

मूल्यांकन अध्ययन सीरीज सं. चंडीगढ़ : 20
Evaluation Study Series No.: Chandigarh - 20

जिला ग्रामीण उद्योग परियोजना DISTRICT RURAL INDUSTRIES PROJECT

हरियाणा के जिला अंबाला में एक मूल्यांकन अध्ययन
An Evaluation Study in Ambala District of Haryana



राष्ट्रीय कृषि और ग्रामीण विकास बैंक
NATIONAL BANK FOR AGRICULTURE AND
RURAL DEVELOPMENT

पंजाब और हरियाणा क्षेत्रीय कार्यालय, चंडीगढ़
PUNJAB & HARYANA REGIONAL OFFICE, CHANDIGARH
2008

प्राक्कथन

भारत में उदारीकरण और वैश्वीकरण के साथ रोजगार के पर्याप्त अवसर पैदा करना नीति निर्माताओं का मुख्य सरोकार बन कर उभरा है. हमारे जैसी श्रम आधिक्य वाली अर्थव्यवस्था में कृषि एक सीमा तक ही श्रम को अपने में समा पाती है, इसलिए रोजगार के स्रोत के तौर पर ग्रामीण गैर-कृषि क्षेत्र (एनएफएस) को बहुत महत्व मिला है. आय की असमानता को कम करने और गाँव से शहर की ओर पलायन को रोकने की क्षमता इस क्षेत्र में है. इसलिए सरकारी और गैर-सरकारी संगठनों ने इस क्षेत्र को बढ़ावा देने के लिए विभिन्न कार्यक्रम शुरु किए हैं. ड्रिप (DRIP) इस दिशा में नाबार्ड की एक पहल रही है. वर्ष 1993-94 में देश में इसकी शुरुआत से लेकर मार्च 2007 तक इसकी 13 वर्ष की अवधि पूरी होने के साथ ही एक अध्ययन हरियाणा राज्य के अंबाला जिला में ड्रिप के प्रभाव का मूल्यांकन करने के प्रमुख उद्देश्य से कराया गया.

इस अध्ययन से पता चला कि वर्ष 2001-02 से 2006-07 की अवधि के दौरान आधार स्तरीय ऋण प्रवाह (जीएलसी) में गैर-ड्रिप जिला कुरुक्षेत्र में हुई 185 प्रतिशत की वृद्धि के मुकाबले ड्रिप जिला अंबाला में यह वृद्धि 201 प्रतिशत थी. इसी प्रकार जीएलसी-एनएफएस में दर्ज हुई वृद्धि गैर ड्रिप जिला की मात्र 28 प्रतिशत की वृद्धि के मुकाबले ड्रिप जिला में 128 प्रतिशत के उच्चतर स्तर पर थी. इसी अवधि के दौरान जीएलसी की कंपाउंड वार्षिक वृद्धि दर (सीएजीआर) कुरुक्षेत्र जिले की 23.3 प्रतिशत के मुकाबले अंबाला जिले में 24.7 प्रतिशत पर थोड़ी अधिक थी. तथापि, कुल जीएलसी प्रवाह में एनएफएस का हिस्सा दोनों जिलों में कम हुआ था. अंबाला में इसका हिस्सा 17.0 प्रतिशत से कम हो कर 12.9 प्रतिशत रह गया जबकि कुरुक्षेत्र में यह अधिक तेज गिरावट के साथ 24.0 प्रतिशत से 10.0 प्रतिशत रह गया. जहाँ तक नाबार्ड के पुनर्वित्त का सवाल है, सीएजीआर कुरुक्षेत्र जिला के लिए 4.4 प्रतिशत के मुकाबले अंबाला के लिए 10.1 प्रतिशत के साथ उच्चतर था. बैंक ऋण ले कर नई इकाइयां लगाने और पुरानी इकाइयों के विस्तार में भी इस कार्यक्रम ने मदद की है जिससे सैंपल इकाइयों में किए गए प्रति रु.1000 के निवेश से निवल वार्षिक आय प्राप्ति रु.185 और रोजगार प्राप्ति 1.85 श्रम दिवस हो गई. विविध श्रेणी को छोड़ सभी कार्यकलापों के लिए निवेश का प्रतिफल 17 प्रतिशत से अधिक पाया गया. इसी प्रकार सभी श्रेणियों के लिए एनपीडब्ल्यू पर्याप्त रूप से उच्च मूल्य के साथ सकारात्मक पाया गया और विविध श्रेणियों को छोड़ कर सभी कार्यकलापों के लिए गणना करने पर बीसीआर एक से अधिक निकली.

कार्यक्रम का कार्यान्वयन अधिक प्रभावी हो इसके लिए इस अध्ययन में बैंकों के क्षमता निर्माण, विशेषकर क्षेत्रीय ग्रामीण बैंकों और सहकारी बैंकों, उद्यमियों के प्रशिक्षण/कौशल उन्नयन (अप-ग्रेडेशन), प्रशिक्षुओं के सावधानीपूर्वक चुनाव, क्षमतायुक्त कार्यकलापों की पहचान और प्रोजेक्ट प्रोफाइल बनाने की सिफारिश की गई है.

उम्मीद है कि यह रिपोर्ट बैंकों, नीति निर्माताओं और प्रोफेशनल एजेंसियों को एनएफएस के तहत वर्तमान योजनाओं/कार्यक्रमों को बेहतर ढंग से तैयार करने और ग्रामीण गैर-कृषि क्षेत्र के उत्थान के लिए नई योजनाएँ/कार्यक्रम बनाने में काफी उपयोगी होगी.

चंडीगढ़
31 अक्टूबर 2008

जे.आर. सारंगल
मुख्य महाप्रबंधक

FOREWORD

With liberalization and globalization, generation of adequate employment opportunities has emerged as key concern of policy makers in India. In a labour surplus economy like ours, there are limits to which agriculture can absorb labour, hence the rural non farm sector has gained immense importance as a source of employment. The sector also has the potential to reduce income disparities and check rural urban migration. Therefore, several programmes have been launched by government and non government organizations to boost this sector. DRIP was one such initiative undertaken by NABARD in this direction. With the completion of a period of 13 years (by March 2007) since its inception in 1993-94 at national level, a study with the major objective to evaluate the impact of DRIP was undertaken in Ambala District of Haryana.

The study revealed that total Ground Level Credit flow had registered a higher growth of 201 per cent during the period (2001-02 to 2006-07) in DRIP District (Ambala) as against 185 per cent in non DRIP District (Kurukshetra). Similarly, the GLC-NFS had registered a higher growth of 128 per cent in DRIP district as against only 28 per cent in non DRIP District. During this period, GLC had increased at a marginally higher Compound Annual Growth Rate (CAGR) of 24.7 per cent in Ambala District as against CAGR of 23.3 per cent in Kurukshetra District. However, the share of NFS in total GLC flow declined in both the districts. In Ambala, its share declined from 17.0 per cent to 12.9 per cent, whereas in Kurukshetra, the same declined more sharply from 24.0 per cent to 10.0 per cent. As far as NABARD refinance was concerned, the CAGR was higher at 10.1 per cent for Ambala as against 4.4 per cent for Kurukshetra District. The programme had helped in setting up of new units as well as expansion of old units by availing bank loan leading to net annual income gain of Rs. 185 and employment gain of 1.85 man days per Rs. 1000 of investment made in sample units. The return on investment was found to be more than 17 per cent for all activities except miscellaneous category. Similarly NPW was found to be positive with sufficiently high values for all categories and BCR was calculated to be more than one for all activities except miscellaneous category.

The study has recommended for more concerted efforts in capacity building of bankers especially in Regional Rural Banks and Cooperatives, training/skill up-gradation of entrepreneurs, careful selection of trainees, identification of potential activities and preparation of project profiles for more effective programme implementation.

It is expected that the report will be quite useful to the bankers, policy makers and promotional agencies in fine-tuning their existing schemes/programmes under NFS and also in formulating new ones for up-liftment of rural non farm sector.

Chandigarh
31 October 2008

J. R. Sarangal
Chief General Manager

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आभारोक्ति

मूल्यांकन अध्ययन के दौरान अध्ययन क्षेत्र के सरकारी अधिकारियों, बैंकरों, विभिन्न विकास और प्रोन्नति एजेंसियों और लाभार्थियों ने जो सहयोग और समर्थन दिया है उसके लिए हम उनके प्रति अपना आभार व्यक्त करते हैं. इस अध्ययन के लिए श्री के के गुप्ता, जिविप्र, अंबाला, नाबार्ड और श्री चेतन सेठी, एल डी एम, पी एन बी, अंबाला द्वारा दी गई समग्र सहायता के लिए भी हम आभारी हैं. उनकी सक्रिय सहभागिता के बिना यह अध्ययन सफल नहीं हो पाता. रिपोर्ट का मसौदा तैयार करने के दौरान गैर कृषि क्षेत्र और राजभाषा अनुभाग द्वारा दिए गए सहयोग के लिए हम उनके प्रति भी आभार व्यक्त करते हैं. गैर कृषि क्षेत्र अनुभाग ने हमें जिला अंबाला हरियाणा में जिला ग्रामीण उद्योग परियोजना के विभिन्न पक्षों से संबंधित संबद्ध सूचना/आंकड़े उपलब्ध कराए हैं.

लेखक

ACKNOWLEDGEMENTS

The support and co-operation extended by Government Officials, Bankers, various Developmental and Promotional Agencies and the beneficiaries of the study area in conducting the evaluation study are gratefully acknowledged. The overall assistance rendered for the study by Shri K.K.Gupta, District Development Manager, Ambala, NABARD and Shri Chetan Sethi, Lead District Manager, PNB, Ambala is also appreciated. The study would not have been successful without their active participation. The help and cooperation provided by the NFS and Rajbhasha Sections of the Regional Office during the preparation of report is also gratefully acknowledged. NFS Section had provided the required support and information/data available on various aspects of District Rural Industries Project implementation in Ambala District of Haryana.

AUTHOR

BASIC DATA SHEET

Project : District Rural Industries project
Area : Ambala District (Haryana)
Sample Size : 80 NFS Units
Type of Investment Covered: RNFS
Financing Banks : PCARDBs, DCCBs, RRBs, PNB, SBI, SBOP
Period of Loan : 2002-03 to 2005-06
Reference Year of Study : 2006-07
Period of field visit : January 2008

(Rs. per sample)

Sr. No.	Particulars	Manufacturing	Services	Karyana Shops	Agro processing	Small Businesses	Miscellaneous
1.	No. of Units covered	13	18	10	3	28	8
2.	Total value of investment	894000	151364	95240	1967217	770565	1039713
Of which							
i.	Bank Loan	274616	101667	23500	1133333	199042	812500
ii.	Own fund	279538	14336	17640	112550	71547	812500
iii.	Outside borrowing	0	0	0	0	0	0
iv.	Value of existing Unit	339846	35361	54100	721333	499976	0
3.	Total cost of production p.a	1014375	277398	271519	2717875	983022	224531
Of which							
i.	Recurring fixed costs	608625	97089	203639	1902513	491511	157172
ii.	Variable costs	405750	180309	67880	815363	491511	67359
4.	Gross Income p.a	1177430	339042	307721	3261450	1134256	314344
5.	Net Income p.a	156058	61644	36202	543575	151234	89813
6.	Employment Generated (man days p.a.)	29100	10800	3000	18000	27600	12600
Of which							
i.	Family Labour	4500	5700	3000	900	9300	2100
ii.	Hired Labour	24900	5100	0	17100	18300	10500
7.	Emplt. Generated (man days p.a./Rs.1000)	2.50	3.96	3.02	3.05	1.28	1.08
8.	Return on Investment (%)	17.8	42.2	37.4	29.1	20.1	8.9
9.	BCR (%)	1.66	1.38	1.95	1.32	1.29	0.75
10.	NPW	1575716	316146	507945	3137357	1014382	380298
11.	DSCR for Bank Loan (%)	189	285	236	213	192	104

ABBREVIATIONS

- ◆ **BLBC** : Block Level Bankers' Committee
- ◆ **CBs** : Commercial Banks
- ◆ **DAP** : Development Action Plan
- ◆ **DCP** : District Credit Plan
- ◆ **DCCB** : District Central Cooperative Bank
- ◆ **DCC** : District Consultative Committee
- ◆ **DSCR** : Debt Service Coverage Ratio
- ◆ **GDP** : Gross Domestic Product
- ◆ **GLC** : Ground Level Credit
- ◆ **HGB** : Haryana Gramin Bank
- ◆ **KCC** : Kisan Credit Card
- ◆ **KVIC** : Khadi & Village Industries Corporation
- ◆ **KVIB** : Khadi & Village Industries Board
- ◆ **NABARD** : National Bank for Agriculture And Rural Development
- ◆ **NGO** : Non Governmental Organization
- ◆ **NFS** : Non Farm Sector
- ◆ **NPW** : Net Present Worth
- ◆ **OPS** : Other Priority Sector
- ◆ **PCARDB** : Primary Cooperative Agriculture & Rural Development Bank
- ◆ **PACS** : Primary Agriculture Cooperative society
- ◆ **PLP** : Potential Linked Credit Plan
- ◆ **PMGC** : Project Monitoring and Guidance Committee
- ◆ **RBI** : Reserve Bank Of India
- ◆ **REDP** : Rural Entrepreneurship Development Programme
- ◆ **RIDF** : Rural Infrastructure Development Fund
- ◆ **SSIs** : Small Scale Industries
- ◆ **SAMIS** : Service Area Monitoring and Information System
- ◆ **SHG** : Self Help Group
- ◆ **SHPI** : Self Help Group Promoting Institution
- ◆ **SGSY** : Swarn Jayanti Swarozgar Yojana
- ◆ **SCC** : Swarozgar Credit Card
- ◆ **SLBC** : State Level Bankers Committee
- ◆ **SMEs** : Small and Medium Enterprises
- ◆ **VA** : Voluntary Agency

कार्यकारी सारांश

- यह रिपोर्ट एक मूल्यांकन अध्ययन में पाई गई मुख्य बातों, टिप्पणियों और कार्रवाई बिंदुओं को प्रस्तुत करती है जिनका प्रमुख उद्देश्य हरियाणा के जिला अंबाला में जिला ग्रामीण उद्योग परियोजना [ड्रिप] के प्रभाव का मूल्यांकन करना था जिसकी निर्धारित अवधि के पांच वर्ष पूरे हो चुके हैं।
- वर्ष 2005-06 तक विभिन्न एजेंसियों के जरिए वित्तपोषित गैर-कृषि क्षेत्र की कुल 80 नमूना इकाइयों को गहन अध्ययन के लिए चुना गया था जो नामतः विनिर्माण, सेवाओं, किराना दुकानों, अन्य लघु व्यवसाय, कृषि आधारित उद्योगों एवं अन्य विविध इकाइयों को कवर करती थीं। ड्रिप जिला (अंबाला) के सापेक्ष कार्यनिष्पादन की तुलना नियंत्रण (नान ड्रिप) जिला (कुरुक्षेत्र) से की गई जिसकी कृषि जलवायु संबंधी विशेषताएं एक समान ही हैं। इससे आगे यह भी प्रयास किया गया कि ड्रिप से पहले और बाद की स्थिति की तुलना की जाए ताकि ड्रिप के तहत कार्यक्रम/सहयोग के प्रभाव का विश्लेषण किया जाए। अध्ययन का संदर्भ वर्ष 2006-07 था।

पाई गई मुख्य बातें

- ड्रिप कार्यान्वयन अवधि के दौरान नाबार्ड बैंक के समर्थन से कई प्रोन्नति (प्रमोशन) कार्यक्रम आयोजित किए गए जैसे :- ग्रामीण उद्यमिता विकास कार्यक्रम (आरईडीपी), प्राथमिक ऋण संस्था प्रशिक्षण कार्यक्रम, बैंकों/स्वयं सेवी संस्थाओं/गैर-सरकारी संगठनों के वरिष्ठ अधिकारियों के लिए एक दिवसीय परिचयोन्मुख बैठक, गैर-सरकारी संगठन/व्यापार निकायों के साथ बैठक, उत्पाद विकास कार्यशाला आदि। इससे आजीविका/रोजगार के अवसर बढ़ाने के लिए गैर-कृषि क्षेत्र की भूमिका के बारे में जागरूकता लाने, नई इकाइयाँ लगाने एवं पुरानी इकाइयों के विस्तार में मदद मिली है जिससे आय और रोजगार में बढ़ोतरी हुई है। तथापि गैर कृषि कार्यकलापों के वित्तपोषण में कोई गुणात्मक परिवर्तन नहीं देखे गए।
- वर्ष 2001-02 से 2006-07 की अवधि के दौरान आधार स्तरीय ऋण में कुरुक्षेत्र जिले में हुई 185 प्रतिशत की वृद्धि के मुकाबले अंबाला जिले में यह अधिक स्तर पर 201 प्रतिशत थी। इसी प्रकार इस अवधि के दौरान जीएलसी - एनएफएस ने केवल कुरुक्षेत्र जिले में हुई 28 प्रतिशत की वृद्धि के मुकाबले अंबाला जिले में 128 प्रतिशत की उच्चतर वृद्धि दर्ज की।
- अंबाला जिले के भीतर अंतःजिला, उपक्षेत्रवार ऋण प्रवाह को देख कर पाया गया कि परियोजना कार्यान्वयन के 5 वर्षों के दौरान जीएलसी-एनएफएस की वृद्धि (128%की) जीएलसी की वृद्धि (201% की) से निम्नतर थी हालांकि ड्रिप का विनिर्दिष्ट प्रयोजन जिले में एन एफ एस कार्यकलापों के वित्तपोषण को बढ़ावा देना था।
- नियंत्रण जिला के साथ तुलना करने पर ज्ञात हुआ कि अंबाला जिले में जी एल सी 24.7 प्रतिशत की कंपाउंड वार्षिक वृद्धि दर (सीएजीआर) से बढ़ी थी जो जिला कुरुक्षेत्र की सीएजीआर (23.3 प्रतिशत) से मामूली अधिक थी। तथापि कुरुक्षेत्र जिला में 13

प्रतिशत की सीएजीआर के मुकाबले अंबाला जिला में जीएलसी-एनएफएस 18 प्रतिशत की उच्चतर सीएजीआर से बढ़ी थी.

