, with 39% neutral. This reflects moderate improvements in overall living conditions, though perceptions remain largely incremental rather than transformative.

**Respect and Recognition in the Community:** About 55% reported satisfaction (44% satisfied, 11% highly satisfied), while 28% were neutral and 17% slightly dissatisfied. This suggests that access to loans has contributed to social recognition for a portion of beneficiaries, though benefits are not universally felt.

## **M.8. Non-beneficiaries Analysis**

With respect to non-beneficiaries, the intended sample could not be realized as **no identified cases of rejected applicants** or eligible individuals who were denied loans were available through the implementing agency. This limitation has been duly noted, and its implications for comparative analysis are acknowledged within the scope of the study.

## **M.9. Impact Assessment of NBCFDC Lending Schemes in Maharashtra: A Parameter- Based Synthesis in a Nutshell**

### **M.9.1. Economic Upliftment and Financial Stability**

The NBCFDC lending schemes in Maharashtra have led to a marked improvement in the financial stability of the beneficiaries. Most respondents reported an increase in monthly income post-loan, with average monthly earnings rising from Rs 10,000 to approximately Rs 20,000–Rs 25,000. A majority of beneficiaries also indicated the ability to maintain household savings despite modest incomes, reflecting a positive shift in their financial resilience. The infusion of credit enabled them to address working capital requirements and expand existing income-generating activities, leading to enhanced livelihood security and reduced financial vulnerability.

### **M.9.2. Loan Utilization Efficiency and Repayment Behavior**

Loan utilization patterns reflected a high degree of alignment with intended purposes, particularly in agriculture and allied sectors. Beneficiaries predominantly used the funds for purchase of inputs, land development, or operational equipment such as drip irrigation systems. However, it was observed that the loan amounts were often insufficient to meet complete capital needs, necessitating additional personal investment. Repayment behavior was largely positive, with most beneficiaries regular in their installment payments. However, gaps in understanding loan terms and interest structures were noted, emphasizing the need for improved pre- and post-loan counselling.

### **M.9.3. Entrepreneurial Outcomes and Business Sustainability**

The schemes have supported the emergence and consolidation of micro-enterprises across agriculture, retail, and allied activities. Beneficiaries like Deo Rao and Taju Isak Shaik exemplify successful entrepreneurial transitions, wherein access to credit helped scale farm operations and link producers to markets. While business sustainability is evident through

increased income and continued operations, limited reinvestment and constrained profitability in some cases point to a need for larger or phased funding, mentoring, and market linkages to sustain long-term enterprise growth.

#### **M.9.4. Social Impact and Empowerment**

Beyond financial metrics, the schemes have contributed to broader social development. Many beneficiaries operate family-run units where spouses or children participate, fostering intra-household economic participation. Cases of land contribution for community development (e.g., Anganwadi construction) reflect a sense of social responsibility among the beneficiaries. Women beneficiaries, though fewer in number, are mostly linked to Jan Dhan accounts, indicating early stages of financial inclusion. These trends suggest that while social empowerment outcomes are emerging, they remain an area for targeted strengthening, particularly through gender-sensitive interventions and collective enterprise models.

#### **M.9.5. Institutional Accessibility and Implementation Efficiency**

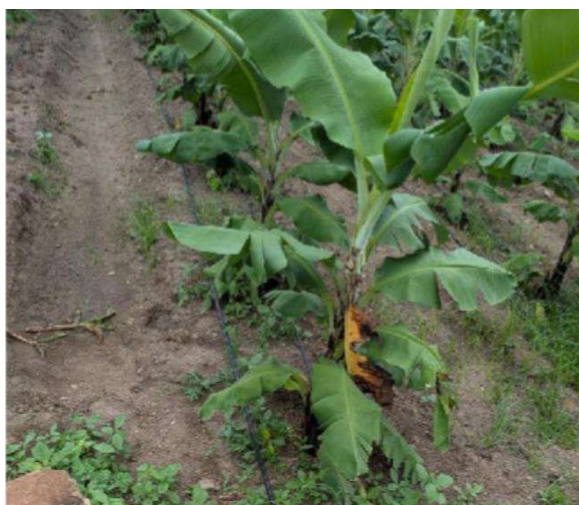
The evaluation highlights a broadly efficient institutional framework, with prompt disbursements, satisfactory counselling support, and transparency in loan terms. However, several systemic gaps persist—such as lack of post-disbursement monitoring, inadequate awareness of interest rates and insurance provisions, and an over-reliance on offline application modes. The complete absence of loan disbursements in 2022–23 also suggests potential administrative lapses or funding constraints. Strengthening digital capacity, institutional follow-up mechanisms, and periodic awareness drives are critical to ensuring consistent implementation and inclusive access to credit.

### **Success Stories**

#### **1. Deo Rao**



1.	Name of Channel Partner	Union Bank of India, Maharashtra
2.	Name of Scheme	Term Loan (Agriculture and Allied)
3.	Name of Beneficiary	Mr. Deo Rao
4.	Loan Amount Requested	170000/-
5.	Loan Amount Received	170000/-
6.	Date of Disbursement	2021
7.	Monthly Income before & after taking Loan	10,000/- (before) to 25,000/- (after)
8.	Purpose of Loan	The money is taken in order to level the land for a banana plantation.



Deo Rao, a resident of Khed district in Maharashtra, availed a loan of Rs 1,70,000 under the NBCFDC's Term Loan Scheme in the

Agriculture and Allied Sector. With a clear vision to improve his livelihood through banana cultivation, he utilized the loan amount to undertake land levelling—a crucial step in preparing the field for plantation.

While the sanctioned amount provided a vital boost, it fell short of covering the entire cost of the agricultural setup.

Undeterred, Deo contributed additional funds from his personal savings to ensure the timely completion of land preparation. His determination to make the most of the opportunity reflects a commendable spirit of self-reliance and forward thinking.

Today, Deo earns a steady monthly income of Rs 20,000 from his agricultural activity, significantly enhancing his household's financial condition. With a monthly household expenditure of Rs 8,000, he is able to maintain a sustainable livelihood while planning for future reinvestment into his farm.



Deo Rao's journey highlights how access to targeted credit support, even when partial, can act as a catalyst for rural prosperity. His story is a testament to the impact of microfinance in empowering individuals to unlock the potential of agriculture and secure a stable economic future.

## 2. Taju Isak Shaik



1.	Name of Channel Partner	Union Bank of India, Maharashtra
2.	Name of Scheme	Term Loan (Agriculture and Allied)
3.	Name of Beneficiary	Taju Isak Shaik
4.	Loan Amount Requested	160000/-
5.	Loan Amount Received	160000/-
6.	Date of Disbursement	2020-2021
7.	Monthly Income before & after taking Loan	10,000/- (before) to 25,000/- (after)
8.	Purpose of Loan	Installation of drip irrigation pipeline

Taju Isak Shaik, a resident of rural Maharashtra, has carved a unique path by blending entrepreneurship with social responsibility. With the support of a Rs 1,60,000 loan, he launched a vegetable aggregation and transport venture collecting fresh produce from local farmers in his village and supplying it directly to the Pune market. This initiative not only enhanced his own livelihood but also provided a stable market linkage for several small-scale cultivators in the region.

Using the loan amount, Taju invested in a small truck that now enables him to transport vegetables efficiently and regularly. His initiative ensures better returns for local farmers and fresher produce for urban consumers. Through this activity, he earns a consistent monthly profit of around Rs 15,000 to Rs 20,000.



Beyond business, Taju’s contribution to the community sets him apart. He voluntarily donated a portion of his land for the construction of an Anganwadi centre in the village—demonstrating his commitment to social development and early childhood education.



Taju Isak Shaik’s journey is a compelling example of how access to finance can empower individuals to create inclusive economic models while making meaningful contributions to their communities.

\*\*\*\*\*





# State Report

---

## Madhya Pradesh





## *State Report- Madhya Pradesh*

### **MP.1. SCA: Madhya Pradesh**

The SCA, Madhya Pradesh Gramin Bank disburses Term Loan to the Beneficiaries selected on the basis of their financial statements, eligibility, Business Planning, Potentiality of their business which led low risk of non- repayment. If the beneficiaries fail to repayment due to business failure bank help them with additional payment. Generally, bank get help from co-borrower, guarantor for recovery of loan. The amount has been directly transferring to the account of the Beneficiaries. Before giving the loan SCA generally provides counseling to the beneficiaries on Finance literacy, business planning & repayment awareness. Collateral guarantee required from the beneficiaries. An average loan size provided to the individual beneficiaries is estimated at Rs. 2,00,000/-. A significant portion of population especially in rural areas may not fully understand the scheme and its benefit due to low literacy rate. For creating awareness among them, the bank organizes various financial literacy camps.

### **MP.2. Sample Population and Design**

During the last three reference year of this study i.e. 2020-21, 2021-22 and 2022-23 about 5730 beneficiaries were provided loans under different schemes of NBCFDC in Madhya Pradesh. About 22.43 percent of beneficiaries were women. Under the present study about 34 beneficiaries were contacted physically by the research team and gathered different information regarding their social status, schemes related information through the structured questionnaire. The responses of various beneficiaries recorded in the excel sheet have been briefly analyzed for preparing an interim report of the study.

Further, similar number of non-beneficiaries as a control group were also contacted to know the reason behind not availing the benefit under NBCFDC despite having the eligibility and also gathered other related information through the structured questionnaire.

In the study, the beneficiaries and non-beneficiaries of the NBCFDC loan scheme have been studied. The socio-economic information, scheme related information, loan utilization and business impact repayment and financial behavior, satisfaction level with SCAs and Banks and socio and economic impact have been surveyed from the beneficiaries. From the non-beneficiaries, socio-economic information and scheme related information have been covered.

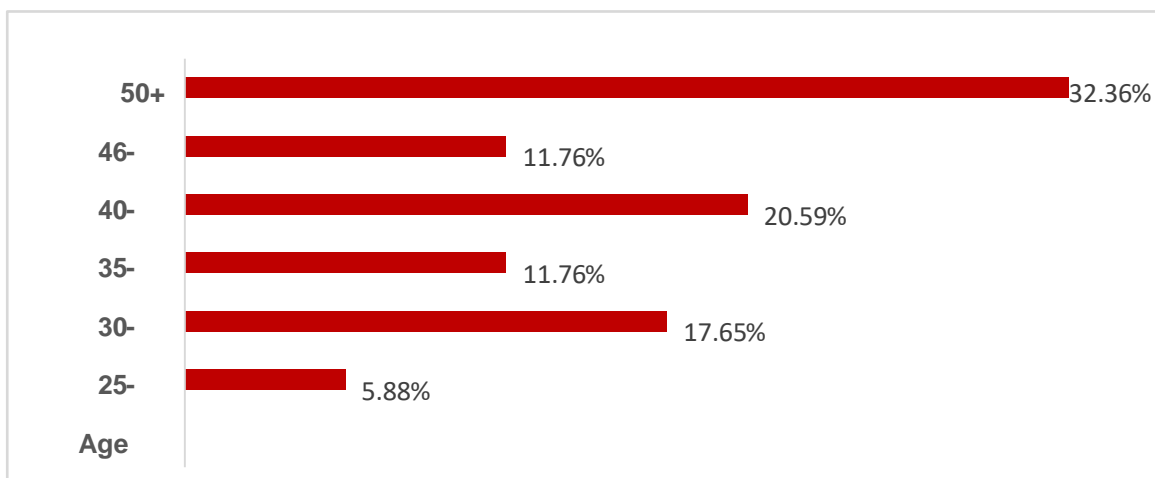
### **MP.3. Analysis of the Socio-Economic Parameters**

Here, some information about the beneficiary's age, gender, marital status, type of family and number of dependents in the family is presented in Table MP.3. The age wise percentage distribution of beneficiaries is presented in Fig. MP.3.1 and Fig. 3.1.2 depicts gender composition of the beneficiaries in Madhya Pradesh (MP).

### MP.3.1. Age Group Distribution

The socio-demographic profile of beneficiaries in Madhya Pradesh reveals several notable features regarding their age distribution, gender composition, marital status, family structure, and household dependency. The average age of beneficiaries is 42.59 years, indicating that the majority fall within the middle-aged or older adult categories. Notably, there are no beneficiaries under the age of 25; the smallest age group represented is those aged 25–29 years, comprising only 2 individuals or 5.88% of the total. The age cohorts of 30–34 and 40–45 each contain a significant proportion, with 6 (17.65%) and 7 (20.59%) beneficiaries respectively, while the largest group is those aged 50 and above, accounting for 11 individuals or 32.36% of the sample.

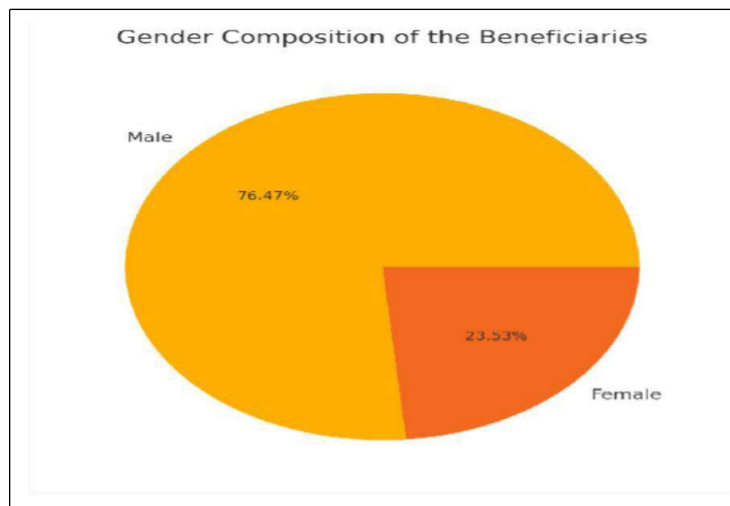
**Fig: MP.3.1: Age-wise percentage distribution of beneficiaries in MP**



### MP.3.2. Gender

In terms of gender distribution, males are predominant, making up 26 out of 34 beneficiaries (76.47%), while females constitute only 8 (23.53%), and there are no beneficiaries identifying as other genders. All beneficiaries are married, as indicated by the 100% marital status reported as married, with no single, divorced, or widowed individuals present in the data.

**Fig: MP.3.2: Gender Composition of beneficiaries in MP**



### MP.3.3. Aadhaar Card Ownership

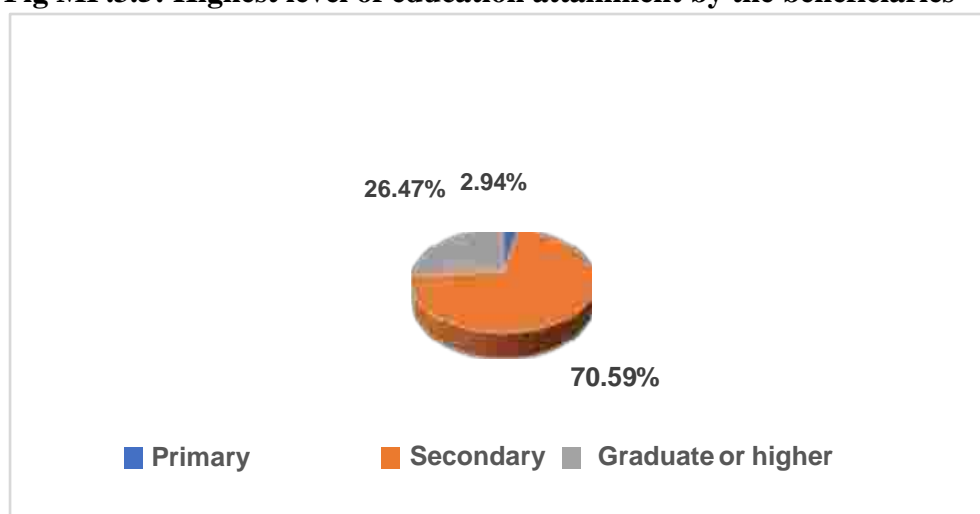
Every single respondent (100%) has an Aadhaar card, confirming full coverage in terms of national identification. This is a crucial enabler for accessing benefits and indicates that identity-linked schemes can be efficiently administered within this group.

### MP.3.4. Type of Bank Account

All respondents (100%) reported having a normal savings bank account. This is notable, as it shows deep financial inclusion, with no dependence on Jan Dhan or basic accounts. These individuals may already be participating in digital banking or formal lending systems.

### MP.3.5. Education Level

**Fig MP.3.5: Highest level of education attainment by the beneficiaries**



Education among the respondents is skewed towards the middle tier, with a majority (70.59%) having completed secondary education. A notable 26.47% of respondents are graduates or hold higher degrees, reflecting the presence of individuals who may be better positioned for advanced skilling, entrepreneurship, or leadership roles within their communities. However, the small minority (2.94%) with only primary education underscores the persistence of educational gaps that may limit opportunities for some beneficiaries. Overall, while the group shows promise in terms of educational attainment, focused efforts are still required to uplift those at the lower end of the spectrum.

### MP.3.6. Residential Area

All beneficiaries (100%) in the sample reside in urban areas, highlighting the scheme's concentrated reach within this demographic segment. The absence of representation from rural, semi-urban, or metropolitan regions suggests that while the program is effectively engaging urban populations, there may be gaps in outreach to other areas. This concentration underscores the need to diversify implementation strategies to ensure equitable access across different settlement types, especially rural regions where demand for financial assistance and livelihood support is often more pronounced.

### MP.3.7. Type of House

In the given sample, 100% of respondents reported living in concrete-roofed houses, indicating that all beneficiaries have access to structurally stable and permanent housing. This uniformity reflects a relatively secure standard of living in terms of shelter. However, it also suggests that housing-related support under the scheme may not be a pressing priority for this group, with focus potentially better directed toward livelihood enhancement or other socio-economic needs.

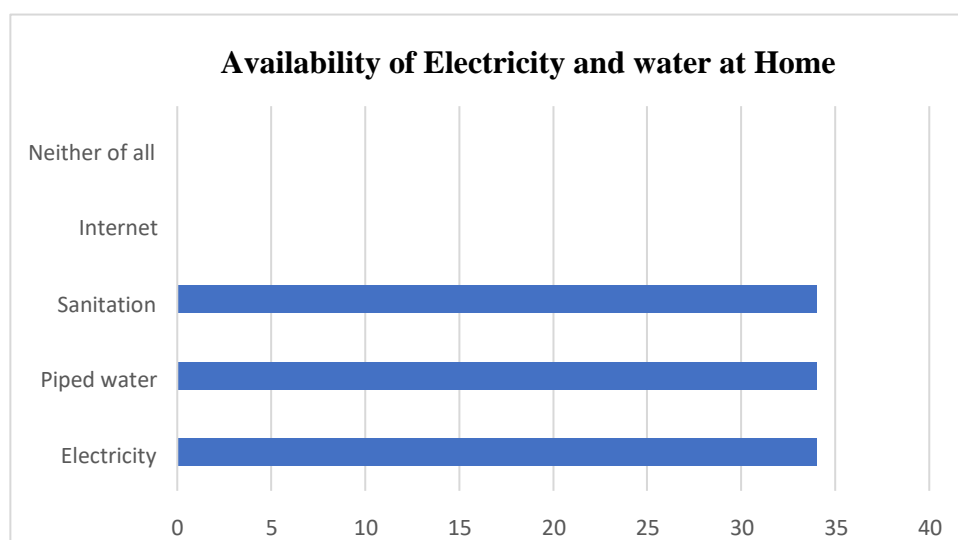
### MP.3.8. Ownership of Residence

All respondents (100%) reported living in self-owned houses, reflecting strong residential stability and asset ownership among the beneficiaries. This complete absence of tenancy or rental status suggests a socio-economic baseline where housing insecurity is not a major concern within the surveyed population. The data also implies that the target group reached by the NBCFDC schemes in this region possesses foundational housing security, potentially enabling them to leverage loans more productively.

### MP.3.9. Electricity and Water Availability at Home

The analysis reveals that 100% of the beneficiaries have access to essential amenities such as piped water, sanitation, and electricity, indicating strong household infrastructure. However, internet access is not universal, highlighting a clear digital divide. While the provision of basic services is fully met, the lack of comprehensive internet connectivity limits beneficiaries' ability to access digital opportunities, services, and markets that are increasingly crucial for socio-economic advancement.

**Fig MP.3.9: Availability of Electricity and Water at Home**



### MP.3.10. Marital Status

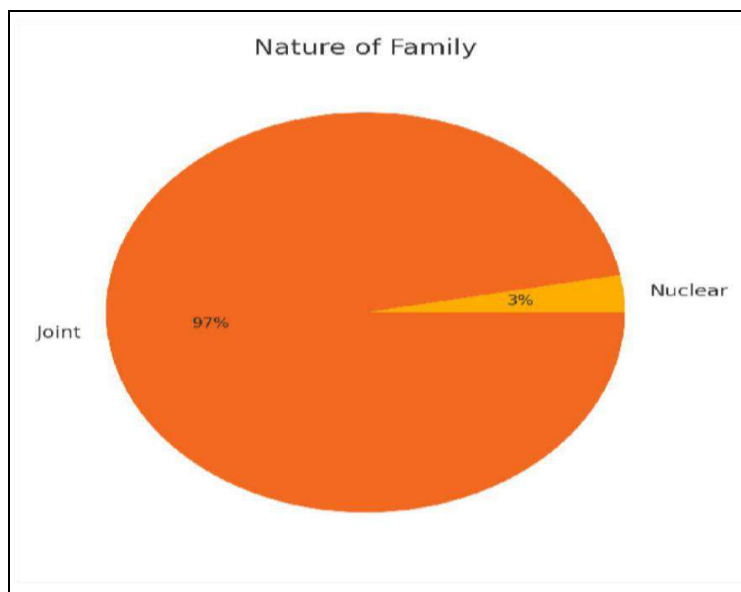
All respondents (100%) reported being married, with no representation from unmarried or widowed categories. This indicates that the beneficiary group predominantly consists of individuals who may have dependent family members. Consequently, their financial needs,

housing requirements, and access to social welfare benefits are likely influenced by family responsibilities.

### MP.3.11. Nature of Family

The family structure is overwhelmingly joint, with 33 out of 34 beneficiaries (97%) belonging to joint families, and only a single beneficiary (3%) residing in a nuclear family setting. Regarding household dependencies, the data show that almost all beneficiaries—33 out of 34 (97%)—have five or more dependents in their family, while only one beneficiary (3%) reports four dependents, and none have fewer than four dependents. The absence of any beneficiaries with 0–3 dependents highlight the high dependency ratio among these households. This analysis points to a beneficiary group that is largely middle-aged or older, predominantly male, all married, living in joint families, and supporting large numbers of dependents, which may have implications for program targeting and support services. The high proportion of joint families and large household sizes suggest a collective approach to resource management and decision-making within the beneficiary households. Furthermore, the lack of representation from younger age groups and other marital statuses may reflect either eligibility criteria or demographic realities of the specific program or region studied. Overall, the data underscore the importance of considering family structure and dependency when designing and implementing support programs for this population.

**Fig MP.3.11: Nature of Family**



**Table MP.3.11: Some socio-demographic information of beneficiaries in MP**

Socio-economic indicators	No. of beneficiaries	Percentage
Age (in years)	-	-
<14	-	-
15-19		
20-24		

Socio-economic indicators	No. of beneficiaries	Percentage
25-29	-2	-5.88
30-34	6	17.65
35-39	4	11.76
40-45	7	20.59
50+	33	
46-49	4	11.76
Average age (in years)	42.59	
<b>Gender</b>		
Male	26	76
Female	8	24
<b>Marital status</b>		
Single	-34	-100
Married	-	-
Divorced		
Widowed		
<b>Type of family</b>		
Joint	33	97.06
Nuclear	1	2.94
<b>No. of dependents in the family</b>		
0	-	-
1	-	-
2	-	-
3	-1	-2.94

#### MP.4. Annual Family household Income Pre-loan and post-loan

Table MP.4 (a): Annual Family Household Income before uptake of loan

Income Levels	Response	Percentage
Below 1.5 Lakh	2	6%
1.5-2.25 Lakh	6	18%
2.25 Lakh -3 Lakh	26	76%
<b>Total count</b>	<b>34</b>	<b>100%</b>

Before taking the loan, the majority of beneficiaries (76%) fell in the **Rs 2.25–3 lakh** annual income bracket, indicating that most households were in the lower-middle income range. Another **18%** earned between **Rs 1.5–2.25 lakh**, while **6%** were in the lowest income category of **below Rs 1.5 lakh**. Overall, the pre-loan income profile shows that a large proportion of beneficiaries were operating with modest earnings and were in need of financial support to improve their livelihood conditions.

**Table MP.4 (b): Annual Family household Income Post loan uptake**

Income Levels	Response	Percentage
Below 1.5 Lakh	1	3
1.5-2.25 Lakh	2	6
2.25 Lakh -3 Lakh	14	41
Above 3 Lakh	17	50
<b>Total count</b>	<b>34</b>	<b>100%</b>

After taking the loan, beneficiaries show a clear upward shift in income levels. Half of them (**50%**) have moved into the **above Rs 3 lakh** income category, which indicates strong financial improvement. The **Rs 2.25–3 lakh** group now accounts for **41%**, significantly lower than before, suggesting that many respondents progressed to higher earnings. The lower-income brackets (below Rs 1.5 lakh and Rs 1.5–2.25 lakh) together constitute just **9%**, reflecting improved economic stability for nearly all beneficiaries.

**Table MP. 4 (c): Change in Income Levels: Pre vs. Post Loan Uptake**

Income Level	Before Loan (%)	After Loan (%)	Change in Percentage
<b>Below 1.5 Lakh</b>	6%	3%	–3%
<b>1.5–2.25 Lakh</b>	18%	6%	–12%
<b>2.25–3 Lakh</b>	76%	41%	–35%
<b>Above 3 Lakh</b>	0%	50%	50%

The income profile of beneficiaries shows a strong upward shift after availing the loan. The proportion of respondents earning below Rs 1.5 lakh fell from 6% to 3%, indicating improvement among the lowest-income households. The 1.5–2.25 lakh group also reduced from 18% to 6%, suggesting upward movement out of this bracket. The largest drop is seen in the Rs 2.25–3 lakh category, which fell from 76% to 41%, meaning a significant share of beneficiaries moved to higher income levels.

Most notably, 50% of respondents now fall in the “Above Rs 3 lakh” category, compared to none earlier. This sharp increase reflects a substantial rise in earnings and indicates that the loan has had a major positive impact in enabling households to progress to higher income brackets.

#### **Average Monthly Household Income Pre and Post Loan Uptake (in Rs)**

A clear improvement was observed in household income levels after the uptake of the loan, with the average monthly income rising from Rs 12,000 to Rs 20,000. This indicates a substantial increase of approximately 66%, reflecting the positive impact of the loan on enhancing earning capacity. The rise suggests that beneficiaries were able to expand their economic activities, improve productivity, or diversify their income sources following the financial support, resulting in stronger and more sustainable livelihood outcomes.

### MP.4.1. Employment Status

The employment profile of the beneficiaries reveals a complete reliance on informal and entrepreneurial modes of livelihood. All respondents (100%) identified as self-employed, underscoring the dominance of micro-enterprise, and household-based economic activities in the region. This uniformity suggests that beneficiaries are largely excluded from structured labor markets and formal employment avenues, and instead rely on their own resourcefulness to generate income.

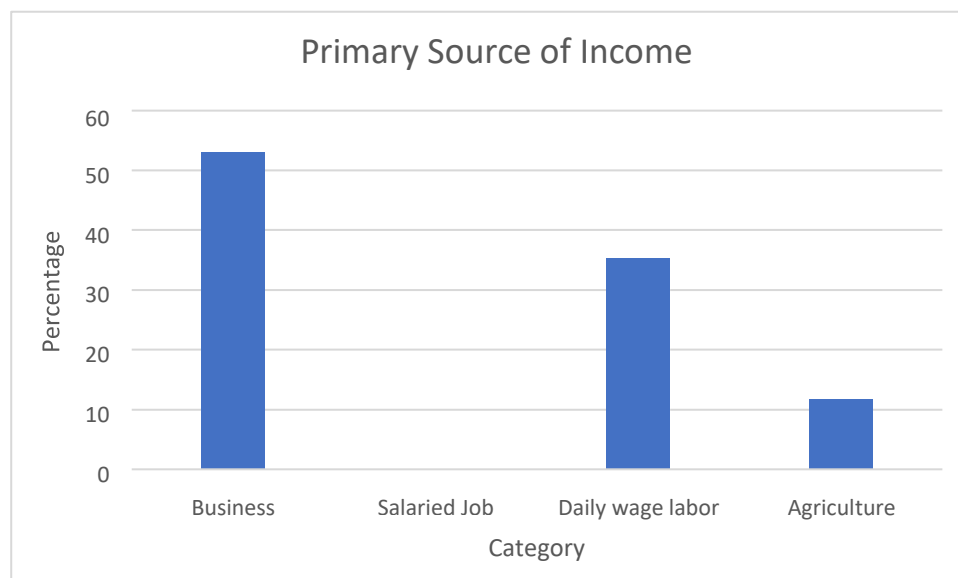
### MP.4.2. Healthcare Access

Access to healthcare among the beneficiaries is universal, with 100% of households reporting coverage through government health schemes, specifically the Ayushman Bharat. This reflects the effectiveness of targeted government interventions in ensuring equitable access to medical services.