- जहां तक कुल जीएलसी प्रवाह में एनएफएस के अंश का संबंध है, यह दोनों जिलों में कम हुआ था. ड्रिप जिला अंबाला में इसका अंश 17.0 प्रतिशत से गिर कर 12.9 प्रतिशत पर आ गया जबकि गैर ड्रिप जिला कुरुक्षेत्र में उसी अवधि के दौरान यह तेजी से गिर कर 24.0 प्रतिशत से 10.0 प्रतिशत पर आ गया. ऐसा आगामी तीन वर्षों में कृषि ऋण को दोगुना करने (आधार वर्ष 2003-04) के भारत सरकार के कार्यक्रम के आलोक में अन्य प्राथमिकता क्षेत्र और कृषि क्षेत्र के बढ़ते शेयर के कारण से हुआ.
- कुल पुनर्वित्त और गैर-कृषि क्षेत्र पुनर्वित्त के लिए सीएजीआर नियंत्रण जिले की अपेक्षा ड्रिप जिले में उच्चतर था. कुरुक्षेत्र जिले में कुल पुनर्वित्त हेतु सीएजीआर 4.4 प्रतिशत था जिसके मुकाबले अंबाला का सीएजीआर 10.0 प्रतिशत पर उच्चतर था. इसी प्रकार, अंबाला जिला में गैर-कृषि पुनर्वित्त के लिए सीएजीआर 24.5 प्रतिशत था जबकि कुरुक्षेत्र जिले में यह 4.1 प्रतिशत था. तथापि हो सकता है कि जीएलसी और लिए गए पुनर्वित्त का यह संबंध कारक (causal) का न हो क्योंकि संस्थाएं वार्षिक आधार पर अपनी आवश्यकता की सीमा तक पुनर्वित्त सहायता का दावा करने के लिए अपने ही निर्णय खुद लेती रही हैं.
- केवीआईसी और केवीआईबी जैसी प्रायोजक एजेंसियों ने प्रायोजित मामलों का विस्तारपूर्वक मूल्यांकन किया था लेकिन एनएफएस कार्यकलापों के मूल्यांकन हेतु आवश्यक विशेषज्ञता उपलब्ध न होने के कारण पीसीएआरडीबी द्वारा ऋण आवेदनों का स्वीकृतिपूर्व कोई वास्तविक मूल्यांकन नहीं किया गया था. वाणिज्यिक बैंक और क्षेत्रीय ग्रामीण बैंक गैर-कृषि क्षेत्र की इकाइयों का अपने पिछले अनुभव के आधार पर वित्तपोषण कर रहे थे जबकि पीसीएआरडीबी निर्धारित इकाई लागत के आधार पर लघु इकाइयों को कार्यकलाप के लिए वित्त दे रहा था. नमूने के अनुसार 32.5 प्रतिशत नई इकाइयां ड्रिप कार्यान्वयन के दौरान ऋण सहायता से स्थापित की गई थीं.
- सैंपल में वर्तमान इकाइयों की 67.5 प्रतिशत इकाइयां शामिल थीं और ऋणपूर्व अवधि में प्रति इकाई औसत निवेश कृषि प्रसंस्करण इकाइयों में रु.721333/-, लघु व्यापारिक इकाइयों में रु.499976/-, विनिर्माण इकाइयों में रु.339846/-, किराना दुकानों में रु.54100/- और सेवा इकाइयों में रु.35361/- तक था. ऋण पश्चात स्थिति में कृषि प्रसंस्करण इकाइयों में प्रति नमूना इकाई का औसत निवेश बढ़कर रु.1967217, लघु व्यापारिक इकाइयों में रु.770565, विनिर्माण इकाइयों में रु.894000, किराना दुकानों में रु.95240 तथा सेवा इकाइयों में रु.151364 हो गया था.
- ग्रामीण और कृषि क्षेत्र इकाइयों में स्थाई पूंजी की आवश्यकताओं के लिए निधियों के औसतन 48% की जरूरत होती है और बाकी 52% कार्यशील पूंजी की आवश्यकताओं के लिए होती है तथापि, विविध नमूना कार्यकलापों हेतु स्थाई पूंजी की

आवश्यकता 19 से 96 प्रतिशत तक रही है. बैंकों द्वारा दिया गया ऋण कुल लागत का 72% था तथा शेष 28% निवेश लागत को नमूना इकाइयों की अपनी निधियों से पूरा किया गया था.

- नमूना इकाइयों में किए निवेश पर प्रति एक हजार रुपये पर निवल वार्षिक आय रु.185 थी जो इस बात का संकेत देता है कि ग्रामीण गैर-कृषि क्षेत्र की इकाइयाँ पर्याप्त आय दे रही थीं. विभिन्न कार्यकलापों में सबसे अधिक आय (रु.407) सेवा इकाइयों की थी, तत्पश्चात किराना दुकानों से (रु.365), कृषि प्रसंस्करण इकाइयों से (रु.276), विनिर्माण इकाइयों से रु.175 तथा अन्य विविध श्रेणी की इकाइयों से सबसे कम आय रु.86 प्रति हजार के निवेश पर थी.
- अन्य विविध श्रेणी की इकाइयों को छोड़कर बाकी सभी कार्यकलापों से निवेश पर प्रतिलाभ 17% से अधिक रहा जो उत्पादन इकाइयों हेतु 17.5% तथा सेवा इकाइयों हेतु 40.7% के बीच था.
- विविध श्रेणी को छोड़कर बाकी सभी कार्यकलापों का लाभ-लागत अनुपात एक से ज्यादा था जो निवेश की लाभप्रदता दर्शाता है लाभ-लागत अनुपात 0.75 (विविध श्रेणी हेतु) से 1.95 (किराना दुकानों हेतु) के बीच रहा.
- सभी श्रेणियों के कार्यकलापों का शुद्ध वर्तमान मूल्य (NPW) सकारात्मक था जो पर्याप्त रूप से उच्च धनात्मक मूल्य वाला था. अधिकतम शुद्ध वर्तमान मूल्य कृषि प्रसंस्करण इकाइयों का (रु.3137357) तथा न्यूनतम सेवा इकाइयों का (रु.316146) था.
- विविध श्रेणी को छोड़कर बाकी सभी श्रेणियों के लिए कर्ज सेवा कवरेज अनुपात (DSCR)150 प्रतिशत से अधिक था जिससे यह संकेत मिलता है कि निवेश बैंक ऋण के योग्य थे.
- नमूना इकाइयों का रोजगार सृजन प्रति एक हजार के निवेश पर 1.85 श्रम दिवस था. इनमें सबसे अधिक रोजगार सृजन सेवा इकाइयों (3.96 श्रम दिवस) द्वारा किया गया था, इसके पश्चात कृषि प्रसंस्करण इकाइयों द्वारा 3.05 श्रम दिवस, किराना दुकानों द्वारा 3.02 श्रम दिवस, उत्पादन इकाइयों द्वारा 2.50 श्रम दिवस तथा लघु व्यापारिक इकाइयों द्वारा 1.28 श्रम दिवसों का रोजगार सृजन किया गया था. इससे यह पता चलता है कि सेवा इकाइयाँ निवेश के प्रति रुपये पर सबसे अधिक रोजगार सृजन कर रही थी. अतः प्रशिक्षण एवं अन्य प्रोन्नति कार्यक्रमों के ज़रिए अधिक से अधिक सेवा इकाइयाँ स्थापित की जानी चाहिएं.
- नमूना इकाइयों के वसूली प्रतिशत का भारित औसत 46 प्रतिशत पर था जो कि कम है. कुल चयनित उधारकर्ताओं में से 59% की वसूली की स्थिति 40-60 प्रतिशत के वर्ग अंतराल (class interval) में थी, इसके बाद 27% की वसूली स्थिति 40% से कम वाले वर्ग अंतराल में थी और 60-80 प्रतिशत के वर्ग अंतराल में 11% उधारकर्ता थे. केवल 4% उधारकर्ताओं की वसूली स्थिति अच्छी थी जो मांग के 80-100 प्रतिशत के बीच थी. कुल प्राथमिकता क्षेत्र के मुकाबले गैर-कृषि क्षेत्र के वसूली कार्यनिष्पादन को कमतर पाया गया. वसूली की खराब स्थिति का कारण जानबूझ कर चूक करना,

ग्राहक-बैंकर में अच्छा संबंध न होना और संवितरण के बाद अनुप्रवर्तन और अनुवर्ती कार्रवाई की खराब स्थिति भी थी.

निष्कर्ष

- संक्षेप में, परियोजना कार्यान्वयन अवधि के दौरान यह पाया गया कि ड्रिप का प्रभाव सकारात्मक है क्योंकि बिना ड्रिप वाले कुरुक्षेत्र जिले की तुलना में ड्रिप वाले अंबाला जिले में कुल जीएलसी ऋण प्रवाह और जीएलसी-गैर-कृषि क्षेत्र में अधिक वृद्धि दर्ज की गई. हालांकि ड्रिप का विनिर्दिष्ट प्रयोजन गैर-कृषि क्षेत्र को बढ़ावा देना था तथापि ड्रिप जिले में कुल जीएलसी की अपेक्षा जीएलसी-गैर-कृषि क्षेत्र की विकास दर कम थी. संभवतः इसका कारण संयोगवश भारत सरकार द्वारा वर्ष 2004-05 से 2006-07 के दौरान कृषि ऋणों को दुगना करने का कार्यक्रम शुरू करना है. इसके अतिरिक्त जीएलसी गैर-कृषि क्षेत्र की भागीदारी दोनों जिलों में समय के साथ कम हुई है. अतः संदर्भित अवधि के दौरान देखी गई सकारात्मक वृद्धि ड्रिप के कारण हुई है अथवा यह प्रवृत्ति एवं स्वतः विकास प्रक्रिया का परिणाम है इसका उत्तर देना कठिन है. तथापि, यह कार्यक्रम गैर-कृषि क्षेत्र में नई इकाइयां स्थापित करने और पुरानी इकाइयों का विस्तार करने में सफल रहा तथा बैंक ऋण के कारण आय के स्तर और रोजगार के अवसर बेहतर हुए.

नीतिगत मुद्दे

- नई इकाइयां स्थापित करने में प्रोन्नति कार्यक्रमों की और अधिक सफलता के लिए आवश्यक है कि उद्यमियों को ऐसी इकाइयां स्थापित करने के लिए क्षमता निर्माण, पर्याप्त बैंक ऋण और सब्सिडी सेवाओं के ज़रिए सहायता दी जाए. कार्यक्रम का कार्यान्वयन अधिक प्रभावी हो इसके लिए इस अध्ययन में बैंकरों की अपनी क्षमता का निर्माण और मूल्यांकन दक्षता बढ़ाने (विशेषकर क्षेत्रीय ग्रामीण बैंकों और सहकारी बैंकों के संदर्भ में), उद्यमियों के प्रशिक्षण के लिए ब्लाक विशिष्ट कार्यनीतियाँ बनाने (विशेषकर सेवा क्षेत्र में)/कौशल उन्नयन (अप-ग्रेडेशन) की सिफारिश की गई है. साथ ही, प्रशिक्षुओं के सावधानीपूर्वक चुनाव, क्षमतायुक्त कार्यकलापों की पहचान और अग्रणी जिला प्रबंधकों/बैंकों द्वारा चुने गए कार्यकलापों के परियोजना प्रोफाइल तैयार करने की भी सिफारिश की गई है.

EXECUTIVE SUMMARY

- This report presents the findings, observations, and action points of an evaluation study undertaken with the major objective to assess the impact of District Rural Industries Project (DRIP) in Ambala District of Haryana which has completed five years of stipulated tenure.
- A total of 80 sample NFS units financed up to 2005-06 through various agencies covering activities viz. manufacturing, services, karyana shops, other small businesses, agro-based industries, and other miscellaneous activities were selected for an in-depth study.
- Relative performance of DRIP District (Ambala) was compared with a control (non DRIP) District (Kurukshetra) having similar agro climatic characteristics. Further, an attempt was also made to compare the 'pre' and 'post' DRIP situation to analyse the impact of the programme/interventions under DRIP. The reference year for the study was 2006-07.

Major Findings of the Study

- During the DRIP implementation period, a number of promotional programmes like Rural Entrepreneurship Development Programmes (REDP), Primary Lending Institutions Training Programme, One day Orientation Meet for Senior Officers of Banks/VAs/NGOs, Meet with NGO/Trade Bodies, Product Development Workshops, etc. were organized with the support of NABARD/Bank. It has helped in improving awareness about role of non farm sector in improving livelihood/employment opportunities, setting up of new units as well as expansion of old units leading to income and employment gains. However, no qualitative changes were observed towards financing of non farm sector activities.
- The total Ground Level Credit flow in Ambala District had registered a higher growth of 201 per cent during the period (2001-02 to 2006-07) as against 185 per cent in Kurukshetra District. Similarly, the GLC-NFS had registered a higher growth of 128 per cent in Ambala district as against only 28 per cent in Kurukshetra District during the same period.

- Looking at intra district, sub sector wise credit flow within Ambala District, it was observed that the growth of GLC-NFS (128 %) was lower than the growth of total GLC (201 %) during 5 years of project implementation, even though, the specific purpose of DRIP was to give a boost to financing of NFS activities in the district.
- On comparison with Control District, it was revealed that GLC in Ambala District had increased at a Compound Annual Growth Rate (CAGR) of 24.7 per cent which was marginally higher than the CAGR of 23.3 per cent in Kurukshetra District. However, GLC-NFS had increased at a higher CAGR of 18 per cent in Ambala District as against the CAGR of 13 per cent in Kurukshetra District.
- As far as share of NFS in the total GLC flow was concerned, it declined in both the districts. In Ambala, the DRIP district, its share declined from 17.0 per cent to 12.9 per cent whereas in Kurukshetra, the non DRIP District, the same declined more sharply from 24.0 per cent to 10.0 per cent during the period. This was on account of increasing share of Other Priority Sector and agriculture sector in the light of GOI programme of doubling of agriculture credit (with base year 2003-04) within the next three years.
- The CAGR for total refinance as well as NFS refinance was higher in DRIP district than in control district. The CAGR for total refinance in Ambala was higher at 10.1 per cent as against 4.4 per cent for Kurukshetra District. Similarly, the CAGR for NFS refinance in Ambala District was at 24.5 per cent as against 4.1 per cent for Kurukshetra District. However, it may not be a causal relationship between GLC and refinance availed as institutions followed their own decision to claim refinance assistance to the extent of their need on a yearly basis.
- The sponsored cases were appraised in detail by the sponsoring agencies like KVIC and KVIB but there was no real pre sanction appraisal of the loan applications by the PCARDB due to non availability of requisite expertise for appraising the NFS activities. CBs and RRB were financing the NFS units based on their past experience while PCARDB was financing the small-scale units on the basis of unit cost fixed for the activity. As per the sample, 32.5 per

cent of new units were set up with credit support during implementation of DRIP.

- The sample consisted of 67.5 per cent of existing units and the average investment per unit in the pre loan period was to the extent of Rs. 7,21,333 in Agro Processing Units, Rs. 4,99,976 in Small Business Units, Rs. 3,39,846 in Manufacturing Units, Rs. 54,100 in Karyana Shops and Rs. 35,361 in Service Units. In the post loan situation, average investment per sample unit increased to Rs. 19,67,217 in Agro Processing Units, Rs. 7,70,565 in Small Business Units, Rs. 8,94,000 in Manufacturing Units, Rs. 95,240 in Karyana Shops and Rs. 1,51,364 in Service Units.
- On an average, the RNFS units required about 48 per cent of the funds for meeting block capital needs and remaining 52 per cent for working capital needs. However, the requirement of block capital varied from 19 to 96 per cent across various sample activities. On an average the loan provided by the banks formed about 72 per cent of the total cost and remaining 28 per cent investment cost was met out of own funds by the sample units.
- The annual net income per Rs.1000 of investment per sample unit was worked out to be Rs. 185 indicating that the RNFS units were generating adequate income. Among various activities, Service Units were generating maximum income (Rs. 407), followed by Karyana Shops (Rs. 365), Agro Processing Units (Rs.276), Manufacturing Units (Rs.175) and Miscellaneous category Units were generating lowest income of Rs. 86 per Rs. 1000 of investment.
- The Return on Investment (ROI) was found to be more than 17 per cent for all the activities except Miscellaneous category Units. The same was ranging between 17.5 for Manufacturing Units and 40.7 per cent for Service units.
- The Benefit Cost Ratio (BCR), which was found to be more than one for all activities across the board except Miscellaneous category indicated the profitability of investment. The BCR ranged between 0.75 for miscellaneous category Units and 1.95 for Karyana Shops.
- The Net Present Worth (NPW) was found to be positive for all categories of activities with sufficiently high positive values. The highest NPW was found for Agro Processing Units (Rs. 3137357) and lowest was for Service Units (Rs. 316146).

- The Debt Service Coverage Ratio (DSCR) was found to be more than 150 per cent for all categories of investments (except Miscellaneous category) indicating the bankability of investment.
- The employment generated out of sample units per Rs. 1000 of investment was worked out to be 1.85 man days. The maximum employment per Rs. 1000 was generated by Service Units (3.96 man days), followed by Agro Processing Units (3.05 man days), Karyana Shops (3.02 man days), Manufacturing Units (2.50 man days) and Small Business Units (1.28 man days). This was indicative of the fact that Service Units were generating maximum employment per rupee of investment. Hence more and more service units are to be encouraged through training and other promotional programmes.
- The weighted average of recovery percentage of sample units was found to be poor at 46 per cent. Performance of Sample borrowers revealed that 59 per cent of them had recovery position in the class interval of 40-60 per cent, followed by < 40 per cent class interval (27 per cent) and 60-80 per cent interval (11 per cent). Only 4 per cent of borrowers had good recovery position between 80-100 per cent of demand. The recovery performance for NFS activities as compared to Total Priority Sector was also found to be lower. Poor recovery could be attributed to factors such as poor post disbursement monitoring and follow up, willful default, together with low level of customer banker relationship.

Conclusions

- To sum up, total GLC flow and GLC-NFS had registered a higher growth in DRIP District of Ambala than in non DRIP District of Kurukshetra substantiating the positive impact of DRIP during project implementation period. However, within the DRIP district, the growth rate of GLC-NFS was lower than the total GLC even though the specific purpose of DRIP was to give a boost to NFS sector. Possibly, one of the reasons for this was coincidence of doubling of agricultural credit programme launched by Government of India during 2004-05 to 2006-07. Further, the share of GLC-NFS declined over time in both the districts. Therefore, positive growth witnessed during the reference period could be attributed to DRIP or it was a

consequence of trend and spontaneous growth process was a difficult question to answer. However, the programme was successful in setting up of new NFS units as well as expansion of existing units and income levels together with employment opportunities had improved due to bank loan availed.

Policy Issues

- The success of promotional programmes in establishing new units calls for concerted effort to help entrepreneurs in establishing such units through capacity building, adequate bank credit and related services. The study recommended for more concerted efforts in capacity building of bankers especially in Regional Rural Banks and Cooperatives, training/skill up-gradation of entrepreneurs, careful selection of trainees, identification of potential activities and preparation of project profiles by Lead District Managers/Banks for more effective programme implementation.

CHAPTER 1

INTRODUCTION

Background

The Planning Commission, Government of India in its document entitled 'Towards faster and more inclusive growth – An approach to the 11th five year plan' (December 2006) has highlighted, inter alia, two major challenges facing Indian economy i.e. agricultural crisis and generation of non agricultural employment. The deceleration in agricultural growth from 3.2 per cent observed between 1980 and 1996-97 to a trend average of 2 per cent subsequently is perhaps the root cause of the problem of rural distress. As this sector still employs 60 per cent of labour force, it is vital to increase agricultural income. A second green revolution is needed to raise the growth rate of agricultural GDP to around 4 per cent as envisaged in Agricultural Policy announced by Government of India in 2000. The task is not an easy one given the growth rate of agricultural GDP at around 2 per cent in recent years.

1.02 Doubling the growth of agricultural GDP at 4 per cent per annum (National Agriculture Policy, 2000) will improve rural employment conditions, raise real wages and reduce underemployment. However, even if this is attained, an overall growth of 9 per cent of GDP will further increase disparity of income between agricultural and non-agricultural households unless around 10 million workers currently engaged in agriculture find remunerative non-agricultural employment. To make this possible and absorb all new entrants into the labour force, non agricultural employment need to grow at 6 per cent per annum during 11th Plan period i.e. 2007-12 (Planning Commission, GOI, Dec 2006). This poses a major challenge not only in terms of generating non-agricultural employment but also in matching its required location and type. The inadequacy of widely dispersed and sustainable off farm productive employment opportunities is a basic cause of most divides and disparities. Growth without jobs is neither inclusive nor it bridges divides. Further, the staying power of small and marginal farmers could be enhanced through supplementary income in off farm activities. It is in this context that the role of Non Farm Sector in rural areas assumes importance. If we utilize the opportunities available in this sector, our demographic dividend could be translated into economic prosperity.

1.03 Keeping in view the rationale as discussed, a need was felt to develop Rural Non Farm Sector (RNFS) through entrepreneurship/skill development, technology up-gradation and credit support supplemented by proper linkages. To tackle this problem 'District' was considered as the basic unit for planning and development and the District Rural Industries Project (DRIP) was launched by NABARD in selected 5 Districts of the country on a pilot basis in 1993-94.

Objective and Scope of the DRIP

1.04 DRIP was an integrated area based project for development of Rural Non Farm Sector through credit intensification process in collaboration with project partners to provide sustainable employment opportunities to rural population by facilitating setting up of cottage, village, tiny and small scale industries in rural areas. Considering the success of Pilot Project, it was extended in three phases to 106 districts, in 20 States, by 2005-06. It was launched in selected districts of Gujarat, Karnataka, Madhya Pradesh, Orissa, Punjab, Haryana, Tamil Nadu, Uttaranchal, Assam, Andhra Pradesh, Jammu & Kashmir, Rajasthan, West Bengal, Uttar Pradesh, Bihar, Maharashtra, Chhattisgarh, Jharkhand, Himachal Pradesh and Kerala. Having covered the corporate target of 100 districts, and considering the emphasis laid on cluster approach for rural industrialisation, expansion of DRIP to new districts may be very selective. After district-wise review, NABARD would also consider exiting from districts covered in Phases I, II and III and revise its policies.

1.05 During 2006-07, at all India level, ground level credit flow in the districts covered under the project reached Rs.1918.05 crore and refinance availed was Rs.222.23 crore, with 1.05 lakh units being set up and generating employment for 3.19 lakh persons. Cumulatively, as on 31 March 2007, the GLC flow aggregated Rs.20455.79 crore, facilitating establishment of 16.88 lakh units, and generating employment opportunities for 38.68 lakh persons, with refinance support of Rs.2958.36 crore. (Source: NABARD)

Main Features of the DRIP

1.06 The philosophy underlying DRIP was focused attention, systematic planning, participatory process, coordinated efforts, credit plus approach. It was basically credit enhancing programme where all partners i.e. State Government, Banks, Development

agencies, VAs / NGOs could play their role in much cohesive manner so that an integrated approach be adopted to facilitate the over all development of RNFS.

The salient features envisaged were as follows:

- i. A participatory programme of State Govts, Banks, NGOs and Development agencies for credit intensification towards development of RNFS.
- ii. Bring out the convergence of experience, energy and resources of all the project partners to harness potential for rural development.
- iii. Provide realistic assessment of potential for growth of RNFS and gearing up of the entire district machinery for rural development.
- iv. Facilitate adequate, timely, qualitative and need based credit support through banking channels for setting up of new units as well as for expansion / modernization of existing units.
- v. Envisages promotional, infrastructural and linkage support from various project partners
- vi. Flexible programmes open to adoption of new ideas and innovations.

Components / Strategies of the DRIP

1.07 It involved the following strategies:

- Selection of the district with adequate resource potential for NFS activities.
- Conduct of Detailed Potential Survey of the District.
- Strategy meets at District and State level.
- Sensitization of the functionaries of project partners - Govt / Banks / NGOs / VAs / DAs.
- Conducting Goal Oriented Project Planning (GOPP) Workshop at the District Level.
- Training of officials of Primary Lending Institutions (PLIs)
- Preparation of DRIP Action Plan
- Dovetailing the DRIP Action Plan with the Service Area Plans of banks.
- Adoption of Cluster Approach
- Awareness Creation and Skill Up gradation amongst the entrepreneurs
- Technology up gradation / transfer
- Focus on implementation of Credit linked Promotional Programmers through NGOs / VAs / DAs
- Encouraging Credit Delivery Innovations
- Monitoring the progress closely through Project Co-ordination and Guidance Committee (PCGC) at the district and state level

Operationalising DRIP

1.08 Ambala was the first district in Haryana selected by NABARD to be promoted as a DRIP district. Major areas of responsibility of NABARD were as under:

- (i) Explaining the concept of DRIP to various project partners.
- (ii) Conducting awareness / training / sensitization programmes for Primary Lending institutions (PLIs), Officials of Government Departments and representatives of VAs and NGOs.
- (iii) Conduct of Detailed Potential Survey (DPS) to map the industrial potential of the district.
- (iv) Arranging need based training for entrepreneurship / skill development / up-gradation for identified producers / borrowers.
- (v) Coordination and Monitoring.
- (vi) Maintaining detailed data and records for analysis of the experience.

Outline of the Study

1.09 The outline of the present study is as follows. Chapter 1 has provided an introduction to the subject under study. In Chapter 2, the objectives, methodology and sample design have been outlined. Chapter 3 provides an overview of sample and its characteristics. Implementation aspects relating to of DRIP have been spelt out in Chapter 4. The adherence to terms and conditions of financing for RNFS has been detailed in Chapter 5. The aspects pertaining to cost of investment with respect to sample units have been discussed in Chapter 6. The economics of the investment made in various activities have been worked out in Chapter 7. The financial viability and bankability of the investment made in sample units have been calculated and discussed in Chapter 8. The repayment performances of sample units have been presented in Chapter 9. Finally the summary, conclusions and recommendations have been presented in Chapter 10.

CHAPTER 2

OBJECTIVES, METHODOLOGY AND SAMPLE DESIGN

Objectives

The present study was undertaken with the major objective to evaluate the impact of District Rural Industries Project (DRIP) in Ambala District of Haryana. The specific objectives of the study were as under:

- i. To assess the impact of promotional programmes organized in connection with DRIP
- ii. To examine the systems and procedures adopted by participating banks while financing the rural non farm sector (RNFS) activities
- iii. To assess the adequacy or otherwise of credit support, working capital requirements of units financed
- iv. To assess actual costs, benefits, financial viability, bankability, and employment generation by the RNFS investments covered under the project.
- v. To study infrastructure facilities available in the district with special reference to raw material availability, marketing and to identify the constraints, if any.
- vi. To study the repayment performance of the sample borrowers under the project

Selection of District

2.02 In the State of Haryana, there were four districts viz. Panipat, Yamuna Nagar, Ambala and Rewari where DRIP had been launched in different years as indicated in Table 2.1. Out of these four districts, Ambala was the first district where DRIP was launched in March 2002 and it was only district which had completed the stipulated five years of implementation by the end of March 2007. Hence the district was a fit case for taking up impact evaluation of the project. The data relating to Ground Level Credit (GLC) during last 5 years for all 4 DRIP districts of Haryana together with date of launching of DRIP is presented in Table 2.1.

2.03 An analysis of progress of GLC in these 4 districts in the *post DRIP period* revealed the following:

- (i) In Panipat district, GLC increased from Rs.43320 lakh in 2002-03 (i.e. year of launching) to Rs. 118301 in 2006-07 registering a growth of 173.1 per cent.

(ii) In Yamuna Nagar District, GLC increased from Rs.55383 lakh in 2003-04 (i.e. year of launching) to Rs. 109773 in 2006-07 registering a growth of 98.2 per cent.

(iii) In Ambala District, GLC increased from Rs.31307 lakh in 2001-02 (i.e. year of launching) to Rs. 94364 in 2006-07 registering a growth of 201.4 per cent.

(iv) In Rewari District, DRIP was in its first year of implementation (launched in 2006-07), hence out of purview of our analysis.

From the above, it was observed that Ambala was the district with the highest growth in GLC in the post DRIP period. This was another reason for selection of Ambala for the present study. However, during the post DRIP period as mentioned above, the GLC-NFS had recorded growth rate of 129 per cent in Ambala which was second to Panipat District (152.7 %), but more than that of Yamuna Nagar District (91.9%)

Table 2.1: GLC during last 5 years in DRIP districts of Haryana

(Rs. Lakh)

District/Date of launching	2001-02		2002-03		2003-04		2004-05		2005-06		2006-07	
	NFS	Total	NFS	Total	NFS	Total	NFS	Total	NFS	Total	NFS	Total
Panipat 27.01.03	13445	32496	18263	43320	19036	49611	20051	57800	32352	94072	46156	118301
Yamuna Nagar 24.03.04	9672	41106	8865	47011	10268	55383	14910	68884	15242	97911	19700	109773
Ambala 18.03.02	5269	31307	5430	41837	6967	45496	8944	59662	12430	88360	12067	94364
Rewari 22.12.06	1913	18816	1975	22129	1503	26523	2414	34770	2298	46275	2777	52929

Source – State Focus Paper of Haryana, (2007-08 and 2008-09), NABARD

2.04 The data relating to disbursement of refinance during last 5 years for all 4 DRIP districts of Haryana is presented in Table 2.2.

Table 2.2: NFS refinance disbursement in DRIP districts of Haryana (for last 5 years)

(Rs. Lakh)

District	2001-02		2002-03		2003-04		2004-05		2005-06		2006-07	
	NFS	Total	NFS	Total	NFS	Total	NFS	Total	NFS	Total	NFS	Total
Panipat	172	1933	532	1950	592	1865	368	1833	509	4292	373	2849
Yamuna Nagar	527	1796	1021	2350	639	2120	1314	2834	835	3776	1059	4034
Ambala	390	1905	364	2243	865	2930	635	2353	513	3753	1603	3083
Rewari	191	1310	111	1387	267	1783	308	2175	144	1124	499	1572

Source: Punjab & Haryana RO, NABARD

2.05 An analysis of progress of the disbursement of refinance to NFS in the *post DRIP period* revealed the following:

(i) In Panipat district, NFS refinance disbursement decreased from Rs.532 lakh in 2002-03 (i.e. year of launching) to Rs. 373 in 2006-07 registering a negative growth of (-)29.9 per cent.

(ii) In Yamuna Nagar District, NFS refinance disbursement increased from Rs. 639 lakh in 2003-04 (i.e. year of launching) to Rs. 1059 in 2006-07 registering a growth of 65.7 per cent.

(iii) In Ambala District, NFS refinance disbursement increased from Rs.191 lakh in 2001-02 (i.e. year of launching) to Rs. 499 in 2006-07 registering a growth of 311.0 per cent during the period.

(iv) As indicated earlier, in Rewari District, DRIP was in its first year of implementation (launched in 2006-07), hence out of purview of our analysis.

From the above, it was observed that Ambala was the district with highest growth of refinance disbursement for NFS in the post DRIP period. Thus in view of completion of stipulated 5 years of project implementation and highest GLC growth in the post DRIP period, the Ambala district was selected for the study. Further, growth of *refinance disbursement for NFS* in the post DRIP period was also highest in Ambala among four districts though same trend was not replicated for *total refinance*.

Selection of Banks/Branches

2.06 Banks from among the financing agencies (Commercial Banks, RRBs and Co-operative banks) were selected taking into account their quantum of disbursement for NFS (Table 2.3). With a view to get the feedback on the units financed by various agencies and also to know the variations in the implementation of the programme, the study covered RNFS units financed by all the above three agencies. From each of the selected Banks, branches were identified reporting substantial disbursements under NFS. Controlling Offices of the concerned Banks and Lead District Manager were also consulted before final selection. Accordingly, two rural RRB branches (HGB, Patwi and Nahoni), four Ambala District Central Cooperative Bank Branches (DCCB Naneola, Matheri, Saha and Mullana), two PCARDB Branches (Naraingarh and Barara), four Commercial Bank (CB) Branches (PNB Naneola and Chaurmastpur, SBI Pathreri, SBOP Barara) were selected.

**Table 2.3: Agency wise GLC-NFS for Last 3 Years in Ambala
(Rs.Lakh)**

Agency	2004-05	2005-06	2006-07	Growth rate (%)
CBs	8312.4	11790.5	11706.0	40.8
RRBs	28.0	6.4	5.5	-80.4
DCCBs	596.4	566.0	346.8	-41.9
PCARDBs	6.7	63.8	0.0	852.2
Others	0.5	4.0	9.8	1860.0
Total	8944.0	12430.7	12068.1	34.9

Source: PLP Ambala(2008-09), NABARD

Selection of Sample Activities

2.07 The activities financed during 5 years of implementation period of DRIP i.e. between March 2002 and February 2007 were selected. The projects covered all the NFS activities identified /approved for bank finance. The activities financed were classified into broad sub groups viz. (i) Manufacturing Units (ii) Service units/self employed, (iii) Karyana Shop (iv) Agro Based processing Units (v) Small Business Units (other than Karyana Shops) and (vi) Miscellaneous Units. Total samples of 80 units (Table 2.4) were drawn from various activities for a detailed study. The number of samples from each activity was selected randomly in proportion to their share in total financing by respective bank branches.

Table No. 2.4: Details of Sample Units Selected for Impact Study

	Activity Group	HGB	PCARDB	DCCB	CB	Total No of Units	Per cent to total
1	Manufacturing Units	6	1	3	3	13	16.3
2	Service Sector/Self Employed	7	3	4	4	18	22.5
3	Karyana Shops	6	0	4	0	10	12.5
4	Agro-based Processing Units	1	1	0	1	3	3.7
5	Small Business Units (other than Karyana Shop)	3	3	11	11	28	35.0
6	Misc. Units	1	4	3	0	8	10.0
	Total	24	12	25	19	80	100

2.08 The activities covered under the study included Manufacturing Units (13 No.) (furniture making, soap making, RCC pipes making, iron box making, etc.); Service Units (18 No.) (tent houses, tyre puncture repairing units, grill making, electronics repair shop, Photography, jewellery making, STD booth, etc.); Karyana Shops (10 No.), Small Business Units (28 No.) (medical shop, cycle store, garment store, sweet shop, plywood store, marble shop, shoe store); and Agro-Based Units (3 No.) (rice shellers, cane crushing unit, and arra machine), and Miscellaneous Units (8 No.) (marriage palaces, school buildings, science laboratory, etc.). Of the total sample units, 30 per cent were financed by Haryana Grameen Bank branches, 15 per cent by PCARDBs, 31 per cent by DCCBs and remaining 24 per cent were financed by Commercial Banks.

Promotional Activities

2.09 During the implementation period, a number of promotional programmes like Rural Entrepreneurship Development Programmes (REDP), Primary Lending Institutions Training Programmes, One day Orientation Meet for Senior Officers of Banks/VAs/NGOs, Meet with NGO/Trade Bodies, Product Development Workshop, etc. were organized with the support of NABARD/Banks. The impact and shortcomings of these programmes have been assessed based on the feedback of the participants and DDM as well as from the contents of the proceedings of the promotional programmes available with the Regional Office. The information available with our Regional Office regarding the number of promotion activities proposed and actually held were compared and critically examined to assess their effectiveness on the outcome of the project.

Period of Implementation

2.10 The DRIP was launched on 15 March 2002 in Ambala District and it had completed 5 years of operation as on 31 March 2007. The sample units financed up to financial year 2005-06 were selected for the study.

Reference Year

2.11 The reference year for the study was 2006-07. Actual cost of investment was collected at historical prices and updated to reference year using suitable price indices

for comparison. All the variable costs and benefits from the investment were collected at reference year prices.

Data Collection and Analysis

2.12 The study was based on primary and secondary data. Primary data for the study was collected from the selected samples through direct interview method using pre drawn questionnaire. The field work for the study was undertaken for 8 days during 02-04 January and 07-11 January 2008. These data included demographic and socio-economic characteristics of the households, investment specific details like cost of investment, benefits accrued due to the investment, bank loan, other sources of finance, etc. Primary data was supplemented by secondary data for the study. Secondary data was collected from the financing bank branches, District Industries Centre (DIC), Directorate of Economics and Statistics of State Government, etc. Impact of the promotional programmes was assessed through the feedback received from participants and DDM as well as contents of the proceeding of the Meetings available with the Regional Office.

2.13 Relative performance of DRIP Districts was compared with a non DRIP District having similar agro climatic characteristics with the help of secondary data. Further, an attempt was also made to compare the 'pre' and 'post' DRIP situation to analyse the impact of the programme.