### MP.4.3. Nature of Work before uptake of loans

All beneficiaries are currently employed, but interestingly, they are all self-employed rather than salaried, unemployed, or students. Each household's main income earner is the beneficiary themselves, indicating independence or possibly single-person households. The primary sources of income are business (52.95%), daily wage labor (35.29%), and agriculture (11.76%). The average monthly household income stands at approximately Rs 25,118, with expenditures averaging about Rs 21,206, suggesting a modest surplus.

**Fig MP.4.3: Primary Source of Income**



**Table MP.4.3: Some socio-economic information of beneficiaries in MP**

Socio-economic indicators	No. of beneficiaries	Percentage
<b>Place of current residence</b>		
Rural areas	-	-
Semi-urban areas	-	-
Urban area	34	100
Metropolitan cityaaa	-	-
<b>Type of residence</b>		
Own house	34	100
Rental house	-	-
<b>Nature of house occupied</b>		
Hut	-	-
Concrete roof	-34	100
Sheet roof	-	-
Tile roof	-	-
<b>Type of amenities available in the house</b>		
Electricity	34	100
Piped water	34	100
Sanitation	34	100
Internet	-	-
Neither of all	-	-
<b>Highest level of education</b>		
No formal education	-	-
Primary	01	02.94
Secondary	24	70.59
Graduate or higher	09	26.47
Post Graduate	-	-
Others	-	-
<b>Current employment status</b>		
Employed (salaried)	-	-
Self-employed	34	100
Unemployed	-	-
Student	-	-
<b>Main income earner in the household</b>		
Father	-	-
Mother	-	-
Brother	-	-
Sister	-	-
Other (Self)	34	100
<b>Primary source of income</b>		
Agriculture	4	11.76
Business	18	52.95
Salaried job	-	-
Daily wage labor	12	35.29
Average monthly household income (in Rs.)	25117.65	

Average monthly household expenditure (in Rs.)	21205.88	
<b>Source of health care services</b>		
Govt. cards		
Ayushman	34	100
Swastha Sathi	-	-
Others	-	-
<b>Type of Bank Account</b>		
Jan Dhan Yojana	-	-
Normal Savings Bank Account	34	100
Others	-	-

### MP.5. Scheme-Related Information:

The "Scheme-Related Information" refers to the comprehensive set of details and documentation associated with a scheme. Some scheme-related information was obtained from beneficiaries of these systems. Such information was collected to raise awareness of the NBCFDC loan program, including the source of information, mode of loan application, and so on. The results are shown in Table MP.5.

**Table MP.5: Awareness of NBCFDC loan scheme among beneficiaries in Madhya Pradesh**

Socio-economic indicators	No. of beneficiaries	Percentage
<b>Source of information about the NBCFDC scheme</b>		
Print media (newspaper, pamphlets)	14	41.18
Social media (Facebook, WhatsApp etc.)	20	58.82
Government offices/banks	-	-
Awareness camp	-	-
Word of mouth (friends, family, community)	-	-
<b>Type of NBCFDC loan scheme availed</b>		
General loan scheme	-	-
New Swarnima scheme	26	76.47
Education loan	01	02.94
Microfinance scheme	07	20.59
Mahila Samridhhi scheme	-	-
Small loan	-	-
NBFC-MFL loan	-	-
<b>Type of activity for which assistance was availed</b>		
Agriculture and allied	17	50
Small business	17	50
Transport sector	-	-
Service sector	-	-
Other	-	-
<b>Mode of loan application</b>		
Online	-	-
Offline	34	100
<b>Loan application (month &amp; year)</b>		

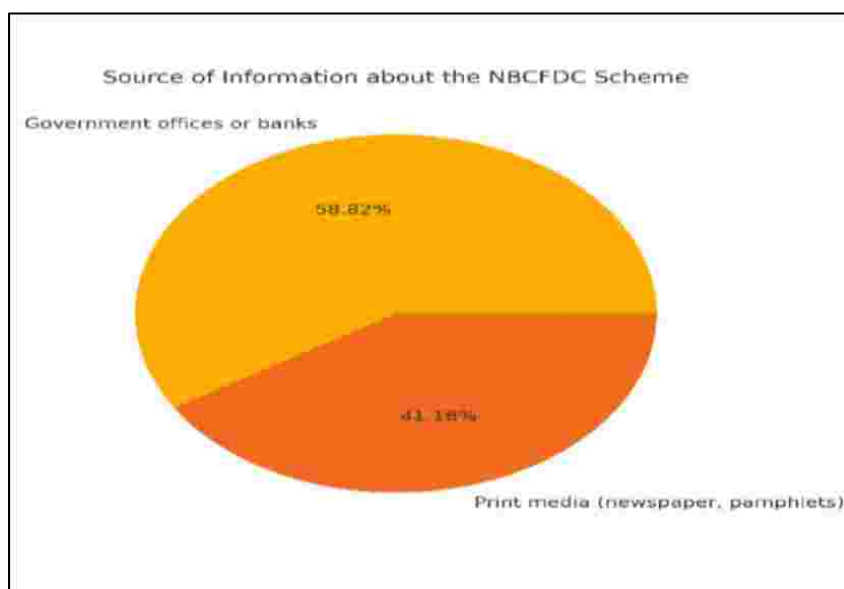
2019-2020	09	26.47
2020-2021	16	47.06
2021-2022	09	26.47
2022-2023	-	-
<b>Loan disbursement (month &amp; year)</b>		
2019-2020	09	26.47
2020-2021	16	47.06
2021-2022	08	23.53
2022-2023	01	02.94
Average amount applied (in Rs.)	202034.70	-
Average amount received (in Rs.)	202023.20	-
<b>Whether any collateral/ security required</b>		
Yes	-	-
No	34	100



The data on awareness of the NBCFDC loan scheme among beneficiaries in Madhya Pradesh reveals that the primary sources of information were government offices or banks (58.82%) and print media (41.18%), with no significant reliance on social media, awareness camps, or word of mouth. The majority of beneficiaries availed the General Loan Scheme (76.47%), followed by the small loan (20.59%) and Mahila Samridhi Scheme (2.94%), while other schemes saw negligible uptake. Most beneficiaries utilized the loan assistance equally for small business and the transport sector, each accounting for 50% of cases, with no reported use for agriculture, service sector, or other activities. All loan applications were submitted offline, indicating a lack of digital adoption in the application process. The highest number of applications and disbursements occurred during 2020–2021 (47.06%), followed by 2019–2020 and 2021–2022, with minimal activity in 2022–2023. The average amount applied for was approximately Rs 2,02,035, closely matching the average amount received (Rs 2,02,023), suggesting that beneficiaries generally received the full amount they requested. No collateral

or security was required for any of the beneficiaries, which likely facilitated access to the scheme. This analysis highlights the central role of government institutions in disseminating information and the predominant use of the General Loan Scheme for business and transport-related activities among beneficiaries in Madhya Pradesh. The much variation is found only in the source of information about the NBCFDC loan scheme which is presented in Figure MP.5 also.

**Fig MP.5: Source of Information about the NBCFDC Scheme**



## **MP.6. Analysis of the Loan Access, Utilization, and Impact Assessment**

### **MP.6.1. Time taken by the beneficiaries in obtaining loans from the SCA**

**Table MP.6.1: Responses by beneficiaries-time taken in obtaining loans**

Month Range	Responses	Percentage
Upto 4 months	33	97%
4-6 months	0	0%
More than 6 months	1	3%
Can't Recall	0	0%
<b>Total Response</b>	<b>34</b>	

The analysis of loan application and sanction timelines demonstrates an exceptionally efficient loan disbursement process under the scheme. Out of 34 respondents, 33 beneficiaries (97%) received their loans within up to 4 months of application, highlighting timely access to financial support for nearly all cases.

Only one beneficiary (3%) reported a delay beyond 6 months, while no respondents experienced waiting periods between 4–6 months or expressed uncertainty about the duration.

Overall, these findings reveal that the scheme has been highly effective in ensuring quicker sanction of loans, with almost universal coverage of timely disbursement. Such efficiency is crucial in enabling beneficiaries to promptly utilize the financial assistance for productive and income-generating purposes.

## MP.6.2. Purpose of Uptake of loan

**Table MP.6.2: Responses regarding the purpose of uptake of loan**

Question	Responses					
	Purchase of raw materials	% of beneficiary	Purchase of tools/machinery	% of beneficiary	Business expansion	% of beneficiary
Purpose of uptake of loan	11	32%	10	29%	13	38%

As shown in Table MP.6.2. above, the largest share of beneficiaries, 38%, reported taking loans for purchase of raw materials. This indicates that for a significant proportion of respondents, credit served as a catalyst for scaling existing operations, enhancing productivity, and diversifying business activities.

Meanwhile, 29% of respondents utilized the loan for purchasing tools/machinery, reflecting the scheme's role in promoting entrepreneurial ventures through supporting the setup cost and enabling first-generation entrepreneurs to establish livelihoods.

A smaller yet notable share, 23.52%, reported using the loan for working capital requirements, highlighting that some beneficiaries continue to rely on credit to sustain day-to-day operations, manage cash flows, and ensure continuity in business functioning.

Overall, the findings suggest that while working capital remains an important motive, the majority of loan uptake is geared towards growth-oriented uses (new businesses and expansion), underscoring the positive developmental impact of the scheme.

## MP.6.3. Utilization of loans for the intended purpose

100% beneficiaries had used the loan amount for the intended purpose. The activities for which utilization was done is given below:

**Table MP.6.3 (a): Responses regarding the purpose of uptake of loan**

Activity	Responses
Agriculture and allied	0
Small Business	17
Transport sector	17
Service sector	0
<b>Total responses</b>	<b>34</b>

Loan utilization and its business impact are critical considerations for both lenders and borrowers. Loan utilization measurement and their monitoring are fundamental for both lenders and businesses, ensuring sustainable growth, effective risk management, and operational efficiency. Table MP.6.3 (b) presents utilization of NBCFDC loan scheme and its impact among beneficiaries in MP.

**Table MP.6.3 (b): Utilization of NBCFDC loan scheme and its impact among beneficiaries in MP**

Utilization of NBCFDC loan scheme and its impact	No. of beneficiaries	Percentage
--	----------------------	------------

<b>Whether utilized the loan</b>		
Yes	34	100
No	-	-
<b>Type of utilization of loan</b>		
Purchase of raw materials	11	32
Purchase of tools/machinery	10	29
Business expansion	13	38
Working capital	-	-
Marketing and promotion	-	-
Training or skill development	-	-
Repayment of old debts	-	-
Others	-	-
None	-	-
<b>Whether significant purchases made towards electronic items or vehicles by the loan</b>		
Yes	-	-
No	34	100
<b>Whether any family member had any other personal insurance or took security cover under the scheme</b>		
Yes	-	-
No	34	100
<b>Average profit earned after taking the loan</b>	<b>3941.18</b>	<b>-</b>
<b>Whether employment opportunity given with the help of loan</b>		
Yes	05	14.71
No	29	85.29



All 34 beneficiaries utilized the NBCFDC loan, with none reporting non-utilization. The loan was most frequently used for business expansion (41.17%), followed by purchase of raw materials (32.35%) and working capital (23.52%), while smaller proportions were allocated to purchase of tools/machinery, marketing, promotion, and training or skill development. Around half of the beneficiaries also reported using the loan for other unspecified purposes or none at all, indicating some ambiguity or multiple uses. Notably, none of the beneficiaries used the loan for significant purchases such as electronic items or vehicles. Additionally, no family member

had any other personal insurance or took security cover under the scheme, as all responses were negative in this regard. The average profit earned after taking the loan was Rs 3,941.18, suggesting a modest but positive financial impact. Only 14.71% of beneficiaries reported that the loan helped generate employment opportunities for others. The majority (85.29%) did not create new jobs with the loan. Furthermore, none of the beneficiaries made any new business investments post-loan, highlighting limited expansion beyond initial utilization. Overall, the scheme supported business activities and operational needs, but had a limited impact on employment generation or asset acquisition. The much variation is found only in the source of information about the NBCFDC loan scheme which is presented in Figure MP.5 also.

## MP.7. Creation of Assets with Loan

**Table MP.7: The following assets were created out of the loans taken**

Assets Created	Responses	Percentage
Purchase of raw materials	11	32%
Purchase of tools/machinery	10	29%
Business expansion	13	38%
<b>Total</b>	<b>34</b>	<b>100%</b>

## MP.8. Repayment and Financial Behavior:

Repayment and financial behavior mean how people handle money they owe and how they make money decisions in daily life. It includes paying back loans or debts on time and managing spending and saving habits wisely. People's upbringing, emotions, and habits often shape how they deal with money and repayments. Good financial behavior helps avoid unnecessary debt and ensures financial security for the future. Table MP.8 presents repayment and financial behavior among beneficiaries in MP.

**Table MP.8: Repayment and financial behavior among beneficiaries in Madhya Pradesh**

Whether trying for another loan for business expansion or investment	No. of beneficiaries	Percentage
Yes	34	100
No	-	-
<b>Whether attended any repayment related counseling by SCA/Bank</b>		
Yes	-	-
No	34	100
<b>Whether Bank explain the loan structure clearly</b>		
Yes	34	100
No	-	-
<b>Whether any third party or agent involved in facilitating the loan</b>		
Yes	-	-
No	34	100
<b>Whether any additional/unauthorized fee has been charged for loan approval</b>		
Yes	-	-
No	34	100

Whether trying for another loan for business expansion or investment	No. of beneficiaries	Percentage
Whether satisfied with the customer service of the lending bank		
Yes	34	100
No	-	-

The data reveals that all 34 beneficiaries surveyed reported saving money regularly and claimed to understand interest calculation on their loans. Regarding repayment status, 44.12% (15 beneficiaries) are regular in their repayments, while a higher proportion, 55.88% (19 beneficiaries), are irregular, with no defaults recorded. Notably, every beneficiary still has three or more loan installments left to pay, indicating ongoing repayment obligations. The average amount of unpaid loan stands at Rs. 61,581.65. All surveyed beneficiaries find the interest rate fair and affordable, and each is considering applying for another loan for business expansion or investment. However, none of the beneficiaries have attended any repayment-related counseling provided by the SCA or Bank. All report that the Bank explained the loan structure clearly and that no third party or agent was involved in facilitating their loan. There are no reports of any additional or unauthorized fees charged for loan approval. Satisfaction with the customer service of the lending bank is unanimous among all respondents. While positive aspects like understanding and satisfaction are high, the high rate of irregular repayments suggests potential underlying challenges in repayment management. This raises questions about the effectiveness of current support mechanisms, as counseling appears absent despite reported satisfaction. Overall, the data suggests a need for enhanced financial education and support to improve repayment discipline among beneficiaries.

### **MP.9. Awareness of NBCFDC loan schemes, rates of interest & Facilitation of loans taken**

**Table MP.9: Responses regarding the awareness of these loan schemes**

Question	Response/Yes	Response/Yes in %	Response/No	Response/No in %
Do you know the amount of interest rate on your loan?	34	100%	0	0%
Whether assistance received directly in bank account?	34	100%	0	0%
Have you missed any installments?	19	56%	15	44%
Do you find the interest fair and affordable?	34	100%	0	0%

The analysis of beneficiary responses shows a very high level of awareness and satisfaction with the NBCFDC loan schemes. All respondents (100%) reported knowing the exact interest rate applicable to their loans, which reflects good transparency in the lending process. Similarly, all 34 respondents confirmed that loan assistance was received directly in their bank accounts, ensuring smooth and accountable disbursal.

Importantly, all beneficiaries (100%) found the interest rate fair and affordable, indicating that the loan terms are perceived as accessible and supportive for low-income households.

However, repayment patterns highlight some challenges. 56% of respondents acknowledged missing at least one installment, while 44% reported no defaults. This suggests that while the loan conditions are fair, some beneficiaries may face difficulties in ensuring timely repayment possibly due to irregular cash flows, business risks, or household financial pressures.

Overall, the findings suggest that the NBCFDC loan scheme is marked by high awareness, transparency, and affordability, but repayment support mechanisms (such as flexible schedules, financial literacy, or follow-up facilitation) may help reduce the incidence of missed installments.

### **MP.10. Analysis of the Perception- Based Assessment of Loan Experience and Impact through Likert Scale Satisfaction Level with SCAs & Banks**

Customer satisfaction with banks depends on how well they meet people’s expectations, especially in-service quality and digital banking. Most customers feel happy if the bank is reliable, quick, and offers easy-to-use online services. Friendly staff and quick problem-solving also make customers more satisfied and loyal. If banks listen to feedback and personalize services, people feel valued and are more likely to stay. Keeping in view, Table MP.10. Presents the satisfaction level with the SCAs and Banks among beneficiaries in MP.

**Table MP.10: Likert responses on questions relation to Satisfaction with Loan Services**

Questions	Number of respondents for each rating					% of Beneficiaries per response				
	1	2	3	4	5	1%	2%	3%	4%	5%
Satisfaction of the loan scheme availed	0	0	2	32	0	0%	0%	6%	94%	0%
Assistance and guidance provided by Agency	0	0	5	29	0	0%	0%	15%	85%	0%
Time taken for Loan approval	0	0	4	30	0	0%	0%	12%	88%	0%
Interest rates	0	0	9	25	0	0%	0%	26%	74%	0%
Fund disbursement process	0	0	1	32	1	0%	0%	3%	94%	3%
Amount of loan disbursed	0	0	4	30	0	0%	0%	12%	88%	0%
Loan Repayment Terms	0	1	12	21	0	0%	3%	35%	62%	0%
Transparency of Loan Terms	0	2	3	29	0	0%	6%	9%	85%	0%
Employee behavior during lending process	0	1	3	30	0	0%	3%	9%	88%	0%
Guarantee requirements	1	1	23	9	0	3%	3%	68%	26%	0%

#### **Analysis:**

- **Satisfaction with the Loan Scheme Availed:** An overwhelming **94%** of respondents expressed satisfaction, while only **6%** were neutral. No dissatisfaction was reported. This indicates that the loan scheme is broadly successful in meeting beneficiaries’ expectations and is seen as a highly effective intervention.
- **Assistance and Guidance Provided by Agency:** A strong **85%** of beneficiaries were satisfied, though **15%** remained neutral. This suggests that while agencies are largely

supportive, there is still scope for more personalized guidance, especially for first-time borrowers or those less familiar with formal credit processes.

- **Time Taken for Loan Approval:** With **88%** reporting satisfaction and **12%** neutral, loan approval time is perceived as efficient and timely. The absence of dissatisfaction underscores the effectiveness of streamlined approval mechanisms.
- **Interest Rates:** Although **74%** were satisfied, a significant **26%** of respondents remained neutral. The lack of “highly satisfied” responses and high neutrality suggest that interest rates may be perceived as fair but not highly favorable, making this a potential area of concern.
- **Fund Disbursement Process:** This parameter scored one of the highest: **94% satisfied** and **3% highly satisfied**, with only **3%** neutral. This shows that once loans are approved, funds are reaching beneficiaries smoothly and without delay.
- **Amount of Loan Disbursed:** About **88%** were satisfied, while **12%** remained neutral. The neutrality here may indicate a mismatch between the amount sanctioned and beneficiaries’ expectations, though overall perceptions remain positive.
- **Loan Repayment Terms:** Here, satisfaction dropped slightly compared to other parameters: **62% satisfied**, but **35% neutral** and **3% dissatisfied**. This suggests that while repayment schedules are manageable for most, a significant share of borrowers find them somewhat rigid or burdensome.
- **Transparency of Loan Terms:** Transparency scored strongly, with **85% satisfied**, **9% neutral**, and **6% dissatisfied**. While the majority acknowledged clarity in loan terms, a small minority still faced issues in fully understanding or accessing all details.
- **Employee Behavior during Lending Process:** A very positive outcome: **88% satisfied**, **9% neutral**, and only **3% dissatisfied**. Professionalism and supportive behavior of staff clearly enhance the borrower experience and trust in the system.
- **Guarantee Requirements:** This parameter revealed the biggest challenge. A majority (**68%**) were neutral, only **26%** satisfied, and **6% dissatisfied**. The high neutrality suggests that guarantee requirements are neither clearly beneficial nor entirely acceptable to many borrowers, potentially acting as a barrier to more inclusive access.

### **MP.11. Socio-Economic Standard of Living**

Here some socio and economic impact among the beneficiaries in Madhya Pradesh have been made. Socio-economic impact in terms of food and nutrition standards refers to how people’s income and social status affect their ability to buy healthy, nutritious food and avoid malnutrition or obesity. The data is presented as percentages of beneficiaries for each satisfaction level (1–5), where 1 is highly dissatisfied and 5 is highly satisfied. The total number of beneficiaries is 34 for each category. The data from Table MP.11 reflects the social and economic impact among 34 beneficiaries in Madhya Pradesh. Food and nutritional standards are highly satisfactory for 88.24% of beneficiaries, with only 2.94% highly satisfied and 8.82%

neutral. Clothing standards also indicate strong satisfaction, with 82.35% satisfied, 14.71% neutral, and 2.94% highly satisfied. Asset ownership shows 73.53% satisfaction, alongside 23.53% neutral and 2.94% highly satisfied. Household savings present a different picture, with 55.88% satisfied, 41.18% neutral, and 2.94% highly dissatisfied. Overall living standards demonstrate 70.59% satisfaction, 26.47% neutral, and 2.94% highly satisfied. The ability to repay debts stands out as a concern, with 67.65% neutral, 23.53% satisfied, 5.88% dissatisfied, and 2.94% highly dissatisfied. Satisfaction is the predominant response for most indicators except debt repayment, where neutral dominates. Highly satisfied responses are rare across all categories. Dissatisfaction is uncommon except in household savings and debt repayment, where it appears in small proportions. The results suggest positive social and economic improvements in food, clothing, assets, and living standards. However, financial resilience remains a challenge, highlighting the need for targeted support in debt management.

**Table MP.11: Likert responses on questions relating to Socio-Economic Standard of Living**

Question	Number of Responses according to scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Asset ownership	0	0	8	25	1	0%	0%	23%	74%	3%
Clothing standards	0	0	5	28	1	0%	0%	15%	82%	3%
Food and Nutritional Standards	0	0	3	30	1	0%	0%	9%	88%	3%
Household Savings	1	0	14	19	0	3%	0%	41%	56%	0%
Overall living standards	0	0	9	24	1	0%	0%	26%	71%	3%
Ability to repay debts	1	2	23	8	0	3%	6%	68%	23%	0%

### Analysis

- **Asset Ownership:** A strong **74%** of beneficiaries reported being satisfied, with an additional **3% highly satisfied**. About **23%** remained neutral, and none expressed dissatisfaction. This indicates a clear improvement in asset ownership due to the scheme, though the relatively low “highly satisfied” share suggests room for deeper impact in asset-building.
- **Clothing Standards:** An overwhelming **82%** expressed satisfaction and **3%** high satisfaction, while only **15%** were neutral. No dissatisfaction was recorded. This reflects a significant and widely shared improvement in household clothing standards, likely due to increased disposable income or financial stability.
- **Food and Nutritional Standards:** This parameter shows the strongest positive outcome: **88% satisfied** and **3% highly satisfied**, with just **9% neutral**. Beneficiaries overwhelmingly reported improvements in food security and nutrition, suggesting the scheme has directly contributed to enhancing household well-being.
- **Household Savings:** Findings here are more mixed. While **56%** were satisfied, a sizeable **41%** remained neutral, and **3%** dissatisfied. No one reported high satisfaction. This suggests that while many households are able to save, others remain constrained—possibly due to debt repayment pressures or variable income streams.

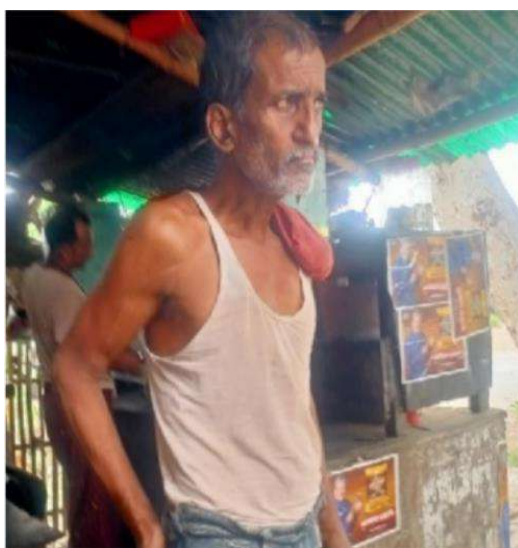
- **Overall Living Standards:** About **71%** expressed satisfaction and **3%** high satisfaction, while **26%** were neutral. No dissatisfaction was recorded. This reflects broad acknowledgment of improved living standards, though perceptions lean toward being “satisfied” rather than “highly satisfied.”
- **Ability to Repay Debts:** This parameter revealed the greatest challenges: while **68%** reported neutrality, only **23%** felt satisfied and **9%** expressed dissatisfaction (3% highly dissatisfied, 6% dissatisfied). This indicates that debt repayment remains a significant stress point for many beneficiaries, highlighting a vulnerability in financial resilience despite improvements in other aspects of socio-economic life.

## **MP.12. Non-Beneficiaries Analysis:**

### **MP.12.1 Socio-Economic Status of Non-Beneficiaries**

The non-beneficiary analysis including the type of family and number of dependents in the family is presented in Table MP.12.1. The data on socio-economic indicators reveals several notable trends among the sample group. The socio-demographic profile of non-beneficiaries in Madhya Pradesh reveals several notable patterns. The sample consists exclusively of males, totaling 127 individuals, with no female representation.

Age - distribution is concentrated in the middle adult years, with the largest group aged 40–45, making up 41.18% of respondents, while those aged 30–34 and 35–39 each account for 20.59%. The 25–29 and 46–49 age groups are less represented, at 5.88% and 11.76% respectively, and there are no respondents under 25 or over 49. Marital status data show that married individuals predominate, comprising 88.24% of the sample, with only 11.76% single and no divorced or widowed respondents. Family structure is predominantly joint, at 76.48%, compared to nuclear families at 23.52%. The number of dependents per household is high, with the vast majority— 82.35%—reporting five or more dependents, and only 17.65% with four dependents. No families have fewer than four dependents, indicating a significant household size among non-beneficiaries.



**Table MP.12.1: Some socio-demographic information of non-beneficiaries in MP**

Category	Number (127 Sample)	Percentage (127 Sample)
Age <14	0	0
Age 15–19	0	0
Age 20–24	7	5.51
Age 25–29	26	20.47
Age 30–34	26	20.47
Age 35–39	52	40.94
Age 40–45	15	11.81
Age 46–49	0	0
Age 50+	0	0
Gender – Male	127	100
Gender – Female	0	0
Marital Status – Single	15	11.81
Marital Status – Married	112	88.19
Marital Status – Divorced	0	0
Marital Status – Widowed	0	0
Family Type – Joint	97	76.38
Family Type – Nuclear	30	23.62
Dependents – 0	0	0
Dependents – 1	0	0
Dependents – 2	0	0
Dependents – 3	22	17.32
Dependents – 4	105	82.68
Dependents – 5+	0	0

This suggests that non-beneficiaries may face increased economic pressures due to larger family responsibilities. The absence of female participants may indicate sampling bias or barriers to female inclusion in the data collection process. The data highlight a group of mostly married, middle-aged males from joint families with large numbers of dependents. Such characteristics may influence their socio-economic vulnerability and access to resources.

The socio-economic data for non-beneficiaries in Madhya Pradesh indicates that the overwhelming majority, 91.18%, reside in urban areas, with only a small fraction in semi-urban locations and none in rural or metropolitan cities. Regarding housing, just over half (52.95%) live in rental accommodations, while 47.05% own their homes, and most dwellings feature concrete roofs, accounting for 91.18% of the sample.

All respondents have access to electricity and piped water, reflecting universal basic amenities in their residences. Educational attainment is relatively high, as 55.88% have completed secondary education and 44.12% are graduates or higher, with none lacking formal or only primary education. Nearly all non-beneficiaries are employed, with 97.05% self-employed and 2.95% students, and none reporting unemployment or salaried employment. The economic status is predominantly below the poverty line (BPL), at 85.29%, while 14.71% are above BPL, and there are no respondents in the DPL or above DPL categories. Primary income sources are diverse, with business being the most common (41.18%), followed by daily wage labor (35.30%), and agriculture (23.52%), while none report salaried jobs. The average annual household income has slightly increased from Rs. 2,30,882 in 2020–2023 to Rs. 2,34,412. Access to healthcare is generally good, with 97.06% reporting easy access and only 2.94% finding it difficult. All non-beneficiaries have a normal savings bank account, with none

holding Jan Dhan Yojana or other types of accounts. These findings suggest a group that is largely urban, self-employed, with basic amenities and education, but mostly below the poverty line and reliant on business or labour for income. The data highlight both strengths in access to amenities and education, as well as persistent economic vulnerability among non-beneficiaries.

### **MP.12.2. Awareness of the NBCFDC loan scheme among non-beneficiaries**

There is limited direct data on non-beneficiaries' awareness of the NBCFDC (National Backward Classes Finance and Development Corporation) loan scheme from the available sources.

A significant majority of non-beneficiaries, 88.24%, are aware of the NBCFDC loan scheme, while only 11.76% report no awareness. Despite this high awareness, the actual availing of specific NBCFDC schemes is notably low, with most respondents—82.36%—indicating the use of —small loan schemes, and only 2.94% each reporting use of education loan and microfinance schemes. The remaining responses are scattered among other categories, with no reported use of general loan, New Swarnima, Mahila Samridhi, NBFC-MFL, or refinance schemes. When asked about the type of activity for which loan assistance is needed or requested, the largest group, 52.95%, seeks support for small business ventures, followed by 23.52% for agriculture and allied activities, 17.65% for the transport sector, and 5.88% for the service sector. All respondents, without exception, cite lack of awareness as the primary barrier to accessing education or business-related support, with no mention of collateral requirements, gender bias, or lack of group formation as obstacles. Every non-beneficiary surveyed plan to apply for a loan again in the future, indicating a strong desire for financial assistance and self-employment opportunities. Willingness to join self-help groups (SHGs) is evenly split, with 50% expressing readiness to join and 50% preferring not to join a group (SHG). This data suggests that while awareness of NBCFDC schemes is high, actual utilization remains limited to certain loan types, and perceived barriers are almost entirely rooted in information gaps.

The preference for small business and agriculture-related activities points to the economic aspirations and livelihood needs of the respondents. The universal intent to reapply for loans highlights ongoing demand for financial support among non-beneficiaries. The split in willingness to join SHGs may reflect both interest in collective action and individual reservations about group-based financial arrangements. Overall, the findings underscore the need for targeted information dissemination and outreach to bridge the gap between awareness and actual access to NBCFDC schemes.

### **MP.12.3. Type of barriers to get loan among the non-beneficiaries**

The barriers to accessing the NBCFDC loan scheme among non-beneficiaries are significant issues. The multiple barriers such as bureaucratic hurdles, low financial literacy, limited geographical reach, and insufficient publicity—prevent many eligible non-beneficiaries from accessing NBCFDC loan schemes. Addressing such type of issues through broader outreach and simplified processes to target 127 non-beneficiaries for study purposes. The result is presented in Table MP.12.3.

**Table MP.12.3: Type of barriers to get loan among non-beneficiaries in Madhya Pradesh**

Statement	Type of barriers* to get loan (percentage of non-beneficiaries)				
	5	4	3	2	1
Complicated application	97.06	2.94	-	-	-
Need for collateral	-	-	-	-	100
Lack of digital literacy	8.82	17.65	58.82	14.71	-
No one to guide/help	79.41	20.59	-	-	-
Gender-based discrimination	-	-	-	-	100

\*1= Not at all, 2= slightly, 3= moderately, 4= Much, 5= Very much

The provided data describe the perceived barriers to obtaining loans among non-beneficiaries, as reported by 127 respondents. The barriers are rated on a scale from 1 (not at all) to 5 (very much), with each percentage indicating the proportion of respondents who selected each level of agreement.

The data on barriers faced by non-beneficiaries in Madhya Pradesh regarding loan access reveals several pronounced challenges. The most significant barrier is the complicated loan application process, with 97.06% of respondents indicating it is a very significant problem and only 2.94% considering it a lesser issue. Every respondent, without exception, reported that the need for collateral is not at all a barrier, suggesting that collateral requirements are not a major concern for this group. In contrast, lack of digital literacy presents a more nuanced obstacle, with 58.82% of respondents rating it as a moderately significant barrier, while 17.65% see it as much and 8.82% as very much problematic, and 14.71% find it only slightly troublesome. The absence of guidance or help is another major hurdle, with 79.41% of non-beneficiaries stating that having no one to guide/help is a very significant barrier, and 20.59% considering it a lesser issue. Interestingly, gender-based discrimination is universally perceived as not at all a barrier, with 100% of respondents indicating this, which could reflect either the absence of such bias or a lack of awareness or willingness to report it. The data suggest that procedural complexity and lack of support are the most critical obstacles, rather than collateral or gender issues. Digital literacy emerges as a moderate to significant challenge for a substantial portion of the sample. The findings highlight the importance of simplifying application procedures and providing better guidance and support to potential borrowers. Addressing digital literacy gaps could further improve access to loan schemes. The absence of collateral and gender-based barriers may be due to specific local conditions or the nature of the sample. Overall, these insights can inform policy interventions aimed at making loan processes more accessible and user-friendly for non-beneficiaries in Madhya Pradesh.

#### **MP.12.4. Overall Analysis of Non-Beneficiary**

##### **Profile of Non-Beneficiaries under NBCFDC Scheme in Madhya Pradesh**

The NBCFDC scheme aims to provide concessional loans to economically weaker sections to promote livelihood opportunities and financial stability. In Madhya Pradesh, however, the survey data indicates that a significant number of eligible applicants remained non-beneficiaries despite falling within the prescribed income groups.

## Economic Status

During 2020–2023, non-beneficiaries in Madhya Pradesh reported annual incomes in the range of low (< Rs 1.5 lakh), mid (Rs 1.8 lakh), and high (Rs 2.0 lakh) categories, making them economically eligible under the scheme. By the 2024 survey period, it was observed that their economic conditions had not improved substantially. The recorded increases in income were modest: the majority reported only a minor rise (up to Rs 12,000 annually), with very few experiencing improvements of Rs 18,000 or Rs 24,000. In contrast, beneficiaries of the scheme demonstrated stronger economic gains, underscoring how access to timely credit positively influenced income levels.

## Awareness Levels

Awareness of the scheme was reasonably high among non-beneficiaries. Out of 127 respondents, 70 reported clear awareness of the NBCFDC scheme, while 57 were partially aware. This suggests that the lack of information was not the principal factor behind non-participation. Instead, the challenges lay in accessing and navigating the scheme effectively.

## Reasons for Non-Beneficiary Status

Several systemic and procedural factors explain why eligible individuals could not avail of the scheme benefits:

- **Complicated loan application processes** created barriers for many potential beneficiaries, discouraging them from completing the procedure.
- **Lack of sufficient guidance and support** at the application stage further hampered their ability to navigate the process effectively.
- **Digital literacy challenges** played a role, as applicants with limited familiarity with online systems faced difficulty completing necessary steps, particularly where digital platforms were involved.
- In some cases, **the mismatch between desired loan amounts and the sanctioned limits** led to disinterest, with applicants withdrawing once their expectations were unmet.

The evidence from Madhya Pradesh highlights that **awareness and eligibility were in place**, but **procedural hurdles, limited support, and unmet expectations** restricted access for many applicants. Non-beneficiaries thus remained in relatively stagnant economic conditions, while beneficiaries moved ahead with better financial outcomes. Unless loan processes are simplified, applicant support is strengthened, and sanction amounts are better aligned with actual needs, a significant segment of the eligible population risks continued exclusion from the NBCFDC scheme.

The evaluation of the National Backward Classes Finance and Development Corporation (NBCFDC) lending schemes in Madhya Pradesh reveals a predominantly middle-aged, male beneficiary group engaged in self-employment with moderate income levels. Beneficiaries primarily use loans for business expansion and operational needs, reporting modest profits and

limited job creation, highlighting the scheme's role in sustaining rather than transforming livelihoods. Despite high satisfaction with loan terms, disbursement, and customer service, irregular repayment patterns indicate challenges in financial discipline and the need for enhanced financial education. Socio-economic impacts show improvements in food, clothing, assets, and living standards, but household savings and debt repayment capacity remain areas of concern. Non-beneficiaries, while largely aware of the schemes, face significant barriers such as complex application processes and lack of guidance, compounded by digital literacy issues, which restrict their access to financial support. The findings suggest that while NBCFDC schemes contribute positively to economic upliftment among backward classes, addressing procedural simplification, support mechanisms, and financial literacy is crucial to maximize impact and inclusivity. Overall, the study underscores the importance of comprehensive, user-friendly financial services combined with skill development to foster sustainable socio-economic empowerment.

### **MP.13. Suggestion & Recommendations:**

Here is key policy recommendations based on the analysis of NBCFDC and SCA lending schemes in Madhya Pradesh, focusing on both beneficiaries and non-beneficiaries:

- **Simplify Loan Application Processes:** Streamline and reduce paperwork to address the primary barrier for non-beneficiaries, as 97.06% cited complicated procedures as a major issue.
- **Enhance Guidance and Support:** Increase the availability of guidance and support personnel to assist applicants, given that 79.41% of non-beneficiaries reported lack of support as a significant hurdle.
- **Improve Digital Literacy Programs:** Launch targeted digital literacy initiatives for applicants, since digital literacy is a moderate to significant challenge for a substantial portion of non-beneficiaries (58.82% rated it as moderately significant, and 26.47% as much or very much problematic).
- **Expand Awareness Through Multiple Channels:** Diversify awareness campaigns beyond government offices and print media to include social media, word-of-mouth, and community outreach, as current awareness is concentrated in traditional channels.
- **Strengthen Financial Education and Repayment Counseling:** Provide financial education and repayment counseling to beneficiaries, as irregular repayment rates are high (55.88%) and none have attended any counseling sessions.
- **Targeted Support for Financial Resilience:** Develop interventions to enhance household savings and debt repayment capacity, as these areas show the lowest satisfaction and high variability among beneficiaries.
- **Promote Women and Other Gender Inclusion:** Actively encourage participation from women and other genders, given their low representation among beneficiaries (only 23.53% female, and no other genders).

- **Increase Utilization of Diverse Loan Schemes:** Promote underutilized schemes (such as Mahila Samridhi and education loans) through tailored outreach and incentives.
- **Monitor and Evaluate Scheme Implementation:** Continuously monitor scheme outcomes and beneficiary feedback to ensure effectiveness and adapt policies as needed.
- **Facilitate Market Access for Beneficiaries:** Continue and expand efforts to connect beneficiaries with national and state-level fairs and exhibitions to enhance market access and visibility for their products.

These recommendations aim to improve accessibility, inclusivity, and the overall impact of NBCFDC and SCA initiatives for backward classes in Madhya Pradesh.

\*\*\*\*\*





---

# **State Report**

# **Puducherry**

---





## State Report -Puducherry

### PD. 1 Background of Pudukai Bharthiar Gramin Bank (PBGB)

Sponsored by Indian Bank was established on 26.3.08 by Government of India. The bank gives loan under the re-finance schemes of NBCFDC under Agri-Term Loan for individual beneficiaries. Loans are re-financed for various activities such as hair oil business, dairy product, batter manufacturing, saloon, napkin making, scrap, meat shop, snack shop, milch animal, grocery shop, idly shop, grocery shop, TV service centre, Water supply, Saloon Shop, Rice store, Tailoring, hotel, travel, Stationery, Malligai.

### PD.2 Disbursement Patterns of NBCFDC Loans in the State for FY 2020-23

As per the data provided by the SCA, the total number of beneficiaries during the study period of 2020-23 who have been provided the access to loan schemes is 2449. Out of these 100% of the loans has been given Agri Allied Sector. As per the discussion with the SCA it was also noted that no re-financed loans were given in 2020-21 and 2022.

**Table: PD.2. (a) The distribution of beneficiaries across the districts of Puducherry for the years 2020-22 is given below:**

REGION	2020-21	2021-22	2022-23	SECTOR
Puducherry	-	-	1584	AGRI AND ALLIED SECTOR
Karaikal	-	-	774	AGRI AND ALLIED SECTOR
Yanam	-	-	73	AGRI AND ALLIED SECTOR
Mahe	-	-	18	AGRI AND ALLIED SECTOR

In discussion with the SCA it was seen that effective disbursements were done from the years of 2022-23 onwards. Thus, as the data received from the SCA the disbursement details are as follows:

**Table: PD.2. (b) SCA the disbursement details**

Year	Funds Disbursed	No of Beneficiaries
2022-23	Rs.19.00 Cr	2449
2023-24	Rs.35.03 Cr	8887
2024-25	Rs.9.12 Cr	1144

The SCA has achieved a 100% recovery rate under NBCFDC lending, reflecting strong financial discipline and effective monitoring. By the end of FY 2024–25, nearly 13,000 beneficiaries across Puducherry had been supported through NBCFDC schemes, with a total concessional loan disbursement of ₹63.15 crore.

These interventions have translated into tangible socio-economic improvements, most notably through enhanced income levels and improved social standing of beneficiaries. Among the

various offerings, the Individual Small Loan Scheme has emerged as particularly impactful, empowering borrowers from backward classes to strengthen and expand their income-generating activities, thereby contributing to household resilience and local economic upliftment.

### **PD.3 Methodology of the Evaluation study**

Through achievement of different objectives, the present study intended to make a comprehensive evaluation (in the stipulated time) of lending schemes sponsored by NBCFDC in the state of Puducherry. The study made modest attempt to collect objective as well as subjective information related to various aspects. The methodology adopted was largely in compliance with the terms of reference (ToR) shared by NBCFDC.

#### **PD.3.1 Sample Population**

A sample size of 30 beneficiaries and 22 non-beneficiaries was determined in consultation and as per terms of reference given by NBCFDC for the state of Puducherry as per the sampling plan for the study. Beneficiaries were interviewed through random sampling from the list of beneficiaries given by the SCA. Beneficiaries were surveyed from district of Puducherry and Karaikal. The interviews were done through the Kobo tool and a structured closed ended questionnaire

#### **PD.3.2 Sample Design Selection of Districts**

The state of Puducherry was selected for this evaluative study as per the proposed sampling plan. State Channelizing Agency selected for this evaluation was Puduvai Bharthiar Gramin Bank (PBGB). Therefore, the districts for which consent was received became part of the present study. These districts were selected in consultation with PBGB.

#### **PD.3.3 Sources of Data**

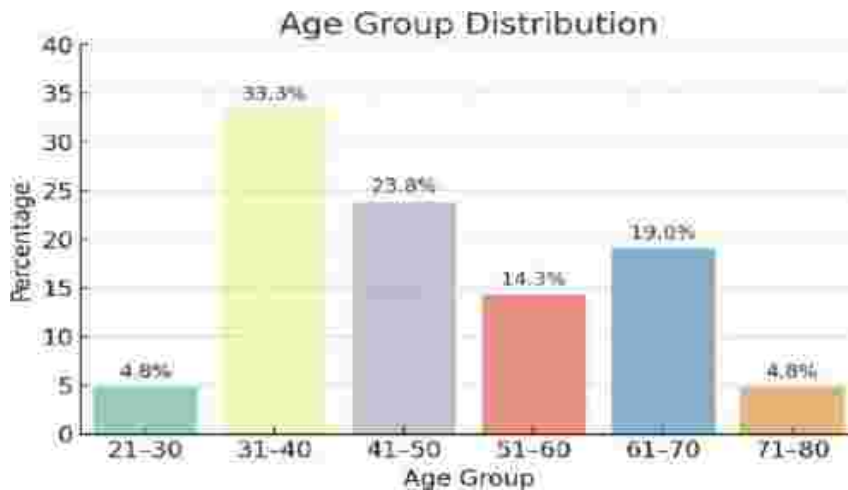
This was an empirical study intending for an evaluation of the lending schemes already implemented. The list of the beneficiaries for the refinanced schemes of NBCFDC for the period of study (2020-23) was shared by PBGB which comprised the name and other details of the beneficiary of the loan schemes. All the willing beneficiaries were contacted through PBGB (State Channelising Agency) and were verified from the available list of beneficiaries. The channelizing partner stated that there were no beneficiaries in the year of 2020-21 and 2021-22 under the refinanced schemes of NBCFDC.

The evaluation for various other parameters like the utilization ratio, loan recovery ratio/mechanism, number of defaulters and the mechanism of monitoring done for these loans by the SCAs has been collected through the questionnaires in Kobo toolbox. Additionally, information has also been gathered from their websites and annual reports.

### **PD.4 Analysis of the Socio-Economic Parameters**

#### **PD.4.1: Age Group Distribution**

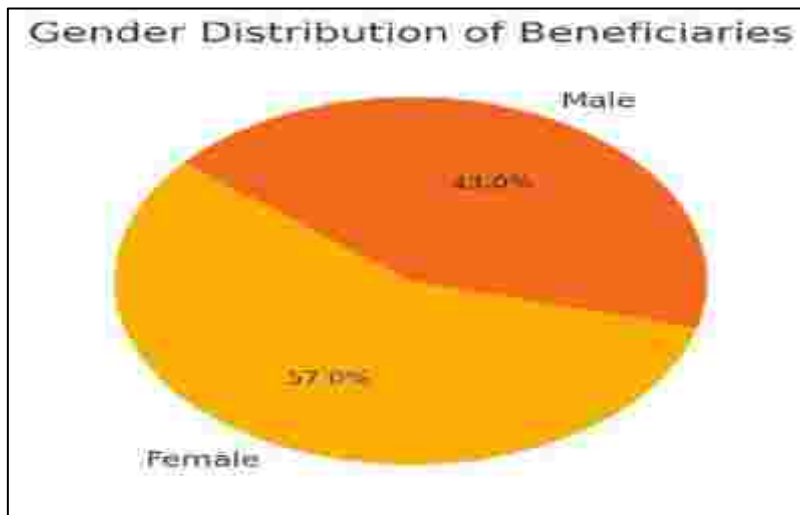
**Figure PD.4.1: Age Group Distribution**



The age distribution of respondents indicates a significant presence within the working-age population. About 4.8% of the respondents fall in the 21–30 years age group, while 33.3% belong to the 31–40 years category. A further 23.8% are in the 41–50 years range, and 14.3% fall between 51–60 years. Additionally, 19% belong to the 61–70 years group, while a smaller proportion of 4.8% are aged between 71–80 years. This distribution highlights that the majority of the surveyed beneficiaries are concentrated in the economically active age bracket, ensuring alignment with the program’s objective of engaging individuals in productive economic and livelihood activities.

#### **PD.4.2 Gender Distribution**

**Fig: PD.4.2 Gender Distribution**



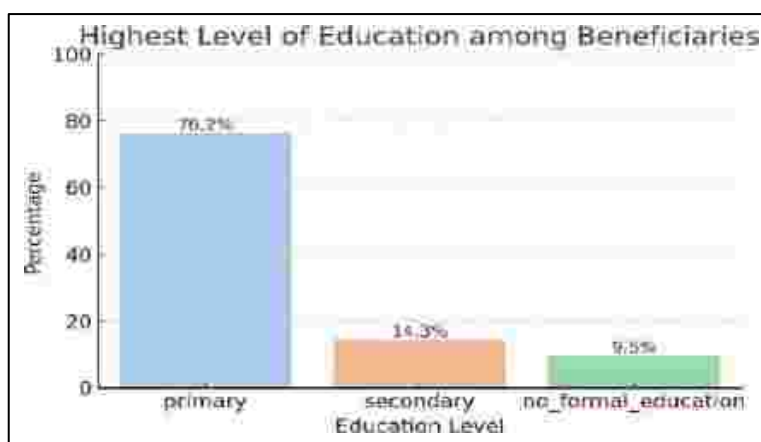
Among the respondents, 57% are female and 43% are male. This indicates a notable level of participation by women in the scheme, which may reflect either targeted outreach or a higher degree of financial engagement among women in the region. It reinforces the importance of continuing gender-inclusive policies and ensuring that schemes are accessible and responsive to the needs of female beneficiaries.

### PD.4.3 Aadhaar Card Ownership

Every single respondent (100%) has an Aadhaar card, confirming full coverage in terms of national identification. This is a crucial enabler for accessing benefits and indicates that identity-linked schemes can be efficiently administered within this group.4, Type of Bank Account Every single respondent (100%) has an Aadhaar card, confirming full coverage in terms of national identification. This is a crucial enabler for accessing benefits and indicates that identity-linked schemes can be efficiently administered within this group.

### PD.4.4 Education Level

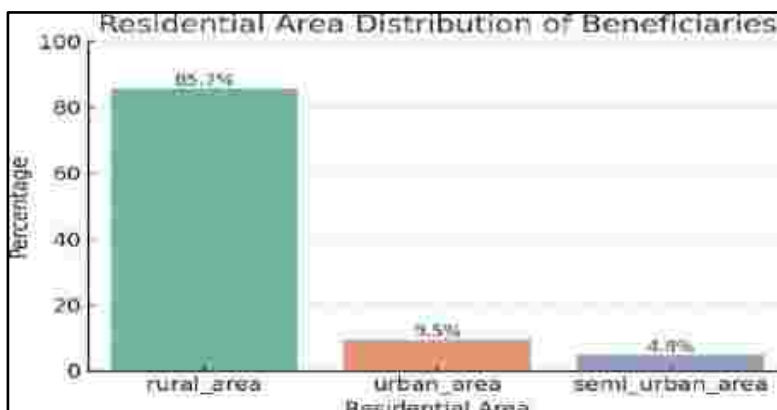
Fig PD.4.4: Educational Level of Beneficiaries



The chart shows that a vast majority of beneficiaries (76.2%) are educated only up to the primary level, while 14.3% have reached secondary schooling and 9.5% have no formal education. This indicates that although basic literacy is present among most respondents, higher educational attainment remains limited, highlighting a population with restricted access to advanced learning. The data suggests strong potential for vocational training and skill-building interventions under NBCFDC schemes, as these can enhance employability and livelihood opportunities for individuals with modest educational backgrounds.

### PD.4.5 Residential Area

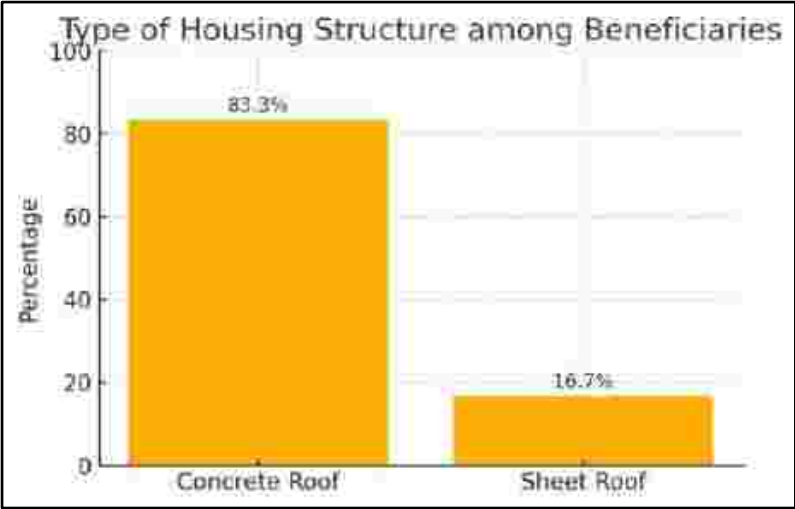
Fig PD.4.5: Residential Area



A substantial 85.7% of respondents reported residing in rural areas, with only 9.5% living in urban locations and 4.8% in semi-urban regions, indicating that the scheme has effectively reached less urbanized and underserved communities. This strong rural representation highlights the need for implementation strategies that are responsive to the socio-economic conditions, infrastructural limitations, and livelihood patterns prevalent in rural regions, ensuring that support is both accessible and relevant to the beneficiaries' context.

**PD.4.6 Type of Houses**

**Fig: PD.4.6 Types of Houses**



When asked about the structural nature of their dwelling units, 83.3% stated that they reside in concrete-roofed houses, while 16.7% live under sheet roofs. The predominance of concrete-roof structures suggests a reasonable standard of living and durability of housing.

**PD. 4.7 Ownership of Residence**

All respondents (100.0%) reported living in their own houses, indicating a relatively stable housing condition among the surveyed population. This widespread home ownership may act as a foundation for further financial inclusion and asset-based development, especially if leveraged through home improvement loans or small-scale infrastructure investments.

**PD.4.8 Electricity and Water Availability at Home**

A majority 66.7% reported having some combination of electricity and clean water, while smaller groups indicated varied combinations such as electricity only, clean water only, or permutations thereof.

**PD.4.9 Marital Status**

All respondents (100.0%) reported being married, indicating a uniform marital profile among the surveyed population.

#### PD.4.10 Nature of Family

When asked about family structure, 71.4% of the respondents stated that they live in nuclear families, while 28.6% belong to joint families. The predominance of nuclear family setups may influence the nature of financial decision-making, dependency ratios, and the scale of economic aspirations within the household.

#### PD. 5 Annual Family Household Income Pre-loan and Post loan

**Table: PD.5. (a) Annual Family Household Income before uptake of loan**

Income Levels	Response	Percentage
Below 1.5 Lakh	22	73%
1.5-2.25 Lakh	5	17%
2.25 Lakh -3 Lakh	3	10%
Above 3 Lakh	0	0%
<b>Total count</b>	<b>30</b>	<b>100%</b>

As shown in the above table, before up taking the loans given by NBCFDC, the Annual Family Household income of the beneficiaries in Puducherry ranged between below 1.5 lakh to 3 lakh. Household incomes of beneficiaries were concentrated in the lower income ranges. Over three- fourth of households were in the lowest income category, with no representation in higher-income groups. 73% of the beneficiaries reported having an income below 1.5 lakh, 17% reported earning somewhere between 1.5-2.25 Lakh annual family incomes and 10% beneficiaries reported their income in the range of 2.25-3 Lakhs.

Table PD.5 (b) shows a visible upward shift in income levels following financial assistance from NBCFDC only 30% of households report earning an annual household income below ₹1.5 lakh, 50% between ₹1.5–2.25 lakh, and 17% reached ₹2.25–3 lakh, and 3% exceeded ₹3 lakh. This distribution indicates that only one-third of households still remain in the lowest bracket, a significant proportion has moved into higher income tiers.

**Table PD.5 (b) Annual Family Household Income Post loan uptake**

Income Levels	Response	Percentage
Below 1.5 Lakh	9	30%
1.5-2.25 Lakh	15	50%
2.25 Lakh -3 Lakh	5	17%
Above 3 Lakh	1	3%
<b>Total count</b>	<b>30</b>	<b>100%</b>

**Table PD.5 (c): Change in Income Levels: Pre vs. Post Loan Uptake**

Income Range	Percentage of Pre-Loan Beneficiaries (%)	Percentage of Post- Loan Beneficiaries (%)	Percentage of Change in beneficiaries in each group (%)
Below ₹1.5 lakh	73	30	↓ 43
₹1.5–2.25 lakh	17	50	↑ 33

Income Range	Percentage of Pre-Loan Beneficiaries (%)	Percentage of Post- Loan Beneficiaries (%)	Percentage of Change in beneficiaries in each group (%)
₹2.25–3 lakh	10	17	↑ 7
Above ₹3 lakh	0	3	↑ 3

As is evident from the table PD.5(c) above, the change in income levels pre vs. post loan uptake is given below:

- The lowest income group (below ₹1.5 lakh) reduced sharply from 73% to 30%, showing that over one-third of households moved out of this vulnerable category.
- The ₹1.5–2.25 lakh bracket nearly doubled (from 16% to 50%), becoming the most common income level post-loan.
- The share of households in the ₹2.25–3 lakh range also rose modestly, from 10% to 17%.
- 3 % of the beneficiaries have been found to have crossed the annual income of ₹3 lakh bracket, showing that some families were able to make significant income gains.