2.14 Primary and secondary data was tabulated and analysed using statistical tools, such as simple and weighted average, sum, etc. to derive inferences. Financial viability of the investment will be assessed in terms of Return on Investment ratio (ROI), Benefit Cost Ratio (BCR) and Net Present Value of net benefits. Financial Rate of Return (FRR) was not attempted as majority (93 %) of the units were input based and capital investments in such units were very low.

$$\text{ROI} = \frac{\text{Annual Net Benefit}}{\text{Total Investment}} \times 100$$

$$\text{BCR} = \frac{\text{Sum of discounted value of benefits at 15 \% discount rate}}{\text{Sum of discounted value of costs at 15 \% discount rate}} \times 100$$

2.15 Repayment performance of sample borrowers and that of Bank branches covered under the study was analysed in terms of Demand Collection and Balance of the particular loan account.

Limitations of the Study

2.16 The project implementation period of 5 years could be considered a short period to assess its socio economic impact on the borrowers and to draw conclusive inferences. The effect of other promotional programmes being implemented in both DRIP and non DRIP District was assumed to be neutral while drawing inferences about the impact of DRIP on GLC and NABARD refinance.

CHAPTER 3

IMPLEMENTATION OF DRIP IN AMBALA

NABARD, as the apex level rural development institution had launched District Rural Development Project (DRIP) since 1993-94. As on 31 March 2007, it was operational in 106 districts at all India level. In Haryana, States it was operational in 4 districts viz. Panipat, Yamuna Nagar, Ambala and Rewari. Ambala was the first district in Haryana where DRIP was launched on 18 March 2002 with the expectation that GLC in the District particularly in the secondary sector will increase. It was also envisaged that GLC and NABARD refinance under NFS will also go up in comparison to other non DRIP Districts on completion of the Project. Hence a comparison of GLC and NABARD refinance under NFS with control district will give a broad indication on the impact of the project.

DRIP in Ambala District

3.02 **Launching** : DRIP was launched on 18 March 2002.

DPS : District Potential Survey (DPS) Report was prepared by ASSEED, an NGO from Delhi which was thoroughly discussed at different fora including Project Coordination and Guidance Committee (PCGC) meeting held on 27 September 2002 before finalisation.

3.03 **GOPP** : In the series of planned events, a three day workshop on Goal Oriented Project Planning (GOPP) was organised by NABARD from 28 to 30 November 2002. Representatives of banks, Government Departments and a few NGOs aggregating around 30 participants, attended this workshop. The faculty support was provided by the National Bank Staff College, Lucknow; Bankers Institute of Rural Development, Lucknow; Regional and Head Office of NABARD, among others. Amongst others, Activity-wise Action Plan for the district was prepared for the 5 years i.e. from 2002-03 to 2006-07.

3.04 A Project Coordination and Guidance Committee (PCGC) under Chairmanship of the Deputy Commissioner was constituted at the District level to monitor the progress of implementation of this Project after its launching in 2002. It comprised of senior bankers and representatives of Govt. Deptts./ agencies which monitored the progress at quarterly intervals in its meetings. A plan for

implementation was drawn for 2001-02 to 2006-07. Accordingly, NABARD had organized a number of promotional programmes during the last five years. The sequence of Events and Programmes organized by NABARD in Ambala District was as under:

Promotional Programmes Envisaged under DRIP

3.05 With a view to promote rural non farm sector, about 18 interventions associated with DRIP relating to coordination, sensitizing the stakeholders and awareness building. Several programmes viz.. Primary Lending Institutions (PLI) training programmes, orientation meets, block level awareness programmes, product development workshops and Rural Entrepreneurship Development Programmes were envisaged and it covered members of Farmers' Club to block officials, bank officials and officials from DIC and KVIB.

Pomotional Programmes Conducted under DRIP

3.06 The details of programme held in this connection were the following:

1. PLI Training Programmes: To sharpen the skill of the bankers particularly in the area of Non Farm Sector three training programme for PLIs were organised by NABARD. First was held from 09 January to 11 January 2003. This programme was attended by Branch Managers and other officials of various Banks i.e. Commercial Banks, Cooperative banks and Regional Rural Bank. The second programme was organised from 24 to 26 February 2003 in which Branch Managers/ other officials of Cooperative Banks and RRB participated. The third such programme in the series was also organized from 26.02.04 to 28.02.04. In all the above programmes faculty support was extended by the Bankers Institute of Rural Development (BIRD) Lucknow. About 75 Officials were imparted training for appraisal of NFS Projects.

2. REDPs : NABARD had also extended its support for organising 6 Incentive based Rural Entrepreneurship Programms (REDPs) and training programmes covering various activities/services as follows:

- I. **Electrical Appliances Repairing & Maintenance** - Conducted by Society for NEED. The programme commenced from 3 February 2003 (for 8 weeks) in which about 25 candidates were trained.

- II. **Durri & Tat Patti Making** - Conducted by Khadi Sewa Sadan. The programme commenced from 13 February 2003 (for 8 weeks) in which about 30 women candidates participated out of which 10 were from an existing SHG.
- III. **Leather Goods** - Conducted by HARDICON. It was also 8 weeks' programme in which about 25 candidates actively participated. The programme commenced from 28 March 2003.
- IV. **Computer Hardware Repairing & Maintenance** : Conducted by Society for NEED from 06.08.2003 to 08.10.2003 in which 28 candidates participated out of which 7 trainees were women. Project Monitoring Committee had been constituted for monitoring its implementation as well as follow up efforts.
- V. **Scientific Instruments**: Conducted by HARDICON. It was also 8 weeks' programme from 02.09.2003 to 16 10.2003 in which 28 candidates participated.
- VI. **REDP on Garment Manufacturing and Fashion Designing**: It commenced from 05.04.2004 and was conducted by Society for NEED in which about 30 participants were trained.

Miscellaneous Interventions

3.07 During the implementation period, several other programmes viz. planning and product development workshops, block level awareness meets, skill development initiatives, one day sensitization programme for Bankers and awareness meet with Krishi Vigyan Kendras, etc. were organized for promotion of RNFS sector. The Project Coordination and Guidance Committee at state level met twice to take stock of progress of the DRIP. Similarly, the committee at District level also held meetings to take stock of the progress in this connection. Although a number of training programmes were organized, yet only 5 per cent of borrowers were found to be trained in activities they were dealing in. This pointed towards low success rate of such training programmes and weak follow up by the bankers as well as lack of entrepreneurship among the potential borrowers.

Impact of the Project on GLC

3.08 For the purpose of comparison, Kurukshetra a non DRIP District, which lies adjacent to the Ambala District having similar socio-economic and geographical characteristics, was considered as the Control District. Hence the growth rate of GLC

and disbursement of NABARD refinance in Ambala District were compared with that of Kurukshetra District to figure out the impact of DRIP. The sub sector wise GLC flow for the year 2001-02 to 2006-07 is given in Table 3.1.

Table 3.1: GLC in DRIP and Non DRIP District

(Rs. Lakh)

Year	Ambala				Kurukshetra			
	Agri	NFS	OPS	Total	Agri	NFS	OPS	Total
2001-02	19435	5270	6326	31031	27631	10476	5547	43654
2002-03	24082	5430	12325	41837	33525	10873	7868	52266
2003-04	28546	6967	9982	45495	41634	11887	9826	63347
2004-05	37803	8944	12915	59662	57531	8518	13768	79817
2005-06	51044	12431	23952	87427	61627	11359	34306	107292
2006-07	60031	12067	21343	93441	84893	13434	26338	124665
CAGR 2002-07 (%)	25.3	18.0	27.5	24.7	25.2	5.1	36.5	23.3

3.09 The Ground Level Credit flow in Ambala District had increased from Rs. 31031 lakh in 2001-02 to Rs. 93441 lakh in 2006-07, registering a growth of 201 per cent during the period (2001-02 to 2006-07) as against 185 per cent in Kurukshetra District. While, the GLC-NFS had increased from Rs. 5270 lakh in 2001-02 to Rs. 12067 lakh in 2006-07, registering a growth of 128 per cent during the period as against 28 per cent only in Kurukshetra District. Thus, the growth rate of GLC and GLC-NFS was higher in Ambala District than in control District of Kurukshetra substantiating the positive impact of DRIP on GLC flow for NFS in terms of total per cent increase during 5 years of project period. However, looking at intra district, sub sector wise credit flow within Ambala District, it was found that the growth of GLC-NFS (128 %) was lower than the growth of total GLC (201 %) even though, the specific purpose of DRIP was to give a boost to financing of NFS activities in the district. However, the growth of GLC in OPS (237 %) was higher than the growth of total GLC (201 %) in the district. From the above analysis, it was clear that the growth in GLC was higher in DRIP district than in a non DRIP district. However, growth of GLC-NFS financing has been lower than the growth of total GLC flow as well as GLC-OPS during 5 years in the district.

3.10 During the period under reference, GLC had increased at a Compound Annual Growth Rate (CAGR) of 24.7 per cent in Ambala District which was marginally higher than the CAGR of 23.3 per cent in Kurukshetra District. However, GLC-NFS

had increased at a CAGR of 18.0 per cent in Ambala District as against the CAGR of 13.0 per cent in Kurukshetra District. Thus, the rate of growth of GLC-NFS in DRIP District was 5 percentage points higher than in non DRIP District.

3.11 During the period under reference, the share of NFS in GLC fluctuated between 12.9 to 17.0 per cent in Ambala District as against 10.6 to 24 per cent. However, per cent share of NFS in the total GLC flow declined (Table 4.2) in both the district. In Ambala district, its share declined from 17.0 per cent to 12.9 per cent whereas in Kurukshetra District the same declined more sharply from 24.0 per cent to 10.0 per cent during the period. This was mainly due to increasing share of OPS and agriculture sector. Here it may be pertinent to mention that Government of India in its Annual Budget for 2004-05 had fixed a target of doubling the flow of agriculture credit (with base year 2003-04) within the next three years (i.e. by the end of 2006-07) through various special policy pronouncements. It was envisaged that at all India level, the credit flow to agriculture during 2004-05 to 2006-07 (i.e. three years) will double as against the achievement of Rs.86,981 crore during 2003-04. As a result, during 2004-04 to 2006-07, in both the districts, the agriculture credit more than doubled (Table 3.1) and their share in GLC also increased (Table 3.2).

Table 3.2: Share of GLC in DRIP and Non DRIP District
(Per cent)

Year	Ambala				Kurukshetra			
	Agri	NFS	OPS	Total	Agri	NFS	OPS	Total
2001-02	62.6	17.0	20.4	100.0	63.3	24.0	12.7	100.0
2002-03	57.6	13.0	29.5	100.0	64.1	20.8	15.1	100.0
2003-04	62.7	15.3	21.9	100.0	65.7	18.8	15.5	100.0
2004-05	63.4	15.0	21.6	100.0	72.1	10.7	17.2	100.0
2005-06	58.4	14.2	27.4	100.0	57.4	10.6	32.0	100.0
2006-07	64.2	12.9	22.8	100.0	68.1	10.8	21.1	100.0

Impact of the Project on NABARD Refinance

3.12 The details of refinance disbursement by NABARD under NFS in both the Districts i.e. DRIP and Control District is presented in Table 3.3.

Table 3.3: Refinance Disbursement in DRIP and Non DRIP District
(Rs. Lakh)

Year	Ambala			Kurukshetra		
	NFS	Total (all purpose)	% to total	NFS	Total (all purpose)	% to total
2001-02	390	1905	20.5	584	2531	23.1
2002-03	364	2243	16.2	607	3805	16.0
2003-04	865	2930	29.5	361	2338	15.4
2004-05	635	2353	27.0	1358	3285	41.3
2005-06	357	3753	9.5	660	4740	13.9
2006-07	1165	3082	37.8	714	2500	28.6
CAGR 2002-07 (%)	24.5	10.1	13.1	4.1	-0.2	4.4

3.13 During the period under reference, the total refinance disbursement in Ambala District had increased from Rs. 1905 lakh (2001-02) to Rs. 3083 lakh (2006-07) registering a growth of 61.8 per cent as against negative growth of 1.2 per cent (from Rs. 2531 lakh to Rs. 2500 lakh) in Kurukshetra District. The refinance for NFS in Ambala District had increased from Rs. 390 lakh in 2001-02 to Rs. 1165 lakh in 2006-07, registering a growth of 198.7 per cent whereas for Kurukshetra District, the same had increased from Rs. 584 lakh in 2001-02 to Rs. 714 lakh in 2006-07 registering a growth of 22.3 per cent which was much lower than that of Ambala District. Thus, the growth rate in total refinance disbursement and that under NFS was much lower in Control District of Kurukshetra than in DRIP District of Ambala.

3.14 During the period under reference, the CAGR for total refinance in Ambala was 10.1 per cent as against 4.4 per cent for Kurukshetra District. Similarly, the CAGR for NFS refinance in Ambala District was 24.5 per cent as against 4.1 per cent for Kurukshetra District. Thus CAGR for total refinance as well as NFS refinance was higher in DRIP district than in control district. Between 2001-02 and 2006-07, the share of NFS in total refinance increased from 20.5 per cent to 37.8 per cent in Ambala District and the same increased from 23.1 per cent in 2001-02 to 28.6 per cent in 2006-07 in Kurukshetra District. However, it may not be a causal relation between GLC and refinance availed as institutions followed their own decision to claim refinance assistance to the extent of their need on yearly basis.

Project Awareness

3.15 One of the objectives of DRIP was to create awareness among partners and the prospective investors about various NFS schemes of Government and Banks and other line agencies. During the field visit, discussions with the officials of the Banks were held and it was gathered that they were aware of concept of DRIP. However, the level of awareness was more in case of Co-operative banks and RRBs than that among Commercial Bank Officials. There is a need to organise more awareness camps for Bankers and as also there is a need to sensitise senior official at Controlling Offices of Commercial Banks about the importance of DRIP so that they could depute Branch Managers and other officers/staff to the DRIP related training programmes/workshops. The level of awareness among rural people at large was very low and only 5 per cent of sample borrowers were aware of it. In this context, it may be pertinent to mention that 20 per cent of sample borrowers were aware of NABARD, thanks to the RIDF projects and the package for cooperatives as per the Vaidyanathan Committee recommendations.

CHAPTER 4

CHARACTERISTICS OF SAMPLE FOR IMPACT STUDY

District Profile

Ambala is one of the foremost industrial districts of Haryana State. It is situated on Sher Shah Suri Marg i.e. National Highway No.22. It is connected to the main cities of northern states and is surrounded by Panchkula, Yamunanagar & Kurukshetra districts of Haryana and Patiala district of Punjab state. The district consists of two sub-divisions viz. Ambala and Naraingarh. The total geographical area of the district is 1574 square km having three tehsils namely Ambala, Barara and Naraingarh. There are 6 blocks viz, Ambala I, Ambala II, Barara, Naraingarh, Shehzadpur and Saha. The total number of villages in the district is 493 including 11 uninhabited villages and all the villages are electrified and connected by roads. The climate in the district is dry and humid with average annual rainfall of 1044 mm. Details of the district profile are presented in Appendix I.

4.02 The total cultivable area in the district was 135052 ha with Net Sown Area of 133424 ha and Gross Cropped area of 210826 ha with cropping intensity of 158 per cent as against the State level average of 174 per cent. The irrigated area in the district was 87 per cent and the major sources of irrigation were tube well (89 %) and canal (10 %). Forest cover in the district was 1174 ha (0.9 per cent). Total operational holdings in the District were 58082 (no.) with average size of 2.32 ha. Of the total, 56 per cent were of less than 1 ha, 19 per cent were between 1 to 2 ha and remaining 25 per cent were of more than 2 ha.

4.03 The total population in the district were 1014411 (Census 2001) with 53.5 per cent males and 46.5 per cent females. Literacy rate among females and males was 68.5 per cent and 83 per cent respectively. The sex ratio for the district was 869 as against State's figure of 861. Density of population was 644 persons per sq. km as against State's average of 478 persons per sq. km. The district is well connected by national highways and railways to cities like Delhi, Mumbai, Kolkata, etc. As far as electricity is concerned, all villages are electrified, however power supply was not regular and alternate arrangements i.e. diesel operated generator sets had been

installed / hired for running of units. This had increased the cost of production and lowered the competitive strength of the entrepreneurs.

4.04 As observed from Table 4.1, majority of working population (about 70 %) was engaged in household industries, service industries/self employed and 30 per cent of working population was engaged in agricultural and allied activities as cultivators and agricultural labourers. This indicated the dominance of non farm sector in the district. Gender wise analysis indicated that about 76 per cent of female workforce was engaged in household industries, service industries/self employed as against only 70 per cent males were engaged in such industries. Workers working for more than 183 days were in one or more activity were considered as main worker and workers working for less than 183 days were considered as marginal workers.

**Table 4.1: Distribution of Workers (Main +Marginal)
(As per Census 2001)**

Classification	Male		Female		Total
	No.	Per cent	No.	Per cent	
House-hold Industries	8040 (2.9)	74.69	2724 (5.7)	25.31	10764 (3.3)
Cultivator	49848 (18.1)	94.02	3168 (6.6)	5.98	53016 (16.3)
Agr. Labour	33822 (12.2)	80.01	8448 (17.6)	19.99	42270 (13.0)
Others	184922 (66.8)	84.64	33549 (70.1)	15.36	218471 (67.4)
Total	276632 (100.0)	85.24	47889 (100.0)	14.76	324521 (100.0)

Figures in parentheses are per cent to total

Source: Director of Census Operation, Haryana

4.05 Some of the items like Mixies and Scientific Instruments had become synonymous with name of the district at national as well as international level. For the present, developments of such activities were vertical in and around the Ambala city. However, there was ample scope for lateral development also. The district had got infrastructure for further development of non farm sector activities. There was assured availability of basic infrastructure viz. road, transport, rail links, and skilled man power in the district. There was a good banking net work in the district. As per Industrial Policy of the Haryana Government, Ambala falls in 'A' category district where for promotion of industries, concession/deferment in sales tax, etc., are envisaged. Saha is one of the proposed areas for development of industrial estate /

food processing zone for which land had already been acquired. This block was declared as backward area and qualified for sales tax concessions for 5 to 9 years besides exemption from octroi on capital equipment, building and raw material. An 'Udyog Kunj' was also proposed at Kalpi village near Saha. The opportunities for ready made garment especially leather garments and bags were tremendous in the local market as also in nearby places viz. Chandigarh, Delhi and Ludhiana.

4.06 Efforts were being made to provide an environment conducive for NFS activities by initiating reforms in the power sector as well as improved connectivity through network of roads, etc. As already discussed, this district had the distinction to be the first district of Haryana which had been covered under District Rural Industries Project (DRIP) of NABARD. Under this programme, focused efforts were made to create a congenial atmosphere for promoting rural industries by way of facilitating easy, adequate and timely institutional credit besides various promotional efforts.