### PD.5.1 Average Household Monthly Income

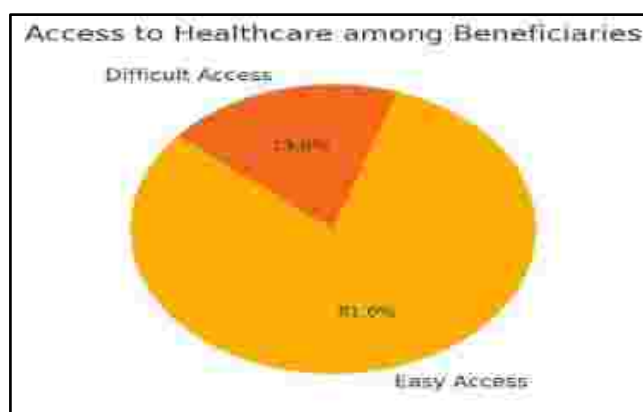
The average household monthly income shows a strong improvement following the loan uptake. Before receiving the loan, households earned around ₹15,000 per month on average. After the loan, this increased to ₹25,000, reflecting an absolute rise of ₹10,000, or a 66% increase in income.

### PD.5.2 Employment Status

Regarding employment status, 100.0% of the respondents identified as self-employed, suggesting that the scheme has predominantly reached entrepreneurial individuals or those engaged in informal economic activities. This finding highlights the relevance of business-linked financial assistance in the region and underlines the role of such schemes in supporting microenterprises.

### PD.5.3 Healthcare Access

**Fig: PD.5.3 Access to Healthcare**



Access to healthcare appears robust, with 81% reporting easy access, while 19% face some difficulty. Although generally positive, the remaining gap could be addressed through improved last-mile delivery of medical services, particularly in rural and remote areas.

## PD.6 Analysis of the Loan Access, Utilization, and Impact Assessment

**Table: PD.6: Time taken by the beneficiaries in obtaining loans from the PBGB**

Month Range	Responses	Percentage
Up to 4 months	21	70%
4-6 months	9	30%

The analysis of loan sanction timelines indicates that a majority of beneficiaries were able to obtain their loans within a short duration. Out of 30 respondents, 21 beneficiaries (70%) reported receiving their loans within up to 4 months of application. The remaining 9 beneficiaries (30%) stated that it took between 4–6 months for their loans to be sanctioned.

This suggests that the loan disbursement process has been fairly efficient overall, with most applicants receiving timely access to financial assistance, while a smaller proportion experienced relatively longer waiting periods.

### PD.6.1 Purpose of Uptake of loan

**Table: PD.6.1 Loan Uptake Status**

Question	Responses					
	Working Capital	% of beneficiaries	New Business	% of beneficiaries	Business expansion	% of beneficiaries
Purpose of uptake of loan	20	67%	5	17%	5	17%

The purpose of loan utilization among the beneficiaries reveals that a significant majority, 67%, availed loans mainly for meeting their working capital needs. This highlights that credit support is primarily being used to manage operational expenses, maintain liquidity, and ensure the smooth functioning of existing businesses.

In contrast, 17% of the respondents reported taking loans for setting up new businesses, indicating that the scheme is also fostering entrepreneurship and encouraging individuals to venture into new economic activities. Similarly, another 17% of the beneficiaries utilized loans for business expansion, showing that financial assistance is contributing to growth, diversification, and scaling up of enterprises.

Overall, the findings suggest that while the dominant purpose of loans is short-term operational support, a noteworthy share of beneficiaries is also channeling credit towards creating and expanding business opportunities.

### PD.6.2 Utilization of loans for intended purpose

100% beneficiaries had used the loan amount for the intended purpose. The activities for which utilization was done is given below:

**Table: 6.2. (a) Loan Utilization Purpose**

Activity	Responses
Small Business	23
Agriculture and allied activity	3
Service Sector	2
Transport Sector	2
<b>Total responses</b>	<b>30</b>

**PD.6.3 Awareness of NBCFDC loan schemes, rates of interest & Facilitation of loans taken**

A high awareness of the NBCFDC loans were seen amongst the beneficiaries. 100% reported to know about the NBCFDC loans through government office banks.

A key strength in the loan application process was the high level of beneficiary autonomy. A remarkable 100% of respondents claimed to have handled the loan process independently, without relying on intermediaries or facilitators.

100% of the beneficiaries stated to having filled the forms online through the SCA. The loans for all beneficiaries (100%) were given through bank transfer.

**Table: PD.6.3. (a) Awareness Parameters**

Question	Response/ Yes	Response/Yes in %	Response/No	Response/ No in %
Do you know the amount of interest rate on your loan	30	100%	0	0%
Whether assistance received directly in bank account	30	100%	0	0%
Have you missed any installments	0	0%	30	100%
Do you find the integer and affordable	30	100%	0	0%

Based on the responses presented in the above table, it is evident that all the beneficiaries display a very high level of financial awareness and repayment discipline. Every respondent (100%) reported that they are aware of the interest rate on their loan, highlighting complete transparency and effective communication by the lending institution.

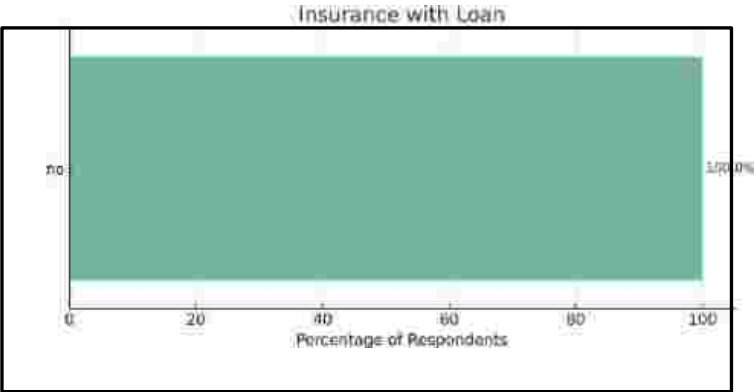
Encouragingly, all beneficiaries (100%) also confirmed that they received assistance directly into their bank accounts, reflecting the effectiveness of the Direct Benefit Transfer (DBT) mechanism in ensuring transparency, efficiency, and elimination of leakages in fund disbursement.

With respect to repayment behaviour, none of the respondents (0%) reported missing any installments, indicating a strong culture of repayment discipline and financial responsibility among the borrowers. This suggests that beneficiaries are not only capable of managing their repayment obligations but are also committed to maintaining their creditworthiness. Furthermore, when asked about the fairness and affordability of the interest rate, all respondents

(100%) expressed satisfaction, pointing towards the reasonableness of the loan terms and their suitability for the socio-economic context of the borrowers.

Overall, the findings reflect positively on the accessibility, affordability, and management of the loan scheme. The high levels of awareness, complete adoption of direct benefit transfer, and disciplined repayment behaviour together highlight the effectiveness of the intervention in promoting financial inclusion and sustainable credit practices among the beneficiaries.

**PD.6.4 Insurance and Risk Coverage**



Only a small number of beneficiaries reported taking insurance along with the loan. The majority either did not opt for or were not aware/offered insurance as part of the loan package.

This is a missed opportunity in terms of promoting financial protection. In populations that are economically fragile, insurance (especially health and life cover linked to the loan) can prevent households from falling back into poverty due to unforeseen crises. The low penetration of insurance points to an area that requires immediate attention both from the lending institutions and financial literacy programs.

**PD.6.5 Creation of Assets**

**Table PD.6.5 (a) Asset Creation Status**

Creation of Assets	Response	Beneficiary
Working Capital	20	67%
New Business	5	17%
Business expansion	5	17%

The utilization pattern of the loan indicates that a majority of beneficiaries focused on strengthening their existing business operations. Working capital accounts for the highest share at 67%, showing that most beneficiaries used the financial support to maintain or stabilise day-to-day business activities such as inventory, supplies, or operational expenses. Additionally, 17% of beneficiaries invested in starting a new business, reflecting the scheme’s role in enabling entrepreneurship. Another 17% used the loan for business expansion, indicating that a portion of existing enterprises were able to scale up their activities

## PD.7 Analysis of the Perception-Based Assessment of Loan Experience and Impact through Likert Scale

To assess beneficiaries' perceptions and experiences, a set of Likert scale questions was included in the survey. Respondents were asked to rate their satisfaction with loan services, the impact of the loan on their social and economic well-being, and changes related to women's empowerment. Each set of statements was rated on a standard 5-point scale, tailored to the theme.

The findings from the Likert scale analysis have been shown through visualizations in their respective sections given below:

**Table PD.7 (a) Perception of the Assessment of Loan Experience**

Questions	Number of respondents for each rating					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Satisfaction of the loan scheme availed	0	0	0	22	8	0%	0%	0%	73%	27%
Assistance and guidance provided by Agency	2	0	21	0	7	7%	0%	70%	0%	23%
Time taken for Loan approval	0	0	0	18	12	0%	0%	0%	60%	40%
Interest rates	0	0	0	22	8	0%	0%	0%	73%	27%
Fund disbursement process	0	0	0	22	8	0%	0%	0%	73%	27%
Amount of loan disbursed	0	0	0	18	12	0%	0%	0%	60%	40%
Loan Repayment Terms	0	0	0	23	7	0%	0%	0%	77%	23%
Transparency of Loan Terms	0	0	0	23	7	0%	0%	0%	77%	23%
Employee behavior during lending process	0	0	0	23	7	0%	0%	0%	77%	23%
Guarantee requirements	0	0	0	22	8	0%	0%	0%	73%	27%

### Analysis:

- **Satisfaction with the Loan Scheme Availed**

All beneficiaries expressed satisfaction with the loan scheme. About 73% reported being satisfied while 27% indicated they were highly satisfied. This clearly shows that the scheme is meeting the expectations of the borrowers and is viewed very positively.

- **Assistance and Guidance Provided by the Agency**

A majority of 23% rated the assistance positively, with 70% neutral. However, 7% expressed dissatisfaction, suggesting that there is still some scope to enhance the support extended to beneficiaries, particularly in terms of handholding and guidance.

- **Time Taken for Loan Approval**

The loan approval process was rated highly efficient, with 60% of respondents satisfied and 40% highly satisfied. No neutral or negative responses were recorded, indicating that approval timelines are well within acceptable limits.

- **Interest Rates**

All respondents rated the interest rates positively, with 73% satisfied and 27% highly satisfied. This demonstrates that the rates are largely acceptable to beneficiaries.

- **Fund Disbursement Process**

The fund disbursement process received strong positive feedback, with 73% satisfied and 27% highly satisfied. This suggests that once approved, loans are being disbursed smoothly and without undue delay.

- **Amount of Loan Disbursed**

Satisfaction with the loan amount sanctioned stood at 60% satisfied and 40% highly satisfied. While responses are positive, the lower proportion of “highly satisfied” suggests that some beneficiaries may have anticipated a higher loan quantum.

- **Loan Repayment Terms**

The repayment terms were rated positively by all respondents, with 77% satisfied and 23% highly satisfied. This indicates that repayment schedules are seen as fair and manageable by the majority of borrowers.

- **Transparency of Loan Terms**

Transparency emerged as one of the strongest areas, with 77% satisfied and 23% highly satisfied. This reflects a high degree of trust and clarity in the information shared with beneficiaries.

- **Employee Behavior during Lending Process**

Employee behaviour was rated very positively, with 77% satisfied and 23% highly satisfied. This underlines the professionalism and supportive conduct of staff in handling the loan process.

- **Guarantee Requirements**

On guarantee requirements, 73% reported satisfaction and 27% reported high satisfaction. This indicates broad acceptance, though this remains an area where continued simplification could further improve perceptions.

## **PD.8 Socio-Economic Standard of Living**

The responses on the questions in the Likert scale for this category have been tabled and the observations are given below.

**Table: PD.8 (a) Socio-Economic Standard of Living**

Question	Number of Responses according to scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Ability to repay debts	0	2	9	18	0	0%	7%	30%	60%	0%
Asset ownership	0	5	9	10	6	0%	17%	30%	33%	20%
Clothing standards	0	3	12	15	0	0%	10%	40%	50%	0%
Food and Nutritional Standards	0	2	12	16	0	0%	7%	40%	53%	0%
Household Savings	0	2	13	12	3	0%	7%	43%	40%	10%
Improved quality of children's education	2	3	12	13	0	7%	10%	40%	43%	0%
Overall living standards	0	1	7	13	0	0%	3%	23%	43%	0%
Improved quality of children's education	2	3	12	13	0	7%	10%	40%	43%	0%
Overall living standards	0	1	7	13	0	0%	3%	23%	43%	0%
Improved quality of children's education	2	3	12	13	0	7%	10%	40%	43%	0%

- **Ability to Repay Debts**

A majority of beneficiaries (60%) expressed satisfaction with their ability to repay debts, while 30% remained neutral. Only 7% rated it low, and none reported being highly satisfied. This indicates good repayment capacity overall, though responses lean more towards moderate satisfaction rather than strong confidence.

- **Asset Ownership**

The responses were fairly distributed: 33% satisfied, 20% highly satisfied, 30% neutral, and 17% dissatisfied. This suggests that while over half of the beneficiaries see some improvement in asset ownership, a notable share continues to face challenges in building or acquiring assets.

- **Clothing Standards**

Around 50% of respondents were satisfied, and 40% neutral. Only 10% were dissatisfied, and none reported being highly satisfied. This shows moderate improvements in clothing standards, though the benefits appear limited in scope.

- **Food and Nutritional Standards**

A strong 53% of beneficiaries reported being satisfied, with 40% neutral. Just 7% rated it poorly, and no one marked highly satisfied. This points to some positive impact on nutrition but not a significant transformative change.

- **Household Savings**

Opinions were mixed, with 40% satisfied, 10% highly satisfied, 43% neutral, and 7% dissatisfied. This indicates modest progress in building savings, though variability across households remains evident.

- **Improved Quality of Children's Education**

Satisfaction stood at 43%, while 40% were neutral. A combined 17% expressed dissatisfaction (7% highly dissatisfied, 10% dissatisfied). No respondents marked highly satisfied. This shows that while some improvements are noted, education quality remains an area of concern for many.

- **Overall Living Standards**

Nearly half of the beneficiaries (43%) were satisfied, while 23% were neutral. A further 30% rated it as “3” (average), and only 3% rated it low. No one reported being highly satisfied. This indicates that living standards have generally improved, though perceptions remain moderate rather than strongly positive.

## **PD.9 Non-Beneficiary Analysis**

### **PD.9.1 Profile of Non-Beneficiaries under NBCFDC Scheme in Puducherry**

The NBCFDC scheme has been introduced in Puducherry to improve access to concessional finance for economically weaker sections. However, despite clear eligibility, the survey reveals that several applicants could not access the scheme's benefits and remained as non-beneficiaries.

### **PD.9.2 Economic Status**

Non-beneficiaries in Puducherry were drawn from across the low (<₹1.5 lakh), mid (₹1.8 lakh), and high (₹2.0 lakh) income categories, with the majority concentrated in the low and mid brackets. Their income levels during 2020–2023 made them eligible for the scheme, yet by 2024, their economic conditions showed only marginal improvement. Most recorded minor increases of up to ₹12,000 annually, while very few managed increases of ₹18,000 or ₹24,000. By contrast, beneficiaries reflected better improvements in income levels, confirming that access to NBCFDC loans directly contributed to enhanced livelihoods.

### **PD.9.3 Awareness Levels**

Awareness about the NBCFDC scheme among non-beneficiaries in Puducherry was relatively limited compared to other states. Out of 69 surveyed, only 29 respondents reported awareness, while 7 were unsure, and 27 had no knowledge at all. This highlights that lack of adequate outreach and promotion of the scheme acted as a barrier in this region, leaving a large proportion of the eligible population uninformed and unable to benefit.

### PD.9.4 Reasons for Non-Beneficiary Status

The exclusion of otherwise eligible applicants in Puducherry can be attributed to multiple challenges:

1. **Limited awareness campaigns** confined mostly to traditional channels meant many potential applicants were unaware of the scheme's provisions.
2. **Complicated application processes** discouraged those who were aware but found the procedures cumbersome to complete.
3. **Insufficient applicant support and guidance** during the loan application stage further restricted participation.
4. In some cases, **the sanctioned loan amount fell below applicant expectations**, leading to voluntary withdrawal from the process.

### PD.10 Conclusion

The experience of Puducherry underscores that eligibility alone is not enough to ensure participation in welfare-linked credit schemes. Non-beneficiaries in this region were not only economically qualified but also in need of financial support, yet their stagnant income growth compared to beneficiaries reflects the missed opportunity of upliftment. The analysis shows that limited awareness, procedural hurdles, inadequate support, and unmet loan expectations were the main reasons for exclusion. Unless outreach is expanded, processes simplified, and applicant guidance improved, a significant share of eligible populations in smaller regions like Puducherry will remain outside the ambit of NBCFDC's benefits.

### PD. 11 Success Stories

#### 1. Barber Shop



1.	<b>Name of SCA</b>	<b>Puduvai Bharthiar Gramin Bank (PBGB)</b>
2.	Name of Scheme	Term Loan (Small business)
3.	Name of Beneficiary	Mr. D. Govindu
4.	Loan Amount Requested	30,000/-
5.	Loan Amount Received	30,000/-
6.	Date of Disbursement	2023
7.	Monthly Income before & after taking Loan	10,000/- (before) To 20,000 (after)
8.	Purpose of Loan	Working Capital for Salon

With determination and vision, Mr. D. Govindu upgraded his modest saloon in Nellithope through the NBCFDC Individual Loan Scheme. The concessional loan enabled him to purchase two modern chairs and refurbish the shop's infrastructure, greatly enhancing its professional appeal. This transformation attracted a growing clientele, providing him with a stable source of income. His success reached a new milestone when he employed an assistant, marking the beginning of local job creation. Today, his saloon is not just a place of service but a symbol of entrepreneurial aspiration and achievement in his community.

## 2. Empowering Women through Entrepreneurship – Smt. Allirani G, Kurumbapet



1.	Name of SCA	Puduvai Bharthiar Gramin Bank (PBGB)
2.	Name of Scheme	Term Loan (Small business)
3.	Name of Beneficiary	Smt. Allirani G
4.	Loan Amount Requested	26500/-
5.	Loan Amount Received	26500/-
6.	Date of Disbursement	2023
7.	Monthly Income before & after taking Loan	10,000/- (before) To 20,000 (after)
8.	Purpose of Loan	Working Capital for upgradation of Kitchen for Tiffin Service

Smt. Allirani G, driven by the desire to contribute to her household income, initiated a tiffin service aimed at office-goers and local residents in Kurumbapet. With timely support from the NBCFDC Individual Loan Scheme, she upgraded her kitchen infrastructure and expanded operations. Her growing clientele and consistent income have not only improved her family's financial condition but have also inspired several women in the locality to pursue similar livelihood ventures. Her journey reflects the transformative power of accessible credit in fostering women-led entrepreneurship.

### 3. Scaling Dairy Livelihoods – Smt. Kumuthavalli B, Kurumbapet



1	Name of SCA	Puduvai Bharthiar Gramin Bank (PBGB)
2	Name of Scheme	Term Loan (Small Business)
3	Name of Beneficiary	Smt. Kumudhavalli B
4	Loan Amount Requested	₹25,000/-
5	Loan Amount Received	₹25,000/-
6	Date of Disbursement	2023
7	Monthly Income (Before & After Loan)	₹10,000/- (Before) to ₹20,000/- (After)
8	Purpose of Loan	Milch Animal

In Kurumbapet, Smt. Kumudhavalli B was already managing a small dairy activity with three milch animals. With financial support under the NBCFDC Individual Loan Scheme, she acquired a high-yielding additional animal, boosting her milk production and daily earnings. This enhancement enabled her to expand her customer base, secure greater income stability, and strengthen her family's financial position. Her success story stands as a motivating model for aspiring dairy entrepreneurs in the region, highlighting how small investments can yield substantial growth.

#### 4. From Initiative to Impact – Mr. A. Perumal, Saram



1	Name of SCA	Puduvai Bharthiar Gramin Bank (PBGB)
2	Name of Scheme	Term Loan (Small Business)
3	Name of Beneficiary	Smt. Kumudhavalli B
4	Loan Amount Requested	₹25,000/-
5	Loan Amount Received	₹25,000/-
6	Date of Disbursement	2023
7	Monthly Income (Before & After Loan)	₹10,000/- (Before) to ₹20,000/- (After)
8	Purpose of Loan	Milch Animal

Mr. A. Perumal, a resident of Saram, leveraged the NBCFDC Individual Loan Scheme to start a dairy products shop, supplying fresh milk and related items. The concessional loan facilitated the purchase of critical equipment and inventory. His shop soon became popular in the neighborhood, resulting in a consistent income stream. Beyond his own success, Mr. Perumal created part-time employment for a local youth, amplifying the socio-economic impact of his venture. His journey exemplifies how targeted financial support can nurture sustainable small businesses that contribute to community development.

#### **PD. 12 Impact Assessment of NBCFDC Lending Schemes in Puducherry: A Parameter Based Synthesis in a Nutshell**

- **Economic Upliftment and Financial Stability**

The NBCFDC lending schemes in Puducherry have significantly contributed to enhancing household income and financial resilience, particularly among self-employed and micro entrepreneurial populations. 100% of respondents identified as self-employed, and 90.5% reported business as their primary income source, reflecting the program's strong alignment with informal sector economic activity.

Beneficiaries overwhelmingly acknowledged improvements in food security, household savings, and overall living standards, with Likert responses indicating that over 85% rated these parameters at level 4 or 5. Notably, 100% homeownership and a predominance of concrete-roofed housing (81.8%) point to a stable socio-economic base that the loans are helping to reinforce.

- **Loan Utilization Efficiency and Repayment Behavior**

The scheme in Puducherry demonstrates exceptional loan integrity and financial discipline. All beneficiaries (100%) reported using the loan for the intended purpose, mostly to purchase raw materials, and 100% are making regular repayments with zero default or irregular cases. The average loan size of ₹45,000, although modest, appears well-calibrated to beneficiaries' working capital needs.

However, the requirement for collateral typically jewellery even for small-ticket loans contradicts NBCFDC's aim of promoting collateral-free credit access for backward classes. While this practice may support recovery rates, it risks excluding asset-poor or vulnerable applicants, undercutting financial inclusion goals.

- **Entrepreneurial Outcomes and Business Sustainability**

Puducherry exhibits several strong entrepreneurial success stories. The scheme has supported the expansion of salons, dairy businesses, tiffin services, and grocery shops, all of which have led to enhanced income and, in a few cases, local employment generation. These microenterprises demonstrate that well-timed, appropriately sized loans can catalyze sustainable livelihood ventures.

The uniformly positive Likert responses (scores of 4 or 5) across economic indicators such as asset ownership and ability to repay debts suggest that the program has had a high conversion rate from loan access to economic benefit. Nonetheless, absence of skill training or post-loan business counseling could limit the long-term growth and scalability of these ventures.

- **Social Impact and Empowerment**

The scheme is markedly inclusive, with 57.1% of beneficiaries being women and 85.7% residing in rural areas, highlighting the scheme's focus on marginalized and underserved populations. All respondents live in self-owned homes, and a large portion live in nuclear families (71.4%), which often indicates sole financial responsibility. Beneficiaries reported visible improvements in food, clothing, and standard of living, with Likert scores reinforcing this across all dimensions.

The 100% marital status rate (all married) also suggests that the program is reaching family-centric individuals who typically have higher financial responsibilities. Women-specific success cases, like those of Smt. Allirani G and Smt. Kumudhavalli B, illustrate the scheme's role in promoting women-led entrepreneurship and local economic leadership.

- **Institutional Accessibility and Implementation Efficiency**

Puduvai Bharthiar Gramin Bank (PBGB), the SCA, has demonstrated efficient implementation, reflected in a 100% repayment rate, zero default, and smooth fund disbursement. All beneficiaries learned about the scheme through government and bank channels, and 100% applied offline and independently, underlining strong outreach but also highlighting a lack of digital engagement or process automation.

While banking staff reportedly explained the loan structure well, none of the respondents were aware that their loan was refinanced by NBCFDC, nor did they receive formal counselling. This disconnect in scheme branding and facilitation support presents a missed opportunity for borrower education and long-term scheme awareness. Despite this, the rapid scale-up from 2,449 beneficiaries in 2022–23 to 8,887 in 2023–24 and a cumulative loan disbursement of ₹63.15 crore showcase operational capability and institutional commitment.

\*\*\*\*\*





# **State Report**

---

## **Punjab**





## *State Report – Punjab*

### **PN.1. Background of Punjab Backward Classes Land Development & Finance Corporation (BACKFINCO)**

The Punjab Backward Classes Land Development and Finance Corporation, commonly known as BACKFINCO, was established by the Punjab Government under the Punjab Backwards Classes Land Development and Finance Corporation Act, 1976, with effect from 16<sup>th</sup> July 1976 (notified on 19<sup>th</sup> July 1976). Its mandate is to promote the economic upliftment of Punjab's backward classes and minority communities through financial support for self-employment and related ventures. The BACKFINCO is a State channelizing Agency (SCA) corporation that operates under the umbrella of the National Backward Classes Finance & Development Corporation (NBCFDC) and the Social Justice & Empowerment Department of the Punjab government.

### **PN.2. Disbursement of loan under NBCFDC loans in the state for FY 2020-23**

Punjab, known for its agrarian economy and industrious population, has undertaken focused efforts to uplift its Backward Classes and minority communities through structured financial inclusion, functioning as the State Channelizing Agency (SCA). As per the data provided by the SCA, the total number of beneficiaries during the study period of 2020-22 who have been provided access to loan schemes is 1036. BACKFINCO has actively implemented several welfare-oriented loan schemes during the period 2020–2022. These include the Mahila Samridhi Yojana (MSY) for women-led income-generating activities, the Micro Credit Scheme (MCS) for group-based lending, the Education Loan Scheme for meritorious students pursuing higher studies in India and abroad, and the widely accessed Term Loan Scheme for individuals establishing traditional small-scale businesses.

**Table PN.2 (a): Punjab currently comprises 23 districts. The distribution of beneficiaries across some of the districts of Punjab for the years 2020-23 is given below:**

Districts	Number of Beneficiaries
Amritsar	17
Barnala	42
Bathinda	71
Faridkot	27
Fatehgarh Sahib	57
Fazilka	49
Ferozpur	43
Gurdaspur	16
Hoshiarpur	48

Districts	Number of Beneficiaries
Jalandhar	47
Kapurthala	56
Ludhiana	70
Mansa	85
Nawanshahar	81

Out of the total amount, the loans have been disbursed under the Mahila Samridhi Yojana (MSY), Micro Credit Scheme (MCS), and the Term Loan Scheme. Out of the total loan, the average loan provided is from Rs 50,000/- to Rs 5,00,000/-, and the average time taken to process the loan is 03 months. Most beneficiaries engage in both agriculture and business; others rely solely on business, agriculture, or wage-based supplementary income sources.

**Table PN.2 (b): Activities in which the beneficiaries have been given loans for the year 2020-2023**

Activity	No. of beneficiaries
Dairy Farming	654
General Store	67
Carpentry Furniture Shop	58
Tailoring Shop	45
Hardware Store	42
Cloth Readymade Garment Shop	28
Electronic Electrical Sale Repair	29
Vegetable Growing	13
Fabrication Unit	12
Beauty Parlour	10
Automobile Repair Spare Parts Shop	8
Tent House	5
Internet Dhaba Cyber Cafe	3
Barber Shop	1
Others	74

As informed by the SCA, the rejection rate is 10%, primarily due to applicants' inability to repay the loans and incomplete or improper documentation in the sample areas of Amritsar and Fatehgarh Sahib.

### **PN.3. Sample Population and Design**

A sample size of 66 beneficiaries and 66 non-beneficiaries was determined in consultation and as per the terms of reference given by NBCFDC for the state of Punjab, as per the sampling plan for the study. Beneficiaries were interviewed through random sampling from the list of beneficiaries given by the SCA. Beneficiaries were covered from the districts of Amritsar and

Fatehgarh Sahib. The interviews were done through the Kobo tool and a structured, closed-ended questionnaire

### PN.3.1. Sample Design Selection of Districts

The state of Punjab was selected for this evaluative study as per the proposed sampling plan. The State Channelizing Agency selected for this evaluation was the Punjab Backward Classes Land Development and Finance Corporation. Therefore, the districts for which consent was received became part of the present study. These districts were selected in consultation with BACKFINCO.

### PN.3.2. Sources of Data

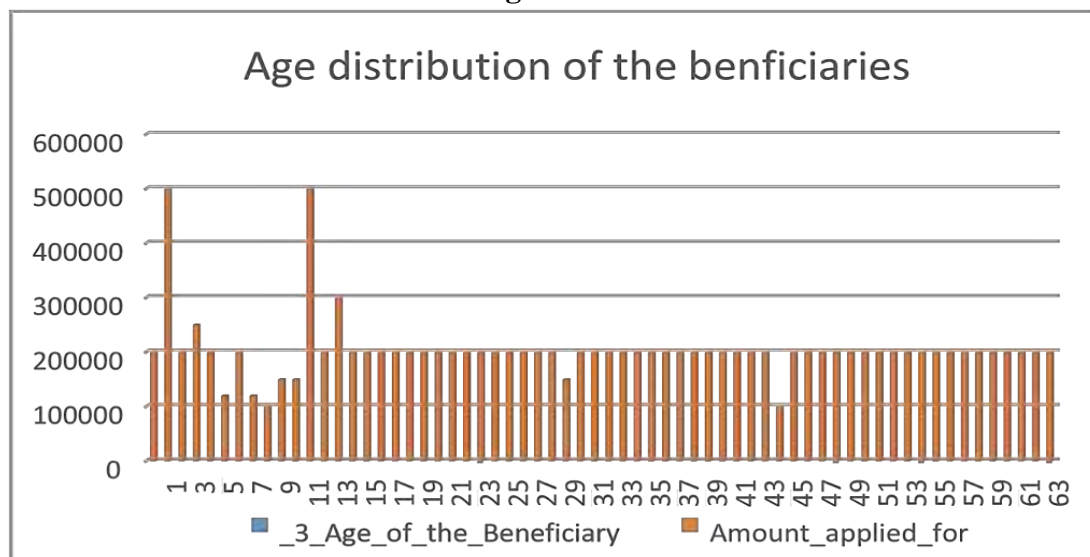
This was an empirical study intended for an evaluation of the lending schemes already implemented. The list of the beneficiaries for Term Loan and Micro-finance schemes of NBCFDC for the period of study (2020-23) was shared by BACKFINCO, which comprised the names and other details of the beneficiaries of the loan schemes. All the willing beneficiaries were contacted through the BACKFINCO (State Channelizing Agency) and were verified from the available list of beneficiaries.

The evaluation for various other parameters like the utilization ratio, loan recovery ratio/mechanism, number of defaulters, and the mechanism of monitoring done for these loans by the SCAs has been collected through the questionnaires in KOBO toolbox. Additionally, information has also been gathered from their websites and annual reports.

## PN.4. Analysis of the Socio-Economic Parameters

### PN.4.1. Age group distribution of beneficiaries

Fig: PN.4.1

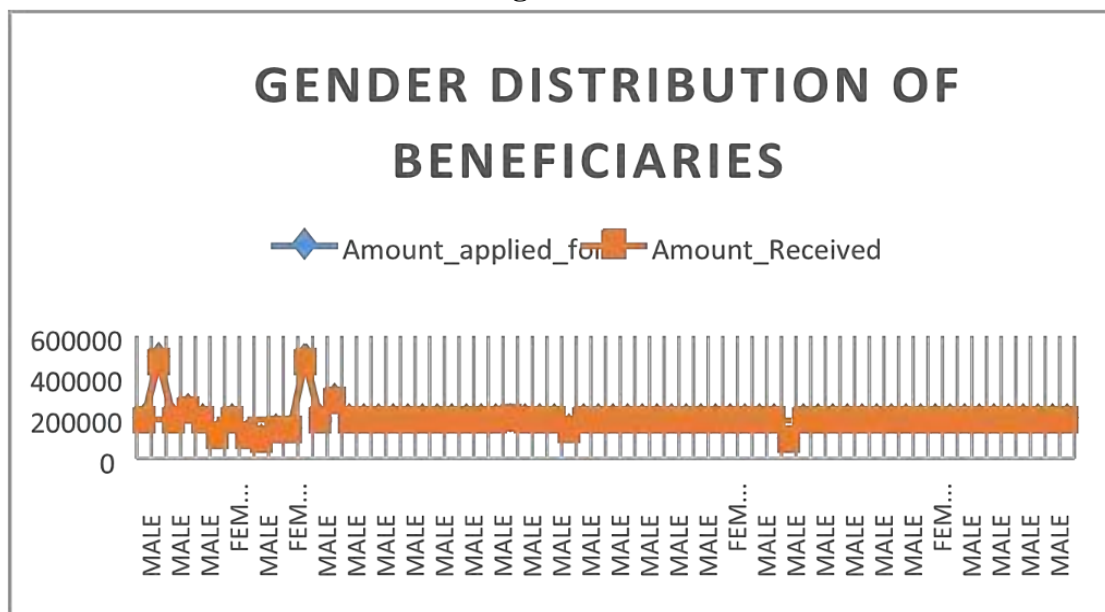


The graph illustrates the relationship between the age of beneficiaries and the loan amount applied for. A large number of applicants, particularly those between the ages of 19 and 64,

have consistently applied for Rs 2,00,000/-, suggesting a common scheme limit or standard preference. However, there are noticeable outliers, particularly at very young ages such as 1, 4, 7, 10, and 13 years, where unusually high loan amounts of up to Rs 5,00,000 and Rs 3,00,000 have been recorded. These entries appear to be data anomalies or errors, as such ages are not realistic for loan eligibility. A few entries also show lower-than-usual amounts, indicating possible partial applications. Overall, the graph reveals no direct correlation between age and the amount applied for, highlighting that age may not significantly influence loan application amounts in this dataset.

#### PN.4.2. Gender

Fig: PN.4.2



The graph compares the amount applied for and the amount received by beneficiaries, categorized by gender. A consistent pattern emerges where most applicants both male and female applied for Rs 2,00,000, as indicated by the flat blue line. However, the amount received, represented by orange squares and a trend line, shows noticeable variation. In many female cases, the received amount is significantly lower than the applied amount, sometimes falling below Rs 1,50,000 or even Rs 1,00,000. In contrast, most male beneficiaries appear to have received amounts closer to or equal to what they applied for. A few outliers exist especially among female applicants—where applied and received amounts are much higher (up to Rs 5,00,000), but these are exceptions. The exponential trend line of the amount received reflects a declining pattern, possibly indicating inconsistencies or biases in disbursement. Overall, the chart suggests a gender disparity in loan receipt, with female beneficiaries often receiving less than their requested amounts, highlighting the need for closer scrutiny and corrective policy interventions.

### PN.4.3. Aadhaar Card Ownership

All respondents (100%) possess an Aadhaar card, indicating complete coverage in terms of national identification. This comprehensive inclusion serves as a vital enabler for accessing government benefits and financial services. It also suggests that identity-linked schemes can be implemented effectively within this group, ensuring targeted delivery and improved administrative efficiency.

### PN.4.4. Type of Bank Account

All respondents (100%) reported holding a normal savings bank account, highlighting a strong level of financial inclusion. The absence of Jan Dhan or basic accounts suggests that beneficiaries are already integrated into formal banking systems and may be engaged with digital banking and institutional lending. This reflects a financially aware group with access to standard banking services, enabling smoother participation in credit-linked programs.

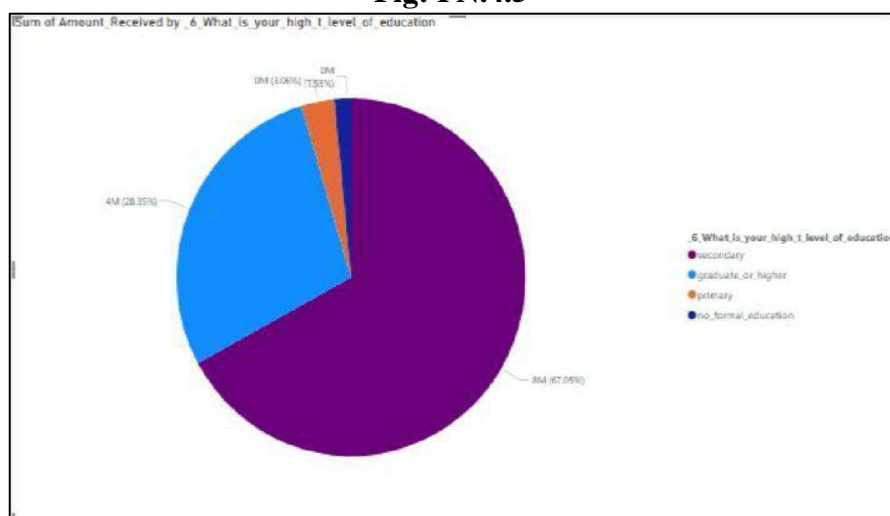
#### Key Observations:

- No other types of accounts (e.g., Jan Dhan, current, or cooperative accounts) are recorded.
- This uniformity simplifies fund transfers and ensures compatibility with standard banking infrastructure.
- It also reflects a basic level of financial literacy and access among beneficiaries, which is crucial for credit schemes.

Such consistency in account type facilitates seamless disbursement, monitoring, and recovery of loans. However, expanding options to include no-frills or more accessible account types could further enhance outreach, especially to underserved or rural populations.

### PN.4.5: Education Level

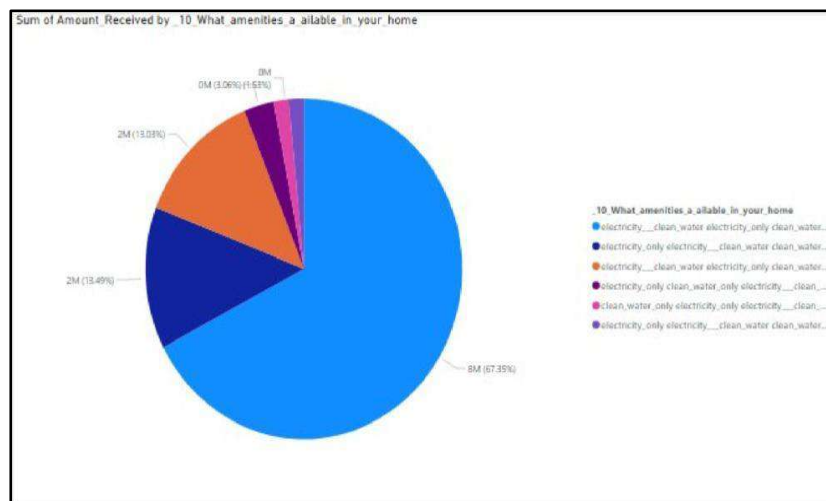
Fig: PN.4.5



The pie chart illustrates the distribution of the total amount received by beneficiaries, segmented by their highest level of education. A significant majority of the funds—67.05%—were received by individuals whose highest qualification is secondary education, indicating a strong representation of mid-level educated beneficiaries in the loan disbursement. This is followed by 28.35% of the total amount going to those with only primary education, highlighting the scheme’s outreach to individuals with limited formal schooling. A smaller portion, 3.53%, was allocated to graduates or individuals with higher education, and only 1.06% to those with no formal education. The data suggests that loan schemes are largely accessed and utilized by those with basic to moderate education levels, while those with either no education or higher degrees represent a minimal share of total disbursements. This may reflect both the demand pattern and the alignment of such financial schemes with the needs of semi-skilled or traditionally skilled segments of the population.

#### PN.4.6 Amenities availed by beneficiaries

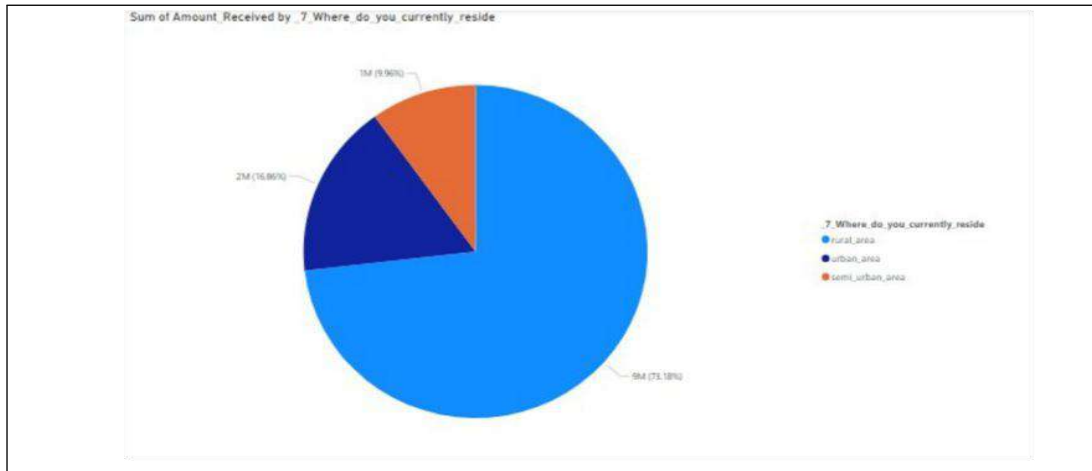
Fig: PN.4.6



The pie chart illustrates the distribution of the total amount received by beneficiaries based on the household amenities available to them. A dominant share—67.53% of the total funds—was received by beneficiaries who reported having access to electricity, clean water, and other basic amenities, indicating that better household infrastructure may be associated with higher loan accessibility or approval. Another 13.49% of the amount went to those who reported having only electricity, while 13.93% was received by individuals with only electricity and clean water, showing that even partially equipped households were able to access financial assistance. Smaller proportions of funds, ranging between 1% - 2%, were disbursed to those with more limited amenities or incomplete responses. The chart reflects that while access to basic infrastructure is common among most beneficiaries, a notable portion still comes from households with partial or inadequate amenities, highlighting the need for continued infrastructural development alongside financial inclusion.

### PN.4.7. Residential Area

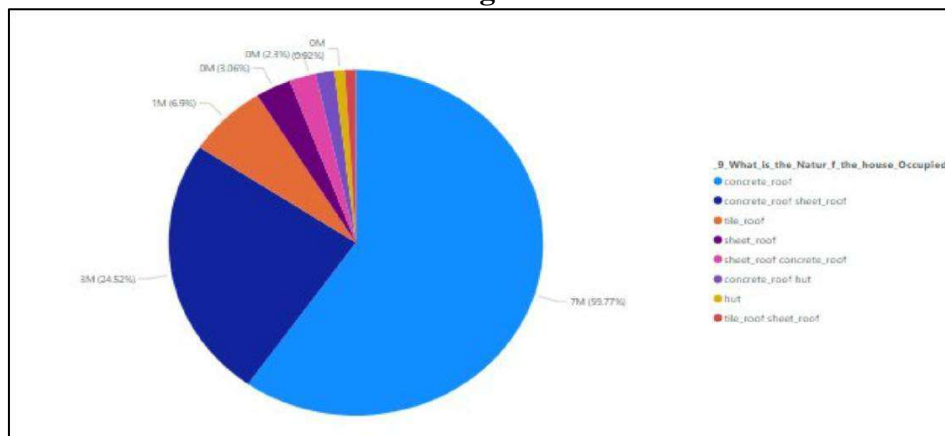
Fig: PN.4.7



The pie chart presents the distribution of the total amount received by beneficiaries based on their place of residence. A significant 73.18% of the total funds were received by individuals residing in rural areas, indicating that the loan scheme has been primarily targeted at or effectively accessed by rural populations. 16.86% of the amount went to those from urban areas, and the remaining 9.95% was received by beneficiaries from semi-urban areas. This distribution suggests a strong rural outreach of the financial assistance program, aligning with its likely objective of uplifting economically weaker sections in less developed regions. The relatively lower shares for urban and semi-urban beneficiaries may also reflect either a lesser demand or stricter eligibility and need-based targeting mechanisms in those regions.

### PN.4.8. Nature of House Occupied

Fig: PN.4.8

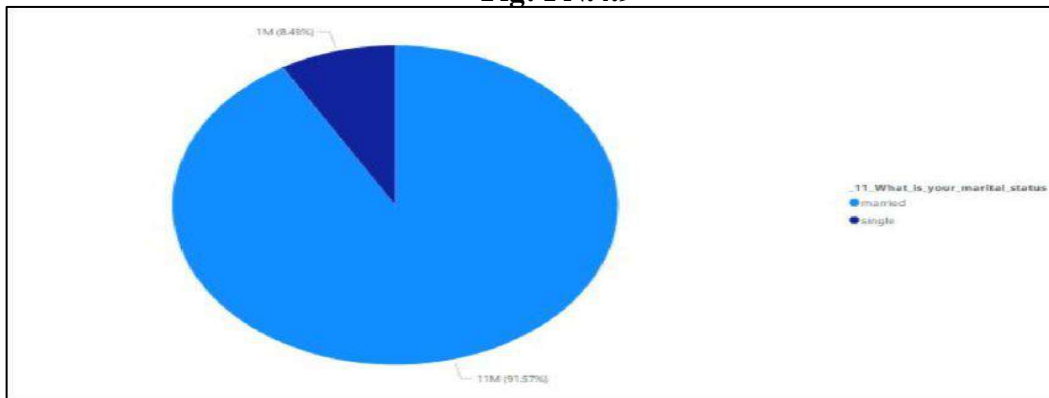


The pie chart displays the distribution of the total amount received by beneficiaries based on the type of house they occupy. A substantial majority 57.77% of the total disbursed amount went to individuals living in houses with a concrete roof, suggesting better housing conditions

among most recipients. This is followed by 24.52% going to beneficiaries residing in concrete-roof and sheet-roof combinations, and 6.96% to those in tile-roof houses, indicating that a significant proportion still live in semi-permanent structures. Smaller shares were received by individuals in sheet-roof (3.69%), tile-roof only (2.30%), and other combinations such as concrete + sheet roof, tile + sheet roof, and huts, each accounting for less than 2% of the total. The data suggests that while a majority of recipients reside in relatively stable housing, a notable share still comes from structurally vulnerable households, highlighting the scheme's outreach to both better-off and more vulnerable segments of the population.

**PN.4.9. Marital Status**

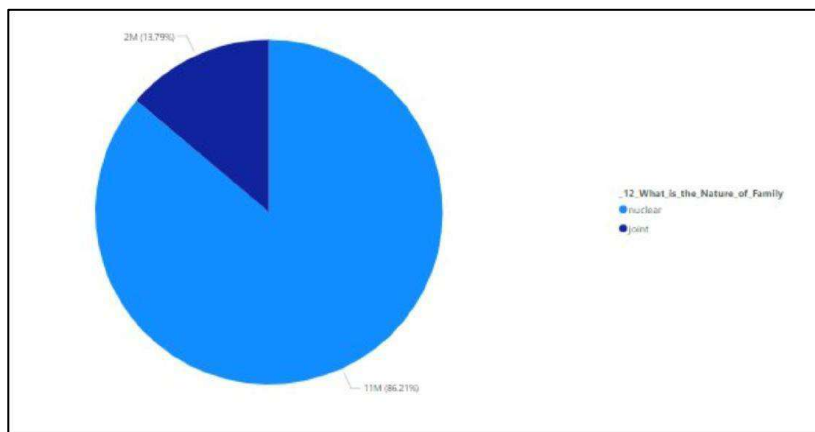
**Fig: PN.4.9**



The pie chart presents the distribution of the total loan amount received by beneficiaries based on their marital status. An overwhelming 91.57% of the total amount was received by individuals who identified as married, while only 8.43% was received by single beneficiaries. This substantial gap indicates that married individuals are either more likely to apply for financial assistance or are more successful in securing loans, possibly due to perceived stability, family responsibilities, or higher financial needs. The trend suggests that loan disbursement mechanisms are more heavily accessed by, or favour, married applicants in the current scheme framework.

**PN.4.10: Nature of Family**

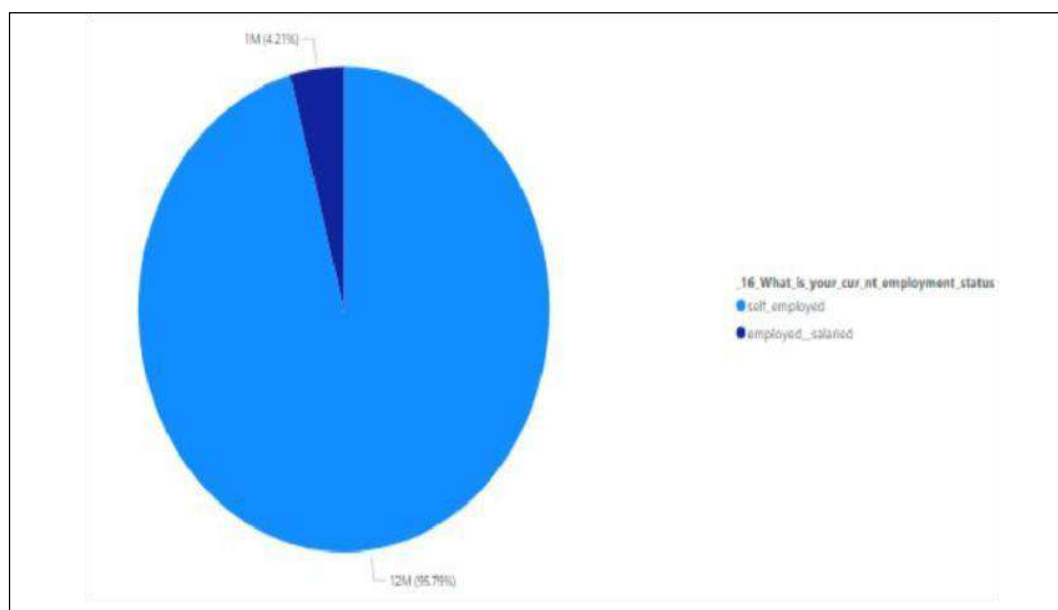
**Fig: PN.4.10**



The pie chart illustrates the distribution of the total amount received by beneficiaries based on the nature of their family structure. A dominant 86.21% of the total funds were received by individuals belonging to nuclear families, while only 13.79% went to those from joint families. This suggests that beneficiaries from nuclear households are more actively engaging with or benefiting from the loan scheme. The trend may reflect a shift toward nuclear family systems in rural and semi-urban areas, or it may indicate a greater financial need or independence among smaller family units. Overall, the data points to a strong representation of nuclear family beneficiaries in the disbursement of financial assistance.

#### **PN.4.11. Employment Status**

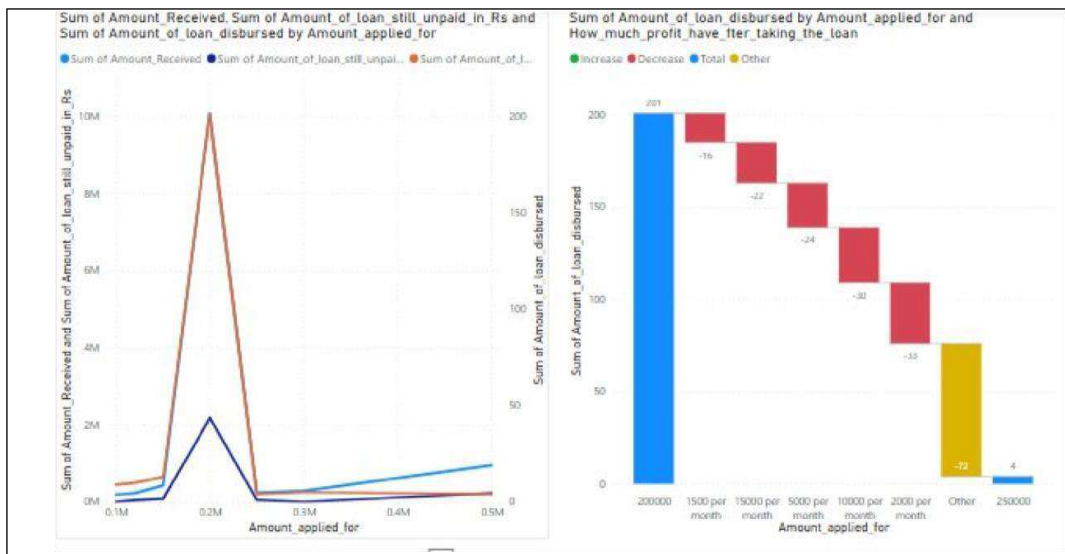
**Fig: PN.4.11**



The pie chart depicts the distribution of the total amount received by beneficiaries in Punjab based on their current employment status. An overwhelming 95.79% of the total funds were received by those who are self-employed, while only 4.21% went to salaried employees. This highlights that the loan scheme in Punjab is predominantly accessed by individuals running their own small businesses or traditional occupations, aligning with the scheme's goal of supporting entrepreneurship and livelihood generation among the backward classes. The minimal share of salaried individuals suggests that the program is either less targeted toward or less relevant for formally employed persons, emphasizing its core focus on fostering self-employment and micro-enterprise development.

#### **PN.4.12. Amount of loan disbursed vs the amount of loan applied for.**

**Fig: PN.4.12**



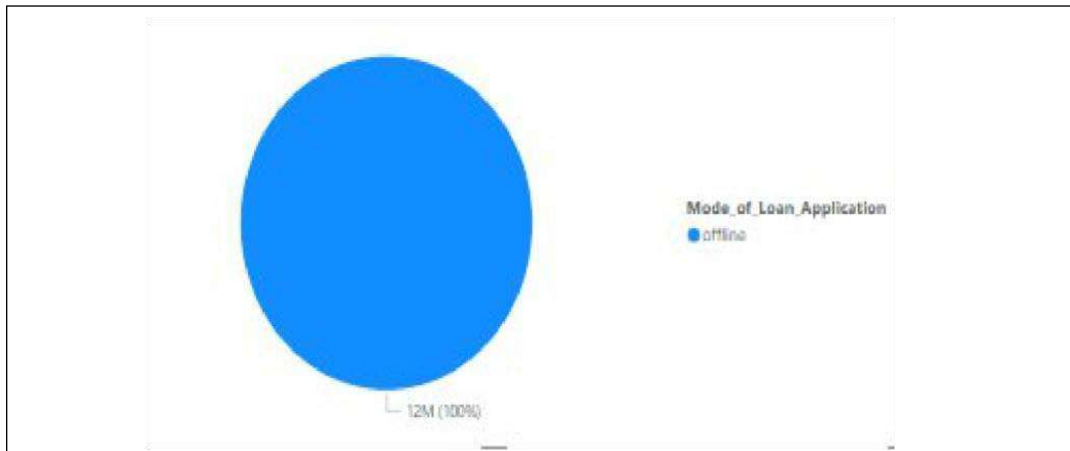
**Table: PN.4.12**

Metric/category	Observations	Insights
Amount Applied For (Left Graph)	Sharp peak at Rs 200,000, very low for other amounts.	Most applicants requested Rs 200,000; it is the dominant loan size.
Amount Received	Highest at Rs 200,000, minimal for other amounts.	Indicates higher approval and disbursement for Rs 200,000 loans.
Amount Disbursed	Matches received trend — large at Rs 200,000, low elsewhere	High disbursement confirms strong institutional preference or high demand at this amount.
Amount Still Unpaid	Noticeable peak at Rs 200,000, though lower than amounts received/ disbursed.	Suggests repayment issues are concentrated in this loan segment.
Profit After Loan (Right Graph)	Decreases sharply with lower profit brackets; large reduction in "Other" category (-72).	Borrowers with lower profits correspond to lower loan disbursement; "Other" category may represent higher-
Final Loan Disbursement	Remains only slightly positive (4) for Rs 250,000 category; almost no loans disbursed in higher amounts	Risk or loss-making groups. Very limited support or Success for larger loans.
"Other" Category Impact	Significant reduction in amount disbursed (-72).	Indicates possible cancellations, defaults, loan or Nonperforming loans unspecified categories.in

The Rs 200,000 loans dominate across all metrics applied, received, disbursed, and unpaid indicating this is the most targeted and preferred loan size. However, this segment also shows the highest unpaid amounts, highlighting it as a key area for credit risk management. Additionally, as borrowers' profits decrease after taking the loans, the amount disbursed also drops significantly, suggesting either cautious lending behaviour by the lender or underperformance by borrowers. The substantial negative adjustment observed in the "Other" category signals potential issues with problematic or unclassified loans that require closer attention. Lastly, there is minimal uptake or success with larger loans, such as those of Rs 250,000 and above, indicating either lower demand or stricter approval policies, which further suggests a lack of diversification in the loan portfolio.