Banking Profile

4.07 The district was endowed with banking network consisting of the Ambala District Central Co-operative Bank Limited (19 branches), Agricultural and Rural Development Banks (3 branches), Haryana Grameen Bank (HGB) (9 Branches), and 27 Commercial Banks (112 Branches). The average population per branch of bank for the district as a whole was 7093. The CD ratio in the district was 71 marginally less than the State CD ratio of 74 per cent and 60 per cent at national level as on 31 March 2007. The recovery of bank loan in the district was 79 per cent.

Socio-Economic Profile of Sample Borrowers

Age and Gender

4.08 Out of total sample of 80 borrowers, there was only one female borrower and remaining 79 were males reflecting a sort of gender bias against females mainly because they were not enterprising in establishing their independent units. The largest proportion of borrowers (61 %) was in the age group of 25-40 years, followed by 41-50 years (21%) and above 50 years (6.4%) reflecting that young entrepreneurs had taken NFS activities in recent years (Table 4.2).

Table 4.2 : Age-wise Distribution of the Sample Borrowers

Sr. No.	Age Group (Yrs.)	No. of Sample Borrowers			Per cent to Total
		Male	Female	Total	
1	25-40	48	1	49	61
2	41-50	17	0	17	21
3	>50	14	0	14	18
Total		79	1	80	100

Educational Status

4.09 An analysis of the educational status of the sample borrowers indicated that a 60 per cent of them were 10th class pass, 30 per cent were educated up to primary standard and 10 per cent were either graduates or technically qualified/professionals reflecting that majority of borrowers engaged in NFS activities were literate. (Table 4.3.) Across the activity groups, the proportion of borrowers who had studied up to secondary level was the highest in manufacturing (30%) followed by service units (16%), and small business (14%) in that order.

Table 4.3: Educational Level of the Sample Borrowers

Sr. No.	Class/Standard	No. of Sample Borrowers	Per cent to Total
1	Up to 5 th class	24	30
2	Up to 10th class	48	60
3	Up to Graduation	6	7
4	Post Graduate & Technically Qualified	2	3
Total		80	100

Occupation

4.10 The traditional occupation of the sample entrepreneurs was business/trading (48%), services 23 (%) and manufacturing (16%). It indicated that up-gradation from traditional business to NFS and shifting of workers from agricultural activities to NFS was very limited so far. Therefore, a need was felt to encourage entrepreneurs for establishing more and more service and manufacturing units under NFS.

Experience

4.11 Majority of the sample borrowers (60 %) had taken up their traditional activity and only 26 per cent were having previous work experience (Table 4.4).

Table 4.4: Training and Experience of the Sample Borrowers

Sr.No.	Particulars	No.	Per cent
1	Traditionally followed	48	60
2	Work experience in present activity	21	26
3	Trained for the activity	4	5
4	No Experience	7	9
	Total	80	100

4.12 Though various kind of training programmes were organized by government agencies, banks and other agencies under the DRIP, only 5 per cent of sample borrowers were from among the trained persons. This calls for utmost care in selection of trainees who have aptitude and some experience in non farm activities. It also pointed out the need to look into the contents of the programme.

CHAPTER 5

ADHERENCE TO TERMS AND CONDITIONS OF FINANCING

Under DRIP, Banks (both public and private) in the district were expected to extend their full support by way of financing RNFS activities, and their branches were to exploit all the potentials available in their area of operation. Similarly, Govt. and its various agencies were expected to make efforts to create infrastructure, coordinate with Financial Institutions and become most active partner so that Rural Industrialization process actually takes place in the district. NGOs were also to play their active role by way of creating awareness amongst the masses and also be helpful in extending training, skill up-gradation and doing all the incidental work which could pave the road of success for rural industrialization. The success of any credit linked programme/activity largely depends on the manner in which the implementing agencies adhere to the stipulated guidelines including identification of the borrowers and their activities, appraisal of the loan applications, quantum of loan, repayment schedule and post disbursement supervision.

Identification of Borrowers

5.02 It was observed that the majority of borrowers approached the banks on their own to avail assistance for an activity identified by themselves. The activities taken up by the sample borrowers were selected by themselves and banks were not playing any active role in selection of the same. The borrowers under the scheme had themselves chosen the activity based on their traditional skills and the prevailing local and regional demands of the market. In the entire sample, only five per cent of sample borrower had taken any formal training before taking up the NFS activity. In case of PCARDB, Land Valuation Officers had discussions with the borrowers and had informally advised them to choose their traditional activities. It indicates little relation between persons trained and actually getting financing from NFS activity.

Skill Development

5.03 A majority of the activities selected for the study were traditional in nature. Hence the borrowers were not required to undergo any formal training/skill acquiring for undertaking the activity. In case of other highly skilled activities, the borrowers

had not undergone any formal training but were running the unit by employing the skilled labourers for the purpose. As indicated by the Developmental Agencies, NGOs and DIC, the shortage of funds was considered to be the main reason for lack of RNFS promotional activities. The borrowers had not received any technical guidance in setting up the unit. This calls for the need for review of the selection procedure for identification of persons for RNFS and their follow up with technical and other necessary guidance for successfully setting up and running the units. In this context, the financing banks may be asked to sponsor the trainees of various NFS programmes.

Appraisal Norms

5.04 None of the financing banks had prepared/were keeping any project profiles for any NFS activity financed by them. CBs and RRB were financing the activity based on their past experience while PCARDB was financing the unit on the basis of unit cost fixed for the activity by their respective Head Offices.. Banks may prepare project profiles for ready reference to the prospective entrepreneurs. Only in sponsored cases (either by KVIC or any other agency), it was observed that loan cases were appraised in detail by respective agency and the bank branches had not taken up any detailed appraisal. In case of PCARDB, Land Valuation Officers had conducted physical verification to ascertain the adequacy of land holding, sustainability of NFS structure regarding its location, etc. Loan sanctioned by PCARDB for the purpose was disbursed in two/three instalments, on issuance of utilisation certificate, after the assets verification.

Assessment of Loan Amount

5.05 The amount of loan was sanctioned on the basis of security offered by the borrower. Even repayment schedule was fixed on adhoc basis such as 5 years, 7 years, 10 years without taking into account the surplus available with the borrower. Similarly, the repayment instalment was fixed mostly at half yearly / yearly intervals without taking into consideration the cash flow of investment and surplus available owing to the activity.

Sanction/Disbursement of Loans

5.06 NFS investments were financed mainly as composite loan consisting of the term loan for purchasing the plant & machinery and the working capital for one

production cycle (capitalised). Based on the financial needs of the borrowers, the banks were disbursing the term loan for establishing the unit in 2-3 instalments for purchase of different plant and machinery required for setting up the unit. The working capital was generally disbursed at the start of each cycle. In case of PCARDB, the working capital was capitalised in the sanctioned loan and disbursed to the borrowers at the start of production in the unit.

Time Lag

5.07 In case of PCARDB, the borrowers were asked to submit the loan applications only after their officials had done the spot verification of the functioning of unit. There was no realistic pre sanction appraisal of the loan applications in PCARDB. It was due to lack of expert staff for NFS. It took 1 to 4 weeks time for sanction of loans, depending upon the timing of the meeting of the sanctioning committee. The loan was disbursed in 2-3 instalments. First instalment was mostly released within 7 days of loan sanction. In case of Commercial Banks, it took 7-60 days between the submission and sanction of the loan applications. In case of Haryana Grameen bank (HGB), it took 9 to 60 days for sanction of loan. However, the first instalment of sanctioned loan was disbursed within 7 days. In case of HGB, majority (70 per cent) of the borrowers had borrowed under their Swarozgar Credit Card (SCC) scheme in which loan was sanctioned and disbursed within 10 days of loan application. The CCB took a time period of 3 to 35 days for sanctioning of loan and the first instalment was released within a week's time.

Repayment Period

5.08 Generally, the RNFS units were allowed a repayment period of 5 years including the grace period. However, PCARDBs had given a repayment period of 10 years with a moratorium of 1 year. In case of housing loan the repayment period was 15 years with a moratorium period of 18 months. However, there were wide variations in repayment periods depending upon the activity and the scheme financed.

Rate of Interest

5.09 The interest rate charged by the financing banks varied from 9 to 13 per cent as per the amount financed for the unit. HGB was charging interest at 9 per cent for SCCs. However, they were charging more than 9 per cent for other

investment/activity. PACRDB was charging interest rate ranging from 9.5 per cent (for loan up to Rs. 1 lakh) to 13 per cent (loans above Rs. 1 lakh) depending upon the quantum of loan. Commercial Banks were charging a higher interest rate ranging between 11.5 to 12.5 per cent depending on quantum of loan and activity financed.

Security

5.10 The collateral security in case of activities financed under NFS ranged between 100 to 150 per cent of the loan amount. It was mostly in the form of mortgage of land, building, plant and machinery, shop, stock/goods, etc. This was applicable for all units across the banks.

Margin Money

5.11 The financing banks are expected to collect the margin money as per the RBI stipulations. It was observed that for all the banks, the margin money ranged from 10 per cent to 25 per cent depending upon the type of investment.

Subsidy

5.12 Some of the agencies like Khadi & Village Industries Corporation (KVIC), Khadi & Village Industries Board (KVIB) and HHKN provided subsidy for promoting the RNFS activities. Out of total sample units surveyed, 12 per cent had availed of subsidy ranging between 10 to 25 per cent of total project cost from various agencies like KVIC, KVIB, HHKN, etc.

Post Disbursement Monitoring

5.13 There was a lack of monitoring and follow up of the sanctioned cases, thereby hampering the recovery performance of the units under NFS. Therefore, it was imperative that, Bank branches need to step up their efforts for better client-banker relationship for future growth of rural economy in general and RNFS in particular. This could be done through organising entrepreneurship meets and cluster development programmes in the district.

Forward and Backward Linkages

5.14 Rice shellers were procuring raw material from local mandis and sending the final product i.e. rice to cities like Ambala, Chandigarh and Delhi, apart from local

market. Basmati rice was also being exported to foreign countries. Similarly, sugarcane crushing unit was procuring raw material from nearby village and final product i.e. gur was being sold in nearby towns like Ambala, Yamunanahar and Kurukshetra apart from local market. Furniture units were getting their raw material mainly from Yamunanagar and the final products were sold locally. Service units were procuring their input materials from Ambala and Delhi and their services were being used locally. As far as retail trade and karyana units were concerned, they were purchasing their inputs from Ambala and Delhi. However, garment units were procuring their goods from Ludhiana. All these trading units were catering to the needs of local people from neighbouring villages. On the whole, raw material and labour were easily available either locally or from nearby progressive markets like Ambala, Chandigarh, Delhi, Yamunanagar, Kurukshetra and Ludhiana, etc. at competitive prices. The end products/services were being utilised either locally or were transported to nearby markets as referred to earlier except basmati rice that was exported to foreign countries. Thus, forward and backward linkages were favourable for sustainability and future growth of RNFS units in the district.

CHAPTER 6

COST OF INVESTMENT

Characteristics of sample Units

By virtue of its nature, there were wide variations in the characteristic of sample Non Farm Sector Investments. These variations were with respect to capital intensity, level of technology used, requirement of labour, their skill levels, length of production cycle, seasonality of operations, etc. Also, there were huge variations in level of investment mainly due to intensity of use and lumpiness of investment. The present chapter covers cost of investment incurred under various activities and their financing. The status of units was also studied during the field visit and the same are presented in Table 6.1.

Table 6.1: Status of the Sample Units

Sr. No.	Activity	Status of Unit			Per cent		
		New	Old	Total	New	Old	Total
1	Manufacturing Units	5	8	13	38.5	61.5	100.0
2	Service Units	5	13	18	27.8	72.2	100.0
3	Karyana Shops	2	8	10	20.0	80.0	100.0
4	Misc. Retail Trade	4	24	28	14.3	85.7	100.0
5	Agro Processing	2	1	3	66.7	33.3	100.0
6	Misc. Units	8	0	8	100.0	0.0	100.0
		26	54	80	32.5	67.5	100.0

6.02 As indicated in above table, 67.5 per cent of units covered under the study were in existence even before availing the bank loan for the purpose and remaining 32.5 per cent were new units set up with the support of the Bank loan under the programme. Investments were made in old units like karyana shops, tent houses, furniture shops, rice shellers, cane crushers, cycle repair units, electronic items repair shop, etc. However, units covered under miscellaneous category were new ones. Among the activities covered in the study, miscellaneous units comprising of, marriage hall, school building and laboratories were such activities where 100 per cent of sample units were new units. For agro processing units, 66.7 per cent were new and 33.3 per cent were old ones. Among other activities, manufacturing was the activity with highest number (38.5 per cent) of new units and miscellaneous trade activities were having least number of new units (14.3 per cent). The details of investment made

by sample units are given in Table 6.2. Out of total sample of 80 units, only two units were partnership firm and remaining units were individual proprietorship.

Table 6.2: Details of Investment by Sample Units

(Rs./sample unit)

Sr.No.	Activity	Investment Before Bank Loan	Investment with Bank Loan			Gross Value of Investment
			Block Capital	Working Capital	Total	
1	Manufacturing Units	339846	244208 (44)	309946 (56)	554154 (100)	894000
2	Service Units	35361	92846 (80)	23157 (20)	116003 (100)	151364
3	Karyana Shops	54100	11245 (27)	29895 (73)	41140 (100)	95240
4	Small Business Units	499976	51037 (19)	219553 (81)	270589 (100)	770565
5	Agro Processing	721333	309040 (25)	936843 (75)	1245883 (100)	1967217
6	Misc. Units	0	994271 (96)	45443 (4)	1039713 (100)	1039713
	Average for all activities	271985	177126 (48)	189566 (52)	366691 (100)	639177

Figures in parentheses are per cent to total

6.03 Sample units covered under various activities except miscellaneous category were having sizeable investment before availing bank loan. The average investment per sample unit in the pre loan situation was Rs.271985 and the same had increased to Rs. 639177 with the bank loan. The investment per sample unit in the pre loan period was highest in case of Agro Processing Units (Rs. 721333) followed by Small Business Units (Rs. 499976), Manufacturing Units (Rs. 339846), Karyana Shops (Rs. 54100), and Service Units (Rs. 35361). All the sample units under miscellaneous category were new ones hence no pre loan investment was made by the borrowers. In the post loan situation, investment per sample was highest by Agro Processing Units (Rs. 1967217) followed by Miscellaneous category (Rs. 1039713), Manufacturing Units (Rs. 894000), Small Business Units (Rs.770565), Service Units (Rs. 151364), and Karyana Shops (Rs. 95240).

6.04 The cost of investment incurred by the sample borrowers for setting up the unit included the block capital and working capital required for setting up the unit. As

indicated earlier, some of the units existed for more than 20 years and hence cost of investments at the time of their establishment were difficult to collect. Therefore, item wise value of existing investments at the time of expansion of the unit along with inventories was collected from the Investors. Total investment made after availing bank loan was also collected. Value of total investment at the time of expansion was arrived at by summing up the estimated value of existing investment and the actual value of the investment made with the bank loan at historical prices. The block capital included the funds required for purchasing/renting in the building and work area, purchasing machinery and equipments, other fixed assets like office furniture and pre operation expenditure like expenditure involved in depositing security for taking electricity connection and the working capital (for one operating cycle) required for running the unit.

6.05 On an average, the RNFS units required about 48 per cent of the funds for meeting block capital needs and rest 52 per cent for working capital needs. However, the requirement of block and working capital varied across the activities. The requirement of block capital varied from 19 per cent for Small Business units to 96 per cent for miscellaneous category. In case of Small Business units, the amount spent on fixed investment viz. land, building, machinery, etc. that are of permanent nature was small (19 per cent) and investment on working capital required for procuring stocks and goods for retailing was very high (81 per cent). For manufacturing units, the requirement of block capital and working capital was 44 per cent and 56 per cent respectively. The agro-based units required about 25 per cent of the funds for meeting block capital needs and rest 75 per cent for working capital needs. Out of 3 units, 2 units were old ones in which fixed investment on building, machinery and equipments, etc. had already been made before availing the bank loan. The service units like tyre puncture unit, electronic items repair shop, tent houses, etc. required about 80 per cent of the funds for meeting block capital needs and rest 20 per cent for working capital needs.

Financing of Investment – Adequacy of Loan Amount

6.06 In all sample cases, the loan amount was utilised for the purpose for which it was sanctioned. However, the loan amount was not sufficient to meet the cost of investment made in establishing/expansion of 16 (20 per cent) sample units. During the course of field visit the borrowers were enquired about the sources of funds for establishment of the RNFS units. Details of total investment made, loan amount

sanctioned/disbursed together with other sources of finance, if any, are presented in Table 6.3. The gross value of investment in all categories except Miscellaneous one, were substantially higher than the investment with bank loan mainly due to the fact that out of total sample units covered under the study, one third were old units. In such units, substantial investments were already made before availing the bank loan.

Table 6.3: Financing of Investment by Sample Units
(Rs./sample unit)

Sr.No.	Activity	Gross Value of Investment	Investment with Bank Loan	Sources of Fund		
				Bank Loan	Own Fund	Outside
1	Manufacturing Units	894000	554154	274616 (50)	279538 (50)	0
2	Service Units	151364	116003	101667 (88)	14336 (12)	0
3	Karyana Shops	95240	41140	23500 (57)	17640 (43)	0
4	Small Business Units	770565	270589	199042 (74)	71547 (26)	0
5	Agro Processing	1967217	1245883	1133333 (91)	112550 (9)	0
6	Misc. Units	1039713	1039713	812500 (78)	227213 (22)	0
	Average for all units	639177	366691	263853 (72)	102838 (28)	0

Figures in parentheses refer to per cent share to total investment

6.07 For all samples taken together, the loan provided by the banks formed about 72 per cent of the investment cost and remaining 28 per cent investment cost was met out of own funds. For manufacturing units, the share of bank loan and own fund was 50 per cent each, while it was 88 per cent and 12 per cent respectively for service units. Here it would be pertinent to mention that out of total manufacturing units, only 38.5 per cent were new ones in which case share of bank loan was more while in old units share of own fund was very high. Other sources included the money drawn from the Cash Credit Limit sanctioned to the bigger units like rice shelling units, RCC pipe making, furniture making, etc. The karyana shops, small business units, service units and agro-based units had deployed 43, 26, 12, and 9 per cent of the investment cost out of their own fund and remaining portion was met out of bank loan. Surprisingly, it was observed that none of the sample units had borrowed from outside for their investment needs.