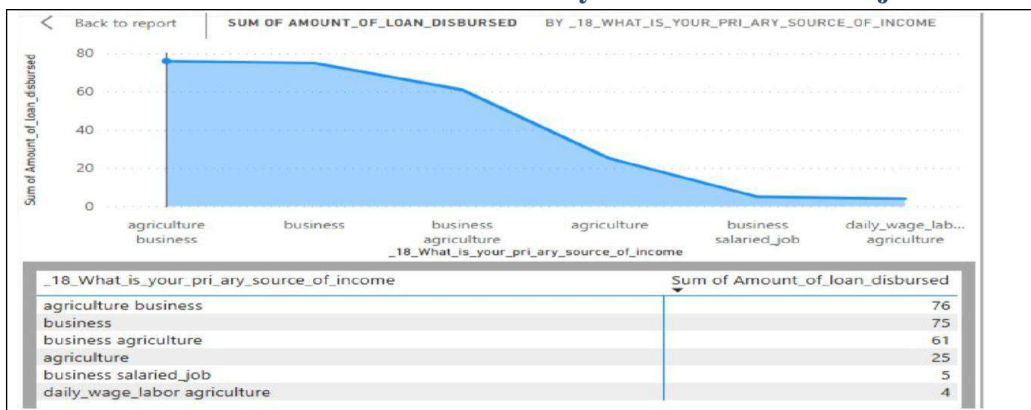
### PN.4.13. Mode of Loan application

Fig: PN.4.13



The pie chart clearly shows that 100% of the loan applications, totaling 12 million, were submitted through the offline mode, with no applications received online. This complete reliance on offline channels indicates a lack of digital adoption among borrowers, possibly due to limited awareness, inadequate infrastructure, or preference for in-person assistance. The absence of online applications suggests a significant opportunity for the institution to develop and promote digital channels, which could improve accessibility, enhance efficiency, reduce operational costs, and ultimately expand outreach to a wider customer base.

### PN.4.14. Income Profile of Beneficiary and Stated Loan Objective



The data indicates that the highest amounts of loans have been disbursed to individuals whose primary sources of income are agriculture business and general business, with disbursements of 76 and 75 respectively. This highlights a strong focus on supporting entrepreneurial and farming-related activities, which are likely viewed as having greater growth potential and repayment capacity. In contrast, pure agriculture received a moderate amount (25), and significantly lower disbursements were made to salaried employees and daily wage labourers, at only 5 and 4, respectively. This trend suggests a clear prioritization of businesses over other income sources, potentially due to perceived risk, expected returns, or the nature of funding requirements in these sectors.

## PN.4.15. Annual Family Household Income Pre vs Post Loan

**Table PN.4.15 (a): Annual Family income pre-loan**

Income Level	Responses	Percentage
Below 1.5 Lakh	21	32%
1.5–2.25 Lakh	31	47%
2.25–3 Lakh	14	21%
<b>Total</b>	<b>66</b>	<b>100%</b>

Before the loan, nearly half the beneficiaries (47%) were in the Rs 1.5–2.25 lakh income slab, while 31.8% were below Rs 1.5 lakh. Only 21.2% earned between Rs 2.25–3 lakh. This reflects a predominantly low income population prior to receiving loan support.

**Table PN.4.15 (b): Annual Family Income post-loan**

Income Level	Responses	Percentage
Below 1.5 Lakh	5	8%
1.5–2.25 Lakh	20	30%
2.25–3 Lakh	12	18%
Above 3 Lakh	29	44%
<b>Total</b>	<b>66</b>	<b>100%</b>

After the loan, 43.9% of beneficiaries shifted to the above Rs 3 lakh income bracket—an impressive improvement from zero earlier. The lowest slab reduced to just 7.6%, indicating strong upward movement in household incomes.

**Table PN.4.15(c): Change in income levels pre and post loan**

Income Level	Before %	After %	Change (%)
Below 1.5 Lakh	32%	8%	<b>-24.2%</b>
1.5–2.25 Lakh	47%	30%	<b>-16.7%</b>
2.25–3 Lakh	21%	18%	<b>-3.0%</b>
Above 3 Lakh	0%	44%	<b>44%</b>

The change analysis shows a strong upward mobility in income levels. The share of beneficiaries in both lower slabs decreased sharply (–23.9% and –17%), while the highest income category (above Rs 3 lakh) rose by 44%, showing substantial income improvement after the loan. Very few beneficiaries remain in the low-income groups, demonstrating a significant positive impact of the loan.

### **Average Monthly household income pre vs post loan uptake (in Rs.)**

The average monthly income of beneficiaries shows a strong improvement after availing the loan. Before the loan, the average income stood at Rs 15,320, reflecting a modest earning level. Following the loan, the average monthly income increased to Rs 24,156, indicating an uplift of Rs 8,836 per month. This represents a significant income growth of approximately 58%.

## PN.5. Analysis of the Loan Access, Utilisation, and Impact Assessment

### PN.5.1. Time taken by the beneficiaries in obtaining loans from SCA

Table: PN.5.1

Months	Responses	Percentage
Up to 4 months	63	95%
4-6 months	3	5%
More than 6	0	0%
<b>Total response</b>	<b>66</b>	<b>100%</b>

Out of 66 total respondents, 63 (95%) reported that their loans were approved within four months, while only 3 respondents (5%) experienced approval delays extending to 4–6 months. No cases were reported where loan approval took more than six months.

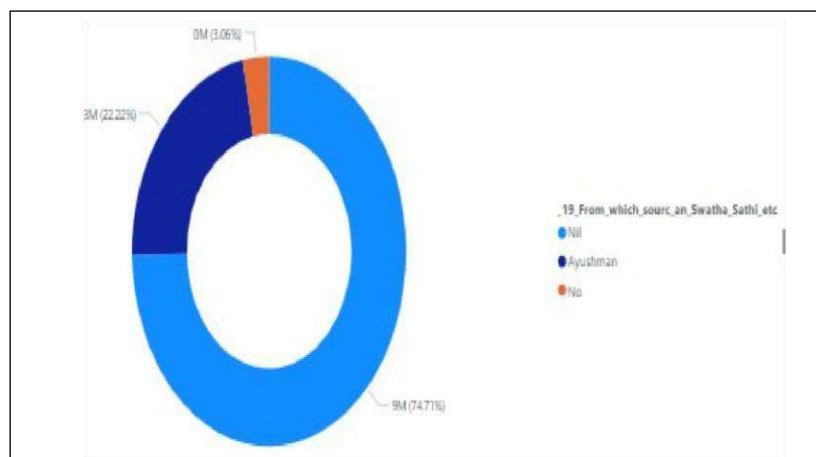
This indicates a high efficiency level in the loan approval process within the sample areas, suggesting that the majority of applicants received timely processing. The small percentage of delayed cases (4–6 months) could be attributed to documentation gaps or additional verification requirements.

### PN.5.2. Loan Utilization for Intended Purpose

The donut chart shows that 100% of the borrowers, have utilized their loans. This indicates complete usage of disbursed funds, suggesting that borrowers are actively investing the loan amounts for their intended purposes. Such full utilization implies effective absorption capacity and may reflect positively on borrower planning and the relevance of the loan products offered. It also indicates no instances of idle or unutilized funds, which is a favourable outcome from a lending and impact perspective.

### PN.5.3. Insurance & Risk Coverage

Fig: PN.5.3



The donut chart shows that 74.71% of Punjab beneficiaries receive health coverage through the Ayushman scheme, indicating strong uptake and effective implementation of this public

health initiative in the state. Meanwhile, 22.23% of respondents reported "Nil," suggesting they did not utilize or receive support from any health insurance source, potentially highlighting gaps in enrolment or awareness. Only a small fraction (3.06%) explicitly stated "No," which may represent either lack of access or insufficient scheme outreach. Overall, the high reliance on Ayushman demonstrates the significant role it plays in supporting healthcare needs among Punjab's beneficiaries, while also pointing to areas where further inclusion efforts are needed.

### Implications:

- **Strong scheme penetration:** The fact that nearly 75% of beneficiaries in Punjab are using Ayushman indicates good coverage and effective rollout of the health insurance program. This helps reduce out-of-pocket healthcare expenses and provides a financial safety net for vulnerable groups.
- **Gaps in awareness or enrolment:** About 22% reporting "Nil" coverage suggests that a significant portion of the population may still lack access to government-supported healthcare schemes, either due to eligibility issues, lack of awareness, or administrative barriers.
- **Marginal non-participation:** The small 3% "No" category shows that while minimal, there are still some individuals completely outside the health protection net, which could leave them financially vulnerable in case of health emergencies.

### Way-forward:

- **Targeted outreach and awareness campaigns:** Strengthen efforts to reach the "Nil" and "No" groups through community-level awareness drives, local health camps, and partnerships with village-level organisations to inform them about eligibility, benefits, and enrolment processes.
- **Simplify enrolment processes:** Address procedural and documentation hurdles that prevent eligible beneficiaries from enrolling in Ayushman or similar schemes. Providing door-to-door assistance or mobile enrolment units can help.
- **Regular monitoring and feedback:** Establish a robust system for tracking beneficiaries' experiences and challenges, allowing for timely corrective actions and policy adjustments. **Collaboration with local bodies:** Work with panchayats, NGOs, and self-help groups in Punjab to identify left-out households and facilitate their inclusion.
- **Integrate additional schemes:** Explore integrating other health schemes (like state-specific programs or private partnerships) to provide coverage to those currently reporting "Nil," ensuring no one is left without health protection.

### PN.5.4. Creation of NBCFDC loan schemes, rate of interest and facilitation of loan sanctions

Questions	Response	Yes (%)	Response No	No %	Total
Amount of interest rate found affordable & fair	54	81.8	12	18.2	66
Assistance received (directly or indirectly)	58	87.9	8	12.1	66

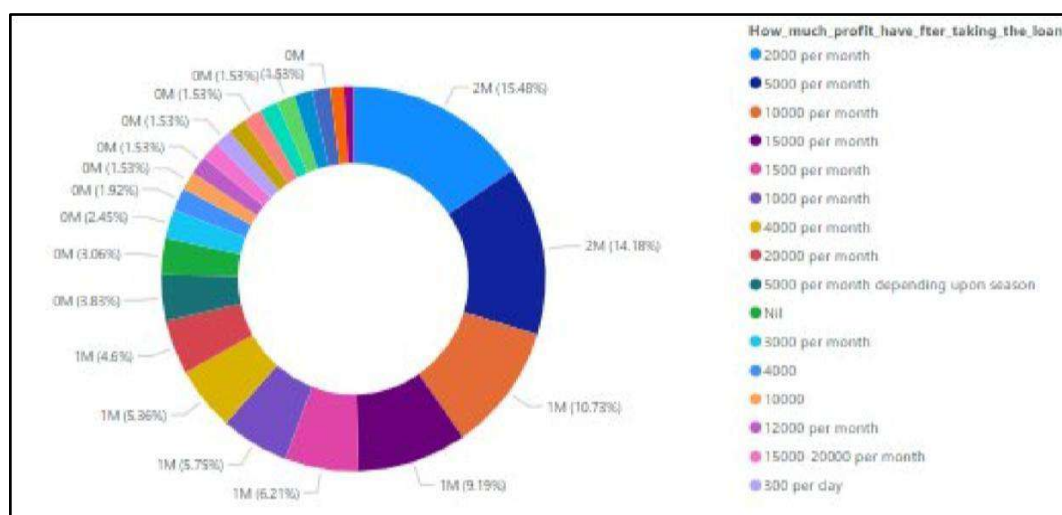
Questions	Response	Yes (%)	Response No	No %	Total
Missed instalments (any delay in repayment)	10	15.2	56	84.8	66

A large majority (81.8%) of respondents found the interest rate affordable and fair, suggesting that the lending institutions are offering loans at reasonable rates. Only 18.2% expressed dissatisfaction, which may be due to varying repayment capacities or comparisons with alternative credit sources. 87.9% of respondents confirmed receiving assistance directly or indirectly — possibly from staff, agents, or community facilitators — indicating a strong support system in accessing and managing loans. The 12.1% who did not receive assistance highlight a small gap where borrower outreach or facilitation could be improved. Only 15.2% of respondents reported missing any loan instalments, showing that most borrowers (about 85%) maintained regular repayments. This reflects positively on the borrowers’ repayment discipline and the viability of the loan schemes in the study area.

### PN.5.5. Post-Loan outcomes

The post-loan outcome analysis reveals that the majority of Punjab beneficiaries generated profits after utilising their loans, with a notable concentration in higher profit brackets of Rs 2 million. While profits vary widely, the overall trend shows that most beneficiaries successfully turned their loan capital into income, reflecting strong business potential and efficient use of funds. Only a small portion reported minimal or no profits, suggesting that repayment challenges may be limited to a few cases. The wide profit range, from small monthly gains to substantial high-end returns, highlights both opportunities for scaling successful businesses and the need for tailored support to uplift lower performing borrowers. Overall, the data points to a generally positive economic impact, with significant improvements in beneficiaries’ income levels and financial resilience after receiving loans.

**Fig: PN.5.5**



### PN.5.6. Creation of Assets

The following assets were created from the uptake of the loan:

**Table: PN.5.6**

Asset Category	Responses (Yes)	Percentage
Purchase of Raw Materials	64	97%
Purchase of Tools & Machinery	62	94%
Business Expansion / New Space	56	85%
Working Capital	18	27%
<b>Total Beneficiaries Counted</b>	66	100%

## **PN.6. Analysis of the Perception-Based Assessment of Loan Experience and Impact through Likert Scale.**

To assess beneficiaries' perceptions and experiences, a set of Likert scale questions was included in the survey. Respondents were asked to rate their satisfaction with loan services, the impact of the loan on their social and economic well-being, and changes related to women's empowerment. Each set of statements was rated on a standard 5-point scale (sometimes series 1-5), tailored to the theme. The findings from the Likert scale analysis have been shown through visualizations in their respective sections, given below:

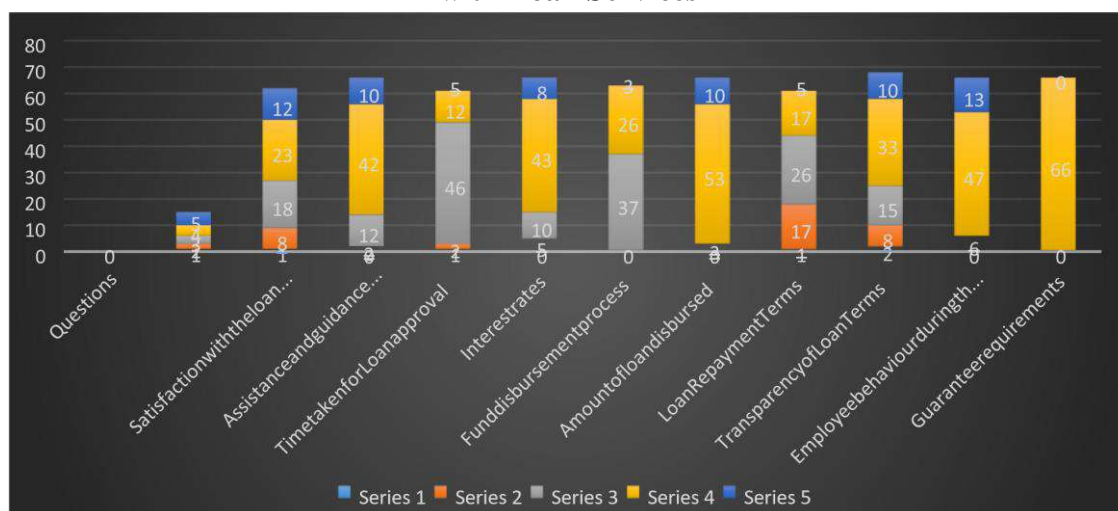
### **PN.6.1. Satisfaction with Loan Services**

The responses to the questions in the Likert scale for this category have been tabulated, and the observations are given below.

**Table PN.6.1 (a): Likert responses on questions related to Satisfaction with Loan Services**

Questions	Number of respondents for each rating				
	1	2	3	4	5
Satisfaction with the loan scheme availed	01	08	18	23	12
Assistance and guidance provided by the Agency	00	02	12	42	10
Time taken for Loan approval	01	02	46	12	05
Interest rates	00	05	10	43	8
Fund disbursement process	00	00	37	26	03
Amount of loan disbursed	00	00	03	53	10
Loan Repayment Terms	01	17	26	17	05
Transparency of Loan Terms	02	08	15	33	10
Employee behaviour during the lending process	00	00	06	47	13
Guarantee requirements	00	00	00	66	00

**Figure PN.6.1 (i): Distribution of Likert responses on questions relating to Satisfaction with Loan Services**



### Analysis:

- Complete utilization of loans (100%):** The chart showing that all beneficiaries utilized their loans (100% "yes") strongly indicates that the loans met an immediate need and were relevant to borrowers' requirements. This points to a high level of initial satisfaction with accessibility and disbursement processes.
- Profits achieved post-loan:** The profit distribution chart reveals that almost all borrowers generated some profit after taking the loan. The largest segments fall into higher profit brackets (Rs 2M and Rs 1M), suggesting that a majority of borrowers experienced tangible economic benefits, leading to high satisfaction with the effectiveness of the loan.
- Very few non-profitable cases:** The minimal share of respondents reporting "Nil" or very low profits implies that most loans did not result in business failure or unproductive usage. This further indicates positive outcomes and likely satisfaction.
- Diverse profit levels show inclusivity:** The range of profit levels—from moderate monthly profits to largescale returns suggests that loans served different types of borrowers, from small vendors to larger agribusinesses. While lower-profit groups may need additional support, even these borrowers managed to generate returns, which is a sign of reasonable satisfaction.
- Strong impact on economic resilience:** High profit outcomes imply improved financial stability, better repayment capacity, and enhanced livelihood, which are key indicators of satisfaction from both economic and social perspectives.

Taken together, the complete utilization of loans and widespread profitability suggest that the overall satisfaction with loan services among Punjab beneficiaries is high. Most borrowers appear to view the loans as effective tools for growth and income generation. However, supporting lower-profit borrowers further (through training or market linkage support) can help maintain and even enhance satisfaction levels going forward.

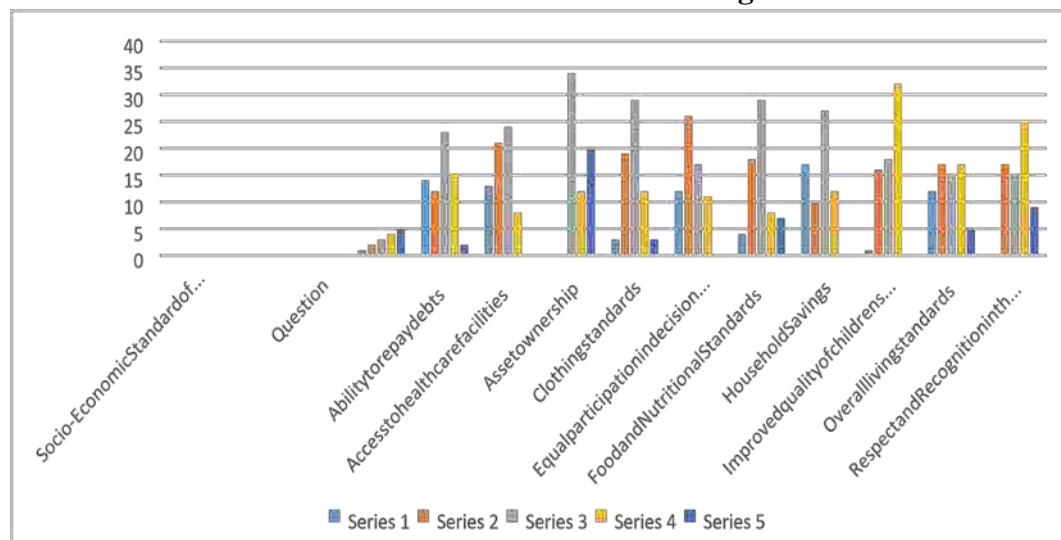
## PN.6.2. Socio-Economic Standard of Living

The responses to the questions in the Likert scale for this category have been tabulated, and the observations are given below.

**Table PN.6.2 (a): Likert responses on questions relating to Socio-Economic Standard of Living**

Question	Number of Responses according to scale				
	1	2	3	4	5
Ability to repay debts	14	12	23	15	02
Access to healthcare facilities	13	21	24	08	00
Asset ownership	00	00	34	12	20
Clothing standards	03	19	29	12	03
Equal participation in decision making	12	26	17	11	00
Food and Nutritional Standards	04	18	29	08	07
Household Savings	17	10	27	12	00
Improved quality of children s education	1	16	18	32	00
Overall living standards	12	17	15	17	05
Respect and Recognition in the community	0	17	15	25	09

**Figure PN.6.2 (i): Distribution of Likert responses on questions relating to Socio-Economic Standard of Living**



**Analysis:** The x-axis lists various indicators of socio-economic improvement (e.g., ability to repay debts, access to healthcare, asset ownership, clothing standards, equal participation, food and nutrition, savings, quality of children's life, living standards, respect and recognition, etc.). The y-axis shows frequency or score values (ranging up to about 40). There are five different series (Series 1 to Series 5), likely representing different groups or time points.

- **Socio-economic standard & question (leftmost columns):** Very low scores in all series, suggesting these are baseline or reference categories.
- **Ability to repay debts:** Moderate scores, especially higher in Series3 and Series2. This shows improvement in financial independence and repayment capacity for many.
- **Access to healthcare facilities:** Mid-level scores across all series, highest in Series3. Indicates moderate to good improvement in healthcare access.
- **Asset ownership:** Series3 stands out with the highest score (~35), showing a significant gain in tangible economic assets among that group.
- **Clothing standards, equal participation, food and nutritional standards:** Moderate to high scores across most series, suggesting loans had a positive impact on daily living standards and social inclusion.
- **Household savings:** Series3 again has the highest value, indicating better financial security and savings habits among that group.
- **Improved quality of children’s life:** Notable scores, particularly higher in Series4 (~35), reflecting strong perceived impact on family well-being.
- **Overall living standards:** Strong scores in Series4, indicating perceived broad improvement in lifestyle and comfort.
- **Respect and recognition in society:** Moderate to high scores, especially higher in Series4 and Series3, showing social empowerment outcomes.

The chart indicates that loan support and related interventions have had a multi-dimensional positive impact on Punjab beneficiaries, especially in Series 3 and Series 4 groups. There is clear progress in economic stability (debt repayment, assets, and savings), living standards, and social empowerment.

However, further support is needed for groups with lower scores (Series 1 and Series 5), emphasizing the importance of inclusive program design, continuous monitoring, and targeted capacity building to ensure no one is left behind.

### PN.6.3. Parameter Analysis of the Empowerment of Women

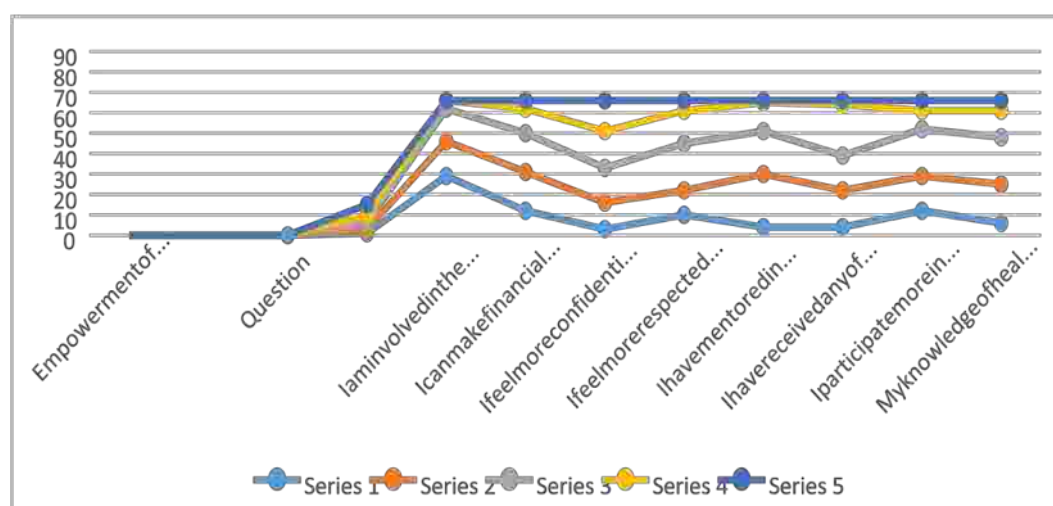
The responses to the questions in the Likert scale for this category have been tabulated, and the observations are given below.

**Table PN.6.3(a): Likert responses on questions relating to the Empowerment of Women**

Question	Number of responses as per the scale				
	1	2	3	4	5
I am involved in the decision of Education/Marriage	29	17	16	04	00
I can make financial decisions independently	12	19	19	12	04
I feel more confident in solving problems	03	13	17	18	15
I feel more respected family and community	10	12	23	16	05
I have mentored in accessing loans	04	26	21	14	01

Question	Number of responses as per the scale				
	1	2	3	4	5
I have received any of my business or work	04	18	17	25	02
I participate more in community events	12	17	23	09	05
My knowledge of health rights has improved	06	19	23	13	05

**Figure PN.6.3 (i): Distribution of Likert responses on questions relating to the Empowerment of Women**



### Analysis:

The line chart illustrates various dimensions of **women's empowerment** across different groups (Series1 to Series5). Overall, Series4 and Series5 show consistently high levels of empowerment across all parameters, suggesting that these groups have experienced the strongest positive outcomes.

- **Strongest empowerment in Series 4 and Series 5:** High and steady lines indicate better outcomes in almost all aspects, especially in decision-making, financial independence, and community participation.
- **Moderate results in Series 2 and Series 3:** Scores are generally mid-range, indicating some empowerment benefits but still needing further support to reach higher levels.
- **Lowest empowerment in Series 1:** Very low across most indicators, suggesting this group may lack access to opportunities, training, or supportive environments.
- **Key high-scoring areas:** "I am involved in decisions", "I can make financial decisions", and "I participate more in community" consistently score high in Series4 and Series5, highlighting progress in autonomy and public engagement.
- **Social respect and mentoring:** Moderate to high scores suggest that women in stronger performing groups are gaining respect and mentoring others, indicating ripple effects of empowerment.

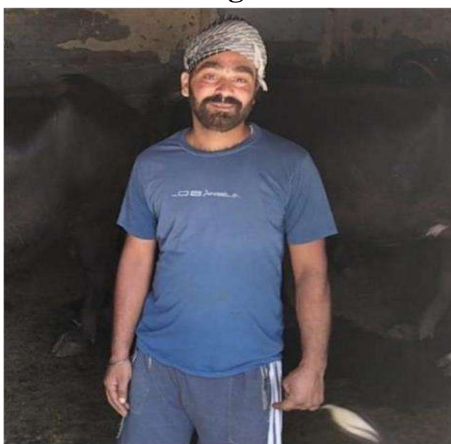


- **Improve applicant awareness and support:** Conduct targeted workshops or counseling to guide applicants on eligibility criteria, required documents, and obligations to reduce errors and drop-offs.
- **Enhance follow-up and engagement:** Proactive communication (calls, visits, SMS reminders) can help address issues like missing documents or unclear requirements early, reducing cancellations.
- **Simplify documentation process:** Streamline and digitize forms and checklists to make it easier for applicants to comply, reducing procedural rejections.
- **Analyse repeated reasons:** Study the frequent reasons for cancellation (e.g., nonpayment, NDC missing) to design corrective interventions or policy adjustments.
- **Community-based outreach:** Work with local organizations to identify and mentor applicants, especially in rural or vulnerable groups, ensuring they complete the process successfully.

The chart reveals a very high rate of loan cancellations, highlighting critical gaps in screening, guidance, and process support. To improve acceptance and impact, it is essential to focus on strengthening pre-application checks, simplifying processes, and actively supporting applicants throughout their journey.

## Success Stories

### 1. Shamsher Singh



Name of SCA	Punjab Backward Classes Land Development & Finance Corporation (BACKFINCO)
Name of Scheme	Agriculture & Allied
Name of Beneficiary	Shamsher Singh
Age	32
Address	VPO- Bohru, Tehsil & Distt- Amritsar
Project Details	Dairy Farm
Cost of Project	Rs 10 Lakhs
Loan Amount	Rs 2 Lakhs

Date of Disbursement	28-10-2021
Income before & after taking the Loan	Rs 2000/- & Rs 8,000/- (per month)

Shamsher Singh, a 32-year-old resident of VPO- Bohru, Tehsil & Distt- Amritsar, always dreamt of running his own dairy farm to provide a better future for his family. Despite his ambition, limited financial resources and a meagre monthly income of just Rs 2,000 kept his dream out of reach. Determined to change his life, Shamsher approached the **Punjab Backward Classes Land Development & Finance Corporation (BACKFINCO)** under the **NBCFDC Agriculture & Allied scheme**. In October 2021, he received a loan of Rs 2 lakhs as part of Rs 10 lakh dairy farming project. This crucial financial support enabled him to purchase high-yield dairy cattle, improve shed facilities, and buy quality feed and veterinary care essentials. Within a short period, Shamsher's monthly income increased significantly rising from Rs 2,000 to Rs 8,000.

This fourfold increase not only improved his family's standard of living but also allowed him to save, invest in his children's education, and contribute more actively to his village community. Today, Shamsher is recognized as a role model in his area, inspiring other young farmers to follow their dreams with confidence.

Shamsher Singh's journey highlights the transformative impact of NBCFDC loans, empowering beneficiaries from backward classes to achieve self-reliance and economic upliftment. His story is a testament to the power of determination supported by timely and targeted financial assistance.

## 2. Rekha



Name of SCA	Punjab Backward Classes Land Development & Finance Corporation
Name of Scheme	(BACKFINCO) Small Business (Loan intended for tailor shop)
Name of Beneficiary	Rekha
Age	32
Address	H.no. L-1/1029, New Gurnam Nagar, Sultanwind Road, Amritsar, PO- Amritsar,
Project Details	Tehsil & Distt- Amritsar Tailor Shop
Cost of Project	Rs 5 Lakhs

Loan Amount	Rs 2 Lakhs
Date of Disbursement	16-06-2021
Income before & after taking the Loan	Rs 500/- & Rs 10,000/- (per month)

Rekha, a 32-year-old resident of New Gurnam Nagar, Amritsar, had always dreamt of running her own tailor shop to support her family and become financially independent. Despite her talent and determination, she struggled to turn her skills into a stable business, earning only Rs 500 per month by taking small stitching orders from her neighborhood. In June 2021, Rekha's life took a transformative turn when she received support from the **Punjab Backward Classes Land Development & Finance Corporation (BACKFINCO)** under the **NBCFDC Small Business scheme**. Through this scheme, she received a loan of Rs 2 lakhs toward her Rs 5 lakh project cost to establish a tailor shop. With this financial assistance, Rekha purchased advanced sewing machines, set up a professional workspace, and stocked quality fabrics and accessories. Her business quickly gained popularity in the local community for its neat workmanship and modern designs. As a result, her monthly income skyrocketed from Rs 500 to Rs 10,000, empowering her to provide a better life for her family and save for her children's future.

Beyond financial gains, Rekha's confidence and social standing improved significantly. She now mentors other women in her area, encouraging them to develop their skills and start small businesses of their own. Rekha's journey beautifully showcases how access to timely credit and the right support can empower women to transform their lives, uplift their families, and inspire entire communities.

### Challenges Faced During the Survey

- **Lack of awareness and mistrust:** Some respondents were hesitant to share information or did not understand the purpose of the survey.
- **Adverse weather conditions:** Extreme heat, rain, or other weather challenges disrupted field visits.
- **Limited digital infrastructure:** Poor internet connectivity and lack of digital facilities made data entry and coordination difficult.
- **Time constraints:** Short timeframes for completing the survey affected the depth and accuracy of data collection.
- **Unavailability of respondents:** Many people were not available due to work commitments, seasonal migration, or other reasons.

### State-Specific Recommendations

The Punjab survey reflects a positive shift in rural credit absorption, with strong utilization, growing financial formalization, and entrepreneurial orientation. However, for long-term success and impact, the following areas need immediate attention:

**a. Strengthen awareness and outreach**

- Conduct extensive awareness campaigns at the village and block levels using local language (Punjabi) to educate people about NBCFDC loan schemes, eligibility, and benefits.
- Use community radio, local cable TV, gurudwara announcements, and panchayat meetings to spread information effectively.

**b. Simplify application procedures**

- Provide step-by-step guidance in Punjabi through printed leaflets, local workshops, and help desks at district offices.
- Establish mobile facilitation camps in rural areas to assist with form filling and documentation.

**c. Enhance role of local institutions**

- Involve panchayats, self-help groups (SHGs), and cooperative societies to identify eligible beneficiaries and support them throughout the loan application process.

Train local NGOs and community-based organizations to act as intermediaries and guide applicants.

**d. Capacity building and skill training**

- Organize skill development and entrepreneurship training programs aligned with the business activities supported by NBCFDC loans (e.g., dairy farming, tailoring, small shops).

Provide handholding support post-disbursement to ensure proper utilization of funds.

**e. Improve accessibility to finance**

- Open more facilitation centres and extension counters in remote areas to reduce travel costs and time for applicants.

Promote digital services (online application, status tracking) with local language support for easier access.

**f. Encourage women and marginalized groups**

Launch special drives to encourage women, landless labourers, and other vulnerable groups from backward classes to apply for loans.

- Appoint more female officers and create women-friendly help desks to support their participation.

**g. Create success stories and role models**

- Publicize successful entrepreneurs funded by NBCFDC loans through short videos, local events, and social media to inspire and motivate others.

To improve availing and utilization of NBCFDC loans in Punjab, it is recommended to strengthen awareness campaigns in local language, simplify application processes, involve community institutions, provide skill training, enhance financial accessibility, ensure timely disbursement and monitoring, actively encourage participation of women and marginalized groups, and highlight success stories to build confidence among potential beneficiaries.

\*\*\*\*\*





# **State Report**

---

# **Rajasthan**





## *State Report – Rajasthan*

### **R.1 Introduction**

#### **R.1.1 Background of the Rajasthan Other Backward Classes Finance & Development Cooperative Corporation Ltd**

The Rajasthan Other Backward Classes Finance & Development Cooperative Corporation Ltd. (also known as Raj OBCFDC) was established under the Rajasthan Cooperative Society Act, 1965. It was incorporated as a Cooperative Society on the 19th of April 2000 and began operations in May 2000 is a state-level corporation in Rajasthan focused on the socio-economic development of Other Backward Classes (OBCs). It provides financial assistance and other support to eligible OBC individuals and groups for self-employment ventures and skill development. The Raj OBCFDC is a State channelizing Agency (SCA) corporation that operates under the umbrella of the National Backward Classes Finance & Development Corporation (NBCFDC) and the Social Justice & Empowerment Department of the Rajasthan government

#### **R.1.2 Disbursement of loan under NBCFDC**

Rajasthan currently has 50 districts. These districts are organized into 7 divisions for administrative purposes. As per the data provided by the SCA, the total number of beneficiaries during the study period of 2020-22 who have been provided access to loan schemes is 2364. Out of these, 100% of the loans have been given under the Term loan in the individual loan category for traditional small businesses. The distribution of beneficiaries across some of the districts of Rajasthan for the years 2020- 22 is given below:

**Table: R.1.2.1 District-wise Distribution of Beneficiaries**

<b>Districts</b>	<b>Number of Beneficiaries</b>
Ajmer	08
Jaisalmer	96
Sawai Madhopur	103
Jodhpur	10
Jhalawar	10
Karauli	05
Poly	20
Sri Ganganagar	05
Tonk	08
Hanumangarh	10
Churu	07
Baran	11

Out of the total amount, the loans have been disbursed under the Mahila Samridhhi Yojana (MSY), Micro Credit Scheme (MCS), and the Term Loan Scheme. Out of the total loan, the average loan provided is Rs 50,000/- and the average time taken to process the loan is 03 months. A majority of the loans have been availed for setting up small businesses such as kirana (grocery) shops, tailoring units, and tea stalls.

### **R.1.3 Sample Population**

A sample size of 34 beneficiaries and 34 non-beneficiaries was determined in consultation and as per the terms of reference given by NBCFDC for the state of Sikkim as per the sampling plan for the study. Beneficiaries were interviewed through random sampling from the list of beneficiaries given by the SCA. Beneficiaries were covered from districts of Ajmer and Jaisalmer. The interviews were done through the Kobo tool and a structured closed-ended questionnaire.

### **R.1.4 Sample Design Selection of Districts**

The state of Rajasthan was selected for this evaluative study as per the proposed sampling plan. The State Channelizing Agency selected for this evaluation was the Rajasthan Other Backward Classes Finance & Development Cooperative Corporation Ltd. Therefore, the districts for which consent was received became part of the present study. These districts were selected in consultation with Raj OBCFDC.

### **R.1.5 Sources of Data**

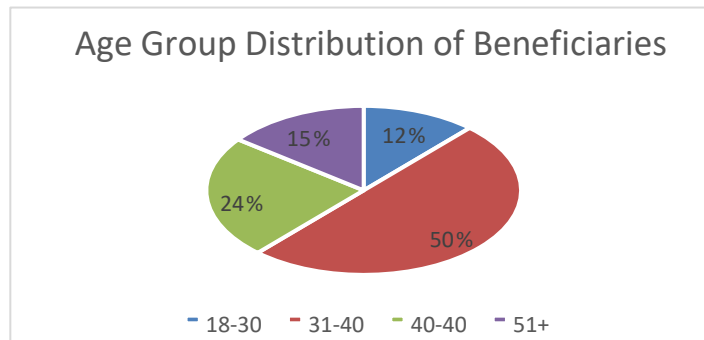
This was an empirical study intending for an evaluation of the lending schemes already implemented. The list of the beneficiaries for Term Loan and Micro-finance schemes of NBCFDC for the period of study (2020-23) was shared by Raj OBCFDC, which comprised the name and other details of the beneficiaries of the loan schemes. All the willing beneficiaries were contacted through the Raj OBCFDC (State Channelizing Agency) and were verified from the available list of beneficiaries.

The evaluation for various other parameters like the utilization ratio, loan recovery ratio/mechanism, number of defaulters and the mechanism of monitoring done for these loans by the SCAs has been collected through the questionnaires in Kobo toolbox. Additionally, information has also been gathered from their websites and annual reports.

## **R.2 Analysis of the Socio-Economic Parameters**

### **R.2.1 Age group distribution**

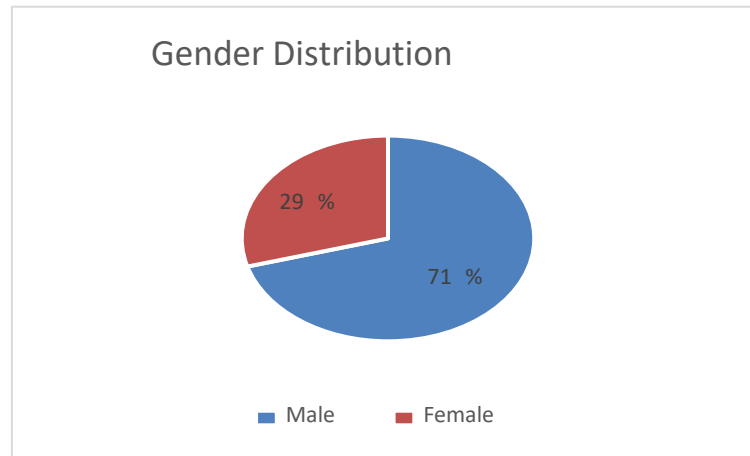
**Figure: R.2.1.1**



The age distribution shows a concentration in the working-age population. 12% of the surveyed beneficiaries belong to the age of 1830 years, 50% belong to the group of 31-40 years, 24% belong to the 41-50 years age group and 15% were above 51 years.

### **R.2.2 Gender**

**Figure: R.2.2.1**



Among the respondents, 71% are male and 29% are female. This indicates higher participation by men potentially reflecting outreach patterns, availability, or interest. It underscores the need to strengthen gender inclusive efforts and address barriers to women’s participation to achieve more balanced representation and equitable access to opportunities.

### **R.2.3 Aadhaar Card Ownership**

All respondents (100%) possess an Aadhaar card, indicating complete coverage in terms of national identification. This comprehensive inclusion serves as a vital enabler for accessing government benefits and financial services. It also suggests that identity-linked schemes can be implemented effectively within this group, ensuring targeted delivery and improved administrative efficiency.

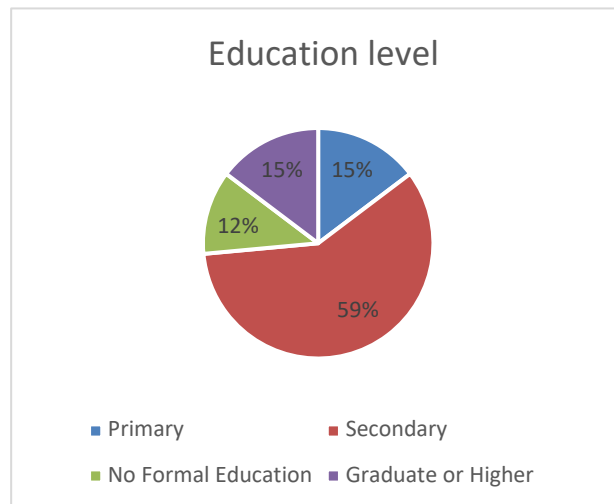
### **R.2.4 Type of Bank Account**

All respondents (100%) reported holding a normal savings bank account, highlighting a strong level of financial inclusion. The absence of Jan Dhan or basic accounts suggests that

beneficiaries are already integrated into formal banking systems and may be engaged with digital banking and institutional lending. This reflects a financially aware group with access to standard banking services, enabling smoother participation in credit-linked programs.

### R.2.5 Education Level

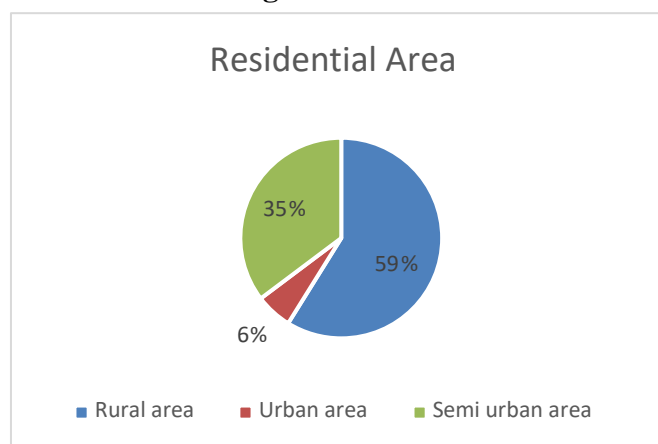
**Figure: R.2.5.1**



Education levels skew toward secondary schooling (59%), with 15% having primary, 12% reporting no formal education, and 15% holding graduate or higher qualifications. This mix signals a need to strengthen foundational and bridge-to-secondary learning for the least educated, while leveraging the better-educated segment for advanced skilling, leadership roles, and entrepreneurship support.

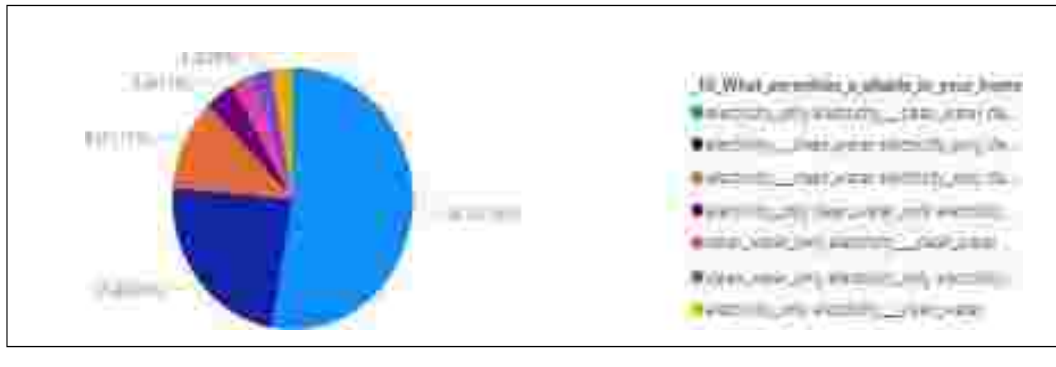
### R.2.6 Residential Area

**Figure: R.2.6.1**



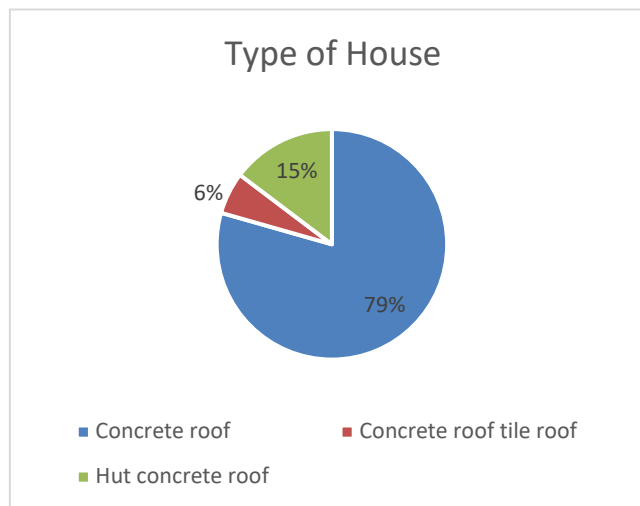
Residential Area Most respondents reside in rural areas (59%), followed by semi-urban (35%), with a small share from urban areas (6%). This distribution points to a predominantly rural reach and suggests prioritizing delivery, communication, and support mechanisms for rural and semi-urban contexts, with lighter, targeted efforts for urban settings.

**Figure: R.2.6.2**



### R.2.7 Type of House

**Figure: R.2.7.1**



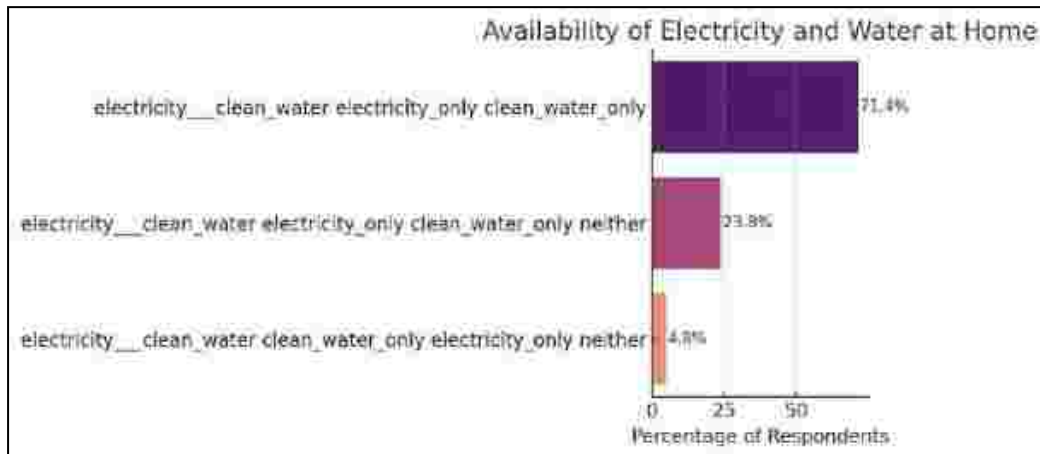
A large majority (79%) live in concrete roof houses, while 6% report concrete + tile roofs and 15% live in hut type/concrete-roof structures. This suggests most dwellings are structurally sound, but about one-fifth of households occupy relatively less robust housing— warranting targeted housing-improvement and resilience support for these groups.

### R.2.8 Ownership of Residence

All respondents (100%) reported owning their houses, with none residing in rented or leased accommodation. This complete homeownership rate is particularly noteworthy, reflecting strong asset security and stability, especially in rural and semi-urban contexts where generational housing and family-based landholding are prevalent.

### R.2.9 Electricity and Water Availability at Home

**Figure: R.2.9.1**

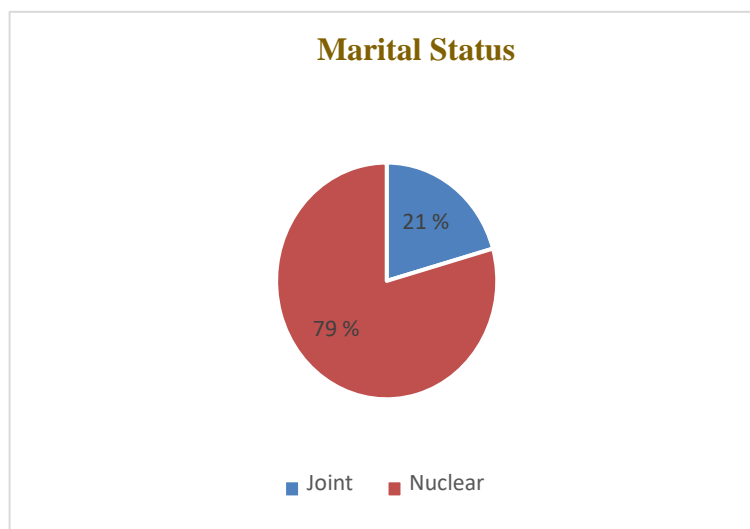


The data reveals a Varied Picture Regarding the Availability of basic Utilities Like **Electricity and clean Water**. A plurality of Respondents, **42.9%** Reported Having Access to **Both electricity and clean water**—which is a positive sign of basic infrastructure penetration in the region. However, a significant portion, **23.8%**, reported having access to **only electricity**, and another **19.0%** reported access to **only clean water**. Alarming, **14.3%** of the respondents stated that they had **neither electricity nor clean water** in their homes.

This distribution indicates a clear infrastructure divide. While nearly half of the households enjoy adequate utility services, a substantial minority still live in precarious conditions. The lack of either electricity or clean water—particularly when both are absent—represents a severe barrier to quality of life, health, education, and economic productivity.

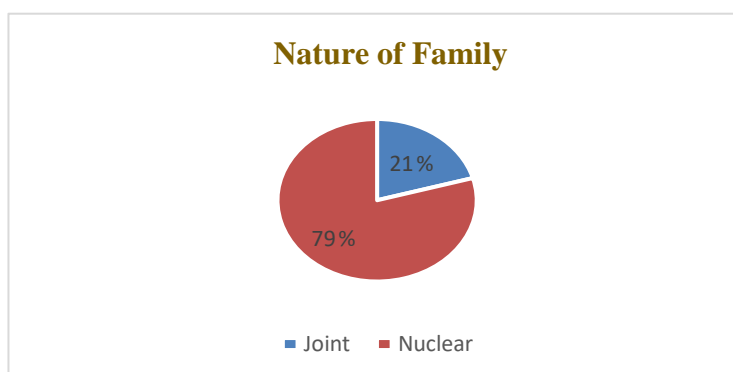
### R.2.10 Marital Status

**Figure: R.2.10.1**



### R.2.11 Nature of Family

**Figure: R.2.11.1**



Most respondents (**88%**) are **married**, with **12%** **single**. The predominance of Married participants implies many households may have dependents, shaping priorities around income stability, housing, and access to family-oriented social benefits. Program design should reflect family needs while retaining tailored support for single respondents.

A large majority of respondents (**79%**) **live in nuclear families**, while **21%** are part of joint families. The predominance of nuclear households may imply fewer shared income buffers and caregiving support, increasing reliance on external assistance. Programs should prioritize income stabilization, Childcare/eldercare support, and house hold level financial planning for nuclear families, while tailoring outreach for joint-family dynamics as needed.

### **R.2.12 Annual Family household Income Pre-loan and Post-loan**

**Table: R.2.12.1 Annual Family Household Income before loan uptake**

Income Levels	Response	Percentage
Below 1.5 Lakh	14	41%
1.5-2.25 Lakh	8	24%
2.25 Lakh -3 Lakh	12	35%
<b>Total count</b>	<b>34</b>	<b>100%</b>

The income distribution shows that a significant share of respondents—**41%**—fall in the **below 1.5 lakh** annual income category, indicating a predominantly low-income population. Another **24%** earn between **1.5–2.25 lakh**, while **35%** fall in the **2.25–3 lakh** bracket. Together, nearly **59%** of respondents earn above 1.5 lakh annually, suggesting a gradual upward shift toward moderate income levels.

**Table: R.2.12.2 Annual Family household Income after loan uptake**

Income Levels	Response	Percentage
Below 1.5 Lakh	6	18%
1.5-2.25 Lakh	10	29%
2.25 Lakh -3 Lakh	13	38%
Above 3 Lakh	5	15%
<b>Total count</b>	<b>34</b>	<b>100</b>

Table above shows a visible upward shift in income levels following financial assistance from NBCFDC. Only 18% of households report earning an annual household income below ₹1.5 lakh, 29% between ₹1.5–2.25 lakh, 38% reached ₹2.25–3 lakh, and 15% exceeded ₹3 lakh. This distribution indicates that less than one-fifth of households now remain in the lowest bracket, and a significant proportion has moved into higher income tiers, with a majority (53%) earning ₹2.25 lakh or more.

**Table: R.2.12.3 Change in Income Levels: Pre vs. Post Loan Uptake**

Income Level	Before (Count, %)	After (Count, %)	Change
Below 1.5 Lakh	14 (41%)	6 (18%)	-23 %
1.5–2.25 Lakh	8 (24%)	10 (29%)	5%
2.25–3 Lakh	12 (35%)	13 (38%)	3%
Above 3 Lakh	0 (0%)	5 (15%)	15%

The income distribution shows a clear upward shift in earning levels after intervention. The proportion of beneficiaries earning below 1.5 lakh dropped sharply from 41% to 18%, indicating a significant reduction in low-income households. At the same time, the middle-income brackets strengthened: the 1.5–2.25 lakh group increased from 24% to 29%, and the 2.25–3 lakh category rose from 35% to 38%. A notable improvement is the emergence of a new Above 3 lakh income group, increasing from 0% to 15%, reflecting upward mobility and enhanced economic stability.

### R.2.13 Average Monthly Household Income Pre vs Post loan uptake (in Rs)

Before taking the loan, the beneficiary’s average monthly income was **₹15,000**, which indicates a modest earning level with limited capacity for savings or business expansion. After receiving the loan and utilizing it for business improvement, the average monthly income increased to **₹25,000**. This reflects a **₹10,000 rise**, equivalent to a **67% increase in monthly income**.

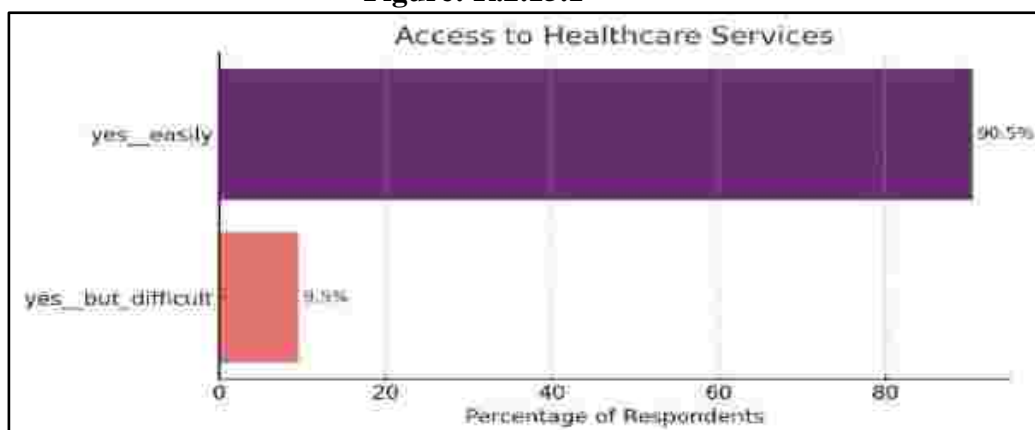
### R.2.14 Employment Status

The employment profile of the beneficiaries underscores complete reliance on informal, own-account work: 100% of respondents are self-employed. This points to a fully grassroots economic structure people running small shops, offering home-based services, or managing micro-enterprises especially suited to Sikkim’s rural and semi-urban contexts where large formal employers are scarce.

While this independence is adaptive, it also brings vulnerability. In the absence of business insurance, formal credit, market linkages, and structured training, these micro-enterprises face exposure to income shocks and limited pathways to scale. Targeted micro-finance, business development training, and connections to government/NGO livelihood programs would be particularly valuable to strengthen resilience and enable growth.

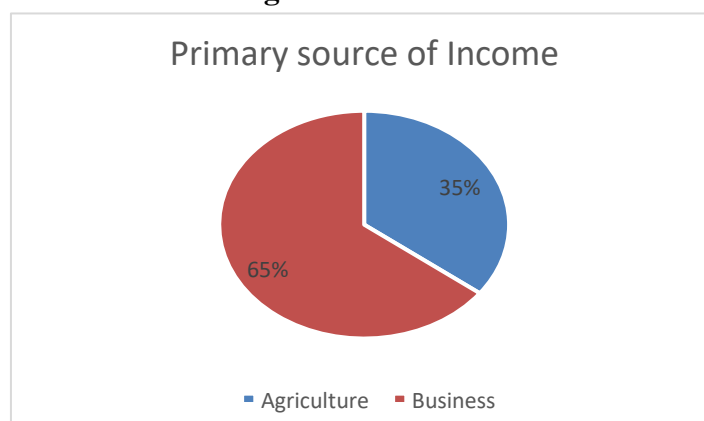
## R.2.15 Healthcare Access

Figure: R.2.15.1



## R.2.16 Nature of Work before uptake of loans

Figure: R.2.16.1



The primary source of income is **business (65%)**, with **agriculture (35%)**. This points to a strong reliance on small, local enterprises kiosks, services, and micro trades, suggesting the need for microfinance, bookkeeping/digital payments training, and market linkages. At the same time, over a third still depend on agriculture, calling for support through better inputs, extension services, and climate-resilient practices.