CHAPTER 7

ECONOMICS OF THE INVESTMENT

Keeping in view the major objectives of DRIP to generate income and gainful employment, the study was also undertaken with a view to assess the capability of RNFS investments to generate income and sustainable employment. The present chapter analyses the economics of investments in selected RNFS activities on the basis of data on costs and benefits collected during the field study. For this purpose, gross income, cost of production (fixed and variable) and the net income were computed for all the activities. Net Income (NI) for each unit was arrived at by subtracting total cost of production from total revenue generated out of final product emanating from the investment. Thereafter same was aggregated for all sample units taken together. Similarly, the investment made in each unit was aggregated for all samples. Keeping in view, the heterogeneity of investments and variations in operating cycles and block capital requirements, net income per sample was worked out for every Rs.1000 of investment (by simple division method) for meaningful comparison across the selected activities.

7.02 Details of the gross income, total expenditure (both fixed and variable) net income, and income per Rs. 1000 of investment are presented in Table 7.1.

Table 7.1: Net Income of the Investment in the Reference Year

(Rs./year/per sample unit)

Sr. No	Activity /No. of units	Gross Income	Expenditure			Net Income	NI per Rs.1000
			Fixed	Variable	Total		
1	Manufacturing (13)	1170433	608625 (60)	405750 (40)	1014375	156058	175
2	Service (18)	339042	97089 (35)	180309 (65)	277398	61644	407
3	Karyana Shops (10)	307721	203639 (75)	67880 (25)	271519	36202	365
4	Small Business Units (28)	1134256	491511 (50)	491511 (50)	983022	151234	196
5	Agro Processing Units (3)	3261450	1902513 (70)	815363 (30)	2717875	543575	276
6	Misc. Units (8)	314344	157172 (70)	67359 (30)	224531	89813	86
	Total	504207	207986 (55)	170170 (45)	378156	126052	185

Figures in parentheses are per cent to total

7.03 The sample units were drawn from the manufacturing units, small business units, karyana shops, agro-based units, service units, and miscellaneous category. Activities included under miscellaneous category did not generate any recurring employment but they were generating non-recurring employment for construction workers, labourers, masons, etc. Further, these activities were giving boost to demand for building materials viz. sand, bricks, cement, iron rods, wooden furniture, etc.

7.04 The total variable cost for sample units was estimated to be Rs. 170170 (45 per cent) whereas the fixed cost was computed to be Rs.207986 (55 per cent). Thus, the total cost for the sample units was estimated at Rs.378156. The Gross Income for the sample was estimated at Rs.504207 per year and the Net Income was estimated at Rs.126052 per year. Across the activities, Agro Processing Units generated the maximum annual income (Rs.543575) followed by Manufacturing Units (Rs. 156058), Small Business Units (Rs. 151234), Misc. Units (Rs. 89813), Service Units (Rs. 61644) and Karyana Shops (Rs.36203).

7.05 The average annual net income per sample per Rs.1000 of investment was estimated to be at Rs. 185 indicating thereby that the RNFS units were generating adequate income. Among various activities, Service Units were generating highest income (Rs. 407), followed by Karyana Shops (Rs. 365), Agro Processing units (Rs.276), Manufacturing Uunits (Rs.175) and Misc. Units (Rs. 86) per Rs. 1000 of investment.

Employment Generation

7.06 As already discussed, creation of gainful and sustainable employment was one of the major objective of the DRIP. Therefore, recurring employment created out of the investment was assessed during the study and the same has been presented in Table 7.2. The assessment of man days of employment generated was based on following methodology. The sample units surveyed were asked about number of working days per year and working hours per day and same was multiplied by number of workers engaged in the sample unit as per their deployment. The average working of the units was calculated and converted into standard man days of eight hours for working out the employment generated by the units surveyed during the study. The

employment created for family labour as well as hired labour was assessed separately to have an idea of employment created for persons outside the family. Many of the units were already in existence before the financing of activity through the bank loan, hence a proportionate number of employment generated due to pre loan investment was subtracted from the total employment to arrive at the net employment generated out of the bank loan. The participation of women in the total employment was negligible as only one sample unit was owned and managed by women.

Table 7.2: Employment Generation under the activity

(Man days per year per sample unit)

Sr. No	Activity /No. of units	Employment creation			
		Family labour	Hired labour	Total Labour for loan	For Rs.1000
1	Manufacturing Units (13)	4500	24900	29100	2.50
2	Service Units (18)	5700	5100	10800	3.96
3	Karyana Shops (10)	3000	0	3000	3.02
4	Small Business Units (28)	9300	18300	27600	1.28
5	Agro Processing (19)	900	17100	18000	3.05
6	Misc. Units (8)	2100	10500	12600	1.08
	Total	25500 (25)	75900 (75)	101100 (100)	1.85

Figures in parentheses are per cent to total

7.07 A total of 101100 man-days of employment were created out of sample units per year. This included the employment generated out of construction of miscellaneous category units, which were non recurring in nature. Out of total employment generated, 75900 man days (75 per cent) were for hired labour and remaining 25500 man days (25 per cent) were for family labour. The employment generated was highest for manufacturing units (29100 man days), followed by small business units (27600 man days), agro processing units (18000 man days), service units (10800 man days) and karyana shops (3000 man days). The employment generated by miscellaneous category units was non-recurring in nature. On the whole 1.85 man-days of employment were being generated out of each sample unit per Rs. 1000 of investment. It was noteworthy that maximum employment per Rs. 1000 was generated by service units (3.96 man days), followed by agro processing units (3.05 man days), karyana shops (3.02 man days), manufacturing units (2.50 man days), small business units (1.28 man days). This was indicative of the fact that service units

were generating maximum employment per rupee of investment. Hence, more and more service units need to be encouraged through bank loans and proper training to potential entrepreneurs. In this context, the role of Rural Entrepreneurship Development Programme (REDP)/Skill Development Initiative (SDI) being promoted by NABARD through NGO and line agencies gets vindicated and efforts in this direction ought to be stepped up.

7.08 The role of employment in reducing poverty needs no emphasis. In this context, employment generated out of RNFS units as discussed above not only provided livelihood to beneficiaries but also helped in reducing poverty through its economic linkages. Some of the RNFS units particularly agro processing and karyana shops dealing in cereals and grains were also dependent on farm sector for supply of raw material and goods thereby strengthening the linkages between promotion of non farm sector and growth of farm sector. Through promotion of more and more agro based units this linkages could be strengthened further.

CHAPTER 8

FINANCIAL VIABILITY AND BANKABILITY OF THE INVESTMENTS

Financial Viability

One of the objectives of the study was to study the financial viability and bankability of investments under various activities covered under the study. This chapter is devoted to discuss the same. Besides technical feasibility, it is important to examine the financial viability of the investment in order to assess its worthiness. The financial soundness of the investment was examined by working out the Return on Investment ratios (ROI), Benefit Cost Ratio (BCR) and Net Present Worth (NPW) of Net Benefit/Income by analysing the cash flows generated during the life of the investment. The Return on Investment (ROI) was worked out by the formula given below:

$$\text{ROI} = \frac{\text{Annual Net Benefit}}{\text{Total Investment}} \times 100$$

However, one of the drawbacks of ROI is that it does not take into account the time value of money into consideration. Therefore, Benefit Cost Ratio (BCR) was also worked out using discounted cash flow technique. The formula used was as under:

$$\text{BCR} = \frac{\text{Sum of discounted value of benefits at 15\% discount rate}}{\text{Sum of discounted value of costs at 15\% discount rate}} \times 100$$

Since ROI and BCR are ratios it does not reveal any thing about the absolute benefit arising out of the investment, hence Net Present Worth being the sum of discounted value of net benefits was calculated.

8.02 For financial analysis, the following assumptions were made:

- i. Though the economic life of the investment was much higher but the financial analysis was restricted to 10 years.

- ii. The sample units started realising the full benefits of the investment from the first year onwards. Hence 100 per cent of the income was considered during the first year.
- iii. Cost of investment was taken as sum total of bank loan, own fund, other loan and value of existing unit/investment.
- iv. The output and input use would not undergo change over the years so that the benefit stream remains unaltered.
- v. For an average unit, the yearly depreciation cost of plant/machinery was taken as one tenth of total initial investment (straight line method).
- vi. Investment cost was updated to reference year using suitable price indices for working out the BCR and NPW. The FRR was not attempted as majority (93 %) of the units were input based and capital investment was low.
- vii. BCR and NPW were calculated using discounted value at 15 per cent rate discount rate.

8.03 The ROI, BCR and NPW were accordingly worked out for each activity and the details are presented in Table 8.1.

Table 8.1: Financial Viability of the Investment

(Rs./Year/per sample)

Sr. No	Activity /No. of sample units	Net Income	NI + Interest on Capital @	NI + Interest on Capital + Depreciation	Gross Total Investment per sample	Return on Investment (%)	BCR	NPW (Rs.)
1	Manufacturing Units(13)	145654	158763	171464	894000	17.76	1.66	1575716
2	Service Units (18)	57534	63863	68972	151364	42.19	1.38	316146
3	Karyana Shops (10)	33789	37168	39026	99240	37.45	1.95	507945
4	Small Business Units (28)	141152	155267	163030	770565	20.15	1.29	1014382
5	Agro Processing(3)	507337	573290	630619	1967217	29.14	1.32	3137357
6	Misc. Units(8)	83825	93046	96768	1039713	8.95	0.75	380298
	Total	117648	130590	138425	681302	19.17	-	-

@ Interest at 10% to 13 % per annum depending upon activity

8.04 As could be seen from the Table 8.1, the ROI was found to be more than 17 per cent for all the activities except the Miscellaneous category. However, this category generated a return of 8.95 per cent on investment mainly because of inclusion of a big marriage palace (with total investment of Rs.55 lakh) and three school buildings (including a science laboratory) that were income generating units.

8.05 The profitability of an investment was indicated by the BCR which was found to be more than 1 for all activities across the board except Miscellaneous Units. The BCR ranged between 0.75 (for Misc. Units) and 1.95 for Karyana Shops. Other activities had BCR of 1.66 (for Manufacturing Units), 1.38 (for Service Units), 1.32 for Agro Processing Units, 1.29 for Small Business Units.

8.06 The NPW was found to be positive in all categories of activities with sufficiently high values as given in table 8.1. The highest NPW was found in case of Agro Processing Units (Rs. 3137357) and lowest was for Service Units (Rs. 316146). Activities with high capital investment exhibited high NPW. However, Service Units exhibited low NPW of investment because of higher share of labour income/ service charges in the net income than the capital income earned by such units.

Bankability of the Investment

8.07 The bankability of the investment under various activities were worked out in terms of Debt Service Coverage Ratio by the following formula:

$$\text{DSCR} = \frac{\text{Net Income} + \text{depreciation} + \text{Interest on Term Loan}}{\text{Repayment of Term Loan (Interest + Principal)}}$$

The results of the above mentioned exercise is presented in Table 8.2. The DSCR worked out for total loan taken for the activity indicated that all the investments covered under the study were bankable except Housing Units in which case the DSCR was less (104 per cent) than the stipulated banking norm of 150 per cent. The same was found to be maximum for Service Units (285 per cent), followed by Karyana Shop (236 per cent), Agro Processing Units (213 per cent), Small Business Units (192 per cent) and Manufacturing Units (189 per cent).

Table 8.2: Bankability of the Investment

(Rs/year/sample)

Sr. No	Activity	Total Investment (TI)	Bank Loan	NI + Interest on Capital + Depreciation	DSCR for Bank Loan	NI for repayment (%)
1	Manufacturing Units (13)	894000	274615	171464	1.89	26
2	Service Units (18)	151364	101667	68972	2.85	46
3	Karyana Shops (10)	99240	26500	39026	2.36	37
4	Small Business Units (28)	770565	199043	163030	1.92	29
5	Agro Processing (3)	1967217	1133333	630619	2.13	41
6	Misc. Units (8)	1039713	812500	96768	1.04	60
	Total	681302	264228	138425	1.88	32

8.08 The percent of Net Income to be used for repayment was highest (60 per cent) in case of Misc. Units. However, in all other activities, the same was found to be ranging between 26 to 46 per cent indicating thereby that 54 per cent to 74 per cent of Net Income was available for consumption by the borrowers. This could be considered a good share for personal consumption. On the whole the DSCR was as high as 188 per cent and 32 percent was used for repayment of bank loan leaving a good share of 68 per cent for consumption.

CHAPTER 9

REPAYMENT PERFORMANCE

An important indicator of the success of any investment/unit is its repayment performance. Accordingly, one of the objectives of the study was to assess the repayment performance of the sample units and the bank branches covered under the study. This chapter attempts to examine the recovery position of the sample borrowers financed for RNFS activities by financing banks as also the reasons affecting the repayment performance of the sample borrowers.

Credit Deposit Ratio

9.02 During the study, the CD ratio of sample branches was ascertained and the same is presented in the Table 9.1. The CD ratio of the sample branches was found to be lower (65 per cent) than the CD Ratio (71 per cent) of the District and the State as a whole (74 per cent) as on 31 march 2007.

**Table 9.1: CD Ratio of Sample Bank Branches
(as on 31 March 2007)**

Sr.No.	Particulars	CD Ratio of sample Bank Branches	CD Ratio of District
1	Commercial Banks	54	60
2	RRBs	63	70
3	CCB	160	160
	Total	65	71

9.03 The CD ratio of Commercial Banks of sample branches covered under the study was low (54 per cent) whereas the same for DCCB was very high (160 per cent) yet comparable for the district as a whole (160 per cent). A very high CD ratio for DCCB reflected their poor bank deposit and high dependence on outside resources like from NABARD. Again, in case of sample RRB branches, the CD ratio was 63 per cent as against the district figure of 70 per cent. Thus in general, the CD Ratio of sample branches was lower than the District as a whole. Lack of entrepreneurship leading to low credit absorption capacity of people in the service area of the branches was the main reason for this.

Repayment Performance of District Banks

9.04 The recovery position of agencies for the district as a whole is given in Table 9.2. Among all agencies, RRBs had the highest recovery at 90 per cent followed by Commercial Bank (79%), DCCB (78%) and PCARDB(68%).

**Table 9.2: Percentage of Recovery to Loans to Demand for District
(as on 30.06.2007)**

Sr.No.	Particulars	Recovery (%)
1	Commercial Banks	79
2	RRBs	91
3	DCCB	73
4	PCARDB	67
	Total	78

Recovery Performance of Sample Bank Branches

9.05 The data relating to recovery of loans were collected from sample branches in terms of the demand, collection and balance position for last five years, for both, the total priority sector (TPS) and non-farm sector (NFS) (Table 9.3). As may be seen from the Table 9.3, the recovery was lower for NFS activities as compared to the overall recovery for all the four agencies viz. PCARDB, DCCBs, RRBs and CBs. During the last five years, the recovery position of PCARDB for NFS was ranging from 24 to 45 per cent whereas the same was ranging between 45 to 73 per cent for TPS. Similarly, recovery position of DCCBs, for NFS was ranging from 18 to 56 per cent whereas the same was ranging from 70 to 84 per cent for TPS. The recovery position of CBs for NFS was ranging from 44 to 58 per cent as against 77 to 86 per cent for TPS. Contrary to expectation, the CBs also had poor recovery for NFS (from 53 per cent to 64 per cent) as against better recovery of 78 to 82 per cent for TPS. Thus the recovery under NFS was less than under TPS for all the agencies in the period during 2002 to 2007. As ascertained from bankers, this was due to low level of income generation from the sample units owing to lower scale of operation and unutilized capacity.

**Table 9.3: Recovery Performance of Sample Branches
(Per cent)**

Year	PCARDB		DCCB		RRB		CB	
	NFS	TPS	NFS	TPS	NFS	TPS	NFS	TPS
2002-03	45	73	18	76	44	77	53	78
2003-04	25	67	33	85	47	79	58	80
2004-05	38	55	56	82	50	82	61	79
2005-06	25	46	52	83	54	85	57	82
2006-07	37	68	50	71	58	86	64	81

Repayment Performance of Sample Borrowers

9.06 An attempt was also made to analyse the repayment performance of sample units based on the data collected relating to demand, collection and balance position of sample farmers who were financed for RNFS units from sample branches. Table 9.4 shows the status of loan recovery in respect of sample units including manufacturing units, small business units, agro-based units, service units, agro processing units, and misc. units. It may be observed from the table that, 59 per cent of sample borrowers had recovery position in the interval of 40-60 per cent, followed by < 40 per cent category (27 per cent) and 60-80 per cent category (11 per cent). Only 4 per cent of borrowers had very good recovery position between 80-100 per cent of demand. The weighted average of recovery of sample units was about 46 per cent which was also less than the NFS recovery of sample branches of all agencies except PCARDB.

Table 9.4: Status of Loan Recovery by Sample Units at the Bank Branches

(No.)

Sr. No	Activity /Recovery	<40 %	40-60 %	60-80 %	80-100 %	Weighted Average (%)
1	Manufacturing Units (13)	4	7	2	0	44
2	Service Units(18)	7	11	0	0	38
3	Karyana Shops (10)	4	6	0	0	38
4	Misc. Retail Trade (30)	6	20	2	0	42
5	Agro Processing Units (3)	0	1	1	1	70
6	Misc. Units (8)	0	2	4	2	55
	Total (80)	21	47	9	3	46
	Per cent to total	26	59	11	4	

9.07 The repayment performance of the majority of manufacturing units (14 per cent of total sample) and service units (9 per cent of total sample) was lying between 40-60 per cent. On the whole the recovery was less than the desired level across all the activities financed under NFS inspite of high FRR and return on investment. As ascertained from various stake holders, this could be attributed to factors such as poor post disbursement monitoring and follow up together with low level of customer banker relationship. This was also evident from absence of any post disbursement inspection /field visit reports, reminder letters and demand advices in the loan files of NFS sample borrowers. Further, the borrowers were also prone to the habit of

conspicuous consumption quite in line with the existing trend of consumerism resulting in lower surplus available with them for repayment to the banks. Only in case of 5 per cent of samples, the default was owing to low level of operation resulting in low-income level thereby hampering the recovery position of borrowers. Cases of willful defaulters were also reported in 18 per cent of sample units. Further, the low percentage of NFS recovery was due to poor pre sanction appraisal and fixing of adhoc repayment schedule for 5 years, 7 years and 10 years and fixing of repayment instalments at half yearly/yearly intervals instead of monthly/quarterly interval without any consideration about pattern of cash accrual.

CHAPTER 10

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the findings, observations, and inferences of an evaluation study on DRIP conducted in Ambala District of Haryana State. It also suggests policy prescriptions and action points for various stake holders with a view to fine tune and refine the operational guidelines governing this Project to make it more effective.

Objectives

10.02 The present study was undertaken with the major objective to evaluate the impact of District Rural Industries Project (DRIP) in Ambala District. Out of 4 districts viz. Panipat, Yamuna Nagar, Ambala and Rewari where DRIP had been launched in the State, Ambala was the only district to have completed five years of stipulated tenure, hence the same was taken up for impact evaluation of the project. Further, it was also the district with the highest GLC growth in the post DRIP period.

10.03 The specific objectives of the study were to examine the implementation of DRIP, assess the impact of promotional programmes organized in connection with DRIP, to study the systems and procedures adopted by participating banks while financing the rural non farm sector (RNFS) activities, to assess adequacy or otherwise of credit support, working capital requirements of units financed, to assess actual costs, benefits, financial viability, bankability, and employment generation by the RNFS investments covered under the project. The repayment performance of the sample branches/borrowers were also examined.

Methodology and Sample Design

10.04 A total of 80 sample NFS units were covered for impact study, out of which 24 (30 per cent) were financed by two Haryana Grameen Bank branches, 12 (15 per cent) by two PCARDBs, 25 (31 per cent) by four DCCBs branches and 19 (24 per cent) by Commercial Banks (two PNB branches, one SBI and one SBOP branch). The activities included Manufacturing Units (13 No.) (furniture making, soap making, RCC pipes making, etc.), Service Units (18 no.) (tent houses, tyre puncture units, grill making, electronics repair shop, photography, jewellery making, STD booth, etc.), Karyana Shops (10 No.), Small Business Units (28 No.) (medical shop, cycle store,

garment store, sweet shop, plywood store, marble shop, shoe store) and Agro-Based Units (3 No.) (rice shellers, cane crushing unit, and arra machine), and Miscellaneous Units (8 No.) (marriage palaces, school buildings and science laboratory).

10.05 During the implementation period, a number of promotional programmes like Rural Entrepreneurship Development Programmes (REDP), Primary Lending Institutions Training Programme, One day Orientation Meet for Senior Officers of Banks/VAs/NGOs, Meet with NGOs/Trade Bodies, Product Development Workshops, etc. were organized with the support of NABARD/Bank. However, the promotional programmes actually implemented were less than the number of programmes targeted during the implementation period. The impact and shortcomings of these programmes have been assessed based on the feedback of the participants and DDM of NABARD as contained in the proceedings of the programme available with the Regional Office. There were no qualitative changes observed towards financing non farm sector activities after DRIP. However, it has helped in improving awareness about role of non farm sector in improving livelihood opportunities and checking rural urban migration.

10.06 The sample units financed up to financial year 2005-06 were selected for the study. Relative performance of DRIP Districts (Ambala) was compared with a non DRIP District (Kurukshetra) having similar agro climatic characteristics with the help of secondary data. Further, an attempt was also made to compare the 'pre' and 'post' DRIP situation to analyse the impact of the programme.

10.07 The reference year for the study was 2006-07. Actual cost of investment was collected at historical prices and updated to reference year using suitable price indices for comparison. All the variable costs and benefits from the investment were collected at reference year prices.

Major Findings

10.08 The total Ground Level Credit flow in Ambala District had registered a higher growth of 201 per cent during the period (2001-02 to 2006-07) as against 185 per cent in Kurukshetra District. Similarly, the GLC-NFS had registered a higher growth of

128 per cent during the period as against 28 per cent only in Kurukshetra District. Looking at intra district, sub sector wise credit flow within Ambala District, it was observed that the growth of GLC-NFS (128 %) was lower than the growth of total GLC (201 %) even though, the specific purpose of DRIP was to give a boost to financing of NFS activities in the district. However, the growth of GLC in Other Priority Sector(OPS) (237 %) was higher than the growth of total GLC (201 %) in the district. From the above analysis, it was clear that the growth in GLC and GLC-NFS was higher in DRIP district than in a non DRIP district in terms of per cent increase during 5 years of project period. However, within the DRIP District, growth of GLC-NFS financing was lower (128 %) than the growth of total GLC flow (201 %) as well as GLC-OPS (237%) during 5 years of project implementation.

10.09 During the period under reference, GLC had increased at a Compound Annual Growth Rate (CAGR) of 24.7 per cent in Ambala District which was marginally higher than the CAGR of 23.3 per cent in Kurukshetra District. However, GLC-NFS had increased at a CAGR of 18 per cent in Ambala District as against the CAGR of 13 per cent in Kurukshetra District. Thus, the rate of growth of GLC-NFS in Ambala was 5 percentage points (per annum) higher than in Kurukshetra District.

10.10 During the period under reference, the share of NFS in GLC fluctuated between 12.9 to 17.0 per cent in Ambala District as against 10.6 to 24 per cent in Kurukshetra District. However, per cent share of NFS in the total GLC flow declined (Table 3.2) in both the districts. In Ambala, the DRIP district, its share declined from 17.0 per cent to 12.9 per cent whereas in Kurukshetra, the non DRIP District, the same declined more sharply from 24.0 per cent to 10.0 per cent during the period. This was on account of increasing share of OPS and agriculture sector. Increasing share of agriculture sector could be attributed to GOI programme of doubling of agriculture credit (with base year 2003-04) within the next three years (i.e. by the end of 2006-07) through various policy pronouncements.

10.11 The growth rate of total refinance disbursement and NFS refinance was much lower in Control District of Kurukshetra than in DRIP District of Ambala. The CAGR for total refinance in Ambala was 10.1 per cent as against 4.4 per cent for Kurukshetra District. Similarly, the CAGR for NFS refinance in Ambala District was 24.5 per cent

as against 4.1 per cent in Kurukshetra District. Thus CAGR for total refinance as well as NFS refinance was higher in DRIP district than in control district.

10.12 Between 2001-02 and 2006-07, the share of NFS in total refinance increased from 20.5 per cent to 37.8 per cent in Ambala District and the same increased from 23.1 per cent in 2001-02 to 28.6 per cent in 2006-07 in Kurukshetra District. However, it may not be a causal relationship between GLC and refinance availed as institutions followed their own decision to claim refinance assistance to the extent of their need on a yearly basis.

10.13 None of the financing banks had prepared/were keeping any project profiles for NFS activities financed by them. The sponsored cases were appraised in detail by the sponsoring agencies like KVIC, KVIB, etc. Since the PCARDB did not have the requisite expertise for appraising the NFS activities, there was no real pre sanction appraisal of the loan applications. CBs and RRB were financing the units based on their past experience while PCARDB was financing the small-scale units on the basis of unit cost fixed for the activity.

10.14 Under the programme, 67.5 per cent of sample units financed were in existence even before availing the bank loan and remaining 32.5 per cent were new units set up with the support of the loan. In other words, 67.5 per cent had availed loan for expansion of existing units. The setting up of new units could be treated as an achievement of DRIP.

10.15 All the activities except miscellaneous category were having sizeable investment before availing bank loan as two third of them were old units. The average investment per sample unit in the pre loan situation was Rs.271985 and the same had increased to Rs. 639177 after the bank loan. The average investment in the pre loan period was highest for Agro Processing Units (Rs. 721333), followed by Small Business Units (Rs. 499976), Manufacturing Units (Rs. 339846), Karyana Shops (Rs. 54100), and Service Units (Rs. 35361). All the units under miscellaneous category were new ones hence the borrowers reported no pre loan investment. In the post loan situation, average investment per sample unit was highest in case of Agro Processing Units (Rs. 1967217), followed by Miscellaneous category (Rs. 1039713),

Manufacturing Units (Rs. 894000), Small Business Units (Rs.770565), Service Units (Rs. 151364), and Karyana Shops (Rs. 95240). From this it could be inferred that NFS units had absorbed huge investments leading to credit absorption from banks resulting in its usual economic spin offs. For further credit widening and deepening such activities could be promoted in a focused manner.

10.16 On an average, the RNFS units required about 48 per cent of the funds for meeting block capital needs and remaining 52 per cent for working capital needs. However, the requirement of block capital varied from 19 to 96 per cent across various activities. On an average the loan provided by the banks formed about 72 per cent of the total cost and remaining 28 per cent investment cost was met out of own funds by the sample units. None of the sample borrowers had borrowed from outside sources.

10.17 The annual net income per Rs.1000 of investment per sample unit was estimated to be Rs. 185 indicating that the RNFS units were generating adequate income. Among various activities, Service Units were generating maximum income (Rs. 407), followed by karyana shops (Rs. 365), agro processing units (Rs.276), manufacturing units (Rs.175) and miscellaneous category units generated lowest income of Rs. 86 per Rs. 1000 of investment.

10.18 On the whole 1.85 man days of employment was being generated out of sample units per Rs. 1000 of investment. Here it could be noteworthy that maximum employment per Rs. 1000 was generated by service units (3.96 man days), followed by agro processing units (3.05 man days), karyana shops (3.02 man days), manufacturing units (2.50 man days), small business units (1.28 man days). This was indicative of the fact that Service units were generating maximum employment per rupee of investment. Hence more and more service units are to be encouraged through training and other promotional programmes.

10.19 The Return on Investment (ROI) was found to be more than 17 per cent for all the activities except miscellaneous category. The same was ranging between 17.5 for Manufacturing Units and 40.7 per cent for Service units.

10.20 The BCR, which was found to be more than one for all activities across the board except miscellaneous category indicated the profitability of investment. The BCR ranged between 0.75 for miscellaneous category and 1.95 for Karyana Shops.

10.21 The NPW was found to be positive for all categories of activities with sufficiently high positive values. The highest NPW was found for Agro Processing Units (Rs. 3137357) and lowest was for Service Units (Rs. 316146).

10.22 The DSCR was found to be highest for Service Units (285 per cent), followed by Karyana Shop (236 per cent), Agro Processing Units (213 per cent), Small Business Units (192 per cent) and Manufacturing Units (189 per cent). The DSCR was found to be more than 150 per cent for all categories of investments (except Miscellaneous category) indicating the bankability of investment.

10.23 The per cent of annual Net Income to be reserved for repayment was ranging between 26 to 46 per cent across various activities indicating that 54 per cent to 74 per cent of Net Income was available for consumption by the borrowers.

10.24 The recovery performance was lower for NFS activities as compared to the recovery of Total Priority Sector in all the four categories of banks viz. PCARDBs, DCCBs, RRBs and CBs. Performance of Sample borrowers revealed that 59 per cent of them had recovery position in the class interval of 40-60 per cent, followed by < 40 per cent class interval (27 per cent) and 60-80 per cent interval (11 per cent). Only 4 per cent of borrowers had good recovery position between 80-100 per cent of demand. The weighted average of recovery of sample units was about 46 per cent which was also less than the NFS recovery of sample branches of all agencies except PCARDB.

10.25 On the whole the recovery was less than the desired level across all the activities financed under NFS in spite of high return on investment. As ascertained from various stake holders, this could be attributed to factors such as poor post disbursement monitoring and follow up, willful default and low level of customer banker relationship. This was also evident by absence of any post sanction inspection /field visit reports, reminder letters and demand advices in the loan files of NFS sample borrowers. Further, the borrowers were also prone to the habit of conspicuous

consumption quite in line with the existing trend of consumerism resulting in lower surplus available with them for repayment to the banks. Only in case of 5 per cent of samples, the default was owing to low level of operation (i.e. unutilized capacity) resulting in low income level thereby hampering the recovery position of borrowers. Cases of willful defaulter were also reported in 18 per cent of sample units.

Conclusions

10.26 The total GLC flow and GLC-NFS had registered a higher growth in DRIP District of Ambala than in non DRIP District of Kurukshetra substantiating the positive impact of DRIP during 5 years of project implementation period. However, within the DRIP district, the growth rate of GLC-NFS was lower than the total GLC even though the specific purpose of DRIP was to give a boost to NFS sector. Therefore, positive growth witnessed during the reference period could be attributed to DRIP or it was a consequence of trend and spontaneous growth process was a difficult question to answer.

10.27 The CAGR for total refinance as well as NFS refinance was also higher in DRIP district than in control district. The share of NFS in GLC declined overtime in both the districts on account of increasing share of OPS and agriculture sector. This could be attributed to doubling of agriculture credit (with base year 2003-04) programme of GOI announced in Annual Budget 2004-05. The agriculture credit was to be doubled within the next three years (i.e. by the end of 2006-07) through various policy initiatives.

10.28 The programme was successful in setting up of 32.5 per cent of new NFS units. This could be treated as an achievement of DRIP. The income levels of sample units and employment opportunities had improved due to bank loan availed during the programme period. The promotional programmes organised under the project helped in enhancing the awareness about schemes. However, only 5 per cent of sample borrowers were found to be trained in respective activities and activities were mostly traditional. The implementation process needs vigorous follow up and monitoring. The study team could not find any cluster based activity evolved during the period in the district.

Policy Issues and Suggestions

10.29 Even though DRIP had helped in improving total GLC flow and GLC-NFS in the district, the declining share of GLC-NFS was a cause of concern. This calls for concerted efforts by the stakeholders for effective implementation of various components of DRIP.

10.30 The success of promotional programmes in establishing new units calls for concerted effort to help entrepreneurs in establishing such units through capacity building, adequate bank credit and related services.

10.31 The study found that only 5 per cent of sample units were manned by trained persons in their respective NFS activities. Hence block specific strategies for training are required to be chalked out for focused attention in each block. There is a need to identify potential activities block-wise and also to prepare project profile of the identified activities. Such project profiles can be distributed amongst the bankers by the Project Monitoring and Guidance Committee of the District for the use of the borrowers seeking bank loan for NFS activities.

10.32 The success of two agro processing units was indicative of the existing potential in this sector that needs to be tapped. Similarly, with vast population of milch animals in the district, milk-processing units hold good promise in the district. Even though the policy initiative of the State Govt. has been quite encouraging, the lack of general utility services like electricity and water in rural areas were the major constraints for progress of these units.

10.33 Based on the feedback received during the study from various sources like bankers, beneficiaries and people at large, a need was felt for a pro-active role by Government agencies like District Industries Centre, Banks and involvement of NGOs in mapping of the potential, identifying the borrowers, imparting the required entrepreneurial skills and providing enabling environment for the growth of Non-Farm Sector. For smooth functioning of units, proper pre sanction appraisal was needed and for the purpose officials need to be empowered through training and skill up-gradation especially officials of Cooperatives and RRBs.

10.34 Many awareness/promotional programmes were organised at district/block level and district officials/bankers participated in these programmes. However, in the absence of a good co-ordinating agency at district level, its outcome could not be translated into action at the field level. Also, Government, NGOs, Banks and other line agencies could double up their effort for awareness programmes.

10.35 Efforts could also be made to improve the recovery performance in the district through constant follow up and reminders both formally and informally by the financing agencies. A thought may be given to fix repayment schedule/instalments at monthly intervals for improved recovery.

10.36 As per the feedback received from officers having attended the PLI training programme, it has helped the participants in acquiring good knowledge on NFS financing. However, they have not put this experience into practice so far. The bankers should not hesitate in financing new RNFS activities, if any such proposal comes to them. The participation by State Government in the implementation of DRIP has been satisfactory as far as attending State level PCGC and district level PCGC meeting are concerned. However, sufficient follow-up in respect of decisions taken in such meetings was not there. To make the DRIP more effective, the government could identify Nodal officers in concerned departments/ agencies for assuming responsibility for coordinating the implementation of DRIP.

10.37 Lack of entrepreneurial skills among the sample borrowers calls for roping in more number of good NGOs to conduct REDPs in the district.

10.38 All the bank branches may be requested to maintain a separate file for DRIP circulars/guidelines and various returns submitted by the bank branches. Banks have been requested to send a quarterly monitoring statement in a prescribed format showing activity/sub-sector-wise achievement under DRIP. It was observed that the bankers were not serious in submitting statements relating to DRIP.

10.39 The selection of activity and the entrepreneurs on cluster basis was one of the basic elements of the strategy designed to fulfill the objectives of the DRIP. However,

no such cluster activity was found to be evolving during the implementation period in the district. Hence a need was felt to promote cluster based activity.

10.40 For proper identification of borrower / NFS investment, involvement of grass root level agencies like Farmers Club, Self Help Groups, Panchayati Raj Institutions, etc. was necessary. Bankers also need to develop better customer relationship by organizing NFS Melas and exhibitions. So far, the Self Help Groups had not been given due attention in the district as far as financing of rural non-farm sector activities were concerned. They will be in an advantageous position if involved in economic activities based on RNFS.

PROFILE OF AMBALA DISTRICT

(As on 31 March 2008)

1		Name of the District	Ambala
2		Geographical Area (sq. km)	1574
	a	No. of Blocks	6
	b	No. of villages (Including 11 uninhabited villages)	493
	c	No. of villages electrified	482
	d	No. of villages connected by roads	482
	e	No. of villages having supply of potable water	482
3		Rainfall (mm)	
	a	Normal (avg)	1044
	b	Actual : : 2006-07	
		January to June	299
		July to December	991
4		Population (2001 census)	
	a	Male	542977
	b	Male Female	471434
	c	Total :	1014411
	d	Population Density / Sq. km.	644
	e	Population below poverty line (House hold)	24287
5		Classification of Workers (Census 2001)	
	a	Cultivators	53016
	b	Agricultural Labourers	42270
	c	Household cottage Industries	10764
	d	Other Workers	218471
		Total Worker :	324521
6		Land Utilisation (Area in Ha)	
	a	Cultivable Area	135052
	b	Net sown Area	133424
	c	Forest	1174
	d	Fallow Land	393
	e	Land not available for cultivation	18767
	f	Gross Cropped Area	210826
	g	Area brought under High Yielding Variety (ha.)	
		: Paddy	76000
		: Maize	3000
		: Wheat	82000
		: Sugarcane	14000
7		Size of Holdings (Year 2007)	
	a	Less than 1 ha.	32655
	b	Between 1 & 2 ha.	11091
	c	Above 2 ha.	14336
		Total	58082

8		Irrigation (ha.)	
	a	Net Irrigated Area	116300
	b	By Canal	11900
	c	By Tube Wells	104000
	d	By Other means	400
9		Consumption of Fertilizers (Tonnes.)	46597
10		Agriculture Support Facilities	
	a	Rural Markets / Mandis (Nos)	7
	b.	Cold Storage	
		a. Numbers	22
		b. Total Capacity (Tonnes)	30000
11		Animal Husbandry (2004 census)	
	a	Plough animals	7000
	b	Dairy Animals	
		(i) Cows	110775
		(ii) Buffaloes	69600
	c	Sheep / Goat / Pigs	17400/6400/ 5600
	d	Poultry	555500
12		Major Food / Commercial Crops: Wheat, Paddy, Maize, Sugarcane, Mustered and Lentil. Under Plantation and Horticulture crops - Poplar, Eucalyptus and Mango.	