## R.3 Analysis of the Loan Access, Utilization, and Impact Assessment

### R.3.1 Time taken by the beneficiaries in obtaining loans from the SCA

Table: R.3.1 Time taken by the beneficiaries in obtaining loans from the SCA

Month Range	Responses	Percentage
Upto 4 months	25	81%
4-6 months	5	5%
More than 6 months	2	5%
Can't Recall	2	10%
<b>Total Response</b>	<b>34</b>	

The analysis of loan application–sanction timelines shows that **most beneficiaries received loans quickly**. Out of **34** responses, **25 (81%)** had their loans sanctioned **within up to 4 months** of application, indicating a generally efficient process. A small share reported delays: **5%** waited **4–6 months**, and **5%** waited **more than 6 months**. Additionally, **10%** could not recall the exact sanction time. Overall, the scheme appears effective in ensuring **timely credit access for the vast majority** of applicants.

### R.3.2 Purpose of Uptake of loan

**Table: R.3.2.1**

Question	Responses					
Purpose of uptake of loan	Working Capital	% of beneficiaries	New Business	% of beneficiaries	Business expansion	% of beneficiaries
	15	44%	7	21%	12	35%

As can be noted from Table R.3.2.1 above, the largest share of respondents (44%) reported taking loans primarily to meet working capital requirements—pointing to a need for credit to manage day-to-day operations and cash flows rather than long-term asset creation. 21% of beneficiaries used the loan to start a new business, indicating uptake for entrepreneurial entry, while 35% directed the loan toward business expansion, suggesting that credit is also enabling growth and diversification among existing enterprises. Utilization of loans for the intended purpose.

### R.3.3 Utilization of the Loan for the Intended purpose

It was observed that 100% of the beneficiaries utilized the loan for the intended purpose.

## R.4 Awareness of NBCFDC Loan Schemes, Rates of Interest & Facilitation of Loans Taken

A high awareness of the NBCFDC loans were seen amongst the beneficiaries. 100% reported to know about the NBCFDC loans through word of mouth, friends or relative. A key strength in the loan application process was the high level of beneficiary autonomy. A remarkable 95.2% of respondents claimed to have handled the loan process independently, without relying on intermediaries or facilitators. Only 4.8% reported taking help from a third party. 100% of the beneficiaries stated to having filled the forms online through the SCA. The loans for all beneficiaries (100%) were given through bank transfer.

### R.4.1 Awareness and Application Process

**Table: R.4.1 Awareness and Application Process**

Question	Response/ Yes	Response/ Yes in %	Response/No	Response/ No in %
Do you know the amount of interest rate on your loan	25	74%	9	26%

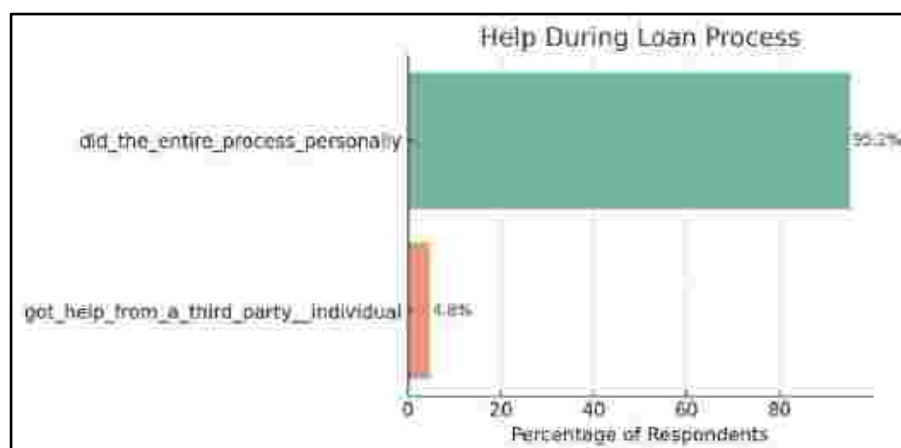
Question	Response/ Yes	Response/ Yes in %	Response/No	Response/ No in %
Whether assistance received directly in bank account	32	94%	2	6%
Have you missed any installments	29	85%	5	15%
Do you find the interest fair and affordable	12	35%	22	65%

Based on the responses presented in the above table, the majority of beneficiaries demonstrate reasonable awareness and benefit from transparent fund flow, though repayment stress and cost concerns are evident. **74%** report knowing the interest rate on their loan, while **26%** do not. Encouragingly, **94%** confirmed that assistance was received **directly into their bank accounts**, underscoring the effectiveness of DBT in ensuring timely and transparent disbursement. Repayment behaviour is a concern: **85%** respondents reported **missing at least one instalment**, with only **15%** stating they had not missed any—suggesting cash-flow volatility and repayment stress among many households. Perceptions of pricing mirror this strain: only **35%** find the interest **fair and affordable**, while **65%** do not. These findings point to the need for repayment counselling, flexible EMIs or short moratoriums during lean periods, and potential review of interest/subvention to enhance affordability for vulnerable borrowers.

When asked about awareness of other NBCFDC schemes, responses were limited, indicating that despite availing a loan, most beneficiaries were not familiar with the broader bouquet of loan products. This reveals a critical gap in outreach and awareness-generation efforts by implementing agencies.

#### R.4.2 Beneficiaries who did the applying process independently

**Figure: R.4.2 Beneficiaries who did the applying process independently**

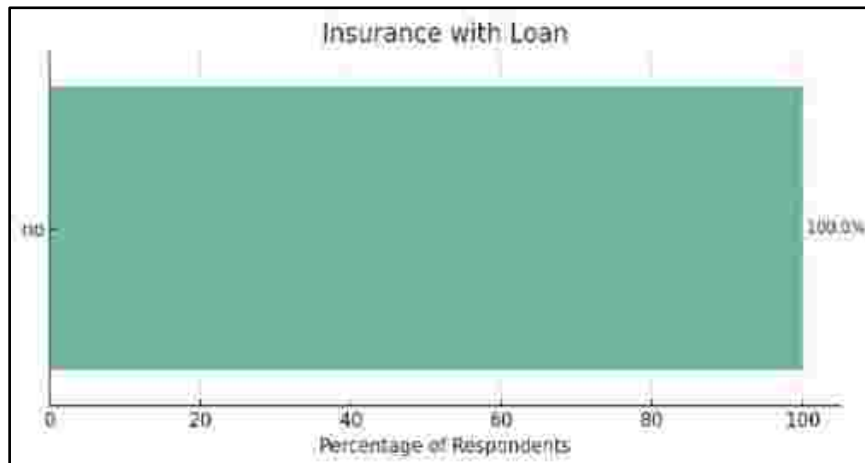


#### R.4.3 Insurance and Risk Coverage

Only a small number of beneficiaries reported taking insurance along with the loan. The majority either did not opt for or were not aware/offered insurance as part of the loan package.

This is a missed opportunity in terms of promoting financial protection. In populations that are economically fragile, insurance (especially health and life cover linked to the loan) can prevent households from falling back into poverty due to unforeseen crises. The low penetration of insurance points to an area that requires immediate attention—both from the lending institutions and financial literacy programs.

**Figure:-R.4.3.1**



#### R.4.4 Assets Creation

The following assets were created out of the loans:

**Table: R.4.4.1**

Question	Responses					
	Working Capital	% of beneficiaries	New Business	% of beneficiaries	Business expansion	% of beneficiaries
Assets created	15	44%	7	21%	12	35%

### R.5 Analysis of the Perception-Based Assessment of Loan Experience and Impact through Likert Scale

To assess beneficiaries’ perceptions and experiences, a set of Likert scale questions was included in the survey. Respondents were asked to rate their satisfaction with loan services, the impact of the loan on their social and economic well-being, and changes related to women’s empowerment. Each set of statements was rated on a standard 5-point scale, tailored to the theme.

The findings from the Likert scale analysis have been shown through visualizations in their respective sections given below:

#### R.5.1 Satisfaction with Loan Services

The responses on the questions in the Likert scale for this category has been tabled and the observations are given below.

**Table: R.5.1.1 Likert responses on questions relating to Satisfaction with Loan Services**

Questions	Number of respondents for each rating					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Satisfaction of the loan scheme availed	0	6	22	5	1	0%	18%	65%	15%	3%
Assistance and guidance provided by Agency	0	2	15	17	0	0%	6%	44%	50%	0%
Time taken for Loan approval	12	16	6	0	0	35%	47%	18%	0%	0%
Interest rates	0	1	17	16	0	0%	3%	50%	47%	0%
Fund disbursement process	2	18	5	9	0	6%	53%	15%	26%	0%
Amount of loan disbursed	8	20	2	4	0	24%	59%	6%	12%	0%
Loan Repayment Terms	0	4	12	18	0	0%	12%	35%	53%	0%
Transparency of Loan Terms	0	2	3	27	2	0%	6%	9%	79%	6%
Employee behaviour during lending process	0	1	27	6	0	0%	3%	79%	18%	0%
Guarantee requirements	0	0	4	25	5	0%	0%	12%	74%	15%

### Analysis:

- **Satisfaction with the loan scheme availed.**

Responses are largely neutral, with **65%** of beneficiaries rating the scheme a **3**. Even so, **18%** expressed satisfaction (**15%** “4”, **3%** “5”), while another **18%** reported dissatisfaction (**18%** “2”, **0%** “1”). This pattern suggests the scheme broadly meets minimum expectations but leaves room for stronger value-adds that could shift neutrals into the satisfied band.

- **Assistance and guidance provided by the agency.**

Perceptions are clearly positive overall: **50%** rated support as **4**, with a further **44%** neutral (**3**) and **6%** dissatisfied (**2**). The high satisfied share indicates agencies are playing a constructive facilitation role; improving handholding for first-time borrowers could convert many neutrals into satisfied respondents.

- **Time taken for loan approval.**

This is a pain point. A combined **82%** rated timelines poorly (**35%** “1”, **47%** “2”), with **18%** neutral and **0%** satisfied. Beneficiaries perceive approval speeds as slow or inconsistent, pointing to a need for tighter SLAs, clearer communication on document gaps, and queue transparency.

- **Interest rates**

Views are broadly acceptable but cautious: **47%** are satisfied (**4**), **50%** are neutral (**3**), and **3%** dissatisfied (**2**). While most do not find pricing objectionable, the large neutral block suggests rates are tolerable rather than attractive and could become stressful under income volatility.

- **Fund disbursement process.**

Experiences are mixed to weak: a majority **59%** reported dissatisfaction (**6%** “1”, **53%** “2”), **15%** were neutral, and **26%** satisfied (4). This indicates operational frictions post-approval (e.g., document rechecks, tranche delays), warranting process simplification and tighter bank– agency coordination.

- **Amount of loan disbursed.**

Expectations appear misaligned with sanctions: **83%** expressed dissatisfaction (**24%** “1”, **59%** “2”), only **6%** neutral, and **12%** satisfied (4). Many beneficiaries likely sought higher ticket sizes for inventory, equipment, or expansion than they ultimately received; recalibrating appraisal norms or layering top-up options could help.

- **Loan repayment terms.**

Sentiment is favorable overall: **53%** satisfied (4), **35%** neutral (3), and **12%** dissatisfied (2). Repayment schedules are generally seen as manageable, though a minority experiences rigidity—suggesting value in seasonal EMIs, grace periods, or temporary rescheduling during lean months.

- **Transparency of loan terms.**

A standout strength: **85%** reported satisfaction (**79%** “4”, **6%** “5”), with **9%** neutral and **6%** dissatisfied. Clear communication of costs, conditions, and obligations is building trust and should be maintained as standard practice.

- **Employee behaviour during the lending process.**

Interactions are professional but often perceived as routine: **79%** neutral (3), **18%** satisfied (4), and **3%** dissatisfied (2). While negative experiences are rare, more proactive guidance and empathy could lift many neutrals into the satisfied bracket.

- **Guarantee requirements.**

Requirements are widely viewed as acceptable: **89%** satisfied (**74%** “4”, **15%** “5”), **12%** neutral, **0%** dissatisfied. Even so, continued attention to borrower-friendly collateral/guarantee alternatives (e.g., partial guarantees, SHG/JLG backstops) will help keep access broad.

## R.5.2 Socio-Economic Standard of Living

The responses on the questions in the Likert scale for this category have been tabled and the observations are given below.

**Table: R.5.2.1 Likert responses on questions relating to Socio-Economic Standard of Living**

Question	Number of Responses according to scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Ability to repay debts	0	11	7	12	4	0%	32%	21%	35%	12%

Question	Number of Responses according to scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
Access to healthcare facilities	0	7	11	10	6	0%	21%	32%	29%	18%
Asset ownership	0	4	8	14	8	0%	12%	24%	41%	24%
Clothing standards	0	5	9	12	8	0%	15%	26%	35%	24%
Equal participation in decision making	0	12	14	6	4	0%	35%	41%	18%	12%
Food and Nutritional Standards	0	6	14	12	2	0%	18%	41%	35%	6%
Household Savings	0	4	13	10	7	0%	12%	38%	29%	21%
Improved quality of children s education	6	10	8	5	4	18%	29%	24%	15%	12%
Overall living standards	0	7	8	12	7	0%	21%	24%	35%	21%
Respect and Recognition in the community	0	6	8	12	8	0%	18%	24%	35%	24%

## Analysis:

- **Ability to repay debts.**

A clear plurality of beneficiaries express confidence in their capacity to service loans, with 47% satisfied (35% “4”, 12% “5”). Another 21% remain neutral, while 32% report dissatisfaction. Overall, repayment capacity looks reasonably strong, though nearly one-third still feel stretched—signalling a need for income-smoothing support and repayment counselling for vulnerable households.

- **Access to healthcare facilities.**

Perceptions lean positive but are far from emphatic: 47% satisfied (29% “4”, 18% “5”), 32% neutral, and 21% dissatisfied. The results suggest incremental improvements in access, yet availability, distance, or out-of-pocket costs likely keep many respondents on the fence.

- **Asset ownership.**

This is one of the stronger areas. A combined 65% report satisfaction (41% “4”, 24% “5”), 24% are neutral, and 12% dissatisfied. More than half see tangible gains in assets, though a non-trivial minority still struggles to convert credit into durable wealth—pointing to the value of asset-linked financing and guidance on productive investments.

- **Clothing standards.**

Household consumption appears to have improved meaningfully: 59% satisfied (35% “4”, 24% “5”), 26% neutral, 15% dissatisfied. The pattern indicates better provisioning for daily needs, albeit without a dramatic step-change for all families.

- **Equal participation in decision-making.**

Gains are modest and uneven. Only 30% are satisfied (18% “4”, 12% “5”), while 41% are neutral and 35% dissatisfied. While some beneficiaries perceive enhanced voice in household or enterprise decisions, many do not yet experience a clear shift—highlighting scope for gender-responsive training, joint financial planning, and leadership modules.

- **Food and nutritional standards.**

Outcomes are steady rather than striking: 41% satisfied (35% “4”, 6% “5”), 41% neutral, and 18% dissatisfied. The near-even split between satisfied and neutral suggests that while nutrition is improving, affordability and diet diversity remain constraints for a sizable segment.

- **Household savings.**

There are encouraging signs of resilience building: 50% satisfied (29% “4”, 21% “5”), 38% neutral, and 12% dissatisfied. Savings behaviour is strengthening for many, though it remains sensitive to income volatility and repayment cycles—underscoring the value of savings nudges and goal-based products.

- **Improved quality of children’s education.**

This is a concern area. Only 27% are satisfied (15% “4”, 12% “5”), 24% neutral, while a combined 47% report dissatisfaction (18% “1”, 29% “2”). Financial gains have not consistently translated into perceived improvements in educational quality, suggesting the need for targeted linkages (scholarships, remedial support, digital learning access).

- **Overall living standards.**

Perceptions are broadly positive: 56% satisfied (35% “4”, 21% “5”), 24% neutral, 21% dissatisfied. Most households recognise an uplift in day-to-day living, even if the change is gradual rather than transformative.

- **Respect and recognition in the community.**

Credit access appears to carry social dividends. 59% report satisfaction (35% “4”, 24% “5”), 24% neutral, and 18% dissatisfied. While not universal, nearly three in five beneficiaries feel their standing in the community has improved.

### R.5.2.2 Parameters analysis the Empowerment of Women

The responses on the questions in the Likert scale for this category have been tabled and the observations are given below.

**Table: R.5.2.2.1 Likert responses on questions relating to Empowerment of Women**

Question	Number of responses as per the scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
I am involved in the decision of Education/ Marriage	19	10	5	0	0	56%	29%	15%	0%	0%

Question	Number of responses as per the scale					% of Beneficiaries per response				
	1	2	3	4	5	1	2	3	4	5
I can make financial decisions independently	2	10	8	12	1	6%	29%	24%	35%	3%
I feel more confident in solving problems	7	13	12	1	0	21%	38%	35%	3%	0%
I feel more respected family and community	3	12	12	6	0	9%	35%	35%	18%	0%
I have mentored in accessing loans	14	6	9	4	0	41%	18%	26%	12%	0%
I have received any of my business or work	6	8	14	5	0	18%	24%	41%	15%	0%
I participate more in community events	2	7	12	9	3	6%	21%	35%	26%	9%
My knowledge of health rights has improved	0	3	12	13	5	0%	9%	35%	38%	15%

## Analysis:

- **Involvement in decisions on children’s education/marriage.**

The distribution tilts clearly toward low involvement: **56%** selected the lowest rating (**1**), **29%** rated **2**, and only **15%** were **neutral** (**3**). No one reported high satisfaction (**4–5 = 0%**). This points to limited say in major household decisions and indicates that empowerment on family-level choices remains a gap.

- **Ability to make financial decisions independently.**

Responses are more encouraging: **35%** reported being **satisfied** (**4**), with another **3%** **highly satisfied** (**5**). Still, **24%** are **neutral** and **35%** fall in the low band (**6%** “**1**”, **29%** “**2**”). Overall, a sizeable segment does feel financially empowered, but nearly one-third still experience constrained autonomy.

- **Confidence in solving problems.**

Perceptions are cautious: a combined **59%** sit in the low band (**21%** “**1**”, **38%** “**2**”), **35%** are **neutral**, and only **3%** report satisfaction (**4**), with **0%** highly satisfied. This suggests confidence building is yet to take root for most beneficiaries.

- **Feeling respected in family and community.**

Sentiment is mixed but improving: **35%** are **neutral** and another **35%** rate **2**, while **18%** report **satisfaction** (**4**) and **9%** are at **1**. Many do not perceive a strong change yet, though a meaningful minority reports better social recognition.

- **Mentoring or guiding others in accessing loans.**

Peer support is limited. A large **41%** selected **1**, **18%** chose **2**, **26%** are **neutral**, and only **12%** reported **satisfaction** (**4**). With **0%** at **5**, structured mentoring and borrower to-borrower knowledge sharing are not yet common.

- **Receiving support for own business or work.**

This area is largely **neutral**: **41%** rated **3**, with **24%** at **2**, **18%** at **1**, and **15%** satisfied (**4**). The pattern implies that while some assistance is reaching beneficiaries, many remain unsure about the adequacy or impact of that support.

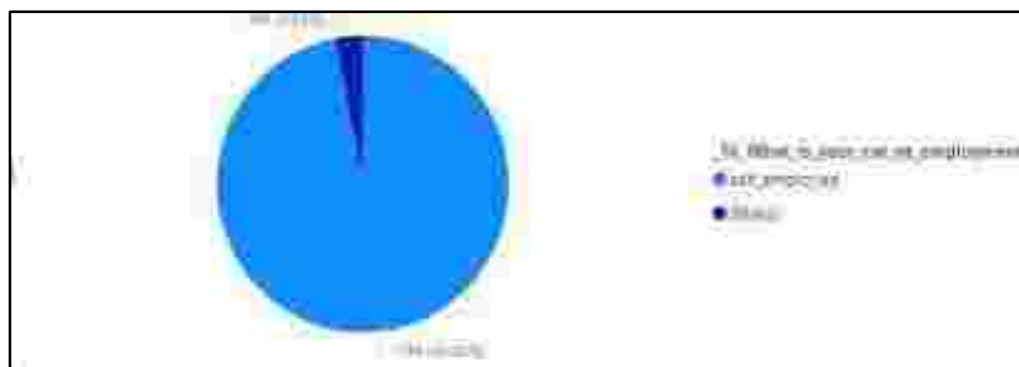
- **Participation in community events.**

Engagement is moderate and trending positive: **35% neutral**, **26% satisfied (4)**, and **9% highly satisfied (5)**. Still, **27%** are in the low band (\*\*6% “1”, 21% “2”), suggesting participation is growing but not yet widespread.

- **Knowledge of health rights has improved.**

This is one of the stronger empowerment outcomes: **38%** are **satisfied (4)** and **15% highly satisfied (5)**, with **35% neutral** and a small **9%** at **2**; **0%** reported the lowest rating. Awareness gains are visible and can be deepened through continued information and linkage activities.

**Figure: R.5.2.2**



## **R.6 Non-Beneficiary Analysis**

The non-beneficiary analysis of the Rajasthan survey reveals several critical insights into why many eligible individuals were unable to access the benefits of NBCFDC-supported schemes. A majority of non-beneficiaries belonged to marginalized communities, particularly from Other Backward Classes (OBC), and were engaged in low-income occupations such as daily wage labor, tailoring, and petty trading. Most had **low levels of education or were completely illiterate**, making them **unaware of the existence of schemes** like the Mahila Samridhi Yojana (MSY), Micro Credit Scheme (MCS), or the Term Loan Scheme. Lack of awareness emerged as a major barrier, with many individuals unaware of the application process or the eligibility criteria.

Even among those who knew about the schemes, several did not apply due to fear of repayment, lack of trust in government systems, or misinformation spread in their communities. Several applications were also rejected due to **incomplete documentation, ineligibility, or technical issues such as inactive or unlinked bank accounts**, which are

essential for Direct Benefit Transfers (DBT). The absence of facilitation centres or local support further discouraged potential applicants, especially in remote areas where the digital divide hindered online access to information and services.

There was also a general mistrust of the system, with many believing that only well-connected individuals received benefits. This perception, combined with low financial literacy, created a sense of helplessness and exclusion. Many non-beneficiaries, especially women, had viable business ideas like setting up tailoring units, dairy farms, or grocery stores, but lacked the capital and support to realize them.

The survey highlights the need for robust **awareness campaigns, doorstep assistance, community-based facilitation, and grievance redressal mechanisms** to ensure that eligible but excluded individuals are integrated into future rounds of support and financial inclusion initiatives.

## **R.7 Success Stories**

### **R.7.1 General Store Owner with Side Income**

Some of the beneficiaries set up a small kirana (general) store, while also working as daily wage labourers

- Though the loan amount was less than expected, the store is run by his family members.
- This combination of efforts has ensured timely repayment of the loan and gradual improvement in financial stability.
- The dual-income strategy makes this a model of resilience and smart resource management.

### **R.7.2 Women Entrepreneur – Tailoring, Garment Shop, etc.**

Some female beneficiaries successfully opened a ladies' garments shop.

- Received the first installment and invested it in setting up the business.
- The shop not only provides her with an income but also empowers her socially and economically.
- Her story reflects how microloans under schemes like MSY and MCS can enable women's entrepreneurship in small towns.

### **R.7.3 Dairy Entrepreneur with Family Support**

The woman beneficiaries, along with her husband and son, started a small dairy enterprise with 2 cattle and 4 goats.

- Despite receiving only the first installment of the loan, they effectively utilized the limited funds.
- Family played a critical role in managing the dairy operations.

- This venture now supports the family's daily income and showcases how even modest financial aid can create an impact with determination and cooperation.

## **R.8 Challenges faced during the Survey**

- Incomplete Loan Disbursement Data:** Many beneficiaries had received only partial loan amounts (e.g. only the first installment), creating confusion during data verification.
- Mismatch between Official Records and Beneficiary Claims:** Several beneficiaries disagreed with the official disbursement status, especially regarding whether funds were credited.
- Low Financial Literacy:** A significant number of beneficiaries lacked understanding of banking procedures, leading to confusion about loan terms, DBT amounts, and repayment responsibilities.
- Unavailability of Beneficiaries:** Some beneficiaries were not present at their registered address, making direct interviews and verification difficult.
- Lack of Supporting Documents:** Some beneficiaries did not retain loan-related documents, making it hard to verify disbursal amounts or utilization.
- Reluctance to Share Information:** Some beneficiaries were hesitant or fearful of sharing details, possibly due to apprehension about official action or poor past experiences.
- Geographical Constraints:** Remote and scattered village locations led to difficult accessibility, consuming more time and resources.
- Varying Levels of Business Progress:** Since businesses were at different stages of development, assessing outcomes uniformly was challenging.
- Social and Cultural Factors:** In some conservative areas, women beneficiaries were not available for direct interaction, and male family members answered on their behalf.

## **R.9 Overall Conclusion of Rajasthan Survey:**

The Rajasthan beneficiary survey presents a revealing picture of the loan access, utilization, financial behaviour, and post-loan outcomes among self-employed individuals in the region. The data confirms a generally high level of program engagement, responsible loan usage, and increasing access to formal financial systems, while also highlighting critical gaps in insurance coverage and repayment resilience.

### **1. Employment & Income Profile**

- An overwhelming 96.92% of beneficiaries are self-employed, indicating strong entrepreneurial tendencies and a shift toward income-generating activities outside formal employment.

- The majority draw their primary income from agriculture-business combinations, reflecting livelihood diversification as a survival strategy.

## **2. Loan Disbursement Patterns**

- There is a notable mismatch between loan amounts applied for and the amounts disbursed, especially in the ₹50,000 bracket, where demand peaks but actual disbursement lags.
- The disbursed loans are mostly in the moderate range (₹20K–₹30K), with 60% of recipients falling in this bracket, suggesting cautious lending or limited institutional exposure.

## **3. Loan Utilization & Profitability**

- An impressive 96.92% of beneficiaries confirmed utilizing the loan for its intended purpose, underscoring the program's alignment with real economic needs and responsible borrower behaviour.
- Post-loan profitability varies by sector: furniture stores showed the highest positive financial outcomes, whereas sectors like general stores and garments had mixed or negative outcomes.
- Beneficiaries receiving moderate disbursements reported more stable outcomes than those at the extremes.

## **4. Financial Behaviour**

- The majority of beneficiaries maintain their savings in formal institutions like banks or post offices, reflecting growing financial inclusion and trust in institutional systems.
- However, despite formal engagement, no respondents had any insurance or risk cover for their loans, leaving them vulnerable to shocks such as crop failure, illness, or market losses.

## **5. Risk & Insurance Coverage**

- 100% of beneficiaries lacked any form of loan insurance, marking a significant policy gap.
- This exposes borrowers to repayment stress and undermines the sustainability of both individual ventures and the credit ecosystem.

## **6. Digital Access**

- All loans were applied for via the online mode, highlighting complete digitization.
- While this indicates progress in e-governance, it raises concerns of exclusion of digitally illiterate or remote rural populations who may not have access or skills to engage online.

## 7. Comments & Qualitative Feedback

- Some beneficiaries expressed concerns about repayment pressure, especially when income sources are unstable or dependent on others (e.g., women depending on their spouse).
- Feedback shows that while loans are beneficial in expanding businesses, they require complementary support like business development, market linkage, and training.

### **R.10 State-Specific Recommendations**

The Rajasthan survey reflects a positive shift in rural credit absorption, with strong utilization, growing financial formalization, and entrepreneurial orientation. However, for long-term success and impact, the following areas need immediate attention:

- Integrate loan-linked insurance or credit risk guarantees.
- Expand digital literacy and offer offline support mechanisms.
- Strengthen loan monitoring and impact tracking, especially in high-risk sectors.
- Provide sector-specific business advisory services for sustainable growth.

This analysis highlights the importance of designing inclusive, flexible, and supportive credit ecosystems to nurture self-employment and financial resilience in rural Rajasthan.

\*\*\*\*\*





# **State Report**

---

# **Sikkim**