APPENDIX 2

ECONOMIC INDICATORS OF THE CREDIT DELIVERY SYSTEM
KEY BANKING STATISTICS AS ON 31.03.2008

(Rs. Lakh)

Sr. No.	Particulars	Co-operatives		Other Banks		Total
		CCB	LDB	RRBs	CBs	
1	No. of banks	1	1	1	27	30
2	No. of branches					
	i) Rural	13	3	8	28	52
	ii) Semi urban	1	-	-	7	8
	iii) Urban	5	-	1	77	83
	iv) Total	19	3	9	112	143
3	No. of staff per branch / society	17	16	4	-	-
4	Average population per branch	-	-	-	-	8309
5	Average no. of villages covered per branch / per society	36	165	55	4.5	3.5
6	Total Deposits as on 31 March 2007	15193	-	4891	295648	315733
7	Average Deposits per branch	799.6		543.4	2639.7	2207.9
8	Growth in Deposits					
	a) 2006-2007 over 2005-2006	7.28	-	9.64	9.68	9.56
	b) 2005-2006 over 2004-2005	9.24	-	22.52	8.45	8.45
	c) 2004-2005 over 2003-2004	6.22		15.37	13.49	13.12
9	Total Loans Outstanding as on 31 March 07	24246	5227	3500	192768	225741
10	% increase in outstanding					
	a) 2006-2007 over 2005-2006	12.08	-18.6	17.21	18.99	16.94
	b) 2005-2006 over 2004-2005	12.49	-7.80	27.66	55.58	45.92
	c) 2004-2005 over 2003-2004	11.81	8.07	24.41	25.93	22.59
11	Outstanding per branch	1276	1742	389	1721	1579
12	% of P.S. advance to total advance	94	100	86	63	67
13	CD ratio	160	-	72	65	71
14	% of Recoveries of loans to Demand					
	As on 30.6.2002	81	75	83	78	79
	As on 30.6.2003	87	75	84	80	80
	As on 30.6.2004	88	76	86	79	79
	As on 30.6.2005	88	69	89	n.a.	n.a.
	As on 30.6.2006	78	68	90	n.a.	n.a.
	As on 30.06.2007	73	67	91	n.a.	n.a.

REPORTS PUBLISHED UNDER THE EVALUATION STUDY SERIES OF THE
NATIONAL
BANK FOR AGRICULTURE AND RURAL DEVELOPMENT

A. Reports published by the Head Office of NABARD

Sr. No	Title of Evaluation Study Reports	Year of Publication
1	*Minor Irrigation scheme - Construction of New Wells and Installation of Pumpsets thereon in Solapur District, Maharashtra	1977
2	*Minor Irrigation Scheme - Installation of shallow Tubewells in Karnal District, Haryana	1977
3	*Bhadra Land Development Project - Scheme for Reclamation and Development of Land, Karnataka	1977
4	*Land Development under Nagarjuna Sagar Project, Miryalguda Taluka, Andhra Pradesh	1977
5	*Dairy Development Scheme in Jagadhri Block of Ambala District, Haryana	1978
6	*Dairy Development Scheme in Moga Area of Faridkot District, Punjab	1978
7	*Poultry Development Scheme in Mulkanoor, Karimnagar District, Andhra Pradesh	1979
8	*Mechanised Fishing Boats in South Kanara District, Karnataka	1979
9	*Development of Acid Gardens in Nellore District, Andhra Pradesh	1981
10	*Groundwater Irrigation in Kota District, Rajasthan	1982
11	Minor Irrigation in Bhojpur District, Bihar	1982
12	Development of Grape Cultivation in Bijapur District, Karnataka	1982
13	River Lift Irrigation Scheme in Pune District, Maharashtra	1982
14	*Dairy Development Scheme in Western Uttar Pradesh	1982
15	*River Lift Irrigation Scheme in Kolhapur District, Maharashtra	1982
16	Sheep Rearing in Nalgonda District, Andhra Pradesh	1982
17	*Development of Coffee Plantation in Lower Plains Area, Madurai District, Tamil Nadu	1982
18	*Public Tube wells and River Lifts in Orissa	1984
19	Power Tillers in Hooghly District, West Bengal	1985
20	Commercial Poultry in Krishna District, Andhra Pradesh	1986
21	Dugwell Irrigation in Palghat District, Kerala	1986
22	Tractors in North Bihar	1986
23	Dairy Development in Darjeeling District, West Bengal	1987
24	Tractors in Varanasi, Ghazipur and Jaunpur Districts, of Eastern Uttar Pradesh	1987
25	Tractors and Power Tillers in Tamil Nadu	1987
26	Minor Irrigation in Muzaffarnagar District, Uttar Pradesh	1987
27	Dairy Development in Quilon District, Kerala	1987
28	Dugwell Irrigation in Dhenkanal District, Orissa	1988
29	Bamboo and Shallow Tubewells in Purnea District, Bihar	1988
30	Dugwell Irrigation in Nasik District, Maharashtra	1988
31	Calf Rearing in North Arcot, Salem and Coimbatore Districts, Tamil Nadu	1988
32	Minor Irrigation in Allahabad District, Uttar Pradesh	1988
33	Coconut Development in Quilon District, Kerala	1988
34	Minor Irrigation in Purulia District, West Bengal	1988
35	Sprinkler Irrigation in Semi-arid Areas, Rajasthan	1989
36	Dugwell Irrigation in Amravati District, Maharashtra	1989

37	Marine Fisheries in Coastal Gujarat and Maharashtra	1989
38	Financing of Shallow Tube wells under Massive National Programme in Haryana	1989
39	Financing of Apple Orchards in Hill Districts, Uttar Pradesh	1991
40	Work Animals and Animal Driven Carts in Meerut District, Uttar Pradesh	1991
41	Inland Fishery in Krishna District, Andhra Pradesh	1991
42	Bio-Gas Plants in Nainital and Rampur Districts, Uttar Pradesh	1991
43	Impact of NFS Investments	1994
44	Lift Irrigation Schemes in Maharashtra	1995
45	Mandawan Watershed Project Under Indo German Watershed Development Programme-Maharashtra	1999
46	Self Help Groups in Tamil Nadu	2000
47	Micro Finance for Rural People- An Impact Study	2000
48	Non Farm Sector Investments - An Impact assessment	2002
49	SHG - Bank Linkage Programme for Rural Poor in India - An Impact Assessment	2002
50	Cold storage Units Financed Under Capital Investment Subsidy Scheme : An Impact Assessment	2003
51	Infrastructure for Agriculture and Rural Development: An Impact assessment of Investments in Rural Roads & Bridges under RIDF	2004
52	Commodity Specific Study – Grapes	2006
53	Commodity Specific Study – Cotton	2006
54	Commodity Specific Study : Potato	2006

* *Reports are out of stock*

B. Reports Published by Regional Offices of NABARD

Sr. No	Regional Office	Title of Evaluation Report	Published Year
1	Andhra Pradesh	Public Tubewells in Khamman District, A P	1988
2		Development of Grape Gardens in Ranga Reddy District, AP	1989
3		Dugwell Irrigation in Chittoor District, AP	1989
4		Mango Orchards in Krishna and Khammam, AP	1991
5		On Farm Development in Khammam&Krishna, AP	1995
6		Inland Fishery in West Godavari, Andhra Pradesh	1996
7		Dairy development in Krishna District, Andhra Pradesh	1999
8		Poultry layer Investment in Andhra Pradesh	2000
9		Food (Mango) Processing in Visakhapatnam and Chittoor districts	2001
10		Sheep Rearing in Mahabubnagar and West Godavari districts	2002
11		Sericulture Investment in Andhra Pradesh	2003
12		Rural Non Farm Sector Investment in AP	2005
13		Micro finance for Micro enterprises	2006
14		Commodity Specific Study : Mango	2007
1	Assam	Private Shallow Tube wells & Lift Points in Assam	1989
2		Inland Fishery in West Tripura District, Tripura	1992
3		IRDP in Nagaon district	2000
4		FM (Power tiller) in Sibsagar District	2000
5		Impact of RIDF Investments on Rural economy	2007
1	Bihar	Shallow Tube wells in Bihar	1988
2		Deep Tube wells in Bihar	1989
3		Dairy Development in Begusarai & Singhbhum in Bihar	1989
4		MI Schemes in Samastipur District, Bihar	1996
5		IRDP in Ranchi District on Bihar	1997
6		Cold Storage in Bihar	2004
7		Million Shallow Tube well Programme in Bihar	2005
1	Chhatisgarh	MI Investments in Chhastisgarh	2005
2		Impact assessment of RIDF investments in Chhattisgarh	2006
3		Commodity Specific Study : Groundnut	2007
1	Jharkhand	Rural Non Farm Sector Investment	2006
1	Gujarat	Poultry Development Scheme in Gujarat	1988
2		Dairy Development Scheme in Mehasana, Gujarat	1989
3		Lift Irrigation Scheme of Ukai Left Bank Main Canal - Gujarat	1991
4		Financing of Tractors in Mehasana & Rajkot Districts, Gujarat	1992
5		Investments Financed under IRDP in Valsad District, Gujarat	1994
6		Marketyard in Jetpur	2003
7		Marine Fisheries in Junagarh	2003
8		Buffalo Financing in Sabarkantha	2004
1	Himachal Pradesh	Dairy Development in Mandi district	1997
2		Apple cultivation in Himachal Pradesh	2004
3		Rural Roads and Bridges financed under RIDF in Himachal Pradesh	2006
1	Jammu & Kashmir	IRDP in Baramullah District, Jammu & Kashmir	1992
2		Tractors in Jammu District, Jammu & Kashmir	1995
1	Karnataka	Grape Gardens in Bangalore and Kolar Districts, Karnataka	1989
2		Borwell Financing in Chitradurga and Kolar District, Karnataka	1990
3		Development of Coffee Garden in Karnataka	1992
4		Sericulture Development in Mysore& Hassan Districts, Karnataka	1993
5		Lift Irrigation Schemes in Belgaum, Karnataka	2000

6		Poultry Development in Bangalore and Bangalore District	2001
7		Drip Irrigation Programme in Chitra Durga	2002
8		Dairy Development in Kolar and Shimoga district	2003
9		Sericulture in Kolar and Tumkur districts	2003
10		Fuelwood Development Projects in Karnataka	2003
11		Participatory Irrigation Management Institutions in Karnataka	2004
12		Gherkin AEZ - Karnataka - Commodity Specific Study with special Reference to Contract Farming	2005
13		Cost Models for SHG vs. MFI Model	2006
14		Commodity Specific Study: Sugarcane	2007
1	Kerala	Betelvine gardens in Trivandrum District, Kerala	1988
2		Broiler Poultry Development in Ernakulam District, Kerala	1990
3		Development of Rubber Plantation in Kottayam District, Kerala	1991
4		Fisheries Development in Kollam District, Kerala	1992
5		Farm mechanisation in Palakkad and Ernakulam Districts	1995
6		RNFS in Malappuran and Kozikode Districts, Kerala	1998
7		Sprinkler Irrigation in Arecanut garden in Kasaragod district	2002
8		Dairy development in Kollam district	2002
9		MI in Kasargod and Kannur District in Kerala	2003
10		Rural Non Farm Sector Activities	2004
11		Self Help Group in Waynad district	2004
1	Madhya Pradesh	Dugwell and Shallow Tubewell Irrigation in Narsinghpur, MP	1988
2		Tractor Financing in Raisen and Vidisha, MP	1989
3		Commercial Layer Poultry Development in Indore District, MP	1992
4		IRDP in Sagar District, Madhya Pradesh	1994
5		Rural Non Farm Sector in Ujjain district	2005
1	Maharashtra	Lift Irrigation Schemes in Ahmednagar District	1988
2		Well Irrigation in Aurangabad District	1991
3		Poultry Development in Pune District	1991
4		Grape Gardens in Nasik District	1993
5		Land Development in Kukkadi Project	1995
6		IRDP in Yavatmal District	1998
7		Farm Mechanisation in Ahmednagar district.	1999
8		Post Harvest Centres (pre cooling etc) for export of Grapes	2001
9		Rice Mills in Maharashtra	2003
10		Cold Storages in Maharashtra	2004
11		Impact of RIDF Investments on Rural Economy	2006
1	Orissa	Betelvine Gardens in Puri District, Orissa	1989
2		Tractors in Sambalpur District, Orissa	1989
3		Dairy Development in Cuttack&Ganjam, Orissa	1992
4		Brackish Water Prawn Culture in Puri, Orissa	1994
5		Minor Irrigation in Sambalpur District, Orissa	1997
6		Shallow Tubewells inCuttak and Puri districts	2000
7		DRIP & PLI Training in Ganjam district.	2002
8		Group financing Under Farm mechanisation in Orissa	2003
9		Investment under RIDF in Rural Bridges	2004
10		SHG-Bank Linkage Programme in KBK Region in Orissa	2005
11		Impact of RIDF Investments in Orissa	2006
12		Commodity Specific Study: Cashewnut	2007
1	Punjab & Haryana	Poultry Farming in Punjab	1987
2		Dairy Development in Karnal and Rohtak Districts	1987

3		Tractors in Haryana	1994
4		Grape Gardens in Hissar District , Haryana	1998
5		Inland Fisheries in Patiala and Bathinda, Punjab	2000
6		Financial Viability of Tractors in Punjab.	2001
7		RNFS in Ludhiana and Sangrur of Punjab.	2001
8		Water Conveyance System in Rewari & Mahendergargh Districts	2001
9		Cold storage in Jalandhar, Ludhiana & Patiala Districts in Punjab	2001
10		Dairy financing in Kurukshetra & Kaithal Districts of Haryana	2002
11		Self Help Group in Karnal Gurgaon and Bhiwani district	2002
12		Poultry (Layer) in Sangur and Gurdaspur Districts in Punjab	2003
13		Tubewells in Bathinda, Hoshiapur and Ropar Districts of Punjab	2003
14		Agro Processing Units in Haryana	2003
15		Rural roads in Mukatsar district in Punjab	2003
16		Financing of Dairy Development (buffaloes) in Patiala and Sangur districts of Punjab	2004
17		Tractor Financing in Kaithal and Faridabad Districts of Haryana	2005
18		Impact assessment of RIDF Investments in Haryana	2006
19		Commodity Specific Study : Sugarcane	2007
1	Rajasthan	Minor Irrigation Structures in Kherwara P.S., Udaipur District	1988
2		Tractors in Alwar District, Rajasthan	1991
3		Market Yard in Kekri - Ajmer District, Rajasthan	1991
4		Borewell in Jodhpur District, Rajasthan	1993
5		IRDP in Alwar District, Rajasthan	1995
6		Poultry in Ajmer District, Rajasthan	1995
7		Sprinkler Irrigation in Barmer District, Rajasthan	1997
8		Dairy Schemes in Bharatpur Districts	1999
9		Water Management Schemes in Jaipur Districts	2000
10		Minor Irrigation in Bikaner district	2001
11		Orange Cultivation in Jhalwar district	2002
12		Rural Non Farm Sector in Bhilwara District	2006
13		Poultry (Layers) in Ajmer District	2006
14		Cost Models for SHG vs. MFI Model	2006
15		Commodity Specific Study : Groundnut	2007
1	Tamil Nadu	Poultry Development in Salem, TamilNadu	1988
2		Dugwell Irrigation in Tamil Nadu	1989
3		Tea Gardens in Nilgiris District, Tamil Nadu	1990
4		M I Investments under MAP in Tamil Nadu	1991
5		Jasmine Investments in Salem and Madurai Districts, Tamil Nadu	1992
6		Mini Dairy in Coimbatore & Periyar Districts, Tamil Nadu	1994
7		Marine Fisheries in Tamil Nadu	1998
8		Sericulture in Tamil Nadu	1999
9		IRDP in Tamil Nadu	2000
10		Modern Rice Mills in Tamil Nadu	2001
11		Coconut Development in Tamil Nadu	2002
12		MICP under KfW - NB VII in Ramnad & Trichy District	2002
13		District Rural Industries Project in Tirunelveli district	2003
14		Cold Storages in Tamil Nadu	2003
15		Rural Roads in Tamil Nadu	2003
16		Combine Harvesters in Tiruvallur and Salem Districts of Tamil Nadu	2005
17		Tea in Tamil Nadu: A Commodity Study in Nilgiris and Coimbatore Districts	2006

18		Comparative Cost Models for SHGs in Tamil Nadu – A Study in Villupuram District	2006
19		Commodity Specific Study: Cashewnut	2007
1	Uttar Pradesh	Minor Irrigation Scheme in Jhansi District, UP	1988
2		Tractors in Western Uttar Pradesh	1992
3		Inland Fishery in Azamgarh & Deoria Districts,UP	1994
4		NFS in Moradabad District, Uttar Pradesh	1994
5		Saghan Mini Dairy, Allahabad District, UP	1996
6		Mushroom Cultivation in Dehradun District, U P	1997
7		Grape Gardens in Muzaffarnagar District, UP	1998
8		MI in Rae Bareilly District, Uttar Pradesh	1998
9		Poultry (Broilers) Farming in UP	2005
10		Impact Assessment of Investments under RIDF	2006
11		Commodity Specific Study : Sugarcane	2007
1		RNFS Study in Udham Singh Nagar District of Uttaranchal	2006
	Uttaranchal		
1	West Bengal	Inland Fisheries Scheme in Nadia, West Bengal	1987
2		Betelvine Gardens in Midnapore, West Bengal	1989
3		Bullock and Bullock carts in Malda, West Bengal	1991
4		Poultry Farming in (Broiler) in Midnapur District, West Bengal	1999
5		MI Schemes in Birbhum District, West Bengal	2000
6		Floriculture in Midnapore District of West Bengal	2003
7		Modern Rice Mills and Mustard Oil mills in Bankura Nadia districts	2003
8		Impact Assessment of SCP and TSP in West Bengal	2005
9		Rural Godowns in West Bengal	2006
10		Cost Models for SHG vs. MFI Model	2006